BEACON

NORTH HIGHLAND / 2018

a **HEALTHCARE AND LIFE SCIENCES** industry guide to thinking forward for the year ahead

northhighland
WORLDWIDE CONSULTING

The Healthcare Industry Must Refocus on Customers, Caregivers

Cyber Security and Compliance Remain Top Concerns, but 86 Percent of Leaders See Transformation and Adaptability as Keys to Competitiveness

NORTH HIGHLAND INSIGHTS: Survey data that helps guide business decisions.

To explore business leader mindset, North Highland surveyed more than 600 senior level employees in energy, financial services, healthcare, retail, and media, entertainment, and telecom at companies with 2016 revenues in excess of $1 billion and operations across the globe. This report draws on input from healthcare and life sciences leaders from October 2017.

Leaders in the healthcare and life sciences industry report being excited and energized about 2018, yet admit that their growth is slowing. Respondents report not feeling prepared to address their strategic priorities, especially when it comes to customers, finding talent, price competition, and digital capabilities.

What is driving a more tepid growth outlook for 2018? Many in healthcare feel forced to focus their energy on fundamentals such as cyber security, quality control, compliance, and legal/regulatory pressures. This is understandable due to data vulnerabilities, reimbursement challenges, and uncertain government regulation.

While consumers are accustomed to interfacing with other industries seamlessly through technology, healthcare has developed a reputation of being less focused on consumers' time and ease of use. Healthcare leaders must explore best practices in other industries like retail, travel, and banking to keep and attract consumers. By refocusing to meet the needs and desires of the end user, healthcare providers will drive transformation and innovation as well as increase digital capabilities and employee engagement.

KEY INSIGHT

Survey results illustrate that healthcare leaders desire innovation, new technologies, and better talent, but their focus is on fundamentals. A refocus on the consumer experience, an area in which **79 percent** of respondents admit they **are not prepared,** will allow innovation, technology enhancements, and employee engagement to rise to the top of the strategic priority list.

Healthcare is unique—there will always be demand and it will always be deeply personal—but like any business, it will find the most success when it delivers to the consumer expectation.

HIGHLIGHTS AND INSIGHTS

Cyber security—was the No. 1 strategic priority for the healthcare industry, yet only 25 percent feel very prepared to address it.

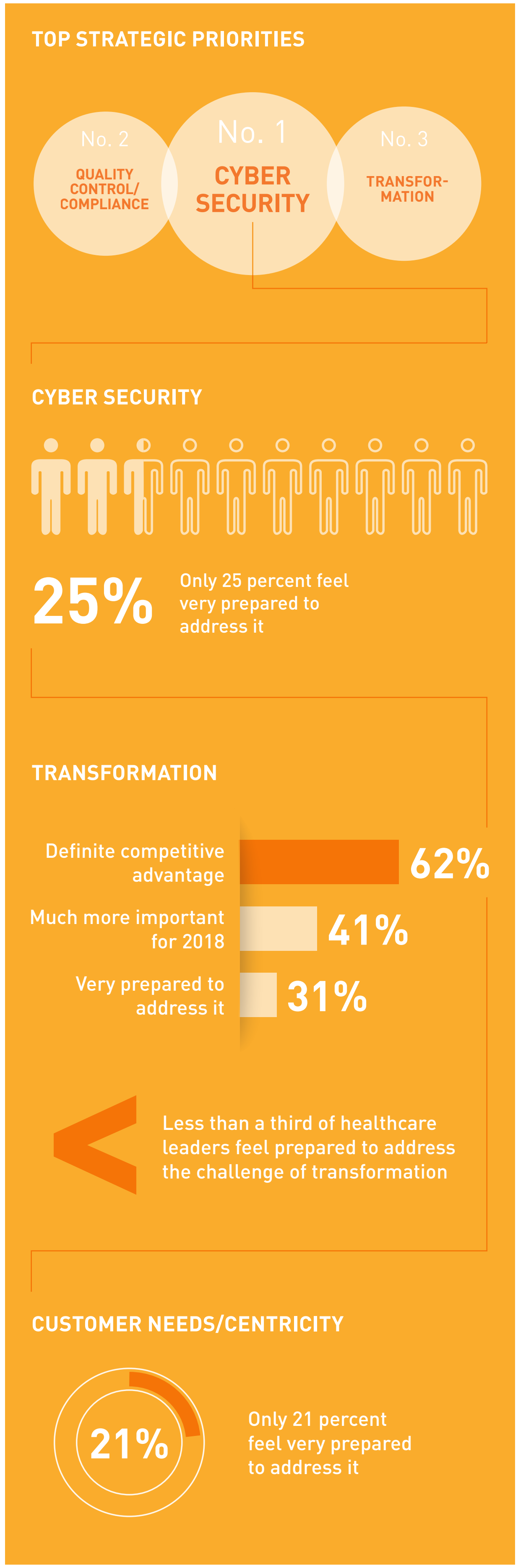
These low levels of confidence in addressing cyber security likely stem from nuances regarding personal health information and internet-enabled medical devices. While cyber security must be an actively-managed risk, it need not be the primary business strategy.

Transforming to be more efficient—transformation fell behind quality control/compliance at No. 3. It was cited as a definite competitive advantage by 62 percent of respondents, and 41 percent said it was much more important for 2018, but only 31 percent said they are very prepared to address it.

While less than a third of healthcare leaders feel prepared to address this challenge, every healthcare company in the world could transform for efficiency. One of the challenges for this complex sector is that it has not historically been proactive in this realm. A holistic strategy where centers of innovation are communicating effectively would engender a more cohesive execution of transformation.

Product enhancement innovation, internet of things (IoT), and artificial intelligence—healthcare leaders feel ready to tackle areas that could lead to competitive advantage but are focused on other priorities for 2018.

While leaders may be focused elsewhere, there is an urgency for healthcare companies to use these tools to communicate and engage with customers. Healthcare is cumbersome whether consumers are purchasing medicine or medical devices, scheduling appointments, or seeking care or advice. Today's consumers are accustomed to fast and easy mobile shopping and banking served up with proactive customer engagement. Unless healthcare becomes more hassle-free, people will look for the path of least resistance in how, when, and what they choose for care.



Adapting to changing customer needs and customer centricity—only 21 percent of respondents feel very prepared for customer centricity, calling out lack of knowledge or skills and budget pressure as barriers.

Lack of knowledge and skills is a massive challenge in healthcare. One such challenge is a lack of broad or disruptive thinking. If healthcare leaders consider applying solutions that have made a disruptive impact in other industries, they will find the competitive advantage they are seeking.

Healthcare can close the gap on shrinking growth if they gain a new perspective on the modern-day consumer. What do patients and caregivers want? What will make them stay or leave? The answer lies in understanding consumer motivations, needs, and wants.

For more information, visit northhighland.com

BEACON

northhighland®
WORLDWIDE CONSULTING