

GCC 2022 Hospital Priorities: Strategic Implications for Healthcare Providers

**Survey conducted by L.E.K.
Consulting and Guidepoint**

February 2023

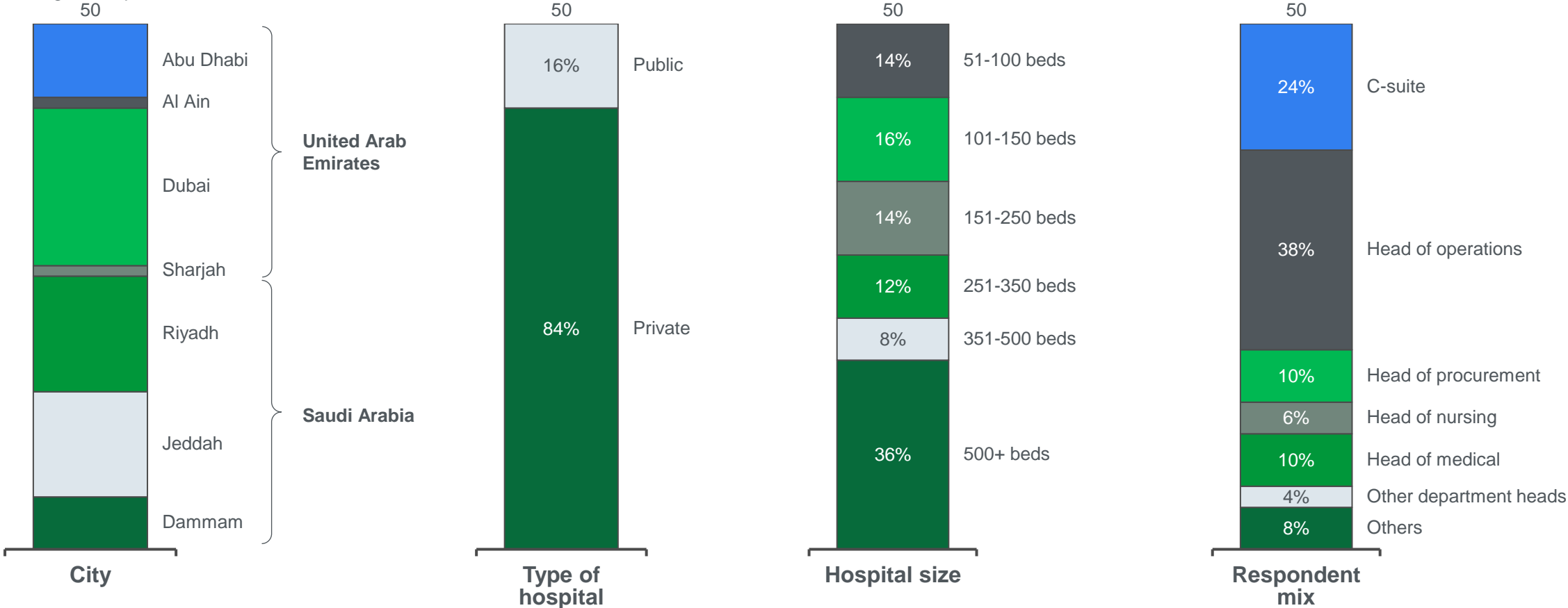
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L.E.K. Consulting and Guidepoint conducted a survey of 50 hospital executives across public and private hospitals in the United Arab Emirates and the Kingdom of Saudi Arabia

GCC Hospital Priorities Survey respondent mix

Percentage of respondents



Note: * GCC = Gulf Cooperation Council
 Source: L.E.K. and Guidepoint 2022 GCC Hospital Priorities Survey conducted in October 2021 - April 2022

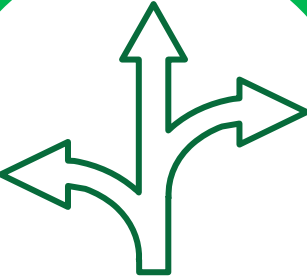


We explore three key areas from the GCC Hospital Priorities 2022 survey: financial outlook, strategic priorities and digitalization/innovation



Financial outlook

Providers seem to be in better financial position than they were during the pandemic and there is increasing optimism for better financial performance across private and public providers over the short-to-medium term



Strategic priorities

Providers are focused on improving clinical outcomes/patient care as well as operational efficiency through cost reductions and standardization of clinical protocols underpinned by investments in new digital capabilities



Digitalization and innovation

Most hospitals are indicating a strong focus on digitalization and innovation, focusing on solutions that improve clinical outcomes, operational efficiency and patient satisfaction

Source: L.E.K. and Guidepoint 2022 GCC Hospital Priorities Survey; L.E.K. research and analysis



Private hospitals have recovered quicker than public hospitals from the impacts of COVID-19; general economic growth and cost reductions are expected to underpin future profitability



