

# Dräger Argentina - Fernando Catron, Sub Regional Manager, South America South

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09.12.2014

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*äger's Sub Regional manager discusses the challenges of dealing with the fragmented and diverse Argentine healthcare sector, and some of the various strategies and approaches the firm uses to succeed in the various segments.*

**Could you please tell us a bit about yourself and some of the progress Dräger has made since you joined in 2004?**

**I'm a biomedical engineer who joined Dräger in 2004 just after the company opened its office in Santiago. At that time, this was one of our first offices in all of South America, apart from our subsidiary in Brazil. The company was quite surprised with the growth rate throughout our dealer countries in Latin America from 2004 to 2006, and as a result they decided to open several more subsidiaries were initially planned which resulted in me holding several positions in different countries before I was made the general manager for Argentina in 2008. In 2012, we formally created "South America south" sub-regional organization, often called the south cone, which includes two subsidiaries in Argentina and Chile, and three dealer countries; Paraguay, Uruguay and Bolivia. At the moment, I am the sub-regional manager for South America south, and am also the country manager and director of sales and services for both subsidiaries.**

**Another important change that took place in 2012 was the global integration of the Dräger Medical and Dräger Safety businesses into a single organization, an initiative that we called One Dräger. The logic behind this merger is clearly expressed in our company slogan, which is “Technology for Life”, and now we are able to bring lifesaving technology to customers with a unified approach. Since this integration, I have been responsible for the entire range of Dräger’s business in the sub-region.**

**Given all that you and Dräger have accomplished since you joined in 2004, what achievement are you most proud of?**

First of all, I’d like to point out our strong growth across the region since 2004, and in Argentina particularly, maintaining steady and constant growth can be very challenging, yet this is something that we have achieved successfully every year.

Aside from these financial comments, I am very proud of the commitment that Dräger has made to the Latin American market and the time and resources that we have invested here. When I was hired, Dräger was planning on opening subsidiaries in Mexico and Chile to service the whole continent; due to our commitment and success, we ended up opening several other offices and built much stronger teams and infrastructure than initially planned. We have been able to bring our entire portfolio to our customers in the region, and have developed a very robust team of experienced, talented professionals who are able to bring an outstanding level of service to our clients.

Argentina presents a lot of diversity and challenges. It’s a very large country with low population density, thus covering the market in physical terms is quite challenging. Aside from that, each province offers an entire different set of political, economic and regulatory circumstances, as well as different healthcare needs, and thus to succeed you need to advance several different strategies at once for different regions, political situations and medical needs. Despite these logistical challenges, we have a comprehensive coverage of the Argentinian market through our own staff and our dealers, both in terms of sales coverage and our maintenance and support services, which I feel is a very significant accomplishment.

**Some other managers discussed the challenges, or near impossibility, of providing maintenance and support services to customers at the same standards they do at the global level. How does Dräger’s local service department deal with these challenges?**

Dräger strategy for success is centered on delivering our clients with efficient and comprehensive solutions while providing technical support through the complete lifecycle of our products. These support and service need to be properly qualified and certified, coverage needs to be comprehensive, and spare parts must be available in when needed. In Argentina, as I mentioned before, coverage can be challenging due to the country's geography, and a number of factors including the foreign currency purchase constraints that can make sourcing parts and consumable products a very difficult task.

Nonetheless, our customers need our support and we will always thrive to find the ways to better service them. Like many other importers, in 2012 sourcing replacement parts and our product stock became much more difficult, however since then we have responded. While Dräger operates a very efficient global supply chain and individual subsidiaries usually maintain relatively small stocks as parts can be received in three to seven days, we were able to increase ours substantially to the point that we are able to support our customers for a reasonable period of time without having to rely on "just in time" part deliveries. Of course, there is always room for improvement and our products are all quite complex and high tech, so it is nearly impossible to stock every single piece and part for every single product that we might need to repair, but our services here are certainly inline with the standards that our customers expect from Dräger, and are among the best in Argentina.

**What are Dräger's relative strengths in the Argentinian healthcare market with regards to you different portfolio areas?**

In the last eight years since this subsidiary was established, we have become the first choice for our target customers in all the critical areas; the operating room, the Emergency Department, ICU, and neonatal ICU. We supply the market with complete solutions for each of these areas and across them, and in Argentina we are slightly better represented in the operating room as our anaesthesia machines, surgical lights, monitoring systems and supply units are all very popular, and their value is very apparent to our customers. We have a strong presence in the ICUs as well, and in many cases where the demands of the customers are strenuous our solutions are clearly the best choice, however there is significantly more local competition in this market in general.

As for the area that I see the most potential for growth within, I would have to say in the IT area. For many years, Dräger products have had the capability to be integrated and networked with hospital and mobile information systems, so that physicians and administrators are able to view patient monitoring data remotely in real time. While we have sold many individual products with these capabilities in recent years, many of our purchasers have not set up these networks as of

yet. Having seen a few customers purchase such systems recently, I think the Argentinian healthcare sector as a whole is ready to take this next step.

