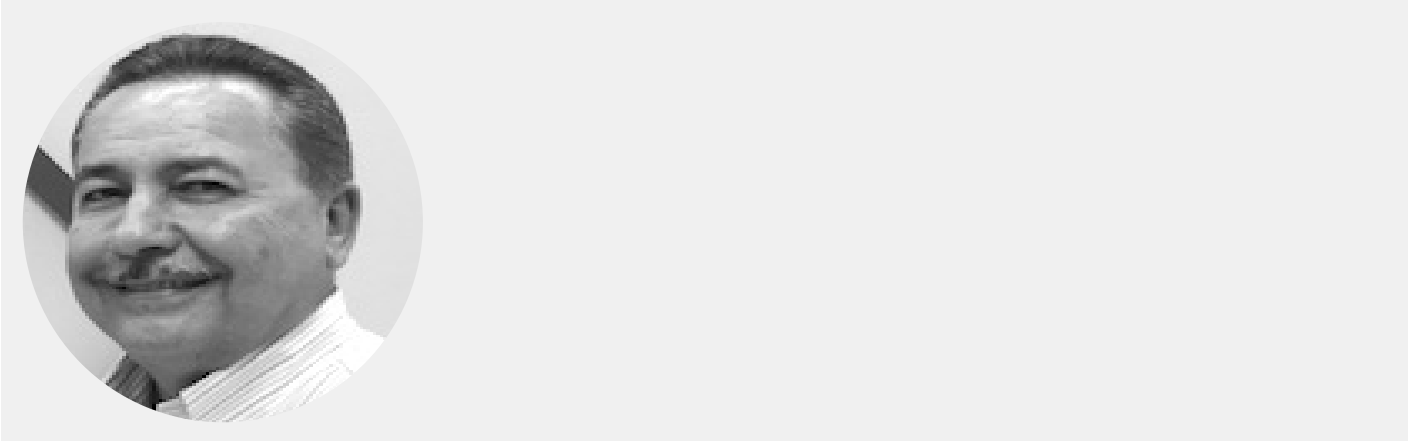
Interview: Mickey Centeno – General Manager and Head, Roche Diabetes Care Puerto Rico



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Miguel Centeno, general manager and head of Roche Diabetes Care in Puerto Rico, highlights the affiliate's strong manufacturing performance in the area of diabetes care (DC) blood glucose test strips above its competitors.

Can you provide us with an overview of the current state of the medical device and diagnostics (MD&D) in Puerto Rico today?

MD&D has been present in Puerto Rico for 40 years, and is currently growing faster than the local pharmaceutical industry. Pharma has some processes that are common everywhere, whereas with MD&D, every process is different in every company; this requires outstanding technical talent. Many technical people are almost unique by company. If I have a controls engineer for example, he is a generalist but simultaneously a specialist in terms of my company's processes, different from other medical device companies. This creates a unique work environment from the perspectives of products, processes and people. MD&D will continue growing in Puerto Rico in the future.

Is the industry attractive enough for international investment here on a broad scale?

Medical device companies are not as big as pharmaceutical companies as the business is smaller here. But we do see investment coming to Puerto Rico, which as a country has demonstrated the

capability and quality to continue growing. In the case of Roche Diabetes Care, we have invested millions of dollars in the last ten years in Puerto Rico and we continue looking forward in our strategic plan to continue investing in this facility. Sometimes people get confused about the size of the company in the sense that we do not have a lot of people (250-300); but the marketplace is highly competitive. We need to improve our processes and productivity in order to compete beyond our company. It is more about productivity than quantities, more about efficiency than size, and in doing more with less. That mentality has been developed over the years in Puerto Rico that creates a niche for the people, who are used to that sort of competition, both internally and externally.

How strong is Puerto Rico in terms of developing the talent necessary to compete?

Puerto Rico has the educational infrastructure in place and currently runs two excellent schools: a public university in Mayagüez with more than 50 years' experience, and a private polytechnic engineering school in San Juan. Both have been capable to supply enough engineers for the industry locally, but we cannot create enough jobs on the island; over 60 percent of engineers move to the US despite Puerto Rico's great educational system and curriculum.

Will those engineers ever come back to Puerto Rico?

When professional engineers go abroad, they obtain not only experience but also business and entrepreneurial skills. Puerto Ricans lead and own companies today, which was not the case a few years ago. So people are coming back but more slowly than those leaving.

What is your assessment of entrepreneurship versus innovation in Puerto Rico?

Entrepreneurship is more related with the business as a whole. Innovation is a tool or a way to improve entrepreneurship. You can innovate anywhere in any company. No matter what position, anyone can be creative. Innovation can be a weapon for any company to advance in processes, products, or scientific investigation; innovation can be a mantra for anything and is part of the entrepreneurial mentality.

