

Creative Service

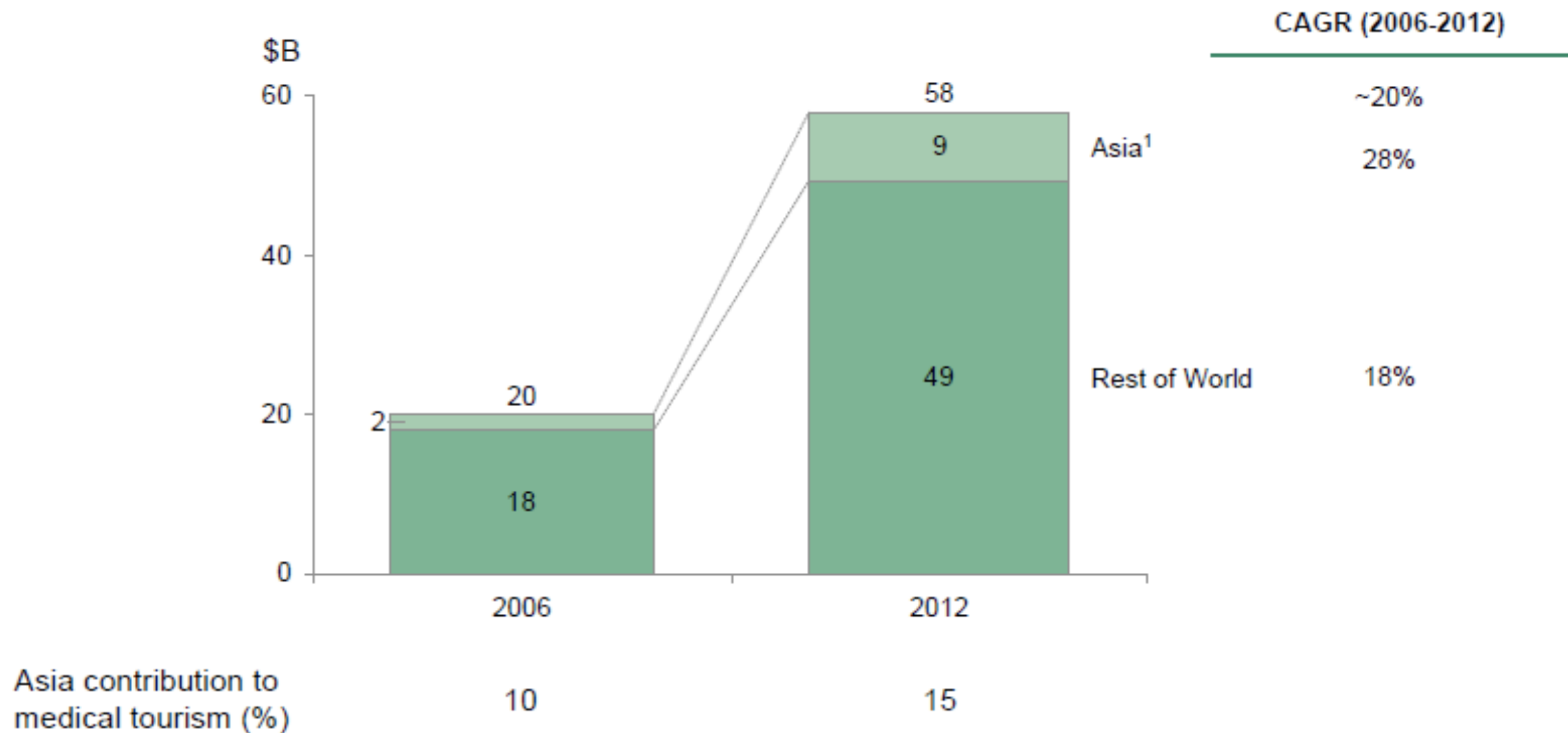
Kongkiat Kespechara, M.D.
Bangkok Hospital Phuket





Global medical tourism market estimated at ~\$20Bn

Growing at CAGR of ~20%; Asia a growing component of global medical tourism



1. For Malaysia, takes MOH target medical tourist revenues, based primarily on Singapore, Thailand, India, Malaysia volumes

Note: Significant variance in estimates, data triangulated from multiple sources

Source: Frost and Sullivan; Complete Medical Tourist; Literature search; BCG Estimates

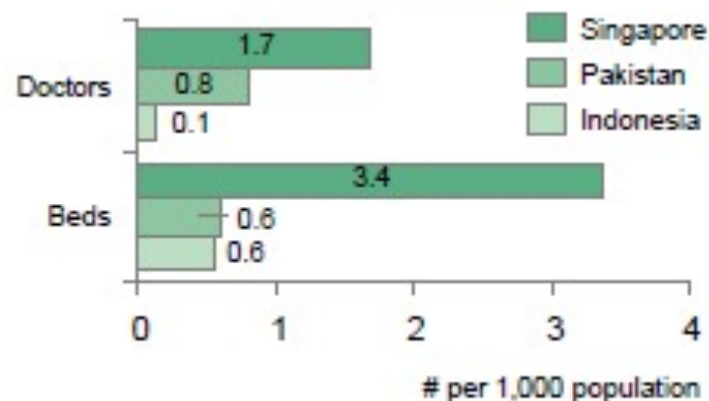
Give Back Deck - Overview Of Medical Tourism.ppt

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Lack of local healthcare, long waiting times & undercoverage pushing patients to seek treatment abroad

Lack of local healthcare infrastructure

Number of doctors & hospital beds per 1,000 population



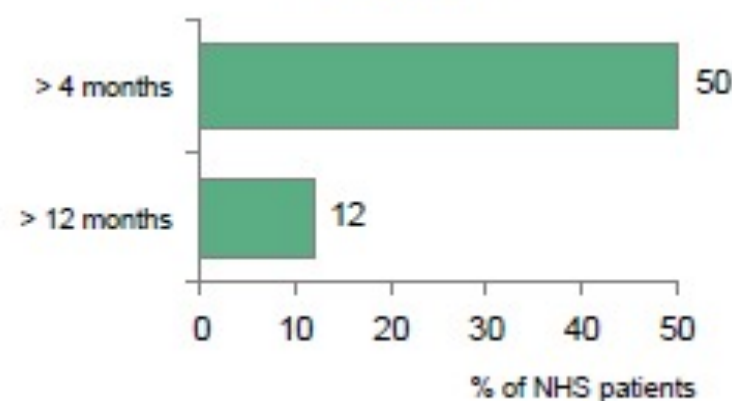
- Shortage of high quality doctors
- Lack of advanced medical equipment to deliver high quality healthcare
- Lack of cutting-edge technologies

Examples:

- Indonesia, Pakistan, Indochina

Excessive wait times

Wait time of NHS (% of total)



