

# Healthcare outlook

# Global Health Intelligence hospital demographics

The largest **hospital demographics database** focused on Latin America



>**12,000 hospital** profiles across 11 countries



Data on **8 out of 10** hospitals across the region



# Presence of Global Health Intelligence



Founded on **20+ years experience** in Market Intelligence

- Latin America offices in Miami, Mexico City and Sao Paulo



Dedicated to **Medical Devices** in Emerging Markets

- Monitoring of over 20 medical devices every quarter



The **largest hospital demographics database** in Latin America

- Profiles on over 12,000 hospitals in Latin America
- Mexico, Brazil, Colombia, Chile, Peru, Argentina, DR, PR, Central America



# Trusted by these companies...

## CLIENTS



KONICA MINOLTA



## MEDIA PARTNERS



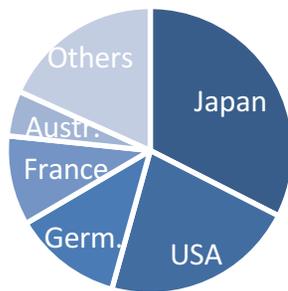
# A dynamic context



# There are 3x as many hospitals in emerging markets

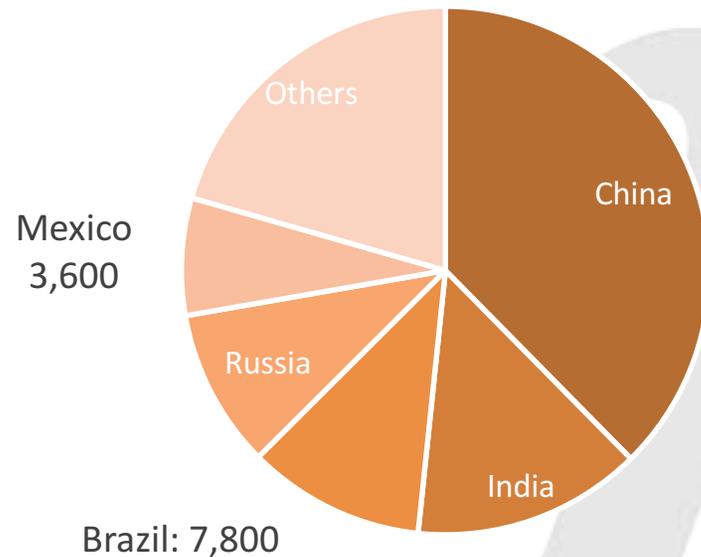
## NUMBER OF HOSPITALS IN DEVELOPED ECONOMIES

2014e: 26,300 hospitals



## NUMBER OF HOSPITALS IN EMERGING MARKETS

2014e: 61,600 hospitals

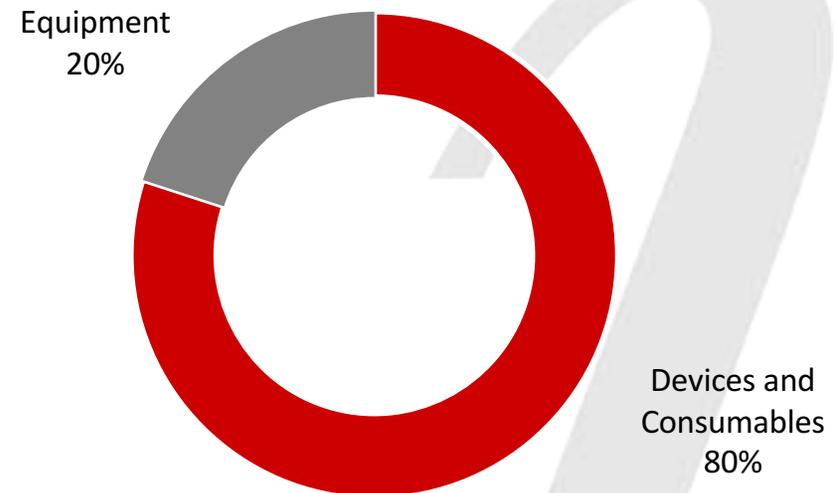


- There is a vast opportunity for medical device and equipment manufacturers in Emerging Markets.
- Latin America, led by Brazil and Mexico, is a region of interest with over 17,000 hospitals.
- Emerging markets pose unique challenges in regard to sales, distribution, local currency, amongst others.

