

Interview: José Antonio Garcia - CEO, Vensi, Mexico



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José Antonio Garcia, CEO of Vensi, describes how the company's unique service model is redefining how healthcare institutions approach the purchasing of medical equipment, while detailing the strategic significance of the recently award IMSS contract in validating their business model and augmenting future business prospects.

Could you please introduce yourself to our international audience as well as the key activities and operations of Vensi?

We are a Mexican private equity company that mainly focuses on the public sector, while also handling some contracts with private sector. Essentially, by selling service-based solutions, equipment leasing model, and tailor-made solutions, we are trying to change the way the government acquires healthcare devices and products.

We participate in public tenders like every other company, but we are trying to make the buyers see the benefits of acquiring services instead of tangible items. In our experience, we believe the government should focus its economic and human resources on health services, not maintaining & managing medical equipment

As an example, in January 2017, we won the longest-term contract in the history of IMSS to provide and manage 650 intensive care beds. If IMSS has any trouble with of any of the beds at any point during our contractual period, we as Vensi have an obligation to repair the equipment within 24 hours or completely replace the bed. In this acquisition model, hospitals are able to direct their

resources towards improving patient outcomes, instead of worrying about repair and maintenance tasks, which can often take days on end and impose unnecessary expenses.

For example, we can provide our clients with CT scanners, and they only pay us per usage instead of a flat out capital expenditure to purchase the entire unit as most of the industry has been doing. Regardless of whether or not the CT scanner is used, we still provide the accompanying maintenance services.

As you just described, this model significantly diverges from how other medical equipment suppliers operate. How has this rather disruptive approach been received among the community?

Admittedly, the uptake of this model has been challenging so far. Most institutions equate asset ownership with control, and therefore less risk. Often when we approach hospital administrators, they have a hard time understanding what we are offering, frequently exhibiting a hint of skepticism about how our model works.

Showcasing the benefits of our service is certainly an on-going and definitively long-term process, but I do believe that securing the recent IMSS contract will aid us tremendously in validating what we are doing and changing public perception.

Could you expand on the milestones that the company has achieved in the last five years?

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For the past four years, we have been collaborating with ISSEMYM in Estado de México. They were buying hemodynamic devices by pieces based on their daily demand – that is, until we came along. As a part of our service offering, we placed a staff member on-site, taking care of our warehouse assuring product disponibility on each procedure, also assisting doctors during the procedures while providing any necessary equipment. In this manner, by the scheme they increment their productivity by 40 percent with the same budget. They have now become one of our flagship clients.

I find it completely satisfactory that we are changing the mindset and methodology in government organizations

What has been your strategy to ensure the success of Vensi, considering the inherently fragmented and challenging nature of the Mexican healthcare market?

Plain and simple, what it really comes down to is customer-centricity and spending ample time with your clients—whether it is a hospital, nurse, or administrator—to truly understand their needs and best determine how their problems can be solved. By invoking a certain level of proximity to the end users, we are able to tailor solutions for clients in order to add value, while anticipating how their demands might evolve moving forward.

Our model is not fast-cash returns but reliable long term relations that help to establish a degree of confidence and trust among our clients

The interaction with high public officials is difficult. So we try to do all our work in the field. We are constantly communicating and meeting with our customers and all encompassing stakeholders to explain the benefits of our services and how they ultimately serve to improve patients' lives.

Vensi has quite a broad product portfolio to offer an integral solution to its public and private clients. Where do such end-to-end solutions add the most value for your clients?

In one of our previous projects, Centro Médico Nacional Cardiología Siglo XXI Hospital was looking to purchase new monitor equipment with an investment of roughly USD 19 million. With our service offering, they were able to obtain the needed monitors, while freeing up a substantial amount of finances to allocate for other current expenses such as medicinal therapies and medical supplies.

