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The positive side of COVID is that it helped accelerate the transformation of healthcare systems into ones with greater agility

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Maher Abouzeid gives his expert insights into the key trends underway in the Middle Eastern medtech industry, including growing numbers of PPPs, the rise of the digital hospital post-COVID, and greater interaction with the pharma sector.

Could you begin by introducing yourself?

After 25 years in the medtech industry moving between sales, marketing, commercial, and managerial positions at 3M, Johnson & Johnson, and GE, I quit corporate America to start a career in investment in healthcare. I moved to a private equity firm as an operating partner, evaluating, acquiring, and spinning-off assets in healthcare.

Due to my experience in the medtech industry and knowledge of the MENA market, we recently established Medserve Medical Investment, a company working closely with the public sector and ministries of health in emerging countries. I focused on assisting the development of their healthcare systems, improving access and quality of care, reducing costs, and modernising both established technology and clinical services.

What excited you about having an input on healthcare provision in the MENA region?

Currently, healthcare customers are looking for a comprehensive solution to their challenges, hence the need for a holistic approach that includes funding and financing besides technology and infrastructure; from building their facility to the clinical and operational aspects. Therefore, creating a consortium of specialised partners covering all aspect of customers' needs is the way going forward, especially with an increased demand for PPP projects.

How did the COVID pandemic impact stakeholders' views and their willingness to double-down on healthcare?

The positive side of COVID is that it helped accelerate the transformation of healthcare systems into ones with greater agility. For example, hospitals are now begin designed with smaller individual rooms with dedicated ventilation systems offering the ability to repurpose departments and care areas. Additionally, there is greater potential to deliver care outside of hospitals by revamping primary care, connecting patients to doctors remotely.

Previously, the healthcare models in emerging markets were generally focused on tertiary care, but COVID helped strengthen ambulatory care and day surgery besides primary care, coupled with homecare services to support the digitization efforts with the latest wearables and connectivity.

We recently witnessed the Ministry of Health's opening of the first fully digitalised hospital (a hospital with no physical patients) in Saudi Arabia, serving patients in the comfort of their own homes and other MoH hospitals remotely with a unique setting of highly specialised clinical providers connected through a fully digitised system.

What is the philosophy around the modelling of the healthcare sector in the GCC?

Historically, the public sector in this part of the world used to shoulder the burden of healthcare alone. With population growth and the rise in non-communicable and lifestyle diseases coupled with a growing ageing population; the demand for quality healthcare surged, hence the need for a private sector to shoulder part of the demand. In the past ten years, we've seen a vibrant private sector gaining momentum and an increase in investment in tertiary and specialized centres.

Countries in the MENA region are at a crossroads regarding healthcare systems. They could choose to imitate the systems of the West such as the British NHS or that of the US, or they could innovate and leapfrog using the latest technological advancements to deliver care more smartly

We are seeing a hybrid healthcare model with cooperation between the public and private sector. The public sector will become the regulator and outsource care delivery to private players delivering efficient premium and sustainable care enabled by technology and digitalisation. The UAE and Saudi Arabia are spearheading the PPP movement in the region, offering certain care areas for outsourcing (lab, radiology, dialysis…); the next is disease management with a focus on diabetes, cardiology & oncology

How will pricing be structured within a hybrid system?

Part of the immediate benefits of outsourcing certain care areas or disease management to the private sector is the saving and cost reduction driven by operational efficiency. Universal health insurance and coverage will accelerate PPP adoption and will stimulate investment in healthcare besides reducing the public healthcare bill.

The new structure will provide better coverage and access to quality care while reducing costs. The outsourcing of labs, dialysis and radiology is living proof of concept, relieving the public sector from heavy CAPEX-dependent services with high operational and logistics requirements while providing private investors/operators a good revenue streamline driven by patient volume and a solid reimbursement mechanism through payers (insurance companies)

Private operators are very familiar and well equipped with a Revenue Cycle Management system allowing them a fast reimbursement turnaround with a low rejection rate, far better than the public sector

Consequently, the phased public-private approach will work with technology acting as an enabler for this partnership through AI, digitalisation and COVID’s acceleration of digital health and telemedicine.