# Medical devices in LatAm: US\$ 29 billion

- The medical equipment, device and consumables market is forecasted to be worth US\$ 29 billion in 2016.
- Devices and consumables account for 80%-85% of the market.
- Imports account for >85% of the market, resulting in a high exposure to currency fluctuations.
  - Brazil, Mexico, Costa Rica are amongst the countries with the strongest local manufacturing of medical devices.

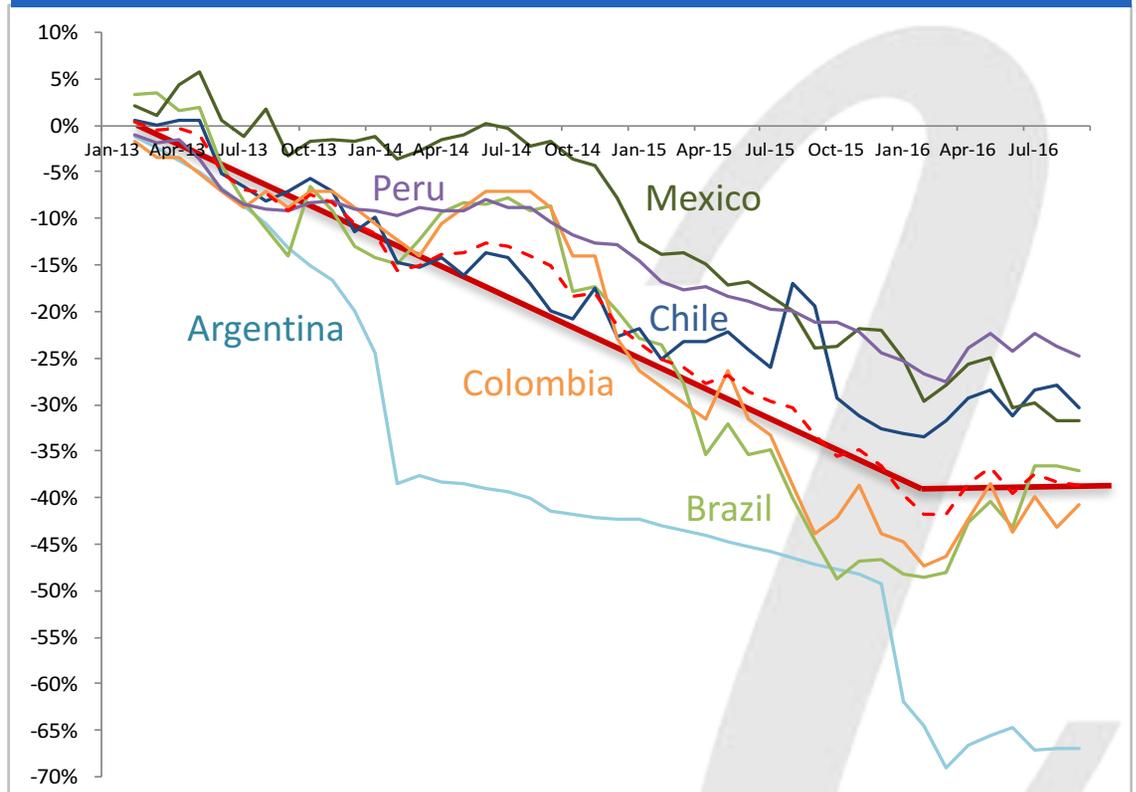
## MARKET SIZE – LATAM MEDICAL DEVICES & EQUIPMENT 2016f: US\$ 29 billion



# Establishing the new normal

- The regional currency depreciation came to a halt in January 2016 and appears to have stabilized across all major economies.
- The current F/X rates are the new normal.
- Future rate hikes in the US may cause temporary volatility in the Latin America in coming months.

