Interview: Steven Lee – Country Lead, Siemens Healthineers Indonesia



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Steven Lee, country lead at Siemens Healthineers Indonesia, expands on the strategic change that the company is undergoing in order to fully capture the potential of the Indonesian public and private market.

In 2015, Siemens made its healthcare unit an independent organization and just a year ago changed its name to 'Healthineers'. How has this evolution impacted your operations in Indonesia?

For our clients, the change is not obviously seen as we still provide them with the same set of services as before. Nevertheless, on an internal level, the change has been more substantial and it has considerably enhanced our flexibility enabling us to carry out a specific Healthineers strategy as well as shortening the internal bureaucracy that accompanied any strategic decision in the past. In fact, the freedom that has been granted to us by establishing the independence of our healthcare division is extremely helpful in quickly adapting our strategy to current as well as upcoming trends, which is a key to success in emerging markets like Indonesia.

Due to the shortage of financial resources at the government level, Public Private Partnerships (PPPs) hold great potential for the Indonesian healthcare system. How is Siemens collaborating with public stakeholders to remain at the forefront of national

needs?

We have a solid relationship with the Public Procurement Agency of Indonesia (LKPP), which is in turn a strong supporter of JKN (universal healthcare coverage). In this sense, most of our products that are suitable for the Indonesian market are already listed within the e-catalogue, one of the most successful projects of LKPP to procure the public market in a more efficient as well as transparent way.

That being said, the government has increased the healthcare expenditure, which boosted the buying power of public hospitals. This trend is an opportunity for Siemens Healthineers to bring more innovations to the Indonesian market. I am proud to confirm that we are now able to provide both private and public hospitals with state of the art equipment.

However, having your products listed within the e-catalogue does not automatically guarantee good market access due multiple factors: the large population, the archipelago geography, and the shortages in infrastructure. Therefore, we need to carefully craft a holistic strategy in order to enlarge our foothold in the market. Our after-sales services as well as our constant effort to find the right partners to collaborate in reaching the remotest area in the country are what give us the customer proximity needed to approach the market.

What influence does the increasing importance of the public market have on your bottom line?

At Siemens Healthineers, our current major customer is the government sector as a consequence of the universal healthcare rollout. Indeed, since JKN has drastically increased market access, more and more patients visit hospitals that in turn need more sophisticated equipment. JKN is one of the game changers for the national healthcare industry, occasioning an interesting shift from the private to the public sector in terms of importance in revenues.

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Nonetheless, the private market remains strong in our business, although with a change in strategy. We are increasingly focusing our actions on the middle and upper-middle class private market. We aim to retain those patients that are undergoing treatment abroad by offering them higher standards in technology and innovation in Indonesian hospitals. I am proud to confirm that Siemens has the capacity to provide the needed up-scale equipment required by such re-focusing.

In the same vein, the discussion often revolves around the short-term costs versus the long-term benefits of medical devices and the improvement of life quality they can

bring to patients. What is your assessment of this discussion on the ground in Indonesia?

The discussion is very present in Indonesia, mainly in our relationship with the government. We view it as our mission to demonstrate the mid- to long-term benefits in patient care and the overall reduction of treatment cost as a result of our value-based services to the government.

We actively work on several PPPs involving our business partners to join forces and tackle some of the inherent challenges we are facing in Indonesia. In my opinion, embracing other stakeholders as well as identifying those areas in which we can make a difference is the way to advance in these types of discussions with the government.

What trends have you identified in Indonesia's medical device market over the last years?

There has been a clear evolution over the last 15 years in Indonesia. While previously our customers requested very standard quality equipment, they are now looking for higher quality solutions. The reason is that now they are competing not only amongst local players but also they need to be able to keep up with the international quality standards to counteract the existing medical tourism in Indonesia where patients flock to other countries such as Singapore or Malaysia for treatment. As such, Indonesia is actually the country exporting the largest number of patients within the region. The industry as well as the government are fully aware of this patient outflow and both parties are decisively increasing the service quality in order to retain the middle to upper-middle class patients in the country.

As a result, we carefully consider this trend our strategy for Indonesia. We try to implement more integral solutions by adding value to our products, so that does not only encompass the product itself but a thorough expertise and service coverage post-sales. We are shifting from our traditional, very product-oriented approach to move towards a more holistic one. We aim to be positioned as a healthcare solutions provider rather than piece-by-piece equipment seller.

What is Siemens Healthineers' strategy to become the partner of choice for your clients in Indonesia?

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At Siemens Healthineers, we currently have one of the broadest product portfolios in the market, offering in vivo and in vitro solutions, which is not common within the industry. We therefore combine our diagnostic imaging with the laboratory diagnostic unit, delivering unique results and

innovative solutions to our clients.

Our strategy also includes a very adapted, segmented approach to the needs of our customers. We wish to provide the most suitable products according to their needs. We closely work with our clients in order to fully understand their requirements and help them to undertake the most sustainable investments. This approach strengthens our positioning as a strategic and trusted partner for our customers.

And what earns you the trust of your very diverse clients?

When building partnerships with clients, we do not simply sell equipment but also we try to ensure that the advice and education aligns accordingly to fully tap into their needs. The real collaboration actually starts once the product has been sold, as the after-sales part of the deal often results into being the most important one. In fact, our client relationships are very long since our products have general life expectancies of minimum seven to eight years. It is important to consider that our clients are making an important investment int0 one of our products, sometimes substantially higher than our competitors. Therefore, we do everything in our power to ensure that our clients have the best possible experience with the equipment acquisition.

Medical education plays an important role in the equipment industry to ensure that end-users are properly using the devices and take advantage of its maximum potential. How is Siemens Healthineers helping its clients to take advantage of its solutions?

One of the aspects we focus on as Siemens Healthineers is education and we are committed to familiarising our clients with the latest technology we provide to them. We integrally educate the end users such as operators, technicians and so on. Hence, we have one of the strongest application specialist workforces in Indonesia. Furthermore, we intensively collaborate with associations by organising workshops in which we directly bring our technology to the current as well as potential customers on a regular basis.

I believe that customer proximity is key and we try to collaborate closely and efficiently with our entire client community. As an example, we work tightly with the community of radiologists in Indonesia providing them with the latest medical education.

Siemens Healthineers has been in Indonesia since the 1970s. What would you like to add to such a longstanding footprint?

Siemens has a history of more than 150 years in Indonesia, and its healthcare division came to the country in the 1970s. With such a long-standing commitment, we now want to not only maintain

our position as one of the strongest players within the market but also become the largest healthcare provider in Indonesia.

Although Indonesia plays a strategic and important role for Siemens Healthineers within the ASEAN region, there is still much room for improvement in the country if we wish to position Indonesia as a leading affiliate within the Siemens Healthineers regional footprint. However, we take a positive outlook on the huge opportunities in Indonesia and we expect to take advantage of them in collaboration with the Indonesian government as well as serving the growth of the private sector.

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