

FEATURE ARTICLE

Saudi Arabia sees record expansion in healthcare

After leading the world in its resilience during the COVID-19 crisis, Saudi Arabia now is allocating billions towards creating a world class healthcare sector based on private sector participation and digital technologies

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As the global economy recovers from the COVID-19 pandemic, Saudi Arabia is leaning on its newly liberalized market to create waves in healthcare and social development. The country's health segment already has significant backing, accounting for 60% of the GCC's expenditure in the area. As part of its Vision 2030 initiative, the Gulf nation has allocated an additional \$65 billion towards healthcare and social development, specifically in the realms of digital health and medtech. The current strategy targets building 290 hospitals and 2,300 primary healthcare centers. The country's Ministry of Health values these immediate opportunities at approximately \$180 billion. However, global analytics firm Frost and Sullivan expects the market to require even more investment, with 700 new hospitals and health centers, 23,000 additional physicians and nearly 20,000 more hospital beds required by 2030 to meet the needs of the growing population. Additionally, the government is looking to increase private-public participation in the sector, with a target to up public sector investment from 40% to 65%. With added momentum and incentive, Frost and Sullivan expects the local healthcare industry to increase in value rapidly, outpacing the global average with a growth rate of 18% between now and 2030.

The move intends to take advantage of the worldwide spend on digital health, which is estimated to grow from \$195 billion to \$750 billion by 2030. According to a recent report by analytics firm Facts and Figures, Saudi Arabia represented only around 3.5% of the global digital health market's worldwide digital health market in 2021. However, the local digital health market is projected to grow by 9.06% between 2023 and 2027 to a total value of \$1.16 billion according to global data entity Statista. Under the Vision 2030 initiative, Saudi Arabia plans to scale up manufacturing of domestic medtech equipment to meet 16% of the country's needs. Currently, a few dozen domestic companies provide low-value medical goods such as syringes that meet only around 6% of local demand, with the lion's share of medtech and digital health equipment imported.

Additionally, a \$1.5 billion tranche has been set aside to advance healthcare information technology under the Vision 2030 initiative, including telemedicine, digital transformation and health information technology. This includes the development of a comprehensive electronic patient record system accessible by doctors nationwide. The country's adoption of telehealth currently sits at around 70%, with almost 34% of young doctors utilizing artificial intelligence in diagnoses. In 2022, Saudi Arabia launched SEHA Virtual hospital, the world's largest and first of its kind in the Middle East that connects to more than 30 specialized clinics and 130 hospitals. US-based telehealth entity Caregility

was chosen to implement its digital platform at the virtual mega-hospital, which was successfully launched in January 2023. "Another significant goal is highlighting the importance of health information technology and its influential role in improving performance efficiency, the quality of services and the optimal use of resources," said Saudi Arabia's Minister of Health Fahad Al-Jalajel.

Global investors are keenly eyeing the local industry, particularly US investors. The United States Department of Commerce, International Trade Administration has set up a trade mission to Saudi Arabia in September 2023 specifically for the healthcare sector, identifying the top segments for development as medical devices, hospital management and digital health. Due to Saudi Arabia's increased compliance and transparency in its health segment, the nation was taken off the U.S. Trade Representative's priority watch list for pharmaceuticals in April 2022, opening up a wealth of opportunities for partnering with US entities. "The Kingdom of Saudi Arabia is becoming the new international benchmark for healthcare transformation and sustainability, having accomplished this during the course of a pandemic that has shaken the whole world, and emerging a winner in resilience, innovation and the adoption of digital technologies," said Maliha Hashmi, board member of the Advisory Board for Arab Health.