

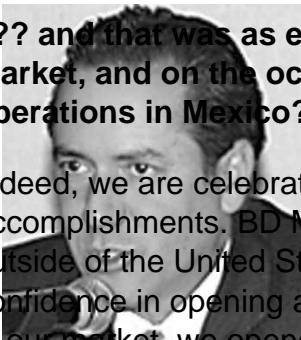
Interview with Kurt Wicker, General Manager, Becton Dickinson Mexico

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subsidary ever opened abroad by BD worldwide after Canada and that was as early as 1957. Can you explain the very early focus of BD on the Mexican market, and on the occasion of your 55th anniversary give us a brief rundown of your operations in Mexico?



Indeed, we are celebrating our 55th anniversary, and we are extremely proud of our accomplishments. BD Mexico was established very early on as a successful manufacturing facility outside of the United States. Given our proximity and geographic location, BD had absolute confidence in opening a competitive manufacturing facility in Mexico. Over time and with confidence in our market, we opened new plants and we now currently boast three plants in Mexico. Additionally we are over 3000 thousand associates in the country, and we also have contract manufacturing activities for the pharmaceutical industry. Our B2B division serves the main labs to deliver the medicines in different formats such as the pre-filled and pre-packed glass syringes. We manufacture both glass and plastic needles, and we also offer a wide array of hospital products to our contract manufacturing customers.

We know that globally the division between the 3 main lines of business is: BD Medical (52% of FY 09 revenues) BD Diagnostics (31% of FY 09 revenues), and BD Biosciences (17% of FY 09 revenues). When we spoke to Victor Pedroza at Baxter he told us that what defines a product mix in a given country is how well a company's value proposition fits the healthcare environment of that given country. So, what is the breakdown in Mexico between the three main lines, and how would you define your value proposition to the Mexican healthcare system?

The breadth of our portfolio of products and services is unbelievable. I believe it is a real chance to sell everything from a needle that costs cents to million dollar equipment such as cellular analyzers. We are well prepared to serve the public health needs in Mexico since our products and solutions cover diabetes, women's healthcare, cervical cancer, and HIV. These diseases represent a large spectrum of the main priorities of the government and we are proud to be part of it. HIV monitoring is a major concern for us, and we also treat other matters like for instance healthcare worker safety and hospital acquired infections (HIS).

BD understood the necessity of protecting healthcare institution employees from needle accidents and is providing adapted devices to them. Finally, we work along with the government to attend this public health issue and cover HIS via a program called Bacteremia Zero.

Therefore, our value proposition to the Mexican market is based on our understanding of Mexican

healthcare and how we deliver the products to the market to cover the most important diseases – diabetes, and women’s health.

On November 25th of 2010 a Health Accord came into effect in Mexico which meant that medical devices approved and commercialized in the USA, Canada and Japan would be evaluated and authorized by COFEPRIS within 30 days from the date of submission to the Mexican health authority. How well is this initiative working, and is it enough?

Progress has been made, that is a certainty, and I can say confidently that COFEPRIS has improved greatly. However many challenges remain. One of the challenges is bandwidth, and by this I refer to the fact that there are many more requests coming from the industry than people qualified to perform their analysis.

Recently a new measure created – Third Authorized Parties, which will improve and accelerate the registration process and increase its certainty. Although it is too early to judge the impact of these Third Authorized Parties, I truly believe this measure is game changing and will give us the certainty we need to prosper. In the past our low expectations of lead time to register our products were weakening us; today we feel good to be benefited by such improvements.

Today public tenders request a wide range of products and services, based on a cost per procedure rather than a cost per product – and most companies have to reply to the tenders via local partners called – integrators. What is their role, and how does this affect BD’s distribution system?

Integrators appeared about 10 years ago when the government understood the importance of procedure costs. Cost certainty was a government priority and finding average cost procedures for surgery really made a difference. Integrators started gaining market by supplying the product from several companies to provide it to the government. Perhaps it would be appropriate to refer to integrators as middle companies but with larger impact.