There are significant cost savings through the movement to digital health such as the lower cost per visitation compared to face-to-face visitations. Similarly, while the cost of new technology is more expensive than previous technologies, there is a considerable improvement in the ability of new ultrasound or MRI machines to detect diseases at early stages. For example, the cost of treating stage one cancer compared to stage four cancer is significantly lower and allows for long-run cost savings.

Are there data gathering systems in the MENA region to take advantage of this trajectory in healthcare?

We are still at the early stages of data-driven health decisions but moving in the right direction. Today, there is a state-of-the-art healthcare command centre in Saudi Arabia for the Ministry of Health that collects real-time data from every healthcare provider, hospital, or clinic across the Kingdom. This allows for the measurement of KPIs that are important to the Ministry with AI assistance highlighting outliers and making predictions regarding shortages of medication, rooms, or hospital beds.

The concept of the healthcare command centre has been accelerated due to COVID and many healthcare providers that wish to outsource certain care areas to the private sector have requested this to continue to monitor progress, patient satisfaction, and clinical outcomes.

What do executives in the industry need to think about regarding this infrastructure?

A key success factor of the new system is the ability of investors, service providers, technology experts, payers and the public sector to work together.

There is a clear need for an ecosystem promoting collaboration between various partners to create a consortium capable of delivering a comprehensive solution.

The role of an integrator is becoming crucially important to prime on behalf of the consortium and secure the harmony between partners that are often driven by conflicting KPIs. Therefore, healthcare leaders should drop the silos and build partnerships/alliances to improve quality of care, reduce costs, and enhance the patient experience.

Do customers hesitate in purchasing new products due to the pace of the industry?

Technology is a key enabler of any healthcare transformation plan. Medtech leaders need to position their products at the heart of any solution, supporting caregivers to diagnose at an early stage, design care pathways and accelerate recovery.

Technology is moving fast and the pace of innovation is accelerating which is putting a financial strain on healthcare providers trying to keep up with the latest developments. A new business model is emerging, driven by a couple of diagnostic medtech companies, focusing on the leasing of

medical equipment or even revenue sharing while introducing the “pay per outcome” model for medical devices

Does the region need to improve the relationship between the pharmaceutical and medtech industries?

In the past, there have not been many common links between the two industries. However, new technological advances such as personalised medicine have forged a new collaboration between the two industries. A live example is in the field of cancer treatment where diagnostic imaging companies are working hand in hand with pharma companies.

This ecosystem is crucial to developing partnerships between various parties to offer the ultimate treatment pathway to patients.

Is there a shortage of health infrastructure in this part of the world?

Through advances in digital health, where a single doctor is able to see more patients and the focus is shifting to keeping patients away from the hospital, we need to re-evaluate the criteria we use to assess the strength of a healthcare system based on the number of hospital beds and doctors per 1000 population.

This region is not in need of more hospital beds, we definitely need to strengthen primary care services, supported by digital health and homecare. Genuine efforts should be put in place to improve operational efficiency. However, there is still room for specialised hospitals and ambulatory care centres for elective and day surgery.

It’s time we start focusing and allocating budget for prevention, coupled with early detection of diseases

Is there a possibility for the GCC to have homegrown companies that will make an impact in the healthcare industry?

There is a possibility for specialised companies to achieve this, focusing on the new treatments revolving around genomics and stem cells beside developing apps with AI-integrated software for early detection and monitoring of key prevailing diseases (Diabetes, Thalassemia..)

Where is the right talent going to come from to develop these companies?

The talent will come from across the region with both the UAE and Saudi Arabia beginning to retain a generation of young local expertise. An ecosystem of Venture Capital Investment funds is being created between Saudi Arabia, Dubai and Qatar that will attract many young entrepreneurs to start up their businesses and ideas in the region.

How patient will investors and policymakers be for their investments to have a final result in the industry?

The high return on investment achieved in the past two years, driven by COVID testing and treatment is a spike that gave the sector high visibility among investors.

Private investors understand the need to diversify their portfolios and healthcare proved to be a resilient sector with increased demand, sustainable growth, and a good return on investment.

We have started seeing growing interest in digital start-ups, besides investments in long term care facilities, diabetes centres, and creating consortiums to participate in healthcare PPPs.

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