

HOW LEASING IS CHANGING HEALTHCARE



BNP PARIBAS
LEASING SOLUTIONS

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THE STATE OF THE HEALTHCARE MARKET IN EUROPE

When it comes to healthcare in Europe, there is a wide range of systems – no two countries are exactly alike. In Sweden, healthcare is fully government funded and run by the municipalities. The UK and France have a similar two-tier system offering both state-run and private healthcare options. Belgian citizens can knock on the door of any healthcare professional they want to, with or without a referral.

However, there are some commonalities. Most European countries, for example, offer universal health coverage. However, the definition of this varies with each country's specific legislation. European Union (EU) member states, as well as some non-EU countries, do offer their citizens a European Health Insurance Card for reciprocal emergency care when visiting participating countries.

Overall, more than half of the current healthcare

expenditure in the EU is focused on curative and rehabilitative care services. Europe needs smarter, more sustainable healthcare investments – not just more investment – to support health promotion programmes, raise awareness of priority problems, and reduce inequalities and social exclusion.

New technologies have the potential to improve how healthcare is delivered across Europe. The European healthtech industry, particularly in the UK, France, Belgium, and Germany, is developing some important innovations whereas at the same time there is some uncertainties in the healthcare market in the USA in relation to the new US administration and the Affordable Care Act. A number of digital start-ups are raising capital to launch new technologies to the healthcare industry. Manufacturers and equipment suppliers are key to channeling these benefits to healthcare providers and thus, the end users.



KEY TRENDS & CHALLENGES IN EUROPEAN HEALTHCARE

The European healthcare sector is battling issues such as increasing staff shortages, a growing prevalence of chronic diseases, and new end-user expectations around the healthcare experience. While there is a strong, positive outlook for healthcare in Europe, these key challenges need to be addressed with smarter expenditure and a change of mindset.

1. COSTS AND FINANCIAL VIABILITY

Healthcare is becoming more expensive to deliver and receive. The Economist Intelligence Unit predicts that global health care expenditure will reach \$8.7 trillion by 2020, up from \$7 trillion in 2015.

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Universal healthcare, provided through public systems, is proving particularly difficult to sustain due to increased demand for services, staffing and infrastructure issues, and limited funding.

Key decision makers in the European healthcare sector are trying to contain these rising costs by reducing waste, improving operational efficiency, adopting new technologies, sharing facilities and seeking alternative methods of procuring resources.

2. PATIENT EXPECTATIONS

As healthcare improves, patients naturally expect more. The digital age is transforming

how most Europeans engage with their service providers – and healthcare is no exception. Patients expect more online communication with their doctors, as well as access to technologies that help them schedule appointments and order prescriptions. Patients expect more not just in terms of provision of service, but also in terms of privacy. While new technologies enable more efficient processes, they can also expose sensitive information. Healthcare providers are expected to implement data security measures and keep their patients' data safely stored.

3. SKILLS SHORTAGE

While technological innovation holds huge promise, it can't replace the people on the ground – yet. A decline in skilled healthcare workers is imminent. Earlier this year, statistics from the UK's Nursing and Midwifery Council revealed that the number of European nurses registering to work in the UK has fallen by 90% since the Brexit referendum, for example.

4. AGING POPULATION

Developed nations are getting older. The National Institute of Aging says that on average, life expectancy is projected to increase by one year by 2020. This will naturally put more pressure on healthcare facilities as more resources need to accommodate the elderly and their medical needs.





5. GROWING PREVALENCE OF CHRONIC DISEASES

The next few decades will see a rise in certain chronic diseases. A variety of cultural and socio-economic features such as urbanisation, poor diets and sedentary lifestyles are contributing to growing levels of obesity and related conditions such as adult-onset diabetes.

Dementia, also known as the chronic disease of the 21st century, is increasingly prevalent – particularly as populations live longer. Deloitte's 2017 Global Health Care Outlook states that the number of people suffering from dementia is expected to double every 20 years. This will undoubtedly put a significant strain on healthcare resources.

