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Health

Areas and opportunities for internationalisation of the Catalan health industry

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Based on the potential of the health industry, its traditional openness and drive for going abroad, internationalisation experiences and a Mediterranean mindset that may create new opportunities, this article introduces several experiences of some institutions and companies from the Catalan health industry.

Case studies: Fundació Clínic/CRESIB/Centre de Recerca de Manhiça, Consorci Hospitalari de Catalunya (CHC), Gesaworld, Pinearq, Banc de Sang i de Teixits de Catalunya (BSTC), Bergadana, BioRegió de Catalunya (Biocat)

The Union for the Mediterranean, an opportunity to seize

Barcelona has been hosting the Union for the Mediterranean (UM) for a few months now, by which the city is finally acknowledged as the capital of the Mediterranean. The step in obtaining this recognition has been done, but now comes perhaps the most difficult: acting as a capital after being recognised as such, and with regards to health, this means to open our possibilities and reality to the rest of countries.

Saying that Barcelona is the biomedical capital of the Mediterranean and not having almost any website in French, the vehicular language of most countries on the southern rim, and a very scarce presence in English makes it hard to be acknowledged as a reference where these countries may feel at home, to which French and Arab are the languages to communicate abroad. It may seem a minor fact, but implementing action as basic as this shows in how far we wish to play a role in health, cooperation, technical aid, capacity of attracting patients from the Francophone area and become the reference for the Mediterranean region.

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Efforts need to be done to increase the ability of our companies and institutions to interact in the region to provide a stronger footprint in expertise, experience and capacity we are supposed to have and we now need to apply firmly and generously. This item is key in developing the health area in the UM. It is obvious that we have the best capacities to be relevant in the region, but the predominant position in the industry can be easily gained by companies from other countries informed about the value and expertise of our people, and if they hire them it may provide them an advantage for their traditional and often consolidated presence in this area.

It is interesting to explain the experience of Catalan institutions in this area and Sub-Saharan Africa.

Fundació Clínic/CRESIB/Manhiça Research Centre

It is very important to point out the important of ongoing presence in Morocco by the Fundació Clínic due to the role it has played, together with the Spanish International Cooperation Agency (AECI) in running a hospital in the North of the country and having become a partner for different training actions. It led more recently a mother-child health project together with the Moroccan Ministry of Health. This continuity is a key to open doors and be a preferred player in the Moroccan health reform process, in which the Catalan experience can be so useful.

In Manhiça, Mozambique, professionals from the Fundació Clínic have created an excellence research centre, with the assistance of AECI, the Government of Catalonia and private foundations, to develop a malaria vaccine among others.

This experience has allowed setting up a structure like the Global Health Observatory, a crucial tool to exert leadership from Barcelona in health policies for the Mediterranean region.

This is a clear example in which excellent, political will at all levels, cooperation of big private institutions, persistency and continuity have born their fruits. Such action needs to be continued to have all-round tools allowing participation of other business areas.

Health tourism

Internationalisation of the health service provision industry is basically focused on attracting patients to Barcelona. This has a long tradition connected with the historical attractiveness of some centres like the Barraquer and Puigvert clinics, being now part of Barcelona Centre Mèdic (BCM) for over twenty years. This association gathers twenty renowned centres, both private and from the public network: tertiary hospitals, general and specialist private clinics, image diagnose centres and clinical labs. Noteworthy is also Barnaclínic, the private offer of the Hospital Clínic, as well as other individual initiatives of some centres.

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Such wrongly named «health tourism», which is in fact made of travelling patients, has become an outright market that has been quickly developing and structuring in recent years despite being still immature. Specific channels, trade shows and markets have been created, players defined, rules of the game set, etc.

It became obvious that either you have a global brand or you need to operate as a destination. Today, Barcelona can aspire to become a destination and be recognised as a quality medical pole, but this needs to be done by others, it is not enough to tell it to and among ourselves.

We have good chances if we submit a global wide offer and address markets with good accessibility (the airport will set the pace here), with competitive prices and proven quality. In this respect, obtaining quality certification for our centres as recognised at international level will become indispensable.

Almost fifty destinations all over the world have entered this market, some in Spain, like Marbella-Costa del Sol and more recently Madrid. At regional level, Turkey and Jordan, with health cluster initiatives enjoying strong institutional support, have become success stories and a business reality.

