

Francis Van Parys - President & CEO, GE Healthcare Korea



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Tags: [Korea](#), [Medtech](#), [GE Healthcare](#), [Digitalization](#)

* This interview was conducted before GE's announcement of its divestment of the GE Biopharma business

Francis Van Parys, president & CEO of GE Healthcare Korea discusses their ambitions to roll out further AI-powered solutions to within the Korean market and their manufacturing footprint locally. Mr Van Parys also comments on the future for GE Healthcare after it is spun off by the end of 2019.

What unique observations have you noticed since coming to Korea in 2017?

It has been a privilege to collaborate with sophisticated and advanced customers and experience the Korean market. I began working for GE in a different part of the business - Industrial Solutions - 18 years ago and joined GE Healthcare in 2009 in the Life Sciences business.

Taking over the affiliate in Korea provided me with my first exposure to the full scope of our healthcare business from diagnostic imaging, monitoring and digital solutions through to molecular diagnostics and life sciences. I encountered a very diverse and dynamic market landscape.

The academic hospital market is sophisticated and of a very high standard. At the same time, there is also very good access to primary care across the country. While Korea is the third largest healthcare market in Asia after China and Japan, Korea possesses many of the possible

characteristics that a healthcare market could have. Combining this with a very active biotechnology industry, which the government heavily investing in, it has the whole ecosystem of what a healthcare system can be within a relatively small geography.

How would you assess GE Healthcare's performance in Korea?

We have been here for more than 30 years and are regarded as an established player with strong Korean roots. We have the broadest product portfolio, we are a leader in digital and life sciences, globally and in Korea. We manufacture in Korea. In GE Ultrasound Korea, we develop and manufacture ultrasound equipment. In fact, 25 percent of our total volume of ultrasound equipment globally is manufactured in Korea at our site in Seongnam, south of Seoul.

Thus, I view GE as a strong, locally entrenched multinational player that benefits from access to our global technology and support, but equally focuses on building a local presence. In terms of the regulatory environment, we know the process well and collaborate constructively with the regulators.

While our market position varies by product segment, we are the leading healthcare company in Korea and our share is growing. Looking at imaging modalities such as MRI, CT, and X-ray scanners, we are number one or two in almost every modality. GE Healthcare is the leader in the market for ultrasound equipment, as well as digital and monitoring solutions. On the life sciences side, we are number one for contrast agents too. What differentiates GE Healthcare is our broad offering to our customers across multiple technologies, which are the fundamentals for our vision of precision health.

Digital is a huge differentiator for us and is key to connecting our portfolio. These solutions can present themselves in small and large-scale digital applications. As an example, we develop applications to optimise the workflow of MRI scans and reduce time. Many hospitals have three months waiting time for an MRI scan. Reducing the examination time from 10 to 18 minutes can be very meaningful. At the other end of the scale, we are working on productivity solutions for hospitals, looking at the concept of the smart hospital of the future. This "command centre" uses AI to monitor patient flow in the hospital and predict where there will be a blockage, shortage of staff, or risk of exposure to a particular infection. These productivity solutions are receiving significant attention at this time in Korea.

We are having various discussions ongoing to implement some of these digital productivity solutions into Korean hospitals. We see more and more demand for healthcare services, but healthcare budgets cannot adapt to the same degree, so the participants in the system need to become smarter and more efficient to enable better patient outcomes. The government has announced that precision health is a next-generation growth engine for Korea, and GE will play its part within that.

How easy is it to roll these new technologies out in Korea?

From a technology standpoint, it is not an issue. Korean healthcare providers are very eager to adopt new technologies. On the other hand, they do have questions around the relevance and specificity of this technology to the Korean healthcare market, which is a natural issue as every health care system has its own unique traits and characteristics. There is always a business case that needs to be built to justify the investment.

Some of the hurdles that need to be overcome are the language barrier, the need to localise, and building a network of support within the customer community. This comes with change management and building local capabilities, one cannot simply rely on global capabilities elsewhere.