In terms of distribution, our priority is to reach every corner of the country. We operate through a distribution network and distribute millions of syringes, blood collection tubes which are a high quality, low cost, low weight and voluminous products. We believe our core strategy does not encompass having such distribution capabilities; therefore we rely on our distribution network.

Seguro Popular is now covering 50 million Mexicans, and is also starting to cover chronic diseases and catastrophic diseases. How will this impact the operations of BD in Mexico?

Seguro Popular has impacted our business operations in Mexico in a favorable way. Julio Frenk, dean of Harvard School of Public Health, and former Health Secretary, implemented several strategies to cover the population, and pointed out the need to improve the population’s access to health services. His inspiration should lead us to achieve healthcare as a citizen’s right and not a labor’s right. Every year six million families face catastrophic expenses from diseases in Mexico. Seguro Popular created the adequate means for the population to access healthcare solutions, and President Calderon can be proud of having deepened this initiative and achieved universal coverage. I am positive the upcoming new government will develop Healthcare even more. Diabetes is a massive problem in Mexico: over 30% of the government’s health expenditure is on diabetes or related illnesses/conditions. BD has a specific branch dedicated to diabetes. How is BD involved in the fight to control diabetes in Mexico?

With over 40 million obese people in Mexico, our priority is to educate the public. Our main challenge is to provide the public with rapid access to specialized doctors and not only general practitioners. For instance, when a patient receives a diagnosis, he will be treated with several medicines before receiving the insulin treatment, and perhaps wait many years before seeing a specialized doctor.

Clearly this scenario leads to the patient's condition deteriorating.

I personally enjoy working for the diabetes care business, because the customer is able to testify about the quality of our products. BD's technology for both syringes and pen needles is outstanding.

Overall I would convey that it is our priority to educate and convey this message to all types of associations, provide access and affordable products with the highest and less costly technology possible.

The BD Ultra-Fine 4mm launched in February 2012 is a good example of this. Some managers say that you should be careful not to "drop" a product onto the market, but launch it properly. What do you think constitutes the vital elements of a successful launch for a medical device product onto the market?

Assessing the market is our first priority. Competition for resources is extremely intense and therefore for our company we make the effort to bring well supported products to the market. General costs for maintaining inventories and registrations are high, so we need to assess the appropriate strategy for the market.

We are systematic in our approach, and all the products launched recently such as the BD Ultra Fine 4mm, or the 32*6 syringe have followed the same methodology. Since they have been carefully selected products, we now have the resources allocated for a successful launch.

BD doesn't only provide solutions to the healthcare system but offers an important contribution to the Mexican economy. Becton Dickinson is one of the largest investors in Mexico with 3 manufacturing plants, and a last one just opened recently in San Luis Potosi in 2010. You also employ more than 3000 people in Mexico. How do you envision BD's role and commitment to Mexico?

It is part of our mission to continue being very active here in Mexico and make sure that our associates participate. Our participation stretches from planting trees in the communities like for example the ones in Guerrero Mountains to setting monitoring equipment for children with leukemia. We differentiate philanthropic effort and donations from public health needs of course. We are partnering with NGOs, providing funds and giving low cost access to the communities in need. Hence, our permanent target is to find new and better ways to provide public health needs to newer layers of the population. We believe we are starting to understand the full needs of the entire Mexican population, and this is something we are proud of because it has never been achieved before.

You have been working as GM of Becton Dickinson Mexico for a little 10 months. What are the biggest challenges and rewards you've had to face in your new role?

Working for this industry is a privilege that I would not give up for anything else. Seeing the impact of our products on patients' lives is extremely rewarding, and this is why I spread this message constantly. When I first started in the industry 22 years ago, I stepped into a new world of medical devices, surgery and I first wondered why I was here. Surprisingly I started my career as an accountant, did an MBA, and then spent 22 years in sales, marketing and management of marketing devices. It did not take me long to discover the privileges of working here and I believe our associates should feel the same way.

Next month for our company local annual meeting, I will bring some patients to our meeting and we will witness how their lives have been impacted by our products. These special moments are priceless, and I believe that is the reason why people work and remain in this company and allow us to have a very competitive team.

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