

# Strategies for Private Hospital Business with Risk Diversification in the Innovation Era

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This research aims to research strategies on planning for private hospital business. It uses the revenue structure data of hospital public companies limited; the inpatient versus outpatient percentage of total revenue, Thai versus International patient percentage of total revenue combined, company profile and economic factors. The analysis covers the time period from 2011 to 2018 via SWOT, and 2015 to 2018 for the financial analysis conducted. SWOT shows “strengths” as modern medical technology and good networks; “weaknesses” as a small number of full-time doctors compared to temporary doctors; “opportunities” as number of patients’ high earnings, patient referral system via hub and spoken model; and “threats” as economic fluctuations and operational and financial risks. The financial analysis finds basic stock valuation increases, price-to-earnings ratio decreases, price-to-book value per share decreases, with those reflecting profit mirroring the national income of Thailand. Moreover, the trend expresses a gradual increase in range of 2.5-4.0 percent. This is driven by the recovery of domestic spending and continued growth of the tourism sector, together with stimulus support from the Thai government and their push for more concrete investment projects, while the Monetary Policy Committee maintains policy rate until the end of following year from slow economic growth. To compete, hospital businesses have to improve and develop in medical services including provision of modern medical equipment to expand their customer base. Furthermore, to spread risk from revenue generation and profits, organisations should increase technological operational support to reduce costs and maintain quality of service. Therefore, private hospital business entrepreneurs should adjust their business strategies by looking for new sources of income such as non-hospital businesses, which are experiencing growth in this period, such as nursing homes and pharmacies, including business cooperation with health care, or even collaborating with food manufacturers for food nutrition for elderly patients.

**Key words:** *Strategies, Hospital business, Risk diversification.*

## Introduction

Since 2003, the Thai government has given importance to medicine, issuing policy on the development of health service centres, boosting growth via the diversification that links to a new market or industry. The diversifications are mentioned as “horizontal diversification, concentric diversification, conglomerate diversification and vertical diversification” (Block, Henkel, Schweisfurth, & Stiegler, 2016; Kim, Hong, Kwon, & Lee, 2017; Sappington, 2003). Various strategy are planned to create unity and reduce duplication for success, combining a main business and its appeal to current patients, using the technology with present service lines or rechecking back and forth of service chain (Porter, 1987). The policy came as a response to an expansion in medical tourism and health services, where patients travel to countries with high quality services, less cost and shorter waiting times. Alongside, hospitals have provided a combination of medical services and rehabilitation for existing tourism. Thailand is a popular tourist destination and allows foreigners to invest and work extensively. The major turning point in the expansion of medical tourism occurred after the financial crisis of 1997 from impact of bubble economy. Such crisis has put a great pressure on the hospital tourism industry which need to adapt, finding funds from those countries with the high purchasing power like Japan, Europe, and the Middle East. There are five potential future industrial groups that investors show interest in: 1) the robotics industry, 2) the aviation and logistics industry, 3) the biofuels and biochemical industries, 4) the digital industry, and 5) the medical hub. From the five industries mentioned above, government continues to focus on policies regarding the development of health service centres, as the integrated medical industry (Medical Hub) is one of the targets for investment growth.

One outstanding case in Thailand is the Bangkok Dusit Medical Services Public Company Limited. It has adapted to comply with government policy to create the BDMS Wellness Clinic, the first comprehensive health centre in Asia targeting high-end customers who want preventive health care (Bangkok Dusit Medical Services Public Company Limited, 2015 & 2016; Bangkok Dusit Medical Services, 2016, 2017, 2018). The comprehensive health centre’s main services are longevity and anti-aging medicine. The first focus is prevention; preventing people from becoming sick, maintaining health through eating and living, as a health plan service (Leatherman & McCarthy, 2002). The second focus is a treatment service for those who are already sick, and the last is care for people through good medical services for a better quality of life. An outstanding quality of human care is needed for a health care system (Institute of Medicine, 2001). The Thai Private Hospital Association has commented on liberalisation of the service sector in the field of medicine and nurses, saying that Thailand has the advantage of other member countries, apart from being a central location in ASEAN economies (Tanawipas & Chettawiwattana, 2017). Therefore, liberalisation will result in capital movements, moving technology including medical personnel, but the concern is especially for the entry of foreign funds. Small hospitals that do not have a network need to

adjust themselves according to different approaches, both in terms of creating partnerships and accelerating fund raising to develop capabilities (Hospital Business Liberalisation in AEC, 2012). The main mission and vision for the health services is to provide the high-quality support to the human health (McGlynn & Brook, 2001). In light of these factors the study's objective is to research strategies on planning for private hospital business in Thailand.

