DTO Medical Markets

A brand of DTO Research

Medical markets in Germany

Market actors & dynamics

DTO Research

Märkte erschaffen und verstehen

Scope of presentation

- Who is DTO Research?
- Which are relevant market actors in the German health care segment?
- Who are market leading institutions or companies?
- How do they interact?
- What are today's challenges?
- Best practice show cases
- Q&A

Medical markets in Germany

Market actors and dynamics

Quelle: Content DTO Research; eigene Darstellung

About DTO Research

About us

Institute for B2B market research and strategy consulting

Number of employees:	25
Head quarters:	Düsseldorf, Germany
Founded in:	2008

Core segments

Industry Markets – Machinery Markets

Cleaning Markets – Medical Markets

Service

Customized and exclusive B2B market research:
competitors, customers, future trends, and market dynamics

B2B strategy consulting:
market entry, defense strategy, match making

About DTO Research

- On average, 50 to 100 **market experts** are interviewed by DTO Research for each analyzed market.
- Interviews are conducted face-to-face, via telephone, or webcam **inhouse** by DTO Research consultants.
- All information is gathered and analyzed with the focus on **qualitative validity**.
- **Interviewees** are manufacturers, associations, distributors, external consultants, service providers, physicians, and insurers.
- All interviews follow a semi-structured questionnaire, always with room for a more **detailed** approach if reasonable.
- Doing so, we account for individual competencies of respondents which allows a **reliable** in-depth analysis.
- All raw data collected during a study is made available to a client in order to create maximum **transparency**.

Work flow

1 **Secondary research**
Journal articles, data bases, competitor information

2 **Primary Research**

A Interviews with manufacturers & associations

B Interviews with distributors & service providers

3 **Consolidation of results**
Validation and verification of data,
if necessary through further interviews

4 **Production of a market dossier**

About DTO Research

Our international scope

Selected references of DTO Medical Markets

BAYER, SIEMENS, Mölnlycke, HARTMANN, Dr. Schumacher, REMONDIS, TRACOE

Selected references of DTO Research

bp, UNGER Quality Tools for Smart Cleaning, CATERPILLAR, MEWA Textil-Management, TÜVRheinland Genau. Richtig., Hako Clean ahead, KÄRCHER makes a difference, Atlas Copco, SSI SCHAEFER, e·on, Audi, KPMG

Medical markets in Germany

Market actors and dynamics

Quelle: Content DTO Research; eigene Darstellung

Medical markets in Germany

Market actors and dynamics

Market actors – Where are patients treated?

Market actors – Frequencies of treating institutions 2018

Hospitals

Number of institutions
1 942
Number of hospital beds
449 500
Number of patient rooms
263 500

Nursing homes

Number of institutions
13 596
Number of care places
930 360
Number of dwellings
820 000

Physicians

Number of institutions
75 979
Number of single physicians
53 676
Number of MVZs
2 821

