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EDITED TRANSCRIPT

GE - General Electric Co Healthcare Investor Meeting

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In this document, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. The reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are posted to the investor relations section of our website at www.ge.com. We use non-GAAP financial measures including the following.

- Operating earnings and EPS, which is earnings from continuing operations excluding non-service-related pension costs of our principal pension plans.
- GE Industrial operating & Verticals earnings and EPS, which is operating earnings of our industrial businesses and the GE Capital businesses that we expect to retain.
- GE Industrial & Verticals revenues, which is revenue of our industrial businesses and the GE Capital businesses that we expect to retain.
- Industrial segment organic revenue, which is the sum of revenue from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Industrial segment organic operating profit, which is the sum of segment profit from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Industrial cash flows from operating activities (Industrial CFOA), which is GE's cash flow from operating activities excluding dividends received from GE Capital.
- Capital ending net investment (ENI), excluding liquidity, which is a measure we use to measure the size of our Capital segment.
- GE Capital Tier 1 Common ratio estimate is a ratio of equity to total risk-weighted assets .

General Electric Capital Corporation (GECC) has been merged into GE and our financial services business is now operated by GE Capital Global Holdings LLC (GECGH). In this document, we refer to GECC and GECGH as "GE Capital". We refer to the industrial businesses of the Company including GE Capital on an equity basis as "GE". "GE (ex-GE Capital)" and /or "Industrial" refer to GE excluding GE Capital. Our financial services segment previously referred to as GE Capital is now referred to as Capital.

GE's Investor Relations website at www.ge.com/investor and our corporate blog at www.gereports.com, as well as GE's Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

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PRESENTATION

John Flannery ***- General Electric Company - President & CEO, GE Healthcare***

Good morning, everybody. I am John Flannery. I'm very excited to be presenting the healthcare story to all of you today. I know it's been a while since we've done one of these, so we've got a lot of things to share with you today.

I will introduce the rest of the team in a few minutes. I wanted to take a little bit of time up front and walk you through our business overview and what our strategy is for the business. We will cover a lot of things today, but the two things that we want to emphasize especially is how we're going to grow the operating profit dollars and rate of this business and what our fit is with GE.

This business is a -- it's a classic GE franchise. It's a technology business, it's a service business, it's a digital business, and it does all of these things at a huge global scale. We are the leading business in imaging.

We've grown share in this business over the last five years. We have a huge installed base, 16,000 images a minute being generated off of our installed base. We have built a very large and extensive footprint -- sales, service, and supply chain -- around the world, but especially in emerging markets. These are areas that are going to see secular, long-term growth for a long time.

We are investing heavily in data and analytics, both inside our own business, but alongside GE's very broad agenda that you're very familiar with. And we've got tremendous franchise in life sciences. This platform -- again, technology, services, digital -- it generates strong financial results and returns. You can see that on the right-hand side.

Let me just give you a little bit of context first before we get into more depth about the industry overall and why it's an important industry for GE.

I'd start with just on the market side. This is a huge, essential market around the world. It's a $7 trillion market. It's 10% of global GDP. It's higher than that in the US, obviously.

It has core long-term growth drivers: aging demographics, chronic disease, emerging market access issues. It's a critical industry around the world, a critical piece of infrastructure; politically important around the world. And it's a huge source of market cap and wealth creation for investors, so this is a critical global infrastructure industry.

It's also an industry that is right in the sweet spot of The GE Store. It's an industry heavy on technology. It's an industry going through digital disruption right now.

We leverage The GE Store heavily in both of these important areas. Our imaging business uses GE for technology, things like material science, software algorithms. We are building our entire digital business on the back of the GE Predix platform. So we leveraged GE substantially in that way.

But also it's an industry going through productivity transformation, how to make money in a new environment. So our industrial know-how is something that we can bring to bear to this industry and do bring to bear with our customers. And in turn, we add a lot to the GE story.

We open doors for GE around the world. We are often the first boots on the ground, if you will, in many of these new and emerging markets. GE built its China business and it's Africa business and other places largely on the backs of the initial entry in the healthcare business. And we generate significant cash that we send back to the industrial parent.

So a big essential global infrastructure business with a strong fit to The GE Store. That's how you should think of the macro context here.

Here is just an overview of the portfolio. It's four interrelated segments. The backbone of this is our diagnostic and imaging business. These are the roots of the business that you've known for decades.

It's an $8 billion portfolio of equipment and services business, global large installed base, and it's complemented by three other segments. You're going to hear a lot today about mobility as a key factor in the industry. We've got a $4 billion business in that segment, in mobile diagnostics and monitoring.

We have a $2 billion digital business that supports all aspects of our business. We'll talk later today, but our announcement of the GE Health Cloud at the RSNA show last November opens up a whole new area of growth for that. And, again, we will go into detail. We have a tremendous franchise in life science, a $4 billion business there.

Let me just give you a little bit of context, a little bit of a look back and a look forward as a business overall. I've been in this job for about 18 months now. I'd say at first blush you look at a snapshot of GE Healthcare and it looks pretty good: $18 billion in revenues, good margins, good earnings, very good cash. There's a lot to like here.

But the core issue -- I don't need to tell you guys this. The core issue is we've not grown the operating profit and the operating profit margin of this business for a number of years. That's the issue we want to focus on today. That's what we're going to spend our time walking you through today: how we will do that.

There have been macro factors in the industry at various points in time in the last five years so there were government funding issues really rippling out of the end of the financial crisis. The Affordable Care Act knocked the US off its axis for a little bit. FX continues to rattle around and give us some headwind.

But when you really boil it down and look at it, the fundamental challenge we have had in growing the op profit of the business is, basically, self-inflicted. We just weren't able to drive our product costs down enough in the environment that has evolved over the last five years.

We didn't get enough supply chain efficiency. We didn't get enough engineering redesign. That's really the core issue here and we're going to attack that in-depth going forward.

The right-hand side of this page is our response. It's a pretty straightforward, simple response. There are a lot of ways we can run this business better, especially in terms of product costs. We're going to take you through that again in detail.

At the same time as we are pushing this cost lever, there are good investment growth opportunities that we have in front of us. Organic growth, in spaces we know well, at high rates of return, with low execution risk. So ultrasound, emerging markets, life science business: we've got very attractive opportunities there.

Digital opens up a whole new space for us, a whole new future for this industry. It's not going to be a huge financial lever in the next two to three years, but we are investing heavily in this ourselves.

We are obviously riding a massive investment coming out of the GE parent company. This is going to drive productivity and outcomes in the industry. That is important for us in terms of staying relevant in the space.

Then lastly, and I think importantly, there's a new leadership team here. We've got -- 75% of the people on my leadership team are new in the role. We've got a great mix of inside and outside of the industry and GE Healthcare.

The team is hungry, competitive; we want to win. And we are bound together under GE's new incentive compensation structure, the AEIP structure. I think a number of you are familiar with that. Put simply, if we don't deliver as a management team for investors, we don't get paid. This is a significant change.

Let me just put a little industry context before we start going into our actual specific activities. It's a hard industry to summarize on one level in one page, obviously, but there are a number of macro factors that are affecting broadly the industry and our activities in particular. Those three really are the burden of costs across the industry, an explosion of data in the last 10 years, and mobility.

You can tie many, many of the different sub stories in our industry to these key things. Cost has long been an issue for governments. They have been wrestling for this for 20 years or more.

Increasingly, that's also spilling into consumers. We've seen governments respond around the world, capping payments, linking payments to outcomes. There's been a cause and effect on the government side.

Consumers now, many of them exposed to costs in the healthcare industry for the first time. High-deductible plans have skyrocketed. Put another way, a lot of consumers are paying for their healthcare directly out of their own pocket and a commensurate increase in their awareness as buyers.

That's really the cost story; it hits both governments and consumers.

Data has exploded in this industry in the last 10 years, hasn't really generated a ton of productivity yet. It started really with the advent of EMRs and digitizing a lot of paper records. It has continued to evolve with information coming out of our machines, wearables, things like that.

Again, it's a large data lake today, not a lot of productivity to date. That's the next phase of this industry. How do you take that data, analyze it, get insights from it, and translate that learning and insight into actions and outcomes in the industry? So there will be a large opportunity for us and growth in that database part of the industry.

Then lastly, mobility. Again, largely for cost reasons, our customers are having to migrate healthcare out of high-acuity centers. We had a business model that was traditionally linked really to hospital-based imaging. We have to move with our customers into a more distributed world.

So I think when you take these things all together, the net effect of it is our customers don't live in a centralized cost-plus world anymore. They have to produce value. They have to produce outcomes. They have to take risks and they are really looking for a partner that they can trust to stand beside them and provide that kind of support and outcome.

And that is something we can do. We can provide outcomes with our products and technologies. We can provide a lot of it with analytics in data science and can provide a lot of it with new business models different than we've operated in the past. You'll hear all of those teams today.

So in that context, that really is our strategic imperative. This is the thought that binds together our business: to be the leading provider of outcome-based solutions in the healthcare industry. This transcends every corner of our business.

It doesn't matter if you're in Africa or China or Manhattan. It doesn't matter if you're talking the life science business or our healthcare IT or our imaging business. Outcome-based solutions, that is the currency of this industry. It's going to continue to be that and we're going to lead in that space.

Again, every -- as we think about it now, every investment we make, every customer interaction we have, every person that we hire it's got to be through the lens of how is this driving this agenda for us of outcome-based customer solutions? So the journey is underway. It will be a journey for us, but the destination point here is crystal clear in terms of where we want to end up.

So let's get to the main event, which is how are we going to grow the operating profit dollars and margin rate of this business. I'd start on the left-hand side of this page here and say this is how you should expect at a macro financial level for the story to play out.

We are expecting you see low to mid single-digit revenue growth in this business over the next two to three years. Our operating profit dollars and rate will grow faster than that and that's going to accelerate over time as these productivity investments kick in and the margin impact comes into the business. So that, broadly, on the left is the financial picture and profile you should expect.

And the roadmap is on the right-hand side. I'd just start by saying: there's always a lot of noise in the healthcare industry; there's always a lot of different things going on. It's easy to get distracted by the next new idea, next thing.

Our management team is 200% focused on these six items. Everybody knows them; everybody understands them. This is embedded in our compensation structure. We are focused on margin expansion, world-class imaging, leader in market solutions, expanding life science, digital growth, cash. A simple focus plan embedded in our compensation structure.

This is ground zero of the whole story is margin expansion. I think if you take one thing away in thinking about operating profit growth in this business, it is a self-help story built right here around margin expansion and especially around product costs.

I'd say a couple of things for context. This has been done time and time again in GE and it's been done in GE Healthcare. So Anders will get up and tell you the ultrasound story.

That is a business inside our portfolio that has lived for a long time in a declining price environment, but has been able to, through aggressive product management, grow the business substantially, grow share, grow operating profit margin 700 basis points. In many ways, we really just need to run the play that's been done at a GE level and that's been done inside our own business, but apply that across the overall portfolio.

In the ultrasound business, the lesson we take from everything, it starts with a mindset. It starts with a fundamental product mindset that new product releases have to go down in cost. They have to go down double digits in cost every time they come out, and go up in functionality and product value so you can capture some of price back in the marketplace.

That is the core mindset for us to transfer across our overall portfolio. You'll hear that today. With that you then march down the right-hand side of this column, and really the twin pillars on product costs are the engineering and the design and the supply chain aspects of this.

This is things about redesigning components, reducing the requirement for raw materials in our designs. More low-cost country sourcing, reducing reliance on sole-source suppliers; these are the twin engines. We have a product catalog by specific products that lays out a multi-year cost target for each one of these products and those things have owners. So these two engines are going to be the drivers of product costs down in our business.

We have other opportunities for margin improvement, especially our service business. Digital again here opens up a whole new host of opportunities here. On the revenue side and product side a lot of value-added services that we can provide in a connected world to our customers and we can drive down our own costs heavily through labor force control, more remote monitoring and diagnosis, etc.

We have invested heavily in this business in terms of restructuring, in terms of engineering investment. So I'd take away from this page here, it's a play that has been run in GE before. We're investing substantial dollars in that -- you'll see this today -- and we are seeing impact in our results this year and beyond.

So you should expect at least a 50 basis point increase in the margins this year, and that number is going to move up to 18% and beyond in the next two to three years. We are very confident in the clarity of what we need to do here and we are very confident in the team we have executing on this.

In that context of cost, we are also investing heavily in the products. This is a business that does $1 billion a year in R&D plus, including in addition to GE's activities. We're going to continue to do that; this is important.

I tell you the takeaway for you here, though, is it's important that we do it in a classic marketing sense of segmentation. So as we think of our product development and investment, that is a key thought for you. You will see some of these things in the product showcase outside.

