



Herzlich willkommen zum

# Satelliten-Symposium

“Academic healthcare networks  
and international experiences“

Boston Consulting Group (BCG)

26. September 2019  
Berlin

# Academic healthcare networks and inter- national experiences

Boston Consulting Group (BCG) | Satellite Symposium  
VUD-Innovationsforum

BERLIN, SEPTEMBER 26, 2019



VERBAND DER  
UNIVERSITÄTSKLINIKA  
DEUTSCHLANDS

# Agenda

Introduction (Dr. Zun-Gon Kim, Partner, BCG)

 09:00-09:30

Integration by interaction—Lessons learned from Spain (Carolyn Tetzl, LL.M., Head of Legal and Transactions, Helios Health)

 09:30-10:00

Merger of two Dutch university hospitals—Lessons learned from Amsterdam (Prof. Dr. Hans Romijn, Chairman of the Board of Directors of AMC and Vice-Chairman at VUmc)

 10:00-10:30

Reflections on network building, integration success factors and potential pitfalls (All)

 10:30-11:00



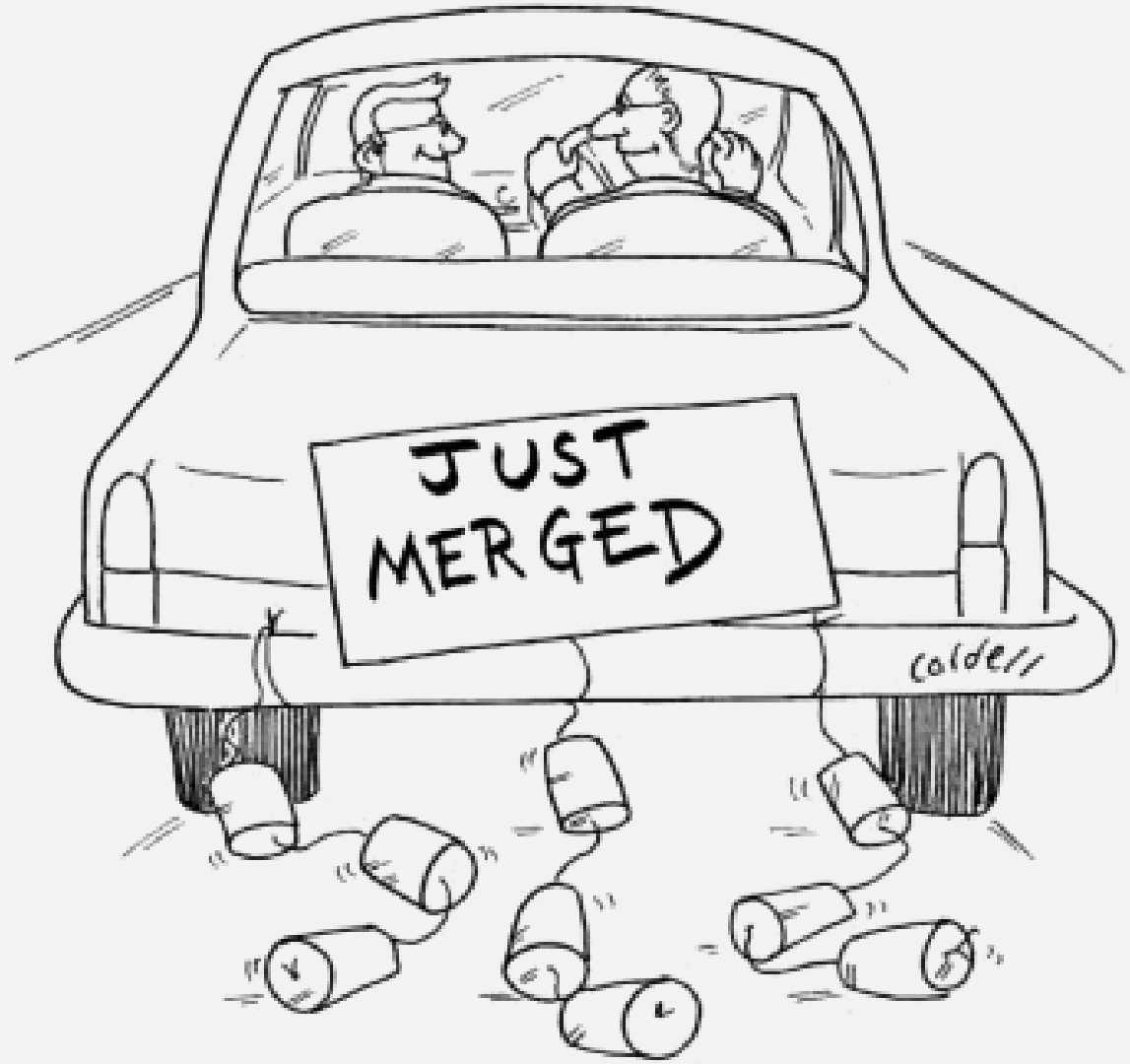
# Introduction

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Dr. Zun-Gon Kim,  
Partner, BCG

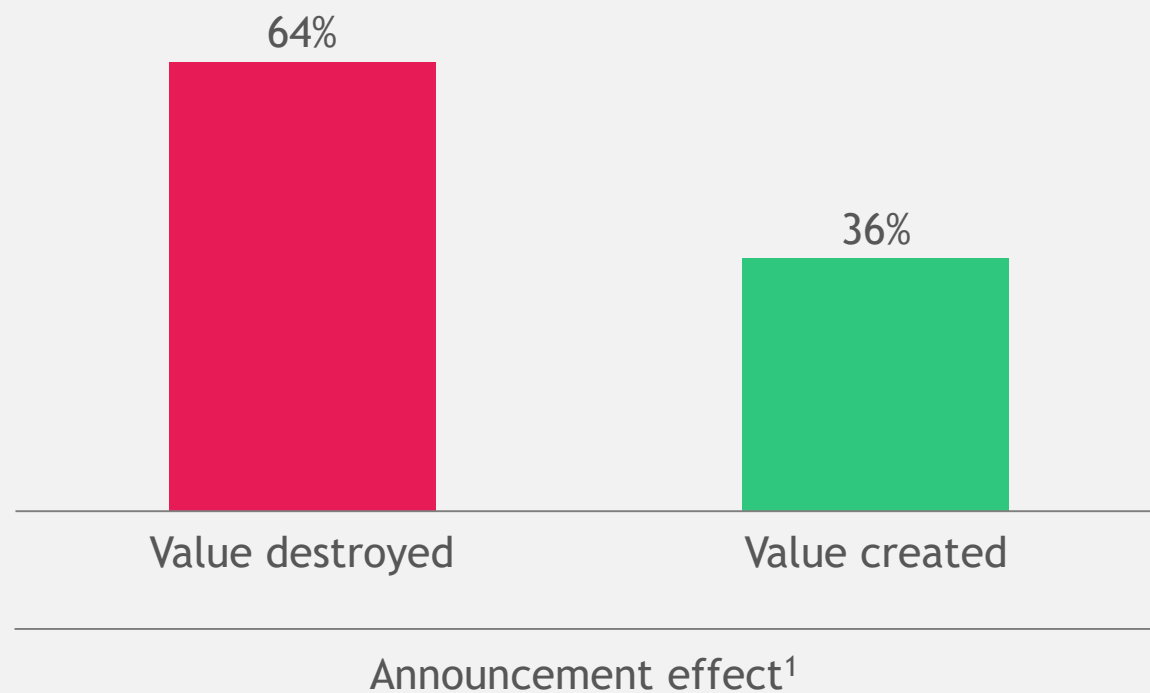


“Butterflies in  
one’s stomach”  
at the beginning  
of a merger or  
acquisition ...



# Most M&A transactions destroy value: Results of recent BCG study

% of deals analyzed



1. Performance Index from five days before announcement to five days after compared to market average

Note: Sample size = 277

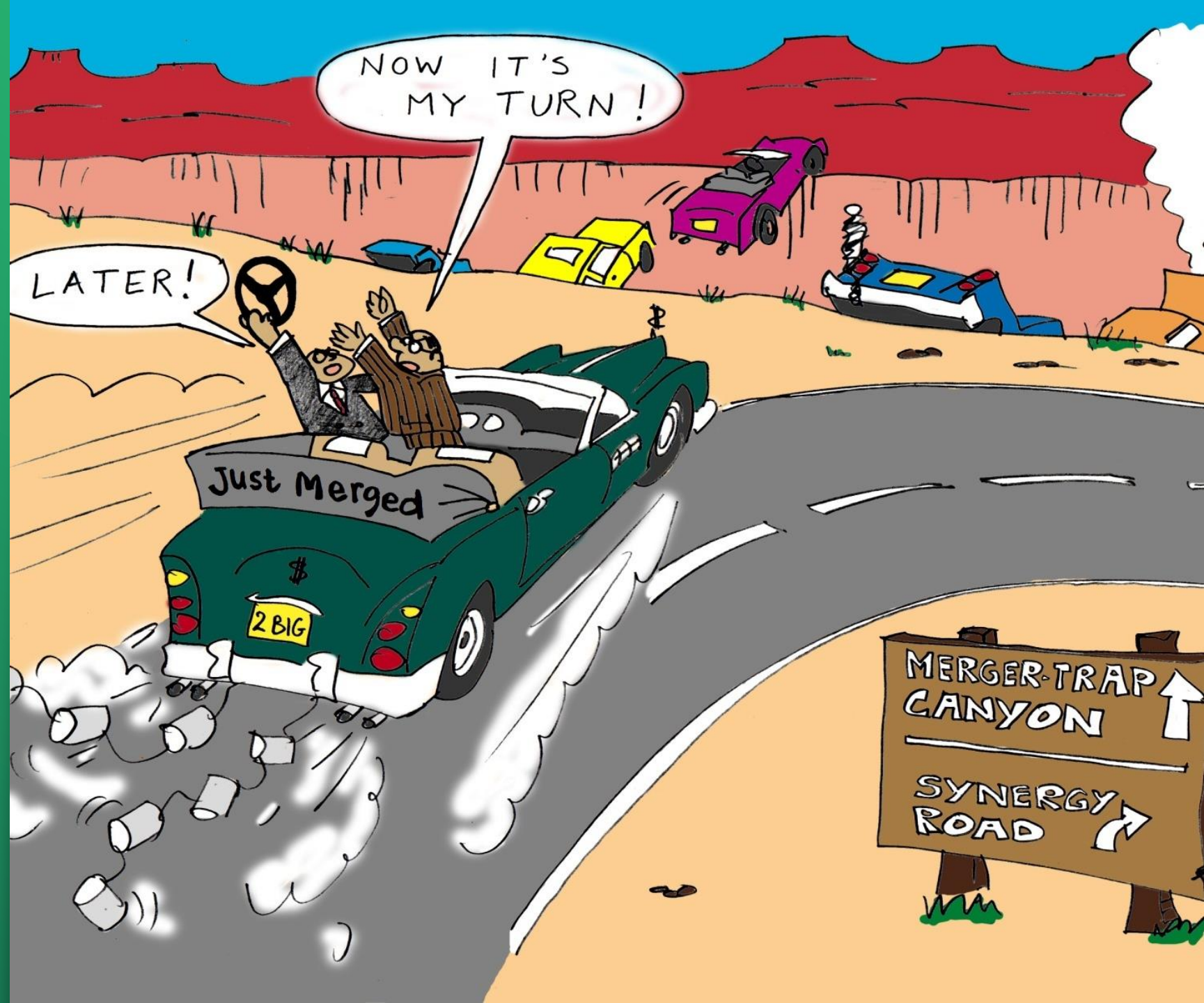
Source: VM research system; SDC; Compustat; BCG study "Winning through mergers in lean times"