In 2016, GE Healthcare Korea has established the Asia Pacific FastTrak Centre in Songdo, Incheon to nurture bio-skilled workers and to support the biopharmaceutical manufacturing processes of large-sized and small and medium-sized enterprises. competitive advantage in Korea's present infrastructure made it the location of choice for such a venture?

In reference to the Fast Track Centre, Korea is actually our largest bio-market in Asia and is in the top five globally. Korea is very much a location of expertise for GE in terms of bio-manufacturing. Consequently, the decision to place our FastTrak Centre here was a fairly easy one. The centre is one of our nine centres around the world and we would like to continue to invest here. We have a strong customers base and good access to talent. We received over 900 visitors in 2018 alone. GE Healthcare envisages very strong prospects for further development of new therapeutics in Korea and the APAC region, so we predict a bright and dynamic future.

The centre's mission is not only to develop new biopharmaceutical professionals but to also work with companies to establish new manufacturing processes or optimise existing ones. Typically, biotechnology companies prefer to be focusing on the development of molecules rather than on manufacturing; that is where GE Healthcare can add value, and help companies getting to market faster.

Last year we conducted the Bio-Challenge Campaign, where we awarded funds to customers who could present us with a business case worth investing in. Both small, medium and large enterprises participated in a competition for this funding, and ultimately, ten companies were selected and awarded funding. We will assist these companies in various forms by providing services that will facilitate faster market access and process optimisation. This is a great example that we are serious about promoting the local bio-industry in Korea.

Korean companies now possess some of the largest manufacturing facilities worldwide, with 360,000L capacity. We work very closely with large Korean companies, the biggest of which specialise in biosimilar drugs. Our equipment and consumables are a fundamental part of their manufacturing processes. Their commercial success globally, therefore, positively impacts GE too. The more interdependence between us, the stronger our partnership. Moreover, we also partner with customers on building capacity for new therapeutics. GE provides a leading platform for build manufacturing scale and to drive productivity for biopharma, both in upstream manufacturing, downstream and total enterprise solutions.

In our interview with APACMed, CEO Fredrik Nyberg said that in Asia, the main trends driving the industry are *“the rapidly ageing population, a growing middle class, and a rising chronic disease burden are all driving demand for quality healthcare. Addressing this growing demand will require a different kind of innovative thinking on the part of all stakeholders”*. What are the main dynamics present in the Korean market?

The dynamics are very similar, and very pronounced here. Korea is the world's fastest ageing population. While it is not the most aged at this time, which I believe is Japan, Korea is a very fast follower. With this ageing population and subsequent rising chronic disease burden, there will be a significant increase in the demand for healthcare services.

Consequently, the burden upon the healthcare system becomes more prevalent. If you look at bed occupancy and patient flow in Korean hospitals, for the major academic hospitals it is consistently around 98 percent, unheard of in many other parts of the world. This drives the necessity for more

productivity and smarter ways of achieving a high standard of care, which opens up great opportunities for companies like GE.

Our vision is to be the leader in precision health. This begins with precise diagnostics, enabled by combining genetic data with image analytics to help, as an example, screen and diagnose cancers more rapidly and effectively. GE then has a unique portfolio that enables us to work with both academic and pharmaceutical partners to help them develop precise therapeutics, in partnership with GE Healthcare. Good examples are cell and gene therapies which are very precise and individualistic. Also, we would include image-guided therapies in this category. Finally, we have a precise monitoring business that helps follow up on patients inside and outside the hospital.

An interesting development for GE is the decision to spin off the healthcare division into a stand-alone entity. What impact do you envisage from this change?

In terms of its local impact, I do not think that there will be an immediate marked difference for our customers, offering and operations. Notwithstanding this, I believe this move has great potential. The healthcare spin-off is a unique opportunity for the business to reinvest our cash into product innovation, M&A and other ways of strengthening our future. We will be able to make investment decisions more independently and with a specific focus on our business. I am looking forward to this new challenge, it is an exciting and unique opportunity to determine our own future.

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