

Interview: Bart van de Kerkhof Country Director, Medtronic Netherlands



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Bart van de Kerkhof highlights how Covidien's acquisition will drive Medtronic to new heights thanks to a broader product portfolio. Medtronic is already piloting projects and cooperating with key stakeholders to increase cost-savings and shape the Dutch healthcare system of the future, based on evolving partnerships with all stakeholders, and practical healthcare innovations.

The acquisition of Covidien by Medtronic, approved at the beginning of 2015, was one of the biggest recent acquisitions within the healthcare industry. What have been your main priorities to smoothly integrate Covidien products within Medtronic portfolio at the Dutch level?

The acquisition of Covidien represented a perfect fit with Medtronic's portfolio. Before the acquisition, Medtronic was indeed mainly operating in cardiac, vascular, restorative therapies and diabetes areas, but we were not present in the minimal invasive therapies area. Covidien's acquisition really fills an interesting gap in patient monitoring and minimal invasive therapies products. We are now able to offer a fully integrated and broad portfolio to our partners, and it is clearly what hospitals and other health providers are requesting more and more.

This acquisition will indisputably help us to improve our market position and strengthen our leadership in the Dutch Med-Tech eco-system. The whole portfolios of the two companies are entirely available and distributed in the country, and we are still working on the integration of the two

sales offices, which will be gathered together in Eindhoven.

How would you describe the footprint of Medtronic in the Netherlands?

First of all, it is the founder of Medtronic, Earl Bakken, who established Medtronic's footprint in the Netherlands. Medtronic has had one or more facilities in Limburg since 1969, and Earl Bakken chose Kerkrade as the city for Europe's first facility and base for Medtronic's activities in the continent. Medtronic is thus historically present in the country at almost every level of the value chain, with the European Operations Center for distribution and logistics, the Bakken Research Center and the Medtronic Eindhoven Design Center for R&D, and the CardioVascular Operations in Kerkrade for product production. We are employing more than 1600 people in the country. There is a strong collaboration between all these Medtronic centers, and it also allows our Dutch partners to better understand how we operate, as our distribution center, manufacturing plants and clinical trials centers are also in the country. Finally, this R&D hub in the Netherlands also allows world-class Dutch scientists to work hand-in-hand with our researchers.

Furthermore, looking at the significance of the Dutch affiliate within the European ecosystem of Medtronic, I think we distinguish ourselves by our entrepreneurial spirit, as we are always looking to build and strengthen creative partnerships with healthcare stakeholders to implement more integrated solutions.

You have headed Medtronic Netherlands since 2010, how would you describe the general attitude of public authorities towards medical devices locally?

Our first objective is obviously to ensure our products can access the market, and in the Netherlands the overall attitude of public authorities makes it possible, even if of course it needs to be sustainable. The Netherlands is a country particularly open to innovation and above all to collaboration, as long as clinical evidence displays strong added value of the products. Obviously, we hope that market access will remain as open as it stands today, even if Medtronic would like the focus of public authorities to move primarily from cost to value.

Value should indeed be the first aspect to be considered, and once the value brought by a product is acknowledged, Medtronic and its stakeholders should then jointly consider its cost. In a nutshell, we want to move from "care for value" to "value for care". This is the order of priorities we would like to encourage and help to implement with the cooperation of public authorities and healthcare professionals and their institutes. This approach will probably not change overnight, but a comprehensive transformation of how we understand healthcare and what should be the main priorities is the only way to build a better healthcare system for the 21st century. Nevertheless, shaping the future of the healthcare system should not only be shouldered by the industry nor the public authorities or the care providers: patients have to be closely engaged as well, as they also have a responsibility for their care and in driving the cost of care.

Considering the cost-pressure environment in the Netherlands, do you see a greater interest from public authorities and health providers for minimally invasive surgery and self-monitoring products?

We are already strongly committed to the objective to help streamline cost and work closely with public authorities. Our self-monitoring products in relation with cardiovascular problems for instance, show a great potential in this vein. Thanks to these products, patients can go back home and to their normal socio-economic activities sooner, while health data is directly transmitted to their physician. Looking at this data, he can thus easily determine if the patient is doing well, while it is not mandatory for the patient to visit the hospital twice a week to do the usual controls. The sensors we have already implemented in most of our products will allow a tremendous reduction of spending,

while ensuring a 24/7 monitoring and guaranteeing patient safety. Nevertheless, this technology has to be seamlessly integrated into the overall Dutch healthcare ecosystem, and we are currently conducting some pilot projects in the Netherlands to determine how we could integrate this kind of major breakthrough at a larger scale. We would obviously prefer that the government and the health insurers, which are the final payers in this country, were already 100% convinced by the need to fully embark on this technological move. Nevertheless, we are still at an experimental stage of implementation and all stakeholders are clearly working together to ensure and demonstrate it is perfectly safe to move our healthcare system towards this direction.

We recently acquired Diabeter, a Dutch chain of diabetes clinics and research centers, because Medtronic but also the Dutch health insurers are absolutely convinced that the procedures Diabeter is already following to cure diabetes are the best available in the country. For instance they are monitoring patients 24/7 from day one. Therefore Diabeter should be supported to expand internationally.

Considering its position as one of the most important medtech innovators, what other roles could Medtronic play to improve and transform the Dutch healthcare system?

Medtronic is a pioneer in operational excellence. We still see a lot of inefficiency in the hospitals, and thanks to our historical relationship with health providers and within hospitals, we are able to help track down waste and reduce these inefficiencies. Most of time, it is related to very simple details, but they can have a huge impact on operational cost. We help physicians and nurses to identify them, and to implement a 6-sigma philosophy to both unlock the full potential of our products and reduce avoidable waste. This care for details needs to become an essential part of the DNA of all health organizations, and as it is already a core value of Medtronic, we make other stakeholders benefit from this in-house expertise. Besides this operational excellence initiative, we are also partnering on the R&D side with many Dutch hospitals, focusing on structural change of healthcare.

Finally, it is also important to highlight that the Ministry of Health is particularly supportive and open to the industry and to innovative schemes of collaboration. Furthermore, it is absolutely crucial for the industry that public authorities and administration also acknowledge the amount of efforts we are providing to contribute in improving the Dutch system, and Minister Schippers is absolutely beyond any reproach on this side.

Medtronic is the world's largest medical technology company while the Netherlands is often seen as one of the European hottest Medtech startup scenes, with interesting clusters like Eindhoven or Leiden for instance. How could Medtronic interact within the med-tech ecosystem here in the Netherlands?

For instance, Medtronic was especially interested in the technology of Sapiens Steering Brain Stimulation, a Dutch spin-off from Phillips. They were particularly efficient in terms of resource management and they had a very clear business and development plan, so we decided to acquire them in 2014. We now jointly strive to bring their products to the market, which is about to become reality for one of them soon. Sapiens' example particularly highlights how Medtronic is actively screening and vigilant to any Dutch potential that could eventually arise from the Dutch medtech scene.

You joined Medtronic 21 years ago, what keeps you motivated?

First of all, this entrepreneurship-driven spirit, which is a key specificity of the Dutch affiliate. Furthermore, at Medtronic, we really want to better cure patients and to be able to truly display better patients' outcomes. Medtronic's Mission perfectly summarizes this ambition: *alleviate pain, restore health, and extend life*. Finally, I wish that, thanks to a joint effort with all Medtronic's

partners, we can profoundly improve the Dutch healthcare system and shape it to fit with the socio-economic transformations of the Dutch society of the 21st century.

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