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Meanwhile, technology is always evolving at an exponential pace. So whenever a particular unit becomes outdated, we take it out and do the appropriate upgrades or refurbishing to ensure that our end-users are always equipped with the latest functionalities to properly do their jobs.

In this day and age, it is important for any company in the healthcare sector to stay on forefront of technology, as users are becoming increasingly informed on the latest advancements through congresses, e-classes, or other mediums. As such, we collaborate hand-in-hand with our partners to ensure that we are constantly asking ourselves the right questions to properly address current and future demands, whether that's in terms of compatibility, interoperability, or functionality.

When we had the pleasure to meet with Mikel Arriola, General Director at Mexican Social Security Institute (IMSS), he told us that one of his main objectives is to ensure the financial sustainability of the institution, which is quite challenging considering that the government does not have the enough resources to treat the national patients' needs. However, the cost of treatment could be minimized through finding new ways to leverage a greater cost-efficiency within IMSS's processes and delivery. Could you

explain to our readers how Vensi can help the government to meet such goals?

Simply put, they can improve their asset management to make their expenditure more efficient. Hence long-term contracts assure operativity and functional equipment.

Our business model helps relevant decision makers to spend money more efficiently with very high quality products that can bring far-reaching benefits to the patients—effectively eradicating all indirect costs.

For instance, the warranty period on a USD two million CT scanner typically lasts for two years. Within those two years, the scanner’s operational functionality will be relatively seamless, with any complications probably immediately attended to by the manufacturer. However, after the warranty expires is when hospitals begin to incur unnecessary expenses, with one minor fault often leading to a succession of failures that eventually leaves the machine inoperable. Our value is lies in a hassle-free proposition, effectively filling this service gap by providing any necessary maintenance, upgrades, repairs, and/or training throughout the lifetime of the contractual period with our clients.

Is medical education is a crucial component when it comes adopting new medical devices? What type of initiatives has Vensi pursued in this regard?

In the public sector, it is very difficult to coordinate those types of activities. We will typically carry out educational seminars in line with customer requests, and specifically through our providers; otherwise, our client base might see such activities as us trying to exploit a sales channel—a conflict of interest if you will.

What would you identify as the main factors that make Vensi the ideal partner of choice, especially when compared to what some of your partners can offer?

Given the uniqueness of our model, we try not to constantly measure ourselves against the competitive landscape, as doing so will only inhibit our focus.

Number one is people, specifically the talent that we hire and place in hospitals. I don’t hire sellers, but service-oriented professionals with strong work ethic and unparalleled integrity to employ what we offer to our customers and understand their needs. Ultimately, it is important that they share the same vision of what we are trying to achieve—to completely reshape the way healthcare institutions approach medical equipment. With one eye on the hospital and one eye on the patient, our people are the core underpinning of Vensi’s success to date, and will be a key factor in expanding our consumer base moving forward.

Secondly, I would highlight the fact that we have undergone a directional shift that focuses less on short-term profitability and more on customer satisfaction. We truly believe that if our end-users are happy at a regional price, then customer loyalty and in turn long-term business growth will invariably follow.

Third, the commercial partnerships that we have established have certainly been instrumental in getting us to where we stand today.

Having just wrapped up two years as CEO, what would you now prioritize as your objectives in the next three to five years?

My first objective is to bring greater awareness to our service model and expand our operations across the nation and eventually the rest of the region.

The second objective will focus on executing the IMSS contract flawlessly, especially given the caliber and strategic value of this agreement. And we will know if we have succeeded in our jobs when a second contract is secured, perhaps in another service such as pharmacies.

In all of the objectives mentioned above, we are always exceeding customers' expectations

Do you have a final message for our readers?

We are in a transition process here in Mexico, particularly with some of the recent political tensions in the country, as well as the political changes happening right across the border in the US. We are effectively entering a tipping point between the fragmentation and unification of our society. In terms of healthcare, which is a basic right for Mexican citizens, I believe that the sector must commit to our country by providing only full quality products, fair pricing and sustainable solutions.

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