

Majid Kaddoumi President, Central & Eastern Europe, Middle East & Africa, Medtronic



The revenue coming from emerging markets is expanding every year. The company believes that there is enough potential from these markets to grow at an even faster rate

06.04.2020

Tags:

[UAE](#), [CEE](#), [MEA](#), [Medtronic](#), [Medtech](#)

Medtronic's president for Central and Eastern Europe, Middle East and Africa, Majid Kaddoumi, explains the two main challenges for medical technology companies in the region, the ways in which data could revolutionize the industry and why emerging markets with higher penetration rates could potentially bring four or five times the current levels of revenue.

Could you provide an overview of the different markets and regions under your responsibilities now and Medtronic's footprint in this region?

If we look at the markets from a patient access point of view, they oscillate between mature, reimbursed and highly accessible markets, to markets that do not have basic standards of paramedic care. There is a big contrast between both sides of the region. You can place Central and Eastern Europe, Turkey, South Africa and Saudi Arabia on the more advanced side, then you can find some markets that have good infrastructure like the Gulf region but that are still evolving in terms of access points and desired level of quality. On the other side, there are markets with high populations like Pakistan and Egypt that are trying to build their own fully covered public insurance scheme where accessibility improves, and quality is taken into account. However, there is one common trend across the entire region, which is that we are still far from the penetration rates that

we aspire to, particularly when you compare it with North America or Western Europe; everyone recognizes that aspect in the region and the different countries are trying to close the gap fast.

What do you believe are the reasons behind that lack of penetration?

One of the reasons is the unavailability of infrastructure, which might be more prevalent in some African countries, where basic infrastructure can sometimes be either non-existent or not operational. Another reason is the lack of availability of expert physicians, by which I mean specialized doctors that can perform major surgeries; there even might be an oversupply of general physicians in some cases. Those circumstances can cause a bottleneck for the therapies that Medtronic provides.

Another reason, especially in more advanced markets, can be the structure of the reimbursement system. Sometimes, countries try to copy a model from the Western world but do not realize that market dynamics differ in each country and it might not work as they expect. To recap, I would say that the two main reasons for the current low penetration rates are infrastructure and human resources issues, which goes from physicians to nursing staff, technicians, and even insurance and reimbursement back office team members.

Are you confident in the way those countries are managing the situation?

Yes, every year we are observing a double-digit growth rate in the number of patients; that means that the number of patients getting access to therapies is increasing at a very fast rate. Of course, it depends on the therapy because some countries in the region often have to prioritize their efforts when they encounter certain issues like epidemics, which takes away their focus off permanent and non-communicable diseases. We think that there is a tremendous amount of interest from governments to show progress when it comes to accessibility to healthcare; they are putting resources in place. On the other hand, we sometimes see the discussions shifting to bringing new technology into the country by manufacturing, which in my view are valid discussions, but it is premature for most countries because they first need the right level of infrastructure to be able to get to manufacturing.

Getting into performance, sales in emerging markets represented 15 percent of Medtronic's revenue in 2019, a number that did not improve from the year before. What do you think is getting in the way of a substantial increase in revenue in these markets?

The revenue coming from emerging markets is expanding every year. The company believes that there is enough potential from these markets to grow at an even faster rate and is paying special attention to emerging markets. Bringing more products to the region has never been faster over the past five or six years, and that trend will continue. It takes a lot of effort and resources to introduce Medtronic products in some markets, but it is the right thing to do.

The investments will help the emerging markets achieve their full potential. If the markets in this region had the same penetration rates as Western Europe, the size of the business should be at least four or five times bigger. The company realizes this potential; it is a fantastic business opportunity. Something that could further advance that goal to introduce more advanced technologies. We probably should also look at interruptive technologies that are made for the less

fortunate markets and not only the advanced ones; those technologies could help solve the issue of unavailability of physicians and infrastructure. Therapies that are easy to implant or use.

How is Medtronic working to help the region solve those complex healthcare issues?

I can put the example of diabetes, which is a priority for Medtronic. Diabetes is a disease- if not treated correctly- can cause drastic burden because diabetes patients are more likely to develop other conditions like vascular diseases, cardiac diseases, kidney failure, etc. Healthcare systems around the world struggle to contain the damages associated with this condition, which means that everybody should treat it as a priority. But when it comes to the region, where unfortunately the prevalence is extremely high, the issue is even more urgent. The company is shifting towards helping patients access the necessary therapies and getting the best outcomes. We acquired a clinic that has proven that it is able to deliver results, keeping patients within the appropriate levels of A1C, which is a measurement of the average of glucose levels. If the expected levels are reached, then the risk of developing other conditions diminishes, which in turn brings the costs down and improves patient's quality of life.

We believe that introducing the latest technology is not enough, we need to support the patients and the system. For example, we have signed a contract with Saudi Arabia's Minister of Health for a pilot program that is already treating patients with diabetes, we hope to obtain the same great results as the Netherlands' program. Expanding into this region and bringing more staff is a priority. The company has also built academies that allows physicians to be trained.

Another example is the Integrated Hospitals Solutions (IHS) program, which is enhancing efficiency and effectiveness of patient care settings, such as cardiac catheterization labs and operating rooms. We have several partnerships in the region where we designed facilities and provided financial arrangements & trainings to deliver units that are currently treating patients.

Many hospital executives have emphasized the importance of remote clinical management. How can Medtronic's products play a role in that area?

We have discussed remote patient monitoring with a few governments in the. We do have that capacity in the United States, for example, and use it with patients with specific complex needs in remote areas around the country. Physicians are able to connect with patients across the country, but the infrastructure needed, and the language barrier makes it difficult in this region at the moment. The interest from governments is there and, hopefully, the required regulatory systems will be put in place. It is the future; it is going to happen because it is a great way to reduce costs for chronic care and post-operation care. It is not only a clinical discussion but an economic one as well. Medtronic has the capacity and is working on the challenge.

Looking towards the future of medtech, there is great opportunity and technology will play a large role. How do you assess those opportunities in the region, which in many cases is not considered to be at the vanguard of innovation?

The use of technology helps both upstream and downstream in manufacturing, R&D, marketing and sales. Regarding data, a few things come to mind: first, how do we use data properly to measure results because one of the biggest black holes in the healthcare industry is holding the system,

providers and technology companies accountable. We know that if everything works correctly, patients should not have an infection, should not have to come back to redo a procedure and should have a minimal amount of medication. It is hard to measure the impact of different technology, equipment, providers and even doctors. Once we have that data, there will be a dramatic increase in efficiency and quality across the system. The standard of care will simply be better if we use data to compare and learn. The second way to look at data is how do we recognize conditions better, meaning prediction and analysis; it can help make the system more intelligent in terms of prioritizing resources.

The company's mission of contributing to human welfare is the defining characteristic of the company culture. What does it mean to you personally and how is it represented in the more than 600 employees in the Middle East?

One thing that defines Medtronic's mission is the fact that the leaders of the company act on it and take it as their guiding spirit. Any decision taken by the company refers to the tenants of the mission to see if what is proposed is compatible. I see a connection between the decision-making process and the mission. We look at the mission when we look at our team members when we look at acquisitions, new products, new investments, and the overall path we want to follow. On top of this, it makes us all of us proud, the mission is inspiring and has not changed for 70 years. One of the pillars of the mission is the making of fair profits, we are a company that has a responsibility to get back investments while not standing in the way of patients getting access to care. That attitude is what will allow us to stay present and thrive 70 more years.

[See more interviews](#)