But what do we mean by that? Different products, different price points, different users, different applications, different countries. It's important for us to segment the market principally by care areas, so things like women's health or cardiology, but also by price points, especially as we are doubling down in emerging markets.

We've been building that capability; you can see here. This is just an example in our ultrasound and imaging businesses: wide array of products, wide array of care areas, wide array of prices.

Cost is huge, but the products still matter. The technology still matters but the segmentation of our investment dollars by care area and price point is key for us.

Demand for solutions is something we are seeing around the world. We like a solutions-based market; we compete well there. I would say in the developed markets -- just context, that's 75% of our business today. We are talking now here basically US, Europe, Japan.

This is a low- to mid-digit growth business. This has not been a huge growth business the last few years. I'd say maybe some chance to surprise a little bit on the upside here.

We've had good activity in Europe the last six quarters. US seems to be getting steadily better. We see those same kind of trends in the first quarter, so we're expecting a good orders activity in US and Europe. The market I'd say has a little bit of life in it again, but still huge demand and growing from our customers around solutions.

Let me just give you one quick example -- we have many, many, many of these -- of Temple University Health System. This is a stronghold account of one of our direct competitors. We've been shut out of this account for years, effectively.

It was a situation where they had an aging installed base that they wanted to upgrade, but didn't really have the financial wherewithal to do that. We put a team in here that analyzed their entire radiology operation: their workflows, their labor planning, their capacity utilization, their equipment. And we put together a package that redesigned all of those aspects, took over management of their equipment, and the savings that were generated by that allowed them to pay for the upgrade to, essentially, a GE fleet.

So it was a great outcome for the customer, a great win for us in what had been an away game, but that is where this industry is headed more and more. More partnering, more solutions, more risk sharing: that's going to be a defining characteristic of the industry.

We like that evolution in the industry. We are more competitive in that space. We bring a lot to bear: financing, consulting activities, clinical expertise. This is where the industry is headed; we like that. We think we can gain share and price in that environment.

On the other side of the coin here, emerging markets. That's 25% of our business. I would start just first saying, strategically, we are deeply committed to the emerging markets. We have been, we are, we will be.

These are markets that are going to grow many, many multiples of what they are today. They've been challenged in 2015. 2016 I think is going to be choppy as well, but fundamentally these are long-term growth industries.

Terry will walk you through later some of the underlying demographics, but we see this as a high single-digit to double-digit growth space in our industry for a long, long time to come. So we are deeply committed, we've invested heavily here, and we've done well.

Even with the recent slowdown, you can see we've had substantial growth in a number of these markets over the years at good margin rates. I'm not going to go through each country here, but we have very specific product strategies. We have very specific go-to-market strategies, all executed by local teams. We've built up really an incredible leadership bench here; very distributed management model.

The emerging markets are here for the long run. We like them and we think our footprint and franchise and investment that we've made and continue to make is a real differentiating factor for us, a competitive advantage for us in a market that is going to grow and will continue to be committed there.

I do want to spend just a minute on China. That's a big market for us. I know it's a question for many of you.

Again, headline: we have no basic plans to change our strategy in China. When you look at China I think -- we look at it in two ways; I think it's helpful for you as well: China as a domestic commercial market and China as a platform for us in a broader global context. Let me walk you through both of those ideas.

China, as a market, has been a great market for us. It doubled from 2005 to 2010. It essentially doubled again in the last five years, even with the 2015 conditions, so it's a good long-term growth market.

Healthcare spending in China still has upside in terms of penetration relative to the global benchmark. So it's a long-term growth market; it has been; it will be.

2015 was a tougher year for us in China. After again a very long period of 15%-plus growth, we were about 4% to 5% down in sales and orders in China in 2015. That was largely on the backs of a real contraction in the government space, the equipment orders in the government space.

There's a private market in China growing rapidly, 20%-plus; interesting market, but it's still a relatively small piece. So a big contraction in the government market is a big hit to the overall numbers in China.

We think we are nearing a bottoming out point in the cycle in China. If you look at the chart in the lower left, this is our green shoots sort of look at that concept. These are government tenders over the last six quarters and you can see an amelioration in terms of the negative trends here.

So if this holds, I think the worst should be behind us in China. We're not forecasting a big rebound in China in 2016. We think our business will be flat to slightly up, but it should be better than was in 2015. Again, long-term core demand and growth.

The right-hand side, to me, is as interesting or more interesting, which is what is our platform in China and how do we use it not only to grow the business in China but also grow the business globally? Here the team has done a tremendous job investing. There's a lot of dollars and a lot of management bandwidth that's been invested in this platform over the last 10 years.

We've got a very large direct salesforce in addition to a broad distributor network. Many of that -- much of that salesforce distributed out into Tier 2 and Tier 3 cities; not easy to replicate. But we also use this as a bit platform for the global business.

So the value product line -- you will hear more about that today. The COE for that product line, the headquarters, if you will, for that product line, is based in China. So full-scale product management, product engineering, 1,000 engineers.

This is $1 billion business. We sell twice as much of this outside of China as we sell inside of it, and we also built out a big service and supply chain capability there: manufacturing, sourcing.

It's a key part of our total supply chain. One out of two CT machines, one out of three ultrasounds coming out of our China factory for global distribution. Kieran will tell you later today, there's a lot going on in the life science business in China.

So 2015 was a bit of a headwind for us in China; you saw that in some of our numbers. We stepped back net-net. We like the market for the long term and we look at this platform in both modes, a domestic market and a global platform, and we think there's a lot to like here in both aspects.

Our life science business, you'll hear about that more today. I'd just say I really can't say enough good things about this franchise. It's a fundamentally attractive industry with growth and we have a very strong competitive position in this.

I am eager to continue to deploy and invest more and more of our capital in this business. It's a $4 billion franchise. It's got 20%-plus margins. It's got double-digit growth. It's a very, very compelling business.

It's a two-part business, essentially, is the way you should think of this. Half of the business, $2 billion, is our core -- is our contrast imaging business, so these are tracers and things that are used directly in conjunction with our imaging, x-ray, ultrasound, CT, etc. It's directly connected to the GE Imaging business: same customers, same distribution channels, same imaging focus.

One half is really a close relationship to the imaging business. The other half is the bioprocessing business.

This is a business that started initially with the Amersham acquisition. We've gone on to add very methodically and strategically to that platform. We now have a broad wing-to-wing offering from growing cell culture media through to filtration and chromatography. That wing-to-wing offering gives a lot of speed and flexibility to our customers, and we think it's a real competitive advantage here.

If you look on the right, this is how I think about this business. One is core growth, so we sell infrastructure basically to biopharma, biosimilar customers and this is the future. It's the present and the future.

Seven of the top 10 drugs today are biologics and you will see just a very strong growth trend in that space. So a great tailwind from a market perspective.

What gets me more excited about this industry though is the business model, the robustness of the business model. It's an equipment and consumables business, so for every dollar of equipment we sell we get a very strong stream of consumables over the life of that equipment. Our equipment is spec'd in as part of the regulatory approval process, so there's not a lot of churn, if you will, in our underlying equipment business.

A very good tailwind in a macro sense and a very robust business model: a sticky installed base, a lot of recurring revenue, and very good margins. We provide real technology and real value to our customers and we get good margins as a result of that.

We leverage GE substantially in this business. We are certain this business grows faster inside of GE than it would grow outside. Some of that is technology, so we leverage it for technology and plastic film and other things related to the product process.

We leverage it in cell therapy and things that we will talk about later. We leverage the GGO footprint substantially. You're going to hear a big growth story out of this business today in China. We could not have done that without the GE footprint and investment in China.

And again, we leverage the industrial know-how of GE. This is fundamentally -- our customers fundamentally running a process industry. So our ability to bring lean, to bring brilliant, to bring sensors and analytics that help drive throughput in that industry is worth an incredible amount of them.

Lastly, Kieran will walk you through some of the inorganic activity we've done here, but there are very strong organic growth opportunities here. We see a number of projects year, 20%-plus kind of returns on organic invested capital. And as I said at the outset, it's a business that we want to put even more capital into.

Digital. Digital is going to have a major impact on the Company going forward. Let me sort of break this down for you in two basic thoughts. The business today is a $2 billion business. It's largely what you would think of as our healthcare IT business that you've probably heard over the years.

This is -- to be frank, not a business that has fired on all cylinders over the years. We announced a management change in this business on Wednesday of this week. We are bringing in a 30-year veteran from outside of the Company -- deep domain experience in healthcare, deep in analytics, deep in cloud -- so we're making some changes on the structure here.

But we also have plenty to build on. We've been in this industry for decades. We have got a large installed base. We've got a lot of customer relationships that matter.

We're a leader in radiology imaging. We're growing share in some of the other segments. We've scale this business down to areas we feel we can compete. So this is a business that has disappointed in some ways in the past, but can grow for us in the future.

When I think digitization -- when we talk in your context, focus on the future on the right side of the page -- there's really three basic ways that digitization matters to us.

First, it's a software business, this $1.5 billion business we talked about. It's fundamentally in a low to mid single-digit growth as a broad industry, but we have a lot of competitive advantage here. This is where we are going to focus more on the clinical, more on the domain expertise, more on our relationships with customers.

So it's one thing to have images in this industry. It's another thing to understand what they mean and we have a lot of advantages to bring to bear there.

The second thing is an internal sense of digitization. How does it affect our operation? How do we deploy the digital thread? How do we deploy brilliant factories? You'll hear some of these things today. This is a huge game changer for us.

I start on just really the notion here is how do we connect the entire process? How do we have a sales rep that can generate a quote on-site? Can enter that into a digital system that goes immediately to our factories, that goes immediately to our suppliers, that goes immediately to our service organization to line up installation resources?

That is -- there's a lot of churn, I can tell you, today trying to manage that process on a very distributed global basis and our ability to put this on a totally connected digital platform is going to make a huge difference. It's going to matter in terms of cost to us, it's going to matter in terms of inventory, and it's going to matter hugely in terms of customer impact and customer service.

They want predictability. They want to know when things are showing up. We've got a lot of room for improvement.

So when I think internal digitization, the left side of my brain is cost out, inventory out, and the right side of my brain is customer service up, market share up. So it's going to matter a lot to us. We are investing heavily and following again on the back of GE's activities here.

Lastly is cloud. We announced in November at RSNA the GE Health Cloud. We are a leader in this space in the imaging business. That's got a very short-term effect we are seeing. It comes to market in the second half of this year. We are in development -- final development phase right now.

The first kick right out of the gate is mobility and collaboration. We had very positive reaction from customers and it's principally on this first phase.

How can I take an image in Africa and read it in Boston? How can I do a scan in Seattle, check with my colleague in Chicago? How can I look at my images and other related information at home on the weekend, on my iPad, on my phone? How can you convey -- convene a tumor board, which is fundamentally a physical process today, in a virtual sense?

There's a big kick in mobility and collaboration and productivity in our customers. That's going to evolve into analytics. GE is developing a lot of analytics. We especially want to have third-party analytics and application providers on our platform.

And, ultimately, where this goes is a broader context of taking images, taking other information, taking outcomes, and developing more precise protocols and better population health. That is a trend that's going to play out over a number of years.

But we are investing heavily here. Again, not a big financial lever for us in the next couple of years, but a really important part of our future and we benefit a lot from GE's activities here.

This is just a schematic of our digital platform. I promise you I won't take you through box by box on this one.

Couple of key themes. It's built completely on the backbone of GE's Predix system, so this is a massive, scalable architecture that you know from GE. That gives us a lot in terms of security and robustness of the underlying platform.

We've been investing heavily at the next layer above, which is really adding features and capabilities that are specific to more healthcare applications, handling very large imaging files and things like that. But a lot of our investment is in this middle section.

Then again on top, bolting on applications over time from GE: imaging applications, care pathway applications. We will develop a lot -- are developing a lot of these ourselves and we will have third-party providers. So that is the roadmap of this going forward.

Again, I think this industry is going to play out over a number of years. I'd just say, on the right-hand side of this page, there are a number of people playing in this space. There's a number of people, frankly, not in the healthcare industry coming into this space or trying to come into the space.

And I would just say, this is not just a technology game. Platform is important, technology is important, infrastructure is important, apps are important, but there's a lot more to this business a lot more complexity, frankly, that people are going to have to figure out. We think we have a lot of advantages there.

We have installed base. We have machine data. We have customer relationships, deep customer relationships that are clinical in nature. We understand what the underlying information means. Regulatory experience, FDA experience, GE.

So we look at the cloud-based future of this industry with optimism about what it can mean for the industry and the possibilities it opens up for productivity and better healthcare, but we also look at it with a lot of confidence about what our position is today and what we bring to bear here.

So the last component, again six-point plan, cash and capital allocation. And this is a critically important thing from my prior role.

