

Hospital Solutions

A partnership for growth

Innovation & Cooperation between Public & Private Sector

Vincent Giele, Business Director, Medtronic
BSPC-meeting in Copenhagen November 14th 2014

Agenda for today

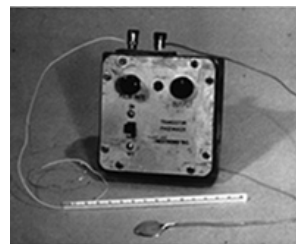
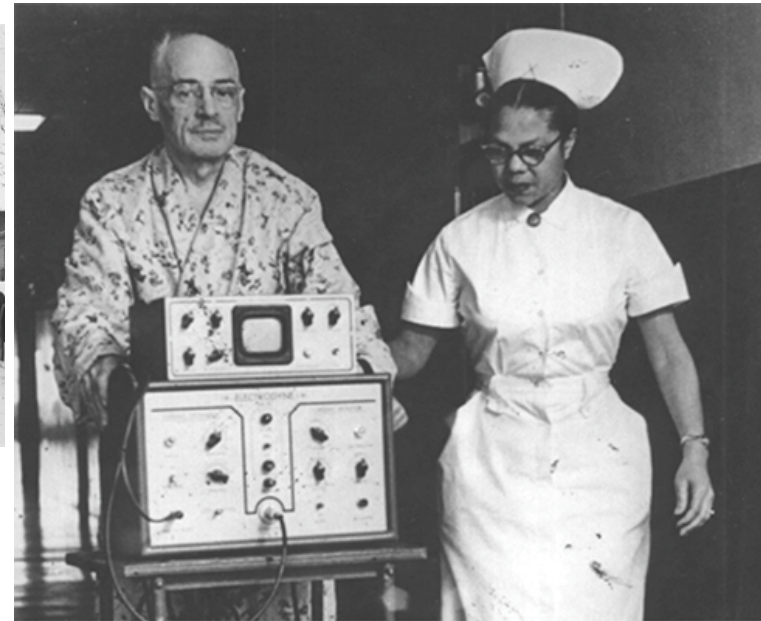
Who is Medtronic?

Addressing healthcare needs; how do we do it?

- Partnership example; Imperial Royal College NHS Trust
- Partnership example; Maastricht Univ. Medical Centre (MUMC+)

Discussions

Collaborating with Physicians to Develop Life-Changing Therapies Partnering on solutions



An Enduring Mission

To contribute to human welfare by application of biomedical engineering ...

To direct our growth in the areas of biomedical engineering ...

To strive without reserve for the greatest possible reliability...

To make a fair profit ...

To recognize the personal worth of employees ...

To maintain good citizenship...

