

Joao Carapeto – Country Manager, Roche Diagnostics Mexico

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Prevention and diagnostics are the unsung heroes of healthcare systems

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Joao Carapeto outlines Roche Diagnostics' commitment to innovation, prevention, and diagnostics, emphasizing the need for robust partnerships and increased investment in early detection to address Mexico's healthcare challenges. He highlights the significance of managing an aging population and improving the quality of life through advanced healthcare solutions.

What can you tell us about yourself, and how does Roche Diagnostics position itself in Mexico and globally?

I have been serving as the Country Manager of Roche Diagnostics in Mexico for the past two years. My journey with Roche began a decade ago at our Latin American hub, where I was responsible for business development of our different product lines, customer service, medical area, market access, and consulting for the entire region. Before my tenure in Mexico, I was Country Manager in Slovakia – Central Europe, also for Roche Diagnostics. My academic background includes a master's degree from the University of Pennsylvania at Wharton, and I have extensive experience in strategy consulting within the healthcare sector across Europe and Brazil.

Roche Diagnostics is the global leader in in-vitro diagnostics, a proudly held position in Latin America and Mexico, both in the public and private sector. In Latin America, Mexico is the biggest affiliate, making us the number one in the region. Globally, we rank sixth within a broader region that includes Latin America, Europe, the Middle East, and Africa. As we look ahead, we are very optimistic about the prospects and future opportunities in Mexico.

How do you plan to achieve your objective of covering 50 million people by 2030?

Our leadership position comes with significant responsibility that's why we, as Roche Group, are significantly investing in research and development, dedicating 23 percent of our global sales to this area. This commitment gives us both the opportunity and responsibility to bring innovation to the Mexican market, benefiting people with our diagnostics innovation. Our primary objective is to

deliver value by improving healthcare outcomes while reducing costs to ensure the sustainability of the healthcare system. We plan to achieve this ambitious goal through three complementary strategies.

First, we focus on delivering high medical value solutions via integrated platforms. This involves introducing new tests with high medical value and implementing systems that enhance efficiency and reduce costs. Another essential part of this strategy is incorporating digital solutions.

Secondly, our extensive installed base enables our public and private clients to generate significant data, which can be utilized to optimize systems and provide valuable clinical insights. By applying algorithms and artificial intelligence into this data, and developing decision making support tools we aim to enhance decision-making for clinicians and healthcare professionals.

Third, we are not limiting ourselves to diagnostics alone. We are adopting an end-to-end approach to patient care, encompassing disease management from prevention and screening to diagnosis, treatment, and monitoring. Our focus includes high-burden diseases such as cancer, cardiometabolic conditions (including cardiovascular diseases and diabetes), infectious diseases, women's health and neurology. Our strategy is both global and local. In Mexico, we aim to reach 50 million patients by 2030, excluding diabetes care. If we include our diabetes care solutions, we strive to serve several million more people in Mexico. It's our commitment to be part of the solution to the diabetes problem in Mexico (just in 2021, Mexico ranked seventh in the world with the highest number of people living with this disease). To achieve all this, we are leveraging both the public and private sectors, as we believe collaboration is essential to meeting the population's healthcare needs.

Given Roche's substantial investments in R&D and the launch of approximately 34 new products globally, how can a market like Mexico, where public health investment is only 2.8 percent of GDP, realistically absorb these innovations?

The adoption of these innovations in Mexico is not only realistic but already in progress. This is not a projection; it is our current reality, as our commitment is to bring all these innovations that patients need to Mexico. For instance, in the past year alone globally, we introduced 21 new tests, 6 new platforms, and 7 new digital solutions. In Mexico the number of launches in the local market was even higher as there was a backlog of registrations that we were able to reduce in 2023. This pace is even accelerating in 2024.

Looking forward, we plan to globally launch 125 new tests over the next three years—over 40 tests annually, excluding claim extensions, which could increase this number to 50 per year. Additionally, we have an extremely strong pipeline of new platforms and digital solutions.

A recent introduction globally and in Mexico is the Genmark Cobas ePlex system, designed specifically for infectious diseases. This innovative system allows for the precise identification of pathogens through syndromic panels ensuring appropriate treatment. It is particularly vital for managing respiratory diseases and sepsis, which claims 3,000 lives annually in Mexico. Another key product is the Benchmark Ultra Plus, the newest addition to the Benchmark family, an advanced automated system for pathology labs that revolutionises and automates key processes in anatomy pathology.

