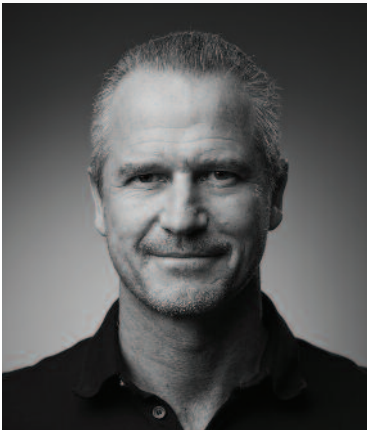


Interview: Marco Gadola, CEO, Straumann Group



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CEO, Straumann Group

The Straumann Group South Africa subsidiary was launched in January 2018. Marco Gadola, CEO of the Straumann Group was recently in Cape Town and shared his views on the new subsidiary's plans in the African market.

International Dentistry-African Edition (ID-AE): *The Straumann Group has come to Africa as the Straumann Group South Africa. What is the rationale behind the move from a distributorship to a subsidiary in the region?*

Gadola: The market is currently quite interesting. We are talking roughly 60 000 implants which is, from a size point of view, a little smaller than the Swiss market of 75 000 implants. Prices are still relatively high - not only Straumann's - but in general, the market prices of implants are relatively high.

The distributor's view is not the same as having your own subsidiary. They struggle with currency risks, transfer prices, profitability, which leads to a more cautious approach. We have seen in other countries where we have taken over distributorships that if we invest, we will also grow proportionately.

ID-AE: *In relation to the rest of Africa, South Africa is not representative of the rest of the continent, particularly if you look at the number of dentists in relation to the size of the population. Do you believe there is growth potential in the region?*

Gadola: The African market for dental implants still relatively low. We estimate the total number of dental implants placed in the whole continent, including North Africa and South Africa, is roughly 250 000 implants. This is 1% of total implants placed worldwide on a yearly basis, which we estimate at 25 000 000. If you look at the 60 000 placed in South Africa, there is one other market which is larger and that is Egypt. Then comes Morocco, which is also kind of interesting. And that's about it. If you look at Nigeria, for example, they have a population of 80 million-plus, yet we estimate that they only place roughly 20 000 implants annually. Often patients who can afford to have dental implants would rather travel overseas for treatment. Kenya is also an interesting market, with its dental tourism within Africa. But all the other markets are still underdeveloped. There is also a need to train more surgeons in implantology.

Africa is obviously still very underpenetrated. Will it ever be 1 million, 1,5 million or even 2 million in Africa? Maybe. That's why we are focussing not only on the South African market, but by taking over the distributorship, we want to get more traction in the surrounding countries - right up to Kenya, Tanzania, all the markets where we believe there is a reasonable amount of potential.

ID-AE: *Do you foresee any challenges with Africa due to political and economic instability in many countries on the continent?*

Gadola: We obviously believe in Africa, which is why we have taken these steps. South Africa is the base from which we want to expand and get more market share in the surrounding countries. We have business in North Africa, but there we operate through distributorships rather than subsidiaries.

ID-AE: *When was the Straumann Group formed?*

Gadola: Straumann Group was formed over the last 5 years, piece by piece. We fully acquired Neodent in 2015, Medentika in 2014, the co-operation with botiss in 2014.

ID-AE: *Are there plans for further expansion?*

Gadola: Oh yes - but I can't reveal anything yet! We are obviously looking to grow organically on one hand, and on the other hand, to continue growth through acquisitions.

In the past 5 years at Straumann (which is why we have been growing 4 to 5 times as fast as the total market), we have increased the addressable market by a factor of almost 10. Looking back to where we were at the end of 2012, we were actually a parallel-walled, premium dental implant company, with some Straumann Bone Ceramic/Emdogain.

Today we can offer dentists everything they need to replace missing teeth, including pre-operative planning, intra-oral scanning, chairside mills, blocks, not only parallel-walled, not only premium implants, but the whole range of biomaterials - and now orthodontics. We are addressing a market that is now worth more than CHF10-billion - and that's the reason for our growth.

