

“We're not only a multinational company, but we're really becoming a Chinese company”

-- Interview with John Dineen, President and CEO of GE Healthcare

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BW: *GE launched the Healthymagination strategy in May last year. What progress has been made in terms of healthcare?*

JD: GE Healthcare is the epicenter with regard to Healthymagination. Healthymagination is less than a years old, but I think it has had a big impact inside and outside the company. Inside the company, it has given our people more purpose to what they do. Instead of just making machines, they now understand that it is their job to help governments, like the government of China, to improve healthcare. Instead of just taking products from the United States or products from Europe, it is their job to understand what the right product is to improve the healthcare system in China and to create that product.

Externally, Healthymagination has helped governments understand that GE wants to be a partner, not a vendor. We want to aim our technology and our investment dollars at the problems or challenges of healthcare that the government has. We measure ourselves now on the impact we have to the healthcare system. We think that's a good social strategy as well as a good business strategy.

Let me illustrate it with a few examples. As part of the partnership, we work with the government to create breast cancer awareness with programs like Pink Month. We also work with the government on stroke prevention program. Then we work to introduce products that are appropriate for the expansion of healthcare into the rural areas of primary care. We're already seeing results in terms of programs as well as new products are coming out. We've had about 16 Healthymagination products certified already.

BW: *The new medical reform in China focuses on primary healthcare market, which has been the target for GE in the past few years, including the “penetration before upgrading” strategy launched in 2007. What idea for strategy has GE Healthcare pursued consistently in exploring primary healthcare market?*

JD: Primary healthcare has been a trend worldwide. We do two things. One is, as the system is upgraded, we're bringing world-class technology to large, established hospitals. They're able to offer a standard of care that is on par with any country in the world. Then, for access and primary care, we're devising simpler and lower cost equipment that can easily be deployed in the rural areas in these primary clinics to be the first line of medical care.

Some people make the mistake of thinking that the technology that we put in the primary care clinics, or in the rural clinics, is low technology. That's not the case. It's got technology and software capabilities, but it's designed in smaller packages. It's more simple to be used by people that have less training, so it still takes technology to get the program, to get the technology right.

In fact, we have to invest more money in products for the primary care expansion. That's one of the things that we're doing under Healthymagination, dedicating a large number of our investment dollars to technology development for products that will fit this requirement. Over \$6 billion over a five-year period will be invested in these new technologies.

BW: *In the past, we saw a lot of U.S. and European manufactured medical devices shipped to China*

market. However, in recent years, products developed by your R&D center began to go global in the U.S. and European market. What are your opinions on this reverse innovation?

JD: It's a natural evolution of our capabilities here in China. We've started by selling products into the marketplace, but as we've developed our people and our capabilities, now we have world-class engineers and world-class factories that are capable of designing an engineering product that can be used here for China, but also in other places around the world. This is not about cost. This is about technology. It's a sign that our engineers here have matured and can now play in the world arena. That's a sign that we're not only a multinational company, but we're really becoming a great Chinese company.

BW: *Prices of the products suited for the primary rural market are relatively high for some customers. What are your approaches in this respect?*

JD: The first thing that we do is try to make the product itself more affordable. We tend to try to redesign the product and change the architecture, change the software and make sure that it's the right fit for the customer's needs here. Then, GE has strong financial capability. Now, we're able to provide short-term, medium-term, and long-term financing to our customers. The most important part, though, is really getting the product right. Because over the last 10 years, we've invested in good engineering talent, developing engineers here in China. Those engineers understand the unique needs of this market and are able to design products that are the right fit. I think it's a long-term investment in people, specifically engineers, that is making us successful here in China.

BW: *The healthcare IT is also a very important emerging market. And the other IT multinational, like IBM, Dell and Microsoft, are trying to penetrate the market. What are your strategies competing with them?*

JD: Our strategy in healthcare IT is around developing strong clinical applications. We know software, but we also understand the clinical world. We've been dealing in the healthcare field for over 100 years. We're able to design systems that have strong clinical content. These systems can take the most advanced protocols in the world, combine them with patients' conditions, help give the doctor some assistance or coaching on how to proceed and help doctors make clinical decisions. It's important to have information-technology capability, but it's also very important to have clinical knowledge and clinical experience in the medical field.

BW: *You took office at a time when the whole world when the financial crisis erupted. How did you manage to lead the company to go through this severe challenge? What do you think of your business development in China and your prospects in the future?*

JD: I've been in other industries where we've had downturns before, and it's important to focus on some of the short-term requirements in a situation like that, but not to lose sight of the long term. It was important that we reduce costs and manage the business tightly during the downturn, but we also invested, continued to invest very heavily in products and technology, knowing that as we came out of this downturn that we would have a strong product portfolio. We also continued to invest in markets that we knew would continue to have long-term potential, like China. We continue to add people, salespeople and engineers here in China.

China is almost a billion dollars out of our 17 billion dollar portfolio, and the entire BRIC countries, including China, Russia, Brazil, and India, are probably close to 2 billion dollars. We're very optimistic about the business prospects. And we're investing very heavily in products and people for the future of the business. I think actions speak louder than words.

We came from \$80 million to \$800 million company in 15 years. And we'll take it to the next level, increasing our revenue in China to a great extent in the next five years. We are focusing on the

five pillars in China, including compliance, talent development, In China for China products, effective distribution, and aligning the business fully with government policies and goals.