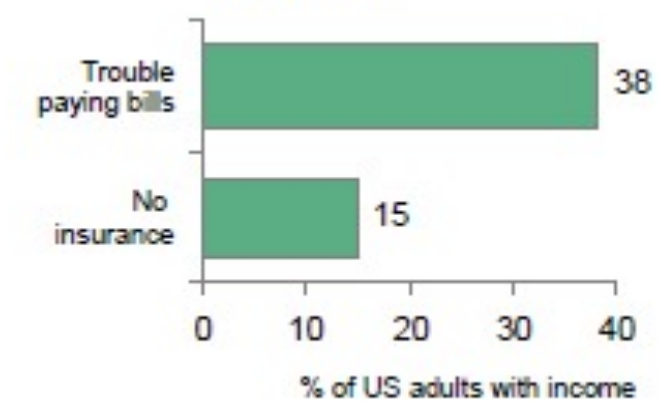
- Long wait time for certain procedures (related to, for example, cardiology & orthopedics)

Examples

- UK and Canada

Under / un-insured seeking treatment

Under / un-insured US adults with income (% of total)



- High cost of treatments for patients who are partially (or not) covered by insurance
- Most elective treatments and cosmetic procedures are not covered by insurance

Examples:

- US
- Japan / Korea (elective)

Note: Data shown is from 2006

Source: In country interviews; The Commonwealth Fund; US Census Bureau; Guardian Unlimited (UK News); EIU

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Medical tourists have many choices

Common treatments can be found in most regions

Treatment Areas ¹	Americas				EMEA					South / South East Asia					
	Mexico	Costa Rica	Brazil	Americas	Czech Rep.	Hungary	UAE	South Africa	EMEA	Thailand	Singapore	India	Malaysia	Philippines ²	S / SE Asia
Cardiology		✓		✓			✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓
Cosmetic & Plastic	✓✓	✓✓	✓✓	✓✓	✓	✓		✓✓	✓✓	✓✓	✓		✓	✓	✓✓
Dentistry	✓✓	✓✓	✓	✓✓	✓✓	✓✓		✓✓	✓✓	✓✓	✓	✓	✓	✓	✓✓
Fertility & Reproduction			✓	✓				✓	✓	✓✓	✓✓	✓	✓		✓✓
Neurology & Spine										✓✓	✓✓	✓✓		✓	✓✓
Orthopedic	✓	✓		✓			✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓
Oncology		✓		✓			✓✓	✓	✓✓	✓✓	✓✓	✓✓		✓	✓✓
Stem cell (research)										✓✓	✓✓			✓	✓✓
Sex change / Cosmetic			✓✓	✓✓				✓	✓	✓✓	✓				✓✓
Weight / Bariatric	✓✓	✓	✓✓	✓✓				✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓	✓✓

- ✓✓ A primary destination
- ✓ A secondary destination

South / SE Asia primary destination for many treatment areas

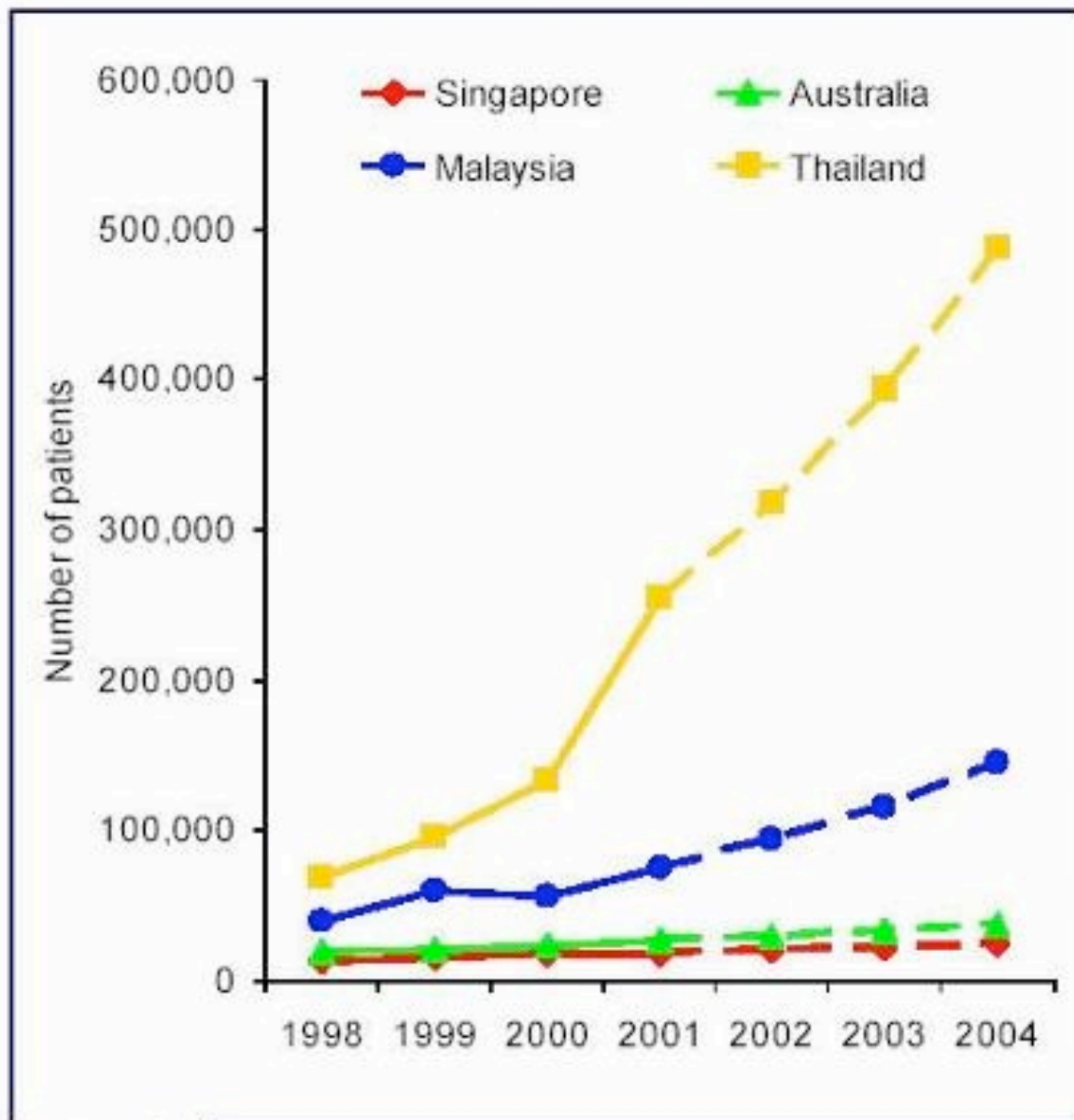
1. Selected; countries may be known for different subspecialties within these treatment areas 2. Emerging market – indications of strength
Source: Patients Beyond Borders; Interviews

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Foreign patient flow and trends

Number of foreign patients 98 - 04



Australia (0.4% of total patients – 2001)

- Enjoys a steady flow of foreign patients, sustained by strong reputation for quality healthcare, and large base of expatriates