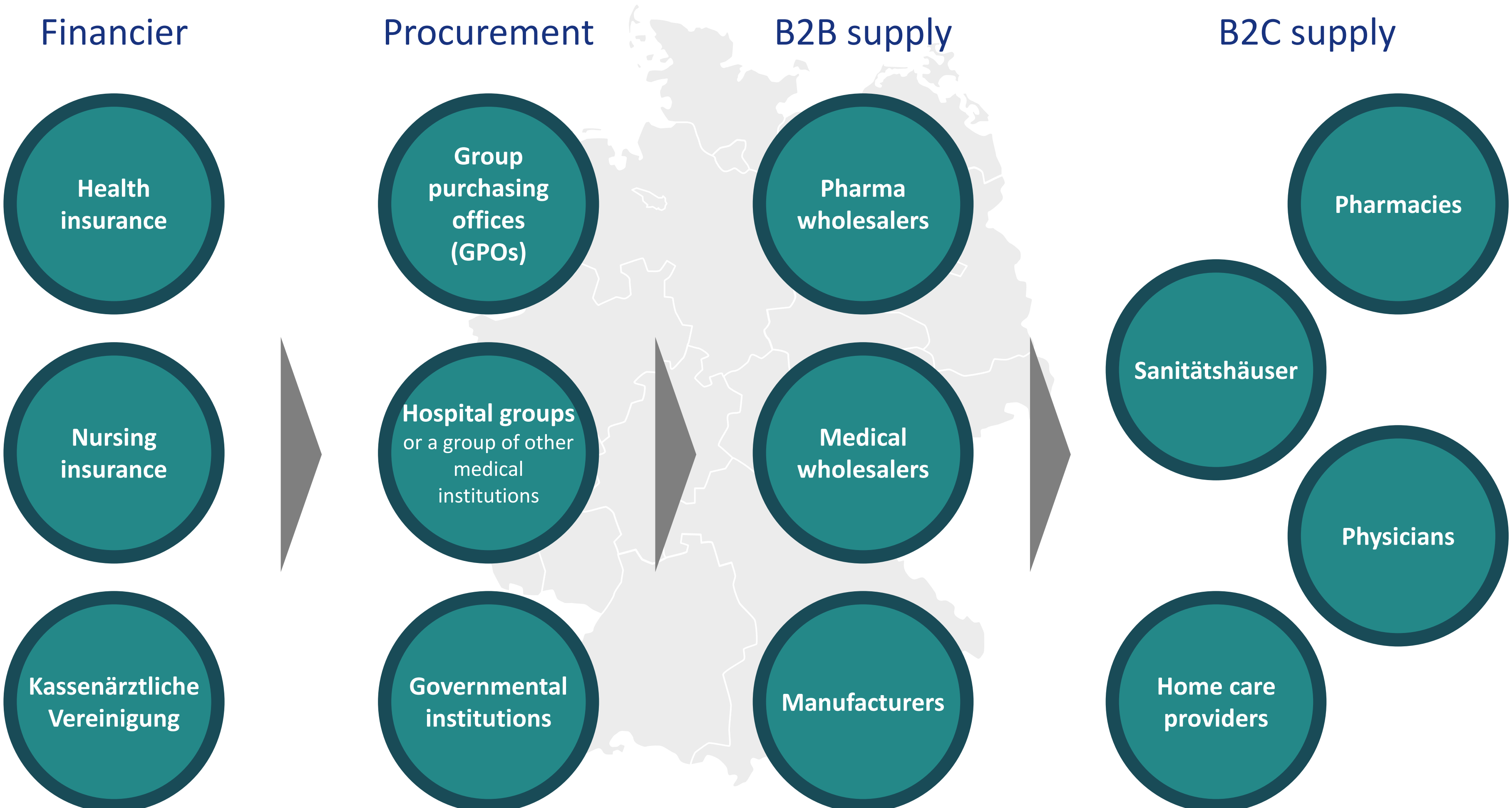
Ambulances

Number of vehicles
20 602
Number of calls
11 200 000

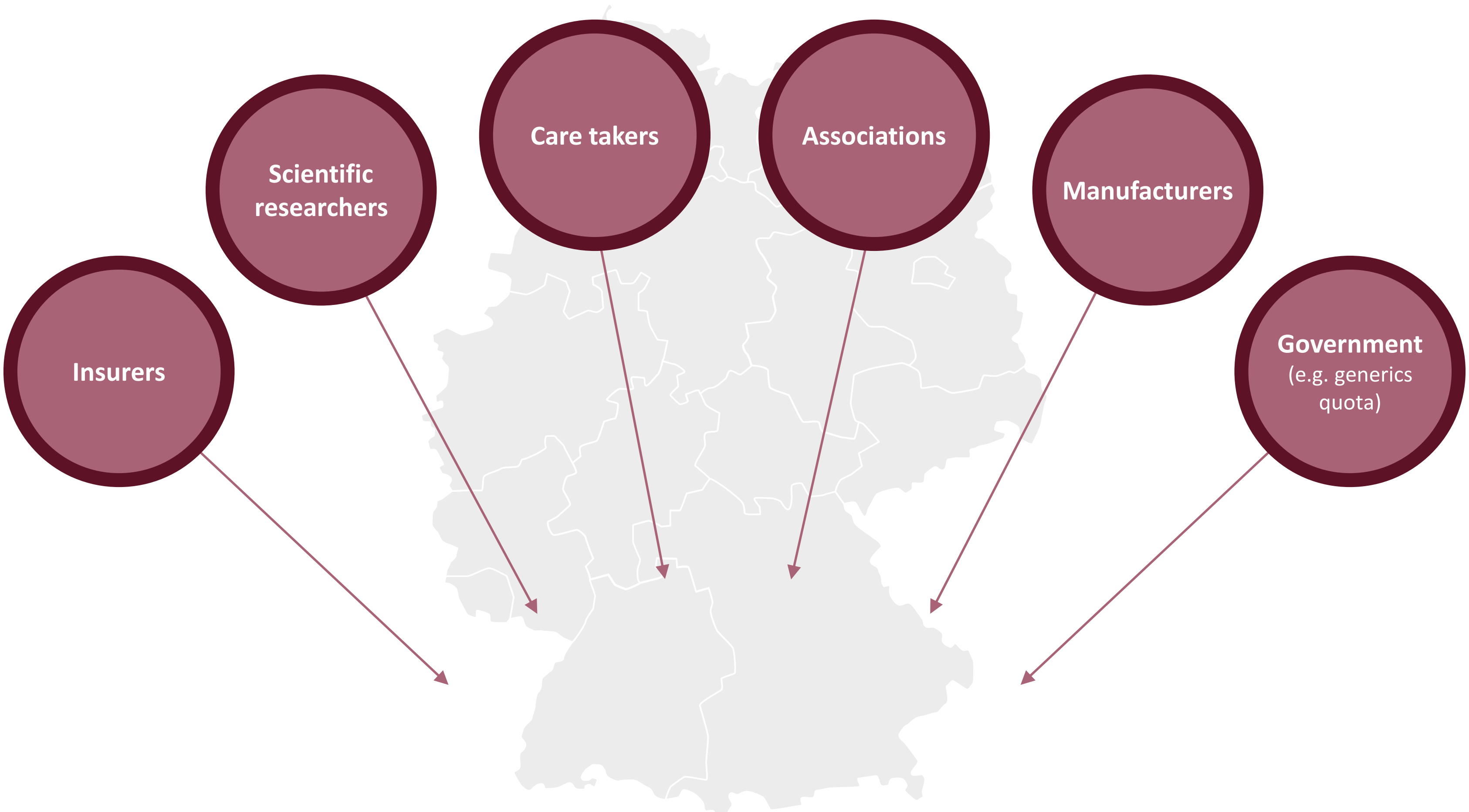
Medical markets in Germany

Market actors and dynamics

Market actors – Who is responsible for procurement?



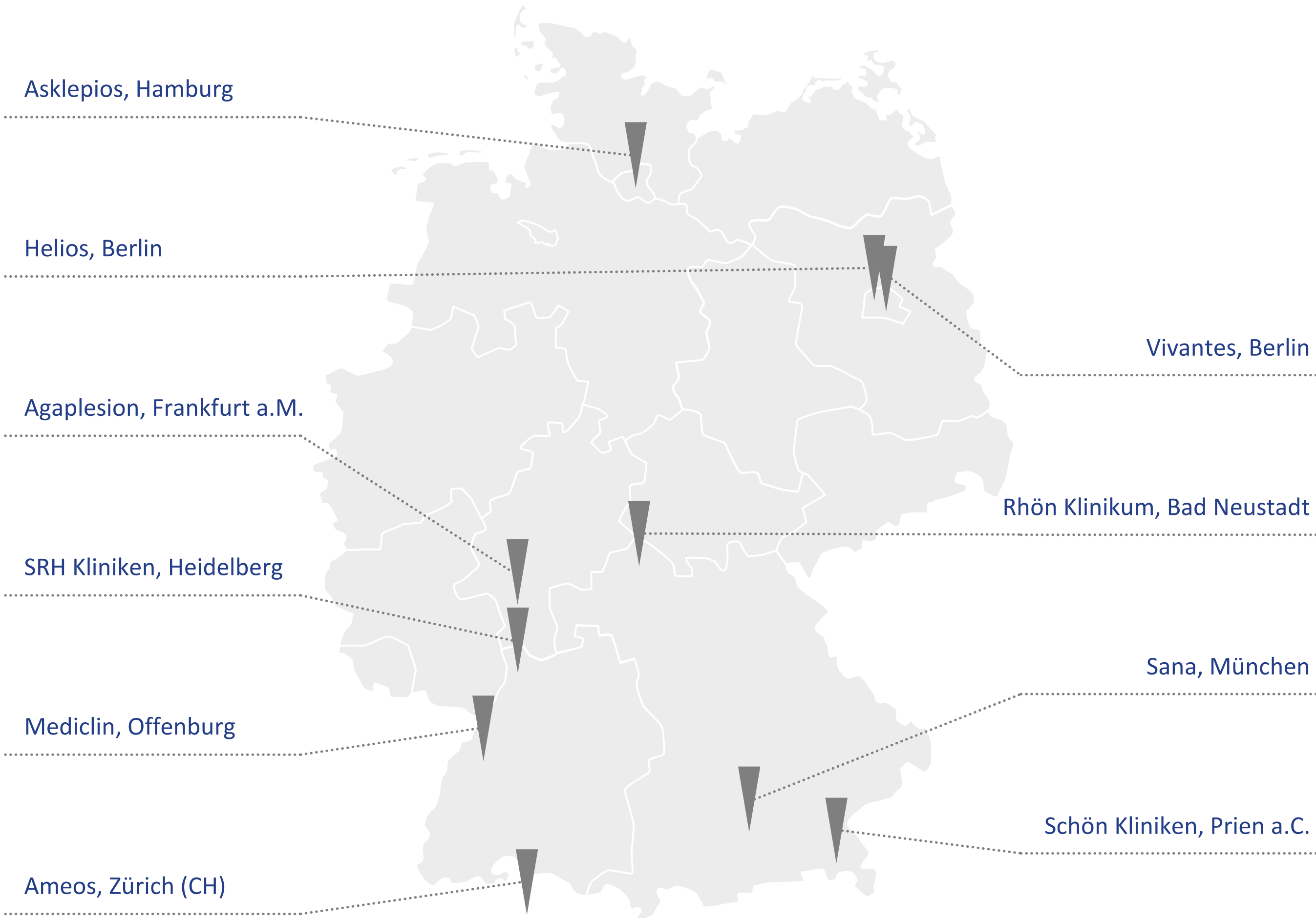
Market actors – Who are medical influencers?



