

# Interview: Roberto Godoy – General Manager, Brazil; Marketing Director, Latin America, Guerbet

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*Roberto Godoy, GM of Guerbet Brazil and marketing director of Guerbet Latin America, a leading French-based contrast media company present in Brazil for the past 40 years, explains his role in turning around the Brazilian affiliate following the acquisition of Mallinckrodt’s contrast media and delivery system’s imaging division. He also documents the affiliate’s importance for the group’s global operations, and the advantages of value selling over transactional selling in the medical devices industry.*

**You have worked for several of the heavyweights in the medical device industry. What challenge attracted you to join Guerbet in December 2016?**

Guerbet is a company that has innovation in its DNA. In fact, the company is still finding new uses for Lipidol®<sup>®</sup>, the first iodinated contrast agent which Marcel Guerbet invented in 1901, years before the company was actually created. Secondly, following Guerbet’s recent acquisition of Mallinckrodt’s contrast media and delivery system’s imaging segment, there was a need to complete a huge turnaround in Brazil, which emerged as an eye-catching challenge in my eyes.

In this regard, my first objective was to build the synergies between Guerbet’s operations and those of the recently acquired contrast media and delivery system imaging division of Mallinckrodt. Also, I had to orchestrate the plant’s refurbishment, and – last – ensure the affiliate’s growth.

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[Featured\_in]

Initially, Brazil was not part of Guerbet's key operations, and if we had not made the business profitable, Guerbet would have probably left the country. Brazil is now Guerbet's most important market in Latin America and is running according to our shareholders' expectations in terms of profitability.

In light of the market's concentration, we also had to obtain the Administrative Tribunal for Economic Defense's (CADE) approval, and successfully completed the process in June 2017. Guerbet and Mallinckrodt now operate as a single entity in Brazil and are on the right tracks for future growth.

### **What is the importance of Brazil within the global operations of Guerbet?**

We currently have 200 employees working for Guerbet Brazil, which represents between seven percent of the group's global headcount.

Brazil is also a key element for the group because it is the only country in the region with a manufacturing facility. The manufacturing plant has been operating for 27 years and has been refurbished this year according to the industry's highest standards. Despite the current political turmoil and bankruptcy at both the state and municipal levels in Rio de Janeiro, we have decided to maintain, invest, and remodel our manufacturing plant in Rio because we believe the city will flourish in the long term.

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In this context, Guerbet Brazil serves as a distribution platform for all Latin American countries Guerbet is involved in. We are now looking forward to consolidating our presence in Latin America, while we are still waiting for market authorizations in certain countries and should soon be present across the whole continent.

While the country is a hub to Latin America, the same cannot yet be said about Europe, as Guerbet Brazil only exports some product parts to European markets. We intend to expand our export operations to Europe starting January 2018 and have recently obtained a certification from the French National Agency for the Safety of Medical and Health Products (ANSM). Our plan is now to establish the Brazilian affiliate as one of the main product providers for the group's European affiliates.

Additionally, as we bring some of Mallinckrodt's products into our portfolio I expect Brazil's importance to the group to increase. These new products will be manufactured in Brazil and exported from there.

### **Brazil seems to be at an interesting moment right now: the economy is recovering, the market is consolidating, and there are more private healthcare facilities than before, while on the other hand, public expenses have been capped for the next 20 years. What has been the impact of this challenging context on the company?**

Guerbet's performance in Brazil is linked to the private sector's expansion. Interestingly the healthcare area has not suffered as much as other fields of the economy during the recession, whereas the National Regulatory Agency for the Private Healthcare Plans in Brazil (ANS) announced a reduction of 2.6 million private insurance plans in the last two years as a result of increased unemployment.

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In this context, one could have expected the demand for healthcare to fall as private insurance is totally tied to formal employment. However, those losing their jobs would make the most of the compensatory six to nine months of private insurance following their job loss to make sure they were in good health. These people would request medical tests including MRI, X-rays, CT scanner and blood tests before the end of their health plans. For this reason, the cost of healthcare insurance plans went up and so did the volume of examinations even though the levels of employment and enrollment in private healthcare plans decreased in that period. While this phenomena did not guarantee the same growth rates as before the crisis, the momentum was maintained.

**What have been the main drivers behind the affiliate's impressive growth and what would you say are your main competitive advantages in Brazil?**

I think the main driver was the alignment of the teams. We were not serving the market in the best way, only scrapping the surface of it and not really touching it. Since I have joined, we have invested substantial resources in developing a true customer centric approach, which has allowed us to better serve the market.

Additionally, we have entered the public market, which we didn't serve in the past. Now we have come back to serving the main player in the public institutions across the country and the public sector already makes up over five percent of our affiliate's turnover.

In recent years, the growth has however mainly come from the private sector and I believe it will continue to do so. Having said this, I also expect to see the public sector growing at an increasing pace: there has been almost no investment in the public sector in the past two years, and Brazil cannot continue to support the 160 million Brazilians who exclusively rely on the public health system with no investment. I reckon the government will start investing again next year despite the political uncertainty.

In terms of competitive advantage, Guerbet is the only international contrast media company with a manufacturing facility in the country. Therefore while we might not always be the most affordable offering on the market, we can preach our connection to the country's economy. I reckon our customers are sensible to the fact Guerbet is a contrast media company that is generating jobs, creating investment opportunities, and bringing science in Brazil.

**What have been some of the changes you have implemented since you joined the company?**

We have transformed Guerbet's Brazilian affiliate into a customer centric organization. We now strive to help our customers to really be the best at what they are doing. In our case they are doing diagnostic, and we need to help them to be the best in doing diagnostics. By providing the best contrast media and the techniques applied to these, we will help them become more effective in terms of imaging and diagnostics. Eventually patients will have better outcomes following their examination.

I am also trying to make sure our clients can have maximum utilization of their equipment with regards to what we can offer to them. In turn they will be able to deliver the best support, service and customer care to their patients.

**How is the consolidation of private market affecting your business?**

Many people fear consolidation. However, this process is currently happening, will continue happening and is inexorable. The best solution for us in this case is to adapt to the new market conditions, and therefore we are looking to become the best solutions provider for the largest health maintenance organizations (HMOs) in the country.

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We have to supply more than products to make ourselves essential to their operations. Indeed, anybody can sell a product but delivering a product combined with services such as training or maintenance makes the level of agreement stronger than in the case of transactional selling.

The private healthcare providers are open to these kinds of agreement because at the end of the day they know that it's impossible to face the environment's increased cost pressure alone. It seems that things have been going very well since, and I would not be surprised if this were one of the keys to our success.

### **How do you intend to sustain Guerbet's leading position in the market?**

I am constantly looking for ways to establish Guerbet as the main solution's partner for our customers and how to reinvent ourselves to remain the leading contrast media company in Brazil. Being a market leader means that we are facing intense pressure from our competitors trying to take hold of our market share.

Knowing that companies such as AirBnb and Uber have totally disrupted their respective industries within a few years of existence keeps me awake at night. I am trying to figure out how to stay ahead of the disruptive changes that could occur in the healthcare system. If we were to rest on our laurels, thinking that as a leader we have the status quo and set the trends, we could end up not being ahead of future disruptive changes in our industry.

Having thought about it, one of the main priorities for the company is finding a way to deliver the same level of service at a lower cost, which will alleviate the financial burden weighing on healthcare providers and strengthen Guerbet's position as the preferred partner of choice of the Brazilian healthcare ecosystem.

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