I'd start on the left-hand side. This business is a strong cash-generating business. You can see we're consistently north of 100% in terms of cash conversion. We had a very strong year in 2015.

We fundamentally -- two thoughts here. We've managed the working capital extremely rigorously and the second thing is, fundamentally, our CapEx requirements in this industry, I would call them moderate and very high return. So the payback on the capital investments that we make in this industry are very fast.

There is more we can do here. We keep pushing the needle. There's things I think we can do in inventory. We can squeeze more working capital and cash here, but fundamentally this business is a very strong cash generator and that cash goes to the GE industrial activities across the whole portfolio. So we have a really important role, I think, to play in the broader GE portfolio as a cash generator.

What we do with that cash is critically important to you as investors, to us as a team. That is the capital allocation story. We're just driving returns. That is the take away here.

Every year how do we drive the return on invested capital up? Our target for this year is a 200 basis point increase. That's going to come, in the context of 2016, largely on the backs of our product cost out and our margin improvements and our enhanced profitability.

But longer term, as you think about capital allocation in this business, it's really about I call it analytical and business case discipline. How do we allocate R&D? It's based on anticipated payback, market analysis, track records of the teams. We vet these things vigorously trying to get at the essence of probability and rate of return.

Same thing in M&A. We've done bolt-on acquisitions in this business in the last few years selectively. We only do them after we get extremely comfortable with strategic fit, extremely comfortable we can integrate them and manage them, extremely comfortable that they can grow faster inside the GE context, the GE Healthcare context than they can on their own. And we think we've had a good record here in the last several deals that we've done.

Then, lastly, you have to be willing to exit things. You saw we made a move with our Clarient business merging that into NeoGenomics. We still have a stake there, but we felt that was going to be a better return on our capital and free up some capital for us to deploy elsewhere.

So you should expect more of the same here is the takeaway: very strong cash generation, very careful where we put it, and very selective on M&A in the space.

So that's just, I'd say, an overview of the story that you're going to hear today. Again, I think key components: self-help story on margin expansion, good organic growth opportunities, digital changes to the future outlook of this industry and our business, we are well-positioned there, and lastly a brand-new team. And I'm going to introduce the team right now and hand it over to them.

I'd just start, though, with some thoughts about team: the team, this team. For me, in terms of management philosophy, rules number one, two, three, however far you want to go, it's all about the team. Everything is about the team and I'm just a huge believer, if you can build a diverse, cohesive, competitive, motivated, fun team, you can do anything. And without that you're lost.

I love the team that we have in this business right now. Again 75% new in their role. Great mix of inside and outside the business and outside of the Company.

We are motivated to win. We are motivated to make a difference in the industry. And I would say to you, as investors, if you are looking for a benchmark about what's different in GE Healthcare now, I would point you as the first frame of reference to the management team.

So with that I'm going to introduce you to the team. Again, we've got a great, experienced team here. I'm excited for you to get to see them.

Anders Wold is -- there we go, runs our Ultrasound business, long-time experience there. Terri Bresenham here is running our Sustainable Healthcare Solutions activity, but basically we have taken our India, Southeast Asia, and Africa regions and put them under her leadership. You'll hear that story.

Kieran Murphy runs our Life Science business. David Hale is the product manager in the GE Digital business. Chuck Nugent, Supply Chain; lifted carefully out of the GE Aviation and Oil & Gas business. And I think it's just a fantastic team.

So I will turn it over to them; come back and wrap up on Q&A. And with that, Anders, I turn it over to you and good luck with the clicker.

Anders Wold - ***General Electric Company - President & CEO, Ultrasound, GE Healthcare***

Good morning. I am Anders Wold and I lead the Ultrasound business for GE Healthcare. I started my career in Ultrasound more than 30 years ago in the start-up business and the last 18 years have been in GE Healthcare and build the business. From that, in the last seven years, I've actually been leading this business.

So I would like to share with you a couple things. We call this section mobile diagnostics and monitoring, so I will talk primarily about ultrasound, but also a little bit about monitoring, which also is a mobile kind of activity in healthcare.

So look at the image here and maybe a little bit out to your normal league, but it's not art. This is state-of-the-art ultrasound today in terms of imaging. In fact, this image you could almost see it at the showcase, one of the products you have in the back here.

This is an obstetric image of twins, so six weeks old. You can see the amniotic sac and basically what's happening here is that we can do that live. So anybody who comes with pregnancy will have that kind of level of detail. Many of you have had that situation in family and friends, etc. This is the new standard and GE is leading it.

So if we could -- I think we will have to go back a few pages here in the second so one more. I will give you a little bit of the framework for Ultrasound. GE wasn't really in ultrasound before -- in the mid-1990s and there was a decision at that stage to actually carry out two things: get the technology on board. So three main acquisitions happened at the time in the mid-1990s, and then started to see some new products and technologies come around.

We built this out with local centers in China, Korea, and India and that's created another path for growth. Going from $200 million basic in the mid-1990s, we're $2 billion today and that $2 billion business has a fantastic growth in both profit and top line. And you will see that there's a growth path going forward.

Three fundamental principles of how we built the business. The first one was always to focus on customers in terms of R&D. Great technology doesn't help you anyway if you don't focus on what problems it solves. So that's where the starting point was and we found out very quickly that was the key to success versus many of our competitors. That's one element.

Then we built out different price points from premium all the way the value, so that's another dimension of growth. Then we went global. And the last thing we did, we went to different care areas so three axes in terms of how we went to growth.

The other part of that: to keep that going you have to have fast innovation and fast innovation means --. This is almost like consumer electronics; it's really fast-moving. So we launched 10 systems with 10 new products every year and we have done that for the last 10 years.

Having done that, it's not enough just to launch things and grow; you have to grow the profit. It's a very tough environment.

You heard John talk about price erosion. So we take out costs every year, every product 10%, so that's another rhythm we built in. Those are the three main ones, apart from being global.

We also learn other thing that we had to be very specialized. Today you will find it's not one ultrasound doing everything. You really have to be specialized, whether it's in cardiology you see here on the left-hand side. You see a mitral valve live and we can show that live so it becomes very clinical for the user to make a decision on the spot.

You see a baby face here, which is another one typically today brought by GE first, and there's general imaging, which is another specialty. We look at all the different organs and things like that, so that's one step of segmentation.

But we have found that since ultrasound is real-time, it's easy to use, it's very low-cost compared to other things, and great image quality. Being portable we found there are many other areas of use, so we expand in care areas. We have found point-of-care, primary care areas today so there's a runway to go further. In fact, today you will see that in the $2 billion business revenue I have today more than 10% is in this new space for us.

And beyond that one, if you take a hard look at the enablers; because the image quality, because of the size getting smaller, lower cost, all these things enables us to go outside the hospital. They go into the clinics and they want to go into the field. That's where they are going.

In fact, we have set for ourselves a leap of faith can be, in fact, good ultrasound in Africa tomorrow. At the midwife level, can we be an enabler to reduce maternal mortality, for instance? And we have already project and Terri will talk a little bit about that later. So there is, in fact, a whole runway to enable another 3 billion users of ultrasound in the future. It's a fantastic runway of sales here.

Now that's not enough, as you know. We have to have profits coming out of this. This market has about 10% price erosion. Now how did we deal with that? We are in fact a track record of building margin accretion into the business and we do that by a couple things.

The two main principles is the NPI engine from new product and increase the performance of the units, so you basically get more price. At the same time -- at the same time and not in addition -- at the same time, we take out costs. So you are always at the highest level in terms of new technology and that means you the premium cost out of products when you go to negotiations. It's a very, very important factor.

So you take out that; we take out 10% every year with this. We map every product like a product catalog and you list everything down to the bill of materials, every single thing. When did you negotiate, when did you do it last, how much do you get, what's your entitlement, etc., etc.? So you do that as a structured approach you get 10%-plus out for that.

We do value engineering so we redesign products and electronics, for instance, so you can in fact get that value out there as well. Net-net of this is a margin accretion. That becomes now the new template for GE Healthcare and they want to populate that across our imaging business. Karim will talk about that later as we want to do this.

And we build this as a culture now, so it's nothing special effort. It's happening. And that is going to protect us against commodity, it's going to protect us to go into pricing and so on, and it's going to enable us to find even lower-cost products in new markets.

To summarize a little bit on the ultrasound side before I go to the monitoring piece, will be $2 billion roadmap in three elements of growth: core business efforts as we talked about with the cardiac and the women's health and general imaging; you see point of care, lot of new users coming on board; and then another set of new profit pools. We see a pathway to screening for ultrasound. We see primary care could be the next level. There's all this distributed health out there that we are going to go for.

And there is another thing. If you are little bit in tune to the surgery market, you know that today there's a lot of minimally-invasive surgery. That's not easy for the surgeon to see. You can't really use x-ray to guide your surgery; you have to use ultrasound. That's another huge pool of opportunity for ultrasound as you go forward.

And then in terms of digital, we are now connecting all our products and that's going to be a decision support and other solutions that we can tap into a massive installed base of more than 600,000 installed base just now.

The other component of the diagnostic mobile activities is monitoring and that's part of our other business. There's another $2 billion business and monitoring is $800 million out of that. In this space -- and you really don't want to be there in the ICU. You are connected with multiple cables, very complex situation for surgeons and every support activity; high risk of infection.

This is generating a huge issue for the patient because recovery -- path to recovery is mobility of the patient. To be hooked up is not a good situation at all. So our path here would be to use our GRC and The GE Store to miniaturize our technology, have wireless sensors connected to the cloud.

And you can envision a situation where the patient comes to the hospital and gets the first sensor at the entry. You get blood pressure, you get oxygen, you get all the different pieces along the line. At the end it will be remotely monitored. That's the pathway and it gets patients much faster out of the acute situation to a mobile situation.

So that's our next round of development in monitoring. It's the same business as ultrasound; very high margins, very accretive to the business and a fantastic pathway for growth going forward.

With that, I will hand it over to Terri to talk about the emerging markets and the opportunities for growth in that space.

Terri Bresenham - ***General Electric Company - President & CEO, Sustainable Healthcare Solutions, GE Healthcare***

Thanks, Anders. Good morning, everyone. I am Terri Bresenham. Like Anders, I've spent my career in Healthcare. In fact, 26 years ago, I joined GE as an Edison engineering on the leadership program.

I've had the opportunity to run some global businesses, like our ultrasound business and our molecular imaging business, and about four years ago I moved to India to lead our India and South Asia operations.

As John said, in January we formed a new unit called Sustainable Healthcare Solutions, which is really putting an extreme focus now on the investments that we make in the emerging markets and directly couple that with the returns that we expect.

So what I want to do is give you a bit of a context around why we like this market so much. There's about 5.8 billion people that have limited availability to quality care. And with that comes a lot of the underlying issues: the infrastructure that's very limited. In fact, it is exacerbated by the concentration of those in the urban settings, whereas the population across these markets are largely rural-based.

The second is a dearth of skills. The emerging markets have, probably being generous, one-sixth of the necessary skills to deliver care to this population.

And on top of that the outcomes are also very uneven. We've got 2 to 3 times, for example, the infant and maternal mortality rates as we do in the West. 80% of the cardiovascular disease and the death from cardiovascular disease occurs in the emerging markets, and life expectancy is decades shorter than it is in the West. So there's really an important capacity issue in these markets.

Now there is a rising -- these are all connected to the affordability. There is a connection to the improvements in the investments in healthcare. Many governments -- and I will talk to you a little bit about what they are looking at. We are seeing rise in middle income and there is improving insurance coverage. So we like the dynamics of this, a large unmet need and a rising capacity to invest in that.

If you take a look on the right, the existing value or low-cost product market globally sits at around $7 billion and we expect to see that grow in the neighborhood of 10% to 12% over the next five years. So very robust underlying dynamic for us.

And just to give you a perspective of the unmet capacity, in the West to cover 1.2 trillion people we spend $5 trillion, whereas in the emerging markets only $1.2 trillion is spent a very large population. So even if you doubled the investment, the healthcare total spend in the emerging markets it still would be a fraction of the status quo in the West.

So we really like the opportunity that we see here. I think the resilience of these markets and the government's motivation, as well as the private sector, and the improvement in the middle income rising economy is giving us a lot of bullishness about this market.

We have done very well in fact in the emerging markets and I think it has given us a number of recent to now be ready to expand this further. In the last five years, we have increased our position from $2 billion to $4 billion. Again, that's based on a very resilient market, our investments in expansion of the go-to-market strategy, as well as our investments, and more recently our investments in very disruptively affordable technologies.

Our teams in India and China are leading this effort, as John mentioned. We have launched now over 30 very affordable product portfolios or product platforms. They have all exceeded their -- pretty much all of them have exceeded their business case. And probably one of the other very important parts of that is they are favorable to our mix, so these are accretive to our overall profits.