Medical markets in Germany

Market actors and dynamics

Market actors – Market leading institutions or companies – Hospitals



Medical markets in Germany

Market actors and dynamics

Market actors – Market leading institutions or companies – Hospitals

Hospital group		Sum	thereof Hospital[3]	Nursing	Others[4]
Helios Kliniken	**Revenue[1]**	**8.668**			
	Institutions	233	111	16	106
	Beds/places	36.774	34.610	2.164	
	Employees	105.927			
Asklepios Kliniken	**Revenue[1]**	**3.262**			
	Institutions	160	155	3	2
	Beds/places	26.704	26.704	n.a.	
	Employees	35.097			
Sana Kliniken	**Revenue[1]**	**2.569**			
	Institutions	53	53		
	Beds/places	11.400	11.400		
	Employees	33.133			
Vivantes	**Revenue[2]**	**1.241**			
	Institutions	24	9	15	
	Beds/places	7.657	5.782	1.875	
	Employees	16.136			
Röhn-Klinikum	**Revenue[1]**	**1.211**			
	Institutions	5	5		
	Beds/places	5.370	5.370		
	Employees	16.688			

Hospital group		Sum	thereof Hospital[3]	Nursing	Others[4]
Agaplesion	**Revenue[1]**	**1.195**			
	Institutions	92	23	35	34
	Beds/places	9.300	6.300	3.000	
	Employees	19.128			
SRH Kliniken	**Revenue[2]**	**968**			
	Institutions	16	16		
	Beds/places	3.575	3.575		
	Employees	13.277			
Ameos	**Revenue[1]**	**825**			
	Institutions	48	36	12	
	Beds/places	9.000	n.a.	n.a.	
	Employees	13.000			
Schön Kliniken	**Revenue[1]**	**818**			
	Institutions	24	17		7
	Beds/places	3.431	3.431		
	Employees	7.377			
Mediclin	**Revenue[1]**	**609**			
	Institutions	52	36	7	9
	Beds/places	8.199	7.256	943	
	Employees	9.858	7.690	617	1.551

24 percent of all hospital beds in Germany are portrayed here

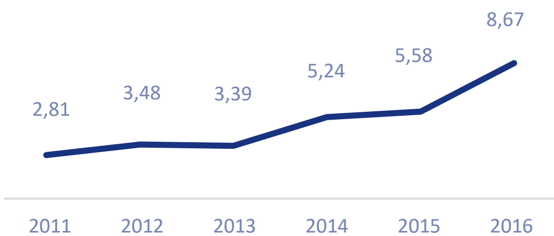
113 428 of 499 500 as of 2016/17

1 = revenue 2016 in millionen EUR; 2 = revenue 2017 in millionen EUR; 3 = hospitals and outpatient facilities; 4 = home care institutions, hospices, rehab centers, …

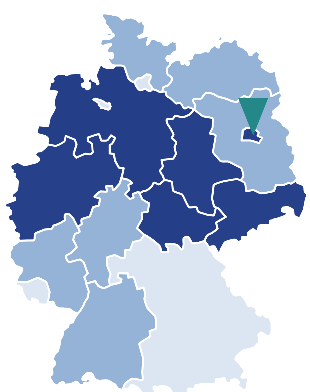
Market actors – Market leading institutions or companies – Hospitals

Helios

Revenue development (in bn EUR)



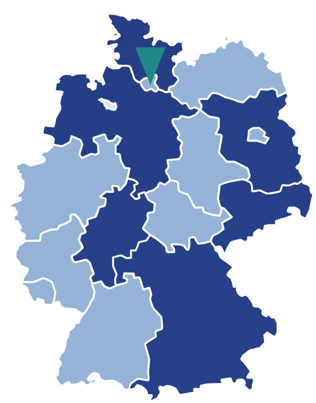
Areas of activity



ASKLEPIOS

Revenue development (in bn EUR)

Areas of activity



Strong presence

Slight presence

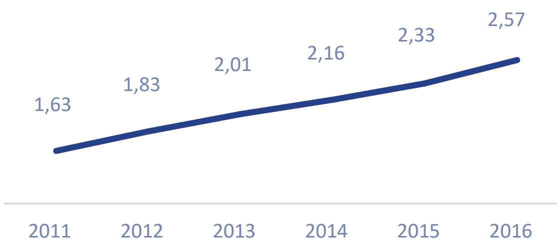
No presence

Headquarters

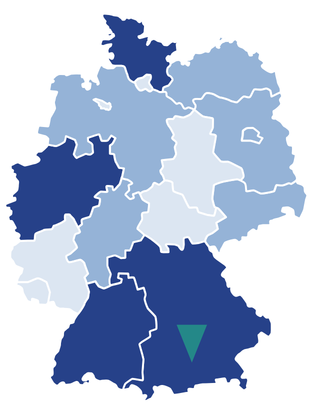
Market actors – Market leading institutions or companies – Hospitals

sana

Revenue development (in bn EUR)

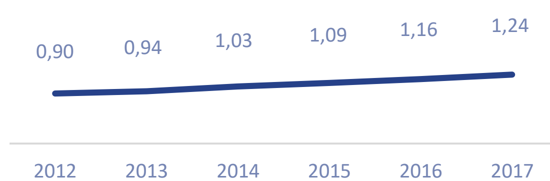


Areas of activity

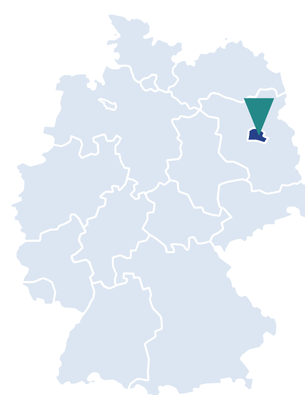


Vivantes

Revenue development (in bn EUR)



Areas of activity



- Strong presence
- Slight presence
- No presence
- Headquarters

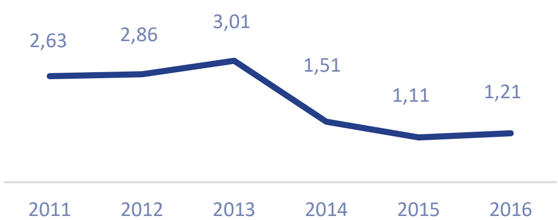
Medical markets in Germany

Market actors and dynamics

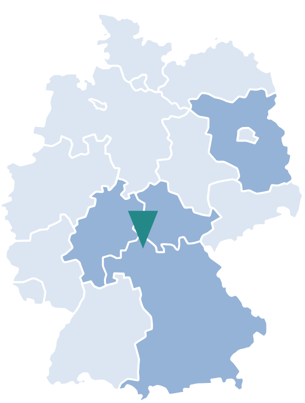
Market actors – Market leading institutions or companies – Hospitals

RHÖN-KLINIKUM AKTIENGESELLSCHAFT

Revenue development (in bn EUR)