Our strongest commitment is to bring these significant innovations to both the public and private sectors. We work closely with both to ensure that everyone who needs it has access to an accurate early diagnosis. Clinically, the need for these advancements is clear. Economically, our new

platforms, such as Cobas Pure and Cobas 5800, provide automation and efficiency to medium-sized labs, previously achievable only in large labs. This enhances quality, reduces result delivery times, and significantly lowers costs. The impact of a timely diagnosis will always pay off for the health system, but mainly for the patients: enabling early disease identification, appropriate treatment, preventing a potential costly disease progression.

What initiatives do you have to ensure that doctors are properly trained to use your advanced technology? How do partnerships support these efforts?

A top priority is ensuring that doctors are properly trained to use advanced technology. Our dedicated medical teams and consulting partners healthcare professionals focus exclusively on providing education without commercial objectives. We understand that no single entity, including Roche, can address the vast challenges in healthcare alone, particularly in medical education. Therefore, we collaborate extensively with both private and public sector partners to enhance medical training.

Partnerships are crucial to this effort. We seek collaborations at both global and local levels to enhance our educational offerings and technological implementations. For example, in digital health, we develop tools to support clinical decisions and actively seek partners to co-develop algorithms that enhance these processes. This approach ensures we deliver the best solutions to healthcare professionals, ultimately improving patient outcomes. Drawing from our experience in the other parts of the globe, where partnerships with industry, pharma, government, regulators and other manufacturers have been vital, we aim to establish similar collaborations in Mexico to create a healthier society.

How do you align Roche's global strategy with the unique needs and challenges of the Mexican market?

Our decentralized model is a key success factor for Roche. It allows us to stay closely connected to patients, customers, partners, and the specific needs of each market, so we can achieve significant impact. Our model also ensures that our local strategies are well-aligned with our global and regional objectives, leveraging the extensive knowledge and scale of our global network. In Mexico, we tailor our efforts to address the unique needs of the people, patients, partners, and customers. When we compare ourselves with many other manufacturers, we do perceive we have a much higher autonomy of decision locally and this enables us to prioritize our portfolio and focus our commercialization and educational efforts effectively, meeting local demands while staying aligned with Roche's global vision and leveraging global scale and resources.

In the aftermath of the pandemic, has there been a heightened appreciation for the importance of prevention and diagnostics in Mexico?

While I would like to believe that there has been a greater appreciation for the importance of prevention and diagnostics post-pandemic, the reality is more complex. During the pandemic, there was a surge in awareness, with almost everyone becoming familiar with PCR tests. However, as we move forward, society seems to gradually returning to pre-pandemic mindset, albeit with some significant exceptions.

One enduring area of increased awareness is molecular diagnostics. The infrastructure deployed during the pandemic can be repurposed for other critical health screenings. For instance, cervical cancer remains a significant health issue in Mexico, with one woman dying from it every two hours. This is a highly preventable and treatable disease if diagnosed early. By utilizing the molecular platforms established during COVID-19 for HPV testing—an approach far more accurate than the traditional Papanicolaou test—we can significantly reduce these deaths.

The pandemic also fostered greater awareness of self-testing and decentralized testing. We continue to support and invest in this shift recognizing its crucial role in early detection and prevention. Despite these advancements, much work must be done to prepare for future pandemics. Experts unanimously agree that it is not a matter of if, but when the next pandemic will occur. While we have learned valuable lessons from the COVID-19 pandemic, we need to implement structural improvements to ensure better preparedness and response for future health crises.

How does Mexico's government investment in high-end and cost-effective treatments reflect in your initiatives, and what specific measures are you implementing in this area?

To provide a broader perspective, less than 3 percent of all healthcare expenditure in Mexico is allocated to prevention, and less than 2 percent is dedicated to diagnostics. Yet, diagnostics influence more than two-thirds of clinical decisions. Despite their critical role in healthcare outcomes, investment in diagnostics remains low, which is a global issue, not just specific to Mexico. Typically, healthcare systems focus more on treating diseases in their later stages rather than on prevention and early diagnosis, which could save huge costs and significantly improve health outcomes.

For example, regarding lung Cancer, In Mexico, only 0.6% of people have an early diagnosis. 65% are diagnosed in stage four or critical period. The survival rate after 5 years when there is an early diagnosis is 6 out of 10. In the late stage it is less than 1. From a cost perspective the difference is even higher.

