Interview: Robert Chagalian – Head of Sales and Service of Medical Equipment Department, Siemens Healthineers Ukraine



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Robert Chagalian, country manager of Siemens Healthineers Ukraine, provides a fascinating insight into the 165-year long presence of Siemens on the Ukrainian market, whilst highlighting the strong commitment of the German champion to tirelessly enhance Ukraine's health ecosystem thanks to its comprehensive product and services offering, its cutting-edge technology, as well as its global healthcare expertise.

In 2015, Siemens made its healthcare segment an independent organization and most recently changed its name to 'Healthineers'. To start off, can you introduce Siemens Healthineers Ukraine to our international readers?

Siemens' presence in Ukraine was established 165 years ago, when – on the eve of Russian-Turkish war – there was a need for operational communications between the theater of war in Crimea and Saint Petersburg, and Siemens won the contract for laying a telegraph line from Saint Petersburg to Sevastopol via Moscow, Kiev, Odessa, Kherson and Simferopol. A few decades later Siemens also received orders for electrical equipment installation at municipal transport and electric power plants in Kiev and other Ukrainian cities as well as equipping telephone exchanges in Odessa. Even though this had nothing to do with healthcare at the time, the company quickly realized the potential of this industry in Ukraine. A new page of Siemens history in Ukraine started in 1992, as –

just a year after Ukraine's independence was proclaimed – Siemens' representative office in Ukraine was open. In this regard, we proudly stand as one of the few medtech companies holding such a long-standing footprint in the country.

In July 2016, Siemens' healthcare division indeed became a separate, independent legal entity, called Siemens Healthineers. Although independent, Siemens Healthineers Ukraine remains part of the Siemens family, sharing support functions and expertise with the other divisions of the group at the local and global levels. The essence and reason behind the separation is to grant us more entrepreneurial freedom to swiftly make decisions and adapt our strategies at the global level, which is even more crucial in volatile, emerging markets like Ukraine.

Despite several crises Siemens had faced in Ukraine since the country's independence, including the financial crisis of 1998, the first revolution of 2004, the financial crisis of 2008, and the geopolitical and economic turmoil that followed the 2013 Revolution, it is worth highlighting that Siemens has never ever considered pulling out and leaving Ukraine. Even if it took time to see the market's potential, we feel ourselves very committed to this market, and we are here to stay for the long term.

You took over as head of Siemens Healthineers during this very challenging time that followed the 2013 Revolution, what strategic priorities did you set for yourself and for the newly established Siemens Healthineers Ukraine ?

Unquestionably, the main priority for me was to develop the successful business in Ukraine for the Siemens group. In order to do so, we focused our efforts on helping our customers through provision of cutting edge technology, most innovative equipment and our expertise. Furthermore, we enjoy sharing our experience and know-how, for instance to help setting up modern processes among medical institutions such as private clinics and hospitals, which make up around 80 percent of our customers in Ukraine.

What sets us apart from our competitors is that Siemens does not consider itself as only medical device vendors, or simply a commercial, transactional entity. Furthermore, we do not limit our expertise only to consulting doctors on the choice of the equipment; we go beyond and communicate with C level leaders, in order to help improve clinics' and hospitals' standards and processes.

In this regard, it is absolutely crucial to adapt Siemens' global expertise to the specific market conditions encountered at the local level. For example, in the current Ukrainian market, budgetary restrictions are quite severe, in both the public and private sectors; hence, cost is a crucial factor.

This is also an area where we believe we could help our customers. In order to have a broader view, we for example help our customers assess the total cost comprising the ownership of the equipment, the training of the personnel, the maintenance, instead of focusing entirely on the immediate price of the equipment.

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When our colleagues recently met with Elisabeth Staudinger, President of Asia Pacific division of Siemens Healthineers, in Singapore, she gave us the example of a newly built Australian hospital for which Siemens procure, install, and manage the entire base of medical devices, which goes far beyond the company's standard calling. Would it be possible to replicate such innovative approach in Ukraine?

