

Interview with Rafael Arango, Director General, Grupo Amarey

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What is your background, and how did you become involved with Grupo Amarey?

My first job in the medical industry was with Johnson & Johnson Medical, which back then was a small company in Colombia.. Due to its small size and newness, this job was an excellent experience with lots of opportunities. I started as a sales representative, and gained exposure to working in many different businesses. I launched the orthopedic and run the laparoscopic business in Colombia within J&J. Seventeen years later, as a marketing manager for Latin America, I moved to other opportunities in Gemedco, the GE distributor in Colombia. This was also a tremendous experience as I was managing an specific equipment division. I was then hired to become Managing Director of Amarey five years ago. At the time, the company s budget was around USD 30-40 million. Our budget today is close to USD 90-100 million. This indicates good growth. When I started, the company only distributed pharmaceuticals, and the portfolio was concentrated on two or three products. We decided to open our portfolio, bringing in new lines and now Amarey is selling in new fields like orthopedics.

What impact will the reforms by Minister Gaviria have on the medical device and pharmaceutical industries?

There are several things that I consider very important:

Colombia has a growing and ageing population therefore demand for health services and products will grow.

The constitutional court declared that everyone has the same rights for health. That is great because previously there were clashing problems between the two different systems: contributive and subsidized. No matter what happens, those two systems are now equalized, meaning that the system has to provide more services. Every Colombian has now the right to demand those services. The demand for services will be much greater in the future than it is today.

The constitutional court also decided that only one of the contributive or subsidized schemes would be allowed, since the government could not decide. The amount of services and money that the government has to invest in health will continue to grow. These three factors will make the Colombian health market grow in the long run.

If you also consider that the government is fighting corruption you realize that if you take care of corruption, more money will enter the system. At the end of the day, it has to be better everyone.

The group has a number of companies in diverse niches and with diverse portfolios. How do you choose which medical devices are needed in Colombia?

We have a department at Amarey that researches the key industry trends in the pharmaceutical world. Additionally, many Amarey employees attend various congresses in many of the areas the group represents. This is how the Group sets strategies. In terms of devices, minimally invasive surgery is the biggest trend in the industry. Invasive surgery is now smaller, less traumatic, and recovery is much faster. Whatever exists in this area, we want to be there. Robotic surgery is another key area. Amarey is the distributor of an American company called Intuitive. When you see the developments in technology, it is just like laparoscopic surgery twenty years ago. Amarey is distributing also the robot thru its subsidiary Ucitech in Panama where robotics is growing and becoming a huge success. For a 3-million person country, this is amazing.

Thus, Intuitive wants to create a platform for surgery. They are allowing other companies to work with their technology. At the end of the day, the Da Vinci robot will become the "Microsoft" of surgical equipment. Other companies are now bringing in their technologies and they want them to be compatible with Intuitive. If Amarey can manage that platform here in Colombia and Costa Rica where we also have distribution, as well as Panama, the Group will be riding the wave of the new laparoscopy and in general the newest minimal invasive approach in the region.

Amarey is also searching specialized products for intensive care units (ICU). Most of Amarey's pharmaceutical products are geared towards that. Considering that hospitals are now redeveloping their structure so that most beds are for intensive care, this is a very good strategy. Diagnostics are also very important as it is better to prevent than to treat. The government needs to work more on supporting diagnostics, and companies need to acknowledge that. Companies with diagnostic tools are companies we want to represent.

What makes you the partner of choice?

When I am trying to convince companies that Amarey is the partner of choice, I usually bring them to the company. We show them what Amarey has, what the Group has done with other companies, and the success rate of different products. When you compare Amarey's distribution to other distributors, Amarey is number one. The people we hire are the best. We bring people from the pharmaceutical business that used to work in multinational companies with a wonderful record. When we started the laparoscopic business I brought one person from J&J who knew the business in and out. When Amarey started distributing for Stryker, we put together a completely different team focused on that particular field and they became very successful. That is one of the keys - having different people dedicated to different parts of the business. It is a different question to sell pharma, devices, or equipment. If you acknowledge that and you hire the right people, you will be successful.

