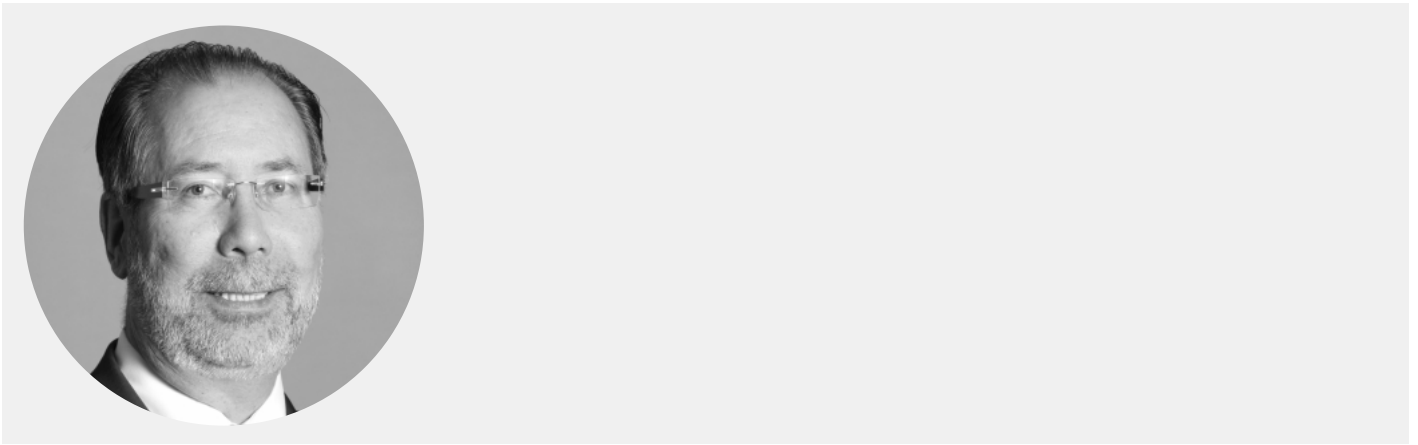


# Interview: Albert Denoon - Owner, Baroque Medical, - Board Member, SAMED; Jeff Hampton - General Manager, Baroque Medical, - Chairman, SAMED, South Africa

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*Albert Denoon (AB) and Jeff Hampton (JH) illustrate how the Crossroads and Campbell Institutes, two non-profit organizations funded by Baroque Medical, are well positioned to address South Africa's current gaps in medical training. They also depict the key success factors that have allowed the company to become the leading distributor of cardiovascular devices in the country, and how the industry can stand to benefit from further regulation.*

## **What were the initial aspirations in targeting this market niche when you created Baroque Medical in 1994?**

AD: We started in 1994 as a distributorship from my own home actually. We've been in business now just over 20 years, and we've grown significantly. With the initial focus on high quality cardiac intervention products, I established a partnership with an American company called Advanced Cardiovascular Systems (ACS) that was based in California, USA. Over the years they became known as Guidant, and then subsequently got bought out by Abbott Vascular. We have been distributing and selling their products ever since. Having been apart of this industry for so long, We have

experienced the whole spectrum of cardiac care from basic intervention to the drug-eluting absorbable era that we're facing today. With the change in lifestyles and the trends in urbanization, there is a growing burden of cardiac disease afflicting a large portion of the population, and outside of HIV/AIDS, it's probably the fastest growing disease burden throughout Africa. With that said, we've also assisted with reaching patients beyond the South African borders. We have a small, but effective sub-distribution network that not only covers the SADC region, but other areas with active cardiac centers such as Kenya, Uganda, Ghana, and Tanzania.

**Aside from supplying medical equipment, a large component of Baroque's footprint in South Africa education and training—given the company's venture with the Crossroads Institute in conjunction with Abbott Vascular. What were your motivations behind the establishment of this facility in SA?**

AD: Unlike typical relief models that only provide temporary aid to afflicted countries, we've focused on upskilling the local population and equipping them with the proper skills and resources to deal with these diseases on their own. In hopes of ensuring a more long-term quality of life in these rural and less developed areas, Baroque Medical started the South African branch of the Crossroads Institute in 2006—mimicking the training model run by Abbott Vascular at Crossroads HQ in Brussels, Belgium. Through Crossroads, we have international and local experts come in and provide unbiased peer-to-peer medical education through case-based studies and even live cases occasionally. Since 2006, we've trained over 2,500 people. Though, especially given that there are only 180 cardiologists in the country, many of them have been looking to enhance their level of skills and pursue increasingly advance care techniques. From that model, we've also had healthcare practitioners from Egypt, Hungary, Mauritius, Saudi Arabia, and South America come train at our facility and interact with other physicians and leading experts in the field of cardiac intervention.

