# 2023 APAC Hospital Insights Survey Findings for Healthcare Providers

Summary materials

2023

## Agenda

- **Summary**
- Hospital financial outlook
- Operation priorities
- Digitalization trends
- About L.E.K.

# Every year, L.E.K. surveys several hundred hospitals across the SEA region to understand their priorities and to support MedTech and pharma companies as they make key decisions

L.E.K. conducts an annual survey of several hundred decision-makers at key hospitals in the SEA region, including Singapore, Thailand, Malaysia, Vietnam, Indonesia and Philippines to better understand how key strategic priorities and purchasing behaviors are shifting

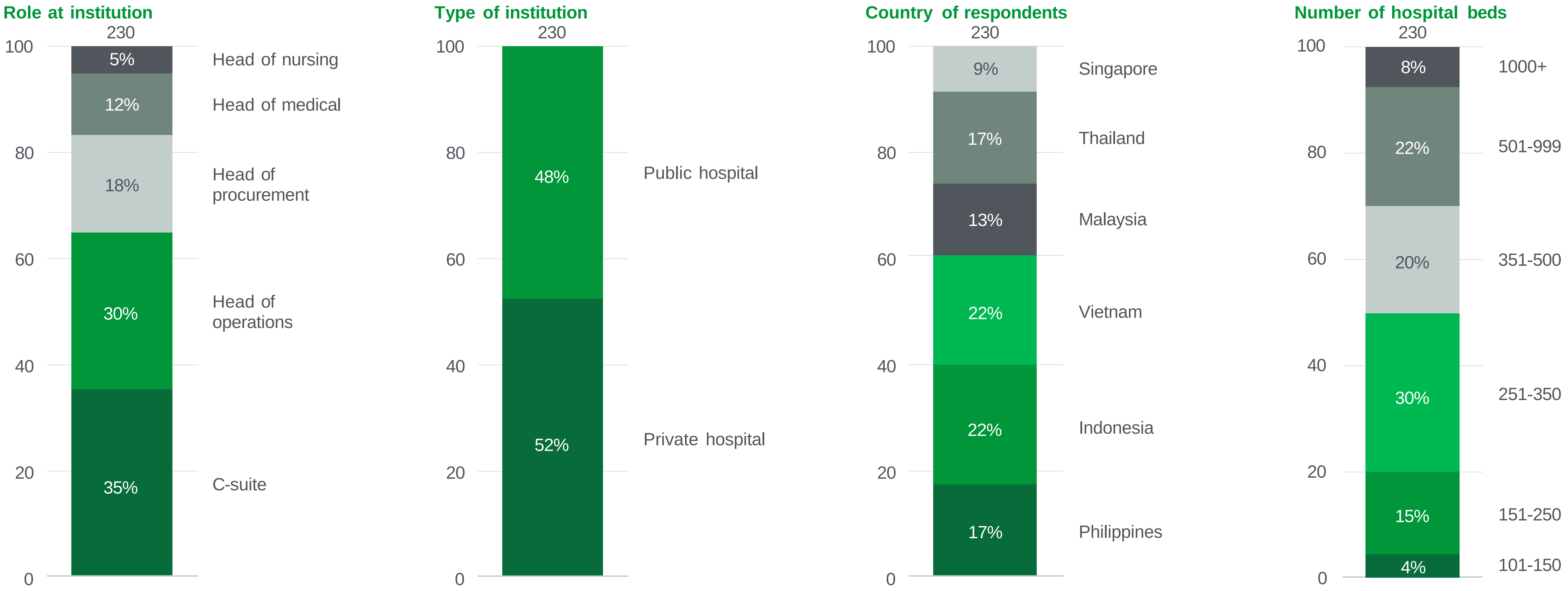
The survey addresses issues relating to the financial outlook of hospitals, top operating priorities in the next few years, as well as the impact of digitalization on hospitals

The insights enable healthcare providers to make informed decisions, including:

- What should be their operational priorities in light of key market dynamics and peer performance
- Where investment needs to be prioritized
- How to leverage digital and enhance their service offerings and engagement models with patients and industry stakeholders

# We surveyed 230 hospital directors from SEA markets across a variety of hospital types, hospital sizes, and geographies