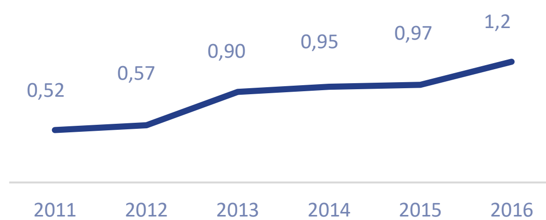


Areas of activity

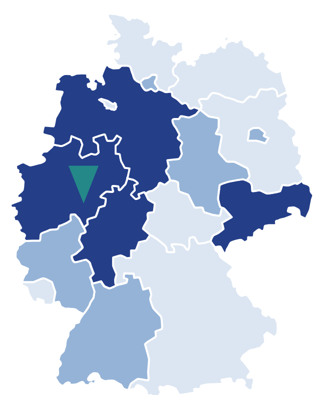


AGAPLESION Unsere Werte verbinden

Revenue development (in bn EUR)



Areas of activity



Strong presence

Slight presence

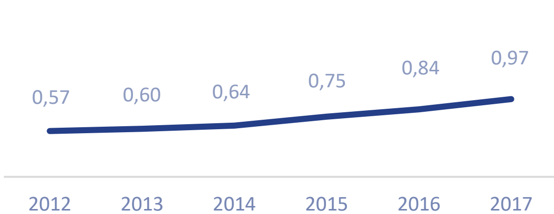
No presence

Headquarters

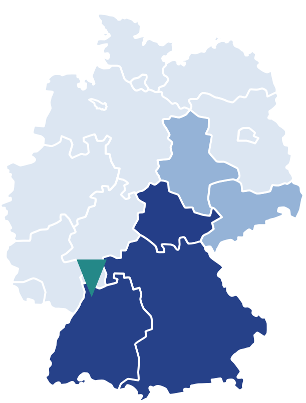
Market actors – Market leading institutions or companies – Hospitals

SRH KLINIKEN

Revenue development (in bn EUR)

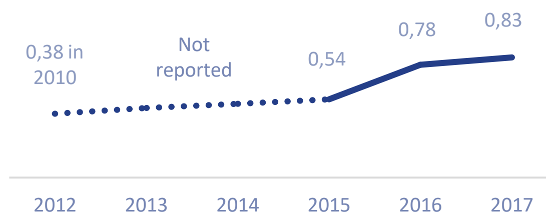


Areas of activity

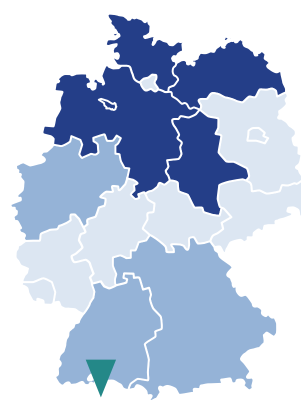


AMEOS

Revenue development (in bn EUR)



Areas of activity



HQ in Zürich (CH)

Strong presence

Slight presence

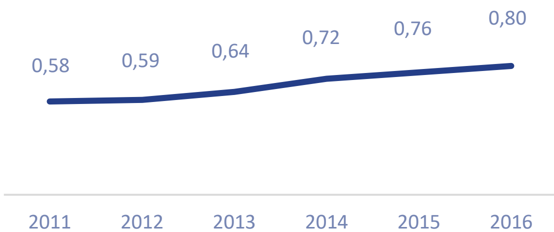
No presence

Headquarters

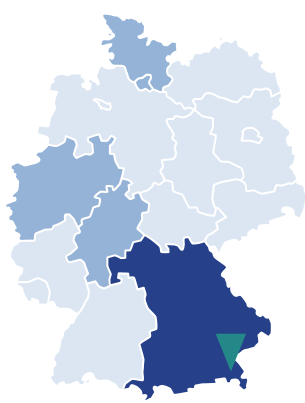
Market actors – Market leading institutions or companies – Hospitals

SCHÖN KLINIK

Revenue development (in bn EUR)

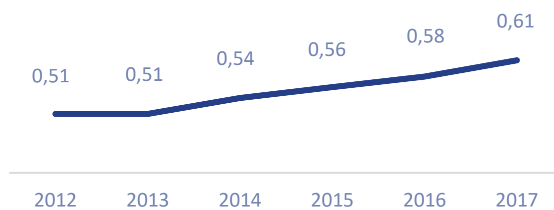


Areas of activity

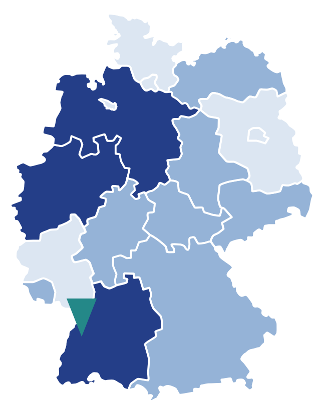


MEDICLIN

Revenue development (in bn EUR)



Areas of activity



Strong presence

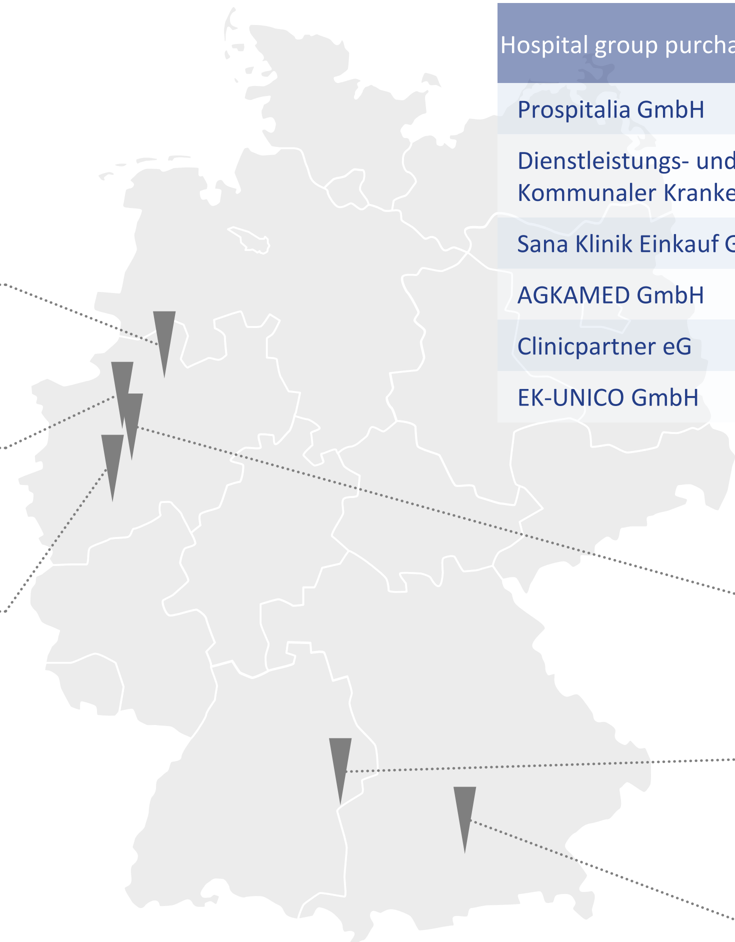
Slight presence

No presence

Headquarters

Market actors – Market leading institutions or companies – Hospital GPOs

Hospital group purchasing office (GPO)	Covered hospital beds
Prospitalia GmbH	182 500
Dienstleistungs- und Einkaufsgemeinschaft Kommunaler Krankenhäuser eG	80 000
Sana Klinik Einkauf GmbH	59 000
AGKAMED GmbH	50 000
Clinicpartner eG	42 000
EK-UNICO GmbH	17 500



