Joacim Lindoff – CEO, Arjo



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Changing demographics and revolutionary technological advancements are altering the structure of the medtech industry paving the way for Arjo, a global Swedish supplier of medical devices and solutions, to rise up to the challenge. CEO Joacim Lindoff discusses the journey after Arjo's split from Getinge in 2017, the company's revived focus on long-term care, and reaffirms that Arjo is here and present in both acute and long-term care

After 18 years at Getinge, including a short period as interim CEO, you were appointed to lead Arjo during its split from Getinge. Can you discuss your journey with Arjo so far?

My journey with Arjo has been the most fun and interesting part of my career by far. Before the split, Getinge had strategically moved to focus on acute care within the operating theatre, where Arjo did not necessarily have the products or solutions. Arjo's focus is somewhat outside the operating room but still remains an important player in acute care while seeking new possibilities in long-term care. Months before the spin-off, Getinge's board concluded that the best way forward was to position Arjo an independent company. After the announcement, I was named the CEO-to-be and started to gather a management team for the new Arjo.

The work was outstanding from Getinge's side to make the carve-out process happen. We began by making Arjo a free-standing division within Getinge, but still reporting to the same management and board. The next step was to prepare Arjo's public listing, which we achieved on time at the end

of 2017.

An interesting aspect for me was being part of the strategic review that led to the decision to split, and then start building a team with the skills to fix the existing issues and build a long-term plan for Arjo. We built a 2020 plan after careful analysis that included a new operating model, considering the company and the global market.

A central part of the 2020 vision is the objective of becoming a market leader within long-term care while maintaining a strong position in acute care. How much progress have you made?

It is important to first understand the recent history of Arjo. We went from being very active in long-term care ten years ago to only have around one-third of our sales in that area. Arjo's activities in the long-term were not in focus since Getinge wanted to move towards acute care.

This meant that when we were spun off, we already had the products and the solutions to return to strength in the long-term care market, so the strategy has really been more centred around sales in this area. We needed to make sure that we had the right type of sales structure and clinical support to start building in the United States and Western Europe.

Since Arjo took a conscious decision to invest in an improved salesforce and we have all those structures in place now. The needle has begun to move, and we are confident that the results will come. At the end of the day, it takes time to build a network and get the message out that we are back. Thankfully, the Arjo brand is associated with long-term care and we get very good feedback from customers; we are entering a landscape where Arjo is well-known. Many of the comments we have received have been more on the side of "where have you been?" over "who are you?".

You mentioned Arjo is focusing on becoming a leader in the US market, which accounted for 30 percent of your sales last year. What makes you optimistic that you will continue to grow in such a competitive landscape?

First of all, we have the products and the solutions that we need and that has certainly given us a head start. The US Arjo organization has undergone changes in its management and strategy. That new management, led by Anne Sigouin, has done a fantastic job so far and had the new objective of correcting the course of the affiliate and implementing the 2020 vision.

The US is a complex market and previously we had not treated the market the way we should have, so our market position in long-term care and some of the acute care had been underperforming. This meant that just by getting our operations together and start working in a constructive way, we have gained momentum and market share. Based on the points aforementioned, I believe that we are in a good place towards our ambition in the US. Already in 2018, the team has turned operations around with a four percent organic growth after many years of decline. Arjo is ready to be the comeback story.

The global trend of population growth, combined with longer life expectancy, means the number of elderly people will rise sharply. Bearing in mind these trends, how is Arjo positioning itself to succeed around the world?

Those trends are certainly something that key stakeholders are not paying as much attention to as they should. We are in a market in which the fundamental demographic changes alone will give us a unique position to thrive. Arjo works with solutions to prevent things from happening, which is about making healthcare more efficient and bringing down costs to reinvest in other innovative areas. The demographic changes imply that the systems need to do more with less. If you are a company that provides solutions that will save money while being more efficient, it means that the sky is the limit.

We have an interesting role to play in turbulent times from an investment point of view; the way we try to position Arjo in this context is that we should be looked at as almost as safe as gold.

The challenge is to communicate that message as it is more interesting to talk about deficiencies in the industry when you talk about heart surgery, but the opportunities to capitalize on in other less “innovative” areas such as prevention are great. I believe that long-term care is greatly underappreciated.

Continuing to look towards the future, Arjo entered an exclusive R&D partnership last year with Next Step Dynamics, a Swedish technology company specializing in predictive analytics. What are your plans to take advantage of digitalization, big data and artificial intelligence?

Any medtech CEO that does not have a slide in their presentation about digitalization can expect the company’s shares to go down. On the other hand, I believe that we are heavily misusing the

word digitalization.

Arjo is working hard to find solutions in the spaces of artificial intelligence, machine learning and connectivity. They help the healthcare system do more with less, but I also believe that digitalization needs a more specific role. Companies like Arjo need to start small and grow our way up with new technology. For example, one of our current digital solutions is a simple tracking system for patient handling equipment that saves a significant amount of time for nurses. We are looking at digital solutions that aim to prevent things from happening, which is much more certain than the “prediction” business, which is on shaky regulatory ground. Next Step Dynamics is a good example of an innovative startup that has a fantastic idea around being able to predict an increase in falling, which gives caregivers an opportunity to prevent patients’ injuries from happening. In conclusion, digitalization is high on the agenda, but we must approach it in a smart way.

Another important trend in the market is the consolidation of the industry. What is your strategy in terms of mergers and acquisitions?

We believe that mergers and acquisitions can be very helpful to develop Arjo, but you need to sort out your affairs in-house first before thinking about acquiring new companies. Arjo has been focused on finding strategic alliances that do not interrupt our current strategy. We are not looking for net sales for the sake of it, but rather looking for companies that provide us with positive sales synergies; that means buying products that fit our portfolio. Today we talk about organic growth, but I would not be surprised to see a mix of organic and inorganic growth in the future.

Last year, you established proprietary sales companies in Japan, China and Latin America. After taking that step, how do you see the international footprint of the company moving forward?

When we took over Arjo, we had an R&D centre in the US, but it was costly and did not provide the best interaction between marketing, R&D and the supply chain. We decided to close the centre and move the functions to our four facilities in Canada, Wales, Poland and Sweden. The facility in Sweden is located in Malmö and has a good mix of skilled and experienced engineers that helped us fill that knowledge transfer and reinforce the categories we have.

When it comes to patient handling, our biggest product segment, most of the marketing, R&D and production is on the Magog, Canada. When it comes to pressure injury prevention, the operations

are located in Cardiff, Wales. The medical beds are sitting in Poznan, near the plant in Poland. We have part of all the categories in Malmö as well. I like Sweden because it provides access to a very talented workforce, especially in the Skåne region with its proximity to Copenhagen.

Another very important aspect to us, one that we take into consideration all around the world, is diversity. That means diversity in gender, age and background. That focus on diversity has brought dynamism to the team and we do not have this just to fill a quota or place a tick in a box.

Where do you hope to see the company in the next five years?

That is a recurring question for us because 2020 is just around the corner. Everybody has seen that we have risen to the occasion, so we are working on the next strategy, our vision of Arjo for the next ten or five years. We will present it to the external market in 2020. We want to become a company that focuses on preventing things from happening, having both clinical and financial outcomes to reduce costs. Arjo is the company of the future of healthcare. It is a pleasure to work in a company that aims to take care of people.

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