Malaysia (4.5% of total patients – 2001)

- Managed to attract a significant portion of foreign patients (especially Indonesians) from Singapore

Thailand (0.7% of total patients – 2001)

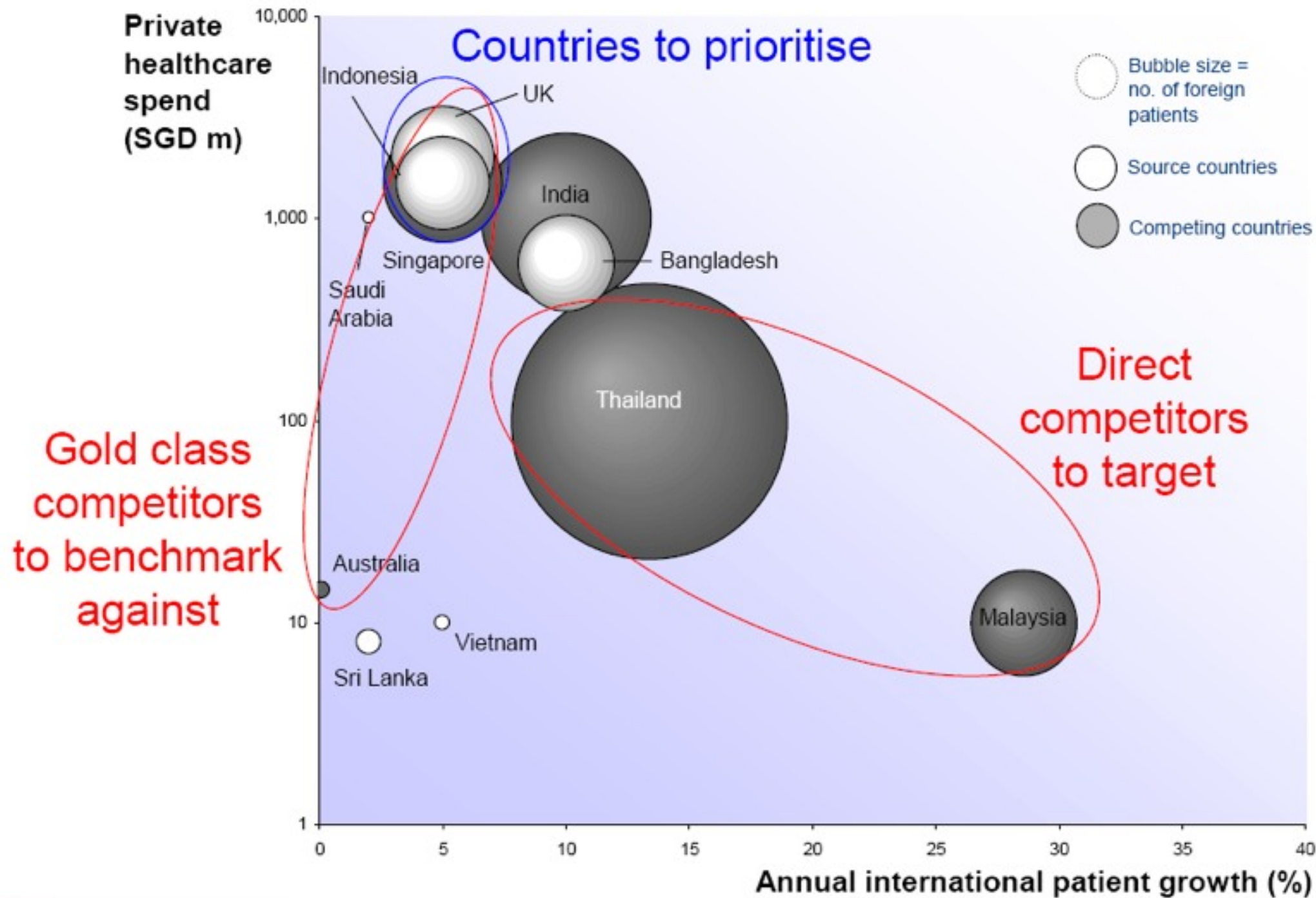
- Surged due to lower costs of treatment. Growth expected to continue due to active initiatives from private and public sectors

Singapore (4.3% of total patients – 2001)

- A significant proportion of price sensitive patients have shifted to Malaysia and Thailand
















A market landscape for competitive strategy

MARKET OPPORTUNITY ANALYSIS



Source: Synovate analysis

Overall: Thailand, Singapore and India are most advanced in medical tourism ...

	 Thailand	 Singapore	 India	 Malaysia	 Philippines
No. of medical tourists (2006) ¹	 ~ 660 K ²	 ~450 K	 ~300 K	 ~300 K	 ~100 to 200 K
Annual growth (from previous year)	• 12% ³	• ~20%	• ~25%	• 28%	• ~30%
Revenues from medical tourists (2006 US\$) ¹	 750 Mn ⁴	 425 Mn	 440 Mn	 54 Mn	 125 Mn
Revenues from medical tourists (%)	• 20-40%	• 30-50%	• 10-15%	• ~5-30%	• <5% ⁶
No. of hospitals accredited by JCI	• 3	• 11	• 8	• 0	• 2
Recognition	• "Top 10 international HC destinations" – News Week	• "Best medical/ wellness tourism destination" – Travel Weekly 2007			• Relatively new player in medical tourism • Lacks international recognition (e.g. no profile in "Patients without Borders")

1. Based on government estimates 2. Fly in patients – excludes expats living in Thailand; 3. Estimated based on 2005 split of fly-ins and expats 4. Includes Expats 6. Philippine medical tourism clustered with primarily <5 hospitals out of 1,838 total.
Source: Literature search; Interviews

Medical tourists can be global, but are most often regional



Note: Estimates of medical tourists based on 2006 data; Does not include Other = 280 K

1. South Asian Association for Regional Cooperation (includes Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka) 2. Includes Myanmar; 3. Majority of medical tourists from US, UK & EU are the naturalized Indian living there 4. Consist mainly of Filipinos working overseas

Source: Interviews; Literature research

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Figure 9 Competitive advantage: Thailand & Asian competitors

(X means a degree of competitive advantage)

Competitive Advantage	Thailand	Singapore	India	Malaysia	Hong Kong
Service & Hospitality	xxxxx			x	
Hi-tech Hardware	x	xxx	xx	x	xx
HR Quality	x	xxx	xx		xx
Int.Accredited Hospital	x	x			
Preemptive Move		xxx			x
Synergy/Strategic Partner		xx	x		x
Accessibility/Market Channel		xxx	x	xx	
Reasonable Cost	xxxx		xxxx	xxx	

Source: Association of Thai Private Hospital, cited in Bangkok Bank Public Company Limited 2005, *Health Products and Health Services: Another industry in which Thailand is competitive.*

