



Is Faster-Than-Market Growth in your Company's Future?

Healthcare Providers Expect Positive Market Development Despite Changing Parameters

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Healthcare providers are predicting high growth potential within the next five years – for their companies and for developed and emerging markets in general. As a survey of industry executives reveals, the parameters for the healthcare industry's business models are, at the same time, changing throughout the world.

Optimism in an Ever-Changing Healthcare Industry

Around the world, healthcare service executives are optimistically looking toward the future – and predicting annual growth rates of over 6 percent in developed markets and of around 11 percent in emerging markets for the next five years. At the same time, trends such as consolidation and industrialization in the healthcare industry, increasing cost and quality awareness among patients and insurance companies, and the growing global demand for skilled personnel play a significant role for many companies' business models. This is according to a recent survey that was conducted by the analysis and news platform Healthcare Business International (HBI) in cooperation with Siemens Healthcare, and presented at a high-profile industry meeting in London (see: The Healthcare Business International 2016 Conference).

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In total, 81 executives from 37 countries and from different business areas of the healthcare industry, especially imaging and laboratory service providers and (mainly private) hospitals, shared their opinions on issues that will be of strategic importance in the next five years.¹ Forty-three of the respondents work in leading positions for a company in developed markets, and 38 work in emerging countries² such as China, India, Nigeria, South Africa, and Mexico.

Many Trends are Rated Similarly in Developed and Emerging Markets

One result worth noting is that there were no major differences in the answers regarding the main challenges that healthcare providers are facing, irrespective of the market's level of development. For example, executives in Europe and in emerging markets alike rank recruitment and retention of skilled workers as being important for a company's future development. It is also worth noting that companies around the world see themselves as well-equipped to overcome the challenges of staffing.

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Executives in both markets see challenges in the area of finance. However, while managers from emerging markets view cost reduction as their most important task, their European colleagues feel the greatest challenge lies in the payer and tariff structure of their respective healthcare system. Apparently there are many uncertainties when it comes to who will pay for services, and companies feel they are least prepared for future developments in this area. This is not exactly surprising, since the financing of healthcare services is largely shaped by complex political conditions.

Consolidation Continues – with Medical Technology as a Pillar of Market Position

Executives worldwide consider the changes in cooperation with private insurers – as well as quality indicators that are increasingly relevant for payment – to be prominent aspects of this change. According to the survey, the fact that patients increasingly have access to information via the Internet and can choose their service providers will also play a role in the future healthcare market. At the same time, the surveyed executives expect the global trend of consolidation and internationalization in the healthcare industry to continue for another five years. In the process, private equity could increasingly dominate the service-provider landscape, especially in emerging markets.

□ The survey showed that investments in new medical technologies will also be of crucial importance. Globally, companies regard technology as essential pillars of their market position that not only result in additional expense, but also generate revenue. In fact, many executives expect a remarkably positive development for their company. The majority of the respondents in both developed and emerging markets think the odds are good that their company will grow even faster than the healthcare market in general over next five years.

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