Most mergers and acquisitions fail to realize their value



Turning a merger  
into a real  
success is far  
from obvious



# PMI is about making an equity story come to life

## Before the deal

Strategy  
Estimated synergies  
Valuation



“Equity story”

## After the deal

People  
Culture  
Organizations  
Processes  
IT  
And delivering  
on the synergies



New company up  
and running

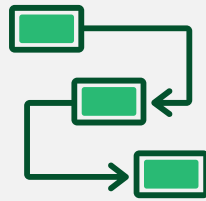


# A host of questions to answer



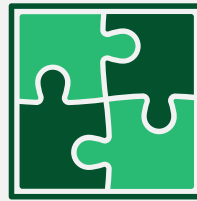
## Strategy

- Strategic rationale
- Value drivers
- Equity story



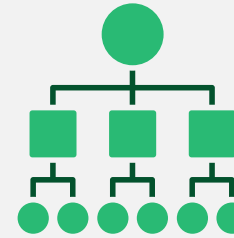
## Process

- How to run the process
- Keeping program on track
- Which IT platform



## Synergy

- Cost synergies
- Revenue synergies
- How fast to pursue



## Organization

- Who will lead
- Target organization
- Choosing between candidates

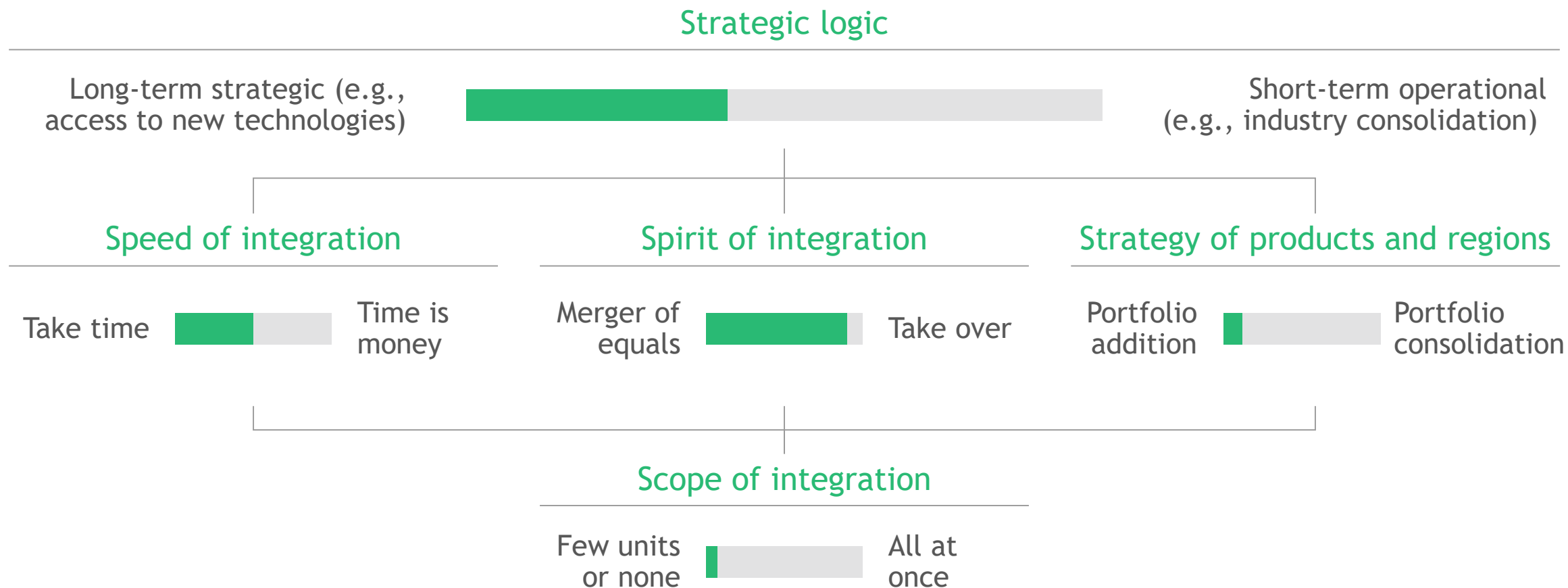


## Others

- Which brands to keep
- Site profiles
- Future culture

# Integration logic and guiding principles

Example framework template to define overall integration logic



# 12 imperatives for successful PMI



## Set the direction

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- 1 Define at the start the **basic objectives** of the integration
- 2 Manage the integration as a **discrete program**, with a rigorous approach, independent of size
- 3 Organize **Integration teams** around drivers of value and the target operating model, and appoint leaders from both companies
- 4 Insist on **senior leadership** that is committed, credible, and highly visible



## Capture the value

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- 5 Emphasize **speed**: use the period before closing to start designing the future company and prepare to capture value
- 6 Aggressively pursue **synergies** according to the integration's objectives
- 7 Keep the current business strong by including **current customers** in the integration process
- 8 Decide on **IT** for the integrated company early, and explicitly



## Build the organization

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- 9 Design the future **operating model** early on; it may differ from the Day One structure
- 10 Manage **talent** by selecting, retaining and developing the best people
- 11 Rigorously manage **cultural integration and change management**
- 12 **Communicate, communicate, communicate**, better to have too much than too little

# Integration by interaction— Lessons learned from Spain

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Carolyn Tetzel, LL.M.  
Head of Legal and  
Transactions, Helios Health



VUD Innovationsforum | Satellite Symposium  
Berlin | September 26, 2019

**Helios.health**

# **Integration by Interaction— Lessons learned from Spain**

Carolin Tetzl, LL.M. - Head of Legal and Transactions

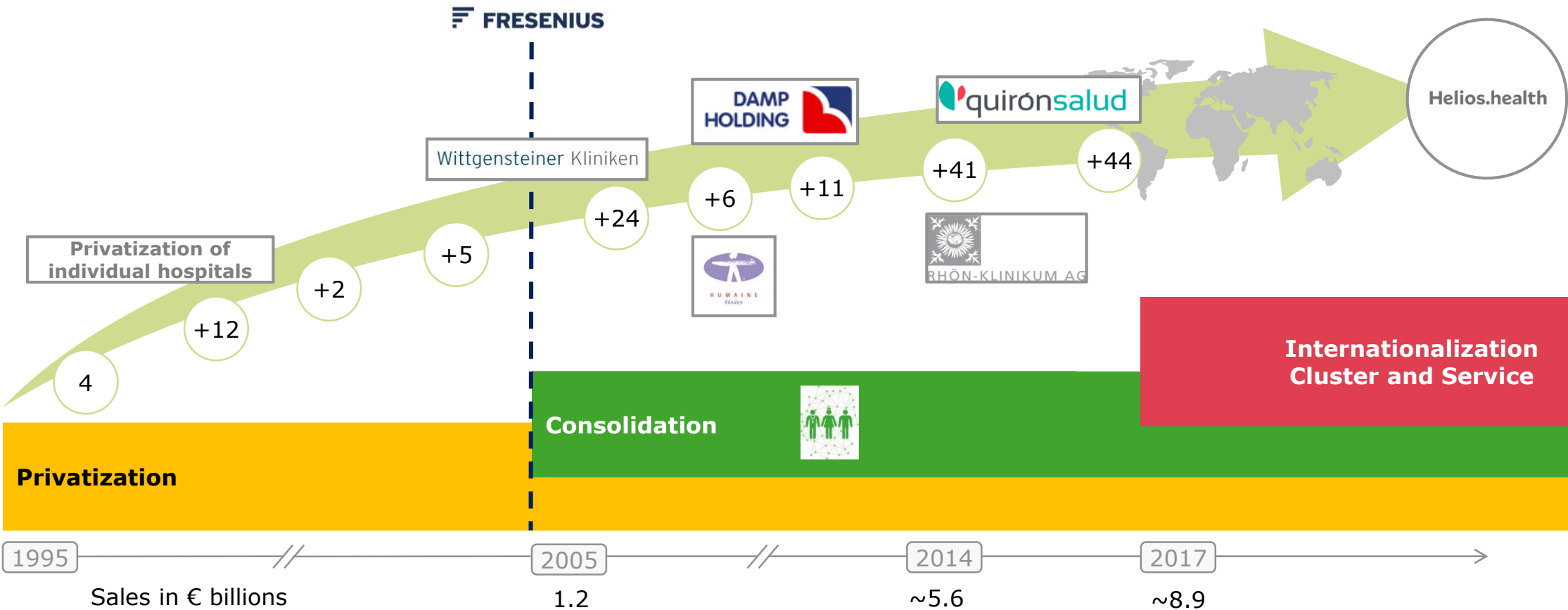


# About me



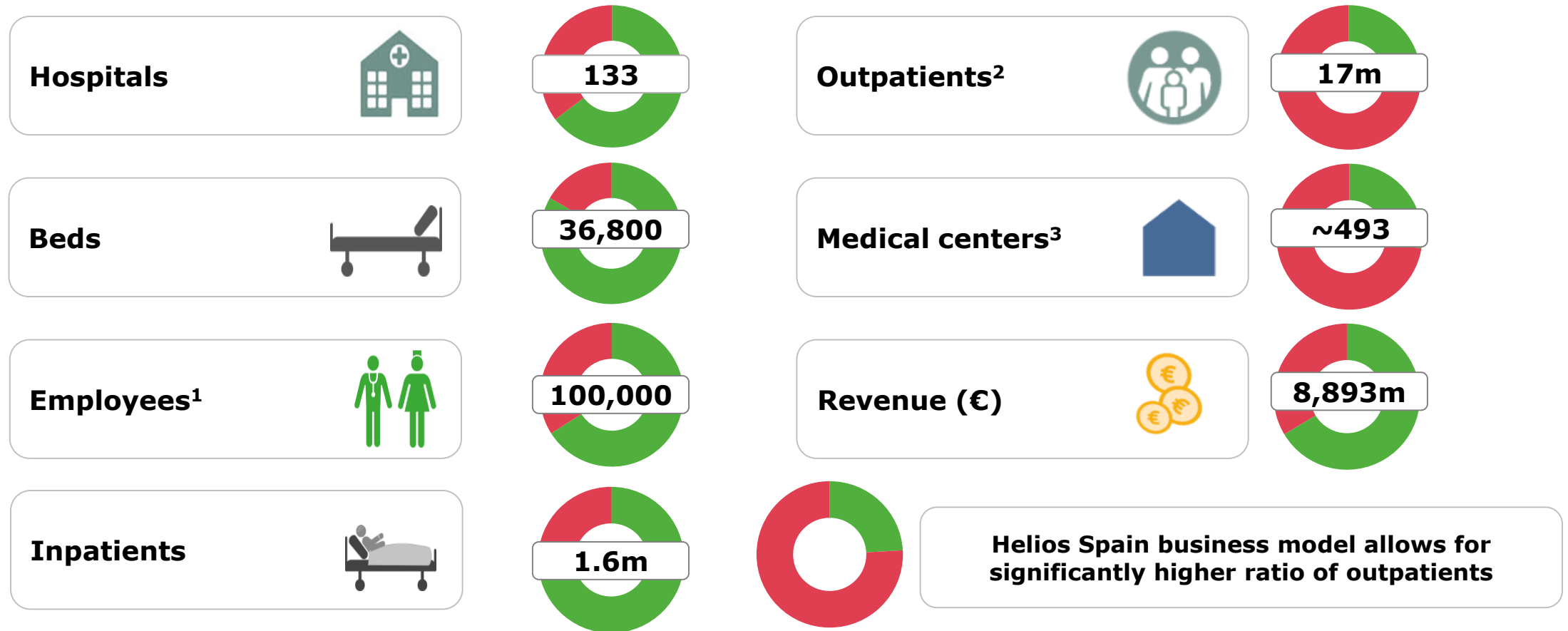
- Head of Legal and Transactions, Helios Health GmbH / Fresenius Group
- 16 years of professional experience, nationally and internationally – as Lawyer and Inhouse Counsel
- Expert in healthcare advisory including university hospitals
- Experienced in international and national transactions and restructurings
- Post-merger integration and change management expertise

