

Interview: Konrad Pianko - President CEE, Arjo, Poland



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Arjo, formerly Arjo Huntleigh, has undergone a rebrand and established its first formal office in Poland in 2017. Konrad Pianko, president of the CEE region which includes over 22 countries, intends to capitalize on the growth potential in the Polish market, bring innovative rental solutions to the hospital and healthcare facility sector and increase awareness of alternative healthcare solutions. Furthermore, Pianko sheds light on the budding Russian and Turkish markets, while commenting on healthcare trends across the CEE region.

What is the strategic importance of Poland to Arjo's international offering?

It is a crucially important country given its localized position within emerging markets. Diversity is pronounced across the CEE region, and we see high growth potential in the area. Many of our investors and management recognize the potential the country offers. Turkey is now our fastest-growing market, although Poland is the anchor to CEE success given the growing economy and the expanding aging population whereby long-term healthcare trends dictate that care will shift from acute to long-term care. This trend is common across all countries except Turkey where the average is 26 years old which contrasts with the typical Western average of around 40 years old. We are used to this figure in Poland for example.

Poland is rather under-developed in its long-term care offering, and therefore we see potential to capitalize, and we observe that the market is growing. This growth is exemplified in the entrance of new players into the marketplace here including businesses hailing from France and Spain. We have a manufacturing site in Poland which is a huge benefit for this region, and we see Poland as

very attractive as a production powerhouse. Today we employ over 800 people in Poznan, making Poland is an attractive growth market.

Given these opportunities for development, how do you intend to position Arjo?

We recognize opportunities on the market, and we approach investors interested in the long-term care business. Our offer is not only focused on products but early-stage investments with planners, architects, etc. We position Arjo as solution-providers—not simple retailers, and we share and have learned from the experienced gained in western markets including Benelux and the Netherlands. We often speak of the ‘bundle offer’ which we service, and we try to introduce innovative approaches to the market.

I am delighted to announce an exciting project that will capitalize on these opportunities as Arjo is set to become the first rental operator in Poland for hospital facilities. The project will affect long-term care and acute hospital business operations. We created this project to tackle a problem we often come across in healthcare systems across Europe: due to austerity measures, hospitals struggle to acquire new capital due to limited budgets and little investment. Renting devices when they are needed, as opposed to committing to buy surplus goods helps to alleviate issues caused by overstocking, or when there is a surge in demand for devices or mattresses. We look to rent for when hospitals have patients, and we can supply products within two hours to hospitals.

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We supply clean and decontaminated products and ensure the safe delivery and retrieval of the complex products we provide. We do not store products at hospitals, and the hospitals do not pay per usage—we operate a rental business. We manage a portfolio that covers medical beds, bed frames, therapeutic surfaces and patient handling products like lifters. Hospitals do not, therefore, need to invest in equipment and can instead put their costs of renting into logistic expenses which frees up funds for other innovations.

This model is popular in western markets and does not yet exist in Poland. EU funds are typically spent on capital equipment in Poland, but we know that from 2020 or 2022, EU funds will dry up meaning that hospitals and care institutions will need to find savings and streamline their approach. Austria already has an 80 percent share of rental products in their market, and we see great potential for Poland to follow suit. The business will open this year, and we are now looking for a depot facility, a decontamination center. We expect to kick-off operations in quarter three of this year for Warsaw and the surrounding area.

With the introduction of the new rental system what will make the difference between success and failure?

We have to build awareness of cost optimization. We do not want to rent our high-quality products, charge the customer and do our business a disservice by labeling it as a 'simple' deal. We provide solutions so that customers receive a high-quality, innovative and sterile product where hospitals can save money. To add to that, customers know that hospitals will not lose money on maintenance, storage, service or decontamination of our products. When they finish with the product, it is Arjo that takes on these tasks. Our reaction time is rapid, as little as two hours, and therefore if a hospital needs a bariatric bed in a short time frame, we will supply and set up the bed within two hours.