Being competitive in this field can only be achieved if we accept the rules of this new business and play in full accordance with them. We have an enormous capital and big possibilities, but only if playing them together. Fragmentation in the offer, wrong pricing policies and lack of common strategies will doom us to limited results, which can be still relevant for the one or other centre but will not place Barcelona where we could place it in the international health care market.

In terms of service types able to attract patients, it seems that it is the more complex processes done at acute centres the ones able to be better commercialised abroad, as their high cost can generate room for setting price competition. There are also other areas that may attract patients based on legal restrictions existing in some countries for certain operations, higher technological progress or ability to keep confidentiality.

Awareness needs to be raised that this is a business with a great economic potential. This shall allow to obtain institutional political support (departments of Health and Innovation, Universities and Enterprise, Barcelona City Council) as our competitors do and firm commitment by health service suppliers as well as local operators (tourist services).

Another key element for success is cooperation by consular authorities. EU member states with cities competing with Barcelona in attracting patients from outside the EU offer all facilities to obtain visa to enter the country within 24-48 hours. As opposed to it, many obstacles are observed in giving visa to travel to Barcelona, and Spanish consular authorities are hardly sensitive towards such cases. There is not the view that this is a very important business for both Catalonia and Spain.

It is only with all support that we can aspire to develop this business and place Barcelona as a destination able to live up to its full potential.

International public procurement

Procurement of any kind of goods and services by public organisations is a very important part of demand in a country, with a volume between 15 and 20% of gross domestic product (GDP) in most of them. According to estimates by the Organisation of Economic Co-operation and Development (OECD), roughly one third of public procurement can be opened to international trade. However, there are national obstacles to opening it to foreign suppliers, by which the most significant portion of international public procurement is associated with official development aid (ODA), in which health plays a leading role. Between 1997 and 2007, global resources for procurement and selling goods and services to the public sector regarding health increased 16.7% a year, compared to 11.1% for overall ODA.

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The rise of international development projects in health provide interesting internationalisation opportunities for the Catalan health industry. Taking part in these projects requires deep knowledge of tender mechanisms beyond technical capacity, a strategy going beyond immediacy and, as we said before, institutional activity aimed at creating links and developing cooperation agreements in support of the internationalisation strategy of the health industry. Foreign visibility, reputation and presence in contracting countries is necessary, together with successful links and agreements with local partners.

Catalan consulting firms have successfully participated in many tenders, especially in Latin America. The creation of a trust at the International Finance Corporation of the World Bank for ACC1Ó means having a very useful tool to facilitate participation of Catalan companies in multilateral tendering.

I would now like to look into some Catalan experiences.

Consorci Hospitalari de Catalunya (CHC)

In the mid 1990s, this entrepreneurial association initiated a process to participate in tenders for technical aid and health system reform in many Latin American countries, placing the Catalan health system as a reference. The CHC has been given dozens of projects funded by the World Bank and the Inter-American Development Bank.

It has further participated in designing hospital projects in public-private partnerships (PPP) done by other entrepreneurial conglomerates from outside Catalonia, in which it provides technical aid or assessment. However, this did not bring about the expected dragging effect, like building facilities, selling equipment, information systems, etc.

We need to be proud of a clear success that has contributed significantly to placing the Catalan system among the leading in the world, although business opportunities created by this have not been consolidated.
A relevant role may play the fact of not having banks nor building companies interested in those markets.

Having a very long reference list of projects for multilateral institutions is an enormous capital few organisations can boast. This list provides a huge competitive advantage to apply for new contracts, considering the necessary expertise we have.

Gesaworld

Gesaworld is an international company specialising in health management and social service consulting created with similar objectives and target markets, plus a relevant footprint in Portugal. Development of specific products and ongoing and persistent presence in some markets have allowed it to run many multilateral projects as well as some funded by governments on a bilateral basis. Deployment of a subsidiary network in the main Latin American markets provides a footprint and visibility allowing it to tackle ambitious global projects like building hospitals.

Pinearq

Pinearq is a landmark architecture studio in Catalonia and Spain for health projects, especially hospitals. After having built many facilities there, it took up projects abroad, in Europe as well as on other continents. This is another case of joint experience and expertise with a high potential for international development.