The other thing that is very exciting to us is the fact that it's attracting a new buyer to GE. I'll give you an example.

In India, we traded and co-invested in a rural distribution company called GenWorks and we combined that with some of the new products that we've just launched this past year. 40% of the orders that came from that were from a customer that had not bought anything from GE in the past. So that's not only good short-term improvement, but it also gives us a future potential revenue stream as we expand our installed base.

If you look to the right, we are really now very, very positive about our leadership position in this market and we want to now invest further in filling out the portfolio of these affordable products. We are using an internal methodology called FastWorks, which is really kind of like a startup mentality. We bring together our suppliers, our customers, and even our distribution channel partners, and we are rapidly co-creating with them on what is the next thing that is needed that is very relevant to these situations in the emerging markets.

We also, like Anders mentioned, we have set a very tough standard for our engineering teams. We will not invest in a product that doesn't take 30% of the cost structure out for our end-users.

And I think this is something that has triggered the fact that we start with a clean sheet of paper; we look at this from a ground-up. We can leverage our GE Store and, in fact, I will give you a great example.

We recently launched the Revolution ACT, a very low-cost CT. You might know CT as one of the most important front-line tools that you can have, but it's not affordable for a large portion of these emerging markets.

So what we've done is look at what does it really need to do? How does it reduce the total cost of ownership? How do you make it easier to sight? How do you make it easier to operate?

And what's really unique in the way that we can do this is, even though it is less costly, we've been able to flow down some of our more premium-level capabilities, like our reconstruction algorithms, so that we can extract more image data and more clinical information out of the lower cost hardware platform. We've been able to flow down our dose management, which allows the patients to be treated more safely from a radiation standpoint. We've also been able to use our Global Research Center, which is helping us with new detector materials.

It's a combination of being very different in the way we think about it, but bringing to bear some of the very important assets that we do have inside of GE. So we are very confident about where we are right now.

The investments in the distribution, plus our product investments have given us the number one share position in the emerging market. But we now are ready to expand upon that and I think expanding our breadth, which is allowing us to capture more value -- as I said, there's a lot of reasons in these markets that, if you are going to expand your healthcare infrastructure, you face a tremendous amount of barriers.

In addition to just affordability of the technology itself, governments, and especially the governments in the emerging markets, what they really want is someone who can take a turnkey, lower their risk, and have to cover all the pieces of this but deliver an outcomes base for their population. Improve their population's health and do that at a low-cost, predictable cost structure.

So when we look at this we've started to invest in the other aspects beyond the technology that brings a more holistic solution together. Things like skills development, things like project financing; ways in which we can create different business models that are more matched to way that they have to deliver their system.

On the right are basically the six strategic vectors that we are using to expand our breadth on this. I am not going to go through each of them, but I want to touch on three. One is around this focus; the idea that we've brought together the investments in the technology side of this coupled with the investments in the go-to-market strategy and being able to directly measure ourselves on the return for those investments.

I think this puts critical mass around our priorities in the emerging markets and it's certainly going to lead us with leveraging the full complement of GE, especially our global growth organization that sits in many of these markets, for things like government relations, things like financing solutions.

The other is around skilling and I touch on this because, as I mentioned, there's a dearth of skills. One of the ways the market gets constrained in its expansion is there's simply not enough people to do healthcare.

We have opened a number of different institutions. I was just at our -- the first one we opened in fact in India recently and it's really exciting. We're doing both skills creation, for example, taking high school students and creating x-ray technicians, in partnership with the government as well as skills upgradation. Our goal here is to develop partnerships across the emerging markets which can deliver in excess of 100,000 new healthcare workers.

The other is around the idea of this care area solution. As I mentioned, many of the governments, what they are really in need of is someone that can help them design, to set up, and to operate that can actually deliver outcomes for patients.

As Anders mentioned, with our portable ultrasound -- I was just in Nigeria last week. We did a project with the Nigerian government, USAID, and ourselves to break help bring about 600 ultrasound systems out in the rural markets to help with prenatal scanning and being able to identify those women that need to go to the hospital rather than try to have the birth at home.

These are the kind of projects that -- we're a trusted partner in these markets. They trust us that we will perform and they trust us that we will do it with integrity. And when we bring all these components together, it's not only giving us more of a position in this market, it's helping to create the market and it's giving us a better share position in this market.

The care areas that we are focused on initially are primary care, maternal and infant care, cardiovascular, and oncology. By way of example, I want to give you two that are recent wins.

The government of Kenya decided that it needed to expand its capabilities in radiology. Many of their facilities either didn't exist or they are very poorly equipped. We have come together with them. We created a design of their radiology systems; we're their technology partner, but it goes way beyond that.

We've helped them in the support of their financing. We've helped them -- we've created a healthcare, a national healthcare institute in Nairobi, which will be opening here in another couple of weeks. And the pictures actually show you that you start with, literally, a field of dreams and the picture below is actually the radiology department that ended up being on that particular place.

But bringing together all these pieces reduces their risk that they can actually meet the needs of their patient population or their population in the rural setting. And because of that we have a 10-year service agreement with them. So this changes our dynamics from a very simple technology transaction to a very long-term, higher value of more than $200,000 or $200 million.

The other is in India, the oncology -- this is a private sector example around the care area of oncology. Again we've created -- in fact, we're co-investing with this private player to develop 20 to 25 more new oncology centers across India.

We're not only their technology partner; we're actually co-creating new applications for them that help connect this with the service providers across India. We're using our GE Partners consulting team to help them improve their operational efficiencies and we're also working with them on business development activities in terms of the other partners in the market.

So when we look at this, its ability to be that preferred hub of partnerships which brings together a lot of the things that are needed in this ecosystem to develop high-quality low-cost care. We've had very strong response to this. It's created a very robust pipeline, in fact. And I think, based on this, we see a very strong, double-digit growth opportunity over the course of the next five years.

With that I'd like to turn it over to Kieran Murphy.

Kieran Murphy - ***General Electric Company - President & CEO, Life Sciences, GE Healthcare***

Thank you very much, Terri. So I am Kieran Murphy; I've been in the life sciences industry for 25 years. I joined GE in 2008 through an acquisition and I've been CEO of this business for the last five years. So it's a great pleasure for me to tell you about this business.

John mentioned this is a $4 billion franchise. We make more than 20% operating profit as a percent of sales. It's a great cash-generating business. And look, I want you to think about it as mainly being a consumables business.

John mentioned that for every piece of agreement we sell, that drags along some consumables. That's a key part of this business model.

If I break the business into two, the top piece you see here is really a small pharmaceutical company. Last year we treated 62 million patients with contrast agents. That's two patients every second. And we manufactured 2.9 million doses of radio pharmaceutical tracers.

So I don't need to tell you, and Chuck will mention this when we get to manufacturing, if you look at that and combined with our position in the biopharmaceutical business, there are huge barriers to entry here. So we have a rock-solid position in the industry.

Now on biopharmaceuticals, I just can't explain to you really how critical we are to the whole evolution of the biopharmaceutical industry. Seven out of the top 10 best-selling drugs in the world are biopharmaceuticals. GE is involved in the manufacture of all of these.

So if you think about our position here, we are designed in. We can't get changed out that easily. And so, for the life of these products, we have this high-margin consumables flow.

And just look at the customers that we are engaged with here. These are the top pharmaceutical companies in the world who trust us to partner with them to allow them to produce these pharmaceuticals, so it's an incredibly strong position to be in.

Now one of the reasons we have been successful is that we have a tremendous product range. I would like you to think about it in a sense as being a key enabler of precision medicine, because researchers and people who develop new products, they use our equipment to do research and to do characterization of the proteins that are going to become the next biopharmaceuticals. Big brands like [AKTA] and Biacore. Look, these products are found in every single development lab around the world.

We then, of course, go on to make the product using our bioprocessing technologies and John spoke about this earlier. We go all the way, wing to wing, from cell culture media -- in fact, from the engineering of the cell right the way to the finished product. So we have a market-leading position here, particularly downstream. Particularly downstream.

In chromatography, we probably have 90% market share of chromatography resins that purify these products.

And then lastly on the diagnostics space. I mentioned the sheer scale of this business; we've got 35% market share. We're the leading player globally in contrast agents.

And that's coupled with a PET and SPECT business where we have this wonderful network that allows us to have imaging agents embedded into key diagnostic areas like oncology, cardiology. And I think really quite important for the future will be neurology, where we have some great products.

Now many of you may remember that the essence of this business many years ago was Amersham. This great franchise wouldn't exist in GE today without the Amersham acquisition. That brought the chromatography resins, which was part of Amersham Pharmacia.

But I think what we've done very successfully, in addition to backing some very good organic growth, is that in order to fill out our wing-to-wing position, we have made some very good acquisitions along the way. And so that's what gives us our strength as we embark on the next phase of growth.

Critically important to us in addition to all that, and one of the reasons we've been successful, is our link to GE. I'm going to spend more time on this again later, but it's absolutely essential that you understand that we've made these technologies successful for pharmaceutical companies because we've been able to leverage the strengths of our Global Research Center in Niskayuna New York. We've been able to take our products into the global footprint through our GGO organization.

And I'm going to spend more time on this later; the evolution is going to demand a different degree of digitization and that will be enabled by Predix. We only get that by our great engagement with the research center at GE.

Now it won't have escaped your attention that we are very focused on biopharmaceuticals and I think it's worthwhile to just spend a little bit of time explaining why we are so excited about being in this space.

Look, older drugs, let's face it, were hardly precise. You could argue, in fact, that most of the time they made the patient worse rather than made them better. That was the whole model for old-fashioned drugs.

The new evolution of drugs at biopharmaceuticals, they are extremely difficult to manufacture. They are complex as hell. They are huge molecules compared what we've been used to in the past, products that were made by chemical synthesis.

But here's the essence: they are just far better. They are far better at targeting diseases like cancer and rheumatoid arthritis, and they're going to go on to play, I think, a massive role in areas like neurology.

Now if you think about that and the evolution of precision medicine and the improvement of diagnostics, this is going to underpin a huge growth in this whole industry. And if you look at the graph on the top right-hand side, several of the analysts predict that this is going to -- we are locked into a growth trend of between 10% and 15% of this industry between now and 2025. And by 2020 the revenues go from around $130 billion to $270 billion.

The good news, if you are GE investor, is we're growing faster than the market so we're locked into a fast growth rate here with our products and the way we will include the pharmaceutical companies. You will be familiar with many of the products that have had such an impact in this -- I would say Avastin and Herceptin for the treatment of cancer probably are the bigger -- some of the ones you might be familiar with. And also Enbrel of course, which is a huge product pictured here for rheumatoid arthritis.

So now that I've given you a picture of how exciting the sector is, I want to deal with how we play. We play two games in this whole sphere. The first is we deliver productivity for our customers, and if you look at the demand that protected here, productivity becomes a very important issue.

In order to deliver productivity, we have invested along the value chain so that we are in a position where we can have great cell culture media to grow cells. In fact, we now get involved in the engineering of the cells so that they produce better quality protein.

We then go through a series of processing, including filtration and downstream purification using chromatography resins. So in essence, what we have done with our customers is worked with them along each of these bits of the chain so that they have a better overall system.

And the next evolution of that, in fact, is to wrap all of that in software and services. And this is where Predix comes in, because you can imagine that in systems of the future we are able to monitor the productivity of every single piece of this value chain.

One of the reasons why this is going to be so important for us is that we spotted, I think, early in the game, if you look at the left-hand side, that capacity was going to change from being maybe stainless steel, huge fermenters to more disposable systems that could cope with these more precise medicines that are going to get made in smaller volumes.

We were early into that game. We invested quite well and it has put us in a very strong position. That's what's driving this incredible growth rate we have in this business now.

The great thing is that -- and I'm going to return to this topic in a few minutes -- as we embark on new treatments like cell therapy, we can use all of the expertise that we have learned in bioprocessing and apply it in that cell therapy arena.

Going back to the basics, this is a very fast growing market. We play two games: first is productivity and the second is capacity. We create capacity for this industry.

The video that you see playing here is world-first product we have called KUBio. KUBio is a modular facility. You can see in the video here that it's being put on site.

These modules were built in Germany and shipped out to China. Those modules arrived in China on September 8 and we had mechanical completion and sort of, if you like, official opening of that plant at the end of February. Now this is unheard of. This is just unheard of in terms of speed of creating capacity.

And so, just close your eyes for a second and think about the need for biopharmaceutical capacity in the world and imagine a network of KUBios, because that's what we're headed for here, and we're the only company in the world that can supply these at this present time. If you think about that network of KUBios enabled by Predix so that we can deliver ongoing productivity and able to really monitor what's happening in these facilities around the world and continue to optimize, this is a huge deal.

