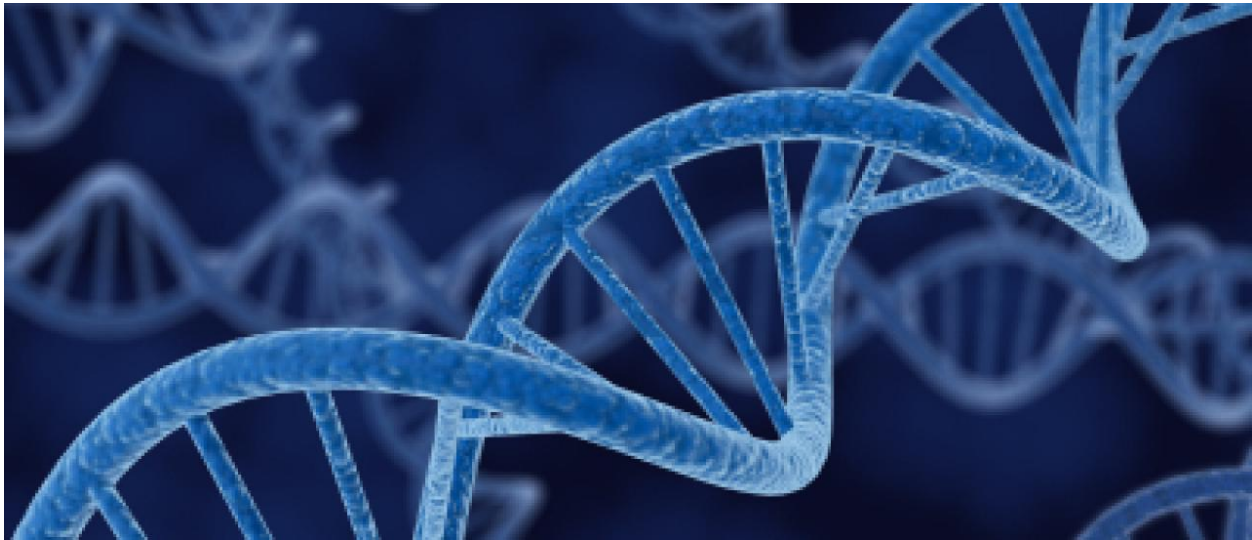

A golden age for healthcare



By

With ageing populations in the West and with drug targets improving thousandfold since the mapping of the human genome less than 10 years ago, few industries can look forward to the kind of growth expected in healthcare.

As populations age, healthcare – be it providers such as hospitals or pharmaceutical companies – has become a global, multi-billion dollar business, looking to grow even more. And despite the diversity of cultures in the world, there is an increasing commonality in certain diseases: diabetes, for example, once the hallmark of the industrialised nations and their processed foods and lack of physical exercise, has now spread to emerging nations such as India, currently the world’s diabetes capital. How can and how should global healthcare companies address these issues? And what tools and resources are available?

“Never has the future in healthcare been so bright”, says Dr **Roch Doliveux**, (MBA ’81J), CEO of biopharma company UCB and a keynote speaker at the second INSEAD Alumni Healthcare Summit held October 8 in Paris.

With ageing populations in the West, Japan and China and with drug targets improving thousand-fold since the mapping of the human genome less than 10 years ago, few industries can look forward to the kind of growth expected

in healthcare. However to be able to succeed, Doliveux believes it is essential for companies to have a clear sense of purpose.

“We are here to help people to live with diseases, this should be obvious, but I am not sure it is that obvious. Look at the front page of some of the industry leaders’ websites. How many of them have shareholders as their main focus? How many of them have patients?”

“If we always keep in mind what is good for the patient in every decision we make, performance will follow, profit will follow. This is not new, George Merck said exactly that in 1954”, Doliveux insists.

This patient-centric view carried through to a Summit session on chronic diseases. With 220 million people diagnosed with type-2 diabetes today (projected to reach 366 million by 2030), the world is facing what another speaker, **Dr Günter Huhle** of Janssen-Cilag describes as a “devastating global epidemic”. Diabetes care today already represents some five per cent of the total national healthcare budgets in Western Europe and a further 15 per cent increase could become reality in years to come.

“This is not a ‘grandfather’s disease’ as it was perceived in the past”, says Huhle, “but a disease of more and more young people.” Diabetes is often a ‘long journey’ that can often be prevented by those at risk “managing their weight and their habits”, but for that, pharmaceutical companies will have to change focus, he adds. “The industry has not been focused on prevention ... the pharmaceutical industry earns money from the disease, and not health ... If we look at the example of diabetes, we start with people and we produce patients – and we could prevent that.”

“Educating patients and providing lifestyle advice are also key to **Dag Andersson**, President and CEO of Diaverum, one of the world’s largest private providers of renal services. But he also affirms that a solution to the mounting cost of healthcare will come from increased participation from the private sector. “Every government in the world today knows that they cannot deliver 100 per cent of the healthcare needs of the population. So I believe in public-private-partnerships very much”. Discussing private equity involvement in publically-subsidised healthcare, he says: “In Sweden it is an accepted model. I know it is not the same in all European countries but I believe that in the future you will see much more private equity involvement across Europe in healthcare services.”

There will also be more patient-friendly technology, according to the conclusions of the 'Social Networking and Communities in Healthcare' workshop. Generally characterised by openness and user-generated content, social networks can be adopted as a form of patient outreach by the highly-regulated pharmaceutical and healthcare industry. Leading the workshop, **Marc Michel** (MBA '02J), Director of Greater Than One Europe, a digital marketing services agency, believes social media are changing the face of healthcare in two fundamental ways: firstly, by empowering patients, with healthcare companies striving to meet unmet needs; and secondly, by connecting industry professionals and organisations of physicians or surgeons to develop new products and share ideas.

"Digital is becoming more and more crucial to healthcare services", he says. "One of the challenges is that a lot of people just want to go ahead and start doing things because they say social media are important so start twittering or tweeting, or open up a blog, but it's not linked to the metrics or the business objectives".

Michel insists that handheld network devices like the iPad are going to be game changers. "We are seeing that the clinic and hospital sector is becoming more and more connected, so devices like the iPad will help to continue that trend."

Healthcare in the emerging markets will also be a game-changer. The IMF predicts that between now and 2013, half of the growth in healthcare will come from the so-called 'E7', with China poised to become the world's third-largest pharmaceutical market next year.

Harpal Singh, former chairman of Ranbaxy Laboratories – the first Indian company to achieve turnover of a billion dollars – and Non-Executive Director of Fortis Healthcare, has a word of caution for companies impatient to invest these new markets. "If you want to come to the emerging world and you come with a predetermined so-called 'successful model', I know of no multinational – none – that has not changed its business model when it addressed the Indian market." He continues: "No best practice will produce the kind of outcome that you want in the size, the magnitude and the characteristics that we want applicable to India. So India ... will be in the business of next practice, not just going out and getting best practice."

But for companies wanting to harness this potential growth, it is important not to lose sight of “our sense of purpose”, concludes Doliveux. “While we look to these emerging markets for growth, can we ignore the 800 million people in China that are not part of this (market)? If we have a sense of purpose, of (putting) patients first, for us to be sustainable in the emerging world we have to shift our paradigm and we have to take accountability for the people that do not have the money to buy any of our products or services today.”

The second INSEAD Alumni Healthcare Summit was held in Paris on October 8, 2010.

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About the series

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The **Healthcare Management Initiative** at INSEAD was founded on the belief that many of the systemic challenges of the healthcare industry globally can benefit from the application of principles that stem from rigorous, evidence-based thought leadership.