## Literature Review

The healthcare industry in Thailand will benefit from the rising trend of a middle-class population and the growth of medical tourism. However, the supply of public health beds is limited in comparison with the population. The number of medical personnel per capita is small compared to neighbouring countries. This is still a disadvantage of public health services in Thailand. However, the private medical providers in Thailand have good service quality, including medical personnel, that are easily accessible; maximising the opportunity to continuously grow their business. Overall, Thai private hospital business has grown quite well in the past, with the rate of income growth higher than the rate of GDP growth, and continues to expand well according to growth in the domestic and international patient market. But it has begun to slow somewhat due to the entering competition of large state hospitals. In 2015, revenue grew 10.6% and net profit grew 10.8%, but the net profit margin remained stable at 13.9 percent.

The business structure of Thai private hospitals can be divided into three groups according to the number of beds, being an indicator of the hospital's inpatient capacity.

- 1) Large hospitals, having more than 200 patient beds, usually located in Bangkok, and in suburbs and main cities with a concentrated area of population with medium to high purchasing power, both Thai and foreign patients. Currently, there are 30 locations, or approximately 10% of the total number of private hospitals. But this group of hospitals has a total of 27.7% of the total beds, approximately 9,500 beds, indicating patient service capabilities and high revenue recognition opportunities.
- 2) Medium hospitals, having around 31 - 200 beds in approximately 240 locations, a 72% share with a total of 23,500 beds (69.2%).
- 3) Small hospitals, with 1-30 beds in approximately 60 locations, with approximately 1,100 beds (17.6% share of overall hospitals and 3.2% share of beds).

The above capacities of hospital inpatients make Thailand an important destination in Southeast Asia for health tourism. The health tourism industry in Thailand grew significantly in the past; between 2008 and 2012, revenue from foreign clients grew by 24.3 percent, with a value of 121,658 million baht in 2012 (Ministry of Public Health, 2012). Thailand's

advantages include competitive service fees, quality of services and medical service certification. However, it has to be realised that for the health tourism there is a significant need to improve the level of commitment and trust within supply chain mechanism (Fongtanakit, Somjai, Prasitdumrong & Jermsittiparsert, 2019). The World Health Organisation's October 2013 data on health tourism states that on average, medical procedures in Thailand are 86% lower than the US rates and 19.8% below the Singapore rates (WHO, 2013). In addition, Thailand has a number of hospitals that have Joint Commission International (JCI) Accreditation standards (from the USA), more than competitors such as India, Singapore and Malaysia. Private health insurance is another important variable in the growth of private healthcare costs; information from the National Accounts states that health insurance has increased from 19.1 billion baht in 2003 to 43.4 billion baht in 2011. In addition, the number of Thai private insured citizens has increased from 1.4 million in 2007 to 3.5 million in 2013, indicating the growing trend of health insurance (National Accounts, 2013)

Considering the size and performance of private hospitals, it appears that size affects the direction of current hospital business and is an important factor affecting competitive advantage and profitability. Large hospitals and affiliated hospitals have more advantages on a strong capital base. Meanwhile, high flexibility in both domestic and international markets can be pressured by changing environment such as using the e-health facility to support the top managers to operate health care centres in more effective way (Saengchai, Pattanapongthorn & Jermsittiparsert, 2019). In addition, when one is considering the facts of revenue structure in a private hospital business, it is found that after acquisition or merger between past several years, private hospitals are listed on the SET both with large and medium sized affiliates with income as high as 65-70 percent of the total market. If one looks to hospital patient structure, the proportion of Thai patients is 93.5%. The remaining 6.5 percent are foreign patients, which is likely to increase along with the number of foreigners working and living in or near Thailand; foreigners working in Thailand and neighbouring countries is reflected in the increase in medical tourism and tourists and currently accounts for nearly 60% of the international patient market. With the increasing demand for medical treatment, hospitals are able to push the cost onto the patient, raising profit rates by 10-15%. However, hospitals need to plan for teams' support training in high quality services, to reduce risk in patient interactions (Wilson, Burke, Priest & Salas, 2005; Trombly, 2006).

## **Methodology**

For qualitative analysis, SWOT analysis is used to identify factors that companies have to consider while formulating a strategy to achieve goals (Rangkuti, 2015). The analysis assessed companies' strength and opportunities, including the maximising of them to their benefit and advantage. However, according to Gitosudarmo (2001), SWOT analysis can

minimise the weaknesses of and threats to companies. For qualitative analysis, following the concept of finance is mentioned. Basic stock valuation is used to calculate the present value of debentures. The Discounted Cash Flow model expresses the formulae for calculating the value of ordinary shares by discounting cash flow. Book value per share or BVP indicates the market value ratio that weighs shareholder's equity against total share outstanding. Price to earnings ratio (P/E Ratio): this ratio is calculated the from stock market price divided by net earnings per share. The principle is based on the belief that investors will be able to pay as much as their earnings per share, or in summary, how many years will stock be spent on the return or profit that the company can make. It will be equal to all the money spent on the stock.

