# David Hadley – CEO, Mediclinic Middle East



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*Mediclinic Middle East, the largest private healthcare group in the UAE, is betting on the continuum of care to continue thriving in a highly competitive market. CEO David Hadley explains the company's presence in the country, with seven hospitals and 21 clinics, and provides insights into the UAE healthcare industry's main challenges and opportunities.*

**Mediclinic Middle East can boast about being the largest private healthcare group in the region. Could you introduce Mediclinic's structure and presence in the region?**

Mediclinic is an international healthcare group listed on the London Stock Exchange. The group started in the early 1980s, was listed in the Johannesburg Stock Exchange in 1986, and today we have 54 hospitals in South Africa. In the early 2000s, after we tried to acquire one of the other big healthcare groups in South Africa, we realized that we had to go abroad to continue growing. In 2005, we came across an opportunity in the Middle East and the decision was made to acquire a controlling interest in Emirates Healthcare Ltd, followed by the acquisition of the remaining minority interest in 2012. In 2007, Mediclinic also bought around 12 hospitals in Switzerland which makes us the biggest private operator in the country with 18 hospitals, known by the name Hirslanden Private Hospital Group. Also, in 2015 we bought a 30 percent stake in the Spire Healthcare Group, which has 38 hospitals in the UK.

Talking about our presence in the United Arab Emirates, after we took over management control of Emirates Healthcare, the company built Mediclinic City Hospital in Dubai Healthcare City, acquired more clinics and has enjoyed healthy growth over the years. When we first entered the market, we realized that the healthcare system in the country was nascent, still developing, and that the UAE was not particularly known for the quality of its healthcare, which meant that people were going abroad to get treated.

For Mediclinic, 2016 was an inflection point after acquiring Abu Dhabi-based Al Noor Hospitals Group, which came with many operational challenges that we had to fix; we ended up changing over 1,000 people and divesting 17 different facilities. Mediclinic is a relatively young brand but we have achieved “super brand” status in four out of the last five years. We have rebranded Al Noor to Mediclinic and enjoy a great reputation in the industry with seven hospitals and 21 clinics. For example, Mediclinic Airport Road Hospital in Abu Dhabi is about to double in size in the next few months with a comprehensive cancer centre. All of our returns have been reinvested in the country because we believe in the long-term sustainability of the UAE and the healthcare system. We differentiate by being an ethical provider.

**Mediclinic Middle East recently completed its first company-wide Joint Commission International (JCI) accreditation. How big of a milestone is it for the group and in what ways does it separate you from the competition?**

Most providers will do JCI accreditations per facility and we did it for the whole company in the Middle East, which made us the first private provider to ever do so. That means that if a patient gets transferred from Mediclinic City Hospital to Mediclinic Airport Road Hospital, we do not need to learn new policies; it might sound obvious, but most companies have different approaches within their hospitals. It makes our operations run more efficiently and it is also a recognition of Mediclinic’s commitment to safety and quality.

**What are some of the most pressing challenges being faced by the UAE’s healthcare system?**

To really understand what’s going on, you first need to look at the macro factors. The economy has struggled as of late; it is not booming as it was between 2011 and 2014. In 2011, everyone was doing great in the market, the economy was flourishing, and many decided to invest in hospitals

because they thought that it was easy money. Following that logic, a lot of new providers came into the market but are not doing as they expected. The industry has seen four hospitals close in the last year and quite a few are trying to sell; only the big groups are really surviving and will be able to compete in the long-term. The situation in Abu Dhabi is similar to Dubai, if not worse. There are essentially three providers in Abu Dhabi: NMC, VPS and Mediclinic, plus the government with Cleveland Clinic and Shaikh Shakhbout Medical City. At the moment, there is an oversupply of hospital beds in the UAE.

You do not have to be a rocket scientist to see that almost every industry is struggling in the country. Read all the fundamentals: negative inflation, GDP growth resembles that of an over-developed economy, and oil prices are at around $60. The income is a lot less and you can see it, housing prices have decreased significantly over the past three years and hotel occupancy is at the lowest ever, for example.

**One of the possible solutions being mentioned to address the hospital industry's struggles is attracting more medical tourism, do you see that as a solution?**

We support the government in their initiatives for medical tourism but I have been quite outspoken in saying that we need to face the realities of what medical tourism really is. If you just step back from the strategy for a second, people go for medical tourism for one of three reasons: the first one is cost, but the biggest cost-driver in healthcare is salaries, not for pharmaceutical companies but service providers. The UAE has a GDP per capita of around 40,000 US dollars, which means that the salaries are five times what they are in India or Thailand. We will never be able to compete with those countries in terms of cost because we have to pay significantly more for personnel. The second aspect is quality and we do have high-quality standards, but if patients can afford to come here, they will also have the option to go to the UK, Switzerland or the United States; some of those countries have a reputation of more than 100 years of quality. It is very difficult to attract patients based on quality, but I do believe that it should be our long-term goal; that means not only the quality of care, but also of the whole package because we have great accommodation and it is a great place to be. The third reason is the lack of access in your home country. In my opinion, quality is the one we need to focus on, even though there is great competition around the world. We have a full-time person working on medical tourism and it is part of our strategy, but not the core of it. It is also important to understand how medical tourism figures are being obtained because patients going from Abu Dhabi to Dubai might be included in the numbers; medical tourism should be counted in terms of medical tourism visas.

**What opportunities do you see for the UAE going forward?**

I do believe in the economy because of the diversification going on. The Expo 2020, for example, is all about innovation and they are making themselves a very attractive place for innovative companies and products. I would not be surprised if self-driving cars came here first. I believe that Dubai will diversify into innovation and will succeed because it is a great place to live. Abu Dhabi has a bigger opportunity because they are only just starting to diversify their economy; 80 percent of the revenues come from oil. Abu Dhabi has serious wealth and is also looking at tourism with the Louvre and Ferrari World. Their diversification is most likely going to be in production and factories, making it a very attractive place to bring production. We do believe in the economy; the leadership is highly focused on doing well for the country and not worried about winning elections. For healthcare, I think there will be more consolidation and Mediclinic will look at other local players to consolidate even further. Moreover, there is going to be a change in the way healthcare is delivered, from the traditional setting of seeing a doctor in a hospital, to more day-care, outpatients and long-term care. Mediclinic is looking at the continuum of care for new opportunities, and we are about to open the first precision medicine lab in the country looking at the genome to do personalized medicine.

**You have devoted almost your entire career to Mediclinic, more than 27 years. What drives you to continue working in the sector and especially with Mediclinic?**

I have been at Mediclinic since I left school. When you join an organization, it is important to look beyond salary and understand the values of the organization to see if they align with your own. Mediclinic’s ethical approach to medicine, focusing on people and employees, has been the main reason to continue. We are very proud of our employee turnover rate; we do not always pay the highest, but we look after our team.

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