Interview: Kees Smaling – Managing Director, Siemens Healthcare, The Netherlands



12.02.2016

Tags: Pharma, Pharmaceuticals, Siemens, healthcare, Kees Smaling, Data management, Interview, Insight, Exclusive, Free

Kees Smaling, Managing Director of Siemens Healthcare, which recently completed its first Dutch (and European) hospital financing, explains the strategic thinking that sustains Siemens' shift to become a more comprehensive healthcare partner, and its expectations to further develop data management in the Netherlands.

Siemens recently shifted its business model towards a more service-based approach. Could you explain the current positioning of the Dutch affiliate?

In the Netherlands, Siemens started to move its positioning forward almost five years ago in order to become a service company, in a very comprehensive way. We started to deepen this new offering in the Netherlands around five years ago, as we perceived an increasing demand from hospital boards to embark on a broader partnership, which would go far beyond equipment supply and management, in order to fully benefit from Siemens' expertise. We now see our service offering as a very promising growth driver for the Dutch affiliate, while these service contracts are also long-term partnerships that would allow Siemens to deepen its relationship with Dutch healthcare stakeholders and increase our overall contribution to improving the Dutch healthcare system.

Nevertheless, we remain and we will always remain “German engineers”. Our technological expertise and state-of-the art products will always remain our main competitive advantage in comparison to our competitors. Our innovative products also allow us to differentiate our service offerings, which can be seen as an expansion of our expertise in the laboratory environment and in imaging technology, a segment where we are market leaders in the Netherlands. Our machines are at the core of the treatment process and constitute a key part of the overall healthcare chain.

Looking at future developments, our products already produce a huge quantity of data everyday, which we are increasingly able to analyze and investigate to improve early diagnostic and patient outcomes. We want to combine the data coming from imaging and laboratory equipment, and look what added-value we could bring to diagnosis doctors, as a service provider.

Moving from useless data gathering to a true and efficient data-based healthcare system is one of the key topics currently being discussed in the Netherlands to build the healthcare system of the future. Is the current Dutch regulatory framework ready to face this important challenge?

The current regulatory framework is completely blocking healthcare innovation on this side. To some extent, I can understand the anxiety of people and regulators about healthcare data safety, but it cannot justify the fact that we continue to accumulate constraining regulations without adopting a more long-term approach to this problem. Our first priority should revolve around the necessity to ensure that if a company or an individual misuse healthcare data, its punishment will be exemplary – but on the other hand, regulators should be careful to ensure they foster innovation in data management!

This current accumulation of regulations prevents science moving forward in healthcare data analysis. However, everybody agrees that it is one of the most promising options for the future and for potentially tremendously improving patient outcomes. In the close future, thanks to data analysis, we should be able to detect and prevent disease apparition, which currently stands as an unreachable objective if scientists are not able to efficiently work on healthcare data management!

I am nevertheless convinced that it is only a matter of time, and that the situation will steadily move forward. The younger generations are increasingly connected and will probably be eager to welcome this revolution. Furthermore, when patients start to realize that we could be able to better treat patients and even prevent the disease from appearing thanks to data management and cross-analysis, the situation will then move forward really quickly. I deeply believe that people are afraid of the consequences of healthcare data management and currently mainly focus on safety

and data ownership concerns because they don’t realize yet how positive the impact could be to more comprehensively use this data to cure patients.

Recently, Siemens Healthcare has successfully completed the first hospital funding in the Netherlands, with the EWF in the Groningen area. How does this new business model constitute an important step for Siemens in the Netherlands and how will it allow you to stay ahead of your competitors?

Financing this hospital was a direct illustration of the transformation of our business model, based on a more comprehensive and supportive approach toward our healthcare partners. Dutch hospital directors have more and more difficulties in financing their institutes, firstly because of the current scarcity of financing credit available, but also because these hospital directors now have to build up a proper business plan to get the expected financing. Nevertheless, people who decide to work in hospitals primarily want to serve and help patients; and as a matter of fact they are generally not used to dealing with business models.

In this situation, we support them in drawing up these models and in developing new ideas to conceive their hospital management. One of the most important contributions of Siemens could thus be to jointly discuss the opportunities to organize the future hospital workflow and processes in an optimized manner – based on our international expertise and on best practices identified among our extensive costumer-base. Siemens will obviously never interfere in the medical treatment of patients, and we concentrate our efforts on improving the workflow to ultimately impact daily efficiency in hospitals and streamline hospital costs. For the EWF, we indeed went a step further in our collaborative approach, as we decided to finance the hospital, which was something completely new for Siemens in Europe. This hospital financing perfectly illustrates that we are ready to increasingly broaden our service offering in the future. For instance, some hospital directors have already asked me whether we would be able to build their hospital entirely!

Cooperation between the public and private sectors is truly a Dutch specialty, and both pharma and medtech are deeply committed to engaging with patients and public stakeholders. Nevertheless, we have rarely heard about collaborative initiatives between the medtech and pharmaceutical industries. What is your assessment of the situation?

In the Netherlands, it is true that we display an extraordinary level of cooperation. Most of our Dutch universities are among our partners for scientific research and beta testing of new products. We see that research institutions are particularly eager to partner and innovate with a company

like Siemens, and this specificity obviously explains why the Netherlands is a very interesting country for our R&D environment.

Nevertheless, it is true that cooperation between pharma and medtech companies didn't reach the level of partnership that could be expected. Pharmaceutical companies are obviously conducting research studies with our machines, but these researches cannot be considered as proper joint research between Siemens and any pharmaceutical company. However, the study of genomics, where imaging and pharmaceutical treatment are particularly linked, could be a future opportunity to deepen our research partnership with pharmaceutical companies.

What are your ambitions for the company over the next five years?

I hope that in five to ten years' time we can help optimize and – in a way – industrialize healthcare to help the Dutch healthcare system become more cost-effective. Siemens has a very important role to play in supporting its healthcare partners to achieve better hospital operating processes and improving the overall system's efficiency. Hospital boards, medical staff and Siemens all share the same objective: providing patients with better and more efficient treatment.

Siemens truly has a very broad expertise, from outcome performance advising to hospital financing, which has already established the company as a trusted partner of hospital medical staff and boards. Our contribution should help to reorganize healthcare as an efficient system where doctors can essentially focus on science and patient treatment, whereas Siemens would act in a broad and supportive role, with regard to technology, equipment, workflow and technical knowledge. In a mid-term perspective, I would like to be able to say that Siemens truly helps unburden Dutch healthcare providers and fully allows Dutch doctors to focus on treating their patients.

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