Financial outlook

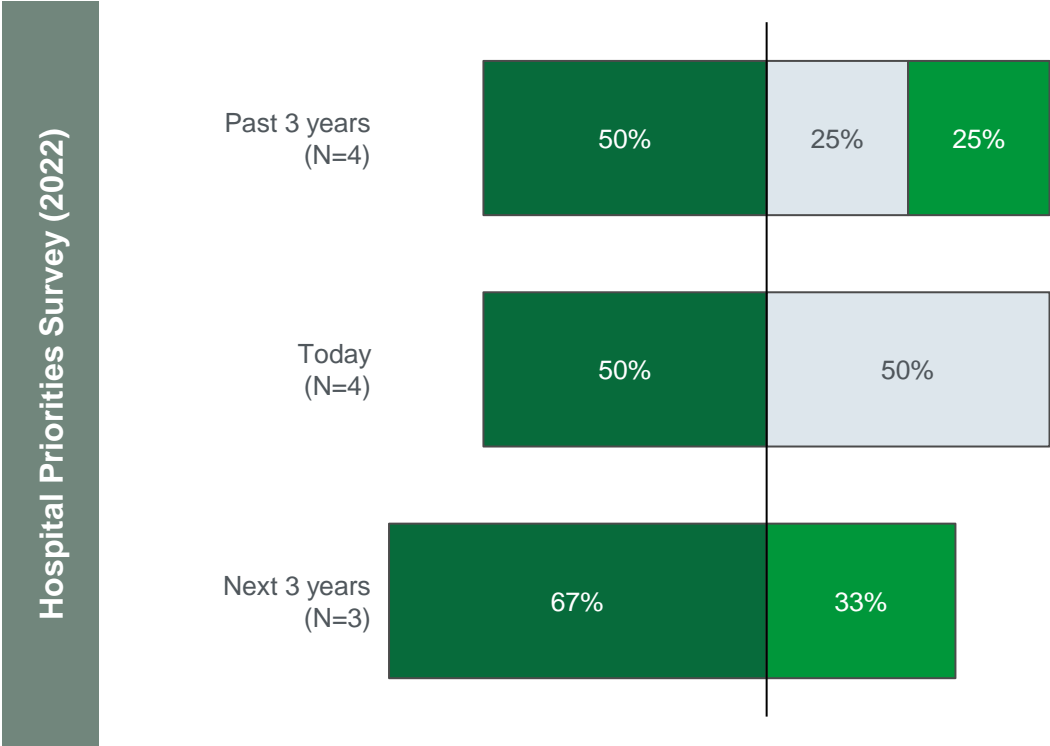
- Private hospitals have recovered better than public hospitals from the impact of COVID-19, and there is increased optimism for higher profitability over the short-to-medium term
- Private hospitals have a positive profitability outlook, with large providers having been less severely impacted by the pandemic; 100% of large private hospitals expect future positive EBITDA margins
- A reliance on general economic growth, return of patient confidence in accessing providers, and cost reduction to improve business sustainability is driving private hospital optimism; 62% plan on investing in solutions that track cost at a more granular level

Private hospitals have recovered better than public hospitals from COVID-19 impact and have a positive outlook on profitability over the short-to-medium term

1 Financial outlook

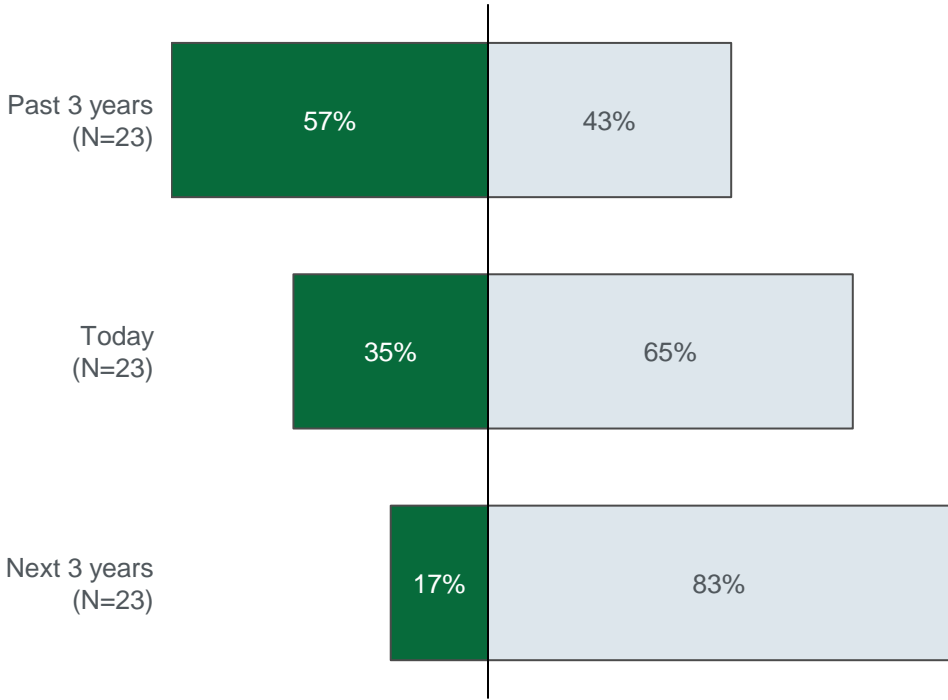
Public hospital budget outlook*

Percentage of respondents



Private hospital profitability/EBITDA**

Percentage of respondents



■ Budget deficit ■ Balanced budget ■ Budget surplus

■ Negative profitability/EBITDA ■ Positive profitability/EBITDA

*Survey question: What is the level of budget surplus/deficit incurred by your hospital today? Responses with "I do not know/prefer not to disclose" have been excluded (N=4)

**Survey question: What is the EBITDA margin/profitability level of your hospital? Responses with "I do not know/prefer not to disclose" have been excluded (N=19)

