

Mahmut Oğuzcan - Country Business Leader, 3M Turkey



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production, R&D and management***

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Mahmut Oguzcan, country business leader of 3M Turkey, offers his expert insights into the Turkish medical devices market. He explains how Turkey's Health Transformation Program (HTP) and private-public partnership (PPP) models have created opportunities and challenges for 3M and outlines its commitment to Turkey moving forward.

Could you introduce 3M Turkey to our international audience and explain the importance of the affiliate to 3M's global strategy?

3M, headquartered in St. Paul, Minnesota, is a truly global company, with over 170 offices and approximately 60,000 employees all across the world. 3M makes around USD 32 billion in revenues per year, 60 percent of which comes from non-US markets. 3M has five main business groups, and three divisions are present here in Turkey: medical solutions, oral care, and food safety.

Turkey is home to one of 3M's largest "Super Hubs." Turkey is the regional headquarters for 3M's production, R&D and management. 3M's operations in Turkey are thereby of substantial importance to the business's operations, globally. Recently, we invested in a production facility in Çorlu as a part of Super Hub investment that can cover all stages of medical device manufacturing in upcoming years, further demonstrating our company's faith in Turkey. 3M is dedicated to furthering our healthcare business in Turkey due to its geographic location, high level of human capital, and the size of the market, of course.

What is your assessment of the main market dynamics and trends for medical devices in Turkey?

In 2003, Turkey embarked on a Health Transformation Program (HTP) that had several positive impacts on the Turkish medical devices and healthcare and life sciences market, more broadly. One such positive outcome is the consolidation of the public hospitals. In 2012, the Turkish government introduced union-based hospital management. Under this concept, cities would fall under the purview of one union (or several, if the city is very populous) that oversee the procurement, supply and financial management of all of the public hospital facilities in the district. The main objective of this union-based scheme was to increase the access to healthcare. Previously, the main concern in the Turkish healthcare sector was the limited availability of quality healthcare services for most of the population. The consolidation scheme worked, as coverage has since greatly expanded. In 2014, the government devised a private-public partnership (PPP) model for building 50 new City Hospitals, five of which have already been opened. Now, in 2018, we are awaiting the Ministry of Health's online system that will help medical device companies sell consumables more efficiently and in higher volume. This forthcoming online marketplace will help ensure better prices by tracking the tender process, performance of usage and rate of consumption. Moving forward, the authorities are very much focused on increasing efficiency, quality and availability of care.

Of course, this dramatic reordering of the Turkish healthcare ecosystem has presented both opportunities and concerns for industry actors. Regarding opportunities, it is important to note that amidst the investment in union-based consolidation and the construction of City Hospitals, the government also strengthened other medical facilities like oral care centers, which has helped 3M's business in Turkey. The consolidation of the healthcare facilities also eased the sales burden for 3M, as all of our purchasers were lumped into unions and are hence easy to access. Moreover, increasing the access of healthcare in Turkey has naturally increased the demand for our products on the market and also our collaboration with the government; as the reforms were carried out, 3M and our industry associations were frequently consulted and invited to participate in the process. The consolidation certainly brought some advantages to industry players.

The changes brought concerns as well, the foremost of which is regarding the public budget. As the coverage of Turkey's healthcare services increased, consumption inevitably increased. The problem, though, is that the government's budget for healthcare services did not increase alongside its spending, resulting in longer payment terms, stagnant prices and a fiscal deficit.

What role is 3M playing in resolving the challenges that you have mentioned?

We are relentlessly pushing for market development. As a global company, we have access to very strong clinical studies and experienced healthcare professionals from different countries. We are particularly advocating value-based procurement, drawing on our knowledge from our operations in the UK, US and Europe. As there is a constrained budget in Turkey, we feel that helping TITCK and the Ministry of Health appreciate the utility of a value-based procurement model is paramount.

For example, we believe that changing the conventional methods that are used in Turkish hospitals by switching to innovative methods and applications is very important. This will simultaneously increase the quality of care offered and decrease the cost to the hospital in the long run. While our products have higher pricing comparing the traditional products on the market, it is obvious our products are a better investment due to their efficiency and durability.

Apart from advocating value-based procurement, we have been actively investing in healthcare professionals for the past 25 years. 3M is one of the pioneer companies in infection prevention, for example. We are the first company in the world that developed self-contained biological indicators in 1970s to secure the quality and consistency of infection prevention process for crucial medical products used in hospitals. 3M is dedicated to sharing our expertise with the healthcare community. Last year alone, we hosted 53 educational seminars that were attended by over 1,200 medical professionals.

In general, our aim is to improve patient satisfaction and the quality of care.

Has the government been receptive to your efforts in promoting value-based procurement?

We attended a workshop, which was hold by Acibadem University (SPM) in October, on the matter alongside our colleagues in the industry and the Ministry of Health. The authorities seem to share our enthusiasm for value-based procurement, and it is being considered. It is also obviously seen that this concept is quite new and implementing a new procurement system requires new decisions which will take time. We would be happy to cooperate with the authorities and contribute with all our global expertise in establishing a value-based procurement scheme.

What needs to change in Turkey, from a regulatory standpoint, for the country to become a medical manufacturing hub?

The localization program in Turkey has succeeded in bringing the manufacturing of simple medical products to our country. But the program has to be improved. First, the standardization of products produced in Turkey has to be ensured. This will assure the Turkish patients have access to top-notch products.

Secondly, if Turkey is to eventually become a global hub for medical device production, the pricing policy has to be revised to reflect economic reality. There must be a transparent, minimum threshold around which all the players can plan their business operations.

Lastly, I should mention that Turkey's potential for healthcare tourism, should be maximized by creating one single agency that is responsible for the potentially lucrative field; some estimates figure that Turkey has the potential to host a USD 23 billion-dollar healthcare tourism industry.

Could you explain 3M's role in helping Turkey achieve its Vision 2023 economic goals?

3M will continue to work alongside the Ministry of Health and TITCK as they enact positive reforms. We will carry on promoting savvy healthcare economics and advanced information technologies that will end up benefiting everyone in the sector.

We will also continue to invest in the education of healthcare professionals and patients. While we cannot advertise in Turkey, we do work with patients in increasing awareness of best practices and products. 3M believes that patient empowerment is paramount.

What is your final message on behalf of 3M?

We believe in Turkey and its healthcare marketplace. Given the population, the rising GDP, the high level education for healthcare professionals, and the prominence of health tourism, the country is ripe with opportunity

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