

Oct 22, 2019 09:03 CEST

## Europe's digital healthcare market forecast to grow to EUR 155 billion by 2025

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- **In Germany alone, the market for digital healthcare solutions could grow to EUR 38 billion**
- **One fifth of all medical services could be replaced by artificial intelligence**
- **Tech giants will move into the healthcare market**

Munich, October 2019: The market for digital healthcare products and services is growing faster than anticipated: The size of the European market is forecast to total about EUR 155 billion by 2025 – EUR 38 billion of this volume in Germany alone. Digitalization is the biggest driver of the transformation, particularly in the form of artificial intelligence (AI), according to the latest Roland Berger study, *Future of health: An industry goes digital – faster than expected*. The publication bases its conclusions on a poll of 400 international healthcare market experts.

"The speed of developments in the healthcare sector will force all market players, patients, doctors, hospitals, insurers and pharma companies to rethink their approach," says Karsten Neumann, Partner at Roland Berger. "The impending market entry of tech giants from all over the globe heralds a

raft of new competitors for incumbent firms to deal with."

### **Digital prevention and AI diagnostics to contribute the most growth**

Survey respondents anticipate the biggest surge in growth in the field of digital prevention and AI-assisted diagnostics. These use cases are followed in the growth stakes by AI-based treatment decisions and digital therapies. "The experts whose opinions we polled expect as much as 20% of medical services to potentially be covered by artificial intelligence within the next six years," says Karsten Neumann. The market for AI-based healthcare, diagnostic and self-monitoring apps alone is forecast to be worth EUR 16 billion by 2025.

Digitalization will also lead to the definition of new parameters, such as in the way insurers and their customers communicate. Seven out of ten experts expect to see increasing numbers of insured persons having relevant data on their health status documented digitally and voluntarily making the record available to their insurer in return for lower premiums. "All insurers are working hard to develop digital offerings. But the experts anticipate far-reaching changes – beyond what many insurance companies are planning for," explains Neumann.

### **Tech giants to take a bigger share of the market**

The pressure on industry incumbents will only increase in the coming years as non-healthcare players break into the market. Among those surveyed, 60 percent have no doubt that tech giants will have established themselves in the healthcare market by 2025.

Fresh competition can also be expected from startups, which will come in with innovative ideas to challenge incumbent firms. Given the positive market outlook, startups do not need to look far for financing as long as they have a good business model: Venture capital funding in the realms of digital healthcare topped EUR 4.5 billion globally for the first time in the first half of 2019. Indeed, 371 transactions took place in just the first quarter of 2019, 78 of them in Europe.

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