Our co-founder Earl Bakken with medallion



Global Leader in Medical Technology



49,000+

employees, making us the largest global medical technology company

5,600+

scientists and engineers around the world

1,700+

FY14 patents awarded, bringing our total worldwide to more than 27,000

\$17B

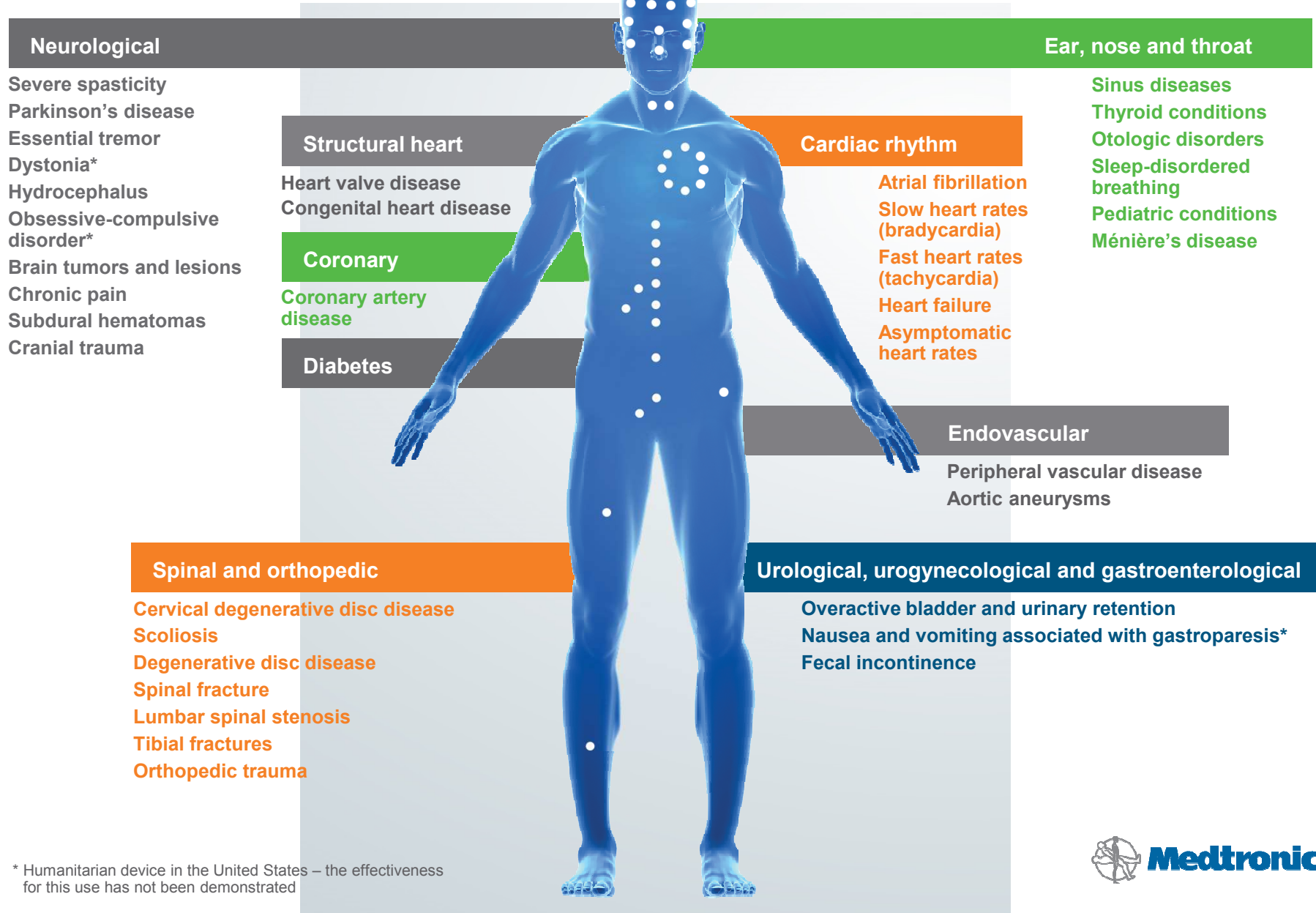
FY14 global sales from continuing operations which generate \$4.6B in free cash flow*

46%

sales from international markets, representing more than 140 countries

* Free cash flow is operating cash flow minus capital expenditures

Products and Therapies to Address Many Chronic Conditions



* Humanitarian device in the United States – the effectiveness for this use has not been demonstrated

Addressing HealthCare needs

European HealthCare Market; 3 “megatrends”

Aging demographics will increase the overall healthcare burden

- The effects of aging population will become stronger, impacting both the health policies and the key diseases