What are some of the key highlights of Roche Diabetes Care in Puerto Rico?

This company is dedicated to helping people with diabetes live more fulfilling and healthier lives, longer. We are the global market leader in blood glucose monitoring and in Puerto Rico, we produce blood glucose monitoring test strips. This company has been a leader in diabetes care and this facility has been part of this growth. I strongly believe that people drive the business, not the machines or processes. Our dedicated team has helped us to become a selling card for Roche's top

management; whenever they invest, Puerto Rico is always considered. The results of the facility help me to sell my capabilities on the island. That is why we have invested millions of dollars; they see our results. In the last five years, we have improved our productivity by 37 percent and this makes a tremendous difference. We are more productive, more cost-competitive, have better quality than many of other companies and we are aligned 100% with our strict compliance standards. In terms of pure operations, the nearest facility to us costs 15 percent more to run their operations. This is why Roche continues to invest in us, and will do so with incremental millions of dollars over the next three years.

Roche runs three diabetes facilities in Indianapolis, Mannheim and Ponce. The three together generate a $2.5 billion business for Roche.

What do these test strips measure?

Using the principles of electrochemistry, the test strips measure the glucose levels in the bloodstream. Diabetes patients, especially type-1 patients, are required to measure their blood glucose levels more than five times per day in order to decide what to eat, exercise, or how much insulin to take. The test strip helps the individual get a better picture of where they are with their blood glucose levels, take appropriate action and as a result may avoid going to the hospital. We call it electrochemistry because the product chemistry activates an electrical current while combining with the blood from the fingers which go to the reading meter, and based on the electrical discharge current levels, the individual knows his or her glucose level, which varies from patient to patient. This greatly helps to stabilize the disease and prevent long-term complications. In the end, we help make a real difference in patients' lives every day.

How are these strips more innovative than competing products?

It's not just the test strips, but moreover our integrated solutions that are innovative and make all the difference. Take the Accu-Chek Connect system for example, which consists of a meter that wirelessly transmits blood sugar results automatically on a smartphone app and the web. The results are then available to a caregiver, who could be a doctor or a parent of a child with diabetes. This way, the caregiver will always know what is going on and can respond with guidance when needed in real-time. This is innovation that can really make a big difference in peoples' lives.

Where are these products being exported?

Over 90 percent of my production goes outside of the US because the demand is so high. We have two facilities working 24 hours a day to supply this product line worldwide (Accu-Chek Aviva and

Performa) with the plant in Indianapolis mainly supplying the US market.

As the global epidemic of diabetes continues to grow, how will Roche adapt?

We have so much technology (cars, trains, airplanes, iPhones, iPads, electronic games, TV, etc.) that humans are doing less exercise than ever and combined with poor nutrition. There is no silver bullet in this kind of disease, and genetics can make a difference as well. That combination creates this kind of disease. We have a local program to help children in poverty, and in the past we used to help children between 10 and 15 years old; now we have diabetes patients that are less than a year old. The disease is showing up faster than in the past. Diabetes will double between 2015 and 2035, but Roche will be there for people with diabetes, with innovative solutions to help them better manage their disease.

What preventative efforts is Roche taking in Puerto Rico?

We have many education programs throughout the US, and different subsidiaries have their own programs to educate people. In Puerto Rico we provide support for a small non-profit company that educates children about diabetes. We also have our own program where we support less fortunate families in which children do not have the income to support that disease for five years. We strongly believe in helping the community to live better with diabetes.

To what extent are you working with companion diagnostics in diabetes?

Roche is the leader in this area. That is why the corporation bought a diagnostics company in 1998, in order to create a personalized healthcare, using diagnostics as a biomarker with specific pharmaceuticals or APIs. This is an evolutionary process rather than revolutionary, as every human being is unique and that is reflected in drug usage. Roche is merging the two together to personalize whatever treatment we provide to our patients.

What will the recent investment bring to this organization?

Every product and process is unique; we need to build faster machines and processes to compete in this market. We will remodel this building to be even more efficient and productive and bring a new production line in the next three years.

Where do you want to take this organization by 2020?

We have relied too much on test strips, and I would like to see us participating in other technologies in diabetes or even outside diabetes care. We have demonstrated for years that we have done a great job and using that to our advantage to get the promotion for the facility to do

other products and continue helping Roche improve profitability every day.

After 15 years of working at Roche, what legacy do you want to leave behind?

I want to have a very productive working environment, and a pragmatic organization that can continue 20 to 30 years forward. I am leaving all the leadership tools necessary so that whoever eventually replaces me can bring great products and jobs for the next generation. That is what inspires me every day.

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