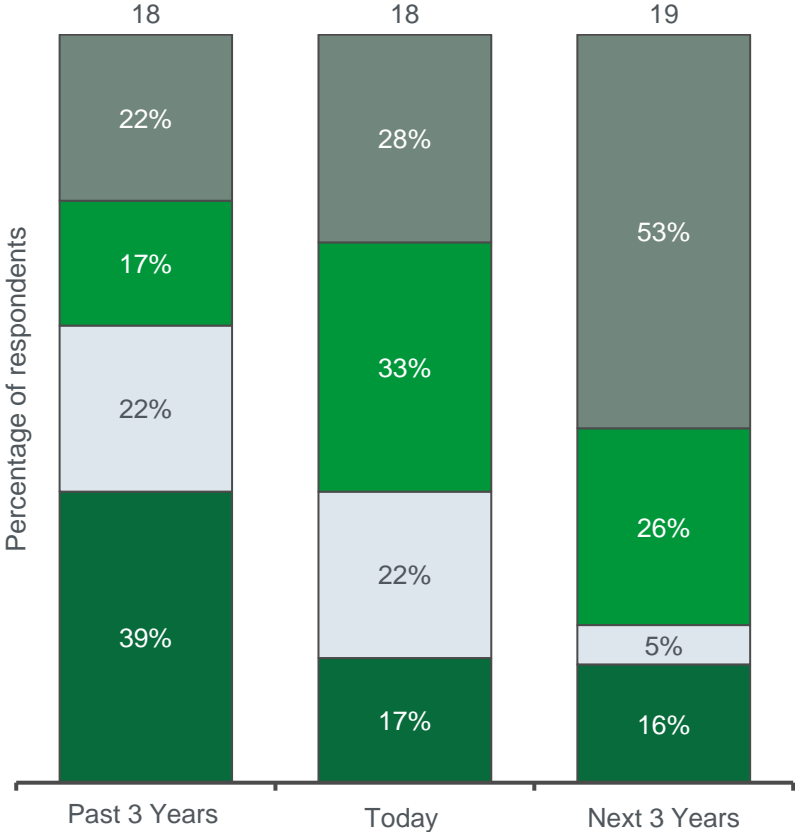
Source: L.E.K. 2022 GCC Hospital Priorities Survey

Private hospitals have a positive profitability outlook with large providers having been less severely impacted by the pandemic; 100% of large private hospitals expect future positive EBITDA margins

1 Financial outlook

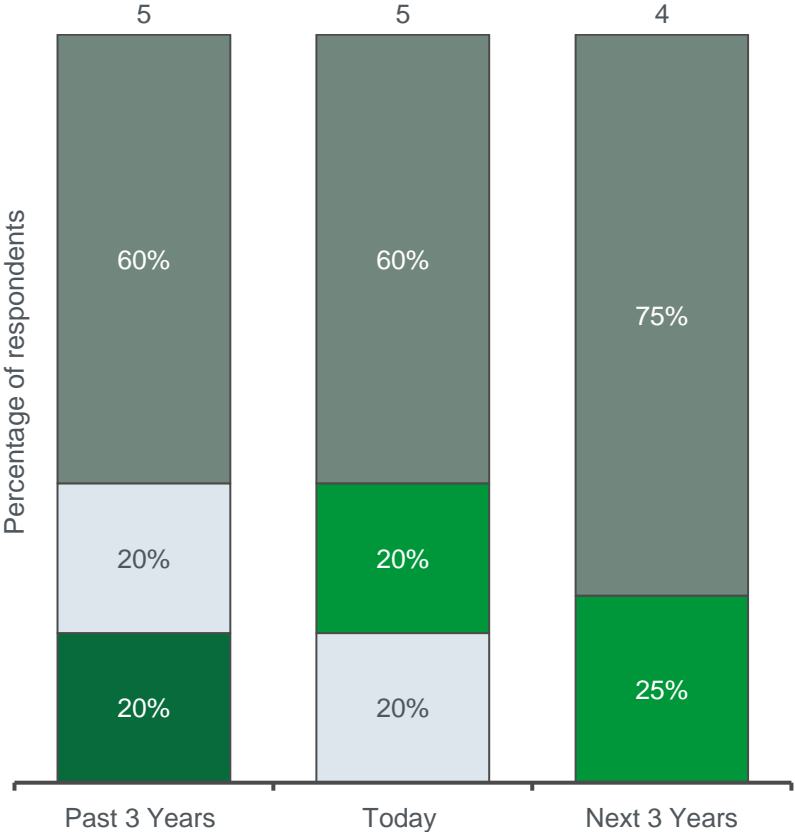
Private hospitals — profitability/EBITDA margin outlook

Medium-size private hospitals (≤500 beds) in GCC*



Legend: ≤ -10% margin (dark green), -9.9% to 0 margin (light blue), 0 to 9.9% margin (medium green), >10% margin (grey)

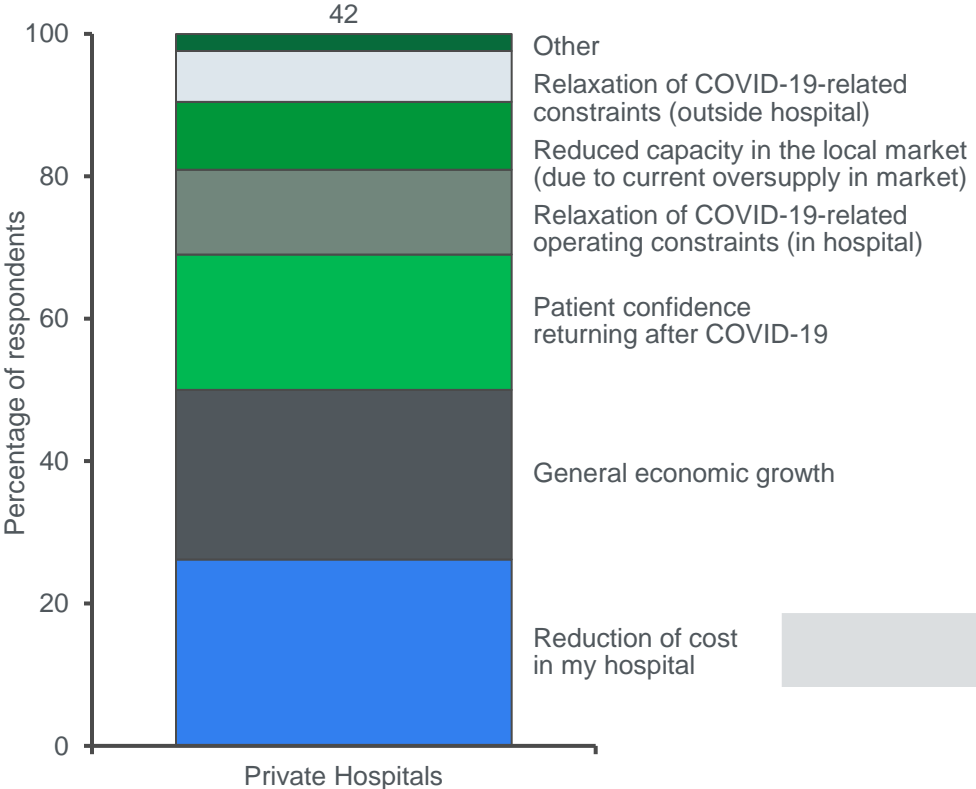
Large-size private hospitals (>500 beds) in GCC*



