

Interview: Moritz Hartmann, General Manager Middle East, Roche Diagnostics, UAE

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Moritz Hartmann, Middle East General Manager of Roche Diagnostics, gives his insight on why Roche Diagnostics made the decision to set up shop in Dubai, what the main challengers in a developing market were and will be, and why the government has been so supportive of the company's endeavors thus far.

The first management center for Roche Diagnostics outside of Switzerland was set up here in Dubai in 2012. From an investment perspective, why was Dubai chosen as a preferred location?

First of all, you have to understand that we are moving away from a traditional export approach as regards to the Middle East region. In the past we used a centralized department at our global logistics hub to serve these markets. However, with the diversification of our business and the increasing importance of the medical value of our products, we realized that the Middle Eastern markets need a specific approach in order to succeed here. Given the great opportunities that this region holds and the overall trend of local governments investing heavily in healthcare, we decided this would be an opportune location to expand our management center model.

Previously, most of the focus of our customer service was on the ease of work flow which is something that we can support relatively easily. Today we are more concerned in providing integral solutions and support to our clients by ensuring they have the adequate medical knowledge and tools to make the most of our products. For example, the medical content that runs on the diagnostics machine itself, i.e. the selection of blood tests, their availability and the knowledge about such tests is becoming increasingly important for in-vitro diagnostics. This sort of support is obviously far more complex and varies per country because of genetic differences.

In order to attend to such market needs, we decided to regionalize the export business. Within this context, the Middle East has been the number one focus. We were the first region receiving its own regional management center. Technically, the center is a subsidiary of the Roche group in the Middle East in Dubai (UAE). From here, we closely support our distribution partners of the different countries to make sure that the knowledge, the training, the backup functions and the remote support is set up to meet European and North American standards in terms of our response time, and of how we serve customers in the market to the same levels and standards.

We have noticed that the government truly wants to raise the quality levels of its healthcare system. We want to be there and act as partners by being closely available for them to customize and develop a modern healthcare sector.

There are not many countries in the world where the government aims to develop a role model type of healthcare system. This is an exciting opportunity for Roche to be a part of. It is very exciting in terms of the market needs and demands.

With our unique combination of pharmaceuticals and diagnostics we believe that this is the region where we should be and support. Of course, the region as well is quite complex, due to its political scenario, which is another reason why Dubai was chosen as a logistics hub. We believe that we can improve the quality of our products by having our own logistics hub here in the region.

One of the greatest challenges of setting up large-scale operations in a developing market is finding the right human resources. What has been your experience in the UAE so far?

On the one hand, one of the reasons to establish our management center in the UAE was to become a more attractive organization to source talented people. On the other hand, the need for qualified people within the region is very high. These countries need to develop the skills of the population to be able to fill such vacancies.

This is the perfect example of how we customize to the local market. We have set up our own training center here in Dubai, which is something unique when compared to other markets. At the moment, this training center is still virtual and operates remotely, however, we are now building a dedicated facility to start operating next year. We will have our own training facility in order to provide a significant amount of trainings to healthcare providers, in particular at a technical level we need to make sure that knowledge provides value. Nevertheless, continuous education is a necessity anywhere, from laboratories to managerial levels.

While HR is a challenge that can be solved internally, the Middle East can still be overbearing in terms of the numerous pricing regulations and environments that one must deal with. How do you approach this situation?

There are always two ways to approach this situation. One is to complain and do nothing, and the other is to try to understand what the driving force behind such differences is. We see and understand why each country is taking specific steps. Each and every step is in some way logical and understandable when placed within the context of each country's healthcare system.

As an example, in Saudi Arabia there are extremely rigid controls of temperatures for the transportation of sensitive products. It is just a logical thing because it gets very hot in KSA and some of the airports do not have enough facilities to handle the goods appropriately. All they are doing in Saudi Arabia is enforcing the quality of the products, even though this means a higher operating cost for us because the temperature must always be monitored. From our side, we do all we can to support this, because we understand that it is a safety issue at the end of the day.

In any case, it is true that complying with regulations for 20 countries is not an easy task and it requires a lot of resources. Nevertheless, we feel that we can still do it better from here compared to what we were able to do from central Europe.

We are pleased because our efforts to adapt to the demands of the region are being recognized locally. For example, we were recently invited to participate and to present our project of quality in supply at the first pan-Arabic workshop on regulatory affairs organized by the Saudi FDA. This is a good example of the partnerships we have within the region. We came here, trying to understand the past and brought along some suggestions as to what we can all do better. So far, these countries have been very receptive to our proposals, because they understand the value in upgrading all aspects of the healthcare sector.

How have you been able to build a strong relationship with the government?

We have implemented our own regulatory affairs function in the region, which brings us to the position of saying that we have a good and trustful relationship with the authorities. The authorities see our commitment to establish subsidiaries here. They see that we want to be here and that we want to take decisions locally. Ultimately, we walk the talk. This is an approach that has been tremendously valued by the government and the health authorities already.

Considering that your technologies and diagnostics are rather new in the pharma world, how have they been received in these markets, especially the lower priced countries?

Actually in our business, compared to pharmaceuticals, there is more competition in diagnostics. As an example, in the UAE there are a lot more private labs than usually found in most emerging markets. This has actually driven the market to be very competitive in prices too, so for us the picture is the other way around.

In general, in all of these markets we work with distribution partners. That is certainly one of the reasons of why there are prices differences in the market. In any case, we see more and more regionally active groups, for example in the form of so-called hospital management contracts.

Given your success so far, what are your expectations in terms of growth-sales forecast and where you want to take Roche?

The Middle East is an important growth area for Roche. We are growing at strong double digit figures, which is great. We want to continue growing above the market, which is also why we invested in this management center. We have a five-year plan to grow this region as a top 10 market in the world.

One of Roche's core advantages as a company is that it has both pharmaceuticals and diagnostic in one house. This is in line with what we like to call personalized healthcare, a relatively new concept that emerged in 2008-2009. We have to understand with our colleagues in our pharmaceutical division how we best work together. Again, this will be different from country to country.

In the Middle East it is very important to not just come and try to make fast money. One can get distracted by a lot of the visible wealth here, but those days are over. If you want to be successful in the Middle East you have to come for the long run. You have to build a long-term relationship and deliver in the long term. It is about providing superior services rather than a product alone. This will drive the quality of the health care systems and of all services provided. Those who only look for a quick return will be driven out of the market. People follow brands because of the services and the long-term relationship with the customer.

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