Portrayed GPOs are responsible for the procurement of approx. **51 % of all hospital beds** in Germany (excluding beds/places in non-hospital institutions)

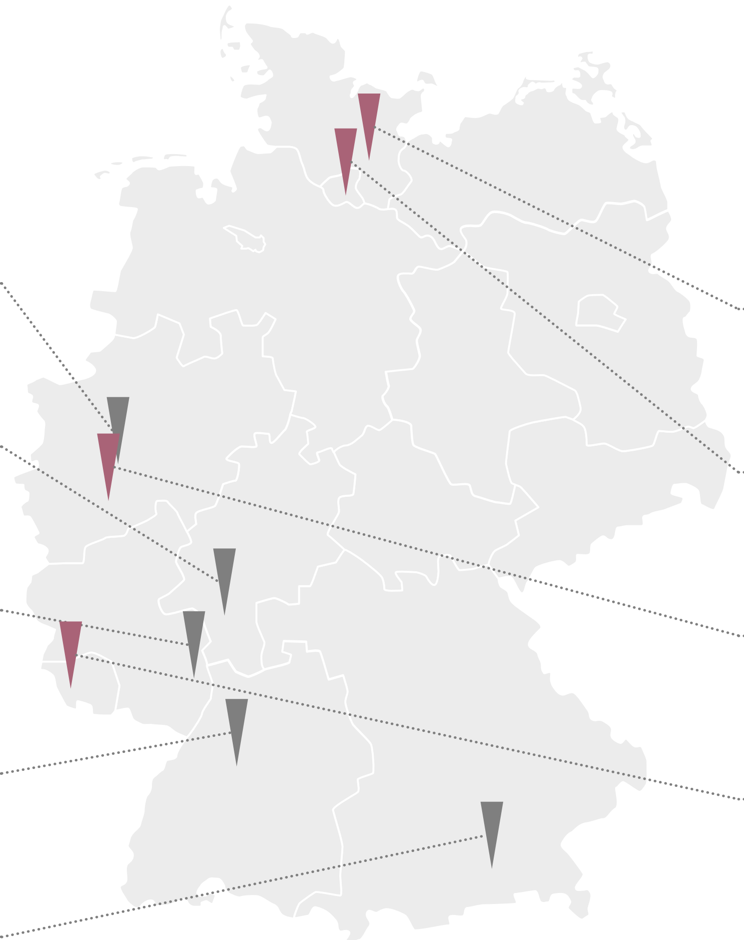
Medical markets in Germany

Market actors and dynamics

Market actors – Market leading institutions or companies – B2C & B2B wholesale

Largest pharma wholesalers
approx. 90% market share

- NOWEDA, Essen
- Alliance, Frankfurt a.M.
- PHOENIX, Mannheim
- Celesio, Stuttgart
- Sanacorp, Planegg



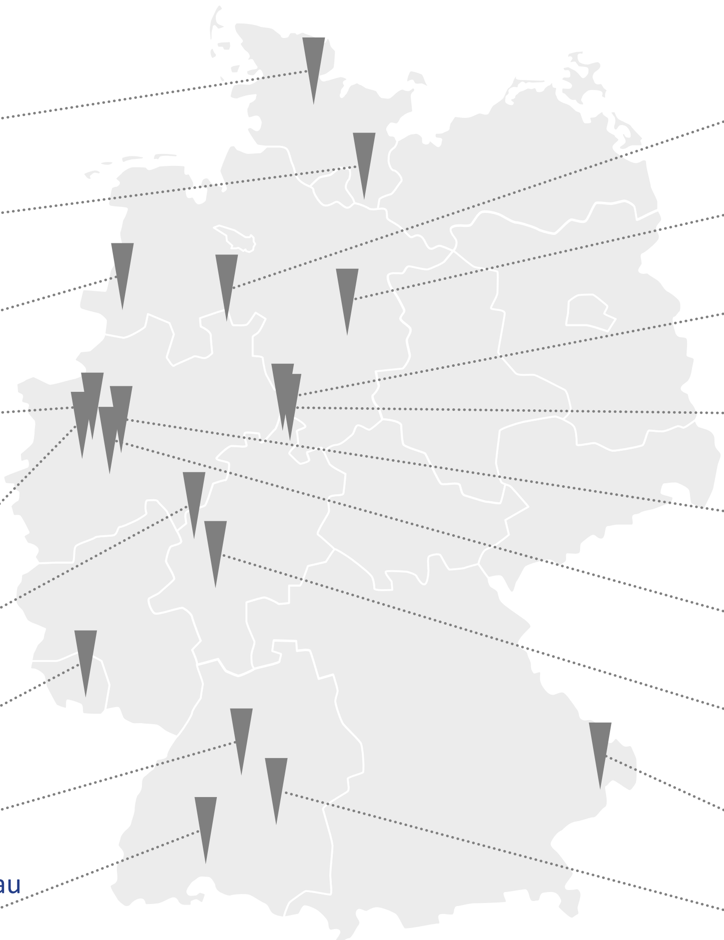
Largest home care providers
approx. 30% market share

- GHD, Ahrensburg
- SIEWA, Hamburg
- Publicare, Köln
- Assist, Merzig

Medical markets in Germany

Market actors and dynamics

Market actors – Market leading institutions or companies – non-pharma B2B wholesale[1]



- Lloyd, Bordesholm
- Intermed, Geesthacht
- LMT, Lingen
- Patz, Dorsten
- Gatermann, Düsseldorf
- Egner, Linden
- Varimed, Merchweiler
- Wörner, Reutlingen
- Frick, Mülheim a.d. Donau

- Guder, Bad Oyenhausen
- KMP, Holle
- KS, Felsberg
- RS, Baunatal
- Fleischhacker Schwerte
- Medical Plus, Köln
- Logimed, Hainburg
- Euromed, Passau
- Lebomed, Mehrstetten

1 = examples of medical wholesalers who supply both hospitals and home care medical institutions with, among others, cleaning supplies