**L.E.K. Hospital Priorities SEA survey respondent mix***
Percent of respondents (N=230)




* SEA market includes Indonesia, Vietnam, Thailand, Philippines, Malaysia and Singapore in 2023 survey
Source: L.E.K. 2023 APAC Hospital Priorities Survey

# We explore three key themes: financial outlook, operation priorities, and digitalization

## Summary of Findings

### Financial outlook

- Robust recovery from COVID-19 with significant financial improvement
- Project to be even more positive for the next three years

### Operation priorities

- Top strategic priority is to get new technology
- 90% of hospitals plan to add more acute beds
- Majority expected increase capacity in diagnostic imaging, primary care, dental, and general surgery

### Digitalization

- SEA regions show a higher adoption rate in healthcare digitalization solutions than the APAC average
- Hospitals are increasingly recognizing the value brought by healthcare digitalization solutions

Note: GPO=group purchasing organization
Source: L.E.K. 2023 APAC Hospital Priorities Survey

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# SEA hospitals have experienced a robust recovery from COVID-19 and have witnessed significant improvement financially; projections indicate an even more positive outlook for the next three years

## Summary of findings – financial outlook

- Increasingly optimistic financial prospects for both public and private hospitals in 2023 as they have recovered from COVID-19 impact
- Private hospitals generally reported better profitability profiles

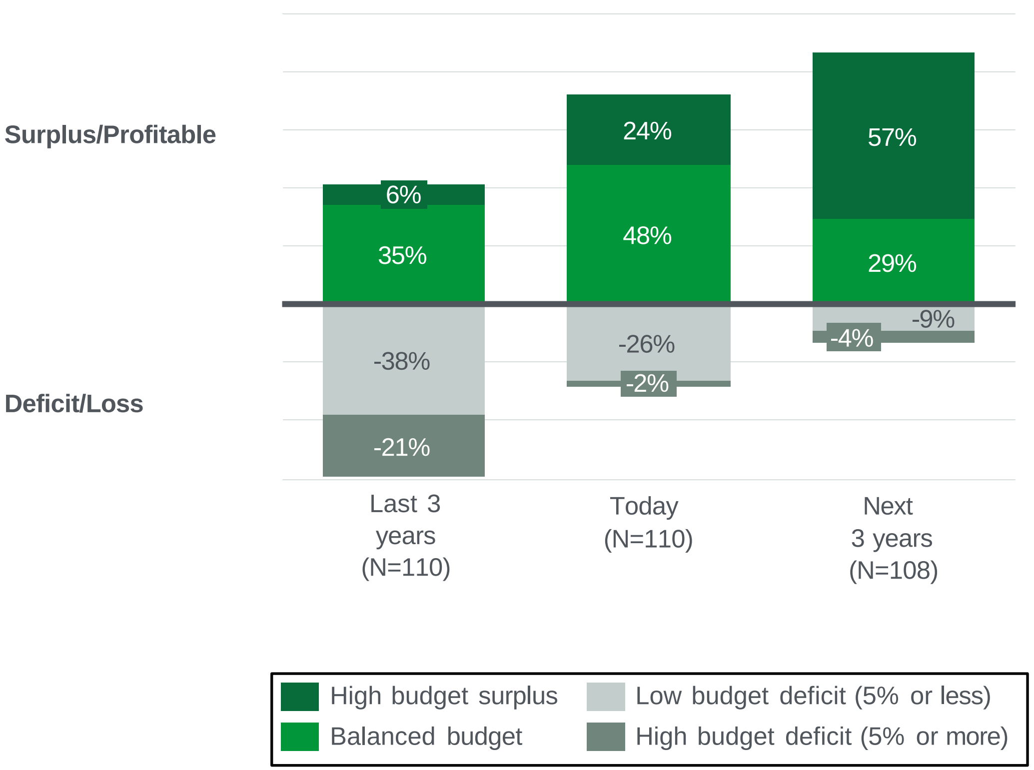
- Using elective procedures as an indicator, surgery-oriented departments, such as orthopedics and oncology, have recovered to 80-90% of pre-COVID level

- Hospitals across SEA are optimistic about future capital expenditure, with a significant number expecting a notable increase of over 5%. This reflects recovered confidence and growing healthcare needs

