Interview: Urs Suter – CEO (Jan 2000 – Dec 2016), Siemens Healthineers, Switzerland



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The CEO of Siemens' Healthineers Switzerland explains the reasons behind the spinoff of the former Siemens AG segment and elaborates how the Healthineers are positioning themselves to become the main driver of global medical technology trends.

In 2015, Siemens made its healthcare segment an independent organization and most recently changed its name to 'Healthineers'. As CEO for 17 years for Siemens Healthcare / Siemens Healthineers in Switzerland, what can you tell us about the reasons for this spin off?

Although independent, the Siemens Healthineers remains for the time being, a 100 percent daughter company of Siemens. Today's market conditions and customer needs have changed all around the globe as they are faced with different questions and obstacles to overcome in their environment. It became obvious that we needed the flexibility to react swiftly and appropriately to our customer's needs, hence why the segment became an independent company under the Siemens umbrella. We are now a flexible player in the medical devices and medical technology market being able to accurately meet the needs of our customers.

The next step seems to be a partial IPO of Healthineers; to what extent will that equip you with more tools to further drive innovation and growth while maintaining this newly gained flexibility and independence?

We have been providing medical devices and laboratory equipment for decades, and our clear ambition is to add a portfolio of services accompanying these devices; services which will also enable our customers to serve their own customers better. We no longer want to be simply seen as a systems provider, but as a total solution provider.

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A significant aspect of these total solution will be a multitude of service options, like running the med tech infrastructure, with different possible ways of investment, for our customer. Indeed, as a world wyda acting company, we are active in both markets with a developed and well established healthcare system and others which lack the finances to afford highly innovative medical equipment. For us, it is evident that we need to establish solutions in order to make our portfolio accessible to all our customers around the globe. Another aspect where total solutions are applicable are larger sized projects our customers wish to undertake. We can support their endeavors in terms of how to set-up the planned infrastructure, how to drive it and furthermore–and most importantly—how to maintain the established infrastructure over its lifetime. Having years of experience in this field, we can provide the right answers and adequate services towards these projects and help our customers succeed.

To what extent have these structural changes allowed you to further drive growth?

They have allowed and will allow us to grow even more to become the leading medical devices company in Switzerland. Having the most innovative product portfolio readily available and our proven ability to partner with our customers have had significant impact on our way to become the leader in Switzerland. By partnering with our customers, we ensure that the equipment is used in the best way possible and is integrated in our customer’s daily routine—this is the formula that makes us successful!

It is of utmost significance to keep in mind, that selling is merely the first step as the decision of the customer to return to us is made within the life cycle of the sold equipment; therefore, our daily business is not about pure sales, it is about forming mutually beneficial partnerships. This aspect is ground laying for the entire industry as building a trusting relationship with your customers –and maintaining this relationship—is simply mandatory.

How significant is the Healthineers business within the operations of the entire Siemens Group of companies in Switzerland?

The Healthineers are highly significant for the label Siemens within the group. We have been active in this market for decades and in collaboration with our partners, we have shaped the medical technology market significantly. Moreover, from a pure business perspective, we fare very well in Switzerland which is obviously important to the overall groups success.

The Healthineers have a vast variety of products and services in its portfolio. Which of these are most in demand in terms of workload and resource allocation?

All the products in our portfolio are highly innovative and have specific advantages which need to be applied to the right disease to get the right results. Therefore, I am proud to say that we enjoy the privilege of having a very balanced portfolio here in Switzerland, in which all segments are significant contributors to our business performance.

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One of the current global trends is big data mining which would enable the medical device industry to go further into prediction of persons at risk of certain diseases thus contributing to better prevention methods. However, this trend has been rather slowly embraced in the past. From your perspective, what needs to be done for this trend to gain momentum?

It is true that our equipment and our systems produce a significant amount of data of which most is not used. However, this is also due to the tight regulations protecting the data as this data remains private. A pathway to make the data available and ultimately use it for the good of the patients would be to randomize and anonymize the data and then place it in a publicly accessible data base. In this way, the data would be handled non-commercially and it would allow to generate a greater picture from which companies such as us could then be able to assess under which circumstances a new innovative idea could contribute to the prevention of certain diseases. Having said that, I however would like to highlight that making the data available and scrutinizing it is only the first step in this process. Once a new method is established, the acquired knowledge must be broken down and become part of the collective knowledge, which is a highly complex process.