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Medical Markets

Medical markets in Germany

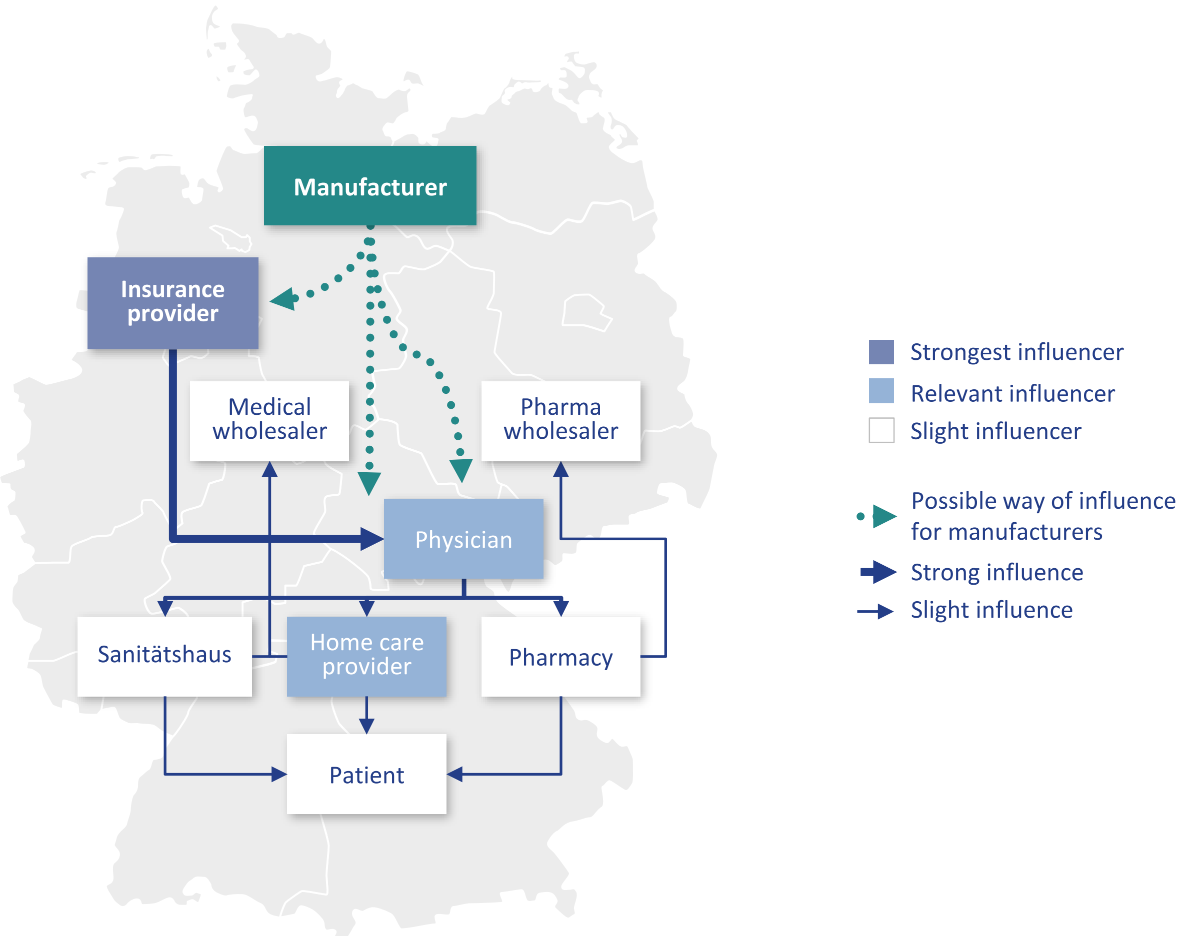
Market actors and dynamics

Quelle: Content DTO Research; eigene Darstellung

Market dynamics – Influencer analysis modern wound care in Germany

Orienting business towards central Europe brings the challenge of **diverse health care systems**. As an example, the German and Swiss home care markets are analyzed with the focus on relevant influencers.

The German market is **strictly financially regulated** by insurance providers who also incorporate medical competencies. Insurers permanently monitor the economic efficiency of physicians and subsequent therapeutic institutions. They frequently adjust financial processes and selectively audit physicians, making **insurers the strongest influencers in Germany**.



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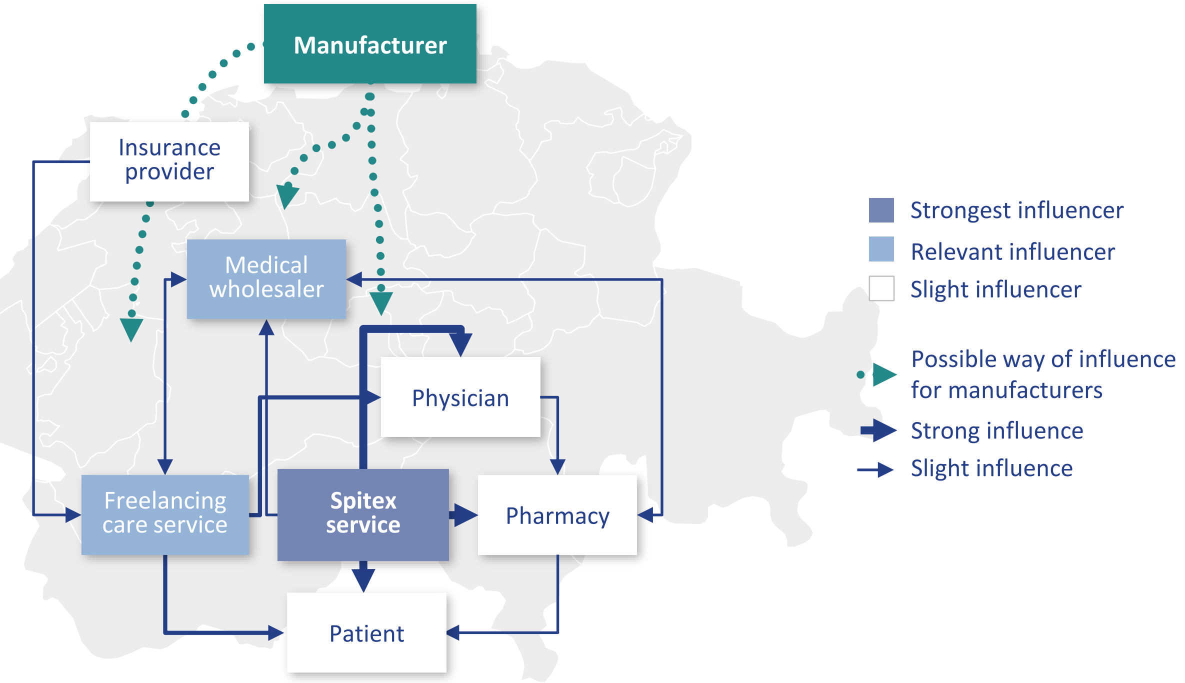
Market dynamics – Influencer analysis modern wound care in Switzerland

Different cultures and national legislations significantly influence the dynamics of a market. The leading question of an influencer analysis is: **Who controls the market?**

Switzerland is far **more liberal** when it comes to financial constraints. Here, the strongest influencers are the home care institutions with the **most elaborate medical competencies**, that is, Spitex services. They consult physicians, pharmacies, as well as medical wholesalers and have immediate influence on prescriptions. Depending on the medical field, there are also freelancing care services – often fewer than Spitex services – that have the same strength of influence in the respective region.



