

Interview: Mircea Cubillos – Regional Vice President Northern Region, Johnson & Johnson Medical Devices, Colombia



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J&J Medical Devices regional VP Mircea Cubillos discusses the long-term vision for J&J in Colombia and Latin America. Moreover, he speaks about the company’s strategy for emerging markets, the importance of the collaboration with stakeholders and government actors in the medical devices sector, as well as his personal motivation to drive innovation within the company.

Mr. Cubillos, Johnson & Johnson is currently investing in a 20-30 billion USD project for the creation of a service center, which will serve as the working arm for the regional operations. What was the strategic rationale for making Colombia the “hub” for the entire Latin American region?

I am pleased Bogotá has been chosen for hosting this service center, which will serve the Latin American region. There have been several factors considered and the first component has been the macroeconomic stability of Colombia. Colombia is very stable with regards to economic fundamentals. Management of the financial crisis has yielded a positive outlook and overall good reputation from the international community. International ratings have been stable and strong throughout the years, despite periods plagued by crisis.

A second factor taken into consideration with regards to this rationale is the availability of talent in the country with great multilingual capacities. Indeed, relative to other cities, Bogotá houses human resources of great value, with the capability to converse in Portuguese and English which will be indispensable to serve a market like Brazil. In conjunction to our increased focus on supporting services such as customer logistics, procurement, finance and human resources services, Colombia

as a hub will yield positive results with its valuable talent pool.

The third factor taken into consideration is Colombia's geographic location. The country is well situated for travel throughout Latin America, and with the new airport and the expansive flight routes, Bogotá features exceptional connectivity to the main cities in Latin America.

The last consideration factored into our decision for Colombia is the political stability. We recognize that in Latin America, nothing is completely stable and there will be a presidential election next year with parties harboring opposing viewpoints. However, the successful electoral candidate will represent democracy and Colombia is providing J&J confidence for such a long-term investment in the country.

J&J is committed to Colombia for the long-term. We want to amalgamate all three sectors of J&J in one building, with the exception of consumer employees, who will be situated in Cali. The hub of pharma and medical devices will be situated in Bogotá in one new and modern building. In sum, this project displays the confidence J&J has in Colombia in the long-run.

How have you been collaborating with the main stakeholders in the market in constructing this major project?

We have been working alongside several key stakeholders in order to propel this project forward. For instance, the Colombian government has been an exceptional partner in aiding our global teams with any questions in terms of investment and data needed for collection. Moreover, our global team has traveled to Colombia on several occasions throughout this entire process to look for locations and meet with stakeholders. In addition, we have received a positive reception from several ministries including, the Ministry of Commerce, the Health Ministry and the National Planning Department in providing an overview of how Colombia plans to invest in infrastructure in the coming years. Overall, the government and various associations like ProColombia have been key players in working with our global team and demonstrating how the industry is performing as well as the role this project will serve in the future of Colombia.

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The company is growing three to four times faster for medical devices in emerging markets rather than developing markets. How do you then adapt the global strategies for J&J in emerging markets?

Latin America has been the fastest growing market in recent years compared to other markets and Colombia has not been an exception. In this regard, we have been growing fast and following the global strategy by maintaining a clear focus on certain key platforms. As such, we are now selecting specialized platforms in which we foresee success since we already possess the best technology, knowledge and connections with primary stakeholders, surgeons and patients in these areas. The process of employing a platform specialty strategy has already yielded positive results. In general terms, market specialization is important in developed markets and we do not necessarily have a unique market strategy for emerging markets. In this regard, we are following the same global strategy but adapting the implementation and pace to conform to the emerging market environment. With regards to our global strategy for J&J Medical Devices, we have a strong focus on laparoscopic and open procedures with Ethicon and we have key platforms in which we are focusing investment, such as energy and endocutters. Our next area of focus is orthopedics with DePuy Synthes, a significant pillar of growth in the coming years with trauma, hips, knees and spine as primary objectives of investment. Our third area of focus is CSS, Cardiovascular & Specialty Solutions with a focus on electrophysiology, advanced sterilization and breast aesthetics. In electrophysiology, we have a breakthrough technology within the market called Biosense Webster. In Colombia, we have centres of excellence very well developed and we are capitalizing on our advanced position. Furthermore, we have a strong presence in sterilization and this serves as a central focus for the company. We have also divested in other areas in order to optimize our strategy by specializing our key areas of focus.