# About Helios: in Milestones



○ Acquired number of hospitals

# About Helios: in Numbers



■ Spain ■ Germany

<sup>1</sup> Includes doctors under mercantile relationship

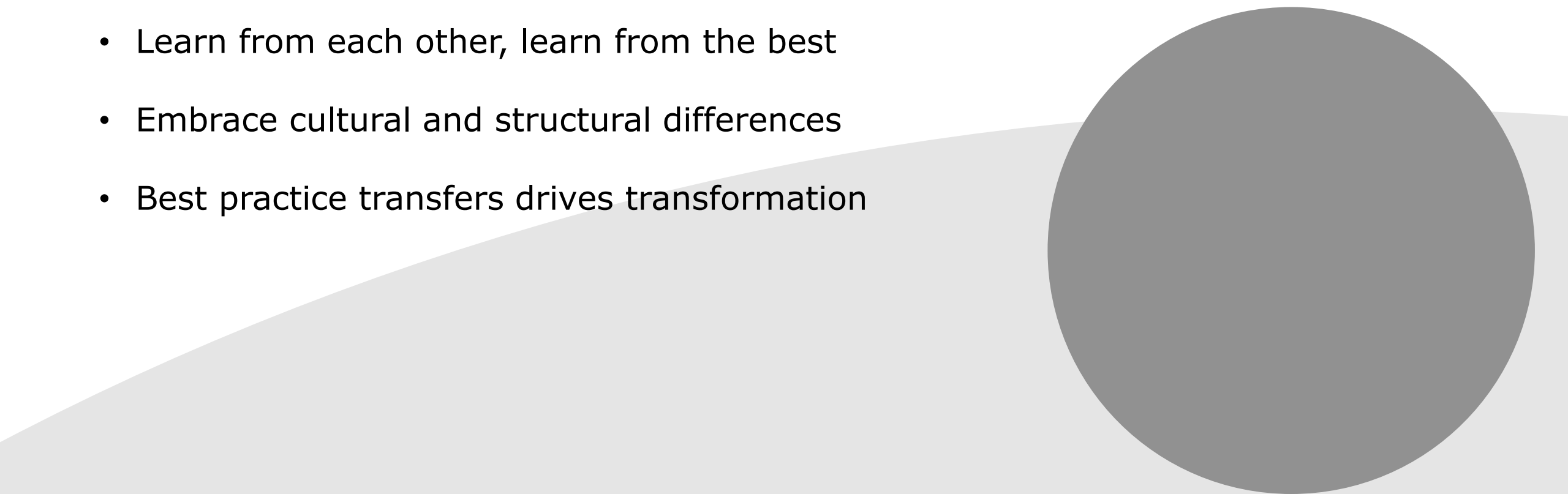
<sup>2</sup> Includes 2.2 million Emergency Room cases

<sup>3</sup> Includes 126 outpatient clinics, 10 Prevention centers (Germany) and ~300 ORPs, 57 outpatient centers (Spain)

# **What Makes the Difference**

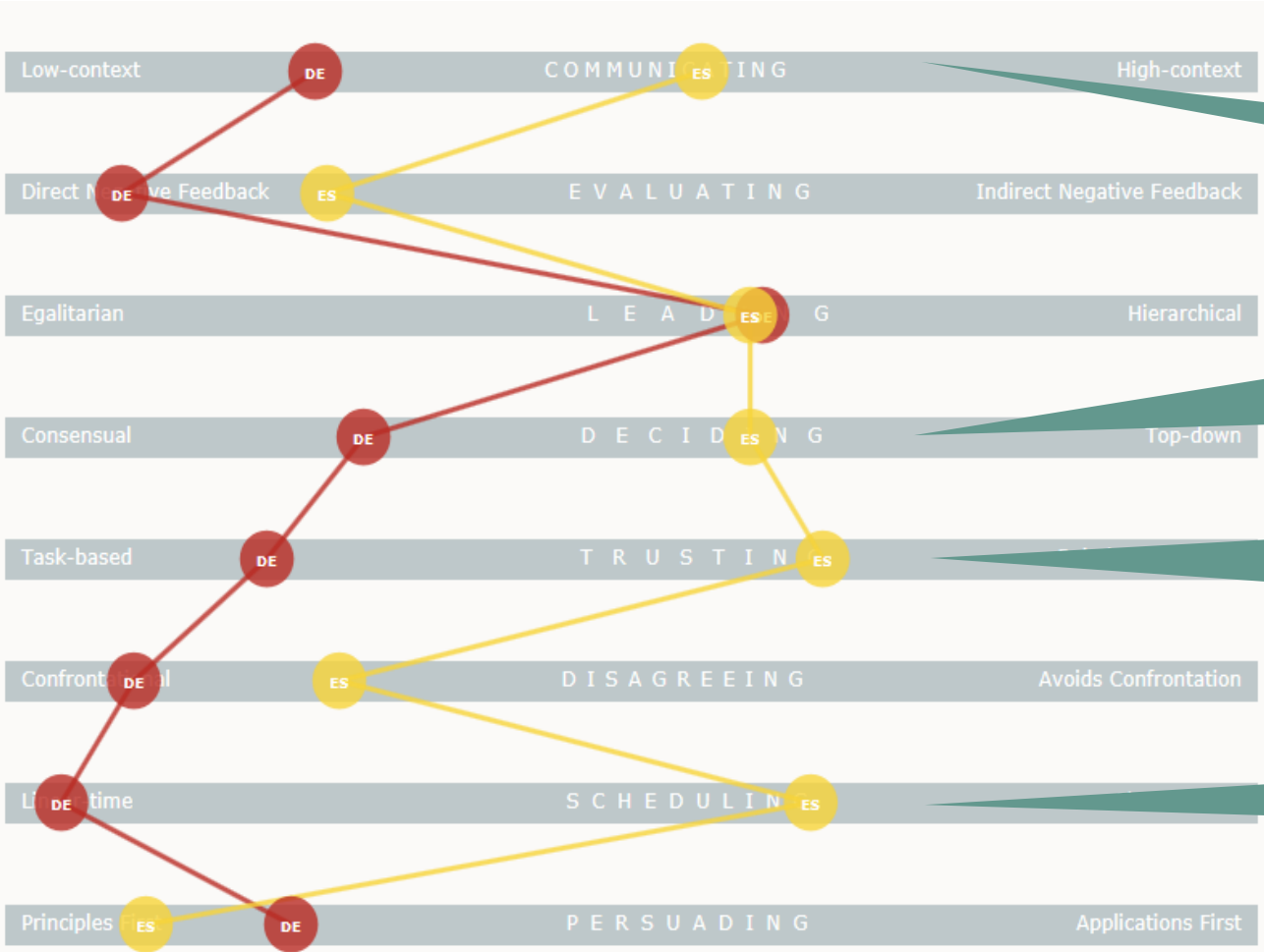


# Key Take-Aways

- Successful integration by selective interaction
  - Learn from each other, learn from the best
  - Embrace cultural and structural differences
  - Best practice transfers drives transformation
- 



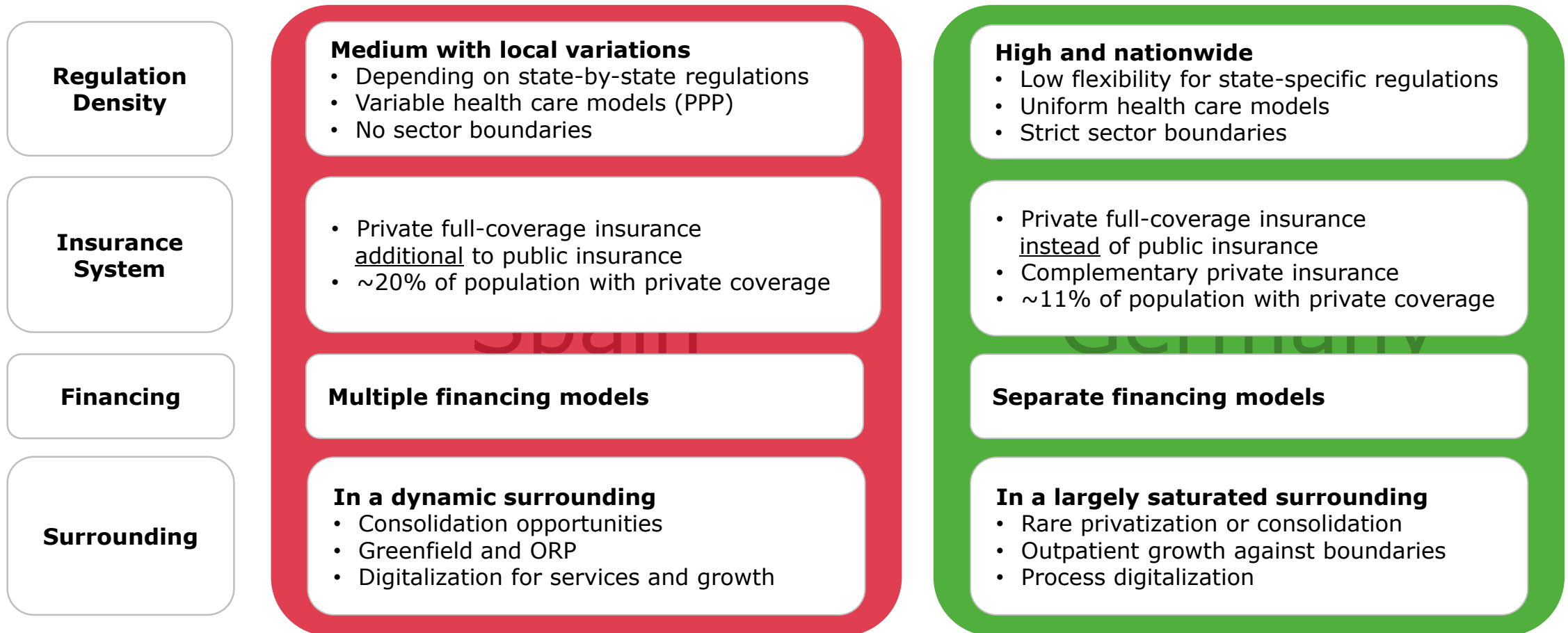
# Embrace cultural Differences



Fact only		Let's talk	
Multilayer decision making / matrix structure		Top down decision making	
Trust based on professional cooperation		Trust based on social connection	
Linear Time management		Flexible Time management	