Of course, it is enabled then by the technology we have on the right-hand side called FlexFactory. This was something we acquired from a company called Xcellerex. The guts of the factory is this technology that is disposable; 50% of the capital cost of a normal plant; uses 80% less water and energy, 75% less CO2; and is done in a very short period of time.

And so the key thing you need to understand here is that this reduces risk. It reduces risk for the customers and it allows them to scale up at speeds that they had never thought possible before. Every time we put one of these in the ground we have this consumables annuity revenue stream that's coming on behind. So productivity and capacity.

Look, for those of you who follow the life sciences space, you know that there's been a lot of activity in the last few years. Companies have changed hands at very high multiples; these are very, very valuable businesses. And I think we have played this game extremely well over the past few years.

You see some examples on the page of acquisitions we have made. This comes back to the point that John made earlier about capital allocation. We have been absolutely strict on are these businesses going to fit strategically? Will they deliver a good return?

We have been very disciplined on not overpaying and I think we've done a great job on great integration, rigorous execution on the ground so that we get commercial exploitation.

I'll just give you two examples on the right. HyClone was a business we bought quite recently from Thermo Fisher. We paid $1 billion. That business was growing at 14%, it's now growing at 22%.

I mentioned that we bought Xcellerex. We paid less than $100 million for Xcellerex. We've got more than $150 million backlog today from that business.

So I think we know how to do this. We're going to continue to look for bolt-ons. We're going to continue to be disciplined and where we see the right strategic fit, we will take those opportunities.

Now I just want to finish then by giving you maybe a vignette to the future, because we're entering a whole new era of medicine with cell therapy.

This could be huge, because of course, the results that we are seeing from clinical trials -- these products haven't launched yet, but the clinical results are truly phenomenal. These are cures for cancer, especially focused right now on what are called immunotherapy treatments using technologies like CAR-T.

We see this as being a massive growth area for the future. This is the next bioprocessing, except I think, for us, it's going to be bigger. We're going to be more engaged and more plugged in than we were 10 years ago in bioprocessing.

If you look at the challenges facing this industry in terms of industrialization and getting to scale and having standardization globally so that you get good regulatory compliance, this is GE's game. This is classic GE business. We can create an industry standard.

And if you think about where we play today from my explanation of the business, we are at this interface where we -- we are unique actually. We're the only company that have relationships with hospitals and relationships with the pharmaceutical industry, and that's what's going to make this whole cell therapy industry evolve. So we're extremely well-positioned; we think we can build a fabulous franchise here.

So before I hand on, I just want to close by saying, honestly, I've been running businesses for a long time. This is the best business I've ever been involved in. It's the most exciting business I've ever been involved in. And it's not just that it's very profitable and it's growing and it produces great returns and we have tremendous employees.

If you think of what I have said about putting capacity on the ground around the world and enabling cell therapy, I don't know any business where we could have such an incredible impact on the healthcare industry for the future and the lives of patients.

So thank you very much. With that now, I would like to hand on to Karim Karti.

Karim Karti - ***General Electric Company - President & CEO, GE Healthcare Imaging***

Good morning. My name is Karim Karti. I've been with GE 20 years. I joined GE in the corporate audit staff and then the last 16 years in Healthcare in various product marketing and services jobs.

The last 10 years have been actually outside of the US. I ran our Korea Healthcare business; I ran our service European commercial force. Then a very large emerging market region of 85 countries spanning from Russia, Central Asia, Africa, and the Middle East. And then the last three years was the CMO for the Healthcare business.

The past two months -- actually John asked me to come and run the newly-formed Imaging business. We gathered all the imaging equipment businesses and related services as one business, and John asked me to do that. I'm excited to share with you a little bit our thoughts on this business.

First, I would like to give you a bit of context on how we look at the opportunities for imaging. John mentioned the value-based world and the shift to distributed care. Clearly, imaging is impacted and we see opportunities.

Inpatient imaging clearly is going to go down. Hospitals want to keep patients out of the hospital to lower the costs, but there are opportunities in outpatient imaging. This has started and will probably continue to lower the cost of healthcare. Screening is continuing to increase. CT, lung, those screenings have been approved last year for high-risk patients. 3-D tomography breast screening has been also approved for reimbursement in the US and we continue to see screening actually continue to increase.

Minimally-invasive surgery is continuing to increase also and the need for image guidance is going to increase. We see -- we are present in this space and we see a lot more opportunities. You heard from Kieran we are investing in diagnostic tracers, especially in the oncology and neurology fields. We think that imaging is going to play a big role going forward in those two fields.

As you know, the cost of specialty oncology drugs is increasing drastically. It was about $80 billion in 2012 and it's going to go probably in the $300 billion by 2020. Now when you treat the patient you want to know, with such an expensive drug, whether actually the treatment is working. And imaging, especially our PET/CT imaging technologies, will be key in actually assessing the response, helping patients, but most importantly, lowering the cost of healthcare.

So clearly we have a play in how we can help lower the cost of healthcare, because that's one of the main agendas going forward. Now when you look at it from a developed market perspective, which is actually a replacement game, the IB is aging and there is a fairly sizable opportunity for replacements, especially when new sockets help increase productivity, increase revenue, and increase quality.

In the developing markets, you heard from Terri there is still a very large need for build out. If you look at the penetration of imaging assets in emerging markets, it is a fraction of the developed market.

There is still a huge room to grow. We obviously are investing, because you need a fairly large range of products to be able to cater for the needs of those markets. Clearly, we're going to be developing here and evolving the portfolio to match these evolving needs.

Now I'd like to spend a bit of time on reflecting on the imaging business. It is a true GE business in the following sense: very high tech. This is quantum physics, this is supercomputing capabilities; it's advanced material. When you look at our advanced PET/MR here or you look at our revolution CTs or you look at our advanced robotics with our image-guided surgery systems, we are talking high, high technology business.

Now the important piece is, like Kieran's business, it has a very high piece of recurring revenue. 50% of the revenue comes from service with higher margin and rich margins and actually with a lot of technology and capabilities. We build sensors and we build capabilities to remotely fix our equipment, so it also comes with a lot of technology.

Last, but not least, digital plays a big role going forward in imaging. Imaging has moved from the analog to the digital world and with that move it has broadened the need for more software capabilities, more analytics, and more capabilities to help our customers be more productive with their assets.

This business is heavily drawing on The GE Store. We have a very deep and intimate relationship with the Global Research Center. We actually go there every quarter. We have very deep working sessions with them.

We have a dedicated team on-site. Actually, we exchange a lot of talent between those two teams. This is, frankly, a way also to develop talent for us.

With San Ramon it's the same thing. We have teams in place in San Ramon, teams in our various businesses that are connected, that are helping us bring new software capabilities to the marketplace. And most importantly, as you know, the service business is a huge business for GE and we are leveraging a lot of the technologies that are developed across the GE portfolio for our service business.

Now as we think about this business, we think about it in terms of five pillars: technology, distribution, capabilities to drive productivity on product costs and serving costs, service growth, and digital.

So as I was looking with John and with the team and what is this business and what can we do with it, clearly we have been doing extremely well in technology and distribution -- and I will share with you a little bit more -- and we will continue. On the product costs and service costs, we have opportunities.

John mentioned to you this is an area where we need to do better. We have a great game plan in place. This is one of the main agenda for the imaging business to drive margin expansion.

Driving service growth is also key. If service grows at a higher rate, because it has a higher margin rate, the overall business increases in terms of margin rate. So service growth is critical. And we will continue, obviously, along with GE, to bet big on digital.

So, first, technology. Three key pieces: we need to develop technology focus on outcomes, we're going to develop also technology that helps customers throughout their lifecycle, and third, developing analytics for our customers, given that our equipment is one of the largest generator of data in the healthcare system.

I think you will be able to see on the product showcase how we are developing products that improve outcomes. We have some of the most important innovations in the imaging industry.

Most of you know we have a premier position in the imaging business. We are number one worldwide and largely because of our technology. We have been able to drive a lot of firsts in the industry.

SILENT MR, which you will be able to see in the showcase, is one of those. Revolution CT with focus on cardiac application. We have the most sensitive PET/CT in the industry and we're going to continue to develop technologies that help improve outcomes.

Lifecycle economics is a very important part of how our customers think about their assets. When somebody buys an MR or a CT, they buy it for 10 years and they want to know whether they are going to be able to mine that asset along the continuum and even beyond. And so that's why we bring actually a whole set of upgrades, software upgrades and hardware upgrades, to make their machine more productive during that lifecycle.

We also actually develop new offerings that allow to extend the life of those assets beyond 10 years. An example that you will see also at the showcase is our Explorer Lift upgrade. We have over 7,000 magnets out there that are very aged that we can upgrade with this new offering.

We don't need basically to change the magnet. We change all the electronics in the cabinets and they have a new MR that is capable of scanning at a faster rate and it is capable of giving them better clinical application. And all this comes at a lower cost in terms of acquisition, but also operating costs because it has lower power consumption.

And it also allows them to switch to a new system without a lot of downtime. If you buy the MR, you are probably going to have a lot of construction and stop for six weeks here. You only need that for two or three weeks and you can get going, which is obviously less lost revenue. This is an important offering and we are developing offerings like this throughout the entire portfolio.

On analytics, as I mentioned, a CT generates 5 gig of data. This is a lot of data for each scan. That has also a lot of -- this means that we need to develop tools that helps our clinicians be more productive as they look through these images that are rich in information.

This is a real challenge for our clinician and we are developing a lot more, given the cloud capabilities that now we have announced at RSNA. Again, all this, as I mentioned, heavily using the GE store, especially GRC and San Ramon.

Distribution, probably one of our biggest competitive advantage. We have over 10,000 people in the field worldwide, presence in over 100 countries, a very large distributor network.

Our salesforce is obviously highly specialized. It's a mix of highly-specialized product specialists that are deep in surgery, deep in molecular imaging, but also a set of account managers that are capable of building relationships with either a radiology department or CEOs or governments.

Now how are we going to continue to build on this competitive advantage? We want to continue to build a winning sales force and an efficient salesforce. We're going to invest in solution capabilities, because that's what the market is needing.

We're going to hire more talent that fits that profile. We're going to focus more on training our salesforce on outcomes and better understanding what drives outcomes for our customers and how do we sell that.

Digital is very important for the productivity of our salesforce, the collaboration of our salesforce around the world, but also to make our customer experience a lot better. In terms of coverage, we will continue -- thanks to our digital capabilities we are now capable of optimizing our mix and seeing where the opportunities are live, real-time in the marketplace.

Most importantly, with such a distributed workforce, we need to be able to empower our field to make decisions fast and to make decisions in the best possible way with the digital tools that we provide them. So we are focusing on gaining share with our salesforce. That's what we've been doing in the past five years and that's we will continue to do in the next five years.

Product margin expansion, clearly a huge focus for us. Arguably, the single most important focus for the next few years.

You heard from Anders this is not only a team sport, but this is a culture. And this is what we're going to establish in the imaging business, a culture of driving costs down on our products as we release new NPIs. We will take the playbook from ultrasound and apply it here.

It's a team sport because you need the engineers, you need the sourcing leaders, you need supply chain to work together very closely with the product managers. We are designing not only for lower costs with our NPIs, but we are also working with our suppliers. So we run what we call disruptive cost workouts.

We're bringing suppliers, we're bringing our service engineers from the field, we're bringing engineers, we're bringing people from the manufacturing shop. And we put the product on the table and we go and look at new ways to challenge the cost of our products.

These type of activities have generated tremendous opportunities of savings that we're going after. We're actually running 150 of these events.

Sourcing you are going to hear more from Chuck. We are optimizing our supply base. We're going from a lower number of sole-source suppliers, which obviously come with a lot of savings.

We also are driving value versus cost benchmark. We call this the derivatives approach, where we benchmark different suppliers and reward suppliers for bringing disruptive innovation to us.

Supply chain. We continue to invest in digital factories, brilliant factories, and you will hear more from Chuck. But most importantly, because we ship equipment everywhere in the world, logistics is a very important cost from the total cost perspective. We're looking now at significantly optimizing that piece, especially being able to ship less on air and more through ocean or road.

We are leveraging GRC very significantly and our Aviation business. We have actually engineers on-site in Healthcare that we brought in from those two businesses to help us actually drive and accelerate this cost initiative.

The cost catalog, you heard it from Anders before, you heard it from John; we basically are taking our entire product line, building a roadmap for the next three years on where we want the cost of our products to be. And based on that we are building plans to aggressively go after that cost.

So product margin expansion, massive engine we are putting in place, and the engine has already started.

Service margin is also another important component of our business. We are basically are turning our service model back on its head.

The traditional business model for service has been: a customer calls it, we send an SE to diagnose on-site, to diagnose the problem. He calls back, waits for parts to come, then fix the machine. That's the traditional model.