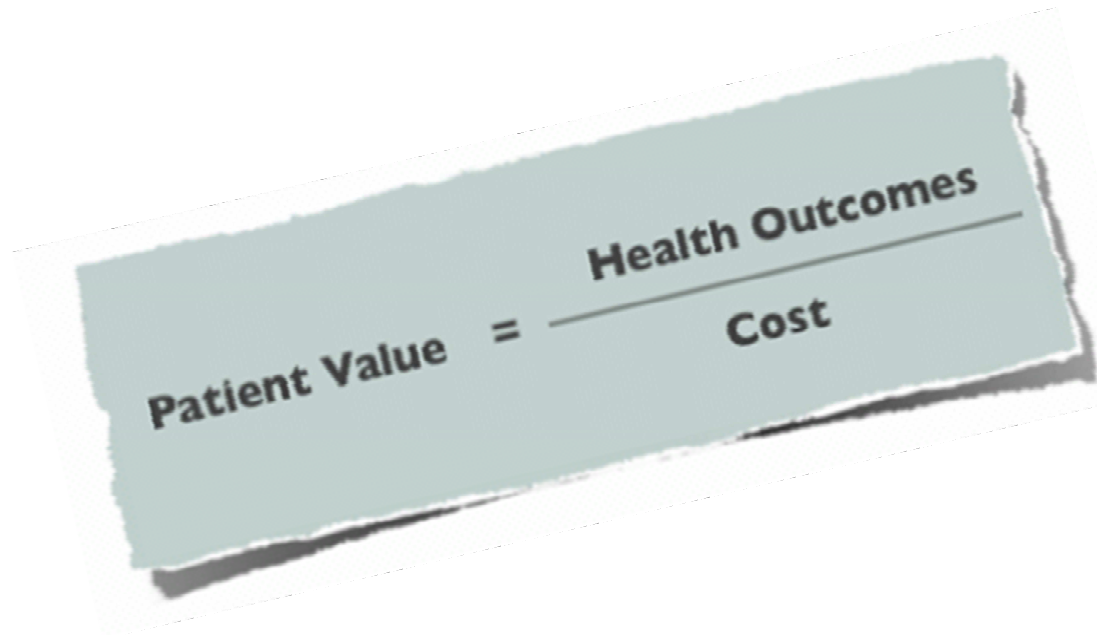
Chronic medical conditions represent a growing health burden, with long-term implications for healthcare delivery & disease management

- While cardiovascular diseases remain a significant health burden going forward, other chronic conditions are expected to have an increasingly impact on the healthcare system, notably Alzheimer’s and diabetes

Economic difficulties are expected to continue in the near-term

- The economic crisis still represents a key risk as well as a potential catalyst for broader healthcare policy changes

