Bertrand L’Huillier – President, Smith & Nephew France

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Bertrand L'Huillier, president of Smith & Nephew France, highlights how the medtech firm is able to understand the objectives and needs of hospitals better with a B2B approach. He also shares his views on current topics which influence the healthcare sector such as Brexit and the 2018 CSIS.

How would you describe the development of Smith & Nephew in France to date?

In the past, Smith & Nephew has been considered as the ‘old lady’ in the market, having a good reputation, but not being the most dynamic player. Hence, seven years ago, the decision was taken to raise the attractiveness of the company, all the more as there was also a risk of being acquired. While we have a very exciting portfolio, we were not able to leverage the whole product offer throughout all markets and be a strong player as a healthcare provider in the medtech industry. As a result, several strategic and organizational changes have been implemented, with the aim of having one organization in each country promoting our whole portfolio to fulfil our potential. These changes included new top management and also using a silo perspective when referring to our four key market segments: Orthopedics Reconstruction, Advanced Wound Management, Sports Medicine, and Trauma & Extremities. The goal is to make sure that each division individually is performing above the market average in France, to then connect the businesses. Four years ago, I was the president of six different legal entities at Smith & Nephew, so our main challenge was to bring all these businesses under one roof. As of today, we are facing many external changes, especially within the last 2 years, which makes it necessary to constantly review and adapt our business strategy.

Can you give us more insight into how these changes look?

Today, healthcare is not only shaped by patients and physicians; it is a convergence of different actors which have a major influence on the market. As an example, two years ago the position of many players in the industry was, that the purchasing decisions would always be in the physicians' hands. However, the last two years have shown that this is not true. While practitioners still do have a certain influence, the final decision is now taken by the purchasing department or even the management of the organization. From our perspective, this was an interesting turnaround, as it encouraged us to build a B2B platform, to address all the non-healthcare professionals in the industry. We are essentially addressing the decision makers at a hospital, which may be the management or the owner, to understand how Smith & Nephew, as a healthcare company, can address their needs. While in the past we had the traditional purchasing model of the medtech industry – which can be described as "Try it and if you like it, buy it" – we believe this is not contemporary anymore, as price has become a bigger issue and it also needs to be considered how a product contributes to the company's objectives. This is important to understand, as hospitals today also have KPIs which may be profitability, productivity or return on investment, similar to us. On this way, we can provide tailormade solutions, which match their needs as a company. We received a lot of positive feedback on this B2B approach, with hospital managers stating that they feel like for the first time in 25 years a company does understand their expectations. This concept is not about health economics but simple principles of marketing, to comprehend the customer's new needs.

While it is true that the industry is more patient-focused today, our vision is that we need to understand all stakeholders better to provide the best solutions to the patients. This means that we need to provide simple and efficient solutions to the healthcare professionals, while providing the best economic outcome to the authorities.

What would be a concrete example for this B2B platform model?

Our product Navio™, which is robot which helps the surgeon at reconstructive knee surgeries, is seen as very useful by practitioners. However, the purchasing decision makers perceived it as too expensive in most cases. We have therefore been working with public and private hospitals right at the start, meaning when we started bringing our product to the market earlier this year. We have used a consulting approach, as hospitals usually have a lot of data, which they don't really know how to use yet. We then analyzed their data to investigate the causes of inefficiencies. As an example, a hospital investigated, kept patients in the hospital one day longer than the average. We identified the risk of infection as the cause for this extended stay. So apart from meeting their objectives and provide a proposition to improve the efficiency of their knee surgery processes through our Navio™ product, we were able to address an additional issue.

Having one of the world's leading wound care divisions, we are experts in infection management and hence were able to provide solutions to this hospital's very problem. We suggested a gold standard for knee reconstructions, which controls the size of the wound through minimal invasive surgery. Moreover, we offered to use PICO™, which is our device that protects against infections after the surgery. We were hence able to reduce the days the patient spends in the hospital post-surgery from seven days to one day, while reducing the infection risk by 99%.

How strategically important is the French affiliate within the established markets grouping which last year accounted for some EUR 1.68 billion worth of revenue?

The French market is ranked fifth in terms of revenue for Smith & Nephew. However, we do not have any manufacturing here in France, because it is not as attractive as other European countries. France has the lowest net income ratio in the healthcare sector compared to the UK or Germany. This was the main reason to end production in France, as the price was just too high. It has to be noted that many French companies are still producing in France, as they significantly contribute to the ecosystem. It makes sense for them as it gives leverage when negotiating with the authorities.

How encouraged are you overall by the announcements made at this year's CSIS?

I came back from the CSIS very impressed. I thought many things have been understood by the government. Minister of Health & Solidarities Agnes Buzyn was very pragmatic and Prime Minister Edouard Philippe delivered a very factual speech, stating that France is currently not a vitrine market in terms of innovation and clinical studies, despite having the potential. As we are back to day-to-day business now, it will be very interesting to see how the PLFFS (Projet de loi de financement de la securite sociale – Social Security Financing Bill) unfolds, as it will show how these measures will be implemented. My concern is that we still postpone working on a new vision for patient care, as the PLFFS is essentially only a budget discussion. We need to see the bigger picture here. When looking at French public hospitals the problems are obvious, as there are a number of inefficiencies, which need to be assessed.

Sweden is a pioneer in this field, as they have hired external consultants to assess the best options for specific surgeries, to find a gold standard for practice, which is not necessarily the cheapest, but the most efficient solution. There are many variables that determine this standard, for example, the number of days spent in hospitals or a physician feeling more comfortable with a certain product. This encouraged us to also lay off the industry jacket and to understand the needs and objectives of the hospitals, as part of our B2B platform.

Brexit threatens to be potentially quite disruptive for British companies like Smith & Nephew. Conversely, however, could this translate into an increased role for the French affiliate?

The main issue with Brexit for us as a British company is regulation. Our main priority throughout the whole Brexit process and the last 20 years has been to create a common regulation for medical devices. As we have made preparations and have many offices and production sites outside the UK, Brexit will not be impacting too much our day-to-day operations or our growth and development.

Which of your four product categories are most performing in France and how do you envisage to grow them further?

The most performing portfolios are Sports Medicine, where we are the market leader, and Wound Medicine, where we are amongst the Top 3. In the Orthopedic Reconstruction sector, we have achieved high double-digit growth recently and we continue to invest in this area. In the Trauma & Extremities business, we have a low market share, as the sector is traditionally dominated by big players like Stryker. We have very strong innovations which have been well perceived by young surgeons in hospitals, but we do not have the financial opportunities like our competitors do in this area.

What do you enjoy about working for Smith & Nephew?

People and their passion for our products is the main factor. We have only moved recently to Paris [we used to be in Le Mans] and we have hired a lot of new talent in that process. Furthermore, despite Smith & Nephew being over 150 years old, it still has a start-up atmosphere here in France, which I enjoy very much. The company also has the mindset to consistently improve and achieve better results, which is also thanks to the arrival of our new CEO, Namal Nawana. He really opens new perspectives and reinforces our capabilities to become a key player in our markets.

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