Quelle: Erin Meyer - The Cultural Map – Breaking Through the Invisible Boundaries of Global Business © 2014-2017

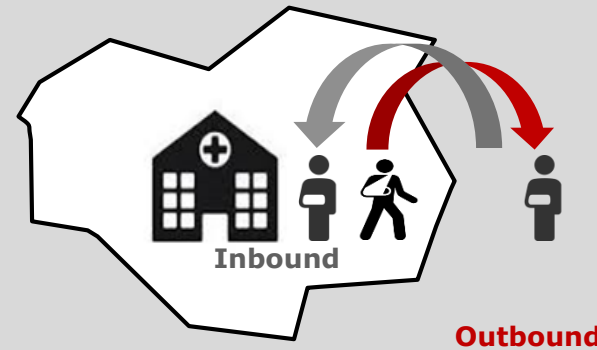
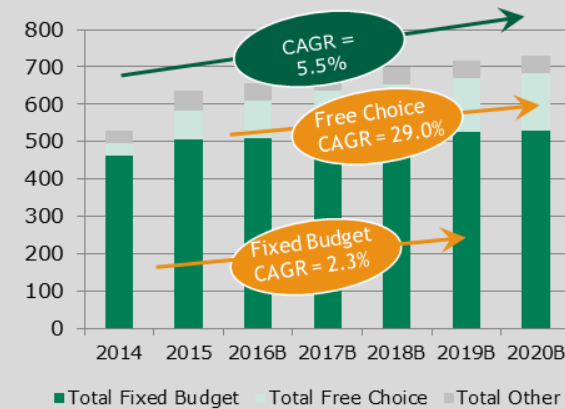
# Framework: Comparison



# Framework: Free-choice Model Madrid

- Free choice of hospital for all Madrid residents
- Basic Model: Capitation Model
- Main incentives:
  - Quality ranking and high technical standard
  - Short waiting time
  - Single bedroom with extra bed for relatives
  - Free parking, good quality meals etc.

€ M Public revenue Madrid - growth



## Net Free Choice Revenues

- = 90% of actual treatment price (DRG alike) for inbound patients
- 100% of actual treatment price (DRG alike) for outbound patients

# Framework: Greenfield Projects

## Quironsalud Cordoba



Foundation and construction of new hospital for private patients (HIC-insured) does not require a public operation license

- Hospital and medical center (100 beds)
- Opening in 2018

# **Best Practice Transfer and Transformation**

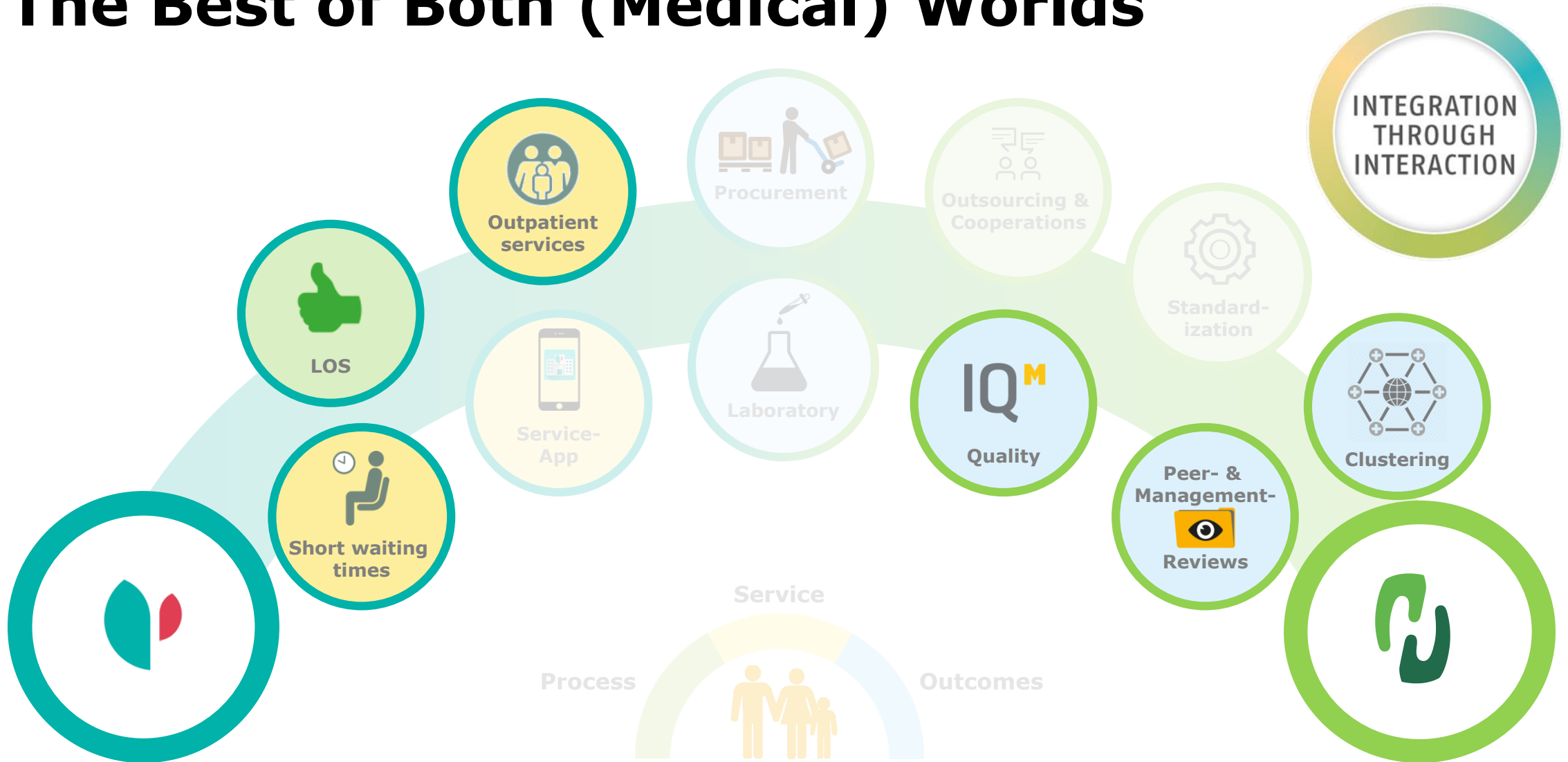




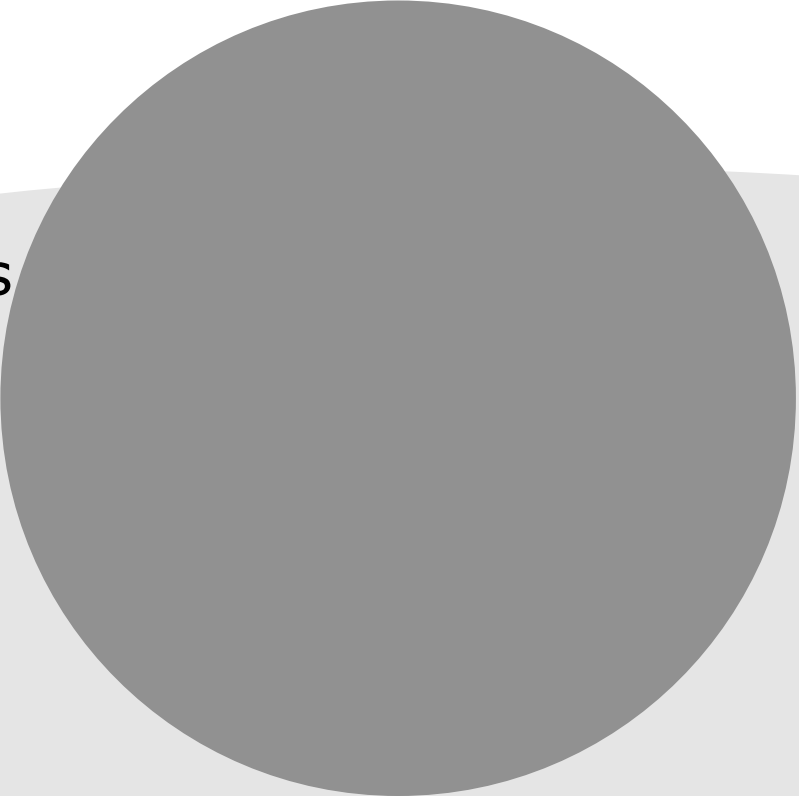
# The Best of Both Worlds



# The Best of Both (Medical) Worlds



# Key Take-Aways

- Positive patient experience is key driver of Quirónsalud's success
  - Integration of outpatient and inpatient care drives improved quality and efficiency
  - Digital transformation is not optional and changes the patient-doctor-relationship
  - Cross-border knowledge transfer between Quirónsalud and Helios improves clinical practice
- 

# Positive Patient Experience as Key Driver of Quirónsalud's Success

## Patients want ...

- Services provided on time
- Empathy, their educational, emotional, and spiritual needs taken care of

## Patients expect ...

- High quality & safe care
- Innovative & affordable care

### Patient Experience

## Quirónsalud offers ...

- Patient-centered care:
  - "Care & caring" program: we teach our employees how to treat patients
  - Focus groups with patients to improve services
- Good accessibility, short waiting list: process standardization and on time control of waiting times
  - Outpatient: less than 15 days, less than 15 minutes
  - Emergency Department: first medical attention under 30 minutes

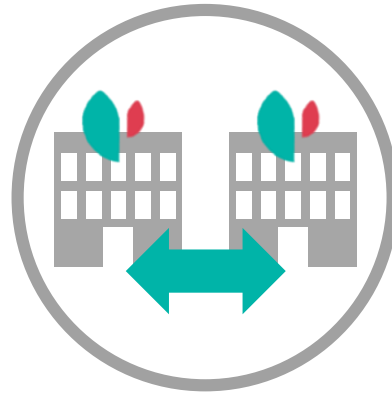
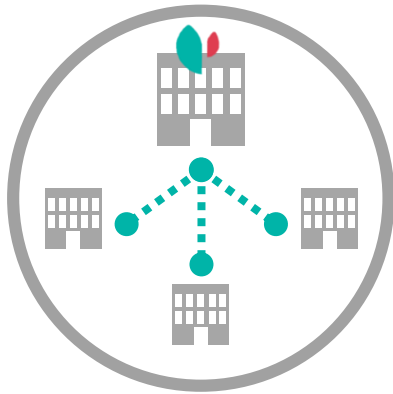
## Quirónsalud has to guarantee ...

