

Strategy Case: GE HealthCare - Turning Precision Care into a Portfolio

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Topic: Corporate Strategy, Innovation, Mergers & Acquisitions

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Decision scope: Portfolio priorities for the next strategy and capital-planning cycle

Case convention: This is an author-created decision exercise. The assignment and alternatives are hypothetical; company disclosures are historical. No private deliberations are represented.

The assignment

On February 13, 2025, GE HealthCare reported its 2024 results and filed its annual report. The company described a year of product launches, acquisitions, margin improvement, and continued investment in its “precision care” strategy. It also reported only 1% revenue growth, a 15% decline in its China region, and free cash flow below the prior year. The company’s 2025 outlook called for 2%-3% organic revenue growth and at least \$1.75 billion of free cash flow. Those are management forecasts, not results. [S1], pp. 40-51; [S2], pp. 1-4.

You are advising a **hypothetical portfolio review group** preparing GE HealthCare’s next strategy and capital-planning cycle. Recommend how the company should prioritize investment across AI/software and connected-care offerings, equipment and service capabilities, and pharmaceutical diagnostics. Identify what evidence the company should use to scale, sequence, partner, or stop initiatives. The case does not assert that company leaders held this review or considered these exact alternatives.

Three postures are available for analysis:

1. **Accelerate an integrated precision-care portfolio.** Invest more heavily in connecting equipment, AI/software, data, and care pathways, using internal development and selective acquisitions to broaden solutions.
2. **Prioritize core platforms and cash generation.** Concentrate resources on equipment renewal, service execution, manufacturing, and pharmaceutical diagnostics while continuing a narrower digital program.
3. **Stage investment and partner selectively.** Fund targeted pilots and partnerships, then expand offerings when customer use, workflow integration, and economics meet explicit evidence gates.

These are classroom constructions, not company plans. Prepare a two-page memo choosing a posture, explaining its trade-offs, and specifying the measures that would change your recommendation. Do not treat any one segment’s historical margin or any management forecast as an investment return.

A broad proposition

GE HealthCare separated from General Electric in January 2023. At the cutoff, it described a global medical-technology business serving more than 160 countries through approximately 53,000 colleagues, including about 9,800 sales professionals and 8,300 field service engineers. The company generated revenue from equipment, consumables, services, and digital solutions. Its four reportable segments were Imaging, Advanced Visualization Solutions (AVS), Patient Care Solutions (PCS), and Pharmaceutical Diagnostics (PDx). [S1], pp. 3-9.

Management's precision-care strategy links screening, diagnosis, therapy, monitoring, and patient care. The portfolio includes imaging devices and software, ultrasound and image-guided therapies, patient-monitoring and clinical workflow products, and contrast and radiopharmaceutical agents. GE HealthCare describes its services, installed base, diagnostic agents, commercial infrastructure, and digital offerings as complements across parts of this portfolio. Some PCS digital products are described as vendor-agnostic; PDx agents are compatible with equipment from multiple vendors. Those descriptions suggest possible sources of customer value, but do not establish lower customer costs, switching costs, or superior outcomes. [S1], pp. 3-9.

The company named Siemens Healthineers, Philips Healthcare, Canon, Mindray, and United Imaging among its primary global competitors, with a different set of competitors in PDx. It says competitive factors vary by segment and include value, quality, safety, delivery, service, technology, software, and brand reputation. These are management's characterizations; the filing does not establish a single peer set or a product-by-product advantage. [S1], pp. 7, 14-16.

Innovation in the market

GE HealthCare reported completing acquisitions of MIM Software and Intelligent Ultrasound in 2024. MIM adds imaging-analysis and AI solutions; GE HealthCare reported a preliminary total purchase price of \$283 million and said MIM's revenue and earnings were not material to consolidated results. In December 2024, the company announced an agreement to acquire the remaining 50% of Nihon Medi-Physics (NMP), a Japanese radiopharmaceutical business; the proposed transaction remained subject to customary closing conditions, including regulatory approval, at the cutoff. [S1], Note 8, pp. 80-83.

At the November 2024 RSNA meeting, GE HealthCare announced CareIntellect for Oncology, described as a cloud-first application using generative AI to summarize clinical notes and reports. The company said U.S. availability was planned. It also described a trial of cloud digital tools for Vscan Air users. A planned product and a trial are not evidence of broad deployment or paid adoption. [S3], paragraphs on CareIntellect and Vscan Air.

The strategic question is how these initiatives fit with customer complements and existing operations. Teece's framework proposes that innovators may need specialized assets—such as manufacturing, distribution, service, and customer access—to capture returns from new technology. It also raises a boundary choice: own the complement, contract for it, or collaborate. [A1], pp. 285-305. For GE HealthCare, this is a lens for investigation, not proof that each listed asset is specialized or that acquisition is preferable.

In healthcare, technical capability and authorization do not by themselves establish lasting use or economic value. One review of 64 randomized trials of AI clinical decision-support systems found that 24 (38%) did not report implementation outcomes; adoption, implementation costs, and sustainability were rarely reported. The review excluded 23 imaging studies, so its findings do not directly evaluate GE HealthCare imaging products. [A2], pp. 1-3. What should GE HealthCare measure before scaling an AI or software offering?

Uneven performance

Exhibit 1. FY2024 results by segment

USD millions; segment revenue and EBIT as reported by GE HealthCare. Segment EBIT and margin are company non-GAAP measures.