**Basic stock valuation:** calculation of present value of debentures; formula calculates present value of debentures as:

$$\sum_{t=1}^n \left[ \frac{R_t}{(1+r)^t} \right] + \frac{P_n}{(1+r)^n}$$

$R_t$  is amount of interest paid per year

$P_n$  is value of debentures at maturity

$r$  is desired rate of return

$n$  is amount of interest paid

$t$  is time to receive interest in each period.

**Discounted Cash Flow Model:** formulae for calculating value of ordinary shares by discounting cash flow method are:

$$DFC = \frac{FCF_1}{(1+r)} + \frac{FCF_2}{(1+r)^2} + \frac{FCF_3}{(1+r)^3} + \dots + \frac{FCF_n}{(1+r)^n}$$

$r$  is cost of capital of business

$D$  is value of debt of business, equal to 48,634.56 million baht

$E$  is value of shareholders' equity, equal to 55,718.56 million baht

$K_e$  is capital cost to shareholders which can be obtained from a risk-free rate plus Beta multiplied by Market Risk Premium

$K_d$  is capital cost of creditors, equal to 10 %.

$T$  is tax which is corporate tax, equal to 20 %

**Book Value per Share:** BVPS means number of owners per one share that shareholders will receive when in business dissolution at the date of calculation. It is calculated from net

owner's equity divided by total number of shares issued and paid out, shown as the following equation:

$$\text{Book Value Per Share} = \frac{\text{Book Value}}{\text{Total Number of Ordinary Shares Issued and paid up}}$$

**Price to Earnings Ratio (P/E Ratio):** This ratio is calculated from the stock market price divided by net earnings per share. The principle is based on the belief that investors will be able to pay as much as their earnings per share, or in summary, how many years will that stock be spent on the return or profit that a company can make. It will be equal to all money spent on stock which it is presented in the following calculation (Beaver & Morse, 1978):

Price to Book Value: P/BV Ratio calculates

$$P / BV \text{ Ratio} = \frac{\text{Stock Market Price}}{\text{Book Value per Share}}$$

**Value of appraised securities:** The value of appraised securities depends on the following factors: the ability to profit from investments; interest rates and yields; the significance of financial institutions and traditions; monetary and fiscal policies, and; supply and demand caused by changes in investor habits, tax restrictions, investors' confidence in securities, and new savings resulting from credit expansion.

## Results

Demographic trends contribute to the industry; population growth and longer life expectancy will lead to a higher proportion of aging population. This growing trend in Thailand will increase demand for more complex medical and healthcare services. In addition, the Office of the National Economic and Social Development Board states that Provincial Products per Population (GPP) increased in different regions (excluding Bangkok), including the Northern, Northeast, Southern, Central and Western regions. This indicates the ability to access more sophisticated and high-quality healthcare services by having an increased expenditure in each region of the country, which will help to drive the overall demand for health care in Thailand.

Positive factors affecting business in the private hospital sector can be summarised as:

- 1) The medical costs of leading private hospitals in Thailand are lower than those in developed countries such as Europe, USA and Singapore, while the service standards are accepted internationally.
- 2) Medical tourism is likely to grow. Thailand is renowned for its medicine and tourism and this should result in a further expansion of the medical tourism market in Thailand. Its

reputation for treatment and value for money and its adjoining reputation for tourism and service creates a competitive advantage and provides motivation for medical and health tourism.

