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Siemens is the only company that covers the entire spectrum of diagnostics. The vice president of the healthcare division for Mesoamerica discusses the recent challenges the Mexican market has posed to med tech companies and its optimistic views for the coming years.

You were appointed VP Healthcare Mesoamerica in February 2013. What has been your most important priority for the division since then?

My first task was to restructure and consolidate the organization, taking into account the evolution of the market. My predecessor had been managing the division for more than ten years, so it was time to ask ourselves what could be changed and improved. At the same time, we had to keep in mind the business performance – as we could not only concentrate on the internal changes forgetting about the market. My main priority so far has been to balance all these aspects.

How would you assess the 2014 performance of the med tech market in Mexico?

We had to face difficult years in the market. In Mexico, we are split 50/50 between private and public sector and, with the appointment of the new government in 2012, we knew that in the first years we were not going to see a high level of investment in the public sector and for that reason

the market has not been very active. Fortunately, there was a significant level of investment in the private sector, which helped compensate. As a result, the market was stable and experienced a moderate level of growth.

What are the most important challenges med tech companies are currently facing in Mexico?

Talking about the healthcare sector in general, today's challenges are very similar to the ones from two or three years ago. The main hurdle is that the healthcare system has to deal with non-communicable diseases typical of developed countries, while at the same time still has to handle communicable diseases in poorer areas. The other big problem is that Mexico's healthcare sector is highly fragmented, as there is no single public healthcare program, which increases inefficiencies and bureaucracy.

Public-private partnerships (PPPs) hold great potential for the Mexican healthcare system. What benefits can such partnerships offer and what role can the private industry play?

In my opinion PPPs could represent a financial solution to the government's current situation. At the moment, the budget allocated to health is limited —for example, to build new hospitals—but at the same time there is high demand from the population to have good health services. PPPs become a good alternative to bridge this gap –an integrated solution to the problem. The private sector can play an increased active role in the development of the healthcare sector. We have seen the case of different states in Mexico that do not have the money or infrastructure to deal with the demand, so decide to outsource the health services to the private sector – and it's working.

We know that in Mexico, Siemens is mostly driven by other business segments such as industry and energy. How much does the healthcare business represent today and what is the strategic importance of Mexico to the Group?

As it is the case in the rest of the world, the healthcare division in Mexico represents approximately 20 percent of the business. We cannot deny that energy is the biggest business within Siemens, one we cannot compare ourselves to, but healthcare is nevertheless very important with a very high level of profitability and a very strong presence worldwide. Siemens is the only company that covers the entire spectrum of diagnostics, which is what gives us a very strong competitive position in the market, in Mexico as well as worldwide.

Siemens sees Mexico as a land of opportunities, not only for the healthcare sector, but for all sectors. There is only one direction for us, and that is upward growth. Despite the past few years of moderate growth, we are confident that – sooner or later – this sector will regain footing. And we want to be on the front line when this happens. Siemens has a long history in Mexico so there is no reason for us not to be here now.

Siemens healthcare has a very broad portfolio with three divisions: imaging, clinical products and diagnostics. Which areas of the business are driving the most growth, and what factors have led to this?

The growth between these different divisions has been quite similar despite the business models being quite different. The imaging and clinical products segments are more dependent on investment in infrastructure, because you sell equipment. It is also, therefore, not so stable and much more irregular. On the other side, for diagnostics you see much more recurring purchases.

At a global level, there is a 'Vision 2020' for Siemens. How does the Mexican affiliate fit into this vision and make its contribution?

I think that we have the opportunity to provide an important contribution in Mexico. On the one side, in the coming years we will see a very active market and many opportunities in the healthcare sector specifically. On the other hand, it is currently part of Siemens' global strategy to give more independence to the healthcare business in an attempt to better adapt and react in a faster way to local market needs. It's actually a trend that some other companies are also following.

What are your ambitions for the company over the next five years?

I would say that we have quite ambitious expectations. We expect to see a rebound of the market and a high level of investment, and we expect to take full advantage of our leading position. We intend to expand our growth, not only at the level of the market, but above the market as well. Our targets are quite ambitious and exciting in this sense.

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