6. THE MOVE TO PREVENTION RATHER THAN CURE

Across the healthcare industry globally, there is a growing emphasis on prevention rather than cure. This will rely on increased early stage use of diagnostic imaging equipment and other means, making it more cost effective for both public and private health facilities to invest in new diagnostic equipment such as MRI, CT and X-ray, than it is to treat a patient once they've become ill.

However, many Western European countries have fallen behind with their diagnostic imaging renewal programmes. Asian and Eastern European countries in comparison, have moved ahead, with more modern and more widely available imaging suites than their Western European counterparts.

Technology can help overcome each of these challenges. Innovative companies are disrupting the traditional healthcare status quo with tech-driven solutions to help improve how medical services are delivered. For example, the Internet of Things (IoT) can enhance operational efficiency and communication in the healthcare sector, helping medical providers keep pace with patient expectations. Artificial intelligence (AI), automation and robotics are also advancing fast. These technologies are helping to counterbalance support staff shortages and can be applied to critical medical processes such as data analytics for better diagnosis, treatment, patient monitoring and drug development.

THE FUTURE OF HEALTHCARE TECHNOLOGY

Let's take a closer look at five key areas of technology that are revolutionising healthcare across Europe.

1. ARTIFICIAL INTELLIGENCE (AI)

AI and big data analytics are beginning to manage a variety of tasks in healthcare. Repetitive administrative jobs like payment and appointment reminders are increasingly automated. Virtual assistants or bots can even create detailed reports and treatment analyses, as well as schedule appointments. It's a far more efficient approach to time-consuming tasks which saves time and money in the long-run.

More impressively, AI and data analytics are also being used in the fields of drug testing and development, **precision medicine** and diagnosis. Research from OpenText shows that one in four patients believe they would get a more accurate medical diagnosis from AI. Forrester has predicted an investment boost of 300% in AI in 2017 alone. This will make significant contributions to the development of technology to improve the healthcare sector.

2. WEARABLES

Fitbits are a popular and widely available example of wearable healthtech. People use them for general health oversight: data-points monitor various things like heart rate, sleep quality and exercise regimes. More specialised wearable health devices are also available such as Withings Wireless Blood Pressure Monitor and the Rapael Smart Glove for people with neurological and muscle injuries.

Essentially, people can now monitor their vital signs and bodily functions at home – there is no need to visit the hospital or GP for regular check-ups. With nursing skills already in short supply, this frees up healthcare resources to focus on more urgent medical needs. The potential in the wearable technology market is huge: CSS Insight predicts that it will be worth \$34 billion by 2020.

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3. VIRTUAL REALITY (VR) AND AUGMENTED REALITY (AR)

VR and AR serve several important functions in the healthcare sector. They can improve the teaching and learning experience for medical students, providing immersive practice scenarios to enhance skills. VR and AR experiences can also help relax patients or provide them with physiotherapy support, almost like an exercise video but far more 'real'.

AR-based apps may soon transform how people search and find their nearest defibrillator and emergency care units. Surgeons will also be able to play-out or visualise each step of a challenging operation before scrubbing up. This could potentially reduce in-theatre time per operation, keeping costs lower and freeing up resources. The developments are exciting and Fast Company has estimated that VR and AR markets will soon be worth a combined \$150 billion.

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4. INTERNET OF THINGS (IOT)

IoT isn't widespread in healthcare yet, but it does hold massive potential. Healthtech developers are investigating how connecting



and integrating different medical equipment with hospital databases and patient management software can improve service delivery, diagnosis, inventory management and treatment. Devices such as connected inhalers and insulin trackers, for example, will allow doctors to record their patients' adherence to treatment – and can motivate and remind patients to take their medicine via a mobile app.

Elderly patients, as well as those managing chronic diseases, can monitor their health needs in the comfort of their own homes. Doctors can stay alert to their patients' conditions, and still have time to attend to other areas such as medical research, walk-in patients and surgeries.

Bain has predicted that by 2020, annual revenues for IoT vendors selling interconnected hardware, software and comprehensive solutions could exceed \$470 billion.