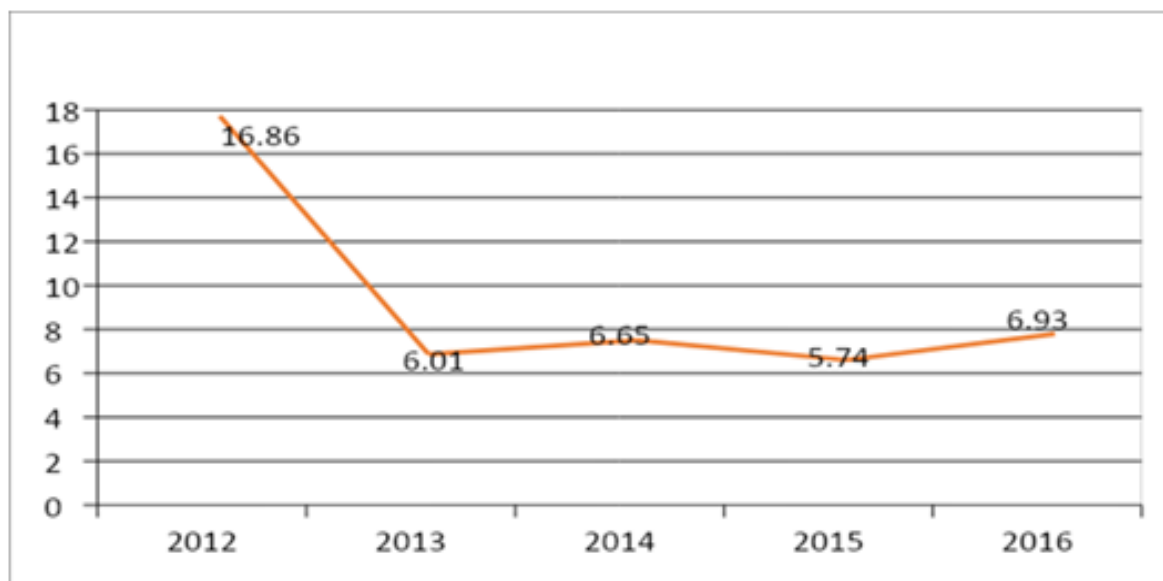
3) The proportion of elderly population is increasing, with people aged over 60 years comprising more than 10% of the total population and this is likely to continuously increase. This population sector has increased chance of being admitted to hospital in the future.

4) Expat customers (foreigners who come to work and reside in Thailand) are more likely to invest in business or travel to work in Thailand as well as neighbouring countries such as Cambodia, Lao, Myanmar, Vietnam (CLMV). There is an opportunity for the private hospital industry in Thailand to support expat customers, including those working in neighbouring countries (CLMV), especially as those countries' health service systems may not be sufficient to meet their needs.

### **Economic considerations regarding investment:**

#### ***Price Index***

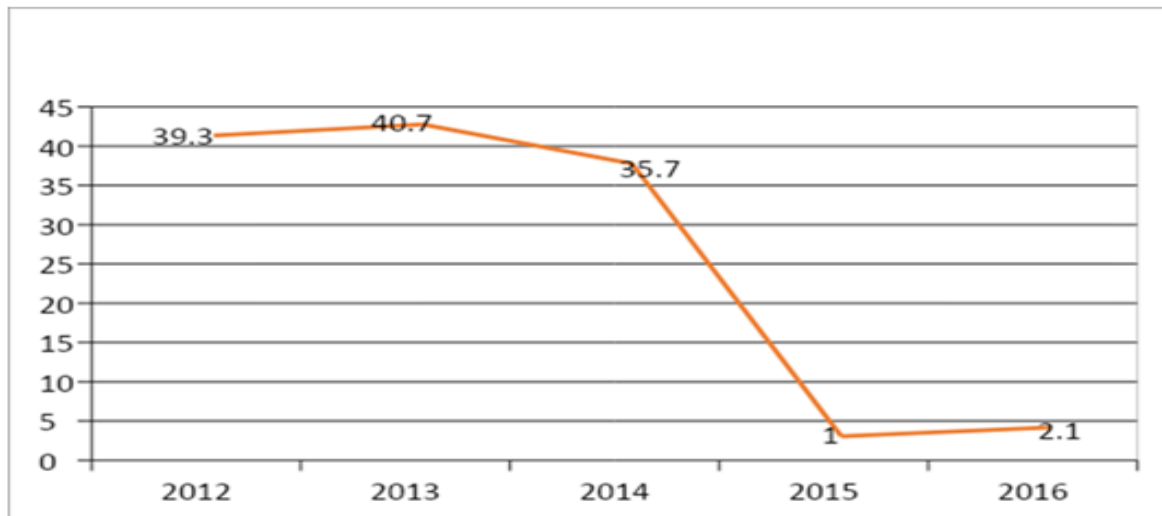
**Figure 1.** Consumer Price Index or CPT from 2012 – 2016



**Source:** Ministry of Commerce Website, 2016

The Consumer Price Index is the price index used to measure changes in retail prices of goods and services paid by consumers for consumption at the markets and retail stores in any year, compared to the same product and same price in the base year. The Consumer Price Index will be an indicator of inflation and is used as a measure of consumer purchasing power. The latest consumer price index in December 2016 (Figure 1) was 6.93.

**Figure 2.** Producer Price Index or PPI from 2012 – 2016



**Source:** Ministry of Commerce Website, 2016

The producer price index is a price index used to measure the change in prices of products produced by a manufacturer at the source of production in any year, compared with the same product price and same amount in the base year. The base year of both the Producer Price Index and the Consumer Price Index refers to the year in which the index numbers are equal to 100. In 2016, the Producer Price Index in figure 2 was equal to 2.1, a decrease from 2012.

