Biotechnology, pharmaceutical and life sciences

Health tourism

This consists **of a trip to another city or country by a patient for medical services** such as diagnosis or medical care (surgery, treatment and/or rehabilitation) and wellness services (well-being or aesthetic) **while visiting the place and doing touristic activities**.

Health tourism falls can be split into different levels. The first, largely technical, is the provision of **medical and wellness services**. The second regards the provision of services. The third, and last, includes intermediary services between the patient, medical centres and tourism enterprises, among which activities related to advice (choice of doctors and hospitals and recreational activities for companions) and logistics (transport, choice of accommodation, currency exchanges) of international patients.

ORIGIN OF THE INVESTMENT OPPORTUNITY

ECONOMIC/BUSINESS	DEMAND	REGULATIONS	TECHNOLOGY

Health tourism is emerging in Europe but is strongly developed in the US. In both cases it arises because part of the population cannot access **fully or partially** certain treatments in their countries and prefer to **hire** cheaper treatment outside its borders.

In relation to strategies and policies, the Comprehensive National Tourism Plan (2012-2015), includes health as a usable resource within the country and that can contribute to the promotion and improvement of international tourism in Spain.

The ageing of the baby boom generation on the main markets in Spain, together with its need to consume quality health services at a reasonable cost and good tourist complementary services **make Spain a favourite destination**.

For countries like Germany, Austria or Australia, Spain is a favourite destination for **fertility treatments** because Spain was the first country that had an Assisted Reproduction Law in 1988 and in which there are the most advanced assisted reproductive technologies.

LOCATION OF THE INVESTMENT OPPORTUNITY IN THE SECTOR VALUE CHAIN

Research → Scale → Production → **Commercialisation**

The opportunity lies in the commercialisation link. **Brokering activities, logistics, medical and tourist services at the destination** stand out. Medical services and tourist centres can attract international patients by adapting their working processes to the language and culture of international patients. While there are figures like the tour operator, the figure of the facilitator becomes important because doctors advise international patients in critical areas such as the choice of medical facilities and full organisation of the stay.

DIFFERENTIATING FACTORS OF THE INVESTMENT OPPORTUNITY

CONSUMER/USER

●●●	Innovation
●●○	Price
●●●	Quality

- Creating **medical facilitators** give high added value with two direct benefits to healthcare companies. The first is the connection between medical supply and patients. The second relates to the **user experience**, simplification of the steps and avoidance of misunderstandings with healthcare centres and tourist companies. It is a key aspect for patients who are under stress by being away from home.

COMPANY/INNOVATION

●●○	Operations
○○○	Supplies
●●●	New business lines

- **Health tourism is unthinkable without attracting international patients.** Therefore, health centres must transform their operations to improve **international online positioning**, create a network of prescribers in the countries of origin and care for patients in their native language.
- Opening new markets requires combining traditional service delivery with daily needs and entertainment during the post-operative stage.

SOCIETY

●○○	Environment
●●●	Well-being
●●●	Safety

- **Health tourism is a business opportunity in Spain in two areas: welfare and job safety.**
- First, improving the welfare and quality of life for patients worldwide.
- The second lies in the direct creation of new businesses and jobs as a result of the entry of new players and indirectly increasing customers for existing tourism businesses.

INVESTMENT OPPORTUNITY LIFE CYCLE

DEVELOPMENT | **INTRODUCTION** | GROWTH | MATURITY

Social healthcare tourism began as niche but it is growing (20% annually) as an industry. Market consolidation depends on the introduction of the **medical facilitator figure** to create a satisfying user experience and strengthening of private healthcare to attract international patients and adapt their internal processes (web, questionnaires, contracts, etc.) to new languages.

Medical tourism is not reserved exclusively for large hospitals. Specialisation and personalised service are the two competitive advantages of SMEs that define the success of medical facilitator.

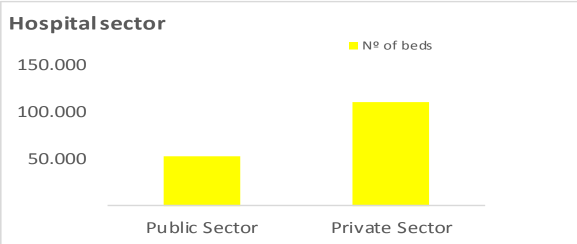
Sources: FNCP (2014). ANBAL (2015). FED (2015). EOI (2014).