- High quality & safe care
- Innovative & affordable care
- Efficiency

# Digital Transformation: Working along 4 transformational Axes

1

With our  
external  
partners



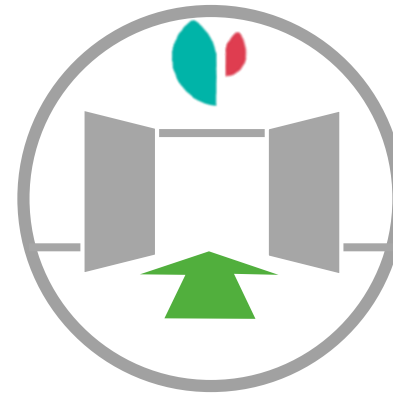
2

Among our  
centers



4

With our  
patients

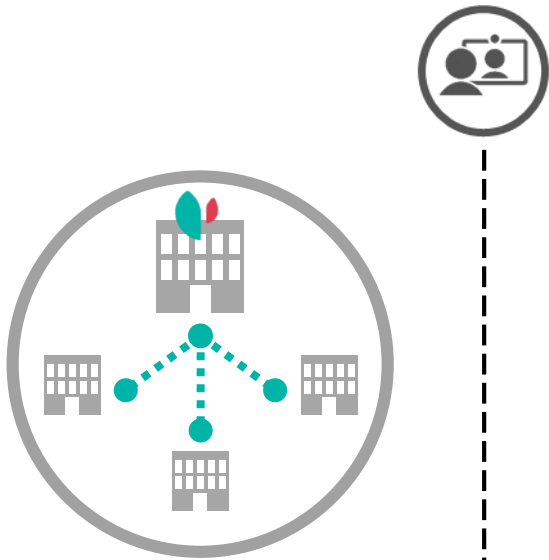


3

Inside our  
hospitals



# ...with external Partners



1

Helios.health



57 primary care centers



Ambulances



140 Nursing homes



Brain stroke Ceuta y Melilla

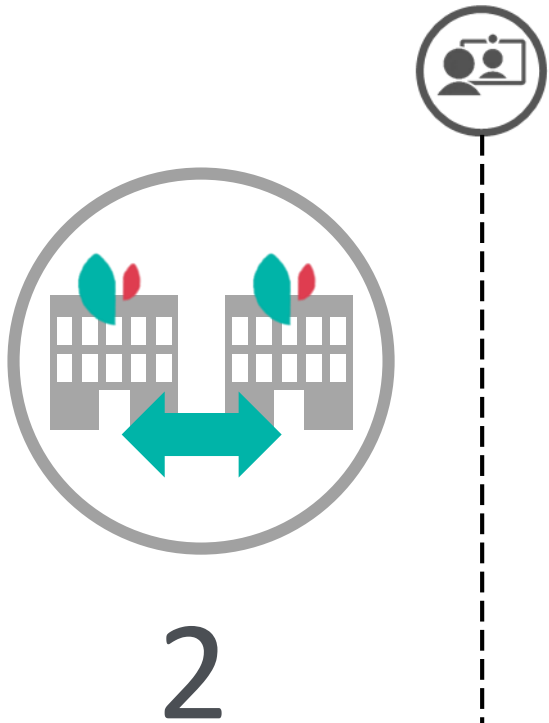


Torrevieja-Orihuela



Online authorizations

# ...with the QS Centers



**Brain Stroke Madrid**



**All medical services**

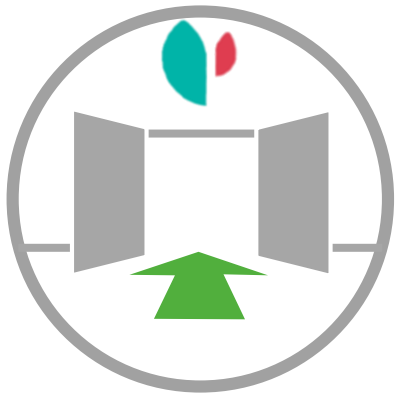


**Remote ICUs Catalonia**



**Digital Pathological Anatomy**

# ...inside the QS Hospitals



3



- Auto admission
- Virtual ticket
- Indoor guidance
- Consent signing



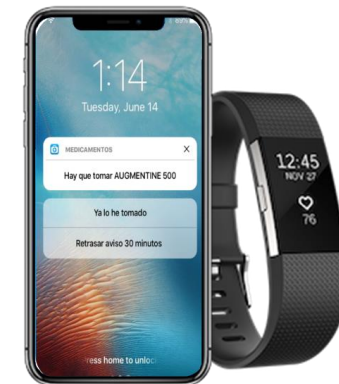
“From kiosks to mobile”



## Surgery patient tracking

- Real-time information to family
- Automatic time data entry with bracelets
- Operating theaters plan follow-up

## Fragile patients program 900 steps



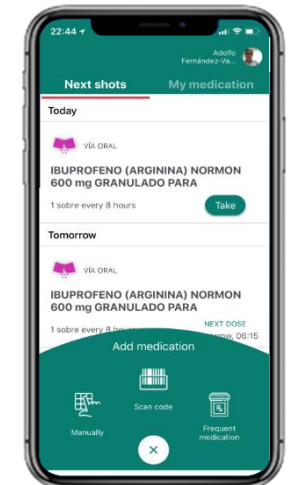
# ...with the Patients



More than 700,000 patients in portal (>56% active patients in last 6 months)



4



Over 5,000,000 access to medical record, 1,000,000 appointments, 450,000 certificates of assistance

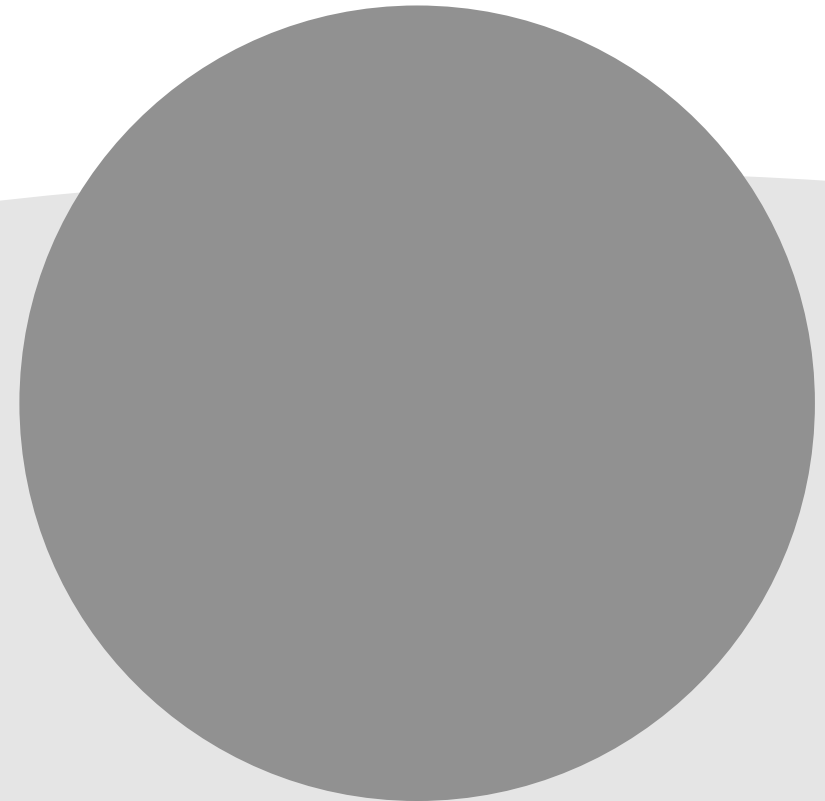
# The Best of Both (Process) Worlds



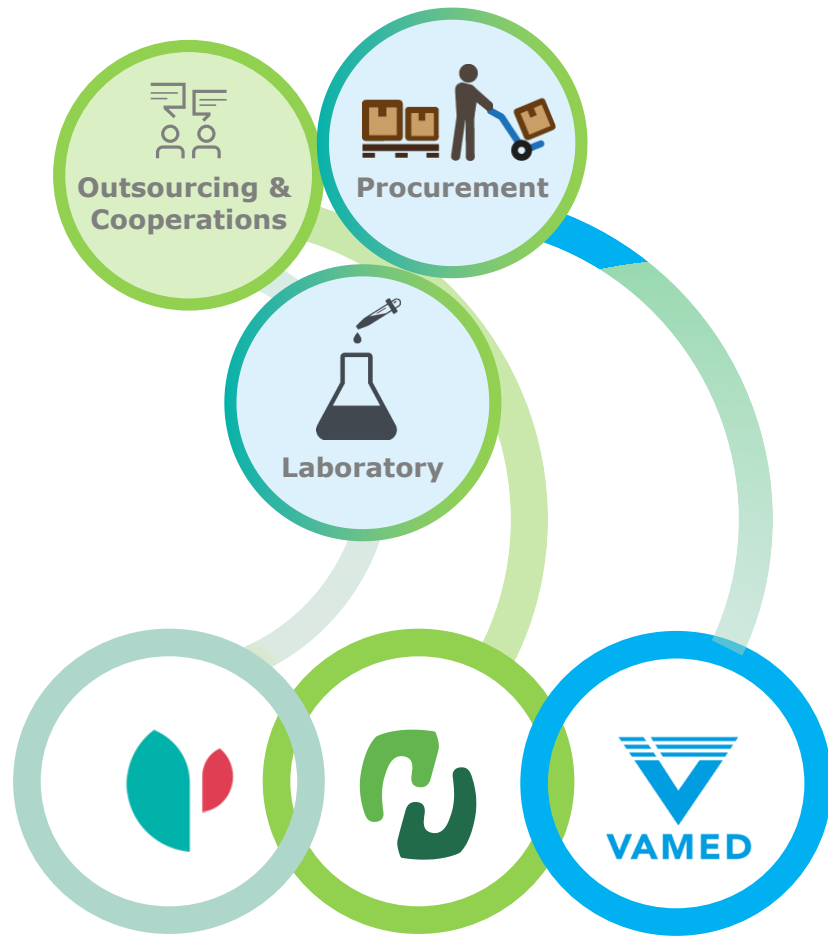


# Key Take-Aways

- Standards adapted to individual market conditions
- Size matters: Bundling of quantity & internationalization create new opportunities
- Efficiency supports quality – however, there are limits to standardization



# Efficiency Supports Quality



## From single projects to common strategy

### First things first

- Each unit defines its own goals  
→ quality and price

### Synergies potential yes/no?

- Are there synergies based on individual goals and how can they be achieved?