Solving the Health Care Problem: Principles of Value-Based Health Care Delivery

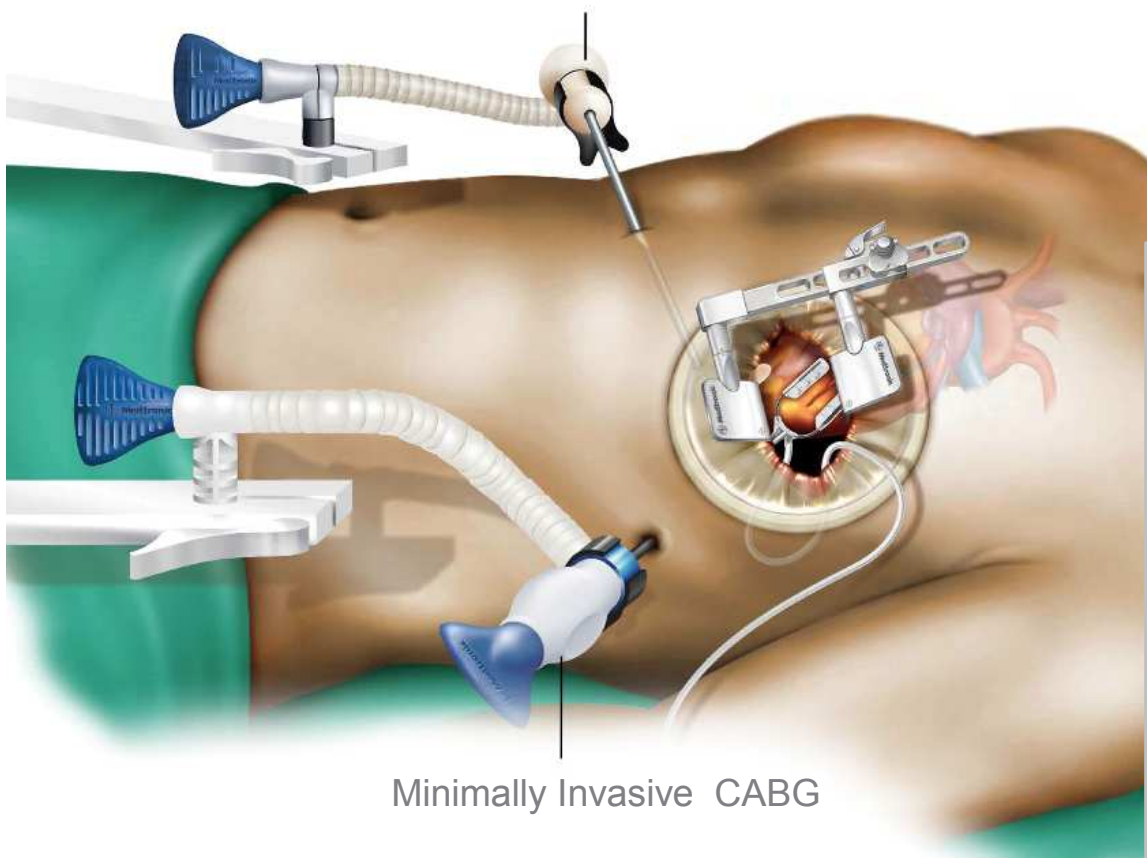

$$\text{Patient Value} = \frac{\text{Health Outcomes}}{\text{Cost}}$$



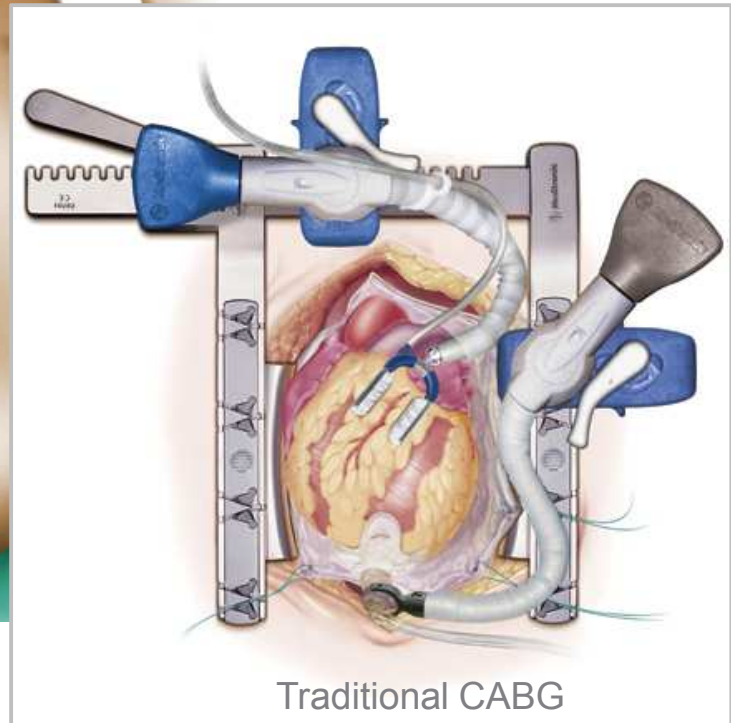
“The Strategy that Will Fix Health Care,” *Harvard Business Review*, October 2013 Michael E. Porter and Thomas H. Lee

