

Top Growth Opportunities in 2023 - Global Healthcare & Life Sciences Industry



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2022 was a busy year for the healthcare and life sciences industry, notably marked by post-pandemic impact and geopolitical issues causing major supply chain disruptions.

The past few years have been quite transformative for the healthcare and life sciences industry. During the pandemic, the big story for the healthcare & life sciences industry was the ramp-up of the collaborative mindset between payors, providers, pharmaceutical and diagnostics companies, and healthcare organizations. This enabled fostering innovations, benefitting patient care at home, enhancing the concept of preventive healthcare, and partnering in ways to bend the healthcare cost curve. The industry also took a significant leap in terms of digitalization and democratization of diagnostics and digital healthcare landscape.

Fast forward in 2023, the growth story and transformation journey are likely to hit a roadblock due to a mix of macroeconomic factors and industry specific constraints. The global labor sector is expected to remain tight due to aging workforces, post pandemic fatigue, and stringent immigration policies. With persistent high energy prices, high inflation and frequent supply chain disruptions, organizations will

continue to be forced to explore options related to alternative energy sources and supply chain management.

In 2023, we foresee:

Healthcare Staff Turnover Rates Will Spike, Driving the Hospital Operational Efficiency Solutions Market to Increase by More Than 10%

Hospitals are facing multiple challenges including staff shortages, supply chain disruptions, and labor cost hikes. A recent study by the Center for Healthcare Quality and Payment Reform reported that 30% of US rural hospitals were at risk of immediate closure due to financial losses. The impact is also being equally felt by large hospital groups, which continue to face budget deficits. In response, the industry will adopt digital solutions, such as workforce management and support, patient flow management, resource scheduling, and inventory management to mitigate administration and staff burnout. With increasing cost pressures on hospitals, new capital expenditure will be restricted, and suppliers will adopt innovative pricing and payment models to sustain their business growth.

Wearables Devices Will Emerge as the Winner in the Evolution of Hospital-at-home Sector

The COVID-19 pandemic has boosted adoption of remote care facilities by

hospitals. For instance, in 2022, 253 hospitals and 114 health systems in 37 US states were approved for the Acute Hospital Care at Home waiver program, which provides Medicare payments for additional services in home settings.

Declining telehealth funding and the risk of economic recession in 2023 will contribute to a significant dip in global digital health funding. Moreover, hospital bankruptcies and closures are likely to increase in 2023. Such closures and bankruptcies will increase the need for home care solutions, including monitoring solutions. Some wearable monitoring segments are expected to witness a high double-digit growth during 2023.

Integrated Diagnostics Platforms Unifying Data from Medical Imaging and Anatomical Pathology Will Become Mainstream

In 2023, the industry will improve patient care by combining data from multiple diagnostic modalities, such as medical imaging, pathology, laboratory medicine, and genomics, to gather more precise and granular information on a patient's disease. Frost & Sullivan expects the adoption of integrated diagnostics solutions to increase by about 20% in 2023. More collaborations will emerge between enterprise imaging solution

providers and digital pathology providers to offer holistic platforms.

Supply Chain Disruptions Continue to Hamper Industry Growth

Supply chain vitality will remain a major concern for all healthcare industry participants. The disruption that started with the COVID-19 pandemic, followed by semiconductor shortages and shipping backlogs, has been taken over by skyrocketing energy prices, high interest rates, and economic uncertainty. We expect that the ongoing geopolitical and economic situation will extend supply chain disruptions and impact the industry in 2023. Digitization and analytics for improving supply chain efficiency will be a key growth opportunity. Maximizing risk visibility, improving risk management, and investing in advanced manufacturing and artificial intelligence (AI) will boost operational capacity and enable companies to anticipate and react to disruptions that will be critical for managing future risks.

Sustainability and Alternative Clean Energy Will be in Focus for Pharmaceutical Companies

The energy crisis due to Russia-Ukraine war and other geopolitical issues, has impacted the productivity and capabilities of many industries, including pharmaceuticals, especially in Europe. The increasing energy cost in Europe significantly impacted

the profit margins of pharmaceutical companies, as they witnessed 8-10 folds rise in their energy costs. This was on top of already inflated cost of raw materials due to supply chain disruptions in China and other parts of the world. The crisis led these corporates making investments in alternative energy sources for future proofing their businesses. We expect that in the short- to mid-term, 25-30% companies will try to shift to alternative energy sources, which are not dependent on fossil fuels. This transition is driven by dual objectives of securing and lowering the energy supplies and achieving their sustainability goals.

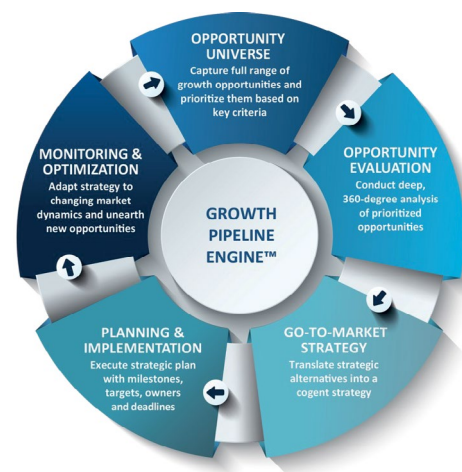
In conclusion, 2023 is likely to be a year of economic uncertainty and slower post-pandemic growth. It will provide an opportunity to healthcare and life sciences companies to reorganize and realign their operations and long-term business goals. With high healthcare cost being a theme of the global industry across different segments, it will be prudent for companies to come up with a comprehensive and sustainable plan to develop and launch products, which are more patient-centric and cost-effective to be able to impact the overall health economics. Organizations must prepare to make more frequent operating model changes based on balancing a risk-taking view and managing a well-designed portfolio of products and services to stay competitive.

To learn more about these and more growth opportunities for the healthcare & life sciences industry, please visit us [here](#).

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