**CURRENCY DEPRECIATION APPEARS TO STABILIZE IN 2016**  
Jan. 2013 – Sept. 2016, LC:US\$1



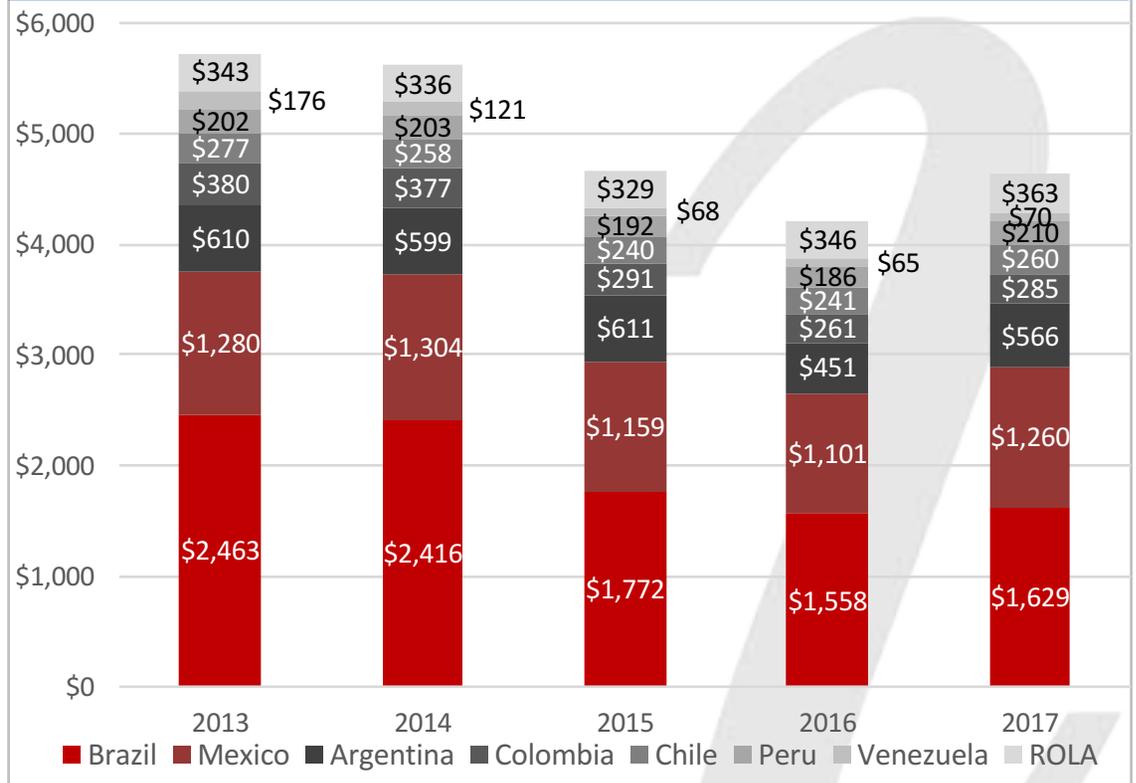
Sources: GHI, xe.com

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# \$1 trillion purchasing power disappeared from LatAm

- Purchasing power in LatAm will bottom in 2016; the march back to pre-crisis levels begins.

