Serge Kemps – CEO, Nipro Medical Europe (July 2020)



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Serge Kemps, CEO of Nipro Medical Europe, sits down with PharmaBoardroom to shed light on Nipro's unique corporate culture based on the Japanese concept of 'sanpro yoshi'. Kemps also explains the importance of Belgium for Nipro, the innovation opportunities in the digitalisation of healthcare, and his strategic priorities since taking on the role of CEO.

This is the first time PharmaBoardroom has had the opportunity to sit down with Nipro. Can you introduce our readers to the company, its mission, and its major operations?

Nipro is a leading healthcare organisation based in Osaka, Japan. It was founded in 1954 and is truly focused on care. Represented by the infinity sign in our logo, Nipro's continuous commitment is more than a symbol. We demonstrate this in all that we do; our current and future responsibility to society is to develop innovative healthcare technologies that help patients worldwide.

We have three main divisions: medical devices, pharma, and pharma packaging. Our largest business segment is medical devices. Within medical devices, 70 to 80 percent of the business is composed of dialysis, a therapeutic area in which we are a top-three player globally.

The pharma division mainly produces generic drugs or is a contract manufacturer to larger pharmaceutical companies. In fact, Nipro is the largest contract manufacturer in Japan. The majority of our clients are active in Japan, either Japanese companies or Western companies distributing there.

The Pharma Packaging division is a global supplier of primary packaging material (a.o. glass vials, syringes, cartridges, …) to pharmaceutical companies.

One of the unique aspects of Japanese companies is their corporate culture. Nipro prides itself on the concept of ‘sanpro yoshi’. Can you explain this and how it manifests itself in Nipro’s European operations?

This is a traditional Japanese concept that literally translates to “good for everyone”. It means that we should aim to meet the needs of our three main stakeholders: the company, healthcare professionals and patients, and society. This is ingrained in our company’s DNA. Bringing this philosophy to Europe has not been a challenge at all because these values – being humble while also showing great ambition – are highly regarded. The combination of humility, respect, and ambition works well and moulds a true entrepreneurial spirit.

What was behind the decision for Nipro to choose Belgium as its European base?

The decision is partly historical going back to the 1990s, but I believe that Belgium is a perfect fit as our European headquarters for three main reasons. Firstly, its location – we are centrally located with great infrastructure and are well connected to the rest of Europe. The Belgian office is also responsible for the sales in Africa, whereby there is a good link from a relational and infrastructural point of view, with many direct flights from Belgium to Africa.

The second reason is human capital. We are an innovative company and can easily attract highly educated employees in Belgium. Here in Mechelen we have employees from 25 different countries with diverse skillsets and knowledge of multiple languages. Being multilingual is a common trait in Belgium. That combination is already a unique strength. Being able to deal with complexity within the wider European market is an extra asset. Furthermore, we have access to a number of highly esteemed universities and hospitals that are enthusiastic about collaborating with us.

Finally, there is an entrepreneurial mentality in Belgium which is highly valued. Many of our colleagues possess that entrepreneurial spirit. We incubate this by granting career opportunities very early on; the average age of employees at the headquarters is around 30-35. Hence, we have many young, but ambitious people already occupying important roles.

What are the activities being run from the Belgian HQ to support Europe and Africa?

The two business divisions represented from the HQ in Belgium are medical devices and pharma packaging. Taking the whole group together, our turnover in Belgium is around EUR 500 million alone, out of a total global revenue of EUR 3.6 billion. This demonstrates Belgium's importance.

We do not manufacture in Belgium and most of the products here are received from overseas production locations. However, within medical devices, we have two manufacturing locations under our direct responsibility, one based in Germany, and the other one in Spain. The pharma packaging division has an even wider responsibility in terms of manufacturing, with one site in Germany, three in France, three in the USA, two in India, and one in Russia.

In Mechelen we also have our Institute for Medical Practice (iMEP). This is a fully equipped training centre where we bring our customers, such as medical personnel, from European and African countries for training on our devices. We also organise broader training sessions where we invite specialists in certain domains to teach our healthcare professional partners on certain aspects of treatment and therapies. The feedback that we receive is really valuable and helps to drive our innovation.

You joined the company in 2016 and became the GM two years ago. What was the value proposition that attracted you to Nipro and what have been your strategic priorities for the organisation?

I was primarily pleased by the aforementioned entrepreneurial spirit of the company. It is a fast-growing company with the clear ambition to expand further, not only in the dialysis market, but by developing in other segments as well. I was also excited by the role that Europe plays in the overall strategy of the company. Not only do we represent a significant turnover, but often Europe is the trendsetter in terms of new products and procedures. In this regard, we are well connected to our Japanese headquarters to ensure that these trends are featured in the global strategy. It's fair to say that our Board of Directors in Japan really values our input.