**How does Dräger demonstrate the value of your IT systems to price constrained customers?**

The two key features that we emphasize for all customers is the value of the increased access to information, and of physician mobility. By integrating the patient monitoring systems directly with patient medical records, physicians have access to better quality data and analytics (graphs, trends, statistics) than they are able to record on patient records by hand, and there are substantial organizational benefits of being able to keep paperless records for large institutions that can result in increased efficiency and care quality.

**In the Argentinian and South American South markets, many customers are inclined to buy from lower priced manufacturers; what is Dräger's strategy for competition?**

The first step is to persuade possible clients to do a complete analysis of the different options that takes into the costs, product's entire lifecycle, and other factors besides the price itself. Taking into account the robustness and reliability of our products, their longer lifecycle and lower maintenance requirements, and the accessibility and quality of our services, the total costs associated with our products over their entire lifecycle are actually much closer to those of our cheaper competitors than the upfront price suggests. More importantly, it is critical that we encourage purchasers to look at our solutions in a larger context than just the need for a certain device; the extensive capabilities of our products can lead to improved clinical techniques and therapeutic practices and as such can result in indirect savings to healthcare institutions by reducing the length of hospital stays or days in the ICU.

**How important are public clients to Dräger in Argentina?**

We have a tremendous relationship with the public health sector in Argentina, and the public sector in fact represents about half of our sales. While we tend to provide more of our complete solutions to clients in the private sector, we also devote a lot of time to working with our public customers. This is primarily because the large public hospitals often have the most complex and demanding and needs regarding patient treatments, partially because in many regions of Argentina's vast geography the only health facility is a public one, and these facilities need the capability to deal with any healthcare issue that takes place in the regions. Furthermore, this also means that in many respects the public hospitals have the greatest need for innovative solutions, and Dräger is of course the market leader for innovation in our targeted critical care areas. As such, you will find

Dräger products in nearly every important public hospital in the country, as they need the capabilities that our products offer so that they can meet the most extreme healthcare needs.

The purchasing strategy of these institutions is usually much less flexible, and tends to be more focused on urgent needs for individual products, instead of longer-term needs for capabilities, and the decisions are much more price-driven. These facilities also tend to have multiple sets of requirements for similar products, for example, both high and low-complexity ventilators. While Dräger cannot participate in the low-complexity market, we are one of the few manufacturers that produce equipment that meet the high-complexity specifications. Furthermore, due to the volume of patients that many of these facilities must deal with, Dräger's reputation for robustness and reliability is an important factor for these facilities, as is the coverage and responsiveness of our service department; we are able to repair systems in remote locations much more quickly and reliably than our lower cost competitors.

### **Outside of the replacement market, how has Dräger positioned itself to capture the growth of healthcare systems in South America south?**

In the cases of Bolivia and Paraguay in particular, they have experienced huge growth in recent years, although their populations are relatively small. With this economic and population growth, their healthcare needs have also increased substantially as the demand for ICU bed and time in operating rooms have grown. Fortunately, the governments predicted these upcoming needs early enough and have made investment plans ahead of time to increase healthcare capacities to meet these needs. As for how we have positioned ourselves to capture this growth, our presence in these countries through our Argentinian and Chilean subsidiaries and our local dealers has given us an advantage over some of our competitors, as many of them do not maintain a permanent presence in these markets. Furthermore, Dräger has built a support infrastructure for this entire South America south region, and having this organization of product, quality, and service specialists in place is proof that we are committed to these markets and that our customers can rely on us for support.

For Dräger, being involved in this expansion process is an ideal situation for us as we are able to propose entire solutions and packages from the beginning. Since these facilities are being developed from scratch, there is no discussion about what type of equipment the staff is used to and the difficulties of training them on new systems, how they will be able to integrate some of their older equipment with newer equipment, or other challenges associated with changing the mentality or habits of healthcare professionals. Instead, we are able to have a simple discussion about the complete needs of a new facility and which proposal offers the best solution to those

needs, not only the requirements stipulated by a tender or what physicians are requesting. Once we develop a proposal for an initial (scalable) solution, we will travel to the site and make a complete demonstration of our proposed solution, and usually this demonstration is quite compelling, especially when paired with training sessions on the capabilities of the equipment (or a visit to a facility with a similar installation and staff that makes full use of the capabilities) and how it can help to improve the clinical techniques of physicians.

### **What is your vision for Dräger's future in Argentina?**

We have accomplished a lot, and there is a lot more that we can accomplish by using our current install base as a platform for growth. There are some examples of facilities where we have installed complete solutions, but there is a huge potential for growth in this regard, to bring more IT capabilities to our clients; because our products can all be networked together and the information and data they collect can be shared accessed by people and devices throughout the network, the value of an ecosystem of Dräger products is greater than the sum of the values of the individual pieces. Dräger's future in Argentina is in unlocking this value through IT implementation, increasing the access to and value of patient data through smart apps and mobile technologies, and in scaling up existing Dräger solutions.

Our plan is to also continue to improve our market coverage and support infrastructure by opening additional offices in Argentina, one in Mendoza and one in the south to start. Part of this will involve building onto existing Dräger operations in the oil & gas business segment, and as we continue to grow Argentina's excellent human resources will be of great value to us.

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