With our ability to heavily digitize our products and our field delivery all around the world, we will be now able to remotely connect to the machines and remotely fix our machines. Our remote fix rate actually has already significantly increased and we're looking at doubling it over the next three years.

This is a very important part of how we are going to drive margin expansion, but most importantly this drives customer satisfaction, because we are able to fix the problems of our customer in a much, much faster way. This will enable us to drive a significant margin expansion for our service business.

Now as I mentioned, if we grow our service business, it's half of the revenue of imaging and it comes at a high margin. If we grow this business faster, we will also have margin accretion.

There are three pieces on which we're going to focus. We're going to continue to grow the core; there is still a lot to do there. We have a very large IB that we can mine. We're going to expand with digital services and then we're going to extend with radiology solutions.

On growing the core, we have started to do this in 2015 and we're starting to see good results actually. You could see that actually our growth rates have increased from flattish to 3% for our overall service business thanks to going and capturing more of our assets. We have thousands and thousands of our assets in the field. We just have the capability now to go and increase our capture rate with new innovative offerings.

So an example is some of our customers like to do their service with their own in-house capabilities. Our new offering allows us to train their in-house engineering, but at the same time being able to capture the parts revenue. So we increase our revenue; we make our customers more happy because they can use their asset also in a better way.

On digital services, this is also an opportunity to increase productivity for our customers. Their assets are all connected actually to our central system.

We are able to see exactly how much of their machines are producing in terms of scan. We are able to see the type of applications they are using. And with those type of services, when we make them available to them, they are able to increase actually their throughput or lower their cost.

Radiology solutions; John mentioned the Temple Health University. That's a great example of how we are basically expanding our offering to help our customers drive savings by partnering with them and this is something we're going to see. We see not only in the United States, but outside of the United States there is a lot more managed equipment service deals happening, a lot more PPP projects happening in which actually we have built strong competencies and we're going to continue to grow.

So digital services, there are really two pieces to this story. The first one is on productivity and the other one is on the clinical side.

On the productivity side, it's really allowing our customers to figure out how they can increase the number of scans per day, how they can increase their throughput, how they can increase the utilization of their assets.

Our software allowed them actually to be able to measure every one of their assets; being able to compare their assets, which ones are utilized or not. We give them benchmarking tools, benchmarking tools also against other system providers that allow them to see where the opportunities are.

We have done this type of engagement with several of our customers, most recently one customer in Texas. We engaged with them on a project that allows them to do two more scans a day, which generate a few million dollars more of revenue per year.

On the clinical side, as I mentioned before, we have a huge amount of data that's being generated through our machines. We need to be able to help our customers read their images faster and read more images, but being able also to have better decision support, i.e., identify quickly where the areas of concerns are. And most importantly, being able to provide treatment guidance. More and more images are being used for therapy planning.

We are -- we have a very significant business today in this area that we are actually growing thanks to the fact that now we are investing in the cloud. This is giving us an opportunity to put our applications on the cloud and collaborate throughout the system.

This is a business that is growing for us double digit, but it is also a business that is important for us because it differentiates us with our customers. One large customer in Europe has actually completely switched to GE thanks to this type of offering. We actually offer a software that allows them to monitor the dose of the equipment and standardize the dose across multiple countries and all their assets in a few countries.

So what happened is they really wanted to introduce a strong quality management system in their institution. We helped them with this type of software and that allowed us to win all the equipment business and win back all our service business. This is not just a tool to grow software, but it's also a tool that helps us to grow the overall business.

As a wrap up, our imaging business, we have two big priorities. We're going to continue to obviously invest in technology and in our distribution to gain share, but most importantly, we are going to drive margin expansion by focusing on product costs and service costs.

And with that, I will pass it on to Dave.

David Hale - ***General Electric Company - President & CEO, Enterprise Imaging and Care Delivery Management, GE Healthcare IT***

Thanks, Karim. Good morning, everybody. My name is David Hale; I am a GE Healthcare Digital Global Product Manager. I started out about 25 years ago as a software engineer. I worked in multiple industries: manufacturing, IT, financial services.

And I came into GE about 16 years ago; have been with GE Healthcare for the past 13. Actually most of those outside the United States in Europe and just came back to the US about 13 years ago.

So I'm very excited to talk to you today about the digital health part and what I want to really focus on are three themes this morning. The first one is I'm going to explain to you a little bit how we are focusing our current software portfolio for growth.

I'd like to then come back to the GE Health Cloud that John mentioned up front that we announced back at RSNA and show you what that means and give you some real concrete customer examples of how we are using that. And then, finally, how that really plays into our big data and analytics strategy.

I will start out with our current software portfolio. As John mentioned upfront, the first -- we look at it and say the first era of real digitization in healthcare is kind of coming to a close. And it was really all about how do I get the data that is out there off of the paper and into a system.

There's 150-plus exabytes of data sitting out there in healthcare. Megabytes, gigabytes, terabytes, petabytes, exabytes; 150 exabytes sitting out there of healthcare data. But the data now becomes interesting, because now that I have all this data, on its own, it's not that exciting.

But if I can actually leverage that data to draw insights -- and what is an insight? An insight is when I can actually answer a high-value question.

And when I know the answer to that question I'm going to use that answer to change my workflow. I'm going to use that answer to change my process. I'm going to use that answer to transform either how I'm delivering care or how I'm managing care across the system.

So we really look at that and we say there's two areas particularly that we think we can bring value and actually drive outcomes. The first one is really around clinical optimization.

Clinical optimization, think about it like this. If I go to the doctor or if you go to the doctor and he orders a scan for me, I want to make sure that that image that was just scanned is being read by someone who is a specialist in whatever he is looking for, that they have the right tools sitting there to do that diagnosis when they get my exam, and that I get my exam back as fast as possible. I want to give them the capability to have confidence in their diagnosis and a speedy diagnosis.

We worked together with GRC to develop something we call smart hanging protocols, which allows us to deliver the image in the way that the radiologist wants to see it, with the tools that they want to use for that specific diagnosis to be able to reach a quick conclusion.

The second area that we are focused on is really care system optimization. This can be care pathway optimization, be that stroke, be that diabetes, but it can also be, for example, financial optimization across your system.

Every time that we go to a doctor, everything that is not out-of-pocket paid the doctor files a claim with insurance to get reimbursed for what they just did. In the best, best, best systems, 3% to 5% of those claims are actually denied and sent back to the hospital. And actually we generally see around 10% of those claims been denied.

What happens? That means I have to rework it. Each one of those reworks is $15 to $25 per rework and on top of that 20% of those denied claims actually get written off. So if I'm even just a medium healthcare system, I'm dealing with 35,000 to 40,000 denied claims every year. That's $1 million of profit that goes out the door that I don't realize.

We have built into our financial management system something we call Denials IQ. Denials IQ lets me look at those claims, run analytics on them before they go out the door so that I can actually prevent something from becoming a denial and creating rework in my own system. That's an operational impact and it's a financial impact for my health system.

Imagine if I can do that with just the data sitting inside of one health system, imagine what you could do if you could pull data together from across multiple health systems. Imagine the learning you could drive around that and that's really where the GE Health Cloud comes into play.

The GE Health Cloud is the first industry-specific cloud built on top of Predix. A question I often get is why does healthcare need a specific -- healthcare industry-specific cloud?

Healthcare is very unique and it's very complex compared to several other industries. The first thing is, and Karim touched on this earlier, imaging. A lot of other industries are dealing with big data, but they are dealing with numerical big data.

We're dealing with imaging big data; that is a very different problem statement. We are engineering into the GE Health Cloud the ability to do image processing, to do 3-D streaming directly into the Health Cloud.

The second area is the one I'm sure you're all familiar with, you've probably written about before, which is data privacy and data security. Healthcare has very specific requirements around how we deal with patient health information. There's high tech, there's high trust, there's HIPAA compliancy. The GE Health Cloud is being engineered to provide that kind of a safe operating environment from the get-go.

The second area is really around specific languages in healthcare. We have standard languages called DICOM, which is how we communicate with different imaging machines. We have something called Fire, which is being used to drive interoperability across different kinds of IT systems. Those are actually being engineered into the GE Health Cloud.

Then the last one, and maybe the most important one, is the GE Health Cloud can actually integrate directly in your clinical workflow. So if you are driving multi-disciplinary team meetings, that's a very protocoled process that our customers drive. The Health Cloud is set up to drive that.

Now the great thing about that is it's an open environment; it's an agnostic environment. So we're looking at that saying that's not just great for GE Healthcare, that's great for the healthcare industry. In fact, we want others to come.

We want the two guys who have a great application they've developed in their garage or the largest global software vendors. We want to provide that -- think about this as an enterprise application store, where I can bring my applications and deploy them in the GE Health Cloud.

And that thought process is getting traction. We have already signed up two large system integrators. Cap Gemini and Tata Consulting are going to be developing applications to deploy in that Health Cloud. We already have nine independent software vendors that have signed up to deploy their applications in the GE Health Cloud on top of the 10 that we already announced at RSNA last year.

We're excited about this. We think this is really a great opportunity, but let me tell you how it's actually already differentiating us a little bit in the marketplace.

We won a 10-year, $40 million contract with EMRAD. EMRAD is a radiology consortium in the UK. They stretch across seven NHS trusts in a very diverse range of regions.

The problem that they were facing is they could not keep up with the incoming demand for exams with their own radiology staff and they were having to outsource the reads of these to private groups. And when you do that that's actually a lot of money.

We provided them two solutions. The first one is what I talked to you about earlier, our enterprise imaging and workflow solutions, where we can actually help make them more productive today. But the second one, and that's what really differentiated us versus our competition, was what we can bring them with the GE Health Cloud.

Today if you are radiologist and for workload balancing or whatever reasons, I want you to go from trust number one this afternoon, I want you to read exams at the trust number two. I have to physically get in my car and drive to that other trust.

If I want to do a multidisciplinary team meeting, I want to share -- I'm looking at your images and I want all the clinicians that know the most about this. I want them sitting around the table talking about your image, I have to physically bring them together.

With the GE Health Cloud, not only do we give access to all image data for all of the seven systems to all of the clinicians, no matter where you are sitting, they are all using the same tools. They are all talking the same language. They are processing the images in the same way; they can share that across the enterprise. And that is both a clinical win and it's an operational win.

Now if you think about what you could do with the cloud also from a data analytics big data point of view, we look at analytics in three broad categories.

The first one is really descriptive analytics, so it's kind of looking in the rearview mirror: what happened? The second one is predictive analytics: what will happen? The most interesting one is really the third one, which is prescriptive analytics: what should I do differently because I know this is going to happen?

So if you want to be good in this space you need a couple of things. First of all, you need the data. That's a nice starting point.

As Karim talked about earlier and John said upfront, we've got 1 million of our own devices sitting out there, 1 million-plus, that we can get data from. But because we built the cloud as an agnostic open platform, engineering it that way, we can take data from all those devices that are also not GE Healthcare that are sitting out there.

But data on its own is actually not that interesting. What's much more interesting is curated data. What does that mean?

That means I take the data and I also have the outcome that came with it. When I know what the data is and what outcome it drove, now I can drive real learning around the data.

But I can only drive real learning around that data if I actually have clinical domain depth and insight. There's 1 million analytics that you could run on 1 million pieces of data, but what is the analytics? What is that insight that you are going to provide to the caregiver at which point in the process so they can make a better decision or they can change their care pathways?

Again, let me give you a concrete example. We're working with one of our largest customers on an analytic in the intensive care unit space.

We take data as a patient comes in -- age, male/female, smoker/non-smoker, diabetes -- but we also take data from devices. How long have they been on a ventilator? We put all that data together and we build a digital twin of that patient.

Now that I have a digital twin of that patient, I can compare them to similar digital twins that have already been through my system for which I already know the outcome. Now I can statistically start to say, hey, through this profile, statistically speaking, there's an 80% chance this person is going to spend five days in the ICU.

That's already a pretty useful piece of information, but I can go beyond that. I can say, hey, on top of it, there's a 20% chance that in day three this person is going to get renal failure. Or a 30% chance in day four this person may catch pneumonia.

If I know that going in, I can change how I deliver care. I can at least be aware; I may change a medication pathway based on the risk that I see coming down the path. That's what the GE Health Cloud can enable.

Again, this is not set up to be GE Health Cloud just for GE. We see this as an enterprise application store where others can bring their applications and also deploy it. We're looking at it thinking we are probably 20% of those applications, 80% of those applications are actually probably driven outside, brought by these ISPs or other third parties, or even customers who bring their algorithms, their applications and can put them in the GE Health Cloud.

So we're extremely excited about it. We think digital is really the next big opportunity. It's where we are investing now to really be ready to play in that space going forward.