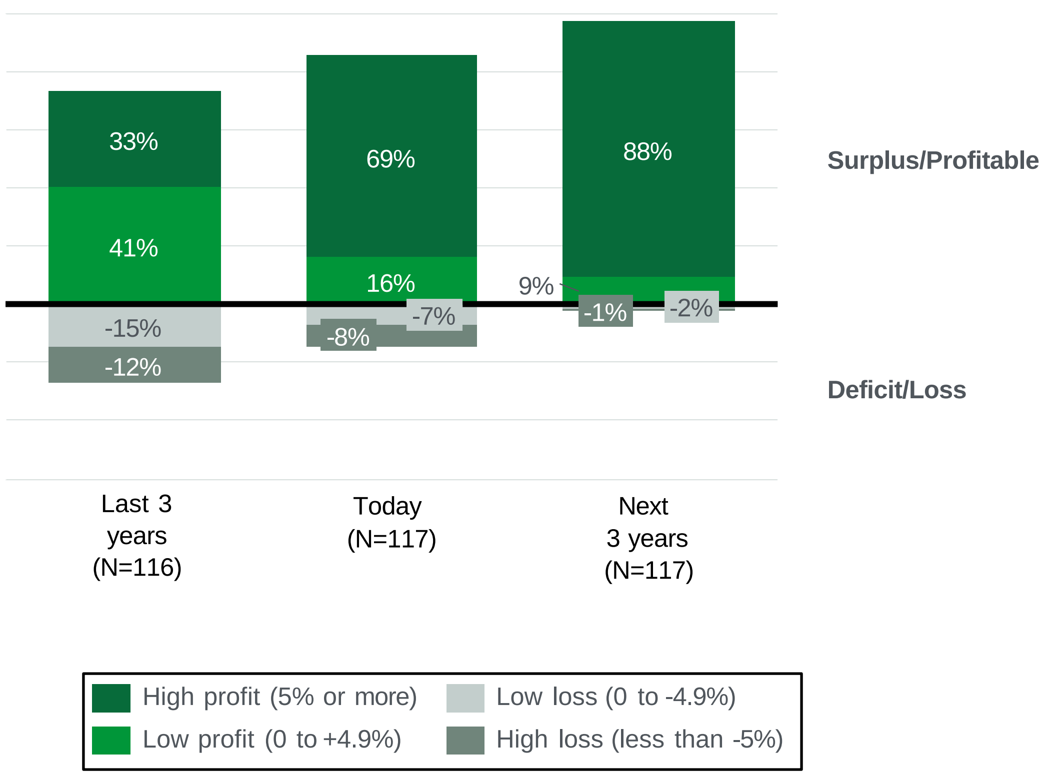
Source: L.E.K. 2023 APAC Hospital Priorities Survey

# Increasingly optimistic financial prospects for both public and private hospitals in 2023 as they recover from COVID-19 impact; private hospitals are generally more profitable

