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â??Digitally skilled employees need to increase nine-fold by 2025â?•

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In conversation with BioSpectrum, Vivek Kanade, MD, Siemens Healthcare talks about the companyâ??s growth plans in India



Vivek Kanade has recently stepped in as the Managing Director of Siemens Healthcare, India, the wholly-owned subsidiary of German Medtech company, Siemens Healthineers which clocked in a global revenue of €14.5 billion during the FY2020. After being associated with Siemens for over 27 years, Kanade will continue to lead the business for Siemens Healthineers India including manufacturing, sales, and distribution, strategy for 'Zone India', comprising neighbouring countries like Bangladesh, Nepal, Sri Lanka and the Maldives. In conversation with BioSpectrum, Vivek Kanade, Managing Director, Siemens Healthcare, Mumbai talks about the company's growth plans in India.

Edited excerpts;

What new strategies are you bringing to the table to strengthen the company's growth in the long run?

At Siemens Healthineers, we are in the second phase of our 'Strategy 2025' that is the 'Upgrading' phase. The pressure of increasing cost and consolidation on the customer side, as well as increasing digitalisation are the key trends in the years to come. With our strong technological base, extensive clinical expertise and our global network, we are helping make healthcare more efficient and further improving access to healthcare, coupled with our digital and AI-based offerings. As a part of the upgrading phase of our strategy 2025, India is identified as one of the growth markets. In the Imaging segment, the focus is on continuously innovating the core business, expanding its diagnostic offerings as well as on taking a leading role in supporting clinical decision-making based on artificial intelligence.

In the Diagnostics segment, the main task is to exploit the opportunities arising from the market trend towards automated workflows in laboratory diagnostics. On top of this, it is planned to further expand the point-of-care business. One focus of the Advanced Therapies segment is on combining the technologies of the robotics company Corindus Vascular Robotics, with the existing portfolio to achieve additional growth and make new markets.

The recent combination of Siemens Healthineers and Varian Medical Systems is one of the biggest developments in recent times. We are now well poised to provide even better support to our customers and their patients by making chronic illness manageable and eliminating the fear of cancer.

What are the major plans in store for 2021, particularly in terms of investments and product launches in India?

To advance the digitalisation of healthcare and better serve the needs of emerging markets, we have recently announced our plans to invest Rs 1,300 crore over the next five years in an innovation hub in Bengaluru. The investment is part of Siemens Healthineers' strategy 2025, in which India plays an important role as a growth market for the company. Currently, we are manufacturing C-Arms and Computed Tomography systems out of our Bengaluru manufacturing facility and biochemistry reagents and urine strips from the Vadodara facility.

Cios Fit, a multidisciplinary mobile c-arm ready for demanding environments with powerful state-of-the-art imaging technology and an innovative touch-and-play concept. Cios Fit is designed to help improve the quality of care and achieve efficient workflows. It is designed, developed, and made in India and sold in South-East Asia, Africa, Eastern Europe, and South America apart from India. More than 250 Cios Fit C-Arms have been delivered since January 2019. SOMATOM go. CT scanners from our Bengaluru facility are developed in close collaboration with our customers to meet the demand of emerging markets and is one of the best possible routine and beyond CT scanner. The manufacturing facility in Bengaluru has already produced over 200 units of CT machines since the start of the facility in January 2020. Our teams have also played a huge role in developing Smart Remote Services (SRS), which provides a fast, secure, and powerful data link that connects medical equipment to service experts. With data transfer via SRS, the performance and condition of your equipment can be monitored in real-time. For us, innovation is the key. Depending on the opportunities, new medical imaging and laboratory diagnostics products would be added in the future.

How was the FY20-21 for the company's business in India? How did the pandemic impact the business?

It has been a mixed bag. The business was impacted due to a drastic reduction in elective procedures and a decrease in routine lab tests during the pandemic. However, the unlock process at the latter half of the year showed some gradual improvement. Due to the direct relevance to the pandemic, we have seen a reasonable surge in the demand for Computed Tomography machines and tests related to COVID-19. We were one of the early movers to respond to COVID-19 related market needs by launching and making the global tests (SARS-CoV-2 antibody, RT PCR, antigen) available in India after relevant approvals. and expanding our test menu. However, testing and examination volumes are further stabilizing despite volatility in COVID-19 incidence. In India, we delivered millions of tests over the last year and expect an increasing demand in the next year(s).

What are your views on the growth and challenges of the Indian MedTech industry?

India faces a shortage of healthcare infrastructure and trained staff. The gap between what people need and what they have is driving the growth of about 10-12 percent yearly. However, insurance covers less than 25 per cent of the population and out-of-pocket spending is high, which makes the market very price sensitive. With stronger focus by the government on healthcare infrastructure and government Healthcare spending of nearly 3 per cent of India’s GDP by 2022 will give a fillip to the MedTech industry. Tier-II and Tier III cities have emerged as growth centers of the Indian Healthcare sector over the past few years. However, the expansion of private players to these cities is limited by resources, capex, low paying capacity of the target population and low insurance penetration.

The high influx of FDI in the Hospitals and Diagnostics Centers is a positive sign for the Indian healthcare sector, which has also witnessed increasing M&A activities in the Hospital space. Production linked incentives proposed by GOI will boost local manufacturing of high-end Diagnostic equipment. Scarcity of healthcare-related human and infrastructural resources coupled with growing NCD load is yet another challenge that the Indian Healthcare sector will have to overcome in the years to come.

How can we increase the skilled workforce within the MedTech industry in India?

While India has the availability of skilled human capital in the healthcare sector, it is mainly concentrated in the big cities or the metros. Rising healthcare costs and increasing expectations for quality outcomes is creating increasing pressure on the healthcare providers especially in the Tier II and Tier III cities, which have developed as growth centers of the Indian Healthcare sector over the past few years. Increasing digitalization, automation, robotics, and the use of more and more AI in the field of medicine will require completely different skillsets in the years to come. The government’s push for EMR adoption will pave the way for Data Mining using AI/ML for better diagnosis and treatment. COVID-19 pandemic has accelerated the journey for digitization to a great extent for organisations as well as individuals. Telemedicine has been a fast-emerging trend in India over the past few years.

According to a report commissioned by Amazon Web Services (AWS), India’s present workforce comprises only 12 per cent digitally skilled employees, and the number of employees requiring digital skills in the country will need to increase nine-fold by 2025.

We will be able to address this only through close collaboration between industry and academia and build necessary capabilities that will ensure industry-ready skilled human capital.

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