# Interview with David Utama, President & CEO, GE Healthcare

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Tags: GE Healthcare

There has been much hype about emerging markets, especially those in Asia. How important are these markets for GE and what are your respective goals for the next three years?

Every company will tell you that emerging markets are an opportunity, otherwise they would not be called emerging markets. From GE's standpoint and not only in healthcare— ASEAN has been a growing region.

Looking specifically at healthcare needs, they are one of the biggest needs of the region, specifically in healthcare.

ASEAN is really trying to build this infrastructure. Medical tourism has been big in this part of the world, predominantly driven by Singapore, Thailand and Malaysia. Overall, healthcare infrastructure is getting a lot of attention from the market itself, from people seeking better healthcare treatment, and from governments.

How is GE's approach to healthcare unique?

Overall, from a GE standpoint, "healthymagination" is how we approach healthcare. The three pillars of healthymagination are improving "access," "quality" and "affordability" and it truly applies to the basic needs of healthcare challenges.

For example, with access – if we can improve access by about 15% every year, we could reach out to 100 million more people. GE Healthcare is participating heavily in the global need, especially in this region. We make our product to be more accessible. For example, Vscan is a scanning device based on ultrasound technology. It is literally the size of a mobile phone and is battery operated. In the past, if people needed to have a scan, they had to go to a facility or travel a long time to get it done. One of the challenges in Southeast Asia is that, despite all the cities, 45% of people live in rural areas. So reaching the people will always be a challenge. Vscan is one of the healthymagination products that will help provide access. You can do home visits and you can go to rural sites.

Our target is to come up with about 100 healthymagination products in those three categories: affordability, quality and access. Out of the 100, healthymagination is close to about 50 products already launched.

Also, all of our products are evaluated by an independent third party, Oxford Analytica. Essentially, Oxford Analytica has about 1,000 PhDs, and every product that is certified as healthymagination has to be validated, which ensure that they meet the requirements of the three pillars.

Ms. Cheong of BD discussed how “market appropriate products” are integral for success in Asia’s emerging markets. How are GE products “market appropriate”?

GE invested about $6 billion USD into healthymagination, of which $3 billion was contributed to R&D. For sure, we will continue to come up with products that meet the need. From my personal view, being a GE employee, healthymagination is not a campaign, it is really a global program that GE funds and is dedicated to help solving the world’s problems.

Our products are really developed to address the local needs and the local market. Vscan was launched in September in the Indonesian language. We also have plans to develop the local version in the Philippines as well as in Vietnam.

GE has come out with a very innovative approach on how to tackle the emerging markets, not only with products, but also with financial mechanisms like the one recently launched in Indonesia. How does this work?

Hospitals or clinics in rural areas do not really have a budget, but the big healthcare institutions may have a budget to buy. In the rural setting, with small clinics or even private doctors, sometimes their challenge is purchasing equipment.

When we looked into this rural segment and how we could help, as part of healthymagination and providing access, we found a partner – BNI 46, a local Indonesian government bank – that has the same view, values and vision as GE in trying to improve the healthcare sector. We are grateful because BNI 46 is one of the largest public banks in Indonesia and they have more than a thousand branches throughout the country. What we have organized with them is a credit card with a certain credit limit that will be issued to doctors or healthcare practitioners. BNI will do the qualification. The purpose of this financial structure is for the individual that is given the credit card to be able to purchase GE products.

Normally the challenge for healthcare practitioners is not cash flow, because they have a good base of operations. The challenge is buying for the first time. So we worked with BNI to see if they want to engage in certain terms, such as a one-year purchase. They can do an installment program over the year where we absorb the interest. Then if they want to go beyond one year, there is a good scheme with very low interest.

Are there plans to replicate this model in other countries?

We are studying it and are looking into how this can evolve and how beneficial this is to the market and to the industry. We are the first one to do this and we already have requests in some other places, but we want to make sure that the model is being done properly and is effective before we rush to translate.

However, financing is just an element. Deploying the whole delivery system so that it is beneficial to the industry, to the market, to the consumer, and to the customer is going to be very critical. It is not just about selling. How do you want to equip them? How can they be trained? How can the system be done properly? How is the whole system supporting this? These are the types of questions that need to be asked.

Why did GE Healthcare choose Singapore?

We do not have R&D or manufacturing facilities here, but Singapore is the headquarters of ASEAN. This office houses 300-400 people that support the region. However, we also have our operations in every country within ASEAN.

Singapore as a country is more advanced in terms of healthcare infrastructure than neighbouring countries. As a result, we learned a lot from Singapore. Singapore is no longer a developing country, it is a hub and has become a showcase.

What is ASEAN 500 and how does it pertain to building up the company?

The way I describe ASEAN 500 through the business is all about taking the leadership to the next level. Building leadership is definitely very critical and essential. It is so local it requires the team to be on the ground at once and to make the right decisions, which needs to take place today, otherwise it will not be successful.

I think within a few years we should be able to build the leadership to the next level, meaning that the business has the capability and the capacity to run the operation and make the right business decisions for GE in the local countries.

The term localization is sometimes being over-used. What does it mean? Localization is not just about hiring local people, but about equipping the leadership at the local level, where they can make the right decisions for the business locally.