The pharmaceutical business is changing, such as the pressure to lower prices. Amarey used to be a specialized company, in the sense that we liked effective products for particular diseases. Usually those products were unique. The company needs to move to other types of pharmaceuticals and broaden its portfolio.

Recalcine buying Lafrancol and Sanofi buying Genfar are acknowledgements of the market changing in Colombia. In that sense, Amarey is also moving. The Group is engaging in new agreements with companies that offer different kinds of medicines. I still want Amarey to continue looking for very niche molecules with good solutions, but only in very niche markets with no competition.

Given your aggressive business model, what advice would you give to a distributor that is coming onto the Colombian scene?

I think that if you have the right people, you treat them well, and they are happy with their work, you will succeed. You have to have passion for your work. Everyone here is passionate. It has worked

for me for years. Additionally, you must always keep on top of what is going on and the trends.

Is accessibility or education the biggest challenge?

They are challenges, but that is why we are here. You just need to promote yourself and you receive orders. For instance, when laparoscopic surgery was introduced, no one knew about it, not even doctors. It was very exciting to teach doctors how to use this new equipment and why this new minimally invasive approach was important for patients. It was also excellent for the system because this new procedures meant less time of recovery. Those are the challenges that I like to manage, which makes life fun. It is fair question when people ask me why we would bring multi-million dollar devices to Colombia; It has been difficult, but we do have visionary customers that want to use new technologies that will benefit the patient. Once we get one customer for the robot in Colombia, I am sure that we will do the same as we did in Panama. We were so successful developing the training and their practice that we are now number one. Thanks to that successful program In Panama we now have three more opportunities to sell the robot in that country. I am sure Colombia will eventually adopt this exciting technology. There are struggles and problems, but we enjoy handling them.

What is Grupo Amarey's commitment to corporate social responsibility?

The founder, Mr. Amaya, is a tremendous, generous person who believes in professional education. He wants to help the community grow. Mr. Amaya is so convinced about this he created an institute for education called INSIMED. It is the most advanced laboratory in Latin America. Mr. Amaya wanted to create something that could help everyone, and he used his own funds to create INSIMED as an independent institution. INSIMED is used as a way to help students build their career in science, through university partnerships. Many companies and investors now participate. We, as a company, can contract educational services from INSIMED as other companies do, like: Hospira, Covidien etc

What is your vision for Grupo Amarey in the next few years?

I want the minimally invasive surgery, diagnostics and ICU businesses to develop much more, which will bring success for the company during the next 30 years. Amarey is planning to grow 33 percent this year. This is aggressive growth given the economic climate. We need to shoot high to find out how far we will get. Amarey also needs to become even better in distribution. The company has invested greatly to be the number one distributor in Colombia, with the best numbers in satisfaction and services. Furthermore, our inter-company development in communications technology has allowed us to work much more efficiently. The Group has opened outlets in other cities. Its distribution operation is more structured, and Amarey is handling many different products. National and international companies love this. For three years, we have been distributing successfully for Roche, GSK and Pfizer, for example. I am proud because these multinationals have operations here but they are giving us products to be handle by us.

What is your personal pet project?

One of the projects I really want to develop is the Da Vinci robot. In general, I see robotics as the next wave in surgery. Robotics will not only be the platform for general surgery but different specialties, such as urology, gynecology, or oncology. I am excited about this opportunity.. In our first assessment Amarey was rated very high as one of the Best Companies to Work For last year. We need to continue this. It is important to provide opportunities for people, and to let them learn and grow. Teaching is therefore critical and a "pet project". We provide resources for our employees who have exceptional skill sets to teach the rest of the company. Teamwork is also very important in these exercises. This helps individuals develop their relationships and competencies.

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