Making Procedures Less Invasive

$$\text{Patient Value} = \frac{\text{Health Outcomes}}{\text{Cost}}$$



Minimally Invasive CABG

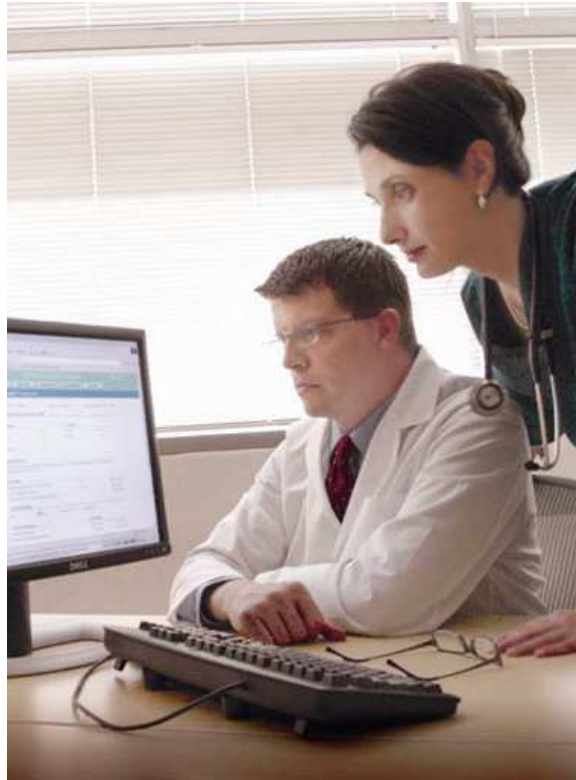


Traditional CABG

For full safety information, visit medtronic.com

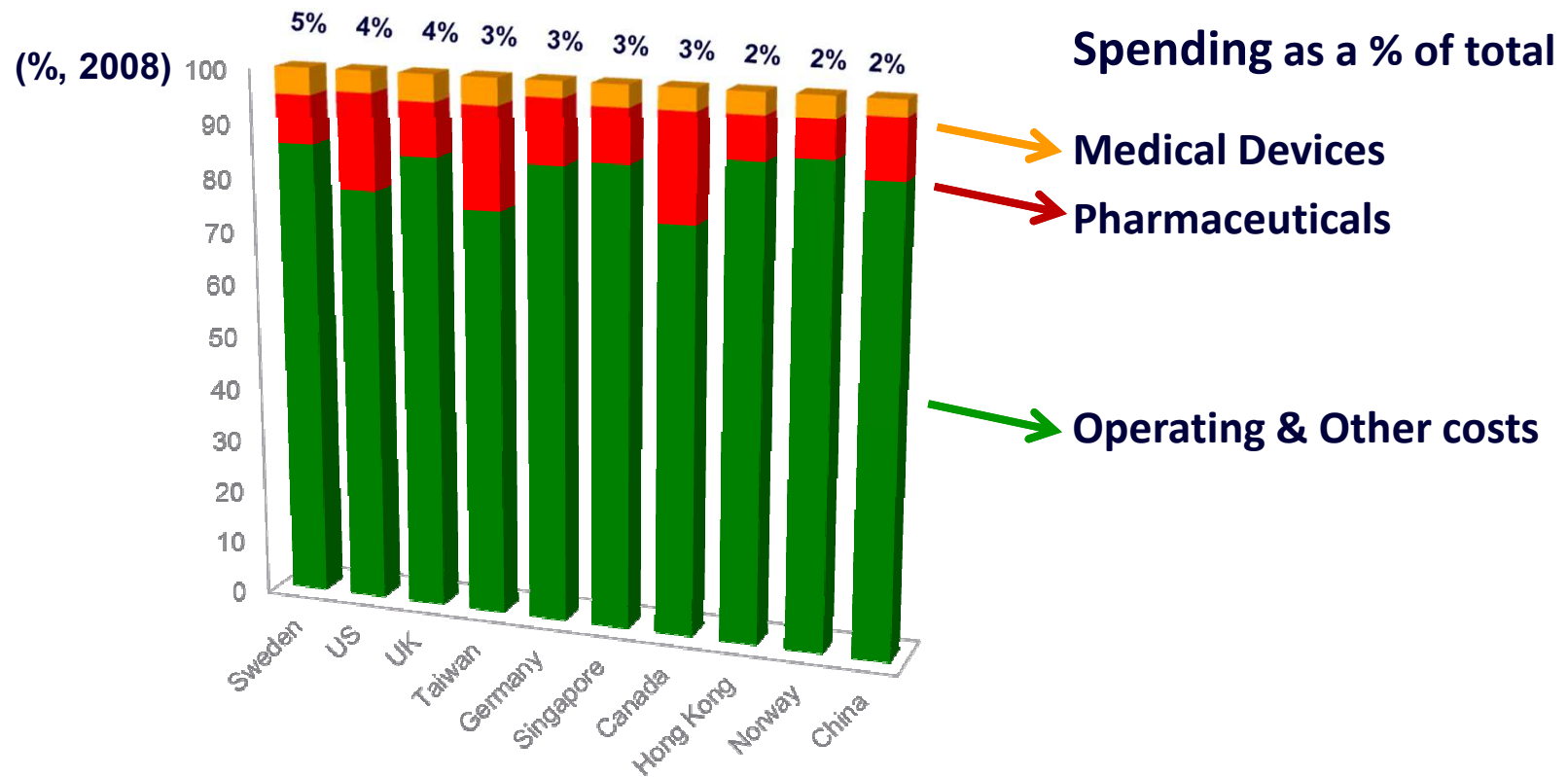
Information Technology to Monitor Patients