**LATIN AMERICA NOMINAL GDP**  
US\$ billions, 2016

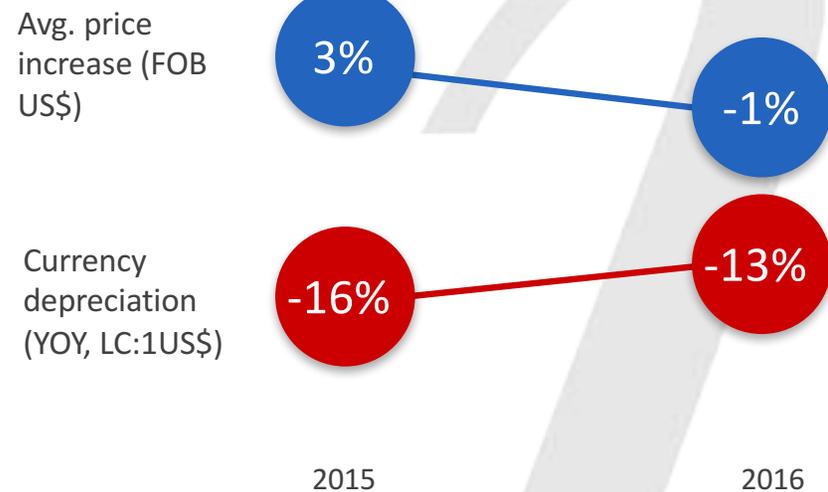


Source: IMF, AMI analysis

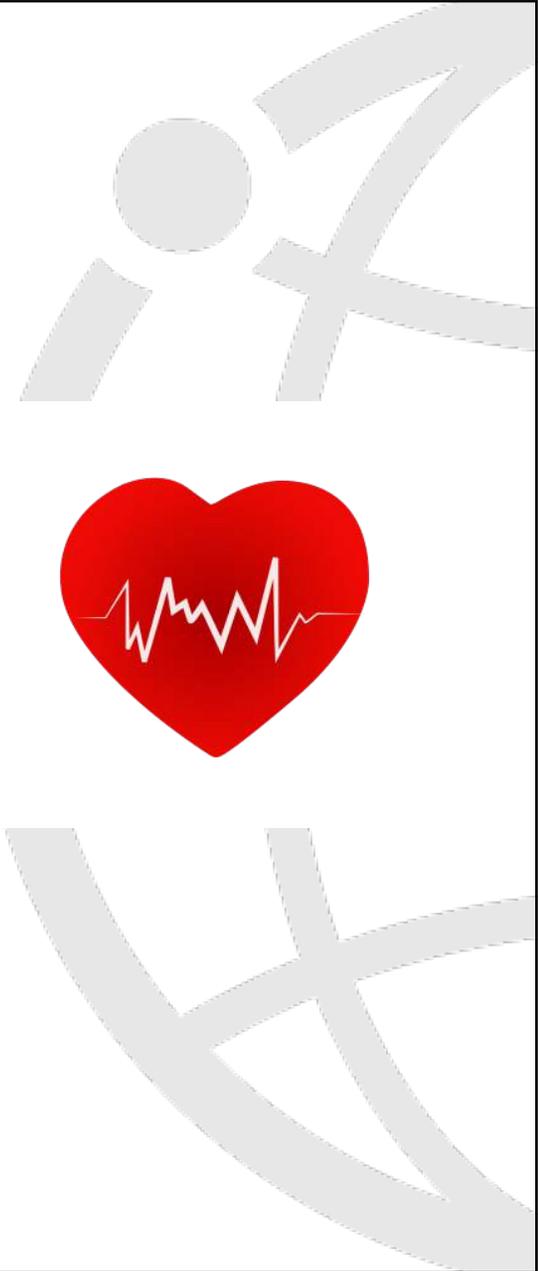
# Reduced margins as players absorb currency drop

- Mexico has seen a 29% currency depreciation from January 2013 thru September 2016.
- The depreciation has resulted in marginal price increases in dollar terms (based on the transfer pricing).
- A majority of reimbursements are made in local currency, obliging manufacturers and distributors to squeeze their margins in order to maintain unit sales.