Globally, the company has an impressive pipeline with more than 30 new products in the pipeline. What have been the recent launches in the Colombian market?

As opposed to the pharma sector, with medical devices we are constantly launching new devices

and new versions to our portfolio. With regards to our Ultra Sonic portfolio, which is based on energy, we have experienced several breakthroughs that have positioned us as a leader in this space. In terms of knees and orthopedics, we have had the best knee in the market launched in Colombia within the last 12 months. This product experienced exceptional market penetration and differentiated itself from other products available.

A notable event for J&J will be the acquisition of the Megadyne portfolio in the energy business for Ethicon. This will elevate our strength in the platform and we are anxiously anticipating the transition in which we will see those portfolios integrated in Colombia and the region.

We have a clear focus on what platforms and specialties we will divert resources. In addition, we have the best teams in place in both clinical and non-clinical roles. Our clinical team is well versed in explaining our technology, differentiations and value propositions. Our non-clinical team interacts with stakeholders and undertakes the administrative transactional duties. In this way, we are implementing a new way to connect with our customers and objectives in order to deliver what is expected of J&J. On top of that we have a range of strategic solutions to support our customers in the field.

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Colombia has successfully positioned itself as the third largest market in Latin America after Mexico and Brazil, with a reported annual growth of over 30 percent. How would you characterize the medical device sector in Colombia and what are its key opportunities and challenges?

The medical devices sector is a fast-growing market. However, this year and last year have been transitional years as the market has been adapting to new realities regarding budget. We have been working closely with the Ministry of Health to increase the efficiency of the public resources. J&J has been flexible and collaborative during this transitional period.

Adding to this transitional period, Cafesalud, which has seven million affiliates, went into transition and was sold last week. This has been a significant disruption and in the interim the speed of delivery to patients has not been the same while a new player takes over. This transition is expected to take three to six months and we must be very flexible and wait for the market to stabilize.

Overall, we have seen a slowdown in the market for this first quarter. There is hope that the last quarter will demonstrate increased stability and for the medtech sector, that feat is important since users are highly dependent on the industry.

What role does J&J play in fostering the collaborative spirit?

There exists an opportunity to strengthen the medtech associations. In regards to the area of medical devices, J&J is working closer with American companies and working towards establishing a common voice within the association. There have already been positive changes while working closely with other companies, the government, associations and patient associations.

What are some concrete examples of how you build these strong relationships with government actors, key stakeholders, campaigns and programs in order to foster collaboration?

The key to fostering a collaborative network is maintaining a constant stream of dialogue between key players within the industry. Offering our capabilities and knowledge as an industry aids in moving the discussion forward and creating productive results. However, it is not always easy to arrive at an optimal agreement but the key is to keep the door open for dialogue. Moreover, the trend in the past year has been the Ministry of Health calling on J&J and other industry players to discuss different topics. It is imperative to recognize that it is not always possible to arrive at a solution but to collaborate and tackle challenges together. For instance, the forum being held in Cartagena in a couple weeks, will serve as a perfect place for the pharma, medical devices and government to sit together and shape the health care environment in Colombia. The future is bright and requires problem solving as a united front.

Mr. Cubillos, you are an executive with longstanding J&J spirit of 16 years. Typically, executives stay three to five years in a company before changing companies. What has kept you motivated to remain at J&J for this long period?

J&J is the biggest healthcare provider in the world and as such, the company comes with several internal opportunities. Within the company, you may move cross sector, across geographies, transition to local, regional and global positions. I have been fortunate to have been able to move throughout the multiple opportunities J&J offers. Moreover, J&J is quick to adapt to the new world and has invested a lot in innovation. We want to be a company bringing breakthrough technology to the market. This is the overall objective of the company and I am very committed to this dream. We have several partnerships and are seeking to be leaders in the robotics space. Furthermore, we are seeking to invest in R&D and serve as the benchmark for R&D investment in the future. Overall, the short and long-term objectives of J&J are very inspiring and I am looking forward to seeing what happens next.

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