Potential Threats and Opportunities in Healthcare Market in KSA

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1- Potential Opportunities and Threats in Therapeutic and Diagnostic Healthcare Units Market

1/1 Potential Opportunities in Therapeutic and Diagnostic Healthcare Units Market

- High annual growth rate of KSA population, estimated at 2.4% annually, equivalent to 600 thousand people yearly.
- The obligatory insurance on foreign labor and their families, which is estimated at 6.4 million people, hence annual expenditures volume is estimated at 5.6 billion SR to cover their healthcare services.
- Increase in elderly population segment in KSA, representing 4.5% of total KSA population.
- Spread of affluence diseases in the Saudi society (diabetes mellitus, hypertension, cardiac diseases, ... etc), estimated at 5037 thousand patients during last year.
- High GDP rates in KSA during the last few years, ranging between 9% to 23%.
- Shortage in beds (per each 1000 people) in public and private hospitals in the Saudi market, estimated at 2.2 beds while the worldwide average is estimated at 3 beds.
- High expenditure rates on healthcare services in KSA (60 billion annually), growing with high rates that reach 10% annually.
- Shortage in beds in Saudi market is estimated at 16.6 thousand beds with the potential to increase to reach 35.7 thousands by year 1438 H.

1/1 Potential Opportunities in Therapeutic and Diagnostic Healthcare Units Market

- Current shortage in the number of different Healthcare units in KSA regions is estimated at
  - **Health centers (819)**
  - **Dispensaries (341)**
  - **Radiology and laboratory centers (51)**
  - **Clinics (580)**
  - **Dentistry (45)**
  - **Physiotherapy centers (31)**
  - **Optics (557)**

1/2 Potential Threats in Therapeutic and Diagnostic Healthcare Units Market

- High average of hospitals' utilization rates in KSA is estimated at 65% annually, which is close enough to worldwide hospitals' average of 80% annually
- Current surplus in the number of healthcare units in some KSA regions such as:
  - **(42) Dispensaries in Riyadh region.**
  - **(249) Health centers in (Al-Qassem, Assir, Ha'il, Northern boarder, Jazan, Najran, Al-Baha and Al-Jouf)**
  - **(20) Radiology centers and laboratories in (Makkah and Ha'il)**
  - **(171) Clinics in (Riyadh, Makkah)**
  - **(24) Dentistry in (Makkah, Medinah, Northern boarder)**
  - **(4) physical therapeutic centers in (Riyadh and Ha'il)**
  - **(83) Optics in (Riyadh and Al-Jouf)**

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2- Potential Opportunities and Threats in Healthcare Education market

2/1 Potential Opportunities in Healthcare Education market

- High numbers of secondary graduates in KSA, with a high growth rate estimated at 7% annually.
- Capacities of Healthcare and medical KSA foundations can not bear more than 8% of secondary graduates.
- Low percentage of Saudi labor in the medical sector that does not exceed 44%.
- High growth rates of labor force in the Healthcare sector in KSA (about 5% annually).
- Limited capacity of Healthcare educational foundations in KSA; insufficient to meet Healthcare market needs (179 thousand students).
- Healthcare market consistent dependency on recruiting foreign nurses and assistant technicians.
- 75% of private health institutes are concentrated in only 4 regions in KSA.
- 68% of students in Healthcare foundations are enrolled in Private health institutes.

2/1 Potential Threats in Healthcare Education market

- High number of medical faculties and governmental health institutions (58 faculties and institutes enrolling about 34.5 thousand students).
- The Saudi Ministry of Health is planning on establishing 22 new Healthcare faculties through out the upcoming 3 years.
- The customs and culture of the Saudi society make it difficult for females to work in several needed medical specializations.
- The Saudi commission for Healthcare specialties (SCFHS) stopped issuing new licenses to establish private health institutes in KSA.

3- Potential Opportunities and Threats in Healthcare Training Services field

3/1 Potential Opportunities in Healthcare Training Services

- Scarcity and limitation of centers and firms working in Healthcare training in KSA market.
- Large base of potential customers for specialized Healthcare training, increasing at an annual rate of 5%.
- High level of expenditures on specialized Healthcare training; estimated at about SR 65 million annually.
- Training cost are increasing at a rate of 10% annually.
- Low level of available services and programs offered at training centers in KSA.
- Low level of trainers in specialized training centers in the Healthcare field.
- High cost of programs offered by these centers and firms.
- Only 12% of Healthcare sector employees working in various specializations are offered related training courses.