If we do not capitalize on taking the leadership to the next level within Southeast Asia, every decision is going to be made outside of Southeast Asia. That is not right, since speed is important. Speed is reacting and supporting and anticipating. That is operations. If you cannot keep up with the speed, you do not have operations. It is a question of whether the organization has the capability to make the correct local decision. As a result, leadership to the next level is going to be very critical.

Another aspect of ASEAN 500 is taking the business to half a billion. In GE, at the end of the day, we are running a business and we have a P&L. There is revenue growth that we are projecting or that we have achieved, we have costs that we maintain, and we have a bottom line which we call profits. It is an easy discussion. As long as we maintain certain leverage between our profit and our revenue growth, then we can invest. However, if we continue to deleverage heavily, why would we want to invest? We have a responsibility in managing our operations to maintain the ratio of profitability with growth. We have been growing double-digits for the quarters I have been with the company – two years plus. We have been growing 20 plus % year after year.

The reason I do not answer the “when” and the “how” part of ASEAN 500 is because the answers are there. However, the bigger question is, if I say by 2015 we become that, people will wait for the big moment and wait for the changes that GE Healthcare will undergo to the organization and then will adjust, which is what I am trying to avoid. That is why the changes cannot happen in 2015. The changes need to happen now.

Is talent a challenge for GE?

Talent is always a common challenge. If we just say, talent is a challenge, does that mean that we cannot grow? The minute you make talent a problem, you are done. Because then what does it mean to the operation? You have to solve it. You have to have a system and you have to have a balanced acquisition team that is just fully focused on that. You have to be able to attract people that want to work with you and at the end of the day you have to be a winning business. If you cannot be a winning business, the talent will move away.

That is true particularly in the healthcare sector today, which is growing so rapidly, not just with a company like GE. Even with hospitals. I think publications say that Indonesia is short of 1,000 hospitals. Therefore, you are going to start building 1,000 hospitals. It is easy to build, but you have to make sure you know how to run them, and you have the right people.

What are the main challenges in emerging markets?

The challenge with ASEAN is how fast you can build back the basics. The challenge is not whether there are opportunities.

In a developed country like the US, or Japan, I think the challenge is finding growth. They spend a lot of time thinking about boxes being adjacencies of growth as one box, and space for growth as another box. However, with a region like ASEAN, there are adjacencies or new space for growth everywhere. Growth and opportunity is knocking on your door every day.

Our challenge is how we can convert the opportunity and make it a reality. Otherwise, the opportunity continues to be a promise that you will not be able to deliver, because you just do not have any means to support it in a sustainable manner. Some good deals could be closed, but the minute the deals grow, there are no operations to support them.

As a company, the challenge is how fast you can restore your basic operations that can support sustainable growth. That is the issue in emerging markets.

How does GE supplement its products?

We help with the planning, with building the infrastructure, with designs and we help with certain involvement to the point of, for example, financing.

GE, in the healthcare sector, is one of the few global companies that have a very complete portfolio. We have medical equipment, from diagnostic imaging, to devices like life care solutions, and ultrasound. We have the full portfolio of a healthcare company, and we also have life sciences and medical diagnostics.

The question today is how we can be partners, in the public or the private sector, in order to build back the healthcare industry. We truly spend a lot of time in building our operating capability, through stable operations and through the investments that we are making.

GE is a great company that will always develop good products. That is because our commitment to R&D is so big on a yearly basis that we will always develop products, which are meeting the needs. When it comes to customer satisfaction in the region, it is the service provided. Service cannot be owned by headquarters. Service is a local operation. Service is the ability of the organization to react and respond and to guarantee that the after-sales service – the maintenance of the equipment, the up-time of the equipment, the replacement of spare parts – has to be at the level of customer expectation or better.

Do you find a big difference between leaders in the United States and Asian leaders?

I do not classify being Asian as a disadvantage from being Western. I think it is more in the way they are perceived. Leadership is something that everyone can learn, and close the gap. The question is not about how big or how small you are. It is whether you recognise the gap to overcome and get to the next level. The question is “how much time do you want to spend developing the needs?” Once you develop, then you start demonstrating it in your behaviour and that is when you start generating good leaders.

What will we find in five years in GE ASEAN?

I think you will find that we have broken through the market. You will see that the organization is able to drive the right business decisions for the business and for GE in general. You will see the talent and the leadership has already gone to the next level.

What keeps you motivated?

Having the opportunity to make ASEAN shine. In the past, there had been a lot of growth stories, but I did not see growth materialize. The challenge for an emerging market like us in the past was “You guys talk so much about growth but you do not demonstrate it.”

I believe it is the time for ASEAN—growth is no longer a problem. The question today is who is going to be first in establishing their operations. It is not simply about growth. Particularly in healthcare— growth is everywhere; opportunity is big. The problem is delivering, and delivering is all about the operation. Any company that cannot restore the operation at the level of the developed countries will be behind. Any company that is able to restore the operation to its fullest capacity and capability is going to be ahead.

What is your final message for our readers?

Pharmaceuticals and healthcare are the most regulated industries. The question is how can we be an advocate to the government or whoever needs the support? How can we address the shortages that every country or every industry has – such as the healthcare infrastructure? It is a real challenge.

So far we have been doing well. We are not a big organization – we only have ten countries. I am happy with the impact that we have started making in our people and in our leaders. Leadership does not mean you have to be a CEO or a senior manager. Everyone at every level needs to have a leadership skill set and a capability of how they can develop. At some point, everyone has an impact on the organization because of their decision-making process.

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