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by 2020,

5. 3D PRINTING

3D printing has been around for some time, but has remained a relatively expensive technology. Now, thanks to falling costs, 3D printing solutions have become more accessible to healthcare providers. This has led to a number of breakthroughs like 3D-printed skin for burn victims, airway splints, live tissue with blood vessels, drugs, and various types of medical equipment.

3D printing can improve access to important medical supplies at reduced cost. Many more lives can be helped, or even saved, without costing patients and providers a fortune.

Advancements are becoming increasingly sophisticated and Gartner predicts that by 2019, 10% of people in the developed world will be living with 3D-printed items on or in their bodies. Frost & Sullivan predict that the 3D printing market in the healthcare sector will be worth \$6 billion by 2025.

\$6 billion by **2025**

Technology has the potential to transform how healthcare is delivered in Europe for the better. However, innovation can be an expensive business and medical providers are increasingly cost conscious. Equipment suppliers need to use finance to sell more effectively, so that healthcare practices can access these new technologies without breaking the bank.



AFFORDABLE ACCESS TO MEDICAL TECHNOLOGIES

Healthcare providers are increasingly more careful with how they spend their budgets. However, at the same time, investment in new technologies is paramount to keep up with the pace and progress of modern medical science and to address the challenges facing the sector. Hospitals, clinics and pharmacies are under pressure to improve their patient experience in terms of treatment, diagnosis, care and communication.

Healthcare solution suppliers need to determine how care providers can give patients affordable access to these often expensive, yet increasingly critical, technologies.

The answer is simple - they can offer medical equipment finance solutions.

There are a variety of different leasing solutions available, and each can be structured differently to match specific needs, be they budget related or expected usage. Leasing helps to ensure cost-effective access to the latest and best healthcare technologies - without a significant upfront investment.

Lessors are also increasingly asked to consider new solutions that cover full equipment lifecycle management - rather than just funding. These include pay-per-scan, managed equipment service and maintenance inclusive funding. Crucially, these solutions take care of the asset at the end-of-life stage, and ensure that all recycling and safe disposal methods are not the customer's responsibility.

Leasing allows healthcare providers to offer first-class patient care and effectively manage constrained budgets.

BENEFITS FOR EQUIPMENT SUPPLIERS:

- **Ability to cross-sell value-add services** such as maintenance and training.
- **Reduced risk and improved cash flow** as the finance provider commits to paying your invoices.
- **Business growth** as a result of improved customer relationships, repeat business, staying cash flow positive, and the ability to venture into larger sales.

BENEFITS FOR HEALTHCARE PROVIDERS:

- **Ability to spread costs** and budget more effectively with predictable, manageable costs. More resources can therefore be spent on improvements in other critical areas.
- **Greater flexibility** thanks to a variety of leasing options: assets can either be purchased over time, or simply hired for a desired period.
- **Stay current with the latest and most efficient equipment:** rather than being stuck with obsolete, out-dated equipment, healthcare providers can easily upgrade their assets at the end of their leasing contract.
- **Maintenance costs and other value-add services** can be included in a repayment plan.
- **Tax efficiency:** rental payments count as a business expense.



ABOUT BNP PARIBAS LEASING SOLUTIONS

BNP Paribas Leasing Solutions is a European leader and a global player in equipment finance with almost €28.8 billion of outstanding capital under management. As a business enabler, we provide value-added solutions to our clients and partners in the healthcare industry.

BNP Paribas Leasing Solutions offers a range of finance products to help equipment suppliers, dealers and manufacturers use finance to sell more effectively to their customers. Within the healthcare market, we offer finance solutions for private doctors, clinics and hospitals. Some examples of what we currently finance within the healthcare industry include dental equipment such as chairs, and medical imagery assets such as scanners, IRMs, dopplers and radiology equipment.

Our range of financial solutions include Hire Purchase, Finance Lease and Operating Lease and they are all designed to suit specific customer needs. Every single one is offered in a way that's simple to understand and easy to manage.

For more information on how we can help you provide your customers with affordable access to the most competitive medical technologies, get in touch.





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