Or let's take heart related diseases as another example, the major cause of death in Mexico, with 220,000 Mexicans dying each year of such a cause. At Roche we have biomarkers that allow the diagnosis of myocardial infarctions and heart failure. What's more, we have a biomarker that is used to identify which patients with type 2 diabetes have a higher risk of developing heart failure, and even a biomarker to identify patients at risk of developing atrial fibrillation, and others that can predict the risk of heart attack of myocardium and mortality in patients without cardiac surgery, in addition to evaluating the risk of long-term cardiovascular events in asymptomatic patients. This saves lives and significantly reduces healthcare costs.

Mexico is a relatively young country, with an average age of 30. However, the population is aging rapidly. In 2000, less than 6 percent of the population was over 60. By the end of 2023, this figure had doubled to 14 percent, projected to reach 28 percent by 2050. This means 400,000 more Mexicans over the age of 60 each year. As people age, the prevalence of chronic diseases increases significantly, placing a substantial burden on healthcare funding and resources. For example, at 40 years old, individuals typically have one or two chronic diseases; by 60, this number rises to three, and by 70, it can be five or more.

Given this rapid demographic shift, the investment in prevention and early diagnosis is critical for people's health and the sustainability of the healthcare system in Mexico. Therefore, there is a

pressing need to increase investment in diagnostics and preventive measures. This approach is essential to manage the impending challenges posed by an aging population.

Considering that around 50 percent of health expenditure in Mexico is out-of-pocket, how do you address the cost aspect, and what are your expectations for Roche Diagnostics in Mexico over the next few years?

Addressing this issue requires contributions from both the public and private sectors. Increased life expectancy is a positive development, but it brings challenges related to healthcare costs and quality of life. Diagnostics are crucial in managing these challenges by providing key insights that effectively improve health outcomes and control costs.

There is a significant opportunity to increase access to healthcare, and specifically to affordable and precise diagnostics, in Mexico. Both the public and private sector are needed. We continue to increase our investment in innovation, consolidation, automation and processes excellence to continue to increase efficiency and affordability.

Our expectations for the future are centered on significant expansion. Our partner increasingly entrust us with more responsibilities, leading to a significant growth in both the public and private sectors across all segments, which is essential to reach our goal of serving 50 million people by 2030.

We are reinforcing our team to strengthen our position as the number one IVD company not only on market share but even more importantly in terms of quality, innovation and excellence—this is non-negotiable for us. Quality, innovation and excellence are paramount because patients deserve the best possible care. Our focus is also on making healthcare more affordable by increasing efficiency and automation, leveraging digital solutions to reduce costs for the system.

To summarize, our goals are to continue growing and reaching more patients, bringing innovation and excellence to the market. We currently offer the most extensive menu in in-vitro diagnostics, with over 600 tests available, and we aim to add 40 new tests each year, new platforms and digital solutions. We aim to introduce these innovations to Mexican patients and work with healthcare professionals on their use. We aspire for Mexico to accelerate the adoption and generation of innovation, positioning it as a regional leader and a global key player.

What specific innovations have you generated in Mexico, and how do you manage local manufacturing?

In Mexico, we are leaders in adopting several innovations, namely digital solutions within Roche Diagnostics. We aim to develop partnerships across the globe to develop algorithms and solutions that can be utilized locally and globally. Our focus on digital health demonstrates our commitment to innovation and improving patient outcomes. Regarding screening and early diagnosis programs we have also great examples in partnerships with the public and private sector in Mexico, for example in cervical cancer, that are a reference internationally. In terms of local manufacturing, Roche Diagnostics collaborates with local manufacturers who produce several components of our solutions. These components are then integrated with other parts produced elsewhere. This approach allows us to maintain high standards while supporting local industry, ensuring we deliver quality products efficiently.

To conclude this discussion, what final message would you like to convey to our readers?

Prevention and diagnostics are the unsung heroes of healthcare systems. Early detection and preventive care can lead to better health outcomes, reducing the burden of chronic diseases and the associated healthcare costs. This approach benefits individuals and their families by improving their health and well-being, while also making the healthcare system more resilient and efficient. We need partners to fulfil our collective vision of healthcare improvement, no entity can do it alone, so we are more than open to listen and discuss opportunities for collaboration with other actors of the healthcare system.

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