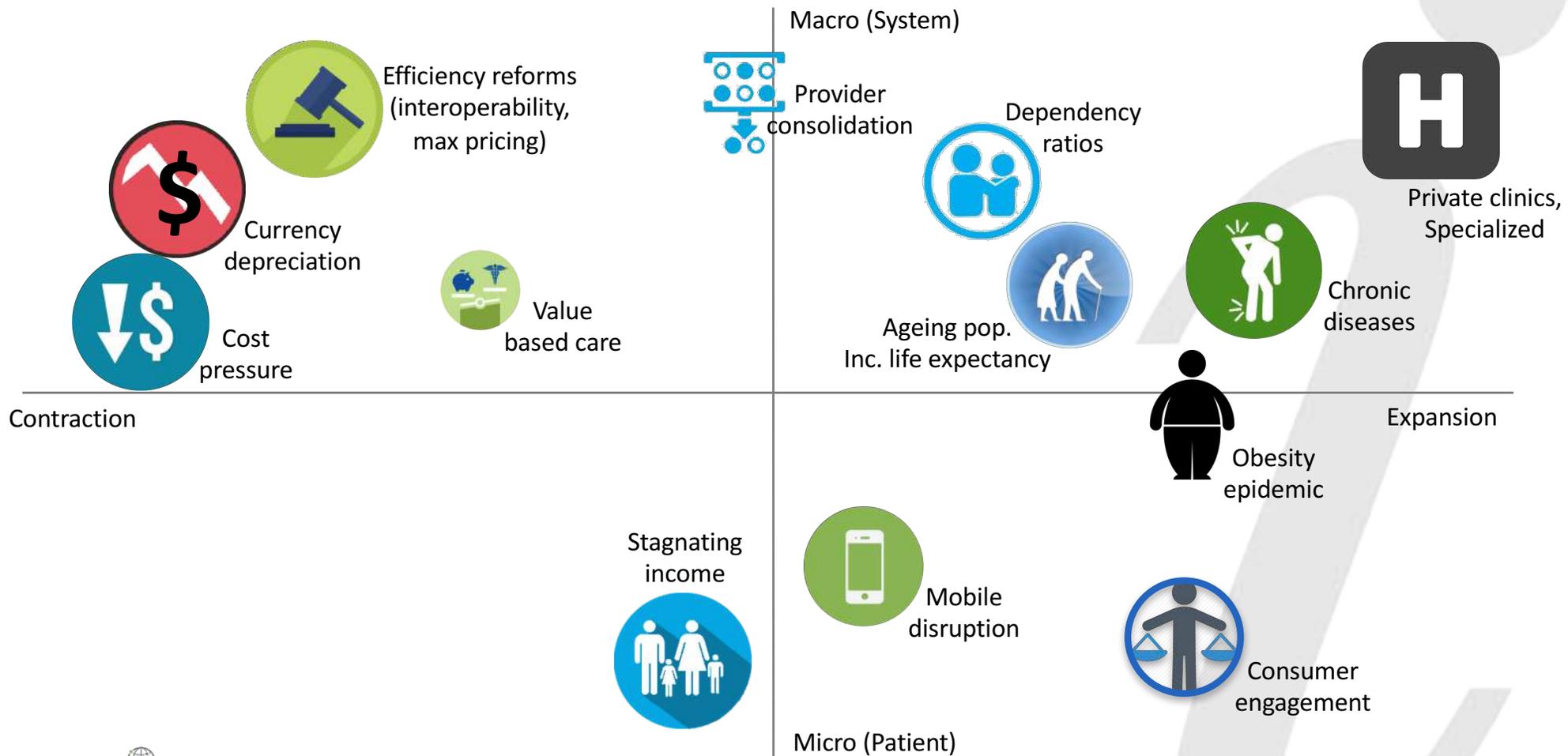
## IN MEXICO, MANUFACTURERS AND DISTRIBUTORS SEE THEIR BOTTOM LINE REDUCE IN 2015-2016