3/2 Potential Threats in the Healthcare Consultancy Services Field

- The majority of Healthcare facilities in KSA depend on general consultation companies
- Specialized/General consulting is considered by owners of Healthcare facilities to be costly, irrelevant and an additional burden on their annual budgets

3- Potential Opportunities and Threats in Healthcare Consultancy Services field

3/1 Potential Opportunities in Healthcare Consultancy Services

- There are no specialized Healthcare consultation companies in KSA market.
- Large base of potential customers for specialized Healthcare consultancy, increasing at an annual rate of 10%.
- Low level of available healthcare consultancy services offered by the general consultancy companies in KSA.
- High cost of consultancy services offered by general consultancy firms.

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3/2 Potential Threats in the Healthcare Training and Consultancy Services Field

- The majority of Healthcare units in KSA depend on internal training via experienced physicians, assistant technicians, nurses and administrators.
- Specialized Healthcare training is considered by owners of Healthcare units to be costly, irrelevant and an additional burden on their annual budgets

4- Potential Opportunities and Threats in Local Medical Recruitment Market

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4/1 Potential Opportunities in Local Medical Recruitment Market

- Scarcity and limitation of current recruitment companies in Saudi Arabia (only 35 companies).
- Unavailability of specialized companies in the field of medical recruitment of various specializations in KSA.
- Annual increase in newly appointed employees in the healthcare sector is estimated at about 7% to cover expansions, replacement, renovation and attracting efficiencies…etc
- Applying Saudization on firms, foundations and companies at about 20% of total labor force in each firm.

4/2 Potential Threats in Local Medical Recruitment Market

- Consistent dependency on recruiting labor in medical sector from various countries outside KSA such as Philippines, especially in regards to nurses and technicians.
- Many Healthcare units depend on relatives, personal relationships and friends as a medical recruitment source.
- Tendency to avoid recruiting Saudi citizens in the medical field due to their low working hours and high salaries

5- Potential Opportunities and Threats in the market of Hospital Management Companies

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5/1 Potential Opportunities in the Market of Hospital Management Companies

- Unavailability of enough national or international companies specialized in hospital management in KSA.
- Currently there are a large number of hospitals in KSA (387 hospitals) with a high annual growth rate of 3.5% annually.
- Continuous shortage in medicine and medical equipment and inefficiency of medical staff in hospitals.
- Weakness of Healthcare management related educational and training programs.
- Inconsistency of Healthcare service levels in hospitals among different KSA managerial regions.
- Aggravation of maintenance problems and dysfunctional and incompatible devices.

5/1 Potential Opportunities in the Market of Hospital Management Companies

- Articles of the new Saudi Healthcare system encourages developing hospitals, public and governmental health centers, thus, creating opportunities for hospital management companies in KSA through:

  - **Performing comprehensive services to the entire KSA regions based on objective measures such as population and types of prevailing diseases (6th article).**
  - **Adopting a decentralization concept in managing Healthcare services in various regions through giving more managerial and financial authorities for hospitals and Healthcare affairs directories alongside a clear identification for their responsibilities.**
  - **Permitting the concept of transferring ownership of some governmental hospitals to private sector (11th article).**
  - **Setting up a new system for managing governmental hospitals based on economic management principles, performance and quality criteria (17th article).**

5/2 Potential Threats in the Market of Hospital Management Companies

- The concept of "Management Delegation" doesn't prevail within Saudi society (separating ownership from management).
- Individuality and independence in work, especially for capital owners and businessmen, in addition to centralization in managing their national firms and foundations.
- Lack of successful experiences in this field in KSA to set examples for owners of other hospitals to follow.
- Scarcity in reliable efficiencies in this field in KSA and difficulty in attracting foreign efficiencies.

6- Potential Opportunities and Threats in Healthcare Market in Economic Cities

6/1 Potential Opportunities in Healthcare Market in Economic Cities

- Devotion of political leaders in KSA for the success and development of new economic cities during the upcoming 10 years.
- Economic cities provide new job opportunities estimated at about 1.5 million.
- Economic cities' residents will require about 15.3 thousand beds in the coming 10 years.
- No specific areas have been allocated for healthcare services within the cities, except in King Abdullah economic city, therefore priority is for first developers.
- New economic cities are located close to main cities, which will diversify the potential customers segment.
- The relatively cost of land would encourage mega projects in Healthcare field, and will allow future expansions.

6/2 Potential Threats in the Healthcare Market in Economic Cities

- relatively slow implementation of the plans in these from government and developers.
- Weakness in attracting strong foreign investments to economic cities.
- Focusing investments on entertainment and residential projects rather than investing in services sector within those Economic Cities.