What do you believe could be the role of Switzerland in driving this development?

In terms of information volume, it is clear that Switzerland is limited by the size of its population. That being said, the advantage of our data is that it is of high accuracy and quality. I am therefore confident that this is where we can contribute. Furthermore, I believe that all manufacturers in our field could use big data as feedback from which applications could be derived from, that could in

turn handle this acquired data and automatically analyze it for diagnostic purposes. This however does not mean that –specifically not in the near future—such systems will be able to replace the physician. Overall, there are many discussions surrounding trends such as big data, or personalized medicine for instance, nonetheless there is still a lot of progress and work to be done until we can transform these trends into reality.

To what extent can the Healthineers be the facilitator and leading force behind this trend?

Precisely this is one of our targets; nonetheless, as aforementioned, we are aware that we still have a lot of work to accomplish this. For now, we have always been specialized in diagnostics and our intention is to move one step ahead and become more active in immediate treatment, especially as today, surgery techniques are no longer invasive and intelligent systems have a visible picture of what exactly is happening. This supports enhanced use of minimal invasive surgery which is additionally a method of lowering costs. We have identified this as another way in which we focus our efforts: on equipping our customers with the right tools to achieve better service to their own clients and therefore, how Siemens can contribute to the overall healthcare system.

According to FASMED, the Swiss medical devices market is currently facing significant cost and market access pressure. How do you navigate through these challenges?

In fact, there are a variety of challenges in the local market, mostly due to the constant additions of new regulations within our segment. This increased regulatory framework is related to further protecting patients, thereby ensuring this market is controlled; and also, because higher quality demand changes the ways in which quality is measured—which simply raises the minimum standard. In today’s healthcare environment, this has become more of a political question to find the right balance in between high quality standards and affordable healthcare. Consequently, we are asked to raise quality while containing costs – in Switzerland just as well. In fact, we are the second most expensive in terms of costs of the system just behind the US, therefore as company we are subject to significant cost pressure within the healthcare sphere of Switzerland.

Despite these challenges, Switzerland seems to remain the European heart of the medical device industry with over 1450 medical device companies. What are the benefits Switzerland offers to medical device companies which makes it ‘the country to be in’?

There is a high level of pioneering left within the sector and Switzerland offers an environment in which new directions of medical technology and medical devices can be explored. Moreover, in our

domain, mass production is atypical. Right on the contrary, smaller production of highly specialized technologies is the general direction. This is also where—as a company—we can be successful having the pioneering, engineering and health aspect in mind.

Given the vast number of medical device companies and the fact that this sector is tightly regulated, how do you differentiate yourself from your competition?

By being at our customer's side, understanding the genuine needs and satisfying those. For instance, very recently, we developed a new platform for laboratory diagnostics. Part of the developing phase was to interview over 100 of our existing customers to precisely understand their needs and expectations and ensure the new platform will satisfy their needs and meet their expectations. Our customers received the product very well and were highly appreciative about the procedure. Including our customers in the development process of new products also brings the benefit of having decades of experience coming together to collaboratively find needed solutions.

Looking back at your 17 years as CEO of Siemens Healthcare / Healthineers, what would you regard as the three points you are most proud of?

Most importantly I am very proud of the way we work with our customers, which is characterized by an open mindset and trusting relationships. I can genuinely look back onto my 17 years as CEO and note that there has never been an open dispute with a customer; we were always able find sustainable solutions together. These two points create my third: stability. I am not the only one who has spent many years working for Siemens Healthineers—I have colleagues who have been here for 40 years! Being part of this organization is what makes me proud.

Finally, I have always found my work meaningful. At Siemens Healthineers, we want to make healthcare providers succeed in an ever-changing healthcare industry by being the partner of choice in helping them deliver better outcomes for their patients. Our ultimate aim is better quality of life and better medical pathways for patients, and I do find that very rewarding to find myself "useful".

A few words to conclude?

I would like to highlight, that in Switzerland we have a splendid and exciting industry, that we are powerful in this industry and that collaboratively, we have to work on remaining at the leading edge in the life sciences sector – for the benefit of Switzerland and for the local industry to remain at the pole position!

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