Banc de Sang i de Teixits de Catalunya (BSTC)

This is a public-private partnership pooling Catalan blood banks and developing production of plasma derivatives with private cooperation. BSTC is a clear example of an experience that raises considerable interest in the process – bringing together blood banks and doing single multi-centred management – as well as allowing cost reduction and maintenance, sharing expertise with private initiative and making a successful business. BSTC has taken part in advisory action in Brazil, Argentina, Portugal, etc. Its potential is enormous.

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Bergadana

Adaptation of health transport vehicles to create a competitive high-quality product with a strong international mindset led this Catalan company to sell vehicles all over the world and create strong relations with many health authorities. It has thus become a leading company based on its own strategy. These special relations have not joined other initiatives. On the one hand, it is logical that each company or group defends its positions, but on the other, they have not been able to cross-strengthen them in order to consolidate the international footprint of the Catalan health industry as they were not aware of it.

Public-private partnerships

This sort of projects has become commonplace in many emerging economies after their origin in the United Kingdom. They are based on a long-term service concession, often thirty years. They involve investment to build infrastructures, in this case related with health, and are reimbursed through service provision. Restrictions to public debt are the cause of their proliferation.

Business groups and consortia taking the financial risk of the operation need to be created to participate, by which companies join to do all activities needed to create the infrastructure and often also run the facilities and provide health services.

Catalan presence in this emerging market has been very reduced and not at all in line with the experience and capacity the relevant players have historically shown in Catalonia. Many other Spanish players have in turn appeared in these markets.

This sort of project can become however a strategic industry as it encompasses most subsectors within the health sector, from investment to the different areas of knowledge management and support service provision. Experiences deployed in Catalonia could be the germ to start participating in international initiatives.

The Catalonia BioRegion (Biocat)

Since its creation in 2006, Biocat, an organisation promoted by the Government of Catalonia and the Barcelona City Council, coordinates and fosters biotechnology, biomedicine and medical technologies in Catalonia. It encompasses representative companies and organisations from the industry with a total 350 companies, sixty of which deal with biotechnology strictly speaking. Oncology, genomics and nervous system diseases are the research priorities.

The current economic crisis often raises the question about keeping many research initiatives under budget constraints affecting research funds, although the government is decided in maintaining and if possible increasing activity.

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The size and diversity of facilities and their geographic spread raise many concerns regarding concentration of efforts to reach a bigger size. Catalonia has been able to take a vantage position in regenerative medicine and oncology. Its international partnership policy has placed the Catalan BioRegion, participating in the Southern Europe biocluster, as a strategic item for internationalisation of the industry.

To conclude with

Catalonia has an enormous potential in the biomedical industry thanks to its historic and current capacities.

It is obvious that when referring to this industry, there are many sorts of activities and subsectors involved, so beyond one common global brand and mindset there are different internationalisation strategies.

All subsectors have and show a clear push for internationalisation and some lack a thorough structure to tackle it.

Presence in international markets is irregular and very focused on Latin America. A strategy for a footprint in Asia needs to be created. As far as health is concerned, Africa has a low business profile.

To place Catalonia-Barcelona as a biomedical destination, cross-relations of the different subsectors need to be fostered and all existing international advantages and success stories in each area used. The brand needs to be pushed from all its sides. Research cannot leave aside the success and milestones reached by health care and health policies. Catalonia will become a destination attracting international patients if it recognises itself as a research centre and be able to attract more talent and business if this mindset is persistent and consistent with devoted time and resources.

Acting as the capital of the Mediterranean and taking advantage of the potential provided by hosting the UM headquarters shall be a common goal for which institutions and companies need to show their will and effort. A health industry cluster – like the ones in Boston, Turkey and Korea – needs to be created, bringing together the different subsectors and being a tool at the service of its foreign relations. It shall allow strengthening this industry in a wide and general sense and consolidating the Catalonia-Barcelona brand as an area with integrated, powerful and competitive biomedical activity. Everything necessary is in place, and there are even some territories having the same with less resources, and yet they have been successful. However, Catalonia does not have it all: the difference is in the detail and the way of doing things, and here the detail may lie in the generous capacity of working together in a responsible and ambitious way by all involved in the industry.

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