**Budget outlook for public hospitals***
Percent of respondents^




**Profitability/EBITDA margin outlook for private hospitals****
Percent of respondents^

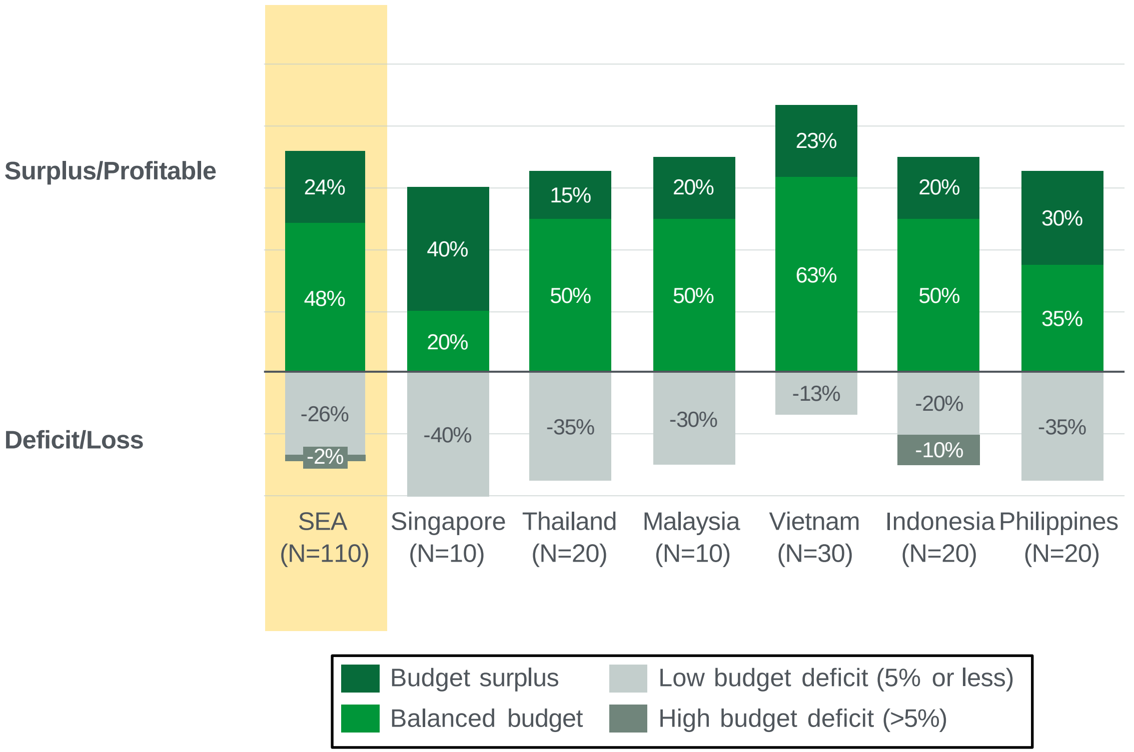



*Question: What is the level of budget surplus/deficit incurred by your hospital over the following time period?; **Question: What is the EBITDA margin/profitability level of your hospital over the following time period?
^Responses with "I do not know/prefer not to disclose" have been excluded
Note: EBITDA=earnings before interest, tax, depreciation and amortization
Source: L.E.K. 2023 APAC Hospital Priorities Survey

# Public hospitals in Vietnam and private hospitals in Indonesia exhibit exceptional financial performance; most hospitals maintain a favorable financial outlook across the region

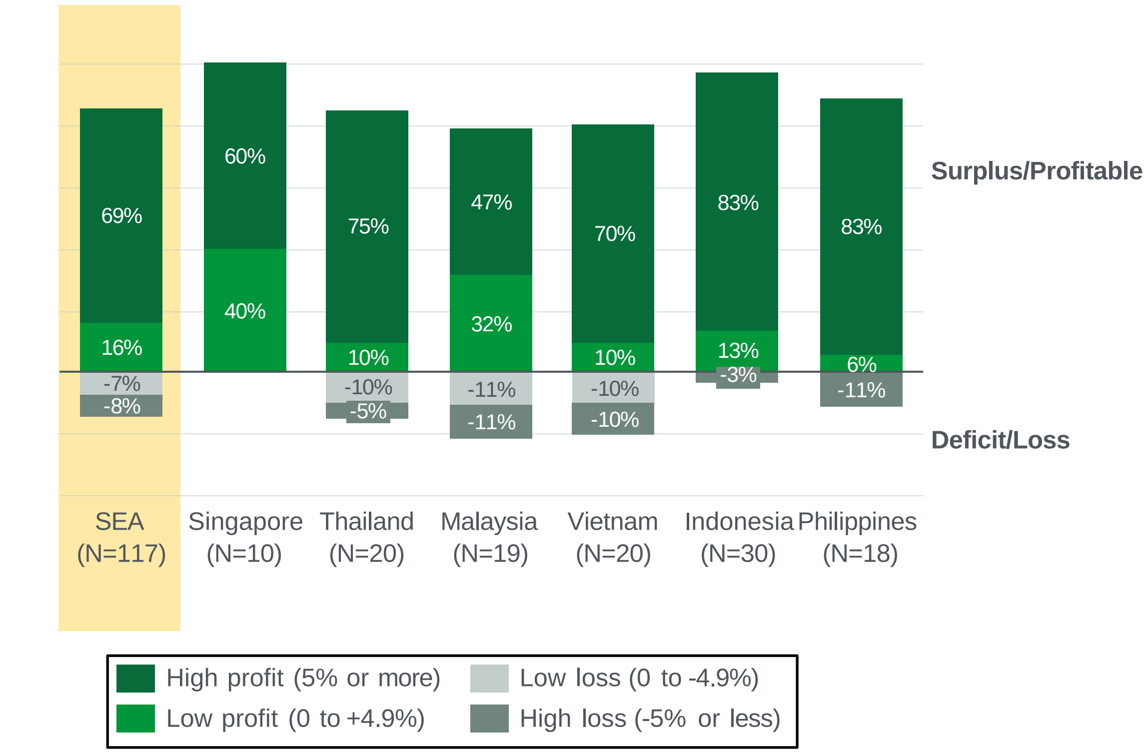
## Budget outlook for public hospitals, by region, today*

