

Promedon - Marcelo Olmedo Founder, President and CEO - Argentina



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Founder of Promedon Marcelo Olmedo discusses innovation in Cordoba, and the birth and success of Promedon, a flagship company of the region.

How do you see the importance of the relationships between the private sector and the universities as being a key to success in the region?

In order for a region to be clearly innovative, it needs the cooperation among the private sector, the universities and the national government. In this regard, every sector is working to increase and to improve such cooperation; the government is funding innovation projects, universities are creating technology transfer centers and the private sector is working actively on the subject. A clear example in the region is the UVITEC Foundation, of which I am president. It is an entity created by three of the most representative organisms of the business sector of Córdoba: Córdoba Stock Exchange, Chamber of Commerce of Córdoba and Córdoba Industrial Union. Its main goal is to promote the innovation and the technological development of the companies in the region and their relationship with the techno-scientific system.

Is there a gap in the regional or national level between the innovative industry and the scientific research community, and what are the steps that the government can take to

improve innovation?

There is a gap, but it is clearly being reduced by the efforts I previously mentioned. As opportunities for improvement to encourage innovation, we need to keep taking steps from every sector. For example, the government should keep funding policies and generating incentives, as they have been doing for over 10 years, and expand their encouragement to the private sector, since this sector should lead the innovation projects.

A clear example is the province of Córdoba, which has a strong innovation ecosystem with a great number of innovative companies, business foundations and business associations exclusively directed to the motivation of the subject. Specifically, I would highlight the Córdoba Technology Cluster, which gathers over 200 IT companies in a combined effort to develop and offer technological solutions worldwide, clearly led by the private sector. Finally, I think that we cannot wait for the government alone to drive innovation; the private sector should show leadership as well.

Promedon was first created in 1985 in Cordoba. What was the original vision for Promedon, and what opportunity did you see in the market?

The beginnings of this company starts with my father who was urologist; he was a medical doctor very much involved in technology. He did not know anything about business, but he really wanted to include technology in the treatment of his patients and he was one of the pioneers to bring new technology to Urology. After I had received my degree as an engineer, I decided to create a small company to manufacture and distribute small implants. I realized that there was a gap in the market, especially in and around Córdoba area, so I decided to create this company to meet the needs. We really think that in this part of the world it is crucial to have a synergy between product development and selling/distributing our own products.

Today, Promedon is a champion of Cordoba's healthcare and life sciences industry. What are some of the challenges of being based in an interior city like Cordoba and not Buenos Aires?

In my opinion, we haven't come up against many problems or challenges associated with being based in Córdoba. To the contrary, it's much better to be in a city like Córdoba where you have a better quality of life, ten top universities and people that can provide you with a strong base for human resources. Furthermore, the infrastructure is strong enough to have direct flights to key cities in the region, and from there almost anywhere in the world. It is important to understand that when a company is based in Buenos Aires, it serves mainly Argentina. But for our company,

Argentina is only 27 percent of our business. The rest of our business comes from around the world, and being based in Córdoba is much the same as being based in Buenos Aires in terms of creating an international Latin American company.

Like I said before, there are ten top universities in Córdoba, which encompass 100,000 students a year. So what this means for Promedon is that we have a large human resources and social capital base to choose from. Promedon's main KPI is the type of people that we have: it is a very competitive and skilled environment. In fact, the strong medical and engineering community in Córdoba has definitely helped in fueling the success of Promedon.

Today, Promedon has developed to the point that it is considered a leader in urology, urogynaecology and coloproctology in the medical devices market. What is the current status of your R&D and innovative program, and what are the areas you are looking to further develop your portfolio in for the coming years?

In the urology-urogynecology area we really want to be considered as the most innovative company. Currently, we are working on developing some additional products in the area of male incontinence. We have several different projects in our portfolio and product pipeline that we are looking to develop in the next five years, and are opening a branch office in Germany in January of 2015, which will bring us into direct operations in Europe. We have a good distribution base and good R&D capabilities so we estimate that within a few years we will be able to build a strong position in the European urological-urogynecological market. We also have a few upcoming projects wherein we aim to start partnerships with different companies to try to establish a franchise of our own products in the digestive area.

On the manufacturing and commercial side of the company, what are the areas with the strongest source of growth?

In general numbers, we are quite strong in the area of urogynecology implants with a focus in the incontinence area. Our biggest market at the moment is female incontinence, where we are currently the number one company in Latin America. We are also number one in Latin America in children's health, and we produce a tissue bulking agent for treating vesicoureteral reflux that is very successful. Like I mentioned before, we have a very interesting portfolio project coming up in male incontinence and we hope to be number one in Latin America for this as well. Furthermore, in the past several years our growth within Europe, Asia and the Middle East has been quite strong.

What makes Promedon an attractive distribution partner for foreign companies?

First and foremost, we have a very strong 30 year track record. Normally, in all the markets where we are present, we want to be leaders. We are number one in many of the niche markets where we are present, but if we are not number one, we are no less than number three. Latin America is not an easy market, so it's very important to have people who really know this market, which we have. We are not only in the Latin American market, which is important—for example, if there is any instability in the Latin American market we are still okay because we are in other markets as well. This diversification contributes to our reliability as a distributor and manufacturer.

How important is the local market compared to the rest of the world? And which regions are you most excited about in terms of growth for the next three to five years?

As a global company, Argentina is 27 percent of the total revenue. When we speak about distribution, we export 90 percent of our products abroad whereas ten percent gets distributed locally.

We have a strong plan for Europe, although the market is not growing as fast as within Latin America. We will definitely be focusing more on Asia; it is our biggest area for growth in the coming years leading up to 2017. Our strategy for growth is to focus mainly on innovation and distribution. We have a very strong production capability and we have very high quality products. There is always room for innovation: if you have the creativity, there will always be opportunities.

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