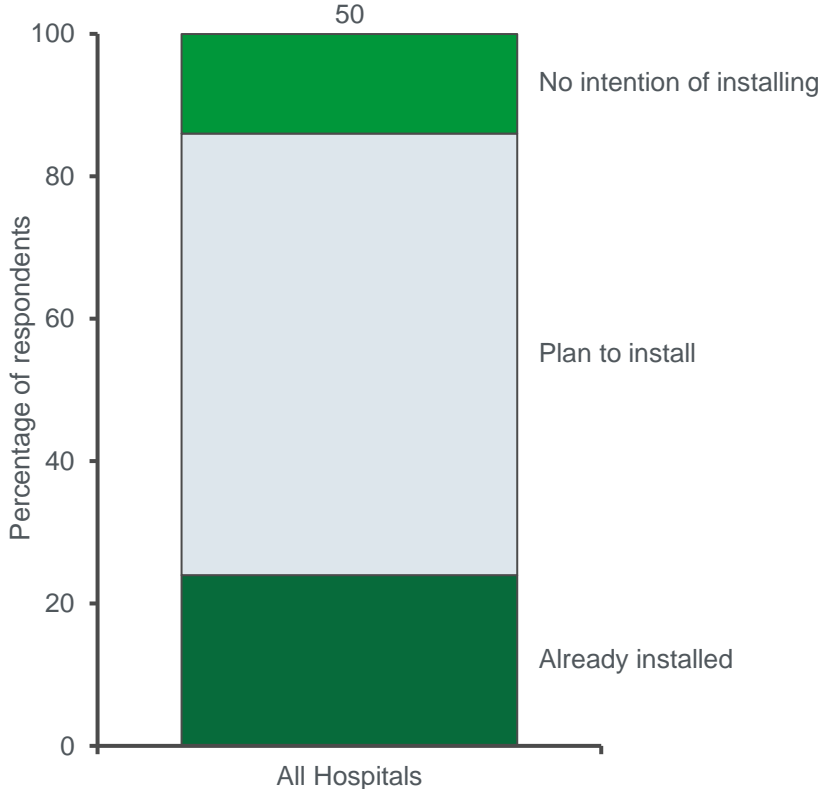
*Survey question: What is the EBITDA margin/profitability level of your hospital? Responses with "I do not know/prefer not to disclose" have been excluded
 Source: L.E.K. 2022 GCC Hospital Priorities Survey

Private providers mention general economic growth, patient confidence, and costs reduction plans, enabled by investments in cost tracking solutions, as the key drivers underpinning business sustainability

Private Hospitals- Changes that would have a positive impact on business sustainability*



Private Hospitals – Adoption of cost-tracking solutions to drive cost-reduction initiatives**



*Survey question: What changes would have a positive impact on business sustainability?
 **Survey question: Are you planning to invest in solutions that track activity and costs at a granular level (e.g., ERP with relevant module)?
 Source: L.E.K. 2022 GCC Hospital Priorities Survey

Provider strategic priorities include both operational efficiency and care outcome improvements, with an increasing emphasis on standardization of clinical protocols



Strategic priorities

- Providers are focused on improving clinical outcomes, enhancing patient experience and improving operational efficiency through cost reductions and clinical protocol standardization, underpinned by investments in new digital capabilities and expanding/developing clinical staff including their pool of physicians
- These translate to building digital infrastructure and providing clinicians access to new medical technology


Strategic priorities are focused on workflow optimization, reducing the cost of medical supplies and improving digital capabilities to improve clinical outcomes and operational efficiency

2 Strategic priorities

Strategic priorities over the next 3 years*

Percentage of respondents that chose “6” and “7” (1=not at all important, 7=very important)

 Care enhancement

 Operational enhancement

Rank	Strategic priorities	Overall (N=50)	United Arab Emirates (N=24)	Saudi Arabia (N=26)
#1	Improving clinical outcomes	92%	88%	96%
#2	Improving labor efficiency/workflow optimization	84%	88%	81%
#3	Reducing costs of medical supplies	78%	79%	77%
#4	Standardization of clinical care protocols	72%	75%	69%
#5	Reducing length of stay, enabling patient discharge	70%	67%	73%
#6	Investing in new digital health capabilities (e.g., telehealth, AI-assisted diagnosis)	70%	71%	69%
#7	Improving healthcare staff safety (physicians, nurses, allied health)	66%	58%	73%
#8	Offering clinicians access to new medical technologies/offer cutting-edge treatments	64%	67%	62%
#9	Emergency preparedness (i.e., for another wave of COVID-19 or other pandemics)	64%	67%	62%

*Survey question: How important are the following strategic priorities for your hospital over the next 3 years? (Please rate the importance of each strategic priority on a scale of 1 to 7, where “1” means “not at all important” and “7” means “very important”)

