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Patricia Nakagawa, Managing Director of Karl Storz, Mexico Caribbean and Central America, explains the German family-owned MedTech's ongoing evolution towards a more corporate structure and the new hub status she has helped to usher in for the regional affiliate. Nakagawa also highlights the company's integrated operating room (OR) solution, as well as its new AI-powered tool, discusses the subscription model that is allowing hospitals to adopt Karl Storz's technologies without large upfront costs, and comments on the creation of a repair centre in Mexico.

Before we dive into the company, could you introduce yourself and share your expertise in the MedTech industry?

I am a biomedical engineer with an MBA and over 25 years of experience in the healthcare industry. The majority of my career was spent at General Electric (GE), where I held various roles, including sales, marketing, service and business unit director. I was responsible for integrating different product lines and defining our sales strategies.

After my time at GE, I joined Olympus during a challenging period for the company in Mexico. My role involved leading a comprehensive turnaround, which included implementing processes, controls, and policies, as well as establishing a new office. This experience offered me the opportunity to deepen my connection to Japanese culture—a meaningful journey that resonated with my heritage, as my grandfather was Japanese, and proved truly enriching.

Subsequently, I moved to Danaher Corporation, which proved challenging due to the pandemic. My leadership style centres on people development and fostering energized, motivated teams. However, due to the remote working arrangements in place during my tenure at Danaher, it proved challenging to build strong relationships with my team. After leaving Danaher, I started a venture in the technology and fashion space, focusing on using technology to enhance clothing design and manufacturing processes.

Eventually, I was approached by the VP for Latin America at Karl Storz, as we had previous interactions. When I joined, I was particularly drawn to the family-owned nature of the business, which is now in its third generation. The founder, Mr. Storz, established the company with a vision to revolutionize medicine through advanced endoscopes, overcoming the technical limitations of the time, and enabling doctors to explore the interior of the human body with clarity and precision.

His approach set new standards of quality and innovation, leaving a legacy of excellence that endures to this day. His successor, Mrs. Sybill Storz, was instrumental in expanding the company's reach. Now, under Mr. Karl Christian, the company is evolving towards a more corporate structure to sustain growth and adapt to changing market demands. The transition to a corporate structure allows us to implement new tools and processes that can facilitate growth beyond what a traditional family-owned business might achieve. This change is essential for ensuring the company can sustain its expansion and continue to meet the needs of our customers effectively.

What do you see as the opportunities and challenges of working for a private family-owned company?

From my experience, one key advantage of working in a family-owned business is the strong sense of care for people and the community. Unlike larger corporations, which can often be bureaucratic and slow to adapt, family-owned companies tend to be more agile and responsive.

There is a remarkable loyalty among employees towards the company and its founders, which fosters a supportive environment. For someone like me, who prioritises people, this loyalty is incredibly rewarding.

Additionally, the flexibility that comes with a smaller organisation can be quite beneficial. However, it is important to note that we are currently in the midst of a transition towards a more corporate structure. Having been here for nearly two years, I can see both the challenges and opportunities this change brings. We have a mix of staff, from those who are relatively new to those who have been with the company for many years, and that diversity of experience contributes to our ongoing development.

Given that Karl Storz will celebrate 30 years in Mexico this year, which of your therapeutic solutions do you believe are having the greatest impact on the Mexican market?

Karl Storz has a strong portfolio of endoscopic procedures, and we excel in this area due to our diverse range of procedures combined with advanced imaging technology. This synergy allows us to provide better diagnostics and supports minimally invasive surgical procedures across various specialties.

We have built a strong reputation in the field of minimally invasive surgery, and our brand is well-positioned in operating rooms. In fact, Karl Storz is a name recognized and trusted by many in the surgical community in Mexico.

How do you see the therapeutic solutions you are bringing to Mexico evolving in the coming years?

One of our standout innovations has been our integrated operating room (OR) solution, which has seen significant success. This integration provides everything a surgeon needs to make informed decisions during procedures.