Percent of respondents^




## Profitability/EBITDA margin outlook for private hospitals, by region, today**

Percent of respondents^

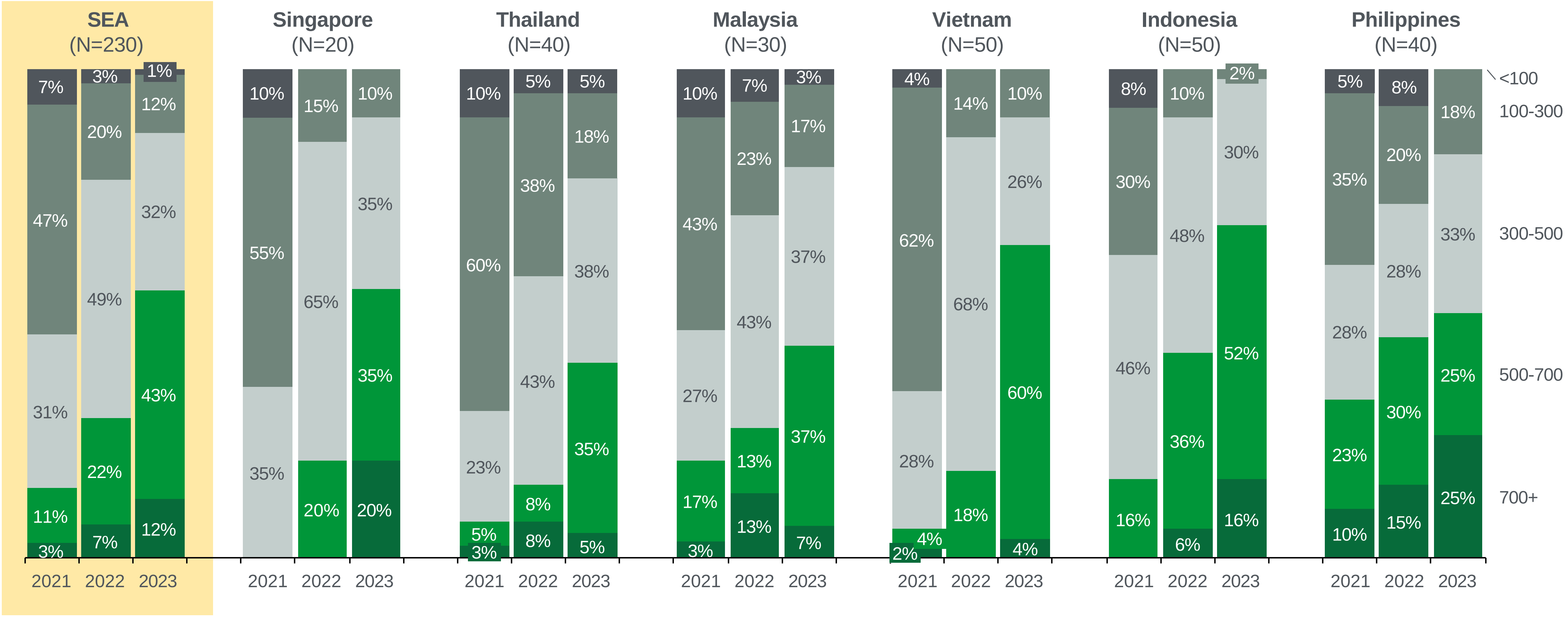



*Question: What is the level of budget surplus/deficit incurred by your hospital over the following time period?; **Question: What is the EBITDA margin/profitability level of your hospital over the following time period?
^Responses with "I do not know/prefer not to disclose" have been excluded
Source: L.E.K. 2023 APAC Hospital Priorities Survey

# Procedure volume recovers strongly from the COVID-19 impact; hospitals in Indonesia and Vietnam are experiencing robust growth in elective procedures, surpassing other regions

## Number of elective procedures per month performed/expected each year*

Percent of respondents reporting (N = 230)