# Future of healthcare in LatAm

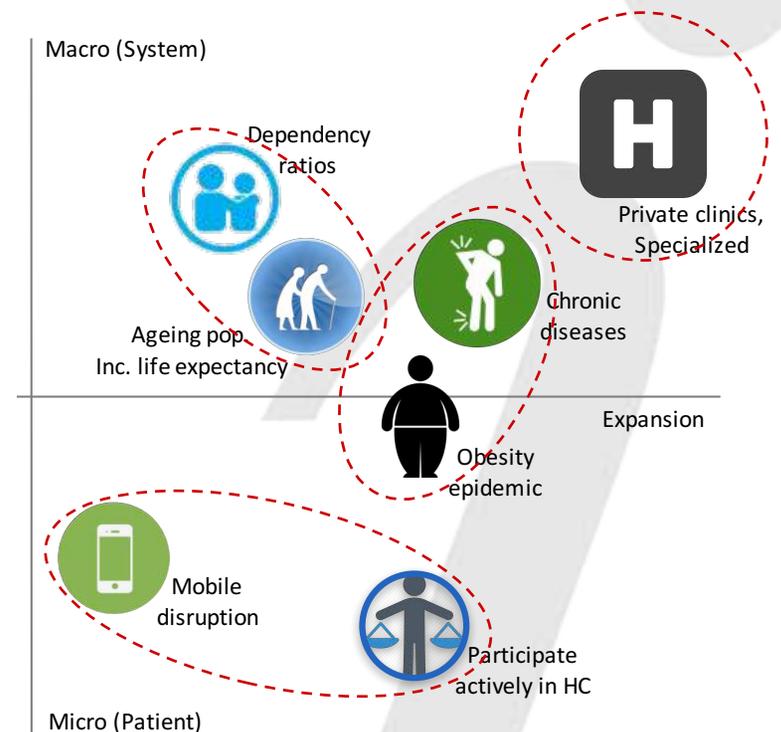


# Driving forces that will impact HC



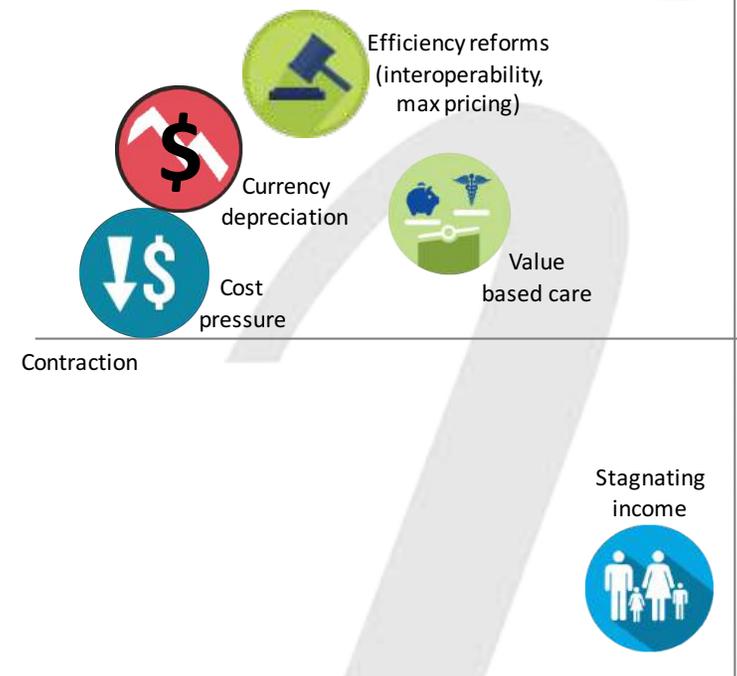
# Impact of the driving forces of expansion

- A greater proportion of care will be delivered via specialized private clinics.
  - Public HC expenditure has been growing at 13%-15% per in LC and can not sustain such growth moving forward. Need to turn to the private sector to complement.
- Patients will seek a greater voice in the healthcare discussion, supported by greater use of mobile technologies (including for physician communication).
- Chronic diseases and Obesity will remain high cost conditions within the healthcare system, regardless who the payer might be.
  - Latin America is the most obese region in the world.
- Increased life expectancy will place further burden on the dependency ratio as of ~2035.
  - Current dependency ratios are low and will remain so for another 20 years, after which the situation will reverse, increasing strain on the HC system in an exponential manner.



# Impact of the driving forces of contraction

- There is a global pressure on HC systems to reduce costs, increase efficiency and provide value; Latin America is no exception.
  - Reforms are being passed to increase system wide efficiencies, such as patient portability in Mexico.
  - Payers are turning to legislative means to reduce costs, such as the price caps placed in Colombia.
  - Home care will appear as a potential level to increase efficiency.
- Healthcare is beginning to show signs of becoming more value-based, with initial interest in data (time) driven decisions.
  - With certain payers / care centers there may be room to demonstrate long term efficiencies.
  - Alternative payment systems (Pay per use) are growing in importance to reduce capital expenditure.
  - Population health management is being discussed.
- Stagnating income levels will affect the ability to continue spending on private (or complementary care).
- These trends will be emphasized should local currencies depreciate further.
  - Current dependency ratios are low and will remain so for another 20 years, after which the situation will reverse, increasing strain on the HC system in an exponential manner.