### Strength through bundling

- Combine negotiation process
- Common negotiations of volumes and price

### Use country specifics

- Individual implementation of results

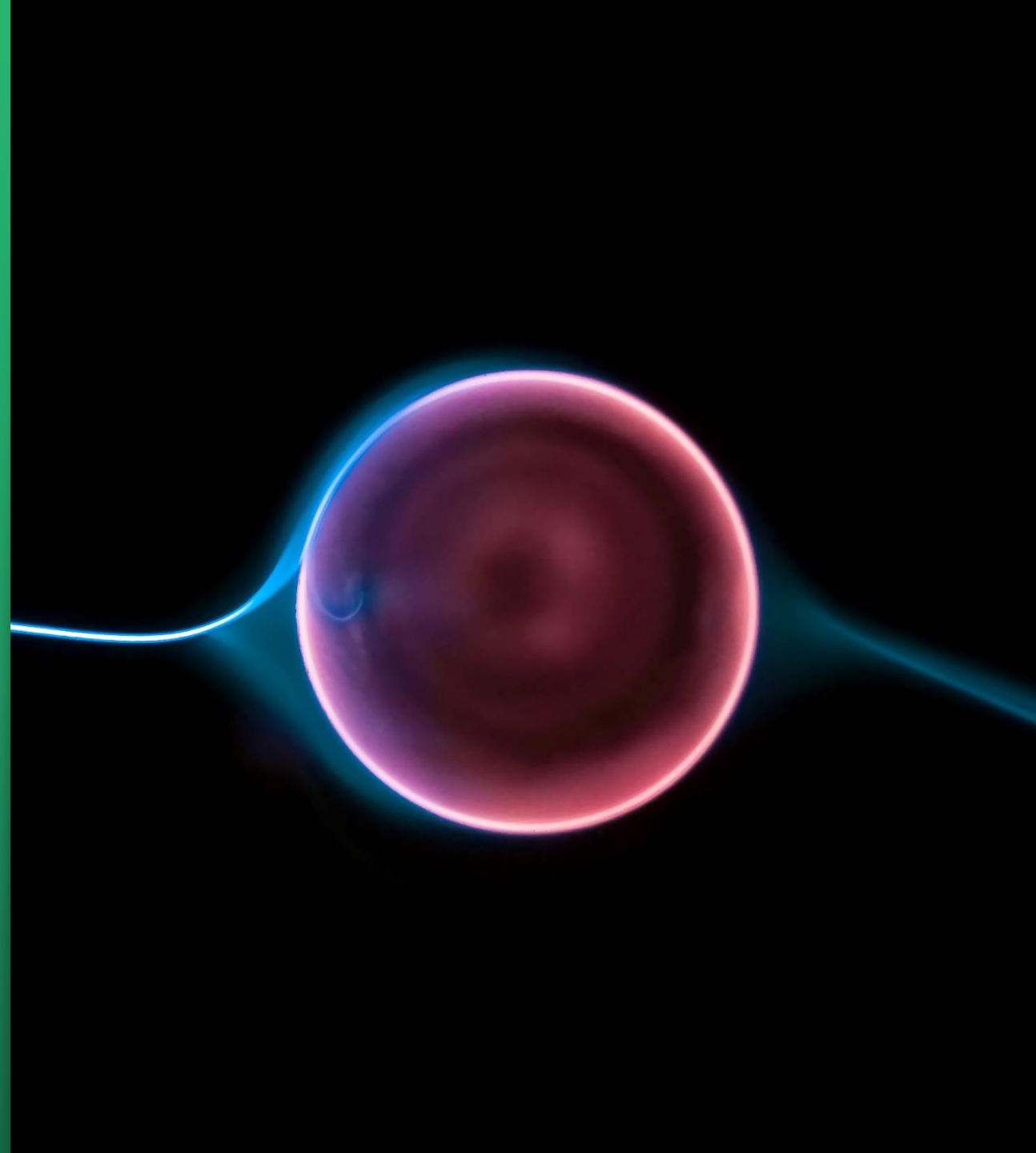
**Thank you**




# Merger of two Dutch university hospitals— Lessons learned from Amsterdam

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Prof. Dr. Hans Romijn  
Chairman of the Board  
of Directors of AMC  
and Vice-Chairman at VUmc



# Merger of two university hospitals lessons learned from Amsterdam



Hans Romijn  
Professor of Medicine, CEO and Dean  
Amsterdam UMC

# Amsterdam: 2 universities



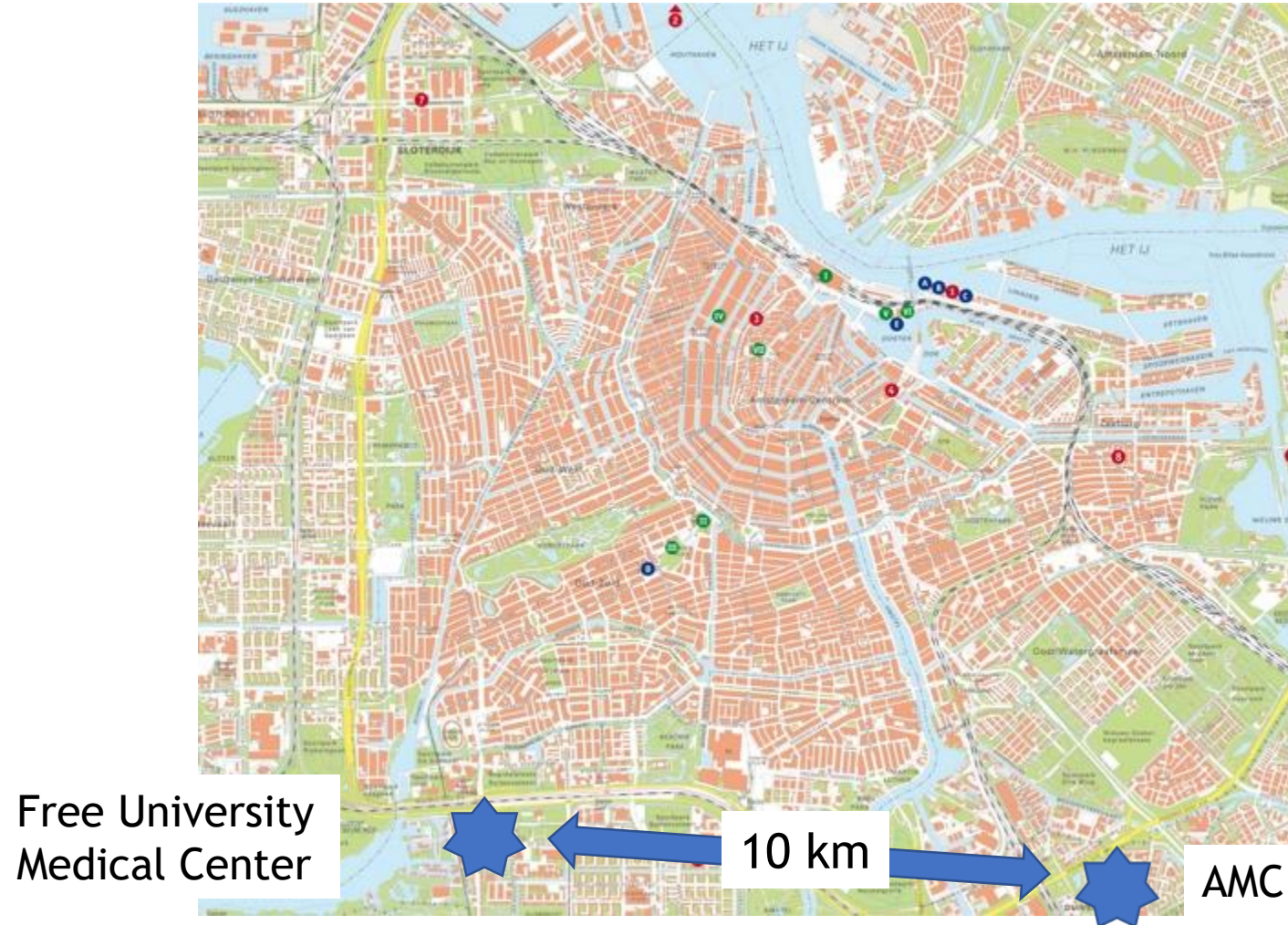
Free University Medical Center



Academic Medical Center

# Two complete university medical centers

## no collaboration before 2010





# Amsterdam: only 750.000 inhabitants



## Merger: sequence of events



2010

AMC: proposal in strategic meeting

2013

VUmc and AMC agree to merge

2013-2018

Many legal problems

June 8, 2018

Merger

# Merger program

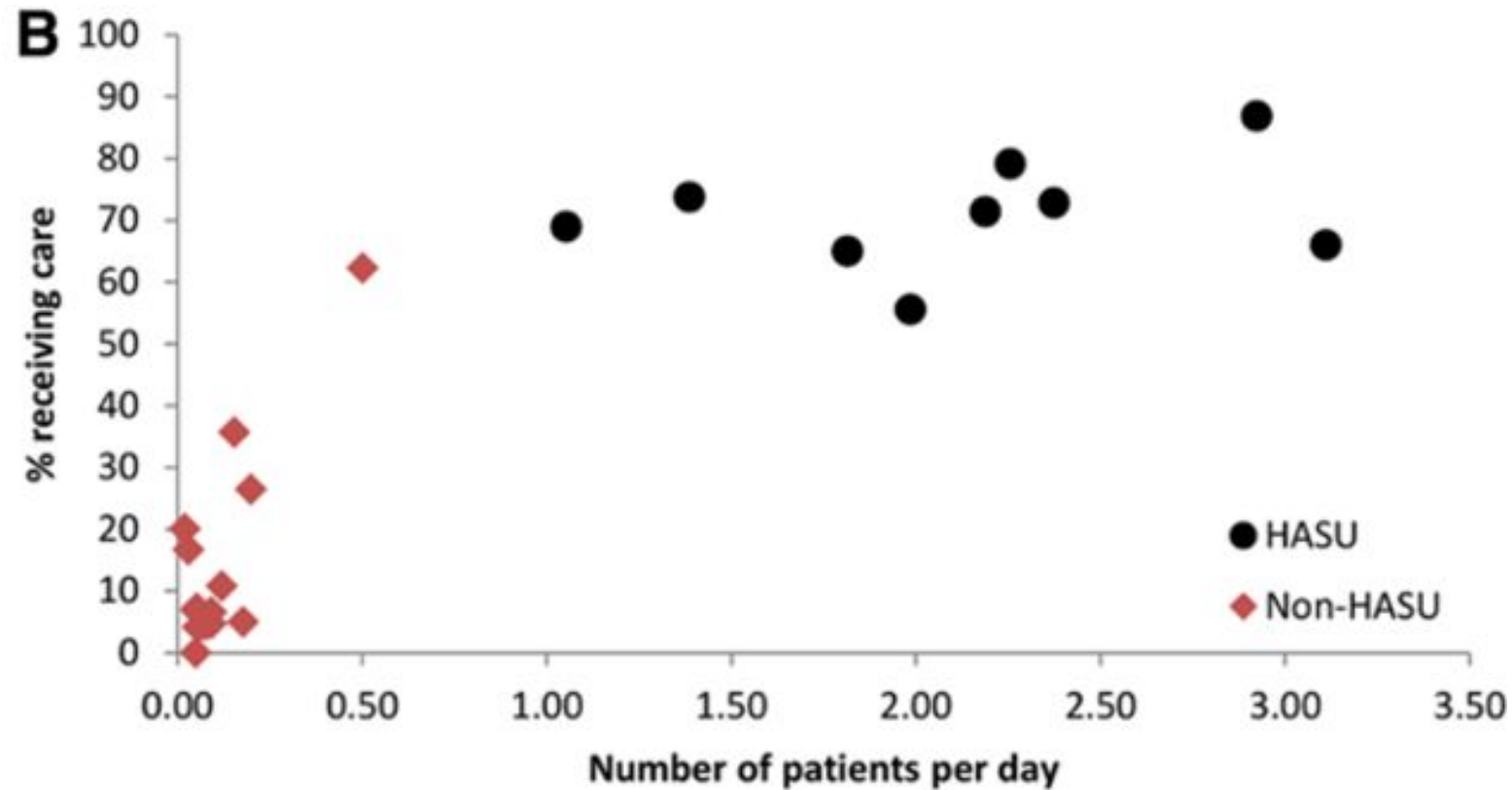
1. Explain and communicate reasons for the merger