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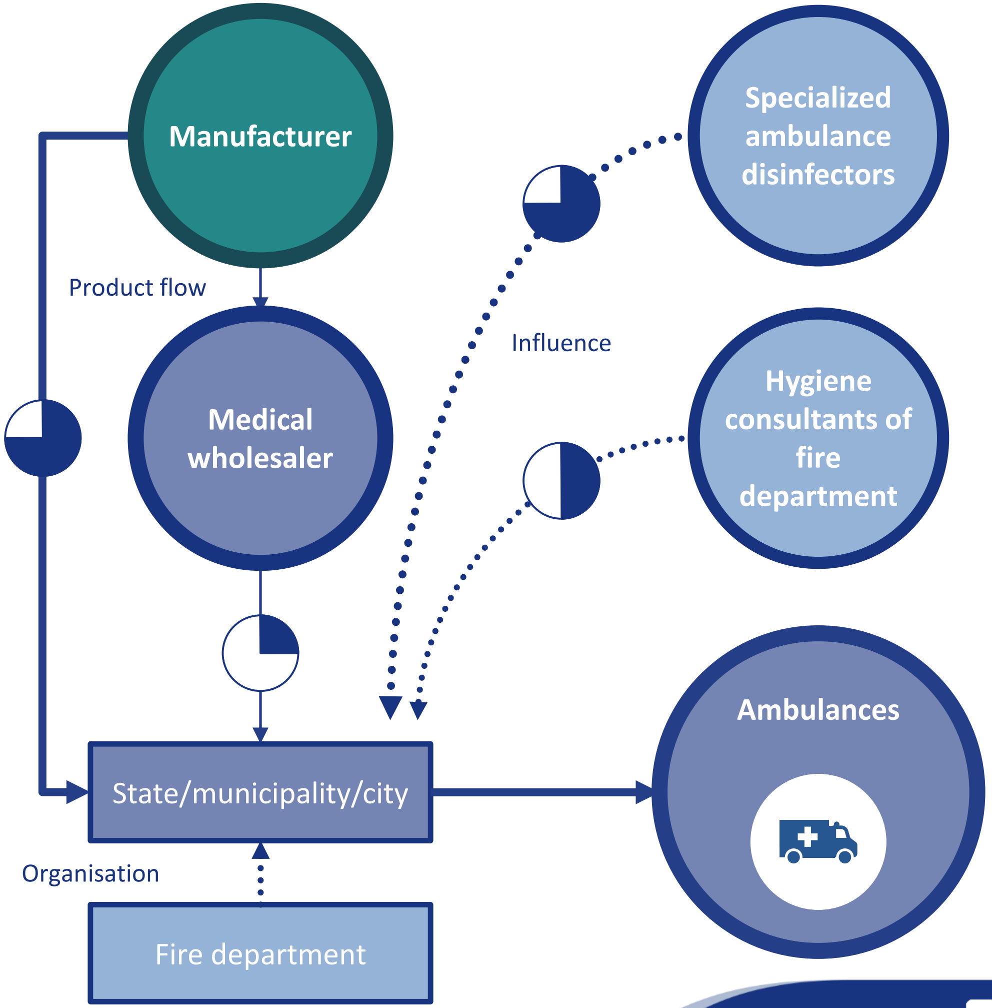
Market dynamics – Disinfection in ambulance vehicles

Ambulance vehicles in Germany	
Number of vehicles	20 602
Number of calls	11 200 000
Ø floor area	5 sqm
Ø surface area (without floor)	20 sqm
Disinfection frequency per call	0.5
Routine disinfection frequency per week	1
Disinfected floor area per year	33.2 mio. sqm
Disinfected surface area per year (without floor)	133 mio. sqm



Challenges – Demographic change and developments in reimbursement

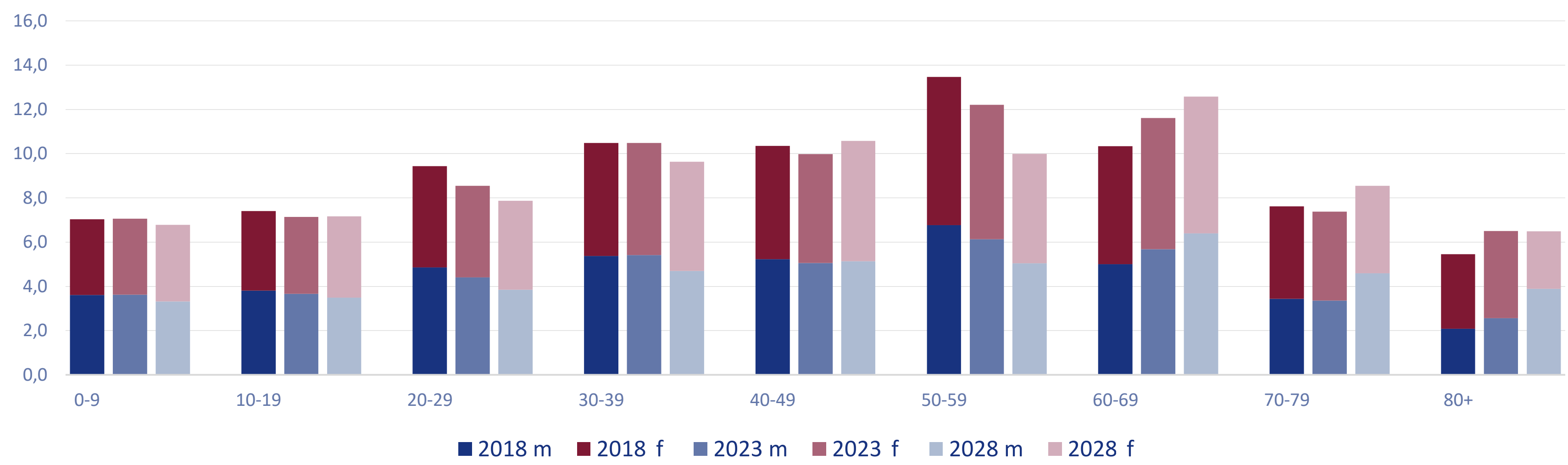
In the next ten years the **average age** of the population in Germany will have increased by more than one year (2018 median age 46.2; 2028 median age 47.3).

For many product groups, this means an increasing demand. At the same time, reimbursement values per product group remain constant or are declining. Therefore, margins per product are **drastically decreasing** for most product groups.

Examples of product groups with decreasing reimbursement values per product:

- Pharmaceuticals in general
- Modern wound care products
- Ventilation devices (CPAP, BiPAP → sleep apnea, COPD)
- Anti pressure ulcer mattresses

Demographic structure by sex and age
in Germany 2018, 2023, and 2028 in millions



Challenges – Consolidated procurement in international comparison

Germany
Strong trend towards growing hospital groups and GPOs

Percent of consolidated procurement in hospitals	75%
Hospital groups	24%
GPOs	51%
Largest Hospital group	Helios
Largest GPO	Prospitalia

Austria
Slight growth due to stagnating federal hospital groups and slowly growing GPOs

Percent of consolidated procurement in hospitals	57%
Hospital groups	48%
GPOs	9%
Largest Hospital group	Wien KAV
Largest GPO	Vinzenz

USA
Vastly consolidated procure-ment for years. 95% of hospital beds are supplied by the eight largest GPOs.