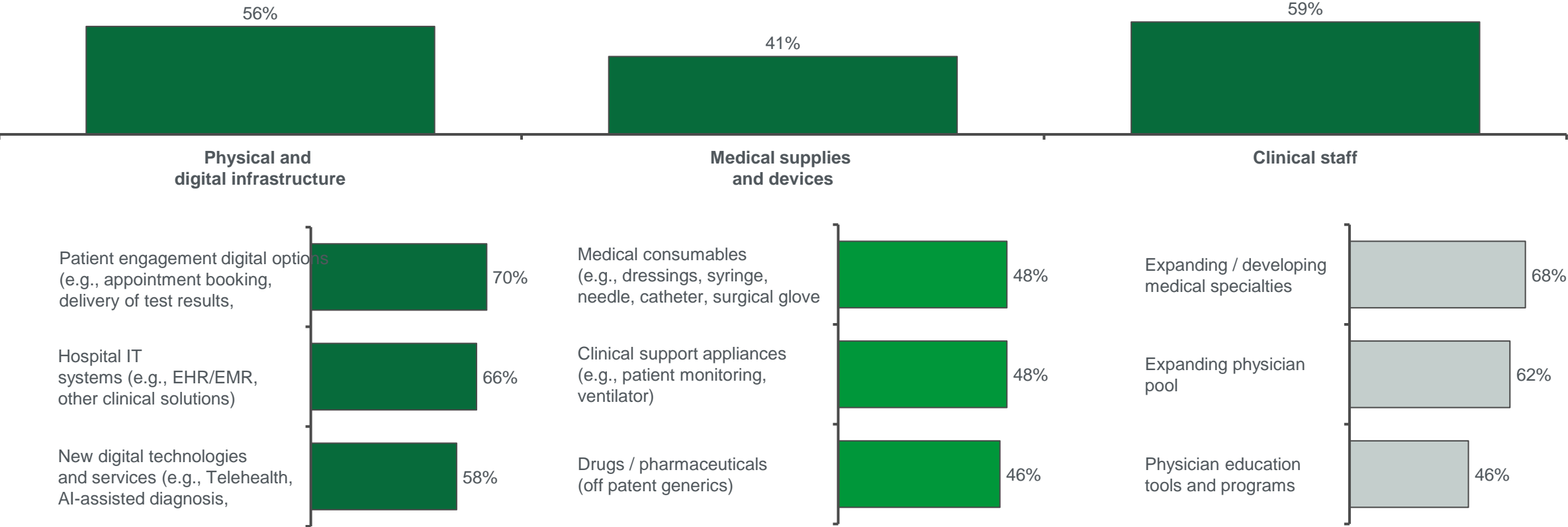
Source: L.E.K. 2022 GCC Hospital Priorities Survey

Over 55% of surveyed hospitals plan to increase spending on infrastructure, prioritizing digital and nearly 60% on expanding/developing clinical staff including their pool of physicians

2 Strategic priorities

Spending priorities over the next 3 years (N=406)*

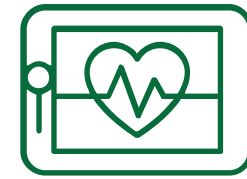
Percentage of respondents who answered that the hospital will increase spending



Note: * Survey question: 'How do you expect your hospital's spending priorities on the following categories to change over the next 3 years?' Responses with 'I do not know' have been excluded; respondents who answered that the hospital will increase spending=respondents who chose '6' and '7' when the scale is 1= will definitely reduce spending and 7= will definitely increase spending; other spending priorities not in top 3, such as development of new facilities, implantable medical devices, surgical instruments, medical consumables, non-clinical supplies and clinical support appliances, have not been included in breakdown.

Source: L.E.K. and Guidepoint 2022 GCC Hospital Priorities Survey

Patient engagement solutions across registration, booking, payor coverage and tools to support remote consultations are the top digital solutions already adopted



Digitalization and innovation

- Hospitals are noting that the value of digital health goes beyond increasing revenue streams to improving operational efficiencies and increasing patient satisfaction
- There is broad adoption of online patient registration and appointment booking solutions across the UAE and KSA with over 80% of hospitals having adopted or are trialling the solution
- Remote consultation adoption is advanced in the UAE with over 80% adoption in hospitals; Saudi Arabi has indicated interest in closing the gap
- Adoption of post-discharge monitoring solutions is low at less than 20% across the GCC; there is a willingness to explore potential options
- However, there are concerns around patient privacy, staff readiness to adopt digital solutions in addition to required implementation budgets are some of the main concerns

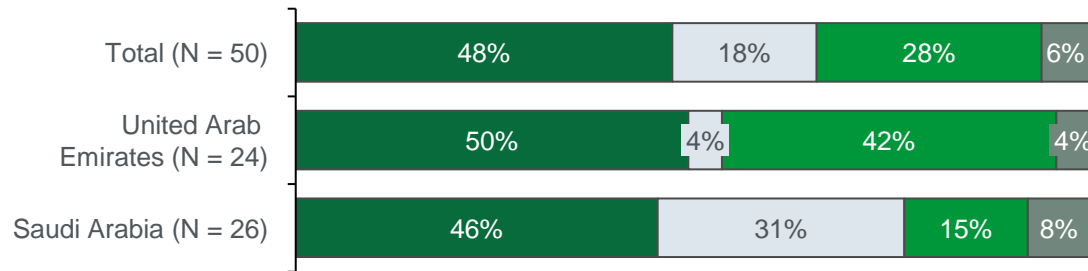
There is broad adoption of online patient registration and appointment booking solutions across the UAE and KSA with over 80% of hospitals having adopted or are trialling the solution

