

## **CRISIS -- THE TIPPING POINT FOR MEDICAL TOURISM**

In 1996, I started a medical services business in Asia along with three other business partners. We had a unique product, sound financial backing and within 8 months of startup we were operating in three markets and moving quickly into the fourth. We were on a roll in a region that was growing in excess of 7% annually. And then, in the blink of an eye, the bottom fell out.

The devaluation of the Thai Baht in 1997 triggered a regional economic crisis that put our business and many, many others on the brink of collapse. It all happened so fast. One day the baht was a 25 to the dollar and the next it was 50. One day we were running into expansion, and the next day we were running from recession. I would have jumped out the window, but we occupied the first floor of the building. When it rains it pours.

Another local business that was in the same financial headlock at that time was Bumrungrad Hospital. The hospital had just opened its brand new, state-of-the-art replacement facility at a cost of US \$90 million to meet the growing demand for private healthcare in Bangkok. One month after opening the new facility, the crisis hit and effectively doubled Bumrungrad's debt and halved its patient volume and revenue. One day Bumrungrad was the star in the Bangkok private hospital market, the next day it was struggling for survival. As we say here in Bangkok – “same, same but different”.

Devastating as it was in the short term, the 1997 Asian economic crisis was actually a catalyst for growth and expansion that led me and my business to Mexico and Panama, in search of new markets, and Bumrungrad to Vietnam, Cambodia and Bangladesh, in search of new patients. As fate would have it, I returned to Bangkok after 2 years in Latin America, not with my company (I sold it), but as the International Marketing Director for Bumrungrad Hospital. Like two shipwrecked survivors, we had both survived the storm and were stronger for it.

One could argue, and I certainly do, that the 1997 Asian crisis actually spawned 'medical tourism' and made Bumrungrad the renowned medical center it is today. The hospital, under the leadership of Curtis Schroeder, was quick to rethink, restructure and reposition its way out of the crisis and in doing so established its leadership position in

the newly emerging medical tourism industry. It was a classic judo move – redirecting an opposing force to establish a position of dominance and strength.

The 2008 global economic crisis will undoubtedly affect medical tourism as Joe the Plumber and others like him cut spending to all but the bare essentials. Joe may need a hip replacement, but he has neither the cash nor the credit to travel to India, Thailand or Singapore despite the cost savings. The US consumer has gone into hiding and businesses that rely heavily on that market will need to rethink, restructure and reposition in order to survive. That said, it would be a mistake to write off either medical tourism or the US market.

To my mind, the crisis is creating a unique opportunity for companies, like Companion Global Healthcare, that are developing new medical offshoring products for corporate clients desperate for more affordable healthcare options. US Insurers have a new window of opportunity to develop plans and products that use a global provider network while business has a unique opportunity to introduce these new global plans and products to their employees. Crisis, it seems, has provided everyone with a convenient excuse to at least try medical offshoring, and may be the catalyst that moves medical tourism from a B-C business to a B-B business.

Under Curt Schroeder's tutelage, I learned the importance of innovation and strategy, particularly in times of crisis. There is a common tendency to toss these tools out the window in times of crisis in lieu of more 'practical' measures, like cutting costs, because it's easy but usually comes at a cost measured in lost opportunity.

The Asian crisis changed my life and my career. It took me to new places, taught me new skills and eventually put me at the center of an industry that I believe will change healthcare. At a recent conference in Malaysia, I told the audience that I feel poorer, more anxious and less secure than ever before as a result of the current economic meltdown. They felt sorry for me...they didn't know my story.

*Ruben Toral*

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