On top of that, one dimension is the portfolio, but we also need to sell these products through the corresponding infrastructure. With the number of our own subsidiaries increasing from 28 at the end of 2012 to currently 60 - that has more than doubled. Apart from South Africa, we have recently opened subsidiaries in Turkey, Iran and Russia (two years ago). We are now present in all the most important dental markets through our own subsidiaries. With that combination of product performance enhancement and geographic coverage, this is the reason we have grown a lot more than the competition.

ID-AE: *The Straumann Group has been very active in acquiring companies, becoming a big global player. A lot of companies who were previously partners, have they now been acquired?*

Gadola: We have bought some, but we don't own all of them. There is still discussion as to which of these companies will be brought in to the African market.

We have made a lot of acquisitions. From a brand point of view, these are our own brands: we have Straumann, (our premium brand), Neodent and Medentika. These are not only implants, but also multi-platform prosthetics. Then we have different brands in India, China and Turkey, France, Taiwan, which are exclusive to those regions.

For example, we own 100% of Dental Wings and 35% of Rapid Shape, both 3-D printing. However, companies such as botiss and Armann Girrbach are partners.

We also have some other partners when it comes to technology. The Novaloc system - 44% participation, 30% of Createch Medical (high end prosthetics), as well as two Korean companies where we source some of the biomaterials under the Straumann group umbrella.

ID-AE: *Orthodontics is now very much part of treatment plans/workflows. How is the Straumann group involved in this field of treatment?*

Gadola: We have now entered the orthodontic field, having acquired a company by the name of ClearCorrect, manufacturers of clear aligners (still under discussion for Africa). The move by the Straumann Group to orthodontics is a big one - it is a totally different field for traditional implantologists. We see it as a journey of the patient. With orthodontics you're getting into an earlier phase, which starts from as early as age 10. Adult orthodontics is now also a new, big field

We can now offer an entire treatment plan. In almost 30% of all cases, teeth need to be removed before implants can be placed, so ortho is actually a logical step - first move the teeth into the correct position and then do the implant procedure. Clear aligners are also aimed more at the general practitioner, which is interesting for us as that is our customer base. The procedure is relatively simple and profitable for GP's, since simple cases can be treated in their own practice. Obviously, complicated cases would be referred to specialist orthodontists. Nowadays, in the US, clear aligners are not regarded as specialist treatment, as are braces and brackets.

Clear aligners are a relatively inexpensive product and could be classed as a consumable. For many patients the treatment is done for aesthetic reasons, not necessarily for a clinical indication - almost like tooth whitening.

We have found that 75% of the global population potentially qualifies for clear aligners. That means 3 out of 4 people have at least 1 or 2 - or many - teeth which are not in the right position. The potential is enormous.

ID-AE: *There is a need for education, more social responsibility from companies in the form of sponsorship at university level. Does the Straumann Group have any plan for that in Africa?*

Gadola: We have just kicked off an interesting approach in Switzerland where a large part of the population cannot afford dental implants (even in Switzerland, which is a rich country). Either they stay with missing teeth or they go for a cheaper solution - for example a 3-unit bridge. We have now established a foundation in Switzerland through which we allow lower income patients access to implant treatment. I could imagine that we could potentially try something similar in South Africa. If you look at a population of 55 million and approximately 60 000 implants placed annually, the penetration is very low, a little bit more than 10%. Implant penetration in South Africa is similar to that of China, which is a rapidly developing market - but still 10 times less than the mature European market.

ID-AE: *Regarding university involvement?*

Gadola: We already do this - in South Africa, where there are 4 dental schools. But it is important to have dental schools teaching implantology at undergraduate level.

On the training side, the Straumann® Smart Training and Education Solution courses start in South Africa in May. Led by Andre van Zyl, Smart 1 and Smart 2 are planned for 2018. These courses also offer clinicians from neighbouring countries the opportunity to train in South Africa.

ID-AE: *Marco Gadola, many thanks for your time and insights. Africa looks forward to the increased participation by the Straumann Group.*