3 Digitalization and innovation

Adoption of patient administration and scheduling solutions*

Percentage of respondents

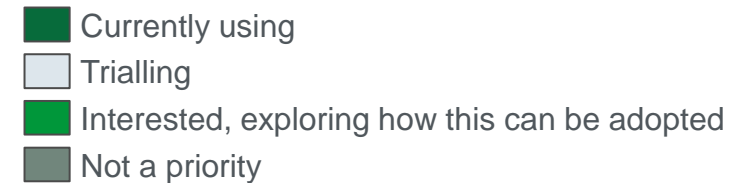
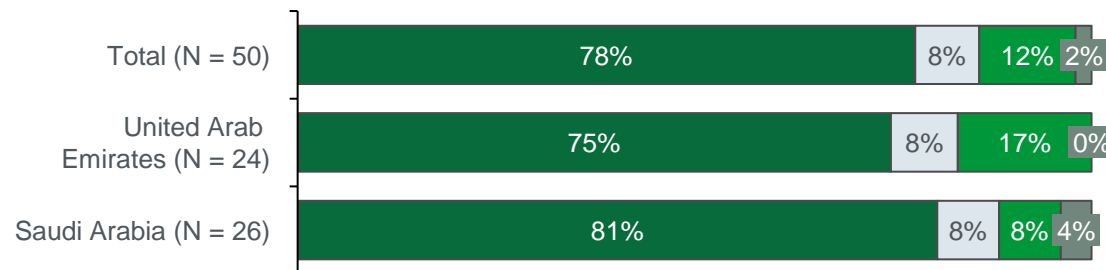
Bill estimator / payor coverage



Patient online registration



Online scheduling / appointment booking



Note: * Survey question: 'Digitalisation of hospitals is gaining traction in many countries with new services / usages emerging along the patient journey. What digital services have you adopted / are you currently exploring?'

Source: L.E.K. and Guidepoint 2022 GCC Hospital Priorities Survey

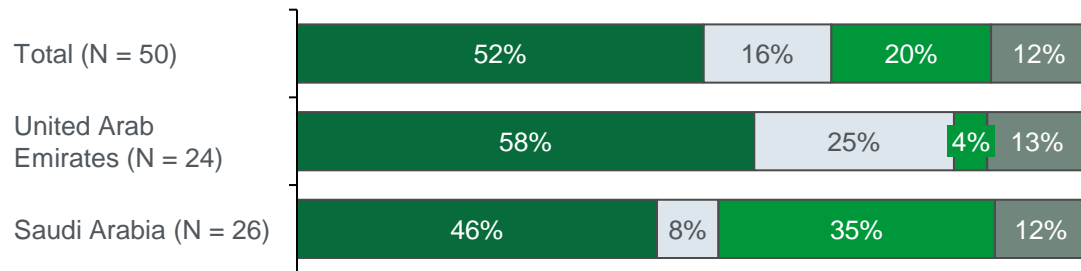
Remote consultation adoption is advanced in the UAE with over 80% adoption in hospitals; Saudi hospitals have indicated an interest in closing the gap

3 Digitalization and innovation

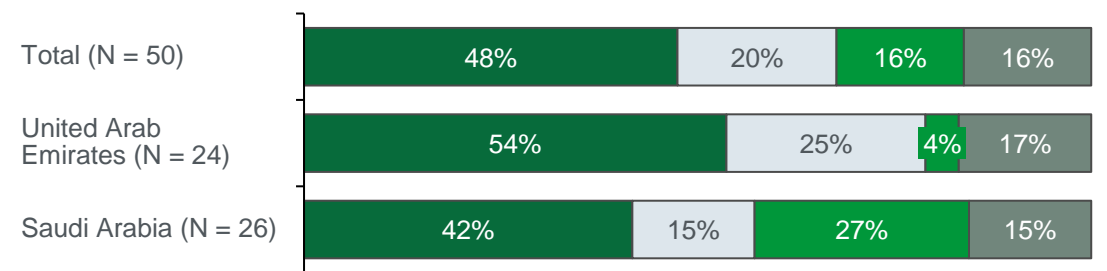
Adoption of initial consultation / diagnosis solutions*

Percentage of respondents

Remote consultation (GPs)

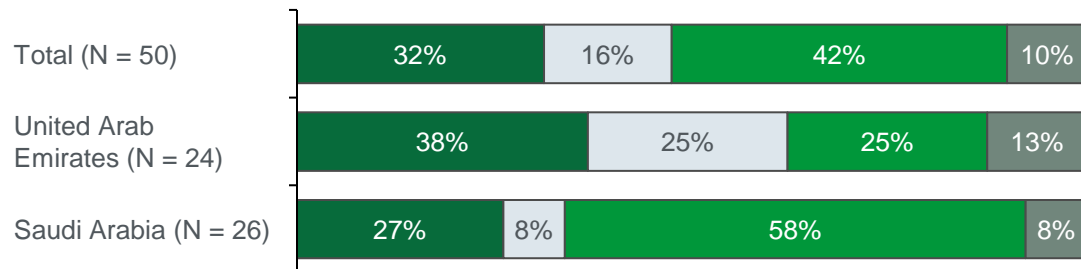


Remote consultation (Specialists)

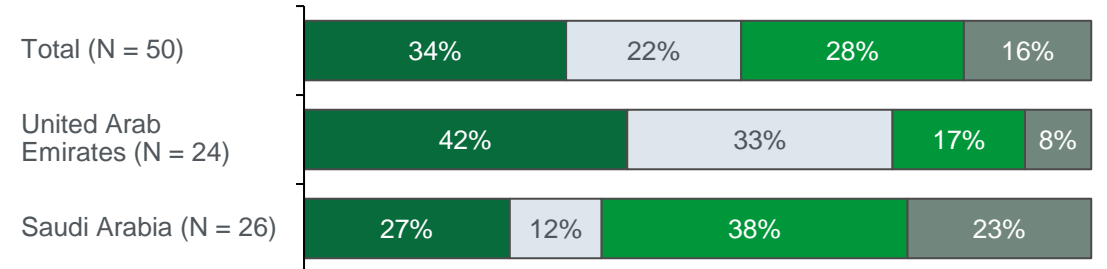


Home based testing

(e.g., provision of self-testing kits to patient, collection of samples directly from the patient home)



Online pharmacy / drug delivery



■ Currently using
 ■ Trialling
 ■ Interested, exploring how this can be adopted
 ■ Not a priority

Note: * Survey question: 'Digitalisation of hospitals is gaining traction in many countries with new services / usages emerging along the patient journey. What digital services have you adopted / are you currently exploring?'

