
SFS: Priority Investment in Digital Transformation



Digitalisation of healthcare helps to improve patient outcomes in a cost-efficient way. Therefore, healthcare providers widely view it as a way to cope with the increasing demand for healthcare services, caused by aging populations, rising levels of chronic diseases and general changes in lifestyles.

New research from Siemens Financial Services (SFS) highlights three priority investment areas for digital transformation in global healthcare, estimates the expected capital investment and suggests ways of managing related financial challenges by healthcare organisations.

You may also like: [Smart Hospital Ethics: Starting the Dialogue](#)

For [Priority investment: investing in digital transformation in healthcare](#), SFS has conducted a global survey among healthcare professionals, including management consultants, academic experts, national health departments, medical associations and acute care organisations/groups, and identified three following sectors as top priority for investment:

- New generation (digitalised and/or mobile) diagnostics
- Remote access and communications platforms (telemedicine)
- Smart, digitalised hospitals

New generation diagnostics

The global diagnostic imaging market in 2018 totalled €27.2 billion (\$29.9 billion). It is expected to grow by 5.2% annually through to 2023, driven by the adoption of technology in Asia. The ways how diagnostic capabilities are administered and managed, as well as the performance of diagnostic equipment are deeply affected by digitalisation. One example is digital linkage through which deployment of devices in clinical settings may be optimised, both in clinical and financial terms. Mobile diagnostic units (x-ray, CT, ultrasound, MRI, mammography and nuclear imaging) would be another example, as they allow for faster diagnosis and triage and more efficient usage of workforce and equipment, maximising the delivered value.

Telemedicine

In 2018, the global telemedicine market stood at €19.5 billion (\$21.4 billion), and it is expected to grow at 18.5% per year to 2024. Utilisation of remote access and communications platforms addresses several important issues in healthcare. The skills shortage common for many healthcare systems around the world, is alleviated when a patient is able to consult a doctor remotely, which is especially important for large countries with dispersed communities. Also, doctors gain access to equipment and systems located elsewhere. Digital patient monitoring is another area of rapid development. By 2024, the global sensor market for medical wearables may reach €2.5 billion (\$2.8 billion). Thus, according to SFS, the key advantage of remote medicine is linking (a) hardware with systems and (clinical) professionals and (b) doctors with patients.

Smart Digitalised Hospitals

It is expected that the global smart hospital technology market will grow from €18.3 billion (\$20.13 billion) in 2018 to €51.5 billion (\$56.63 billion) in 2023. Smart hospital applications have already proved their efficiency in many areas, from digitalised asset tracking, which helps to significantly increase operating time by reducing delays and cancellations, to digital dashboard capabilities. Not only are such applications a valuable administrative tool but they also reduce the cost of treatment.

Expected Investments

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In the next five years, SFS expects the global 'investment challenge' for these three investment areas to require considerable financial inflows. In particular, the capital needs for new generation diagnostic imaging will amount to €58.2 billion (\$64 billion); for telemedicine, to €72 billion (\$79 billion); for smart hospitals, to €65.5 billion (\$72 billion) across the five year period 2019-2023. For some countries, the respective numbers are:

- USA: €20.5 billion (\$22.5 billion), €25.3 billion (\$27.8 billion), €23 billion (\$25.3 billion)
- China: €12.3 billion (\$13.5 billion), €15.2 billion (\$16.7 billion), €13.8 billion (\$15.2 billion)
- UK: €1.36 billion (\$1.54 billion), €1.64 billion (\$1.9 billion), €1.55 billion (\$1.7 billion)
- Germany: €4.3 billion (\$4.7 billion), €5.3 billion (\$5.8 billion), €4.7 billion (\$5.2 billion)

These numbers are beyond the capabilities of normal capital spending budgets available to healthcare providers (usually set at around 5% of total operating budgets), even to those with a [centralised innovation budget](#). The majority of respondents indicated the importance of being able to acquire digital transformation technology, equipment, skills and resources without the need to 'freeze' the scarce funding. This means that achieving digital transformation largely depends on additional private sector finance. Another point, highlighted in the report, is the importance of being able to 'pay for usage' of technology, which is usually arranged around some form of leasing structure.

Healthcare organisations have different goals with regard to digitalisation. Among those goals are: modernisation and upgrade of equipment and technology, increase of performance and productivity, transition management, sustainable growth, etc. As noted by SFS, in view of the above, financing solutions are increasingly being adapted to healthcare organisations' needs and circumstances, whether for a single piece of technology or for a wholesome digital upgrade.

Full report is available [here](#).

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