Looking ahead, we recognise that a key trend in the market is artificial intelligence. We are currently launching a new solution called "Performing Guided Surgery," which offers advanced decision-making tools in real time.

Our goal at Karl Storz is to enhance the capabilities of surgeons by equipping them with the best tools for decision-making during operations. By integrating artificial intelligence into our solutions, we aim to empower doctors to make smarter, more informed decisions right within the OR.

In a country like Mexico, where budgets can be tight, introducing new and expensive technologies can be challenging. How do you demonstrate that your innovations are worth the investment? Are we seeing a shift towards purchasing based on real value, or is it still predominantly about the lowest price?

We are currently witnessing a transition in the healthcare industry in Mexico. Many institutions, clinics, and hospitals are adopting business models that allow them to acquire cutting-edge technology without needing to pay significant upfront costs.

One prominent approach is the subscription model, where integrators offer solutions that reduce the burden of capital investment. Hospitals can opt for arrangements like cost-per-procedure, where they pay a monthly fee over a set period rather than investing heavily in equipment outright.

This model allows healthcare providers to focus on what matters most: serving their patients. With integrated solutions, everything needed for surgeries—including the management of equipment and technical support—is provided, alleviating the hospital's concerns about equipment functionality and availability.

How is your market share divided between public and private hospitals today?

We are very well positioned in public hospitals, where the integrator model has historically been popular. However, during the last presidential term, there was a push to acquire technology more directly. We are currently navigating this transition to determine whether we will continue selling our technology directly or maintain our integrator partnerships.

That said, we are seeing a significant growth trend in the private sector, which is expanding at a much faster rate than the public sector right now. This shift presents exciting opportunities for us moving forward.

In addition to state-of-the-art endoscopies and high-end medical devices, Karl Storz is also expanding its innovative software solutions, including AI through global acquisitions. How does this impact Mexico and the Caribbean? Are these innovations being introduced there as well?

Every new product introduction comes with a deployment plan, and Mexico is currently in that phase. Our goal at Karl Storz is to drive innovation and introduce any new technology we can. However, to sell anything here, we must navigate the registration process, which can delay launches not just for us but for the industry as a whole.

As for the Caribbean and Central America, our approach is the same. We are committed to bringing innovations to those markets as well.

How do you find the markets in the Caribbean and Central America, aside from their size?

The maturity of the markets and the available resources are key factors. In the Caribbean, for instance, there are various languages and some islands are remnants of larger countries, like the Netherlands or France, which strive for high-quality healthcare. However, a major challenge is ensuring they have the resources to acquire this technology.

Additionally, the regulatory environment can be less stringent, leading to competition from unregulated entities. This can sometimes result in issues with counterfeit medical services. That said, the doctors in these regions, particularly in the islands, are often well-trained in Europe, Canada, or the US, which gives them a strong understanding of the technology and what to expect from it.

How does Karl Storz ensure that healthcare professionals are effectively trained to use its equipment, maximizing its value in clinical settings?

Our commitment to training comes from the leadership of Mrs. Sybill Storz. They emphasised the importance of developing comprehensive training programmes for physicians. In Mexico, we have a dedicated area focused on educating healthcare professionals.

Our training is designed not only for our sales representatives but also for physicians. We aim to enhance their skill sets with our new technologies, ensuring they can use them safely and understand what to expect from our products from a clinical perspective. This includes discussing the appropriate applications, benefits, and potential challenges and keeping them updated on the latest technological advancements. It is a continuous process that involves ongoing education and collaboration.

I understand Karl Storz recently opened a repair centre here in Mexico. Can you tell us a bit about this new facility and why Mexico was chosen for it?

Karl Storz decided they wanted to take control of repairs rather than sending equipment back to Germany. Previously, our model involved sending equipment for repair abroad, which was less efficient. With the new strategy, we aimed to establish regional repair centres, and Mexico was identified as an ideal location due to its geographic advantages and strong connections throughout Latin America.