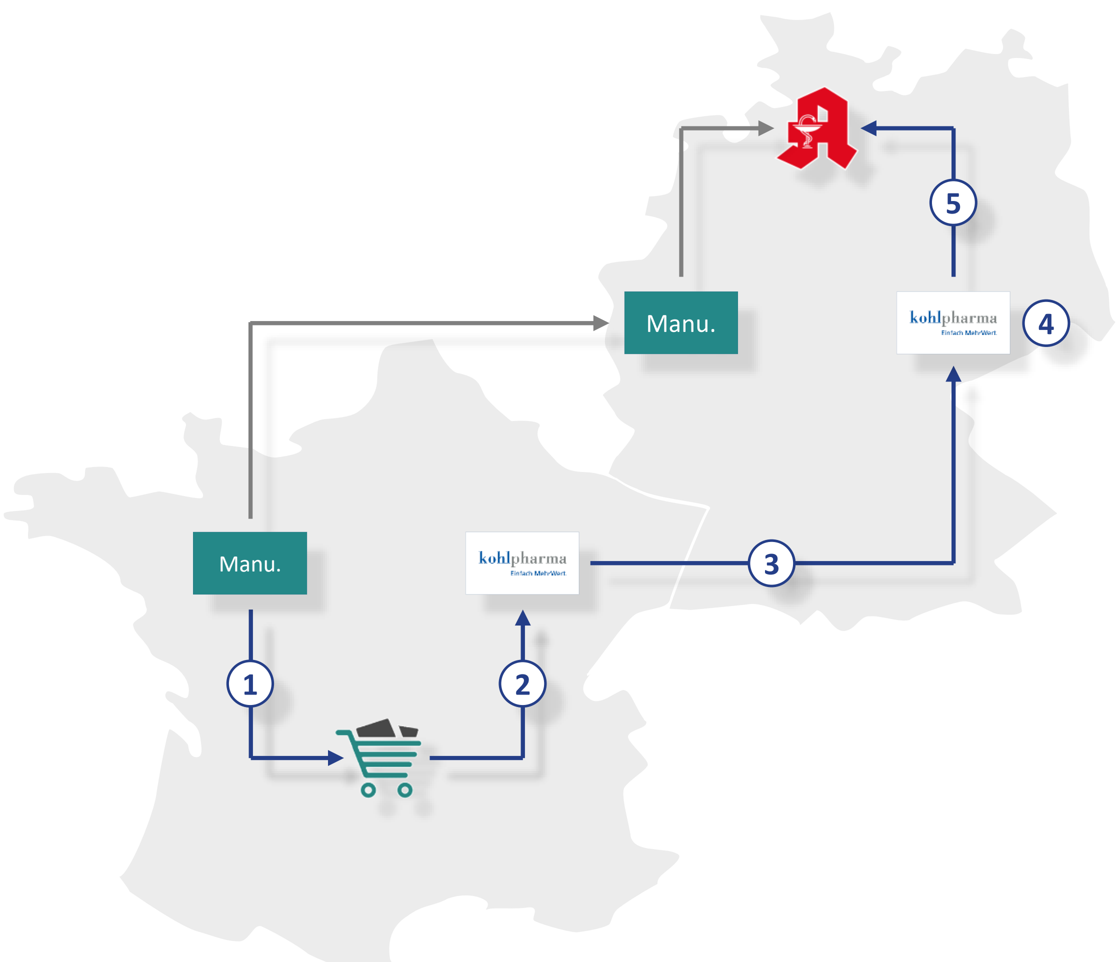
Percent of consolidated procurement in hospitals	95%
GPOs	95%
Largest GPO	Vizient

Switzerland
Mediocre growth in hospital groups and GPOs, but inhibited through distinct legislation in each Kanton

Percent of consolidated procurement in hospitals	46%
Hospital groups	11%
GPOs	35%
Largest Hospital group	Hirslanden
Largest GPO	Medsupply

Percentages refer to shares of all hospital beds in respective market

Challenges – Generics quotas, parallel imports and legal copies



Several generics quotas exist for home care physicians of all fields of specifications. Such quotas exist for pharmacies as well and they differ for every state in Germany.

These quotas state that – given they are met – that a physician or pharmacy **will not be audited** by the state association of insurers (Kassenärztliche Vereinigung).

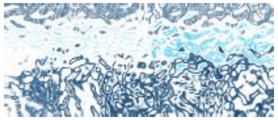
The result is that physicians and pharmacies act very carefully when, in fact, there would be financial leeway at least for some product groups → **they are overly cautious**.

Subsequently, these quotas lead to a mindset where generics, parallel or re-imports as well as copies of products have an **increased attractiveness**. This is true for pharmaceuticals, medical consumables and low-investment medical devices (e.g. orthopedic shoes).

Parallel and re-importers, producers of generics and copies report increasing turnovers for several periods and are assumed to **grow further in the future**.

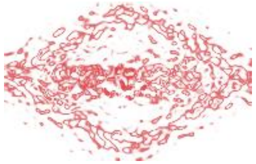
Hence, **trade margins of original producers** will continue to suffer from this trend.

Successful marketing strategies in Germany



Large sales force + cooperation with insurers

Pure e-commerce, cheap products



French manufacturer “Unicorn” – approx. sales 250 mio. EUR	
Product portfolio	Modern and conventional wound care + physiological products for athletes
Focussed market	Pharmacies (60%)
Market position	Market leader
Trend	Leading for several periods and continuous growth expected
Sales strategy	Immense focus on frequenting prescribing physicians in the home care sector; largest sales force by far (three times as large as second placing manufacturer) + cooperation with health insurance providers
Negative aspects	Is perceived as annoying by many physicians, may harm its own brand image

German manufacturer “Dora” – approx. sales 25 mio. EUR	
Product portfolio	Modern and conventional wound care
Focussed market	Pharmacies (90%)
Market position	Top 5
Trend	Strong growth in past periods, may outperform other leading manufacturers soon
Sales strategy	Pure e-commerce; almost no sales force; focus on cheap products → taps in the mindset of physicians that financial audits are avoided when prescribing “Dora” products
Negative aspects	Is perceived as cheap and, by medical experts, as severely lacking in quality

Medical markets in Germany

Market actors and dynamics

Successful marketing strategies in Germany

Reduced production costs, increased VAS

Manufacturer and distributor

German manufacturer “Heidi” – approx. sales > 1 000 mio. EUR	
Product portfolio	Diversified in medical consumables
Focussed market	diversified
Market position	Leading in several market segments
Trend	Natural maximum reached, growth through entering new markets and acquisitions
Sales strategy	In one market segment the quality and production costs of products have been significantly reduced to cover the minimum of requirements; at the same time high-margin VAS have been successfully introduced to the market
Negative aspects	“Heinrich” runs the risk of loosing its premium market image, VAS by manufacturers are rejected by some key accounts

German manufacturer “Lion” – approx. sales 500 mio. EUR	
Product portfolio	Home and intensive care ventilation devices
Focussed market	diversified
Market position	Market leader
Trend	Mediocre growth in Germany expected, strong growth in other markets
Sales strategy	Successful, ongoing transition from B2C and B2B distributor to manufacturer through the use of inhouse production competencies as well as strategically valuable acquisitions – strong displacement strategy in a segment with sharply declining reimbursement values
Negative aspects	Is perceived as very aggressive, may loose distribution contracts with other manufacturers

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