Source: L.E.K. and Guidepoint 2022 GCC Hospital Priorities Survey

Over 60% of surveyed hospitals have adopted or are trialing personalized information pushed to patients; HIE solutions are less adopted but there is significant interest

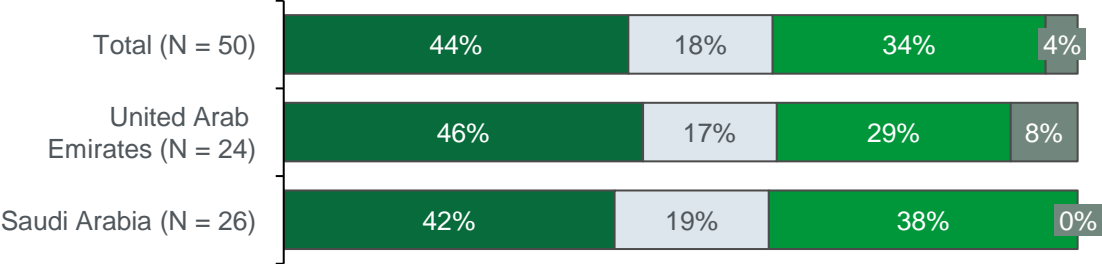
3 Digitalization and innovation

Adoption of patient information and personal data solutions*

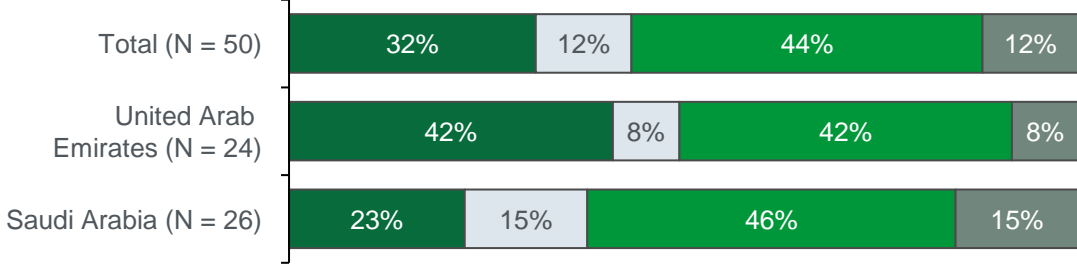
Percentage of respondents

Personalized information pushed to the patient

(e.g., based on initial diagnostics and in preparation of treatment)

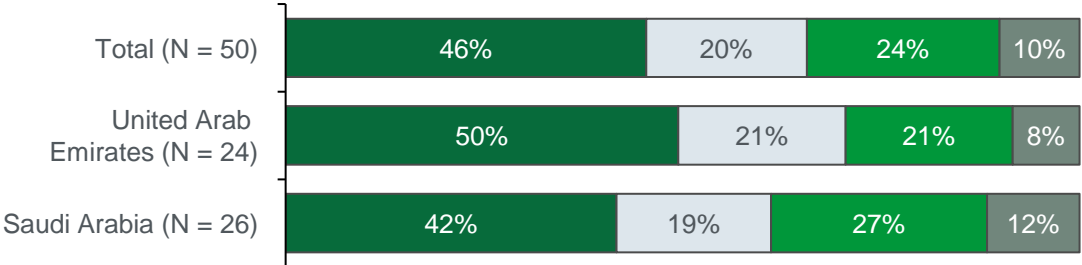


Portable personal health information between healthcare providers (HIEs)



Patient accessible health records

(incl. test results)



- Currently using
- Trialling
- Interested, exploring how this can be adopted
- Not a priority

Note: * Survey question: 'Digitalisation of hospitals is gaining traction in many countries with new services / usages emerging along the patient journey. What digital services have you adopted / are you currently exploring?'

Source: L.E.K. and Guidepoint 2022 GCC Hospital Priorities Survey



Adoption of treatment and post-discharge monitoring solutions is higher in the United Arab Emirates than in Saudi Arabia, however, there is strong interest in adopting such solutions

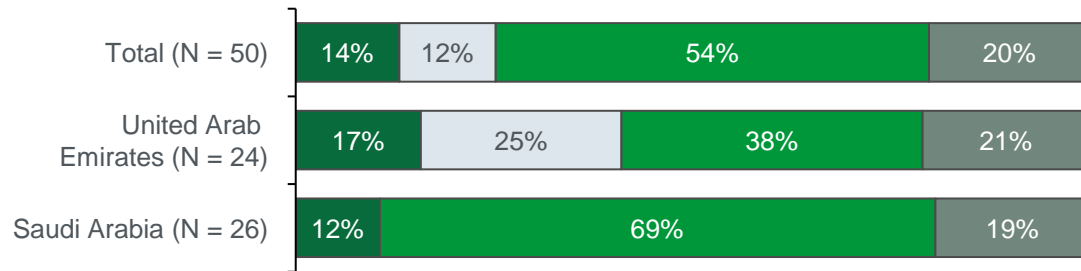
3 Digitalization and innovation

Adoption of treatment and post-discharge monitoring solutions*

Percentage of respondents

Digital-enabled remote patient monitoring

(e.g., glucose monitor, heart rate monitor)