It is not impossible; however, it is quite difficult to achieve, as often customers are reluctant to rely on one provider. Nevertheless, I believe this is inevitable in the future and Siemens will continue to move beyond our portfolio in terms of planning, project management as well as maintenance. At the end of the day, being able to provide services and maintenance to the entire site would bring significant advantages for our customers. Nevertheless, moving toward this objective in Ukraine will involve a lot of training and education efforts, while we are also facing resistance from other medtech companies operating in the country.

In March 2015, the World Bank approved a USD214.73 million loan for the "Serving People, Improving Health" Project in Ukraine, which notably aims to support the implementation of reforms and improved service delivery in Ukraine's health sector. What is your assessment of this program?

This project, which holds a special focus on primary and secondary prevention of cardiovascular diseases and cancer and aims to enhance efficiency of the overall health care system, is particularly interesting. Actually, the amount of the loan that you mentioned is divided into different strategic areas, the purchasing of new medical equipment being one of them but not the largest one budget wise.

One of the main focuses of this program is also to renovate and upgrade existing medical infrastructure in the country, as most of them were constructed in the 60s, which often poses problems in terms of radiation shielding. In this regard, I am very proud to say that Siemens was one of the first companies to take this problem very seriously, as we have focused a lot of our efforts on getting the same image quality while lowering radiation dose for the patient as much as possible. Radiation is never good, and the lower the dose, the better it is for the patient and

healthcare professionals.

How do you adapt Siemens' product portfolio to cope with the budget limitations that still characterize Ukraine's public and private health sectors?

Siemens is one of the few medical devices companies that boast a very broad product offering in all diagnostic and imaging fields. Furthermore, Siemens' recent acquisition of several diagnostic companies, including Bayer Diagnostics, allows us to merge instrumental diagnostics and laboratory scans in order to provide doctors with clearer, higher quality diagnostic images then ever, which ultimately enables more precise treatment approaches.

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In terms of product portfolio, in Ukraine we focus primarily on the low budget segment. Our offering of refurbished equipment has also proven itself being very successful locally, although it is only available to private hospitals because of the current regulations. In our opinion, a change allowing medtech manufacturers to sell refurbished equipment to public hospitals would therefore allow Ukraine's Ministry of Health to save a significant share of their budget dedicated to the purchasing of medical equipment while ensuring a larger number of Ukrainian hospitals hold high-quality, modern medical devices.

In this regard, I regret that unfortunate misconceptions are still surrounding refurbished products in Ukraine. I then want to highlight that Siemens offers the exact same level warranty and maintenance commitment for both refurbished and brand new products. Refurbished equipment actually goes through several stages of a very strict compliance and maintenance process before being sold to new customers, and we continue supporting our customers even after the production of a given product is eventually stopped.

In Ukraine, Siemens' commitment to tailor our offering to the exact needs and resources of our customers also means that we closely assist them when it comes to choosing the right equipment to acquire. In this regard, some products are better suited for small clinics which serve 10-15 patients a day, while others are aimed for clinics that hand 100+ patients a day. Purchasing the right equipment for a given healthcare facility is absolutely crucial, as it has a direct impact on the health center's capacity to improve its diagnostic and treatment capacity.

Before joining Siemens and taking over the helm of Siemens Healthineers, you notably worked in the banking industry. What excites you the most about this new chapter of your career?

When working in the banking field, I used to struggle explaining my job to my kids – the older one is now twelve, the younger is six. Now, I can tell them that my job is to help people live longer and healthier lives, which is how I would describe our daily mission and contribution as Siemens Healthineers. In this regard, big part of the credit also goes to the R&D teams that are developing the new technologies that make Siemens a true leader in the healthcare field. In the grand scheme of things, I find it very satisfying to believe that Ukrainians are earlier, better and more precisely diagnosed thanks to our unique products, our enduring commitment, and the remarkable added value we strive to offer in Ukraine.

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