The initial Crossroads license from Abbott Vascular focused on training in the areas of cardiovascular and peripheral vascular disease, we then created a different entity called the Campbell Institute to actively train outside of the cardiology environment in wound care, neurosurgery, and traumatic brain injuries. In conjunction with our Mauritian distributor, we've already started building a second institute in Mauritius. Their employees will be joining us in November to receive training on setting up and running this new facility. Additionally, our medical director, who's currently the head of Crossroads and Campbell, will sit on their board to help guide them through the process.

JH: As far as the Crossroads and Campbell model goes, it's very important from a South African situation, as we are quite remotely located from both the US and Europe. It's a 17 hour and 11 hour flight respectively for doctors looking to expand upon their skillsets as the conferences often take place on those continents. By bringing in experts from overseas to South Africa, we're supporting more doctors, reducing the time they need to take out of their practice days and providing them with local training resources. It's a proper academic program with no discussions about product or brands—yielding the whole concept of unbiased medical education. We also have a medical doctor who sits on the board of our training institutes that determines the curriculum, whereas we just facilitate the physicians who attend the sessions. So, it's completely independent and unbiased.

### **How would you assess the impact of these training institutes?**

AD: From my perspective, this training model has helped expedite the skills development for many of the country's specialists, especially in the public sector, which is often lacking in financial, technological, and human resources. These reasons are also why we've seen the rapid movement of professionals from public to private practice—where real advancements are taking place. Our institute effectively helps patch that gap and facilitates the development of public sector physicians.

### **In evaluating the current state of medical training, what hurdles are preventing the country from cultivating a stronger knowledge base?**

AD: To elaborate on an example, back in 1989 when I initially started working in cardiology, I met an American cardiologist that was required to conduct approximately 200 to 500 balloon angioplasties a year to maintain his certification. Only the top five cardiologists in South Africa were meeting those numbers at the time. Even now, public sector practitioners are never reaching those numbers due to lack of exposure, partly due to lack of equipment and partly due to the lack of patients able to afford such procedures. Many of them only conducting basic angiograms versus actual intervention influencing them to move into private practice where more advanced procedures are common with better equipment. So, we almost, in a way, have become an intermediate step for such professionals to cultivate or even maintain a certain level of skill.

JH: In this country, there are certain specialties where fully qualified doctors are leaving without actually having ever conducted some of the procedures that they're required to do during the course of their training—strictly due to the lack of equipment or education. Becoming almost untenable with the type of patient care that they're getting in the public sector, many of these doctors are switching to the private sector quite quickly. Also, without the proper equipment to

perform the procedures they should be doing, public sector doctors are actually seeking opportunities in the private sector outside of working hours to preserve their skillsets and expertise. The public healthcare sector is not currently an ideal platform for training doctors. There are thousands of nursing posts that have been frozen in the state sector, but even if they were unfrozen, these positions will most likely remain unfilled due to the poor working conditions in public healthcare facilities.

**Needless to say, none of these initiatives would've been possible without the success of Baroque Medical. What factors have allowed the company to effectively achieve and maintain its market leading position?**

AD: The core of our success is attributed to the proximity to our customers, understanding and anticipating their needs, and providing excellent service. Underlying all of these factors is having products that are the gold standards in our area of business—which I've been very fortunate in. For example, Abbott's Xience drug-eluting stent, which was recently showcased at the Transcatheter Cardiovascular Therapeutics (TCT) conference in San Francisco, is seen as the gold standard by experts and healthcare professionals all over the world. If I don't personally believe in a particular product and its ability to offer a better quality of life and produce better patient outcomes, while exhibiting the utmost levels in safety and efficacy, then I will never sell it. To this point, we've actually turned down product ranges that did not align with our standards and principles before.