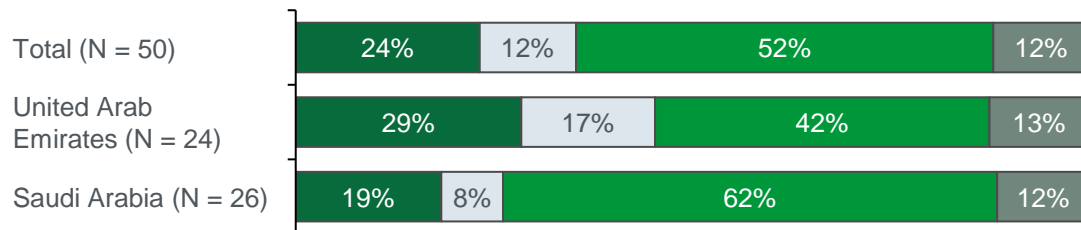
Automated follow-up systems for patients/virtual nurses

(e.g., reminders, monitoring through automated questions)

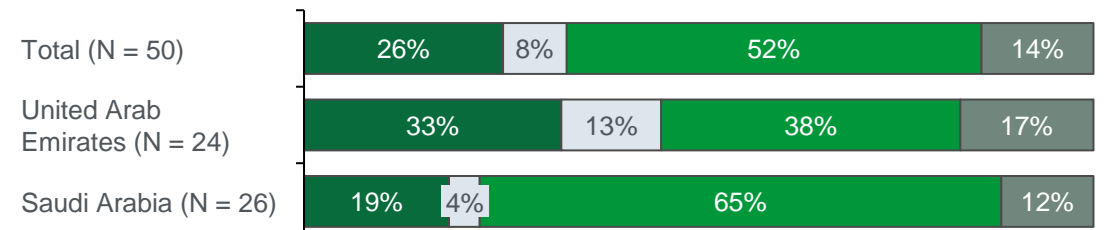


AI-based diagnosis decision support tools

(e.g., imaging)



Closed loop medication management system



■ Currently using
 ■ Trialling
 ■ Interested, exploring how this can be adopted
 ■ Not a priority

Note: * Survey question: 'Digitalisation of hospitals is gaining traction in many countries with new services / usages emerging along the patient journey. What digital services have you adopted / are you currently exploring?'; ** AR = Augmented Reality and VR = Virtual Reality

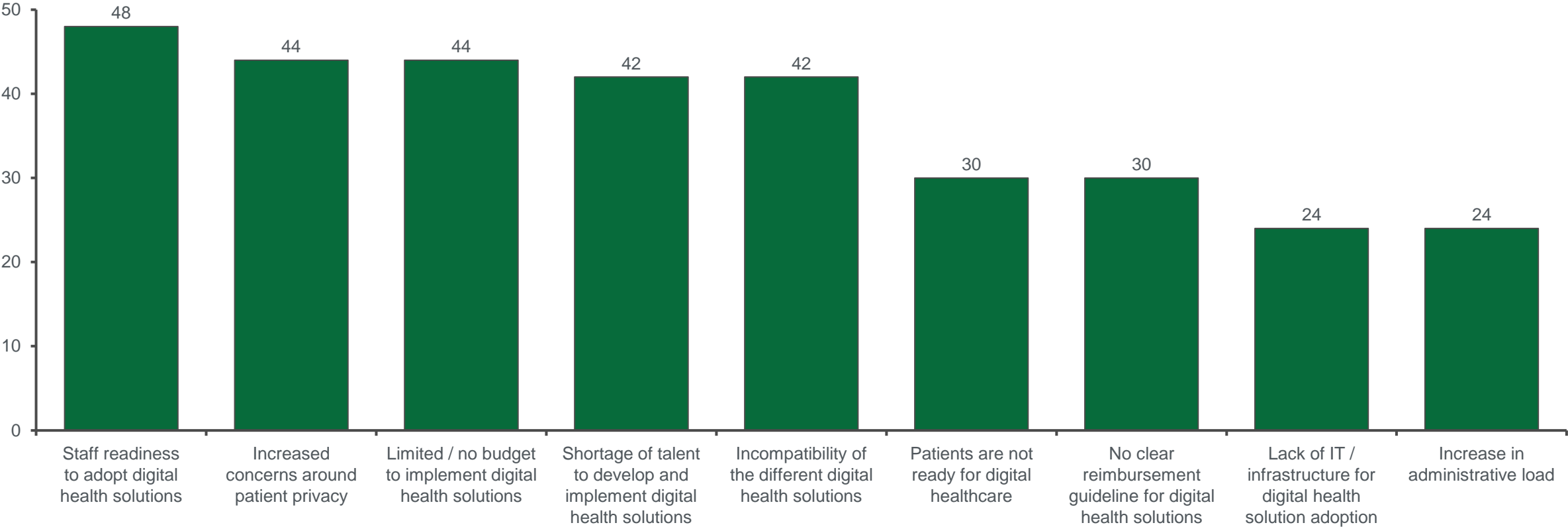
Source: L.E.K. and Guidepoint 2022 GCC Hospital Priorities Survey

With increasing digital adoption, concerns around patient privacy, staff readiness to adopt digital solutions in addition to required implementation budgets are some of the main concerns

3 Digitalization and innovation

Digital health adoption concerns*
Percentage of respondents

GCC (N=50)



Note: * Survey question: 'What are your main concerns for digital health adoption?'
Source: L.E.K. and Guidepoint 2022 GCC Hospital Priorities Survey

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