



## **LAZARD RELEASES GLOBAL HEALTHCARE LEADERS STUDY**

- Senior decision-makers say pricing pressure is top strategic challenge –**
- Scientific and business model innovation central to meet the challenge –**
  - New value-based care models expected to transform healthcare –**
- More M&A, partnerships seen, including with non-traditional competitors –**

NEW YORK, May 15, 2017 – Lazard Ltd (NYSE: LAZ) today released an in-depth study of strategic challenges and opportunities in the global healthcare industry, surveying C-level executives and investors in the U.S. and Europe across three sectors: Pharmaceuticals and Biotech; Medical Devices/Technology and Diagnostics; and Healthcare Services.

The Global Healthcare Leaders Study revealed surprisingly strong sentiment that the industry is being transformed by the development of value-based care business models, which would displace traditional fee-for-service pricing. These new business models are a response to the intense pricing pressure that is challenging healthcare companies across sectors and geographies.

“Healthcare business leaders told us that their single biggest challenge is pricing pressure, and this is driving innovation, both in science and in new business models,” said David Gluckman, Global Co-Head of Lazard’s Healthcare Group. “They also expect to meet the challenges with greater levels of M&A, partnerships and collaboration, including with non-traditional competitors.”

“We’ve seen what business model disruption has done to other industries,” said Peter Orszag, Global Co-Head of Lazard’s Healthcare Group. “The rise of value-based care may prove to be the great disrupting force in healthcare.”

The study offer a variety of insights, including the following selected highlights:

- Non-traditional pricing models may transform healthcare more than science over the next decade: almost half (47%) of healthcare C-level executives cite the adoption of value-based or risk-sharing pricing models as transformative over the next 5-10 years, compared to 38% who cite scientific breakthroughs.
- The survey results suggest strongly that the move to value-based care in the U.S. will take place even under a new administration in Washington. Among U.S. healthcare executives surveyed after last year’s Presidential election, 55% said they expect the majority of U.S. healthcare payments will be value-based before 2020.
- Almost one-third of respondents in medical devices/tech/diagnostics and in healthcare services believe that non-traditional competitors will have a transformative impact on the industry in the next three to five years.
- Healthcare executives most frequently cited M&A, industry partnerships and collaborations, including with non-traditional competitors, as enabling the transformation of the industry over the next 5-10 years.

- More than half of respondents expected an increase in acquisitions of public companies over the next 18 months, and more than two-thirds expected an increase in private company acquisitions.

The Global Healthcare Leaders Study surveyed 213 C-level executives and 87 healthcare investors. C-level executives included CEOs, CFOs, and senior executives involved in strategic decision-making. Respondents were chosen to represent a statistically significant mix between the U.S. (203); Europe (88); and Other Regions (9), except for the Healthcare Services respondents, who were all U.S.-based. (Healthcare Services in Europe and Other Regions were not surveyed because of the idiosyncratic nature of national healthcare systems).

The Global Healthcare Leaders Study reflects Lazard's approach to long-term thought leadership, commitment to the sectors in which it participates, and focus on intellectual differentiation. An executive summary of the Study is posted at [www.lazard.com/perspective](http://www.lazard.com/perspective).

Lazard's Global Healthcare Group advises senior executives and boards of directors on strategic M&A, corporate preparedness, capital advisory, and other strategic and financial matters. The group is active in all areas of the healthcare and life sciences industry, including pharmaceuticals, biotechnology, healthcare services, and medical devices.

### **About Lazard**

Lazard, one of the world's preeminent financial advisory and asset management firms, operates from 43 cities across 27 countries in North America, Europe, Asia, Australia, Central and South America. With origins dating to 1848, the firm provides advice on mergers and acquisitions, strategic matters, restructuring and capital structure, capital raising and corporate finance, as well as asset management services to corporations, partnerships, institutions, governments and individuals. For more information on Lazard, please visit [www.lazard.com](http://www.lazard.com). Follow Lazard at @Lazard.

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