Our roots have been steeped on identifying products that are niched and highly specialized. Unlike pharmaceutical products, new medical devices require training the doctors and allied professional staff on methods for maximizing safety and efficacy—one of the requirements for FDA or CE mark approval. As such, our staff members are often in the operating theaters advising on any technical aspects of our products—an added service benefit that goes far beyond the parameters of pharmaceutical companies.

JH: Perhaps one of the key components to our continued success is the stringent training protocol that we've imposed on all of our staff members, in addition to the top talent that we hire within the industry, and getting them up to speed to the point where they can actually add value to the doctors using our products. Although more so in neurology than cardiology, doctors consistently seek our input with regards to how a certain product fits into a particular case. We're striving to position ourselves as partners when it comes to treating the patient—furthering embodying our slogan: "Partner of Choice."

**How have the inequalities between the country's private and public healthcare systems affected your interactions with stakeholders?**

AD: Over the years, the burden of cardiac diseases has definitively shifted beyond the context of small wealthy minorities, now afflicting a considerable portion of both the publicly and privately insured population. As such, we have doubled our efforts to work with government stakeholders to make our products available outside the private market, which is not always easy considering the more premium-natured pricing associated with our products, and the fact that our prices are fixed at the supplier level.

**Leveraging your positions in the South African Medical Device Industry Association (SAMED), how can we expect the country's regulatory environment for medical devices to evolve?**

AD: In fact, SAMED came into existence 30 years ago in order to bring in regulation. So, we've truly gone through the mull of implementing industry regulation. There's a lot of trepidation faced by stakeholders in understanding the differences between the few thousand types of pharmaceutical products and the few hundred thousand types of medical devices. Instead of reinventing the wheel, regulatory bodies should make more of an effort to leverage FDA approvals and CE marks as prior establishments of class, rather than undergoing the rigorous process of identifying each and every category that a device should be labeled under. But then, it is always crucial to channel these products into the market through properly licensed or quality certified companies to enforce the proper standards of quality assurance and safety.

JH: Compared to when SAMED was first established in 1980, where we are now is not unique—we're still grappling with the same problems and hurdles. As an industry, we certainly want regulation to not only protect the patients, but also ourselves. There are times where we end up with unscrupulous companies entering South Africa to dump products that have failed overseas, which only serves to hurt patient outcomes and sustainable industry growth in the long run—a reality that we can't stop without the proper governance controls.

**Given the country's distinct set of challenges, what do you believe will be the most relevant topics in the industry moving forward?**

JH: South Africa is perhaps one of the most dynamic environments for medical devices out of any emerging market. To cope with this constantly evolving landscape, we banded together as an industry collective and created a comprehensive training course, which Netcare, South Africa's largest private hospital network, now mandates every medical representative undergo before

entering any of its facilities. Through this course, every field representative can be certified in either one of two ways: with sterile environment, where they can then put on gloves and gowns, or without a sterile environment, where they're qualified on the basis of ethics, principles, and patient consents. Especially with South Africa's medical device sector moving more towards a litigious society like America, we need such certifications, standards, and awareness campaigns to protect the sustainable development of this industry.

Furthermore, we don't have enough doctors qualifying in specialty areas currently. For example, this year, we only saw one doctor qualify in vascular intervention—now adding to a marginal total of approximately 50 in the country. There are a lot of unique problems in South Africa, but a lot of dynamic changes in response to these issues as well—such as the recent discussions around the reopening of nursing colleges. Personally, I see positive on the horizon.

**Looking at the next three to five years, how will we see Baroque Medical respond to all the imminent changes in the industry?**

AD: We will continue upskilling local talent and assisting with training wherever possible, but looking at those products that will reach a broader audience and help improve the quality of care. Our challenge lies in identifying the products that are right for the market. The government's objectives are currently more focused on primary healthcare, while our focus is aligned with a more sophisticated environment. So, we're looking to balance our portfolio in that regard and stay relevant in the changing landscape, while also continuing to provide the best in class products and services.

JH: Minister Motsoaledi has clearly stated his goals in providing quality healthcare access to all South African citizens. Looking at Botswana, for example, we know that properly managing primary healthcare services effectively alleviates the burden and pressures faced by secondary healthcare. As a company, we're looking at expanding our product ranges and specialties, while structuring our model in a way that supports his ambitions, which is how Baroque Medical will move forward.

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