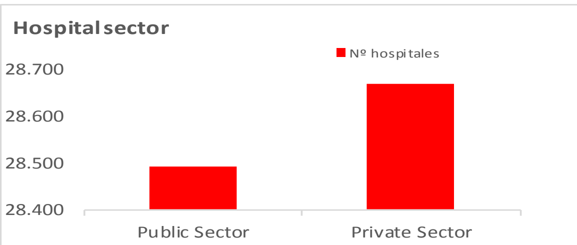
Biotechnology, pharmaceutical and life sciences

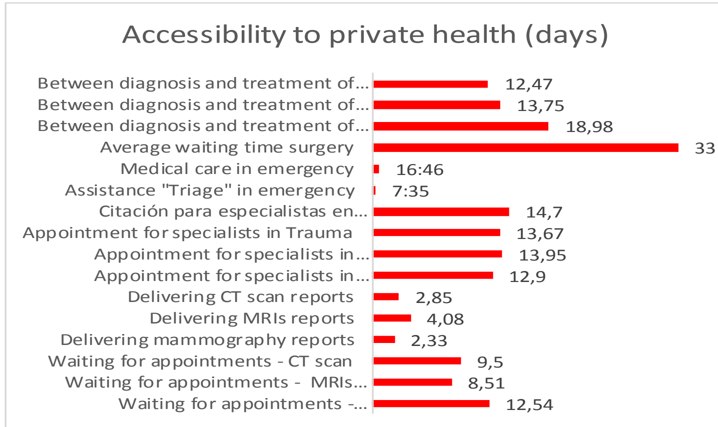
Health tourism

iCEX INVEST IN SPAIN

CHARACTERISTICS OF THE SECTOR [1]







SUPPLY

TOP 5 COMPETITORS IN SPAIN

#	Company	Net sales	Last available data
1	Clínica Baviera SA	€82.6 M	2014
2	Corporación Dermoestética, S.A.	€30.9 M	2012
3	IVI Instituto Valenciano de Infertilidad	€29 M	2014
4	Albir Hills Resort SA	€17.3 M	2014
5	Vissum Corporate*	N. avai.	-

* Data not available in the queried database, SABI.

DEMAND

GROWTH

- The OECD report states that health tourism annually generates globally in countries receiving medical tourists more than **7.4 billion dollars** (6.5235 million euros) of which **51%** is in America and **42%** in Europe. In Spain it is estimated that the market volume will reach **277 million euros in 2015** and **600 million by 2019**.
- There are two segments in health tourism: "**advanced medicine**" (with countries like the United States, Germany, United Kingdom, France and Italy), and "**low-cost**" (Thailand, India, Malaysia, Hungary, Czech Republic, Poland and Turkey).

SUCCESS STORIES

INSTITUTO BERNABEU

The Instituto Bernabeu is a **specialist institute in fertility and gynaecology** that has changed its corporate structure to assist and provide services to international couples, mainly from countries like Germany and Austria, where the law of assisted reproduction is very restrictive and prevents them from more advanced receiving treatment.
Part of the success lies in transferring trust and security to international patients regarding the medicine that is practised. To do this, the company obtained **ISO 9001, SEP** (excellent private health) and **EFQM** (European Foundation for Quality Management) quality certificates.

spaincares

The Spaincares platform was introduced with the intention of projecting a booming sector. There are **55 Spanish hospitals under the brand** and insurance companies Asisa and Sanitas. Apart from spas and dependency centres, solutions for accommodation and other complementary tourist activities aimed at **meeting the needs of international patients** during their stay in Spain.
The Spanish Tourism Health Cluster (Spaincares) and EOI signed an agreement to invest **2.7 million euros** for the development of programmes to promote and attract foreign visitors, training plans or the organisation of conferences to raise awareness of this type of leisure, among others.

IVI

The IVI Group is the largest assisted reproduction treatment or fertility organisation in Spain (with 14 locations). In 2011, only 20% of their patients came from abroad.
In the past 25 years it has helped **100,000 children** to be born and achieved the cumulated pregnancy rate across its centres of 90 percent
Among the stand out achievements of IVI is **world's first pregnancy with frozen sperm from the testicular tissue of the father**, some of the first laparoscopic myomectomies in Spain and the first babies from vitrified eggs in Europe.

Sources: (1) IDIS Foundation, "Report -Situation Analysis 2014" (2014). EOI (2012). CEHAT (2015). Instituto Bernabeu (2015). Spaincares (2014).

POSITIVE FACTORS FOR INVESTING IN SPAIN

Favourable factors in Spain for the development of the opportunity

World economy prepared for tourism

According to the 2015 Competitiveness Report from the prestigious magazine "Travel & Tourism"", Spain is the **third most popular tourist destination**, behind France and the US, after finishing 2014 with about 64 million foreign visitors. The World Economic Forum backs up Spain's leading position placing it **first in world in terms of cultural wealth**.

Sustained growth in the number of hotels and private centres

The number of hotels increased by 13.6% during the crisis years, going from 6,900 establishments in 2007 to a total of 7,840 hotels by 2014. (2) The percentage of private hospitals in Spain has grown from 51% in 2012 to 55% in 2014, to 433, expanding provision of private healthcare services.