Phuket Medical Tourism



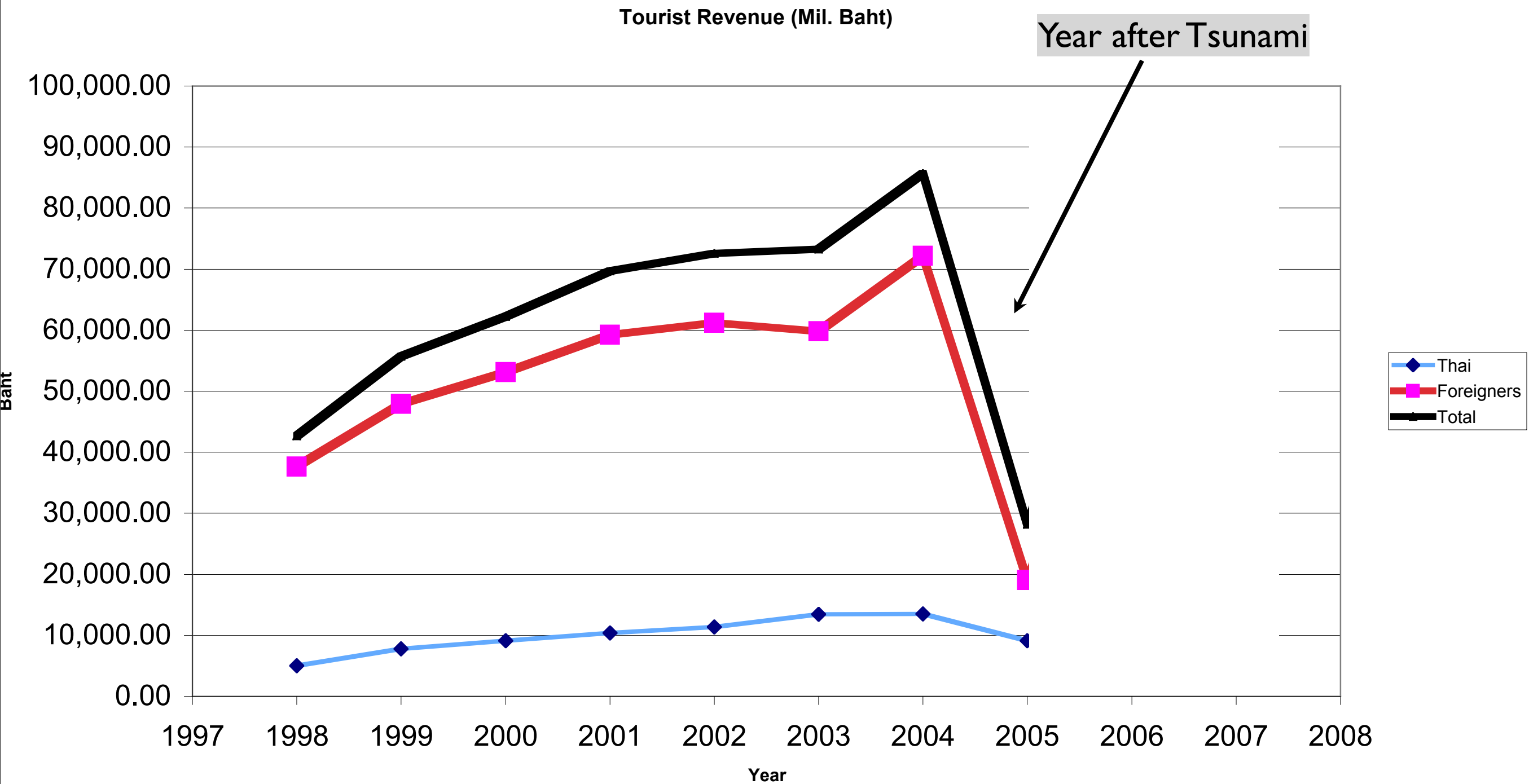
Phuket

- Island province in the south of Thailand
- Size about Singapore
- 350,000 population.
- in 2007, 5.5 mil. Tourist visit Phuket



