

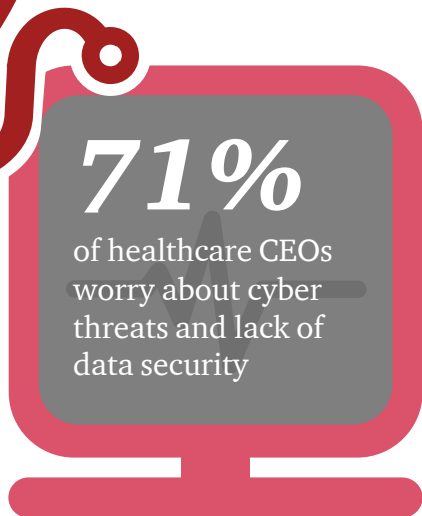
Coping with colliding megatrends and disruptive forces

82%

of healthcare CEOs are somewhat or very concerned about the availability of key skills

71%

of healthcare CEOs worry about cyber threats and lack of data security



More confidence than optimism

Healthcare CEOs are slightly optimistic about the global economic outlook: 43% believe the economy will improve this year. Yet many are confident of generating higher revenues in both the short- and longer-term. 79% expect to increase sales in the coming 12 months and 87% to do so in the next three years. To maintain profitability, 74% of healthcare CEOs plan to cut costs. Predictably, perhaps, they think most of their future growth will come from mature markets, although 22% are looking to China.

Megatrends disrupting the landscape

So what's troubling healthcare CEOs? They worry greatly about the risk of over-regulation, how indebted governments will handle huge fiscal deficits and the availability of key skills. The disruptive impact of colliding megatrends is another big source of anxiety: 71% of healthcare CEOs are nervous about changes in regulation, while 63% are uneasy about shifting customer behaviour. Many are also concerned about the disruptive impact of increasing competition, as new players enter the healthcare arena, although they worry less than CEOs in other industries do on this score.

New rivals from adjacent industries?

Perhaps they should be more concerned. Healthcare (with pharma and life sciences) is at the top of the list of sectors being targeted by companies in other industries, tied with technology. And more than half of all healthcare CEOs anticipate that companies will increasingly compete in new sectors in the next three years. They expect the competition they face to come primarily from technology companies, pharma & life sciences companies and the public sector.

Some outliers are already making the transition – 29% of healthcare CEOs have already entered a new industry themselves, while 24% have considered doing so. These pioneers are focusing on pharma and life sciences, professional and business services and technology.

Questions to ponder

- How will you need to alter your operating model to meet your customers' changing expectations?
- What business are you really in? And who are your true competitors?

Competing and creating value in new ways

The power of digital transformation

Mobile technologies for engaging with customers, cybersecurity and data mining and analysis tools top the list of digital technologies healthcare CEOs deem strategically significant. They also see more potential in robotics and wearable devices than CEOs in many other sectors. But 60% are apprehensive about the speed at which technology is evolving. And 71% are anxious about cybersecurity – a must-have where confidential health records are involved.

So how are healthcare CEOs maximising the value of the technological investments they're making? Almost all of them believe it's vital to start with a clear vision. They say that a CEO who personally champions the use of digital technologies is nearly as important.

But the rewards repay the effort. Healthcare CEOs report that the areas where they've seen the biggest returns to date are digital trust and customer experience – both areas where they are ahead of the overall sample – as well as improving operational efficiency and data analysis.

Diverse alliances, different thinking

There's been a marked increase in the number of healthcare CEOs planning to form a new alliance this year. Most want to partner with academia, customers or governments. Their main reasons for collaborating are to access new customers or geographic markets, to become more innovative and to enhance their company's reputation.

The number of healthcare CEOs planning to hire more people has also risen. Yet, even though skills shortages are a huge concern, healthcare CEOs are slightly less likely to seek talent in different countries, industries or demographic segments than CEOs in other sectors. They're also less likely to have a strategy for promoting diversity, suggesting that they should revisit their recruitment practices.

Questions to ponder

- How are you identifying the digital technologies that will be most valuable to your organisation?
- What will it cost your organisation, if you get your talent pipeline wrong?



“The one quality people really need is to be able to think differently. We get awfully wedded to what was successful in the past, which can sometimes trap us into thinking that those same strategies are going to work for the future.”

Nancy M. Schlichting, Chief Executive Officer, Henry Ford Health System

Get in touch with us!

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