## Arguments to merge

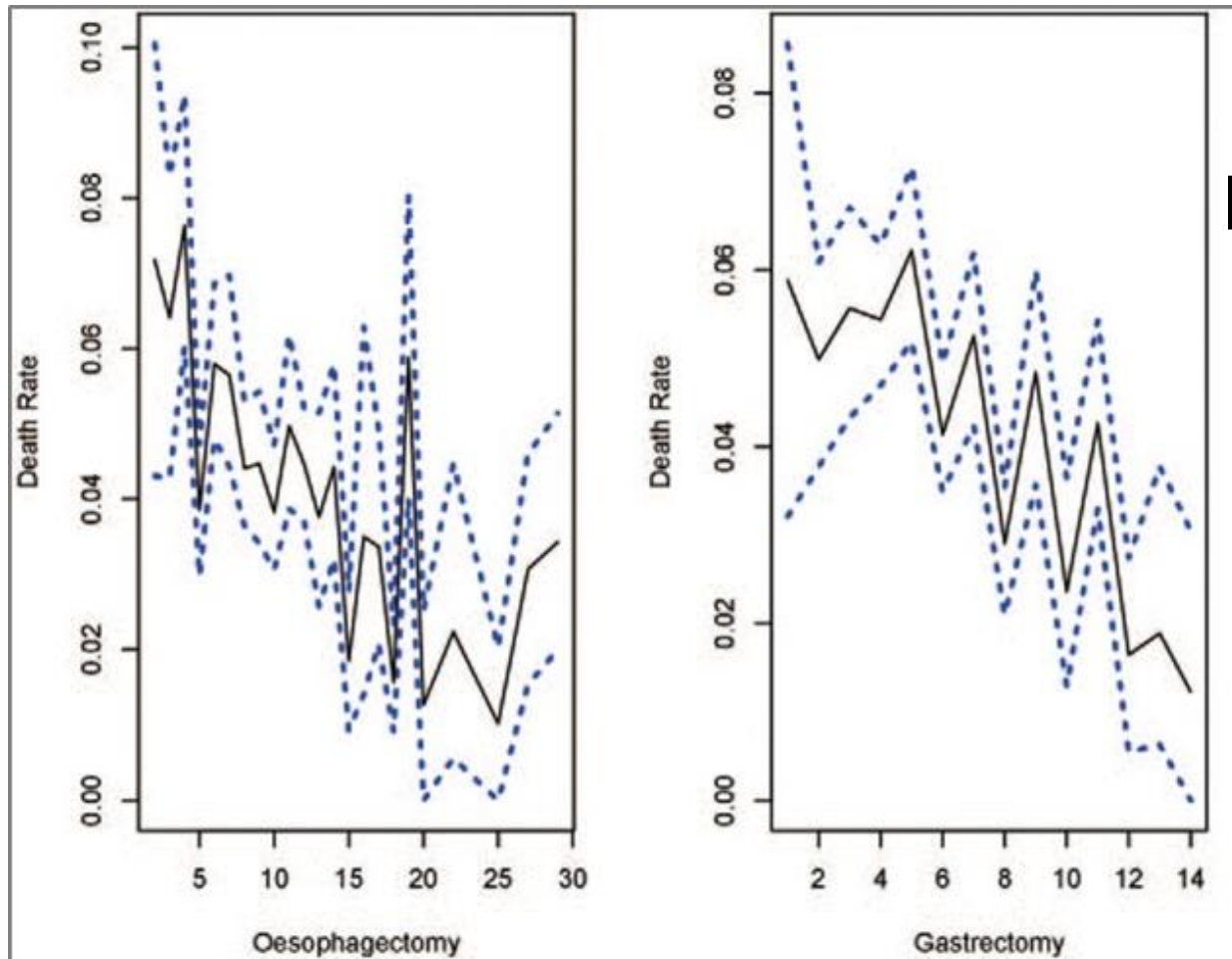
1. Clinical benefits of scale
  - centralization of patient groups
  - more differentiation of care
2. Cost benefits
3. Consolidation of research activities
4. Coherence versus unproductive competition



## Centralization of stroke patients in London improves care



Stroke. 2015;46:2244-2251



Increased number of operations  
per surgeon  
reduces mortality

Number of operations per surgeon / year

Annals of Surgery 2016;263:727-732

## Arguments to merge

1. Clinical benefits of scale
2. Cost benefits
3. Consolidation of research activities
4. Coherence versus unproductive competition

# Merger program

1. Explain and communicate reasons for the merger
2. Define and communicate common purpose
  - + New name
  - + New logo



# New identity





# Merger program

1. Explain and communicate reasons for the merger
2. Definition and communication of common purpose  
New name  
New logo
3. Clear program of change management