Experience in healthcare and health leisure

The Spanish healthcare sector stands out for offering key medical specialities, among which are: assisted reproduction, cosmetic and plastic surgery, cardiology, oncology, urology, orthopaedics, ophthalmology, dentistry and **wellness centres like Incosol Medical & SPA in Marbella, SHA Wellness Clinic.**

Social factors and habits

The forecasts of the Spanish population by age reveals a progressive and continued **ageing of the population**. According to the INE (Spanish Statistical Office), the percentage of population over 65 years old currently stands at 18.2% and will become 24.9% in 2029 and 38.7% in 2064. This projection places the Spanish population as a market with great potential in terms of healthcare. [3]

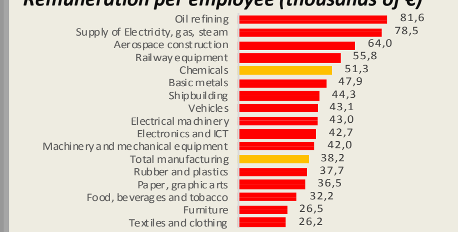
Favourable factors for the sector in Spain

Macroeconomic situation

For weight of the sector in GDP (sales of companies using biotechnology respect to national GDP), the ratio continues to grow another year and reached **9.07% of GDP** at constant prices (compared with 7.61% in 2012 and the low 2.91% in 2008). **88%** of companies carried out some international activity, mainly in Europe and North America. [4]

Labour market

The **average productivity per employee** in the chemicals sector is **91, 400 euros per year**. Their **average individual remuneration** is **51,300 euros per year**. The **Unit Labour Cost** accounts for **56.1%** of the ratio between the remuneration per employee and the individual productivity (productivity defined as value added per employee). [5]



Graph created using data from the Sectoral Presentation: chemicals sector. April 2015. Ministry of Industry, Energy and Tourism

Incentives

The Centre for the Development of Industrial Technology (CDTI) finances R+D projects in four categories: Individual R+D projects, National Cooperation R+D projects, International Technological Cooperation Projects and specific announced R+D projects. Furthermore, there are other cross-sectional programmes such as the línea Directa de Innovación, the línea de Innovación Global, Innvierte and FEDER (ERDF) Innterconecta. Also, the ICEX-IIS Technology Fund funded by the ERDF and ICEX offers companies with foreign capital aid of up to 75% of the project to carry out new R +D+i in Spain.

I+D+i

The Spanish biotechnology companies involved in R+D+i are small: 84% of companies have fewer than 100 employees, 68% no more than 25 employees and 38% have less than 10 employees (micro), mostly spin-offs. [6]

Suppliers, Supplies, Raw materials

The medical facilitator is one of the key figures, their functions are **attracting patients from their countries of origin and addressing the needs** that may arise for international patients during their stay in the country. In Spain, the facilitators are identified and the **newly formed** Medical Group Stay, Medical Care Spain, Intermedical Solutions and Sphera Healthcare stand out.

Geographic location

Spain is **within reach of three main regions**: the **European** region, the **Mediterranean** region and the **Atlantic** region. Spain is considered to be the gateway between North Africa and Europe, and a key link to Latin America,
not only because of its geographical location but also because of its strong historical and cultural ties with the region. In Spain the **Canary Islands** play a key role with regards to **maritime traffic** with **West Africa**.

Technological and research infrastructure

The Healthcare Reputation Monitor (MRS) establishes the best public and private hospitals based on **indicators** such as human and material resources, number of beds, availability of basic and high-tech equipment, total admissions and average time of stay, and satisfaction with the service.
The top five public hospitals are La Paz, Hospital Clínic i Provincial de Barcelona, the Gregorio Maranon, Vall d'Hebron Hospital and 12 de Octobre. **The five best private centres** are the Navarra University Hospital , the HM Montepríncipe, the HM Sanchinarro, the Quirón de Madrid and the Hospital Ruber Internacional. [7]

Location of the top 10 public and private hospitals in Spain in 2014.

Graph created using the results of the Health Reputation Monitor presented by Merco (2014).

Transport infrastructure and logistics networks

There are **250 airlines** operating in Spain in its 47 airports; its high-speed rail network is the 2nd best in the world and the best in Europe; it is ranked **1st in the EU for its motorway network**; and it has excellent sea connections to its **46 ports** distributed along the Atlantic and Mediterranean coasts. [8]

Sources: (2) TINSA RESEARCH "hotel 2014 Market" (2014). (3) INE, "Projection of the population of Spain 2014-2064" (2014). (4) ASEBIO, "Report on status and trends of biotechnology in Spain 2014" (2014). (5) MINETUR, "Sectoral Presentation: Chemicals industry" (2015) (6) MINETUR "Report - profile of Spanish biotechnology companies involved in R+D+i" (2014). (7) Merco, "Healthcare provision indicators" (2014). (8) Brand Spain, "Foreign investment in Spain and its socio-economic contribution" (2014)