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Phuket Tourism Revenue



Data from Tourism Authority of Thailand

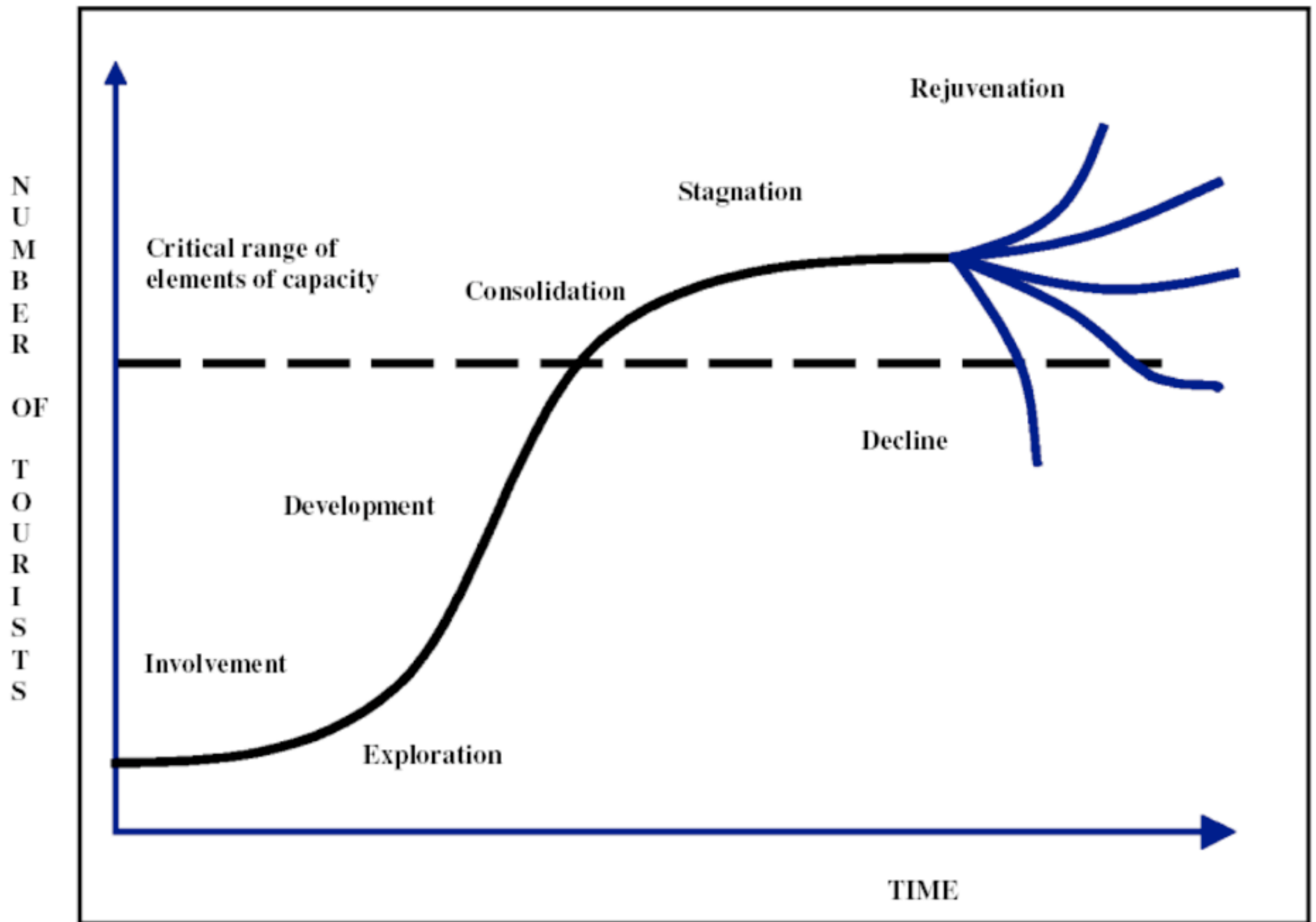
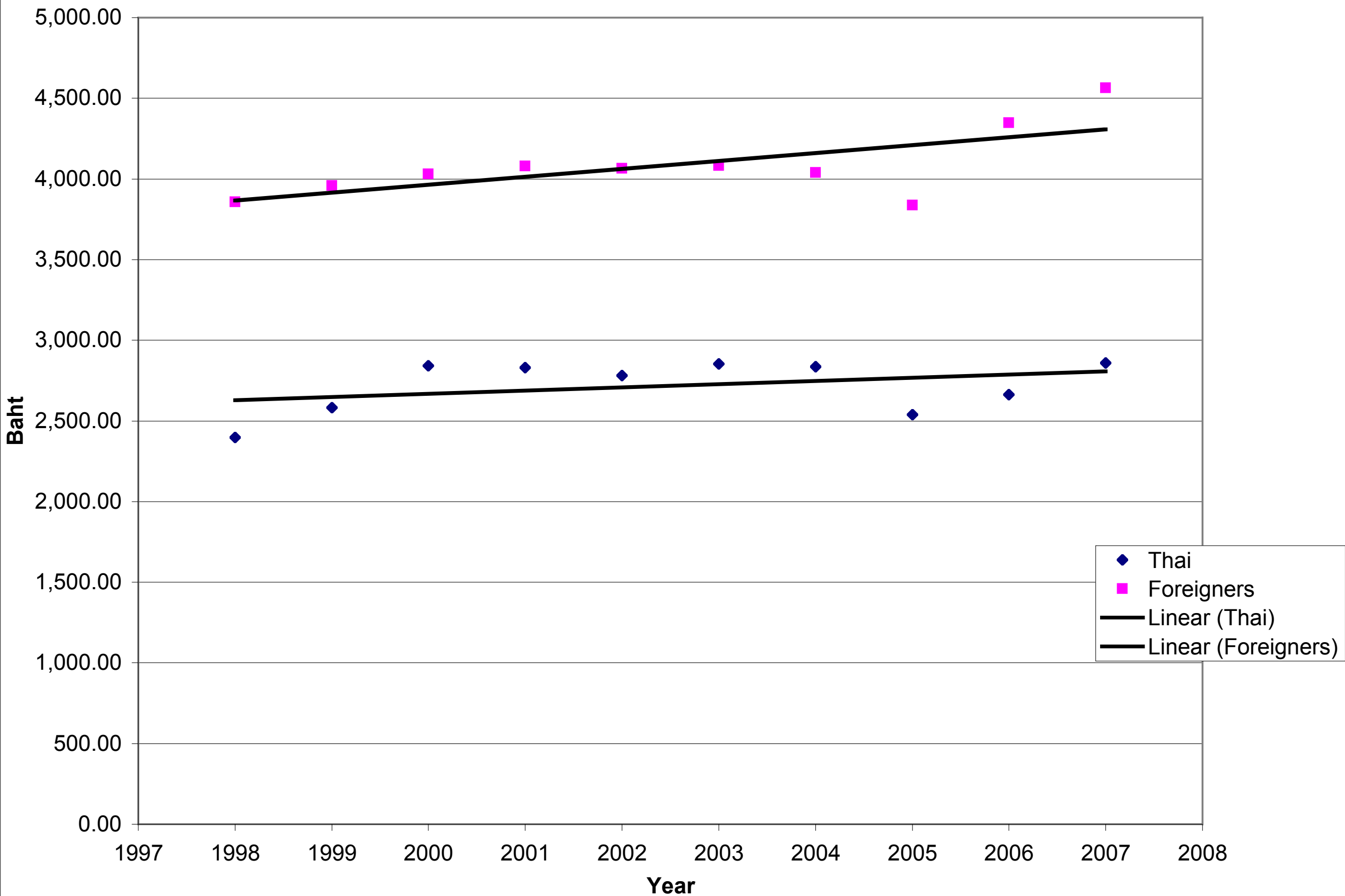


Figure 1 Butler's tourist area lifecycle model (1980)

Average Expense (baht/person/day)



Data from Tourism Authority of Thailand

- Phuket Medical Tourism
- Creative Service = Value Creation
- Value =?
 - Physical Value
 - Process Value
 - People Value