$$\text{Patient Value} = \frac{\text{Health Outcomes}}{\text{Cost}}$$



Creating a sustainable system also needs focus on the operating costs

Allocation of Healthcare Spending



Source: Espicom; WHO; World Bank, LEK analysis

Hospitals faced with need to improve efficiency

European Market Research 2012; 59 C-Suite members in 34 hospitals

Pressure on budgets

- **Economic crisis** impacts health care & hospital management
- **Budgets closely monitored** by government / payer
- **Evaluate current system** & find new ways to attract resources



Increased expectations

- **From patients** to get best care
- From **Medical professionals** to get access to latest treatment options & develop of personal career
- **Government & Public** monitor quality of care

Solution creating sustainability structured around four Pillars



Financial solutions for affordable access to latest technologies and treatment options



Consulting services and assets to set-up or optimise operations and reach best-in-class performance



Management services and assets to run cathLabs to highest care standard



Consulting services and assets to grow cardiac services and raise their profile

Imperial College NHS Trust

Hospital Facts:

- Major teaching hospital trust globally recognized as center of excellence in cardiology, cardiothoracic surgery, heart & lung transplantation
- Serving 750,000 people at 5 different locations in London
- Over 20,000 patients/year with a variety of heart conditions

Hospital Aspiration:

- Be recognized for excellence in CathLab services (safe, high quality patient care)

Hospital Needs:

- Renew aging CathLab equipment to be at the forefront of evolving technology
- Improve patient access through enhanced referral management, free up capacity & shorter wait times
- **'Physicians become physicians again..'**



Maastricht University Medical Centre

Hospital Facts:

- Large academic university hospital in the Netherlands - Europe
- 6000 employees ,750 beds
- 550.000 out-patient clinic visits a year
- 110.000 Cardio Vascular Clinic (CVC) visits a year

Hospital Ambition:

- Be part of the Top 20 'Best-in-Class' CVC centres in Europe in 2020



Maastricht University Medical Centre

Overall MUMC Savings *



**: All financial figures reviewed and approval by controlling department MUMC*

Interest in innovation & cooperation to increase patient value *but concerns to address*

European Market Research 2012; 59 C-Suite members in 34 hospitals

Funding optimisation

Solutions for affordable access to latest technologies and treatment options

Quality and efficiency

Solutions to sustain improvement in quality and boost efficiencies

Capable organisation

Solutions to enable change and sustain performance

Growth and access

Solutions to improve existing service lines and develop new ones

Dependency and exclusivity

Partnership cannot limit hospital need to work with other suppliers / restrain clinicians freedom of choice

Regulation and legal

Procurement laws and hospital policies make instalment of partnership complex

Transparency

Transparency and aligned incentives required to address "hidden agenda" concerns

Sustained value

Mechanisms required to ensure sustained "best value for money" & competitiveness

Improving
Another Life

Every 3
Seconds

Thank you!

