

Carl Laurent - Managing Director, Siemens Healthineers BeLux



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Carl Laurent, managing director and CEO of Siemens Healthineers BeLux, sits down with PharmaBoardroom to explain Siemens Healthineers' footprint and impact in Belgium and Luxembourg, the importance of appreciating diagnostics as a means of cost reduction in healthcare, and the need to ensure access to the latest medtech innovations.

Can you introduce our readers to Siemens Healthineers' footprint and operations in Belgium?

We have around 300 employees in Belgium across two divisions: medical imaging and laboratory diagnostics. Of those 300 employees, 60 percent are service engineers and application specialists who work in the field directly to support our customers.

Currently, we have 92 hospitals as customers and also private clinical labs. There has been significant consolidation in the Belgian Healthcare Sector over the past years and as a result, the government has requested to build 25 hospital networks. This will revolutionise the market dynamics, not only for the medtech companies, but also for hospital managers and clinicians. For example, radiologists will need to have access to images throughout multiple hospitals and labs

will consolidate some specific domains in the network lab with the most experience, or will set-up a hub and spoke model.

Looking at our local offering, almost everything within Siemens Healthineers' global portfolio is available in the Belgian market, both for medical imaging and laboratory diagnostics. We want to deliver not only products to our customers, but solutions, taking them through the continuum of care with a holistic approach. This begins with prevention and diagnosis, followed by treatments and follow up of therapies.

You mentioned a consolidation of healthcare providers. How much will this affect the way you need to operate regarding collaboration and increased competition for tenders?

90 percent of the business in Belgium is through tenders. However, the way sales were done in the past is not how they will be done in the future. Things have already moved with the consolidation of hospitals. With the new networks there will be a big change in our operations because access to all stakeholders is key. We need to map all of the decision makers, which is more complex than targeting only the CEO, the head of the radiology department or the lab director of one individual hospital. We are now reflecting on how to adapt our structure to align with this new network set-up. Today, we could have different salespeople involved in different hospitals of the same network, which is inefficient. In the future we will re-orientate our staff and align our structure.

Your colleagues in the pharmaceutical market always commend Belgium's willingness to accept innovation. How well does the tender system for medtech appreciate innovation?

Tenders are based on a scoring system which considers aspects such as price, innovation, service, and technology. In 90 percent of cases, the highest score is on the TCO (Total cost of ownership). This is not aligned with the new industry approach of M.E.A.T (Most Economically Advantageous Tenders) which measures not only price and technical specifications, but also the impact of the tender, both by measuring direct and indirect costs.

We are working too much in budget cycles. The hospitals look at the budget of their individual departments without considering the cross-departmental impact of a service. Today we have medtech products which are not reimbursed, but if implemented, would create significant savings overall.

The government is already implementing reimbursement by DRG (Disease Related Groups), where a certain amount will be paid for a disease state, rather than by act or by department.

Despite the 2014 pact on medical technology between the Ministry of Health and the medtech industry to improve accessibility to the latest innovations, there have been few material changes or improvements to reimbursement and bringing in new technology. Specifically, in lab diagnostics there still is a lot of work to do. Some new technologies were not reimbursement, meanwhile other technologies have become obsolete.

In pharma there is a procedure with a clear timeline for reimbursement decisions. However, this does not exist in medtech where a decision could take from six months to two years. This is something we are working on with the government to address and develop certainty in these timelines and to have more transparency of the process.

The COVID-19 pandemic has changed the working environment of most companies. How have you adjusted to maintain your operations under these new measures?

When Belgium went into lockdown in March, we immediately responded and formed an internal crisis committee. Our main priority was to keep our people safe. In the beginning, there was an insufficient supply of PPE, which we needed for our customer facing service engineers.

Our second priority was to ensure that our service engineers continued to have access to the hospital and deliver service. This was a challenge as hospitals were also in crisis mode. The third priority was to continue our business and our projects. We planned team meetings and within a day went completely digital. We had to act fast but placed a high focus on implementing new procedures and increased the communication within our organization. Beside safety, communication to our employees has been one of the most important aspects in this crisis.

I am convinced that this experience over the last few months will have a huge impact not only on how technology is advancing with digitalisation, but also on future business set ups. Remote access to our systems so that our engineers could troubleshoot from distance is already in place but will be further developed. Video applications will also help technicians to identify and clarify the customer's problem, with faster resolution as a positive effect. This type of digital services will only increase in availability and performance in the future.

With the Belgium Medtech Industry Association, we are in discussions with the government to see how we can work closer together. With a second wave anticipated for October, we are working with

the Ministry to see how to deliver maximum test capacity for the labs. Siemens Healthineers has developed three COVID-19 tests already: a Covid-19 PCR test kit, a serology test on our automated systems which tests for IgG and IgM, and an IgG only test. We plan to launch a point of care test soon.

I think that the COVID-19 crisis has certainly helped to bring the government and the industry closer together and we have seen a change in approach. Maintaining a mutual understanding and collaboration is key.

Diagnostics is now a hot topic given its importance in this crisis. Do you believe that there will be more value attributed to diagnostics in the future, with it more integrated into the pharmacoeconomic cost reduction considerations?

There have been many studies which show that diagnostics comprises only a very small proportion of total healthcare expenditure. We are trying to demonstrate the value of diagnostics and create awareness of what diagnostics is all about. There is often a lack of understanding of its impact in managing diagnosis and treatment and a possible reduction in healthcare expenditure.

As patients get older, there will be more complex disease conditions that require different treatments. If we want to monitor people at home and control costs, as is the growing ambition, we will have to make choices and introduce new technology and innovation in the market, and our ambition is to provide a better patient outcome at lower costs.

What are your personal ambitions for the next two years?

The most important thing for any organisation is the people. You have to put the right people in the right roles. This is not always easy as of course as there is a long history, and expertise and competency are key in specific roles. Going forward, we need good relations within the company so that there is a culture of feedback. I have an open-door policy, I'm always open to listen and I try to make the organisation and the people better.

Externally, it is important to build relationships. Listening and understanding our customers' challenges is paramount so that we can help them. We need to assist them with the inevitable transformation which will be accelerated by the crisis and work together with all stakeholders, be it the government or the managers of the hospitals, the clinicians and every other stakeholder in

order to get this transformation right.

What type of talent is Siemens Healthineers eager to attract?

I always say that people who work in healthcare need to have a specific gene. One of our slogans is *“a day without passion for healthcare is a lost day”*. When we have new applicants and recruits, I take the time to meet them personally so they can understand the impact of what we do for patients. This is what drives me. We need to always have the patient in mind. They are our sons, daughters, friends, and family members. We must work with energy, passion, and high standards because our medical equipment and our diagnostic assays can be the difference between life and death.

Today, we really need to focus on the specific competencies of our employees. Flexibility and of course IT skills are key elements. We have a graduate programme where we select a few young graduates with engineering and/or biomedical backgrounds. We select one or two who are given the possibility to work for 18 months in three six-month rotations in roles such as IT, application or business management. Finally, when they have experience in different disciplines, we try to hire them full time.

How would you characterise the innovative ecosystem and how it relates to medtech in Belgium?

Belgium is a great country. This is especially true from a healthcare perspective, considering the access our residents have to healthcare. We have fantastic healthcare infrastructure with experienced clinicians and a high accessibility for care.

Just look at how many companies have R&D centres in Belgium, companies like Pfizer, J&J, GSK, and UCB all have plants and R&D facilities locally. That increases the profile of Belgium and Belgian healthcare, along with medtech companies like Siemens Healthineers. Having that access to healthcare and to R&D-based companies makes Belgium a terrific place to be!

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