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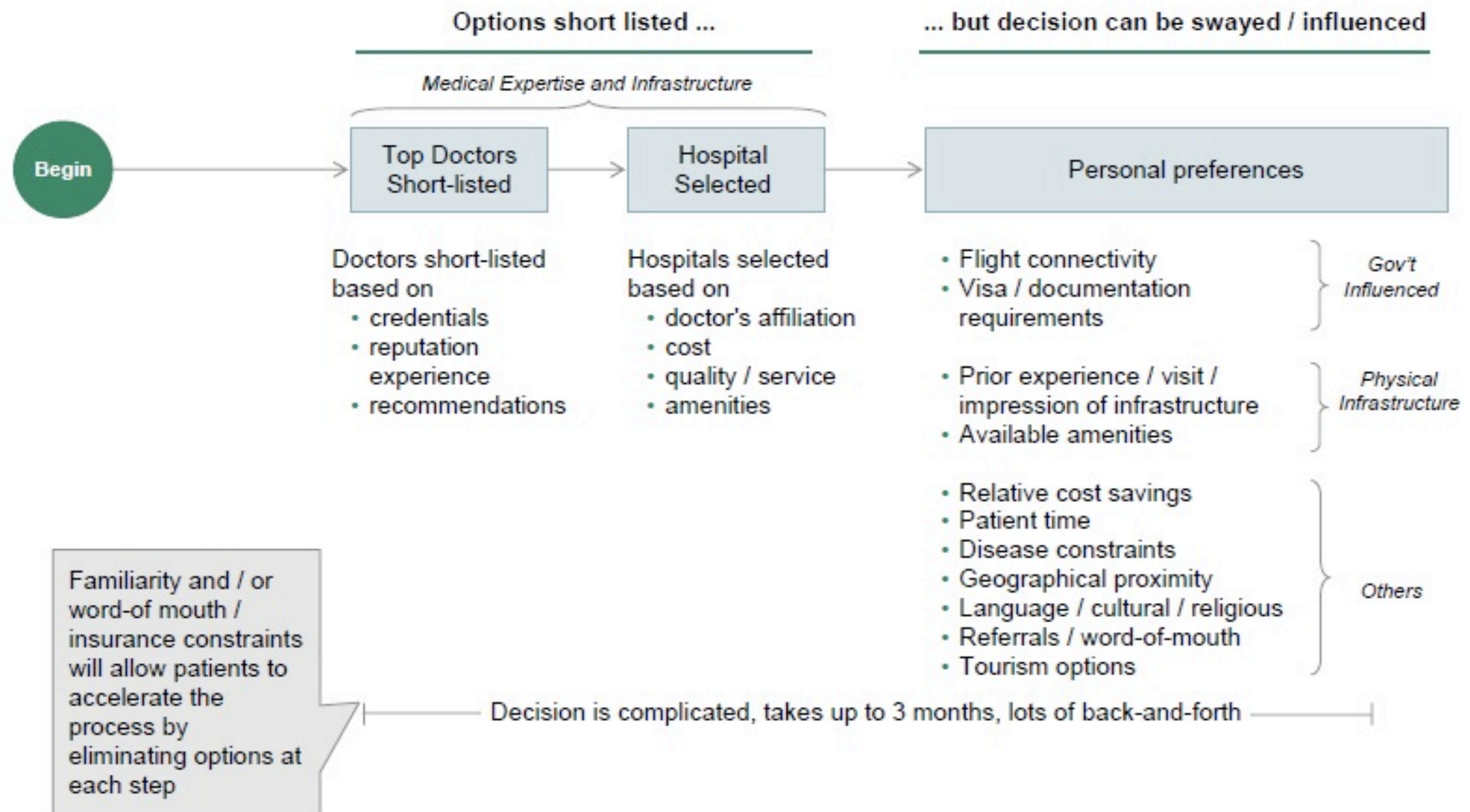




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Patients consider many factors for medical travel



Source: Interviews; Patients Beyond Borders
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Post Operative Preferred Hotel



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Post Operative Preferred Hotel criteria

Criteria of Hotels			
Infrastructure	Human Resources	Supporting Services	Legal Requirement
Handicap Accessibility for both to the Public Area & Room	First Aids & CPR Training from Certified Institution	Thrid Parties Full Covergaes	Proper Hotel Operation License
Back Up Electrical Generator with Emergency Lighting	English Speaking Staff : Front & FB Department	Transportation Available	Fire Extinguishing
Hanger in Bathroom	Staff Annual Check Up Results	Room Service Available	Smoke Detectors in Room
Unslippery in Bathroom	Medical Assitance Training from Hospital	Quaterly Lab Result for FB & Water	
Internet Provided : Boradband / Wireless		Clinic / First Aid Room	
Bathtub Available			
Telephone in Bathroom			

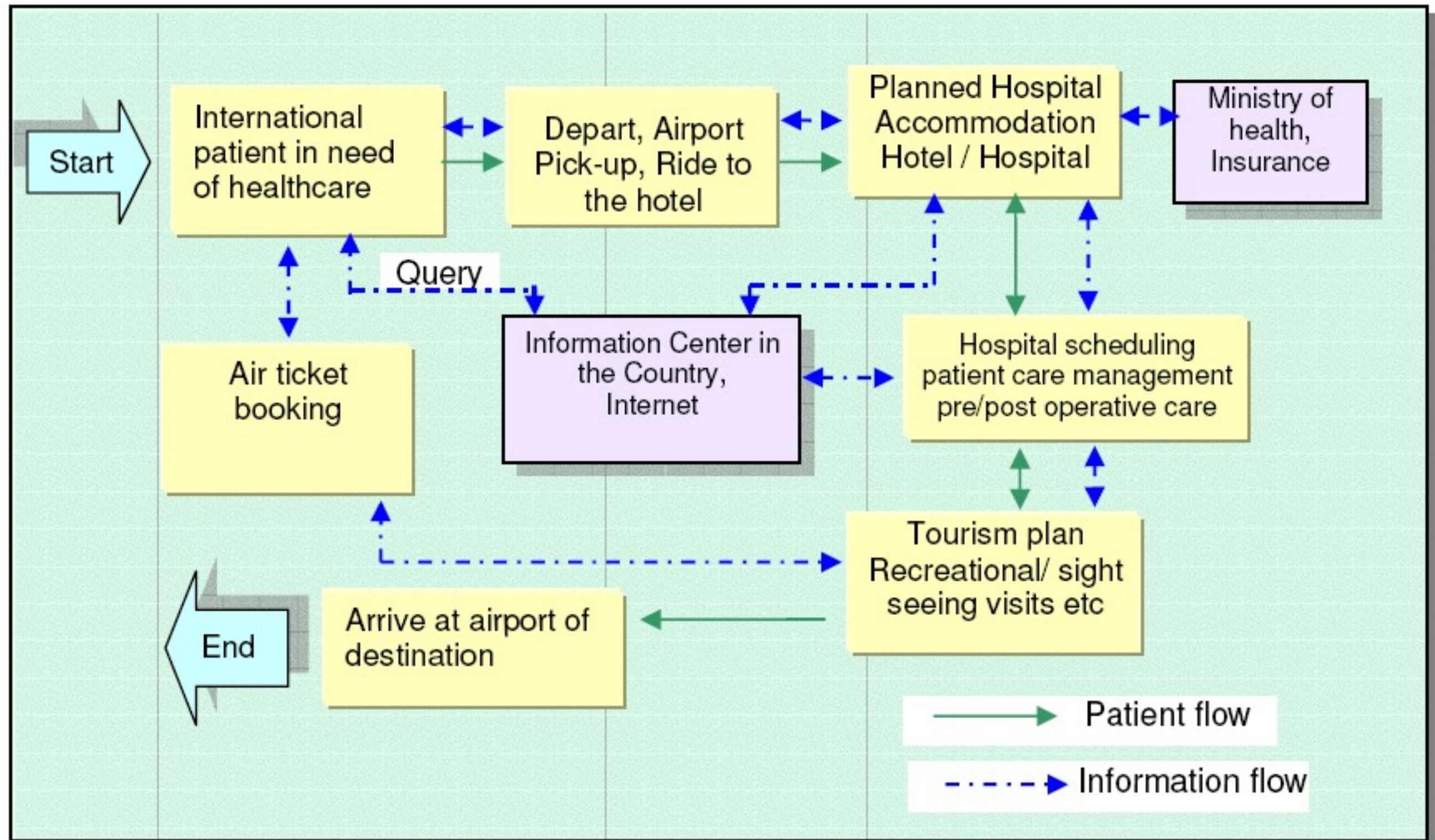


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Post Operative Preferred Hotel criteria 2

Property Diagnosis	
Property Features	Guest Room Features
Indoor/outdoor pool	In-room coffee maker
Exercise room	Microwave, refrigerator
Restaurant	In-room hair dryers
Complimentary cont. breakfast	Voicemail
Interior/exterior entrances	Business Centre
Frequent guest program	In-room movies
"Other"	In-room iron and ironing board
	Work space/desk
	Dataport

Figure 12 Supply chain of international patient



Source: Adapted from Acharyulu 2004, "Hospital Logistics Strategy For Medical Tourism"

About Us

CENTRAL FESTIVAL PHUKET

THE ISLAND'S BEST WORLD-CLASS SHOPPING DESTINATION



New Look experience !!!!!