Segment	Revenue	Revenue change vs. 2023	Segment EBIT	EBIT margin
Imaging	\$8,855	−1%	\$962	10.9%
Advanced Visualization Solutions (AVS)	\$5,131	+1%	\$1,118	21.8%
Patient Care Solutions (PCS)	\$3,125	−1%	\$347	11.1%
Pharmaceutical Diagnostics (PDx)	\$2,508	+9%	\$783	31.2%

Source: [S1], pp. 41-45. Effective July 1, 2024, Image Guided Therapies moved from Imaging to AVS; historical segment results were recast. Segment margins describe reported segment economics, not incremental returns on new investment. Do not infer that allocating another dollar to a higher-margin segment will earn that historical margin.

PDx growth came from higher volume, price, and new product introductions, according to management. Imaging revenue fell partly with lower China volume and foreign-exchange effects, while its segment EBIT increased with productivity and price, partly offset by cost inflation. PCS revenue declined mainly on lower Monitoring Solutions volume and foreign exchange; its EBIT also declined. AVS EBIT was nearly flat as cost inflation, mix, and investment offset productivity. [S1], pp. 42-45. The pattern suggests different investment questions across segments, but does not identify their marginal returns.

Exhibit 2. Geographic revenue

USD millions; reported region categories.

Region	FY2024	Change vs. FY2023
United States and Canada	\$8,981	+5%
Europe, Middle East and Africa	\$5,051	0%
China region	\$2,360	−15%
Rest of World	\$3,280	+4%
Total	\$19,672	+1%

Source: [S1], pp. 41-42. Management attributed the China-region decline to lower volume, delayed 2024 stimulus, and the continuing anti-corruption campaign after a strong 2022 comparison. The filing does not isolate the contribution of each explanation, competitive share changes, or the duration of the effect. “China region” is not identical to China country revenue.

Investment and capacity

Exhibit 3. Selected financial context

USD millions except percentages; consolidated company figures.

Measure	FY2023	FY2024
Revenue	\$19,552	\$19,672
R&D expense	\$1,205	\$1,311
Operating cash from continuing operations	\$2,101	\$1,955
Additions to PP&E and internal-use software	\$387	\$401
Company-defined free cash flow	\$1,715	\$1,554
Total debt at year-end	\$9,442	\$8,951

Source: [S1], pp. 40-51. GE HealthCare defines free cash flow as cash from operating activities from continuing operations less additions to PP&E and internal-use software. It does not deduct acquisition payments or debt principal repayments. It is not a measure of cash left after every investment, financing, or debt-service need. In 2024, purchases of businesses, net of cash acquired, were \$313 million, including MIM Software and Intelligent Ultrasound. Debt principal activity appears separately in financing cash flows. [S1], pp. 48-51 and Note 8.

R&D expense does not capture all product engineering. GE HealthCare also recorded \$405 million in cost of revenue for design follow-through on new product introductions and product lifecycle maintenance. This is a separate accounting line, not a second company-reported R&D figure. The filing does not report AI/software R&D or revenue separately. [S1], pp. 40-43.

The company's 2025 outlook was 2%-3% organic revenue growth, adjusted EBIT margin of 16.7%-16.8%, adjusted EPS of \$4.61-\$4.75, and free cash flow of at least \$1.75 billion. Management said this outlook reflected a measured view of China and included the estimated effect of recently implemented U.S. tariffs on products from China. These are company forecasts, not realized results. [S2], p. 3.

Questions for the portfolio review

1. Which capabilities most plausibly complement GE HealthCare's new technologies? Where might partnering or interoperability outperform ownership?
2. Which portfolio posture do you recommend? What is its strongest counterargument?
3. What information would you require before scaling a clinical AI or cloud offering? Distinguish technical authorization, clinical evidence, workflow adoption, and economic value.
4. How should the company treat the diverging 2024 segment and regional results when setting priorities? What cannot be inferred from the reported margins?
5. Which measures and review gates would you use for each investment path? What evidence would cause you to change course?

Sources and conventions

Amounts are in U.S. dollars. The financial figures are historical reports, not a forecast. Segment EBIT, adjusted EBIT, adjusted EPS, organic revenue growth, and free cash flow are company-defined non-GAAP measures where indicated; definitions and reconciliations are in the cited FY2024 Form 10-K and earnings release. Any student-created projections or thresholds must be identified as assumptions. No information first public after 4:30 p.m. ET on February 13, 2025 is included.

S1. GE HealthCare Technologies Inc., FY2024 Form 10-K, filed Feb. 13, 2025, year ended Dec. 31, 2024. [SEC filing](#). Relevant locations: Business and segments, pp. 3-9; competition and risks, pp. 7, 14-19 and 26-28; financial results, pp. 40-45; liquidity and cash flow, pp. 48-51; acquisitions, Note 8, pp. 80-83. The SEC filing index records acceptance at 16:26:45 ET on Feb. 13, 2025.

S2. GE HealthCare, Q4 and FY2024 earnings release, Feb. 13, 2025. [Official release and PDF](#). Relevant locations: FY results, PDF pp. 1-2; FY2025 guidance, PDF p. 3.

S3. GE HealthCare, “Highlights New Solutions Including AI-enabled Innovations to Drive Precision Care at RSNA 2024,” Nov. 25, 2024. [Official release](#). Relevant locations: CareIntellect for Oncology and Vscan Air Digital Tools paragraphs.

A1. David J. Teece (1986), “Profiting from Technological Innovation: Implications for Integration, Collaboration, Licensing and Public Policy,” *Research Policy* 15(6): 285-305. [DOI record](#). Relevant locations: pp. 285-305.

A2. Davy van de Sande et al. (2024), “To warrant clinical adoption AI models require a multi-faceted implementation evaluation,” *npj Digital Medicine* 7:58. [Open-access article](#). Relevant locations: pp. 1-3. Study selection excluded imaging trials; it is not a GE HealthCare product evaluation.