**Figure 3.** BDMS Stock Price Trends from 2013-2017



**Source:** Bloomberg Market, 2017

BDMS stock price trends in Figure 3 show that in the period of 4 - 5 years, prices tended to rise but started to fall during 2017. When compared to price movements in both manufacturers and consumers, the BDMS stock price index has changed in the same direction as the producer price index and consumer price index.



## **Interest Rate**

A relaxed monetary policy will result in an increased money supply in the economy. The real interest rate is therefore lower, which shows the rate of return that investors receive from government bonds is also low. This likely makes investors turn to buying bonds from private businesses that are more likely to recover because they give a higher rate of return. In the case of debentures, providing low interest rates will also lower the company's financial burden because the paying interest is at a low rate to investors.

## **SWOT Analysis**

### ***Industry Strengths***

1. Comprehensive and modern medical technology: the hospital and its affiliated businesses of BDMS have invested in innovative and modern medical equipment to support the treatment of patients, giving it the use of outstanding treatment technology, such as laparoscopic surgical technology in 3D, a technology used in surgery that creates smaller wounds with less associated pain which helps speed patient recovery, or the introduction of the “ROBODOCTOR” or “Remote Presence System”, used to increase the effectiveness of treatment for patients with cerebral and nervous system disorders such as stroke, etcetera.
2. There are a large number of hospitals in the network, with Bangkok Dusit Medical Services Public Company Limited having a total of 42 affiliated hospitals covering the whole country, including holding shares in Aekudon Hospital, Ramkhamhaeng Hospital and Bumrungrad Hospital.
3. There are businesses that cover all health aspects, such as medical laboratory business, drug production business, saline production business, the BDMS Wellness Clinic and the Bangkok Institute of Sports and Exercise Medicine (BASEM).
4. Specialist doctors in hospitals and health service centres, who provide services in diseases such as heart disease, cancer, gastrointestinal disease, nervous system diseases, etcetera. These experts have trained in world-class medical institutions in India and USA.
5. Good services: for example, Bangkok Hospital Services provide five-star accommodation and facilities, a limousine service to the airport, and even provide visa extension services at the hospital. Moreover, the service of the personnel is reliable because both doctors, nurses and experts have not only been trained at world-class medical training institutions, they update their skills and knowledge too. At the Bangkok Institute of Sports and Exercise Medicine, exercise advisors are available for the general public, as well as advice for those who are injured during exercise.

### ***Weaknesses of the Industry's Operations***

1. There is a high service price compared to domestic competitors. This is a big problem for the private hospital business group; medicine and other fees cost up to three times more for the treatment of certain diseases and conditions compared with government hospitals. Patients may choose the hospital service with cheaper medical fees.
2. Full-time physicians are in smaller proportion to temporary doctors. This is a major problem of private hospitals. A lack of permanent doctors in private hospitals is causing doctors to switch temporarily from government hospitals to private ones, making the proportion of temporary doctors in private hospitals up to three times higher than regular doctors.

### ***The Opportunities of Company Operations***

1. The increase in the number of patients drives a profit growth of 17 percent in 2017. EBITDA is expected (EBITDA = Earnings Before Interest Tax Depreciation and Amortisation is the profit before tax interest). Depreciation and amortisation show positive in 2017 and BDMS's net profit in 2016 is 18% and another 17% in 2017, based on the assumption that the growth rate of patients at 10% per year and the rate of revenue growth per head patients at 5 % per year.
2. The patient referral system through the hub and spoke model makes the nationwide network strong. That is, BDMS has hospitals nationwide. Both the hub hospital and the referral hospital are the competitive advantage over competitors because it is the first hospital company to expand to other provinces. It also aimed to cover a third of the number of referral patients in Asia Pacific by 2018. The patient referral system has increased efficiency due to economies of scale.
3. Thailand is becoming an aging society, according to the United Nations World Population Prospectus (2014 revision), which has predicted that Thailand should have a proportion of the population aged over 65 years, up 12.3 percent in 2020, which is the most in Southeast Asia. This population is more likely to be hospitalised.
4. The trend of health care is increasing. Many Thai people are increasingly concerned with maintaining health, turning to exercise and correct dietary nutrition with a concomitant increase in annual health checks. The BDMS group also offers services that meet the needs of health-conscious people with medical teams and personnel such as nutritionists and sports scientists able to accommodate.
5. Health insurance has become more prevalent since 2007. The Thai population has increased private health insurance significantly. Due to more people planning for health benefits, private health insurance can be considered an important variable that affects the growth of private healthcare costs.