Group Surgery





People Value





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Implementing the Tourism Marketing Mix

- **Product** -> simple treatments, specific treatments
- **Price** -> lower price than private hospital in Sweden + high promotion strategy → rapid-penetration strategy
- **Place** -> Agents, websites, tour operators
- **Promotion** -> Fam trips, internet, word of mouth, brochure
- **People** -> correspondent with the doctor, professional & qualify personnel + Thai hospitality
- **Process** -> joining + interaction + detaching
- **Physical Evidences** -> High technology equipment+ good physical appearances
- **Partnership** -> Agents, tour operators, other cooperators

Our Product and Services @ Bangkok Hospital Phuket



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Our top 6 medical services, which are required by Australian



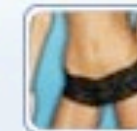
Breast Augmentation and Breast Implant

Change your appearance and build up your confidence



Face Lift

Useful treatment to regain that youthful appearance



Liposuction and Tummy Tuck

Body Contouring Get slimmer during your dream vacation



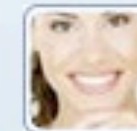
BriteSmile tooth whitening

Just gel and soothing light can give you a dazzling smile



Dental Crown and Dental Bridge

Fill the gaps and close your dental problems



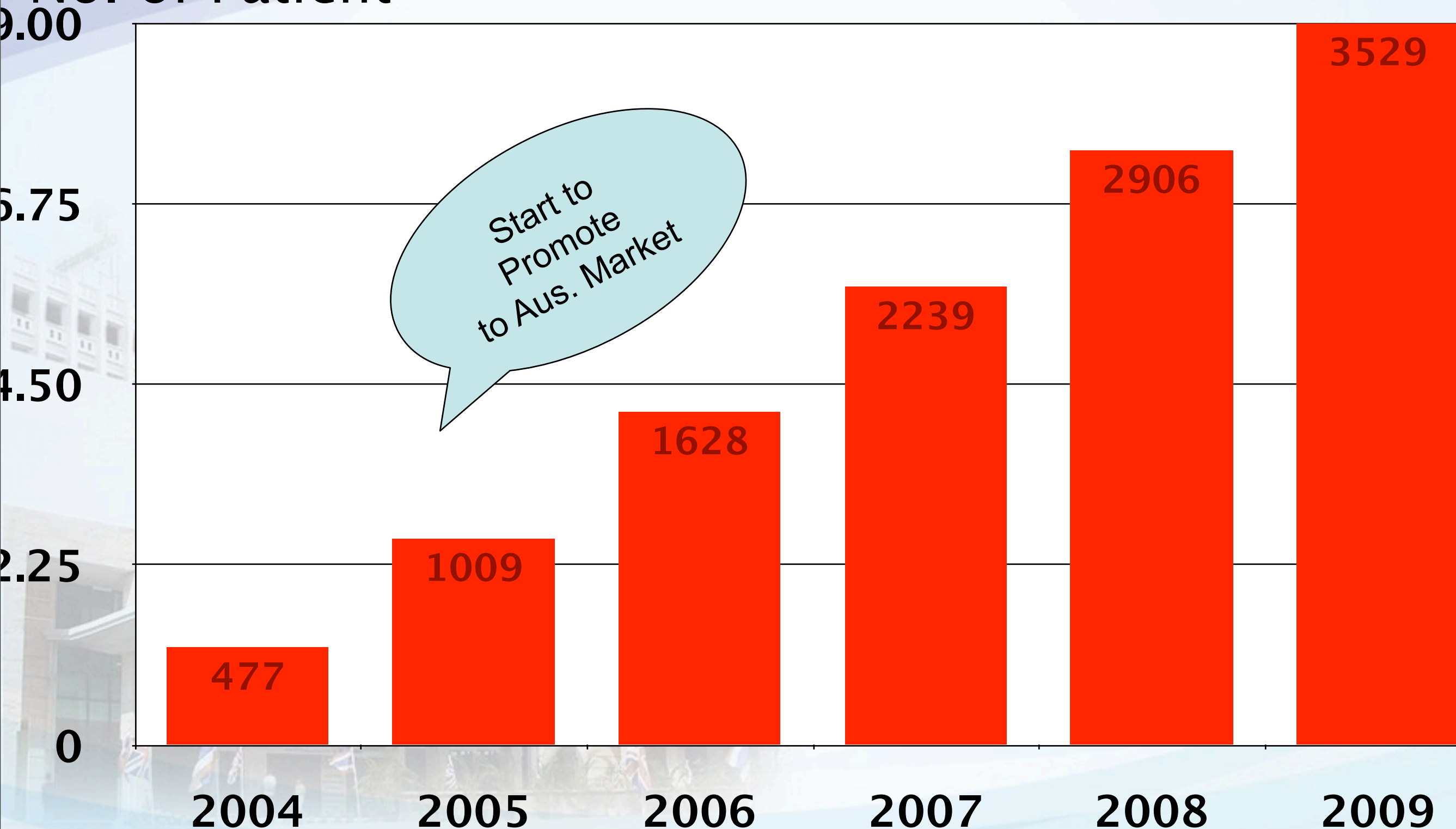
Veneers

Bringing you a nice smile

Trend of Patients in 2004-2008 (Australian)

 Australia

No. of Patient

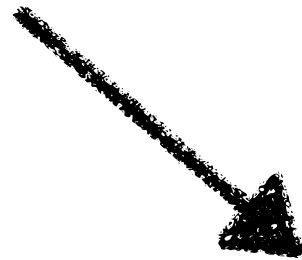


Service Innovation or Creative Service

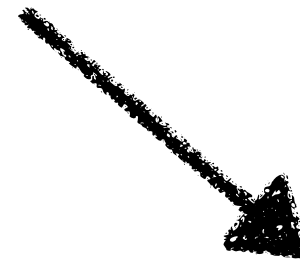
People Value



Process Value



Physical Value



Value Creation



- <http://www1.american.edu/ted/kiwi.htm>

Kiwi Fruit



Organic kiwifruit Organic food is defined usually as a system by producers work within the land's capabilities to keep animals and crops in peak condition. Organic produce is grown without the use of artificial fertilizers, herbicides, pesticides, growth regulators, antibiotics, hormone stimulants, or intensive livestock systems for organic vegetables and fruit, the term refers to use of natural manure based fertilizers. In the 1990s production of organic kiwifruit has grown rapidly in NZ, and constituted almost 2% of the total crop in 1999. Japan is NZ's largest market accounting for 47.2% of total organic sales, Europe 32.5%, Australia 5.3%, and US 3.8%. Markets for organic produce are probably strongest in Japan and Europe. Of significance is the increasing reliance of NZ in Japan as the key export market for organic produce. Europe is considered to be the world's largest consumer of organic products, and so is the biggest potential market for organic products. There are demands that the rapidly growing trend towards organic kiwifruit: consumer concerns for the environment, consumer desire to be healthy and young, and concerns for food safety. Some growers don't like spraying with conventional pesticides. Many kiwifruit growers live on their orchards and don't like spraying pesticides around their own houses. In highly populated areas, organic sprays are likely to be more suitable to neighbors. In addition, a bud-breaking chemical used by most non-organic growers is controversial because of its toxicity and visibility.