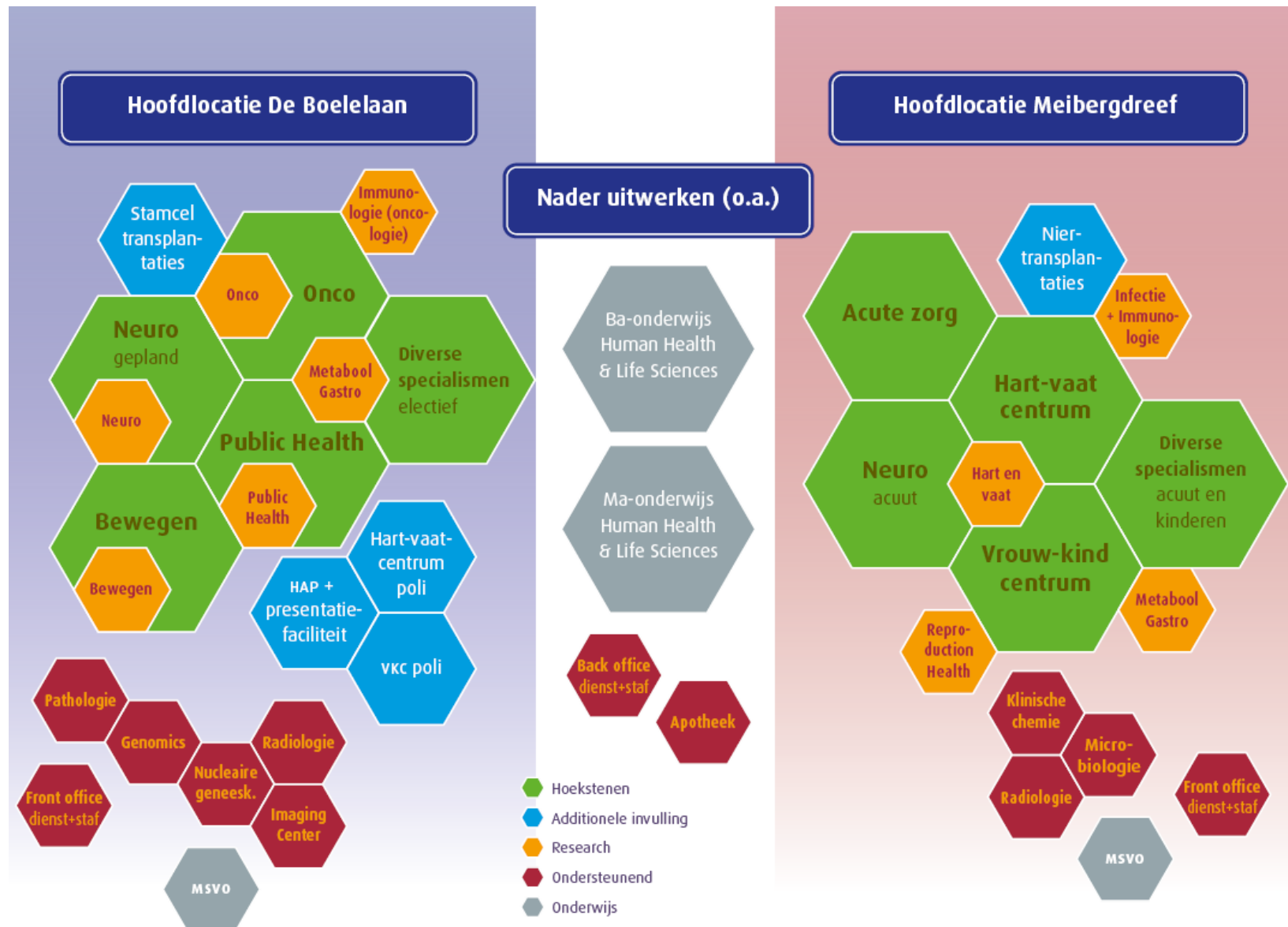
# Agreement with the labor unions

## 14.000 employees

No dismissals due to the merger  
within 5 year after the merger



# CONCENTRATION PROFILES 2022





# Many risks, but failure is not an option



Olympic swimming pool that was  
short by 1 meter

# Program of change management



Excell in

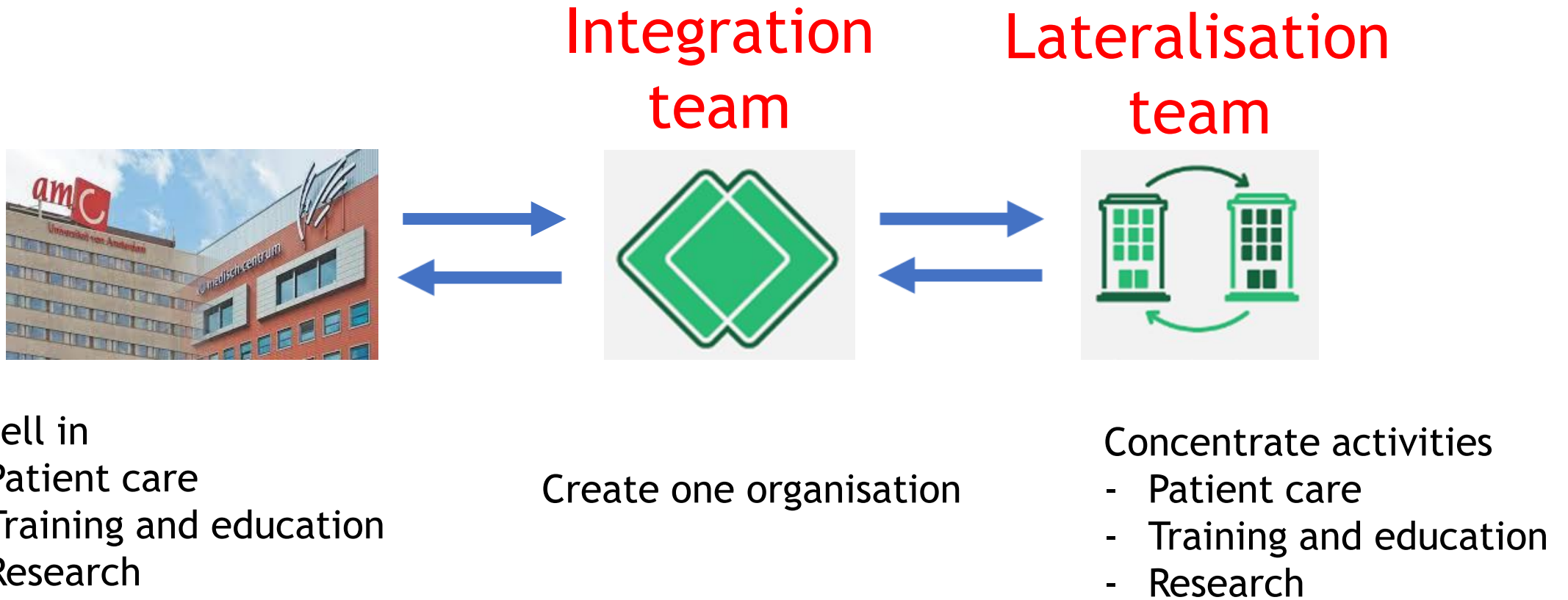
- Patient care
- Training and education
- Research

Create one organisation

Concentrate activities

- Patient care
- Training and education
- Research

# Program of change management



# *Epic*



Excell in

- Patient care
- Training and education
- Research

Integration and harmonisation

Create one organisation

Concentrate activities

- Patient care
- Training and education
- Research



Joint Commission International

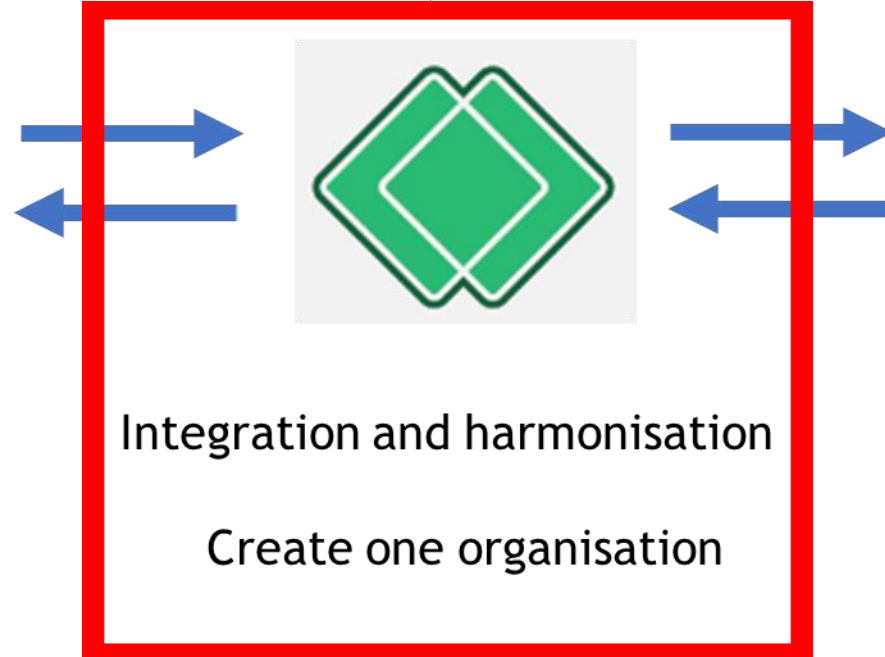
## Management integration:

- Boards of supervisors and directors
- Harmonisation divisions / services
- Chairmen of departments / services



Excell in

- Patient care
- Training and education
- Research



Concentrate activities

- Patient care
- Training and education
- Research

# Merger

- Harsh facts:
  - Legal issues, ICT, buildings, processes, ect
- Soft facts:
  - Culture, collaboration, trust, participation





# Program of change management

## Lateralisation team



Excell in

- Patient care
- Training and education
- Research



Integration and harmonisation

Create one organisation

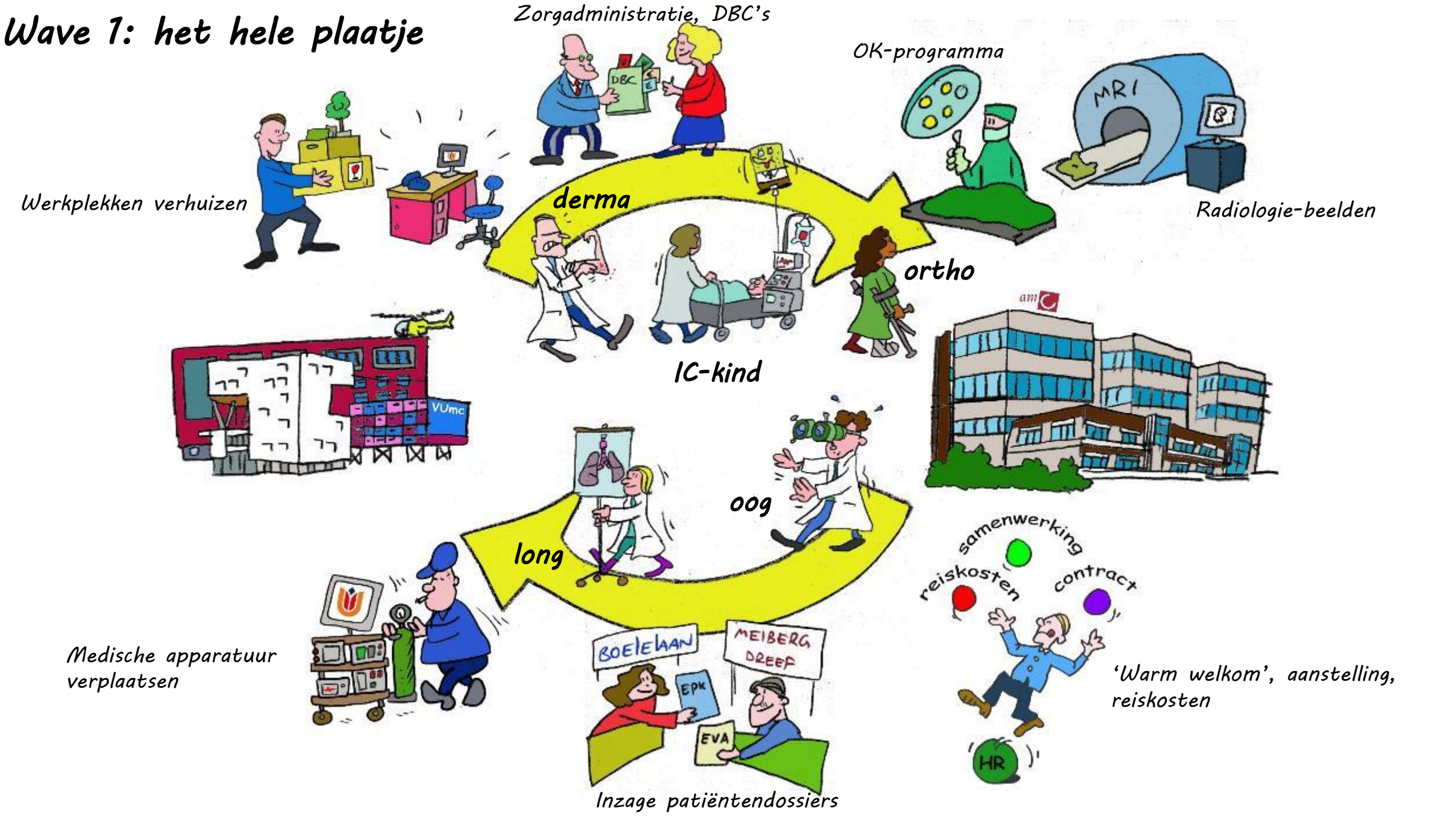


Concentrate activities

- Patient care
- Training and education
- Research



# Wave 1: het hele plaatje



# Major lessons

- Continuous emphasis on necessity of the merger
- Open communication on merger process
- Emphasis on new common culture
- Execution of merger step by step and with respect
- Unity of governance
- Dedicated merger teams enforced by board of directors
- Organize mergerprocess from top AND bottom
- Identify, train and coach: management skills



AMC + VUmc

Metamorphosis

Amsterdam UMC



Twee universitair medische centra

# Reflections on network building, integration success factors and potential pitfalls

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All







# Strategy

- Pre-signing
- Post-signing
- Post-closing

- ☆ In retrospective, to what extent could pre-merger ambitions and expectations be met?
- ☆ How clear was the ("top-down") strategic rationale before signing and to what extent was the rationale adjusted during the integration process ("bottom-up")?
- ☆ What were the "integration principles" in terms of longer-versus shorter-term benefits, speed and spirit?
- ☆ Any additional lessons learned and take-aways in the strategic context?



# Process

- Structure
- Team
- Tools

- ☆ In retrospective, what were the most critical elements to manage the integration process?
- ☆ How did you design the integration process in terms of structure or teams and which tools or experiences could you apply?
- ☆ What kept you awake 100-days before and after closing?
- ☆ Any additional lessons learned and take-aways in the integration process context?





# Synergies

- Cost
- Revenue
- Speed

- ☆ In retrospective, how successful was the merger in terms of synergy realization?
- ☆ Which synergies could be realized more straight forward and which ones are still hard to crack?
- ☆ How was the balance between topline and bottom-line synergies and to what extent have pre-merger ambitions been met?
- ☆ Any additional lessons learned and take-aways in the synergy context?



# Organization

- Target operating model
- Target structures
- Nominations

- ☆ In retrospective, how clear was the target organization before the merger?
- ☆ To what extent is the organization of the "NewCo" a mixed model versus the replication of an existing one?
- ☆ When during the merger were target structures and nominations defined and communicated?
- ☆ Any additional lessons learned and take-aways in the organizational context?



## Others

- Culture
- Sites
- Brands

- ☆ Which role did culture play and to what extent was this considered during the integration?
- ☆ Anything specific to share in the context of sites and portfolio?
- ☆ Anything specific to share in the context of branding?
- ☆ Any additional lessons learned and take-aways which we forgot to discuss?

Many thanks for  
your attention







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