6. Supporting government policies. The government attaches importance to policies regarding the development of health service centres, especially as the Medical Hub is one of the future industries for which the government has set a target for investment growth. In addition, the decision to liberalise trade, as part of the ASEAN Economic Community, policy exists to encourage foreign patients to travel for health services. The private hospitals have adjusted strategies to support the target customers.

7. The entry of foreign countries from the opening of the ASEAN Community creates an opportunity for Thai private hospitals to support expat customers (foreigners who come to work and reside in Thailand), who are more likely to invest in business or travel to work in Thailand and neighbouring countries (CLMV), and Thailand's health industry is better serviced than those countries to be able to meet their health demands.

### ***The Barriers to Company Operations (Threats)***

There is risk from economic fluctuations, due to low demand in the country and the low recovery of exports on goods and services. In addition, government spending was delayed due to the disbursement (Kraay, 2014). However, Bank of Thailand estimated in 2015 that the economy is likely to recover and will expand at 4 percent driven by the recovery of private consumption and investment of private sector. Although medical care is a significant factor with the economic impact on the purchasing power of consumers and service recipients means patients may choose to delay or reduce the use of hospital services for diseases that do not require urgent treatment, or shorten their hospital stay, or else choose to receive treatment at a public hospital or other private hospital that has less cost.

1. Operational risk: risk from changes in standards or regulations applies to the company in the future. The company operates under the supervision of the Ministry of Public Health and other relevant government agencies, which includes having to obtain a license to operate a sanatorium business. A license to operate a sanatorium as stipulated under new policy assignments tends to be more stringent, which may have an impact on the company's operations.

2. Competition risk: the private hospital business is a highly competitive business. Aside from competing with private hospitals at the same level, the company must also compete with middle and lower level private hospitals which have improved and developed medical services, including the provision of modern medical equipment, to expand the customer base. In addition, the extension of the services of public hospitals such as special part-time clinics, and private hospitals under the management of public hospitals, may draw from the company's customers base.

There is a risk from an inability to maintain important medical personnel or executives, as the company's private hospital business relies on skilled medical personnel, including physicians, nurses, pharmacists and technical staff. The loss of important medical personnel or executives or the inability to find suitable replacement personnel who have similar capabilities may have a negative impact on the company. At present, the hospital business in Thailand is faced with a shortage of medical personnel that rely mainly on the government support. In the past, the number of medical personnel was insufficient to meet demand causing the company to compete with other operators; maintaining and attracting skilled medical personnel may affect the operating costs of the company.

There is risk from litigation, as the population is now more informed about the rights of patients, especially as in 2008, the government issued the Consumer Procedure Act 2008 to facilitate consumers which saw more patients in litigation with health care providers. The law may have an impact on the healthcare provider as well as medical personnel, putting the company at increased risk of being sued for providing medical services.

Risk also arises from dependence on income from foreign service recipients. This includes people who are domiciled or working in Thailand or travelling to Thailand for tourism to receive specialised treatment, as well as officials of foreign governments or government agencies or employees of private companies abroad. The standards, quality of services acceptable to international standards and reasonable expense that made this group of patients use medical services in Thailand are factors consistent in the Thai tourism industry as well. The company is at risk from various crises (which the company cannot control) that affect consumer confidence in receiving medical services in Thailand, such as the domestic political situation, various natural disasters and increasing competition, all of which directly affects the amount of foreign service recipients who will receive medical treatment in Thailand.

There are risks, too, from foreign investment. The company invests abroad with an investment value in the form of paid-up capital loans to subsidiary companies, with guarantee obligations as well as the loan of the subsidiary from financial institutions. Factors that may have a negative impact on the company's foreign investment include laws, regulations or foreign government policies applicable to the company's international operations, political and economic conditions in those other countries in which it operates, and fluctuations in foreign exchange rates, investment or operating expenses that are higher than expected, which may result in the company not receiving the expected return and may affect the company's financial status and operating results.