The mindset we see in Poland is critical. Managers in Poland are used to buying and rental operations until now, was an unknown service; therefore, we have to communicate the value of the product—because it reduces the risk of cross-contamination and costs. On bed mattresses, the primary source of contamination is the surface, if we can offer a clean surface on a regular basis—completing all tasks in-house—we efficiently eliminate hygiene problems.

How do you educate healthcare professionals about your new product offering?

If cost savings drive a market, it is, of course, challenging to introduce innovative solutions. Firstly, because of price positioning, and secondly because of the tender process. The government would like to drive quality, which is good, and the state has stated its intention that at least 30 percent of this class is to come from the tender process. That said, it is difficult to define the criteria of this quality. Concerning education, we need to demonstrate clinical and economic benefits to our customers. Regarding early mobilization, for example, it is more straightforward to illustrate this saving because the clinical benefit is to mobilize the patient as quickly as possible, and for the healthcare facility this saves money on the patient's length of stay.

What goals did you set yourself in the last year, and how successful have you been in completing them?

I assumed the role of President of CEE last year and the first mission I undertook was the establishment of a stand-alone organization in Poland which enable five offices across the CEE region. We have been present in Poland and Czech Republic for decades, although the UK managed operations so that the CEE area was an export market. Turkey and Russia, however, are new markets for us. My goal is to make a go-to-market strategy and prepare those regions for a spin-off process so that they too would become affiliate offices in the future. In Poland, we focus on

business development not only in long-term business but acute hospital care.

How did global changes including a rebrand from Arjo Huntleigh to Arjo and listing on the Swedish Stock Exchange impact operations in Poland?

Being a stand-alone company in Poland is a huge benefit for the region given our total independence although we feel the support from our global headquarters. This quarter is our first quarter of independent operations in Poland. Therefore it is more difficult to quantify the impact of changes such as the stock exchange listing, and we know that Arjo is a well-known brand. Indeed, Arjo has been recognized across the market since 1967 and has grown through acquisitions. The Huntleigh name arose through an acquisition, and we are happy to return to our roots settling on the new logo and memorable 'Arjo' name.

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What are the primary growth drivers in the Polish market?

Medical beds, ICUs, high volume tenders are all crucial provided we see investments. However, the process will shift to executing the rental business as we know this will drive growth in the future.

We are currently building a robust distribution network for our indirect markets, with focus on Russia and Turkey. These markets are underdeveloped regarding patient handling hygiene and pressure injury prevalence, as well as deep vein thrombosis. My scope includes Israel, so I try to balance these market growths. In Turkey we see colossal investment in public infrastructure, they operate 'PPPP,' public, private partnership projects. Equally, price pressure is enormous in Turkey; the volume is there, but it is hard to negotiate with Turkish investors. In Russia, the size of the market and sanctions are a barrier. The market, however, is not saturated with our products and therefore we see the opportunity to introduce new technologies to the market. In the Balkans, we see opportunity in the long-term segment, and we introduce ICU solutions with an innovative approach including early mobilization. This is a benefit to healthcare providers because it limits the hospital stay for patients.

What differentiates Arjo from its competitors?

Our market approach philosophy separates us from our competitors: we do not sell products but solutions. We are the only one company that can offer patient-handling medical beds, a pressure injury portfolio, and hygiene products. The complexity of our portfolio is a benefit and a unique selling point. We also provide solutions to early-stage investments, such as the support we provide to architects. We also work with construction companies to whom we advise.

We are introducing a tracking system so that every device will be surveyed and logged by specialized software. Sensors will be placed on every product to ensure location orientation, and nurses will therefore not waste time searching for tools, which frees them up to spend more time with patient support. According to the latest survey, nurses spend 10 to 15 percent of their valuable time looking for devices whether it be lifters or hygiene trolleys. The tracking system is another unique offer from Arjo.

We are currently visiting customers to discuss operating models, cost optimization models and sometimes we have difficulty in convincing customers that these products are beneficial to their costs and quality of care. There is a myriad of stakeholders involved in the investment process, from nurses to technical directors to investors, and we are still far from Western market models regarding the managerial model. We are, however, excited and optimistic to begin operations and bring the rental operation to market.

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