We opened the repair centre in February of this year, after completing the project last year. Having experts from Germany involved in the opening was crucial. This facility allows us to handle repairs locally, which reduces turnaround time compared to sending equipment overseas. We have all the necessary tools and spare parts, and our engineers are fully certified, enabling us to provide a high level of service across the region.

In addition to launching the repair centre, my role also encompasses its ongoing management. Overseeing this facility is a key part of my responsibilities, alongside driving sales and managing our commercial operations.

How important is Karl Storz Mexico to the overall group?

Mexico is one of the most important hubs within our organisation. In our industry, we are often managed as regional hubs, and both Mexico and Brazil play crucial roles due to their market size. Mexico stands out because we have highly skilled physicians who are eager to adopt the latest technologies.

Most hospitals in Mexico operate at least three operating rooms, which highlights the substantial opportunities available. The market is quite large, and we are seeing a growing demand for advanced medical solutions.

Karl Storz has been very strategic in offering scalable and modular solutions, allowing us to cater to the diverse needs and budgets of hospitals and clinics. This means we can start small and expand as new technologies and solutions become available. We are promoting cutting-edge technology for every hospital and clinic according to their budget, allowing them to build up over time.

After nearly two years with Karl Storz, what are your expectations for the company in the next five years?

I see tremendous potential. One of my primary goals upon joining was to integrate the team in Mexico and our business partners in the Caribbean and Central America. Previously, the organisation operated in silos, and there had been a history of leadership changes that disrupted continuity. When I joined, the hub structure was still relatively new, so I focused on fostering collaboration within the team.

Initially, the staff were accustomed to reporting directly to Germany. Changing that mindset was crucial, as we needed to demonstrate that we could add value locally. By integrating the team, we could better support our operations and respond to market needs more effectively.

Once integration was established, I identified significant opportunities for market growth. My aim is to drive substantial market growth with a target to double our business within a defined period. Over the next five years, I also intend to position us as the best or integral solutions provider, using advanced technology and high-quality imaging tools to support the best patient outcomes and ultimately

become the best company to work for. Karl Storz is already well-recognised, and the loyalty we see from both employees and customers stems from our commitment to high-quality products and patient care.

What kind of partnerships does KARL STORZ currently have? Are there any public-private partnerships?

Right now, our partnerships are primarily through indirect channels. The business model that has driven our technology growth involves working with integrators. We collaborate with companies like Johnson & Johnson and Medtronic, among others, who are key players in the market. Overall, we are very well positioned in both the private and public sectors, with our technology being highly recognised.

Earlier, you mentioned that you are a people person who likes to energize your team. How do you motivate them to believe that each day can be better than the last?

I believe in being open and accessible to my team. It is essential to listen to them and make them feel valued. I would not ask anyone to do something I am not willing to do myself, and I always back up my team in their efforts.

One approach I take is to get to know each person individually. I make it a point to have one-on-one meetings with everyone, not just the sales reps but also my directors. When new team members join, I invite them to breakfast so we can connect personally. My guiding principle is that I want to know the person, not just the position. The roles will evolve, but understanding who they are as individuals is crucial.

Communication is key, so I establish multiple ways to interact with the entire team. I enjoy visiting with sales reps in the field and working alongside engineers during installations. It is all about showing that I genuinely care and that my door is always open. It is important to walk the talk.

What final message would you like to convey to our global readers?

Mexico is home to exceptional physicians who are highly skilled and have often trained at leading hospitals worldwide. The healthcare system here is eager to adopt cutting-edge technology to improve patient outcomes. Our doctors understand the benefits of minimally invasive surgery, which include shorter surgery times, faster recovery, and reduced risk of infection.

Karl Storz is committed to advancing healthcare and driving innovation. We aim to provide state-of-the-art technology, continuous education for physicians, and strategic partnerships that prioritise patient safety and well-being. That is our focus moving forward.

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