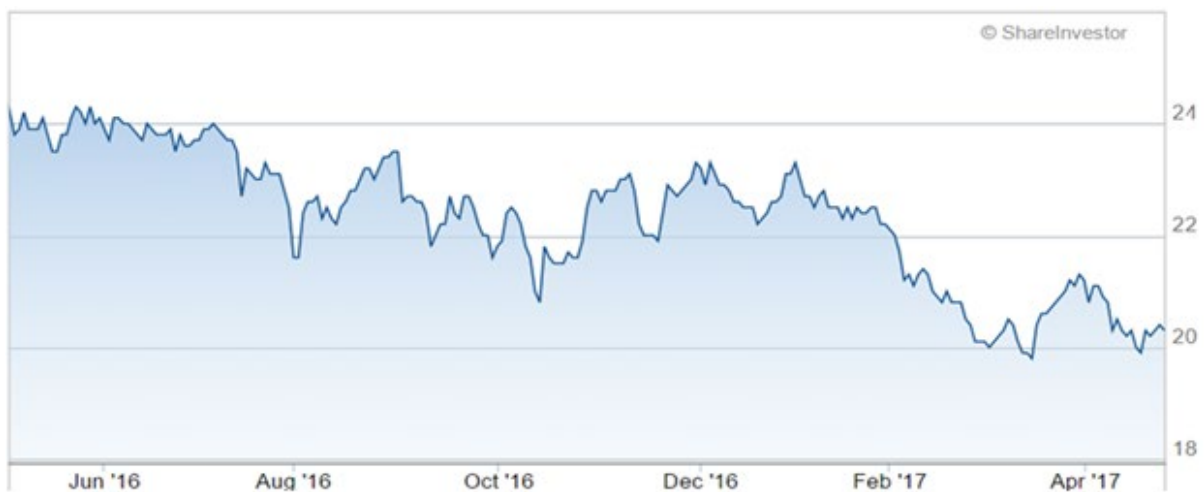
3. Financial risk from the receiving of medical payment: the risk of receiving medical payment is the financial risk that the company has in providing medical care to patients before charging fees, the risk being they may not be able to collect on medical bills.

As of December 31, 2014, the company has financial liabilities with a float rate equal to 26.7 percent of total financial liabilities. The fluctuation of interest rates may affect the financial costs of the company.

The effects of foreign economic conditions and fluctuations in currency exchange rates: the company has a portion of revenue coming from services provided to foreign service recipients travelling to Thailand. The economic conditions of foreign clients, therefore, affects the number of foreign clients who come to use the hospital network. In the same way, domestic economic factors can affect the number of clients in the country. Therefore, the business, financial position, results of operations and business opportunities of the company may be affected by the economic conditions of foreign clients. In addition, the fluctuation of foreign exchange rates to the baht currency, which determines the company's price competitiveness compared to healthcare providers in other countries, is one of the factors that may affect the company's revenue.

The risk from economic fluctuations, operational risk, and financial risk can be shown below:

**Figure 4.** Changing Price of BDMS in the past during June 2016 till August 2017



From the graph, when considering the change in stock prices, the company's share price tends to decrease during the year 2017, because the growth rate of the company's profits increases at a low proportion. In the year 2014, the company's profit margin was 7,393.5 million baht and in 2015 the profit of the company was 7,915.5 million baht, a growth rate of only 7.1%. When compared with companies in the same business group, the growth rate is not considered high. The profit growth may be one of the factors affecting the falling stock price. But in the future, if the business has a higher profit from the affiliated hospital business, the company's profit margin will grow again. This will affect the confidence of investors and cause the price of the company to return.

**Table 1:** Basic Stock Valuation of BDMS from 2015 – 2017 Calculation

<b>Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
BVPS (Baht per Stock)	3.17	3.53	3.60
P/E Ratio (Times)	44.53	42.30	37.78
P/BV Ratio (Times)	7.03	6.53	5.67

From Table 1, book value per share (BVPS) means the number of shareholders' equity per share that the shareholders will receive when the business is closed on the calculation date. It is calculated from the net owner's equity divided by the total number of shares that are issued and paid-up. It is likely to increase steadily. According to the sequence, this means the number of owners per share shareholders will receive when dissolution of business has higher value in the future, which is good for investors. The price-to-earnings ratio (P / E Ratio) is calculated from the market price of shares divided by net profit per share in principle, based on the belief that investors are willing to pay against each of the earnings per share. Or in summary, how long will that stock take to be paid for the shares or profits the company will have to equal the total amount of money spent to buy the stock. It tends to decrease steadily, reflected that the return or profit of a company can be equal to total moneys spent on stock, which is good for investors. Because investors can use the P/E ratio to make investment decisions comparing with the criteria, if the P/E ratio of a company is less than the benchmark, the actual value of stock is lower than the current market price and investors should buy such shares. The price-to-earnings ratio (P / E ratio) tends to decrease steadily; therefore, it is good for investors. Price to book value per share (P/BV Ratio), this ratio is calculated from the market price of the shares divided by the book value per share. The P / BV will let investors know how many times the current share price is at the book value of such shares. It tends to decrease steadily. It is good for investors because investors have to take the P/BV ratio to compare with its benchmark. If the P/BV ratio is less than benchmark, it means the actual value of stock is lower than the current market price. Therefore, it can be concluded that as the P/BV ratio tends to decrease steadily, it is beneficial to investors.