*Question: How many elective surgeries did your hospital perform/do you expect your hospital to performover the follow ing time period (monthly figures)?; Elective procedure is surgery that is scheduled in advance because it does not involve a medical emergency

Source: L.E.K. 2023 APAC Hospital Priorities Survey

# Using elective procedures as an indicator, surgery-oriented departments, such as orthopaedics and oncology, have largely recovered to pre-COVID level; Malaysia and Indonesia lead recovery in SEA region

## Top ten departments recovered to pre-COVID-19 levels of operations in terms of number of elective procedures*

Percentage of respondents

| | SEA (N=230) | Changes from 2022 | Singapore (N=20) | Thailand (N=40) | Malaysia (N=30) | Vietnam (N=50) | Indonesia (N=50) | Philippines (N=40) |
|---|---|---|---|---|---|---|---|---|
| Top selections: Orthopaedics | 91% | Increase by ≥15% | 88% | 96% | 100% | 84% | 88% | 92% |
| Top selections: Oncology | 87% | Increase by 3-15% | 71% | 81% | 96% | 82% | 92% | 93% |
| Obstetrics and gynaecology | 84% | Increase by 3-15% | 92% | 94% | 79% | 80% | 76% | 86% |
| Paediatrics | 83% | Increase by ≥15% | 54% | 83% | 76% | 74% | 100% | 93% |
| Endocrinology | 82% | - | 82% | 76% | 100% | 75% | 81% | 81% |
| Nephrology | 80% | - | 67% | 74% | 82% | 71% | 88% | 93% |
| Gastroenterology | 79% | Increase by 3-15% | 67% | 71% | 96% | 68% | 84% | 85% |
| Cardiothoracic surgery | 78% | - | 89% | 72% | 91% | 76% | 79% | 69% |
| Interventional radiology/ cardiology | 77% | Decreasing | 67% | 86% | 74% | 73% | 87% | 71% |
| General surgery | 76% | Decreasing | 100% | 67% | 81% | 79% | 64% | 82% |
| **Average percentage (all options)** | **79%** | | **72%** | **76%** | **86%** | **73%** | **83%** | **80%** |

Top 2 (green bars): Singapore – Obstetrics and gynaecology 92%, General surgery 100%; Thailand – Orthopaedics 96%, Obstetrics and gynaecology 94%; Malaysia – Orthopaedics 100%, Endocrinology 100%; Vietnam – Orthopaedics 84%, Oncology 82%; Indonesia – Oncology 92%, Paediatrics 100%; Philippines – Oncology 93%, Paediatrics 93%, Nephrology 93%

Top 2 **Changes from 2022** Increase by ≥15% Increase by 3-15% No changes Decreasing - Not included

*Question: Which departments are still below pre-COVID levels in terms of number of elective procedures performed?
Source: L.E.K. 2023 APAC Hospital Priorities Survey



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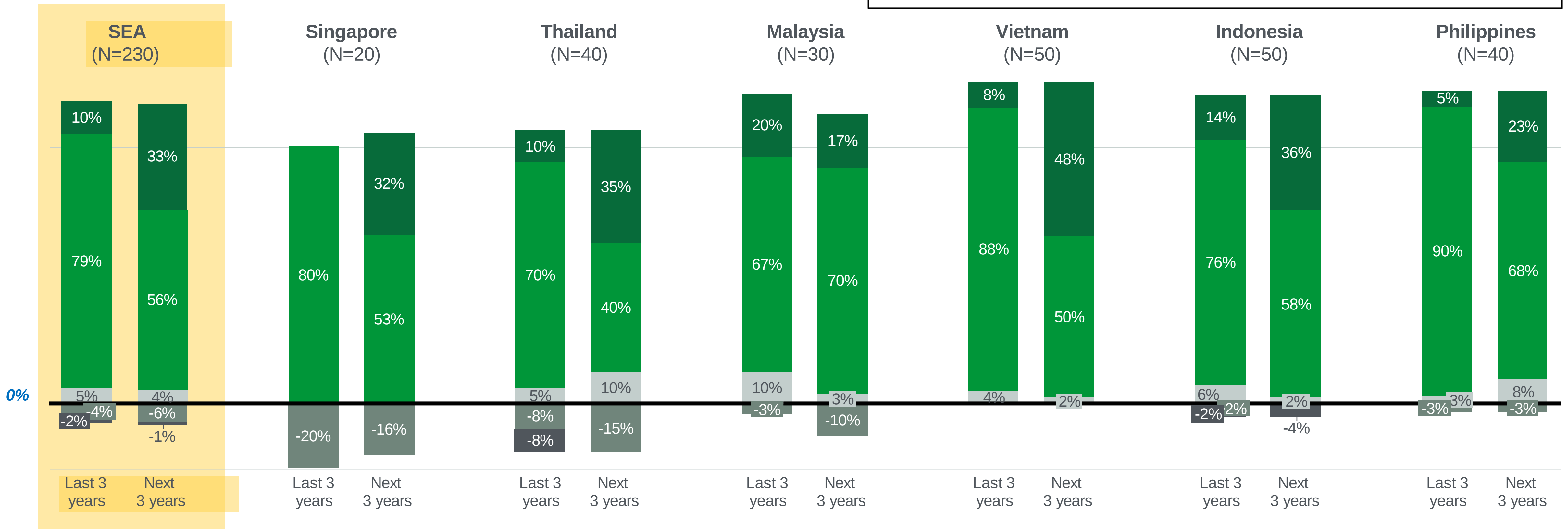
# Hospitals are optimistic about future capital expenditure, with a significant number expecting a notable increase over 5%. This reflects recovered confidence and growing healthcare needs within the region

