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The sector is moving towards outcome- and value-based healthcare, of which diagnostics will have a big part to play

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José Herraez, general manager of Beckman Coulter in Iberia, sheds light on the special features of the Danaher business model, and how that has aided his personal growth. Herraez also discusses the impact of the new innovation Beckman Coulter is bringing to labs in Spain.

Having been at Beckman Coulter just over eight months, what has been your first impressions of the Danaher business model?

While I am a telecommunication engineer by education, I have about 25 years of experience in healthcare. During my career, I have also completed my education with a couple of business management programmes at IMD in Switzerland. There, one of the case studies I investigated was the Danaher Business System (DBS). This was one of the key factors that attracted me to work here at Beckman Coulter & Danaher. It is a very highly regarded business model.

To give an example of this philosophy through my own personal experience, two days ago I attended the National Congress of Diagnostics in Spain. However, after two days of the conference, I “disappeared” into a programme called immersion. At Beckman Coulter and at Danaher, immersion is an opportunity for senior leaders within the company to discover the business system and learn how it is applied in real life, while you meet and get to know better your own team in

parallel. We are taken out of the business and can meet other brother and sister companies of Danaher, visiting affiliates abroad, such for example Radiometer at their global headquarters in Copenhagen, Denmark. I also had the opportunity to meet the company president and his senior leadership staff, spent time at Leica Biosystems and with Beckman Coulter in Italy so I was able to understand how they control a similar footprint elsewhere. This helped fully prepare me for the task at hand upon returning to the operations.

What is Beckman Coulter's footprint in Spain?

Beckman Coulter was acquired by Danaher in 2011, and one year later, in 2012, it was decided to establish a direct presence in Spain, that was previously represented by a distributor. The operations began officially on January 1st, 2013. Most of the past five years has revolved around building the infrastructure to support the affiliate. One of the aspects that we were lucky to possess was the capabilities of the private distributor as most of the dedicated personnel moved across to support Beckman Coulter's operations directly. Thus, we already had an established customer base both on the commercial and services sides, and deep domain expertise.

Today we have two major operational centres: Barcelona and Madrid. The management team and several other functions are located in Barcelona, and the customer support is located in Madrid. We also have an operational centre located in Lisbon.

Spain has a decentralised political system consisting of the 17 autonomous communities. In order to support those customers all over the Spanish territory, we ensure that most of our teams are closer to the customer than the head office. Consequently, we try to minimise the number of people working from our headquarters. Overall, we have 200 people spread throughout the territories of Spain.

Regarding our portfolio, Beckman Coulter has two platforms: diagnostics and life sciences. These are very specific product lines within the hospital and research labs (usually our life sciences portfolio). Within our hospital lab portfolio, we have chemical chemistry, immunology, haematology, urinalysis, microbiology and flow-cytometry, and providing leading pre-analytical and total lab automation solutions. Aside from these modalities within the lab, we are also engaged in the digitalisation process for these laboratories.

How can Beckman Coulter partner with the industry to articulate the importance of diagnostics?

Diagnostics are involved in around 70 percent of all medical decisions made. However, this is a small segment, receiving only 2-3 percent of resources for healthcare, rendering diagnostics significantly underrepresented.

The sector is moving towards outcome- and value-based healthcare, of which diagnostics will have a big part to play. To achieve a more holistic view of the industry, we need to consider the impact of diagnostics in three areas: clinical outcomes, economic outcomes, and operational outcomes. Beckman Coulter can assist the customer to better organise their resources, to achieve better outcomes in all three areas.

To illustrate these partnerships with an example in the clinical space, take the issue of sepsis. Firstly, sepsis is a relatively unknown issue to the general population (compared to cancer or HIV), even though it has a very high mortality rate and is one of the top issues within the healthcare sector. Therefore, timely and accurate diagnosis of sepsis is a critical element for the system. We provide tests that offer an early indication of sepsis. For every hour that sepsis goes undetected, the mortality rate increases by 8%. The impact is a clinical one, lowering mortality rate, but early detection also reduces the severity of the condition if it is detected earlier, decreasing side-effects that are costly to the system economically.

Another example is in the area of digitalisation. Labs contain thousands of samples requiring testing every day. Organising this requires significant planning, knowing what needs to be done at what time and how many people are required. This creates many areas that are prone to errors, particularly in pre-analytical testing. This is where automation can help. We can offer solutions to start with the pre-analytical phase which determines where resources and tests need to be distributed to. We are able to even offer part of full automation, so the tubes move across the analysers and can be tested and recorded. This drastically reduces testing times. The operational side enables labs to produce accurate results faster and at a lower cost.

How well can automation solutions be rolled out in the Spanish healthcare ecosystem?

In Spain, automation began earlier than in other countries, and in my opinion, is among the leading countries for digitalisation, ahead of the pack in Europe. Evidence for this is found in the demand for automation products amongst our customers, many of whom are going through the automation

process for a second time.

Beckman Coulter not only works with the public sector in Spain, but with private labs and large private conglomerates. When we are talking about automation, the most important thing is to design the right solution for the particular client since not all labs perform identical tests, and volumes can vary. Thus, we offer custom made solutions for our clients.

There are both external and internal challenges. Internally, complexity is increasing, and through consolidation in the territories, volumes are rising too. There is also reliance on this automation which has become the backbone of the system, making reliability crucial. As complexity increases, we are faced with expanding our expertise to maintain a leading role.

We also contribute to areas outside the lab, so there are unmeasured gains and savings to our products. One of the challenges we have is to quantify these savings in order to justify these additional investments to the authorities, particularly in the public sector where the financial boundaries are more defined. Nonetheless, the new procurement law offers possibilities for innovative procurement.

Where does Beckman Coulter Iberia fit with within its European operations?

The Spanish operations tie very nicely into the wider European perspective. Looking at the market alone, Spain appears to be the fourth largest market in Europe. Therefore, it is not possible to have a strong presence in Europe without a strong presence in Spain.

Secondly, there are some specifics about Spain that very relevant. We have a lot of well-known international key opinion leaders based in Spain that are renowned contributors to the development of the industry. Moreover, the research and clinical operations interact very well with the Spanish healthcare apparatus, making Spain an attractive country to place such operations.

For Beckman Coulter, Spain is particularly important due to the legacy of our brand here. We have over 4,000 active analysers in the country and this continues to grow. Similarly, Spaniards are occupying leading roles for both Beckman Coulter and Danaher at European level or even globally.

You have been in the industry for over 20 years. What is it that drives your passion for healthcare?

I am passionate about this area because I can see the good that we bring to the wider society in our operations. This is not for an impersonal concept of society either: the solutions will help my father, my daughter and even me. I’m also passionate about biotechnology and the impact that could have in the healthcare space. At the end of the day, we are all patients.

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