Year	Number of Organic Trays Produced *	Organic Production as % of Total	Price - Organic (NZ\$/tray)	Organic Price as % of Conventional Price
1991	13069	<1	\$10.45	154
1992	20243	<1	\$7.29	189
1993	51014	<1	\$7.03	168
1994	406,665	<1	\$5.88	127
1995	620095	1.05	\$6.23	148
1996	759713	1.20	\$7.18	165
1997	863517	1.40	\$7.68	179
1998	959000	1.50	\$9.20	142

[Table 1. Production and Price - Organic Kiwifruit, 1991-1998 Source: FAS online] The organic premium was 42% for organic fruit which averaged NZ\$9.20 per tray compared to NZ\$6.48 per tray for Green kiwifruit. The data for the 1990s indicate the organic premium has ranged from a low of 27% to a high of 89% over the period.

Kiwi Fruit



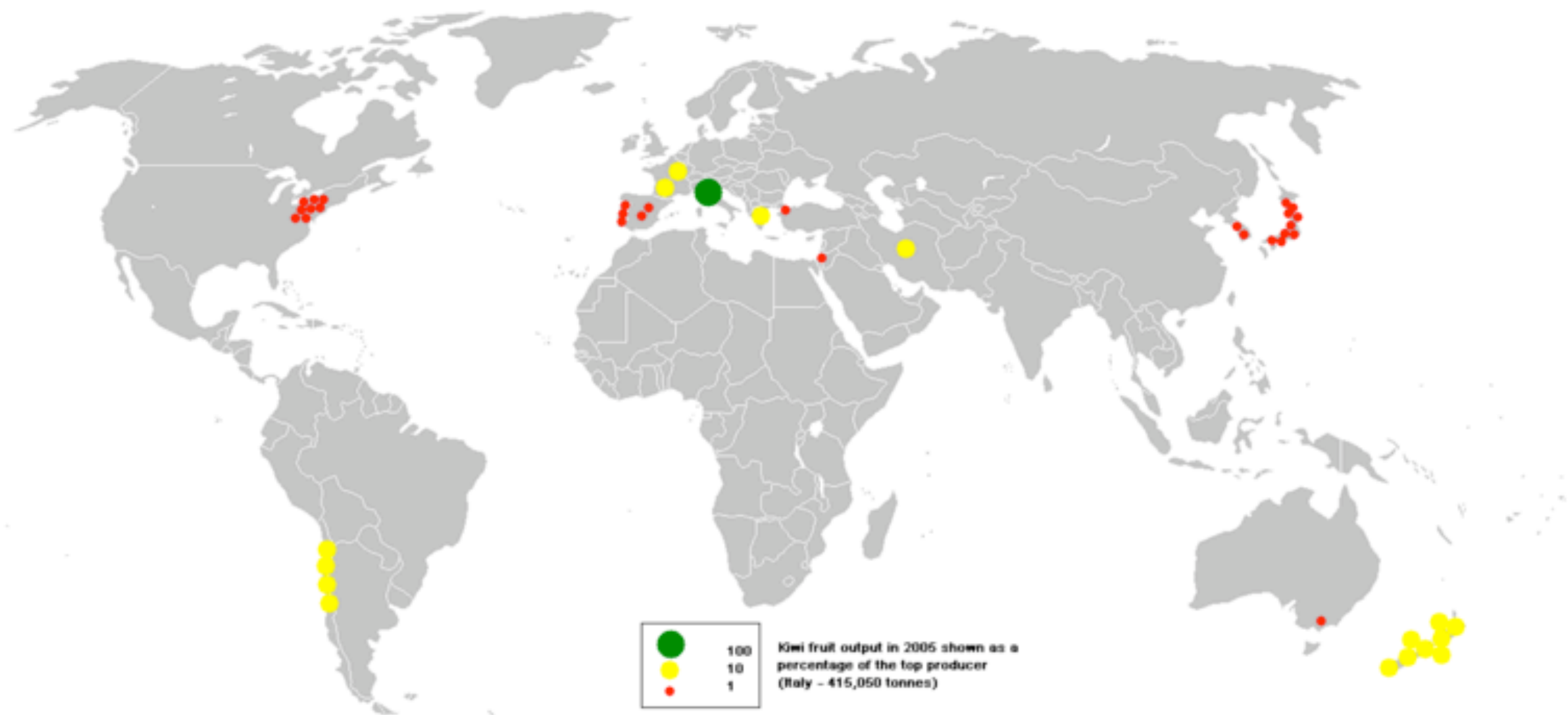
- **New Zealand Kiwifruit Marketing Board(NZKMB) is considering the idea of year- round marketing kiwifruit under the "Zespri".** The idea is to control sales channels and to run 12 month promotional programs. To supply Kiwifruit throughout the year, NZ in the Southern Hemisphere is expanding a cultivation contract with Korea, U.S. Japan, and Italy which are in Northern hemisphere. Last year, Zespri has already made contract with Korea growers, Zespri Gold from Korea will come on the market from 2005.

Expanding world production

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Here is the specific example to expand market. On July 21 ,1999 the California Kiwifruit Commission (CKC) and Kiwifruit New Zealand (KNZ,operating name of New Zealand Kiwifruit Marketing Board) announced an agreement to cooerate with each other to withdraw the eight-year-old anti dumping-duty order against New Zealand kiwifruit. In addition, the two organizations agreed to pool funds to conduct market promotion efforts designed to build a year-round kiwifruit market in the United States. Under the agreement, KNZ will contribute \$150,000 over three years for joint promotional activities to run in the fall months. The CKC will lead the new campaign, which will stand apart from both industries existing promotional programs. New Zealand supplies the U.S. market during the spring and summer while U.S. producers market during the fall and winter. The 1998 U.S. kiwifruit crop was valued at over \$24 million and imports from new Zealand totaled over \$11 million.



How about Thai Fruit?





Thank you for your attention

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<http://www.phukethospital.com>



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International Accreditation
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