**Capital expenditure outlook on medical devices/equipment***
Percent of respondents (N=230)

- Significant increase (>5%)
- Slight to Moderate increase (0 to 4.9%)
- No change
- Slight to Moderate decrease (0 to 4.9%)
- Significant decrease (>5%)




*Question: 'How have your hospital's capital expenditure on medical devices/equipment changed over the follow ing time period?'
Source: L.E.K. 2023 APAC Hospital Priorities Survey



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# In 2023, hospitals prioritize new medical technology, adding acute beds, standardizing consumable purchases, and investing in imaging services

## Summary of findings – operation priorities

- Hospitals are expected to prioritize offering new medical technologies or cutting-edge treatments and improving staff safety for the coming years

- Most hospitals anticipate an increase in the proportion of acute beds in the next 5 years, while the few reporting an expected decrease expect bed redeployments rather than retirements

- Hospitals prioritize standardizing purchasing of medical consumables, diagnostic imaging equipment, and clinical support appliances, mainly through choosing a preferred supplier for specific procedures or products

- Hospitals plan to increase investment and capacity in diagnostic imaging, primary care, dental, and general surgery over the next three years to meet growing healthcare demands

Source: L.E.K. 2023 APAC Hospital Priorities Survey

# Hospitals are expected to prioritize offering new medical technologies or cutting-edge treatments and improving staff safety in the coming years; Malaysia has put more emphasis on operation optimization

**Importance of strategic priorities over the next three years***

Percentage of respondents who chose 6 and 7 (1-7 scale, 1=least, 7=most)