And so I thank you for your time and with that I'm going to pass it over to Chuck.

Chuck Nugent - ***General Electric Company - VP, Global Supply Chain, GE Healthcare***

Good morning. I'm Chuck Nugent and I lead the Global Supply Chain here at GE Healthcare.

I just joined GE Healthcare last October. I bring an extensive amount of experience; I've spent 30 years at GE Aviation, 20 years in supply chain, and several years running the sourcing operation. I also spent about 10 years running engine programs at GE Aviation, and most recently, I led our oil and gas supply chain prior to coming to GE Healthcare.

This morning I'm going to talk a little bit about the capabilities of our supply chain and the value that those capabilities provide to our customers and our businesses. But I'm also going to specifically focus on how we are leveraging the GE toolkit to drive cost out in a much more accelerated rate than we've seen in the past.

So we have an extensive supply chain, globally diverse; that has a number of unique capabilities. 70 factories, 22 countries, and about 40% of our components today are manufactured in emerging countries. And we're going to expand that. We're going to expand our use of emerging markets to support the growth that Terri and John talked about, but also to drive down lower costs.

This global scale that we have enables us to have the lowest cost, the fastest speed to market, and the ability to scale rapidly. We have a number of unique capabilities and I would just like to highlight a few of these.

If you look at our ability to make complex products and deliver them in synchronized fashion, like Kieran's nuclear imaging media, that speed in essence is that needs to be from manufacturer to use very quick. We start from a cyclotron and 24 hours later it's delivered and used by a patient. We have to be precise and we do that on a daily basis.

We have the ability to produce product at scale within region, like supporting Anders' business, 35,000 ultrasound machines a year. We've got regional production sites and we can deliver an ultrasound machine, like you will see out back, in two weeks anywhere in the world.

We've got great chemical processing capability to support Kieran's business. And as you heard, the rate of production and the scale of that is significant for his business. And we can produce complex components and integrate them into very complex systems, like a magnetic resonance machine.

So I would like to just focus on four of these key capabilities and talk briefly about the value that those capabilities provide to our businesses and to our customers. First, in sourcing.

We procure about $8 billion worth of raw material products and supplies and we've got a regional sourcing organization to support our regional manufacturing. But we also have a centralized commodity organization to make sure we are leveraging the power of that $8 billion spend, as well as leveraging the spend of the entire GE company to get the best price.

Now you heard Anders and Karim talk about some of the great capability in some of their products and at the heart of that capability are often some key components in our products like ultrasound probes, like magnets for MR machines, x-ray detectors and tubes. We make those components in our operations in a few key locations. We are co-located with engineering and technology to assure that we deliver that differentiated product capability, but also enable us to do it at scale to have the lowest cost.

And our global footprint to produce our imaging products enables us to deliver very rapidly in region and optimize both low cost and logistics, as Karim talked about, to make sure that we have the lowest costs, lowest landed costs, and the speed to market.

Finally, our chemical processes. As Kieran highlighted, scale matters. We have the biggest imaging -- contract imaging sites in the world. We have the largest chromatography media facility in the world, delivering 90% of the chromatography media used by the pharmaceutical industry in the world. That scale enables us to have a competitive cost advantage.

So we have some great capabilities that are delivering value for our customers and our businesses. But as John acutely pointed out earlier this morning, we have opportunity to do better, to take costs out at an accelerated rate.

And we know how to do this; this is the GE toolkit. I've used this toolkit. It works; we've seen the results in other businesses. You've seen the results in other businesses. And we have opportunities here at GE Healthcare to leverage more of these tools to deliver further cost out.

For example, we have more single-source suppliers at GE Healthcare than I've seen in any of our businesses and we're going to change that. Single-source suppliers are good; great collaboration, great speed to market on new product introduction. But as we dug deeper into should-cost data and looked at our sub tiers, there's opportunities to get better prices and we are going to increase competition to do that.

Other costs; when I have looked at our logistics costs there's opportunities to reduce that and we are attacking that. And has been discussed a number of times this morning, probably most significant on this chart is the cross-functional approach.

Having been a product manager for a number of years, I know the best way to get cost out is how Anders described it. It's product management, engineering, sourcing, manufacturing, working together, a defined target cost, and working together to hit that target cost. And that is what we are putting in place to support all our product lines to deliver cost out.

So this is the plan. We are delivering increased cost out. We're going to increase it significantly again this year and continue to expand that cost out as we move beyond 2016. And here's the place.

You've heard a lot about design for cost out. As Karim highlighted, we've brought in experts to help us do this even faster. From Global Research center, from Aviation; engineers that know how to do this and are helping us accelerate that activity.

We spend too much on logistics and we are changing that. I put a new leadership team in place, brought in some expertise from outside. We're going to deliver 10% cost productivity out of logistics this year and I'm confident we're going to continue that trend of delivering double-digit productivity such that by 2018 I believe we've got a couple hundred million dollars of savings that we will be generating each year out of logistics. It's a great opportunity for us and we are all over it.

We also have a new sourcing leader, another GE veteran: Tom Mitchell. Power and water, aviation; spent several years developing our supply chain in India. Running our sourcing operation and he's changing the direction on how we are sourcing our product.

We are taking a significant reduction in sole-source suppliers and we're going to continue to drive the use of emerging-market suppliers, again to support emerging markets, but also drive lower cost. Now our factories have a pretty good Lean foundation, but I've been doing Lean for 30 years and I know the power of Lean manufacturing. We are doubling down on Lean manufacturing and that's going to continue to generate double-digit productivity in our factories.

The advances of technology and manufacturing are the new fuel that is going to continue this productivity machine. Big data, data analytics, digital tools to help us run our operations better, to improve process capabilities will enable continued productivity in our factories.

And, finally, we're going to bring the same kind of rigor to our services operation. Instead of it being more one-off installation and services, it's more about standard work, Lean efficiency so that we can drive productivity in our services business.

So let me conclude with a couple examples of how we are leveraging these tools to deliver costs out and benefits for our customers. 72% is just too high on the number of sole-source suppliers. Again, a lot of goodness coming from that and we have -- we are getting productivity from our suppliers, but as you can see by the example, this is an example where we were getting minimal productivity.

Qualified new suppliers, assured they are capable, competed that by; it's now regionally distributed and delivering 3x the deflation we have seen in the past. We are seeing 2 to 3x deflation as we reduce the number of sole-source suppliers and create more competition.

And in our factories we are using this concept of brilliant. A brilliant factory in our definition is one that has outstanding Lean foundations, so it's ran well with Lean manufacturing concepts. And then it has extensive use of data, data automatically collected from our processes and our operations that we use analytically, to either improve how we run the operation or improve the process capability of each of our processes in our operation.

We're betting big on investing in capability in these factories and this example on the right is quite interesting. This is our chromatography media production facility in Uppsala, Sweden. It's a 24/7 chemical processing operation running at fairly max capacity.

It's a complex chemistry operation, but even more complex is we have a large diversity of products. And as you know, in something that runs 24/7 the best way to optimize capacity is minimize your changeover times. When we have a high mix of products we used to schedule that manually with the best intelligence we could to optimize flow.

We created an analytically-based scheduling tool to implement that and immediately generated 10% improvement in capacity. And the great news is that business has been growing double digit, so that immediately translated to $80 million incremental revenue and we are able to defer investment that we had planned.

Where we're really excited about this, and shows the power of this data, is we're going to do the same thing by connecting with our suppliers and our customers. We're going to take chemistry data by batch from our suppliers, feed it directly into our processing systems so that we can optimize how we make the product in our factory, in our operation. And we see the ability, just by linking that data together and optimizing our processes by batch, that we can generate 5% to 10% improvement in yield in our operations.

What's really going to be awesome is when we do the same thing with our customers and we make our customers' processes more productive using our product and giving them data directly out of Predix to optimize their processes, they will see significant benefits in their operation.

So our supply chain is capable, globally diverse and delivering strong value for our customers and our businesses, but we know we have opportunities to be even better on cost out. We know how to do this. We've got the GE toolkit behind us and we're going to deliver significant cost out here to accrete margin over the coming years.

Thank you and I will turn it back over to John.

John Flannery - ***General Electric Company - President & CEO, GE Healthcare***

Great. Thanks, Chuck. That is called running the play in human form right there, so --. Listen, let me just start and say I'm delighted you got a chance to get a sense of the team. It really is a fantastic team; a lot of people in new roles as I said, but a lot of healthcare expertise and a really good mix, I think, of people in and outside of the business.

It's really a team that is comfortable with each other and talking about this. You heard cross-functional all day long. That was, I would say, a bridge for us to cross as a business is to get a broader team working cross functionally, attacking these issues, and I just feel great about the team and the way the team works together. So hope you get a sense of that today.

I would also like to introduce Monish Patolawala, our CFO, who is here. I'm going to wrap here. We will go to Q&A, but if you have some -- if we get some specific financial things, we can tackle them here or you can speak with him afterwards. Monish was the CFO of our transportation business most recently and a long GE Finance career; has made a huge impact in the business since he joined us last year.

So let me just wrap with a few thoughts. This chart, in a certain way, says it all. This all boils down to, for us, growing operating profit, growing operating profit margin, and contributing to the GE story. That's what we are focused on as a team. That's what we're going to deliver as a company is profit growth, margin contribution, and leverage the GE company to do that.

We are motivated as a team by the industry. You see that across this industry. People are motivated to be in the healthcare industry. They are motivated to impact patients, but the thing has to make business sense at the end of the day. It has to make sense for GE Company. It has to make sense for investors, and the good news is that it does.

I want to talk to about two other things here, make sure that they are very clear with you on both of these. One is leveraging The GE Store. I would say one other thing about the team coming together here: we're also better connected and more closely connected to GE Company. We've got a lot more GE DNA in the business and we leverage -- you've heard this day in -- time and time again, excuse me, and I just want to emphasize it.

You heard repeatedly how we take technology; how we've built heavily on digital; how we use this industrial know-how and other experiences in the Company to drive service offerings, productivity for customers; how we are using it to package solutions together, bring financing together. So we, simply put, make more money, grow faster as the healthcare business inside the Company than we would outside the Company.

At the same time, we give a lot of things back to GE. We talk about our boots on the ground, the backbone of a lot of our international business. We've talked a lot about technologies we share with the Company, cash that we generate for the Company back into the industrial business.

So at the bottom line of things, I see us growing faster inside the GE Company. That generates shareholder value in and of itself, but we also think we deliver a lot of things that benefit GE from owning GE Healthcare. So we see a very strong fit here, close connectivity that we are increasing, and value creation at multiple levels for shareholders.

I want to spend one minute here just talking about -- we've referenced this several times today. Some of you are probably quite familiar with this, some of you maybe not really much at all. But we've had a compensation structure for management teams in place in GE for decades that we changed in 2015 and I just want to take a moment for you.

We call it the annual executive incentive plan, very creative title. AEIP is our word. The fundamental reason we did this was to drive better alignment between management teams, their goals and objectives, their incentives, their rewards, or lack thereof, with investors. And I wanted to share with you very specifically what ours is so you understand in transparency what it is, but also in philosophy why it's set up this way.

So it's a 75%/25% weighting; 75% of our performance is evaluated on our financial output, 25% on strategic progress. You can see here below what our four financial metrics are: operating profit dollars, margin rate, cash, specific metrics on cost out.

That's it; there's no mysteries about how we're evaluated, for us or for you. I think that helps explain what today's agenda was and why it was that way. This, for us, is alignment with you in black and white.

And we have been able to drive this now -- if you look on the right-hand side, this is how we take these basic output metrics and push them down into the organization. We need certain things from the commercial teams. We need certain things from the digital teams. We need certain things from product managers.

But I love this compensation system. Frankly, for me, it makes it much easier to organize the team around what the priorities are and it drives a lot of cross-functional activity and, frankly, a lot of teamwork and focus. So I think this is going to make a major difference in our business; I see it already in terms of how we are working together as a new team. And you have similar programs like this across the whole company.

So I just think that's an important thing for you to understand. It's a big deal for us as a team. It's a big deal for investors.

So that's it. I'll just wrap up and then will go to Q&A, but just a few things to take away here. This is a good business. This is a classic GE franchise business.

You've heard this for years in other parts of the Company: technology, service platforms, digital. This is a fundamentally good business. We're making it better. We're going to continue to make it better.

We're going to drive margin expansion. We're going to drive operating profit growth. We're doing that through heavy leverage of The GE Store. We're doing that through heavy focus on our product costs.

You have heard today we know what we need to do. We have the right team to do it and we are going to do it through investment. One of my main jobs here is to allocate the capital. We are allocating a lot of it to cost out and we are focusing it on a small set of organic growth opportunities. So we are confident we're going to deliver that kind of performance for you.