**Table 2:** Ratio of Profitability BDMS

<b>Ratio of Profitability</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Gross Profit Margin (%)	34.9	34.5	33.4
Operating Profit Margin (%)	17.9	17.8	16.7
Net Profit Margin (%)	12.6	12.3	11.9
Return on Total Assets (%)	8.4	8.0	7.8
Return on Equity Ratio (%)	16.5	15.9	15.1

By analysing the profitability ratio, Table 2 finds that the trend is decreasing, which is caused by an increasing cost of medical treatment and other costs; for example, medical equipment

and technology to better serve users with efficiency. If one is looking at the trend derived from this calculation, it is still considered to be in a bad condition. But when predicting for the future, the number of subscribers will increase. Because users pay medical fees at the same rate, however, they received better medical services resulting in an ability to bring profits back to a good level, and business has a long-term growth trend.

**Table 3:** Rate of Return on Investment BDMS from 2011 – 2016

Year	Net Profit (Million Baht)	Sales (Million Baht)	Capital Budget (Baht)	Return on Investment
2011	4,386	36,726	23,675,485,850	0.185
2012	7,849	45,994	29,238,818,033	0.268
2013	6,261	51,158	32,976,969,438	0.190
2014	7,394	56,588	36,472,643,489	0.203
2015	8,021	63,633	41,129,770,481	0.195
2016	8,386	68,844	45,276,809,525	0.185

The calculated return on investment reflects profits of business in Table 3, which affects the national income of the country, being the total value of the final product and service that occurs by calculating national income. The profit of the business is in the category of national income calculation. Therefore, the profit of business is directly relative to national income. Usually, if the economy is good, stock prices will often increase, as investors speculate the chance of company losses in this period as minimal, therefore daring to invest in more stocks in a period when the economy is good. Resultingly, people will spend more. In 2011-2012 and 2013-2014, there was a gradual increase, driven by a recovery of domestic spending and a continued growth of the tourism sector, together with support from government using a budget deficit of the GDP to stimulate the economy, as well as pushing for more concrete investment projects National Accounts (2014).

## Conclusion

SWOT analysis shows “strengths” refer to modern medical technology, good networks, specialist doctors and good quality of services. weaknesses show as a small number of full-time doctors compared to temporary doctors. while opportunities are mentioned as number of patients’ high earnings, patient referral system via hub and spoken model. “Threats” are shown as the risk from economic fluctuations, operational risk and financial risk. The period mentioned in the research is from 2015 – 2017. Basic stock valuation increases, price-to-earnings ratio decreases, price to book value per share decreases all reflect the profit of BDMS, mirroring the national income of Thailand. If the economy is good, stock prices will often increase, and because investors think the likelihood of company losses in this period is

minimal, more spending results. These results show that in 2017-2019, it is expected to gradually increase in the range of 2.5-4.0%. This is driven by the recovery of domestic spending and continued growth in the tourism sector, together with support from the Thai government stimulating the economy with the budget deficit of 2.6% of GDP, as well as pushing for more concrete investment projects. Whereas the Monetary Policy Committee (MPC) maintains the policy rate until the end of following year because of the slow economic growth of the Thai economy. Risk factors and competitiveness are counted as a component in analysing business growth trends including hospitals. The information that analysts have synthesised is important for setting strategies. Investors consider current value of shares, book value per share, price-to-earnings ratio, and price per book value per share, price of securities return on investment and the profitability of hospital business. The analysis finds that the stock price of hospital business in Thailand is lower than the current market value.

The market price of stock is higher than it actually should be, caused by speculation of investors. If investors prefer speculation in the short term, they should not invest in this stock, because the actual value of stock is lower than the current market price. Investors will lose in the short-term buying stocks that are more expensive than they should be. In the case of long-term investors, they should invest in this stock because of its growth. The long-term investment will result in higher returns. In addition, true value is higher than the market price at that time. If the company has a higher turnover in the long run, the benefits ensure a certain level of investment, giving investors a sense of how to get the right return, and reducing the uncertainty of investment from entering into the investment context. Competition risk on private hospital business is high. To compete, the hospital business has to improve and develop medical services, including the provision of modern medical equipment, to expand the customer base. The introduction of technology to help management is advised, in order to reduce costs in the long term and maintain a consistently good quality of service. One business strategy adjustment is to look for new sources of income to supplement the main business; at present, the major operators have expanded the business of medical equipment used in everyday life. In addition, there should be an expansion of part-time specialty clinics to serve the market, and businesses related to the elderly, like pharmacy business in cooperation with health care providers. In the future, the revenue from the non-hospital business group will continuously grow according to the changing needs and behaviours of consumers, including setting up an e-health system.



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