To illustrate this with an example, in the area of dialysis, we believe there is a significant risk that dialysis devices and disposables are increasingly commoditized. Suppliers in the future will be selected based on optimisation and automation of the procedure through "smart" devices. In support of our strategy to develop these unique solutions for the future, we presented an acquisition target, a software company based in Bruges called NephroFlow. We presented this to

the board, and they followed our recommendation and approved the acquisition, which was finalised at the end of last year. A testimony to the trust the Board of Directors has in Nipro Medical Europe.

Our strategy is to continue strengthening our position as a full renal care provider. This will remain our major business and we will continue to introduce new products to the market. The African continent remains a cornerstone to our new growth and is an area where we are actively expanding by opening sales offices and working with the most important distributors. The other aspect of our approach is executing our digitalisation strategy. The digitalisation of healthcare remains a primary focus. By combining data and using an AI perspective, we can start predicting certain therapies and, rather than selling products, we can look at selling solutions.

Looking at the renal market in Europe beside a certain level of commoditisation, what are its main characteristics?

As in most of the healthcare sectors, the introduction of “Value based Healthcare” is changing the market and we as a global top 3 player need to find an answer to this. There are a handful of major players active in the renal market t and all of them have in common, that they are full renal care suppliers, meaning that they offer the dialysis machines together with all the various disposables. We try to bring new R&D developments to the market, such as new features and better products that serve the needs of our patients, including a dialyzer that meets the needs of patients with allergies. We try to differentiate ourselves from our competitors by bringing these latest developments to the market

Where are we in relation to innovation speed within dialysis and renal care, and what are Nipro’s ambitions beyond the renal market?

We are not at the end just yet. We are mainly active in assisting with the later stages of chronic kidney disease. On the one hand, there is much development still to come in treating the early stages of kidney disease.

Many dialysis treatments today remain in centres which puts a logistics burden on the patient; today we are also looking at how we can bring dialysis closer to the patient There is a lot to do in terms of accommodating patients in a better way than it is happening today.

As Nipro corporation, dialysis will remain our main area of operations for the foreseeable future. However, we do not want to be too reliant on renal. We are also active in hospital products and in diabetes care, strengthening our portfolio and market presence.

If you talk about a revolutionary type of business that we are currently are working on, it is our newest cell therapy division, called Stemirac. This is currently only available in Japan after receiving clinical approval there but will be brought to Europe and the USA in due course. Stemirac uses a new technique to extract stem cells from a paralysed patient with spinal cord injuries. The stem cells, after being modified, are re-injected to improve the patient's situation. The results we have received so far have been incredible.

Every medical device manufacturer has a different strategy for each market, sometimes favouring distributors over a direct presence. How do you make that decision?

Over recent years we have increased our direct-to-market presence. Where possible, we try to open Nipro offices. Part of our strategy is to have dedicated teams on the ground close to the doctors, clinics and hospitals. High quality service combined with high quality products are strong differentiators which make Nipro's brand stand out amongst consumers.

In the majority of the European countries we have our own offices, but we remain with distributors in some Eastern European markets. In Africa, we are moving from a distributor platform into a direct sales office platform. We have already established direct sales offices in South Africa and Nigeria, and recently opened in Cameroon, Ivory Coast and Morocco.

2020 has been mired by the COVID-19 pandemic. What has been Nipro's response, and which of these changes to operations do you envision as remaining permanent?

COVID-19 was a big challenge, due to the lockdowns in the different countries. Our products are part of the essential goods, since dialysis patients require treatment three times per week. Therefore, it was important to ensure that we could continue our operations and that our products were delivered timely to the hospitals. We had no excuse to fail to provide our products. On the other hand, we ensured that our office staff were operational from home on day one, whether working in customer service, quality or supply chain. We guaranteed continuity of supply to all our customers.

We also helped out several hospitals in providing them dedicated equipment, so that they could ensure a safe treatment of COVID infected patients that had to go into isolation.

In your opinion, has the crisis expedited a move towards telemedicine and a more home-oriented healthcare experience?

This is all part of digitalisation within the healthcare industry. Making diagnoses remotely is already happening in some clinical areas. Dialysis treatment at home already exists today, but definitely not yet on a large scale and there are still a lot of obstacles to overcome.

The acquisition of NephroFlow is aimed at working on digitalisation to further streamline these kinds of therapies. NephroFlow is a process-oriented software platform that actively supports nurses and nephrologists in every step of the care process. It provides them with valuable work instruments that facilitate a smooth transition between planning, preparation, treatment, patient monitoring and administration. This means that a nurse does not require paper documentation but can enter the information into a tablet, possessing real-time information and parameters to follow up as required. Hence, it completely digitalises dialysis and realises proven gains in terms of patient safety, quality of care, cost reduction and job satisfaction.

What is the message that you would like to send on behalf of Nipro in Europe?

I believe that our company’s strongest asset is our people. My ambition as CEO is to put the right people in the right place within the organisation. In my view, the Nipro culture facilitates this. Moreover, we have a healthy balance between a solid business structure on the one hand, and the professional and entrepreneurial spirit of our people on the other. This message is what attracts the best people and makes Nipro a great place to work.

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