Interview: Alejandro Paolini – VP Healthcare Meso-America, Siemens, Mexico



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VP Mesoamerica at Siemens Healthineers, Alejandro Paolini, explains the crucial role of prevention capabilities in increasing patients' probability of recovery and lowering treatment costs in Mexico. Further, he explains how the new name "Healthineers" truly reflects the company's engineering and healthcare expertise, enabling healthcare providers to enhance patient outcomes.

When we met with you 18 months ago, you highlighted that Siemens Healthineers Mexico had set up ambitious and exciting development targets. How would you assess the development of the affiliate?

We have been experiencing a bullish period during the last three years, being able to grow our business on a yearly basis and beating the general economic turmoil defined by healthcare budget cuts from the Mexican government, currency devaluation and the drop in oil prices. We have grown both of our business lines, in-vitro (laboratory) and in-vivo (imaging), with our in-vivo business line experiencing a stronger development during this period. In 2016, there have been positive signals in the national healthcare system in comparison to prior years. While healthcare should always be a priority of any government, during the first three years of Peña Nieto's mandate, the government has focused on other topics, such as energy and fiscal reforms, which obviously has affected the healthcare industry performance. However, we have slowly seen an increase in the number of medical public tenders over the last three months, which is a positive signal. It is still soon to confirm if this trend is going to be maintained in the long-term but I am convinced that it will

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Siemens decided to create an independent entity for its healthcare business in 2014. How have you been implementing the structural changes?

In mid-2014, the CEO of Siemens announced the intention of separating our healthcare business into a fully different legal entity; we call it "a company within a company". It has been a two-year implementation process. Siemens Healthcare designed a new strategy in the beginning of 2015 and gradually, we implemented a new structure aligned to the new strategy. We decided to structure our global business into six different regions: LATAM, North America, two regions in Europe and two more in Asia. The rationale behind such structure is to gain flexibility in each region in order to react quickly to the market conditions and to offer regional tailor-made solutions. This structure was finally implemented one year ago and we created our new name "Siemens Healthineers", which reflects the two axes of our value proposition: engineering and healthcare.

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The main purpose was to find a name that really encompasses our mission, product portfolio, and pioneer spirit with more than 120 years of bringing technology to market.

Improving business performance and structural organization is continuous effort. What are the rooms for improvement to further strengthen Siemens Healthineers Mexico and make it a more efficient organization?

In my opinion the most interesting business opportunity for us lies on the services side of our portfolio, focusing not only on our material products but also on the services that surround our products. We are absolutely conscious that we have to continue strengthening and developing our product portfolio but a main strategic priority will be to expand our business to the services area to be able to offer holistic solutions to the medical community that ultimately benefit the patients of course.

We expect to continue growing in our current offering at a normal pace but we are really looking forward to step up the development of our services area because we identify immense potential in this area. This is indeed a trend the industry has been going through over the past couple of months and Siemens Healthineers is proud to move from being a mere equipment supplier to an integral solution provider.

As you mentioned, we see an industry phenomenon moving from products to services that is pursued by a lot of your competitors as well. What differentiates Siemens

Healthineers in this aspect?

Siemens has more than 120 years of history investing in R&D, continuously bringing innovation to market. Our revenues amount to approximately USD 15.7 billions and we invest USD 1.1 billion in R&D activities. As a result, we have more than 1,500 patents every year. I am proud to say that innovation is part of our DNA and it is, without doubt, one of the pillars of our competitive advantage.

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In addition, we have a global presence, divided into six regions in order to be able to adapt our innovative solutions to the respective regional needs. This flexibility allows us to be closer to our local customers, offering more customized products. We take advantage of our latest technologies and our strong portfolio currently in the market but we also complement it with local expertise.

In line with our mission, we want to be the *enabler* of the healthcare providers. In the end, our goal is to be the "inspiring partner" of any of our industry stakeholders, helping them to deliver and provide healthcare to patients, enhancing their quality of life and lowering cost of treatments.

When we met with Dr. Narro, he told us that the public and private sector are complementary, while his foremost objective is to create greater efficiencies within the system and better use existing resources. Considering this objective, do the public institutions give you the space to partner with them?

The aforementioned strategy is significantly easier to implement in the private than in the public industry. Public entities and institutions such as IMSS and ISSSTE understand our value proposition but the challenge we face in the implementation of the approach we offer lie in several legal constraints – at least in the short term.

Nevertheless, it is necessary to start implementing these solutions in the public sector because the positive outcomes in terms of results and cost-effectives are outstanding. Unfortunately, this is something that cannot be achieved overnight. Legal framework modifications are more than needed to support the process of fostering the public-private partnerships for instance.

The recent medical public tenders carried out in Mexico I mentioned earlier have been tailored just to medical equipment; there has not been any room for integral solutions so far. We are advancing on bringing such solutions to those tenders with educational efforts but we have to be patient in such process. In my opinion, public entities will continue with the current traditional approach to fulfill their short-term needs but eventually they will understand the benefits of our integral

solutions as they are more mid- to long-term oriented, generating efficiencies and creating sustainability for the overall system.

Today you are the leader in diagnostic and prevention, both in terms of in-vivo and in vitro. What is the current and potential contribution of Siemens to the Mexican healthcare system?

Overall, the Mexican Health system is allocating a big part of its budget at the treatment rather than the prevention stage. However, investments on a prevention level are translated into better results for the patient as well as savings for the payers. Our solutions can help the government to use its budget in a more efficient way, investing the consequent savings in other areas of development. Our technology can help to detect diseases such as breast cancer, which has high prevalence among the Mexican population, at an early stage, drastically increasing the recovery rates and significantly lowering the treatment cost.

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Prevention is fundamental and Siemens can offer a lot in this regard. We are at the forefront in this field and we have the right elements to help the Mexican healthcare system to address its needs, both in prevention and in early stage diagnostics.

In order to showcase the added value we can bring, we carry out several events and conferences where we explain to the clinician community how we can fulfill their needs across the entire value chain, from diagnosis and planning to treatment and follow-up.

What are the key objectives that you would like to achieve in the upcoming three years?

My first priority is to successfully implement our global strategy and adapt it to the local market, whereby the development of integral services will play a key role as I believe services, and ultimately solutions will shape the future of the healthcare industry. It is a priority on both a global and local level; thus, we are working hand in hand with our headquarters to tailor our global R&D operations, taking into consideration local customer insights. For example, we have recently launched our Atellica platform in the AACC, which has really advanced laboratory capabilities based on local insights. And there is a lot more to come!

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