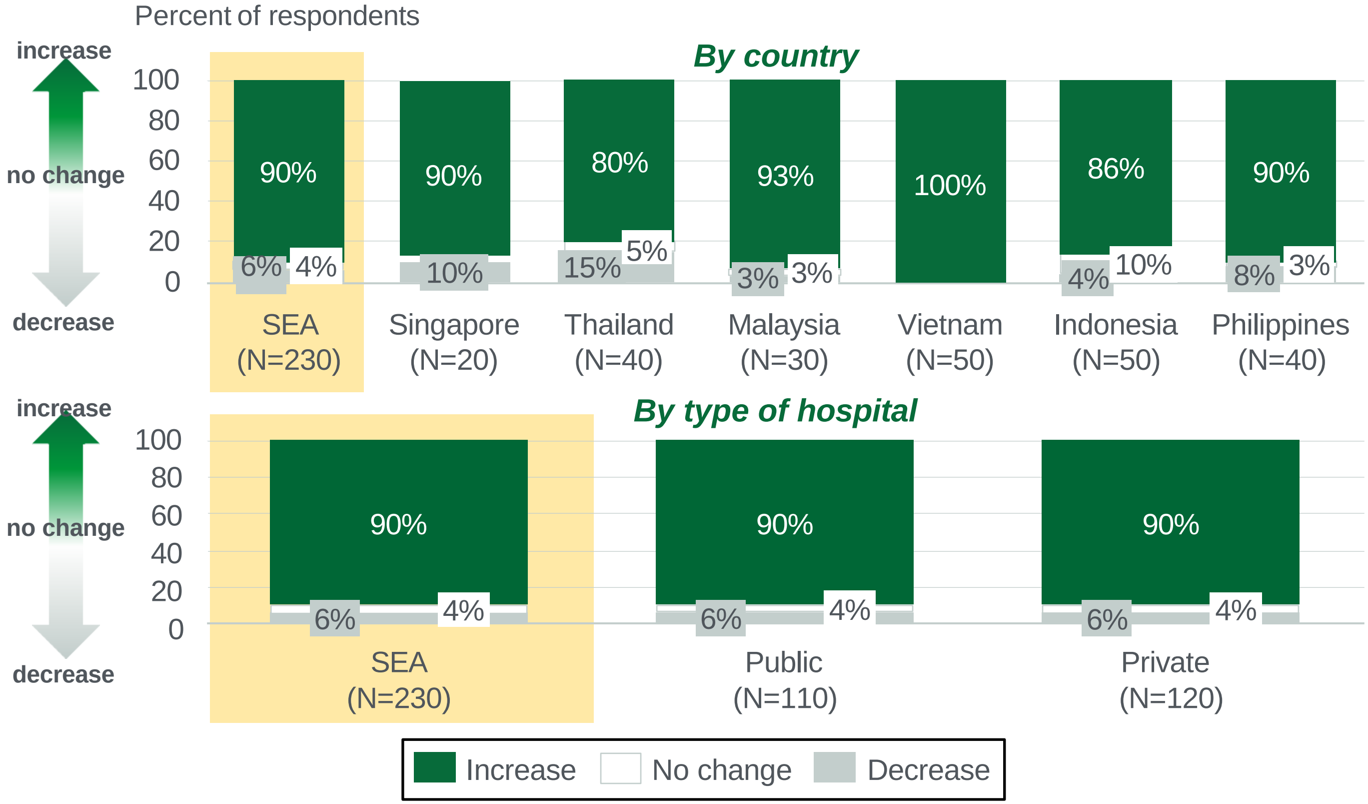
Top 2 priorities

| | | SEA (N=230) | Singapore (N=20) | Thailand (N=40) | Malaysia (N=30) | Vietnam (N=50) | Indonesia (N=50) | Philippines (N=40) |
|---|---|---|---|---|---|---|---|---|
| Top selections | Offering clinicians access to new medical technologies/Offer cutting edge treatments | 74% | 65% | 75% | 60% | 88% | 72% | 75% |
| | Improving healthcare staff safety (physicians, nurses etc.) | 73% | 85% | 73% | 67% | 84% | 68% | 65% |
| | Standardization of clinical care protocol within and across hospitals | 70% | 70% | 68% | 63% | 88% | 62% | 65% |
| | Reducing readmission rates** | 70% | 65% | 58% | 70% | 82% | 68% | 70% |
| | Dealing with staff shortages in light of front line worker fatigue | 69% | 60% | 68% | 73% | 90% | 60% | 58% |
| | Reducing acquisition costs of capital equipment | 69% | 65% | 65% | 70% | 72% | 74% | 65% |
| | Recovering from the finanical impact of COVID-19 | 69% | 70% | 68% | 60% | 80% | 66% | 65% |
| | Emergency preparedness | 68% | 65% | 68% | 70% | 80% | 66% | 58% |

*Question: How important are the following strategic priorities for your hospital over the next 3 years? ("1" means "not at all important", "7" means "very important")
**Percentage of admitted patients who return to the hospital within seven days of discharge
Source: L.E.K. 2023 APAC Hospital Priorities Survey

# Most hospitals anticipate a surge in demand on the proportion of acute beds in the next 5 years

## Change in proportion of acute beds in the next 5 years* (2023)




- Over 80% of hospitals estimate that they will repurpose their extra acute beds rather than retire them directly
- The most common relocation plan (~60% of respondents) involves converting these beds into rehabilitation and mental health beds
- ~20% demonstrate an interest of converting into ICU beds

*Question: Please estimate the percentage point change in your estimated proportion of acute beds (inpatients + day bed) in your hospital in the next 5 years;
Source: L.E.K. 2023 APAC Hospital Priorities Survey