Then lastly again, I'd say there is a team dynamic here that I'm very proud of. It's a new team. We're motivated to win. We're aligned with you as investors.

We're motivated heavily by the industry and making an impact in the world. This business matters to the world, but in doing that well we create a great business for GE and for investors.

Those were the messages we wanted to take away today and now we're happy to go to Q&A. I'll take them or direct them to the team as we see fit. It's a little blinding up here, so it's kind of hard to see but maybe we will go front left here.

QUESTION AND ANSWER

Julian Mitchell - ***Credit Suisse - Analyst***

Thanks, maybe just a couple of questions. One is the language on portfolio change within Healthcare seemed quite mild in terms of acquisition as well as portfolio pruning. I just wondered why that was the case and if you saw more of a role for the portfolio change to reignite growth.

And then, secondly, price deflation is always a big feature of this industry. At the same time there is a lot of change in healthcare around less in-patient monitoring, Predix, a lot of other things. Do you think the aggregate effect of those changes is to reduce pricing pressure eventually, or you see it as kind of a steady-state deflation?

John Flannery - ***General Electric Company - President & CEO, GE Healthcare***

Great. First, I'd say on portfolio -- you know my background -- assuming you know my background is from financial services and business development prior to this job. So I'd say that's something we look at on a continuous basis.

I'd say that first activity I did when I got here was analyze -- same things I would do -- I came in the private equity business and other things in financial services. What is the market? What are customers saying? Where are profit pools? How are we positioned? How do we make money? Where are we making money?

So I think as a general exercise that's something we look at extremely carefully and certainly for me that's a sort of bias, if anything. In that context, I'd say the net conclusion as I went through that is we have a self-help issue here.

We have a good business in the aggregate. We always look at sort of bits and pieces on either end, but we fundamentally have a good business. We have leadership positions, we have technology, we have installed base.

We've done a lot of things well in this business over the years. There's almost a single voter issue, if you will, which is we just really need to work the margin rates of this business. And we have areas where we can grow.

That said, I would say a couple other things. In areas where we see lower returns than we want, first port of call is can we make that business better? Can we drive margin in that business? You were hearing a ton of that today.

I think there's a lot of low-hanging fruit around the entire business. Product cost is the biggest of them all. So first port of call is internal improvement.

Second thing is: how does it fit into the portfolio? For example, we get questions about our x-ray business a lot. How does that fit in your portfolio? What kind of returns do you make there?

It's not our highest-returning business, but 40% of our customers in our tenders ask -- they request x-rays. It's an important part of our business. So can we improve it? How does it fit into the portfolio?

And if it fundamentally doesn't check one of those two boxes, then we will move on it. We've sold a few things over the year.

We just sold -- merged our Clarient business into NeoGenomics, so I don't think we come with any -- and certainly as a newer person it's easier. I don't have any emotional attachment to these; it's all about business. It's all about where we can be effective with customers and make more money and generate higher returns.

On just broadly, why not something more dramatic on the portfolio side of things? I have a healthy respect for the complexity of doing big acquisitions. I would say our industry is characterized in many places by high prices, so we have looked at a lot of transactions because we just want to know what's out there.

We have been outbid on a number of things. We've been happy that that was the outcome, because we just didn't want to pay that level of price that cleared the market. So we feel we can drive earnings and margins best with an organic strategy, both on cost, both on growth.

I think in terms of price pressure, listen, we operate in a basic philosophy, two dimensions. One is that it will continue. It has been a long-term trend in the industry that there's been some degree of price compression.

So I'd say you have to assume that's going to continue and you have to assume that we can drive the cost structure and the product costs down at a rate that more than outpaces that. And I think you just heard that basic philosophy in action today.

The other key thing, when people talk price -- and this is why -- if I go back to the slide where we said we need to be the provider of outcome-based solutions. You've got to get out of selling boxes to people and quoting a price on a box. You have to be in the customer's shoes.

You have to understand what their issues are. You have to understand how they make money or what their financial pressures are. And you have to find a way, with your products, with other things besides just our hardware. You heard all these things on software, on digital.

Those are the things that deliver value to customers above and beyond the equipment, and so we have to be lights-out on bringing that solution to people. That's how you hold your own in a pricing environment, because you are providing value to the end user. So that's how we think of those two things.

Andrew Obin - ***BofA Merrill Lunch - Analyst***

This is actually a follow-up on this question. It seems that the Life Science business is the real crown jewel, maybe one of the crown jewels within the Healthcare portfolio.

John Flannery - ***General Electric Company - President & CEO, GE Healthcare***

I love all of my children equally, but keep going.

Andrew Obin - ***BofA Merrill Lunch - Analyst***

And within that, if you look at the bio process, the rise of biosimilars that's the real area of growth, but you are competing against Thermo. You're competing against Merck. You have Danaher that just paid 20 times EBITDA.

So how do you ensure --? It seems that right now you are at the cutting edge of the technology. But given that you have incredibly well-run competition that is very willing to deploy capital in the industry, how do you stay the relevant scale, given that a lot of the growth is driven by M&A, and very expensive M&A?

John Flannery - ***General Electric Company - President & CEO, GE Healthcare***

I would say a lot of the growth of other companies has been driven by M&A. We have some roots in that.

I'd come at this one in a few ways. First and foremost, we are winning in the marketplace today. I get this question a lot.

We're growing the business substantially. We're growing margins substantially. We're growing profits substantially so there's not an under-the-hood thing of like, hey, we're losing ground or something.

In fact, we are gaining ground. We are growing faster than the industry. So I'd start first with just our organic results and performance in the industry.

I would take another reference point, which is we bought a company from Thermo Fisher and it's growing at 10 points higher than it was when it was inside Thermo. So we like the offering we have. We think the validation of that is in the results that we produce.

We would do bolt-on M&A, as we've done in the past, but we just don't feel like we need to run out and do a large deal. We have a turnkey offering. We continue to put capital investment in that.

So I look at the Healthcare -- the Life Science business and say it's fundamentally a great franchise. We are winning in the business. We are consciously allocating our capital more into that business, so it's not like a peanut butter thing that they get X percent of the healthcare pot. We are consciously allocating to that business and so I don't see any need in the results or in the landscape or in the competitive dynamic to do that.

The last thing I would say, we are unique. You rattled off a few names; we are unique that we are part of GE. This business grows faster inside and on top of GE than it would outside, so we are able to leverage the GRC. We are able to leverage --.

We just started talking about this China stuff, the KUBio thing that Kieran went through. We are winning business here with major, major pharmaceuticals on the back of not only the technology and the portfolio we have, but GE, GE's presence in China. Our ability to navigate that environment has given confidence to some major global pharma companies that give that business to us.

So there's always that going on. And I read the paper and I get a call instantly of you should buy, you should sell. We like the business; we like our position; we like the results. It's better because it's part of GE and we're going to keep playing.

Andrew Kaplowitz - ***Citigroup - Analyst***

John, obviously are talking about an inflection in cost and in margin going forward, but why now versus a few years ago? We know the new management incentive helps, but what's the key enabler here? Is it should-cost? Is it FastWorks? Is it just digital as a whole is allowing you to increase the playing field for the Company?

John Flannery - ***General Electric Company - President & CEO, GE Healthcare***

Let me just tee that up and maybe Karim and Chuck can add, but I'd say a few things. If you look at the historical context of the business, there are a lot of things that have been done well in this business over the last five years. There's been a lot going on in healthcare business generically, and I'm going to come to an answer of fundamentally focused, plus tools.

But a lot of things have been done well. We've built out a great global footprint. We've built out life sciences. We've built out ultrasound business. We have built great technology. We've built market share. So I think when you look at what's happened over the last several years in the context of a why-now, there's plenty of great things that have been done and that's why we have the franchise that we do.

The one area, as I look at it sort of in an analytical sense or a newcomer sense, is we were heavy on the technology and really to the overemphasis of that versus the product cost. So I think we just weren't moving quickly enough and focused enough on getting the product cost down to the level it needed to be. Just didn't get the focus in the business.

And then I'd say also, to the earlier question, we were slow on getting to that solutions packaging in terms of how we price things and bring that to bear. So I'd say, first and foremost, was focus.

Second is capital allocation. It takes money to fix this issue. You have to invest in engineering. You have to invest in qualifying suppliers and we have quadrupled the spending on that. So focus and capital are different, if you will, and then there's a whole host of new digital things.

I don't know, Chuck or Kareem, if there's anything you guys want to add to it.

Chuck Nugent - ***General Electric Company - VP, Global Supply Chain, GE Healthcare***

I would just add that the -- in addition to the focus, we did deliver in the past years good cost productivity in pieces, but we didn't deliver it in the whole such that the product cost in total came down to the rate that it needed to. And by looking at the entire product cost portfolio, if you will, and working every one of those elements with traditional tools as well as new tools, like digital tools, is how we are changing that trajectory of costs out. And we've done it in other businesses.

Karim Karti - ***General Electric Company - President & CEO, GE Healthcare Imaging***

I would just add: the market the past five years has pushed us to change a little bit the approach on how we gain share in emerging markets and how we adapt to the developed markets. And I think that drove an over-focus on that as opposed to margin focus on product costs.

And why now? Frankly, also GE, as you know, has a major initiative on product costs and we're leveraging that going forward to accelerate that in our business.

Deane Dray - ***RBC Capital Markets - Analyst***

Thank you. John, a couple of times you referenced the different ways GE Healthcare has linkages to the rest of GE, big emphasis on Predix and The GE Store; real good examples of the talent sharing back and forth with Chuck coming from Oil & Gas as well as Aviation, and then the cash flow that is generated for Industrial.

Maybe if you could touch on two other points. What about the Finance vertical? Karim had a point on the slide, but I'm not sure he addressed it about the financing. How is that part of your business going forward?

And then broadly, Healthcare was always a door-opener into emerging markets. When you speak to emerging market government, they need healthcare, they need power gen. How has that role for healthcare been? And then on a go-forward basis is that still a critical door-opener?

John Flannery - ***General Electric Company - President & CEO, GE Healthcare***

Sure, great. Just remind me again, your first question was --? Financing, okay. I should know that; I'm from 20 years in GE Capital.

Financing is an important part of our business and I'd say in the emerging markets a growing importance. We have the -- at a GE level, we have been exiting largely GE Capital.

We've retained what we call the verticals for financing purposes going forward. Healthcare is one of those, so the core business that was Finance and Healthcare remains. That's largely US and Europe, and is a big, I'd call it, day-to-day part of our offering to customers.

A lot of customers want installment financing temples and installment financing, so I would say that is unchanged by the things that have happened at the GE Capital level. Very integrated into our business and has been for a long time and very effective. A significant amount of our business gets financed through GE Capital.

In the emerging markets, we see more and more. So Terri talked about these larger projects. We don't finance a lot of those directly through our own balance sheet or GE Capital balance sheet, but we are trying to bring more and more financing together as a package as part of that.

So financing is important. Our capability is still what it used to be and it will continue to be there, so we feel good about that. It is a -- it's oxygen in these emerging markets right now. You go to places like Brazil, you go to Africa, parts of Middle East financing is a major competitive advantage if you can put that together as part of the package.

The opening doors thing is -- I've spent, I don't know, 15 of the last 20 years living outside of the US. I was in Argentina for a number of years, Japan running our Asia business for a number of years. I've lived in India for four or five years. That is a huge asset of the Company. That has been there for years on end, very effectively.

So when you go call on -- and I've been in many, many of these calls. You go to a government as part of the GE package; one of the very first things that they talk about, you mentioned it I'd say in order: healthcare, power. If you go up just the hierarchy of needs, you get past the roof over your head and food, people are looking for healthcare.

So that is a tremendous part of the GE company portfolio. That's a big role that we play there and I'd say that is growing in certain ways as our capability -- we maybe used to say we will put some teams on the ground; we will get some equipment going; we will help.

But when Terri went through that Kenya project and some of the other things we talk about, and we start talking about an ecosystem of, hey, we are bringing equipment; we are bringing maybe localized manufacturing; we are training clinicians in your field; we are financing things or pulling financing together. Basically, all you have to do is help write the check here.

That is a powerful offering. There's an incredible amount of interest. In Africa after we did this Kenya deal we had a number of different Ministries of Health reach out and say, hey, come talk to us about that. How do we do that? So that's an ongoing activity for us and I think a great business model for us and a great benefit to the parent company.

Anything else? I think -- good.

Listen, thanks, everybody, for coming. I hope you got a good sense of our priorities, our confidence in the future, the team. We will perform for GE. We will perform for you.

I'd encourage you to stay. We have an interesting showcase center; please join us, the management team will be available. And thanks again for coming.

Operator

Thank you for your participation in today's webcast. This concludes the presentation. You may now disconnect. Good day.