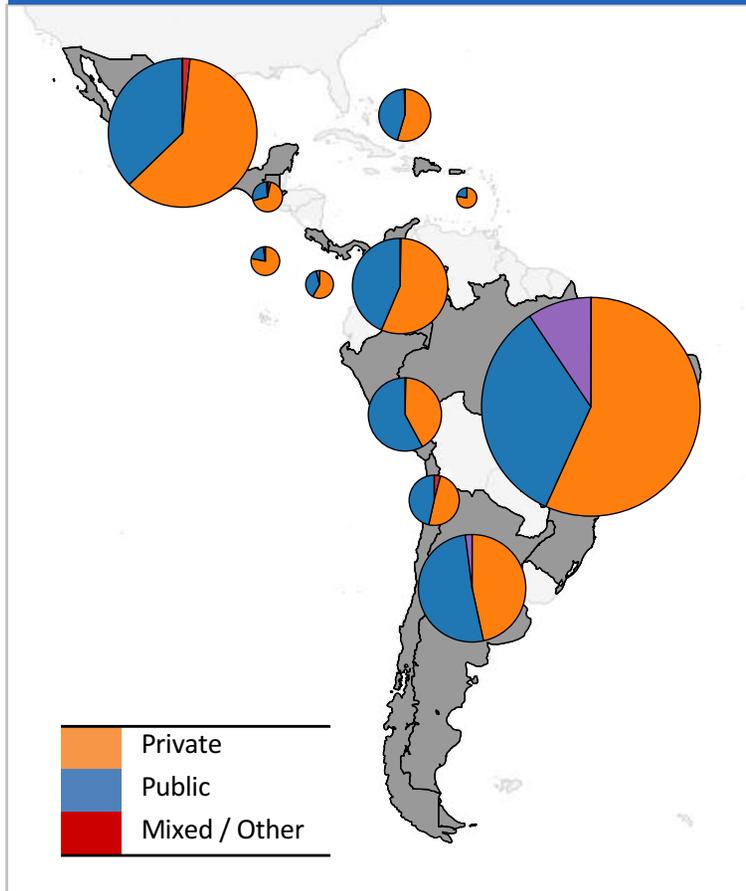




# The challenge of the hospital landscape

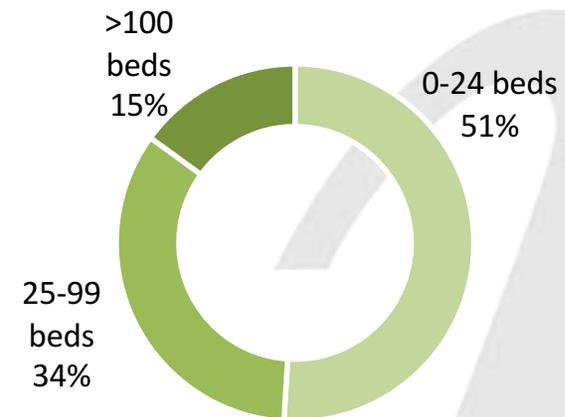
## HOSPITAL COUNT IN LATIN AMERICA

September 2016: 17,141



## SEGMENTATION BY NUMBER OF BEDS

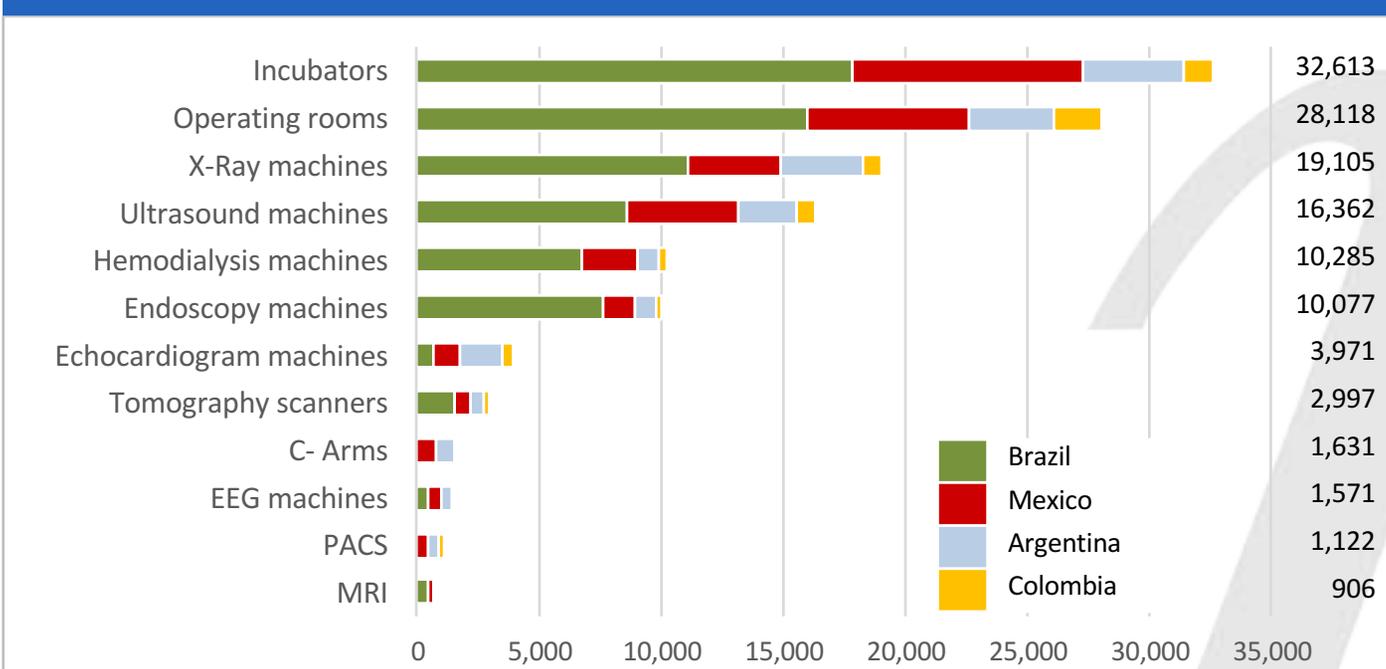
>100 beds = 2,279 in HDD // c. 2,848 total



# Key metrics on installed base

## INSTALLED BASED IN KEY MARKETS

Latin America estimates based on GHI HDD



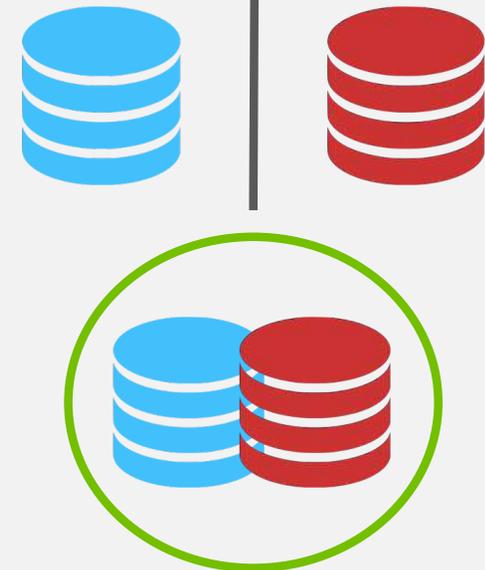
# Identify opportunities through CRM complement

Always looking at the same accounts.  
Not considering the rest of the potential market – Low hanging fruit.



## SOLUTION

Integrate potential accounts into your CRM to drive sales force effectiveness



# Use the installed base to conduct sales modeling

Which clients represent the highest sales opportunities moving forward?

Current clients



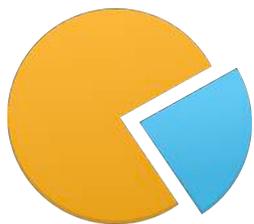
Other potential accounts in the market

## SOLUTION

Conduct sales modeling based on hard criteria.

	Cr1	Cr2	Cr3	Cr "n"	Focus
H					✓
H					✗
H					✓
H					✗
H					✓
H					✗

# Determine market size / share in the real world



## What is the market size? What is my market share?

What is the market size?  
How much are my competitors selling?  
How do I compare with them?  
Units and/or Value?



## Can I track market share over time?

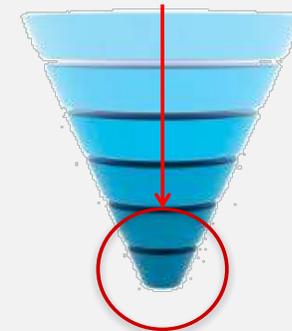
In a consistent and accurate manner?  
From a source and methodology I can trust?

## SOLUTION

**In-depth analysis of import data**

Work in a majority of cases.  
Reliable, factual data.  
Must conduct a pilot.

Thousands of records



Records of interest

global **health**  
intelligence



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