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Velocity

HOW FAR YOU GO.
HOW FAST YOU GET THERE.

APRIL 2011 – HEALTH CARE FURNITURE MARKET

Identifying & Driving Opportunities 2011 - 2014.

360-Degree View of Healthcare Market Demand Trends in North America.

According to leading architecture and design firms and healthcare systems (IDN's) surveyed, overall demand for office and contract furniture and furnishings for all healthcare environments in North America from 2011 through 2014 is estimated to grow by over nine percent (9%) annually from 2010 levels. This could translate up to a $2,160 million dollar office and healthcare furniture product opportunity in 2014.

While construction and renovation programs focused primarily on acute care hospitals drove the most significant percentage of the furniture demand through the last decade, the next decade will be different. Increased government regulation, Medicare and state-based mandates, coupled with private-payer incentives to reduce the cost of health care delivery and increase in patient demand have changed the nature of healthcare.

Evaluating 2009 and 2010, demand trends have significantly shifted as leading healthcare systems (IDN's) increasingly are reallocating their healthcare construction funding and design resources to primarily focus on multiple new smaller, stand-alone ambulatory and medical/surgical facilities and medcial office buildings over the traditional large acute care construction programs.

This shift by healthcare delivery organizations will create increased opportunities for office and contract furniture manufacturers who are well-positioned, and challenges for others who lack a thorough understanding of the healthcare market segment, a healthcare product portfolio, and an effective ability to sell office and healthcare furniture to A&D and healthcare organizations.

The time to establish or redefine your organizations' healthcare furniture product development, sales and distribution strategy may be now.

From March 2010 to January 2011, Velocity Partners conducted design, specification and demand research of furniture and furnishings for public, office and clinical environments in healthcare new construction and renovation markets. The research results provide current and future product and solution specification trends, sales, and purchasing habits of major participants including A&D firms, furniture dealers, and end-user customers (major GPO's, IDN's and healthcare systems).

The research report results include:

+ Tracking healthcare furnishings spend trends by geographic region (major clusters) and micro-segments (facilities types within clusters).

+ Micro-segments include acute care hospitals, specialty hospitals, ambulatory care, and medical office buildings, freestanding emergency, outpatient medical/surgical, behavioral health, medical research and other medical mixed-use environments.

+ Tracking purchaser demand by spend type (capital versus daily demand or replacement).

+ Tracking A&D specification by furniture type (product category/application) and future trends.

+ Product and distribution opportunities by healthcare environment (public, office, clinical) with breakdown estimates for furniture applications within these environments.

+ Identifying increased demand (growth) signals by geographic market and top IDN/healthcare systems.

+ The expected impact on 2011-2014 healthcare design, construction, and furnishings demand of the 2010 **H.R.3962 - Affordable Health Care for America Act** and potential impact of a repeal of major elements of this bill in 2011.

+ Identifying key healthcare micro-segments and geographic markets that provide increased product specification and sales opportunities for 2011 through 2014.

+ Key economic and market factors affecting current and future performance of specific geographic market and market micro-sectors.

+ Key considerations for successfully leveraging and deleveraging GPO contracted relationships.

+ Predictive modeling of stable and growing opportunities geographic market, facility type and product type.

+ Future sales opportunities for office and contract furniture manufacturers without a clinical and healthcare product portfolio, marketing, sales and distribution experience.

The research was conducted with participants ranging from key architecture and design professionals to end-user facilities professionals across a range of key geographic market and market segments in North America. The research includes quantitative data and qualitative interviews and has integrated reliable secondary data to formulate the results.

The key geographic markets include:

+ North East	+ South East	+ Midwest
+ Ontario	+ Great Plains	+ South West
+ North West	+ British Columbia	

Management Summary in PowerPoint $2,500 USD.
Management Summary, presentation and management discussion $4,000 USD.

For a customized presentation and/or additional and proprietary background quantitative data, qualitative interviews, third-party data and strategy services, please contact Brian D. Bascom at 616.546.9300 or by email at brian.bascom@velocitypartners.com

About Brian Bascom.
Brian has worked on more than 80 consulting engagements since 1995. He has played key strategy and program management roles in new product development & new market development for clients in the office and healthcare market segment.

Clients have included: Herman Miller for Healthcare, Nurture by Steelcase, Nemschoff as well as a range of private equity and investors with a financial interest in the office/contract furniture industry.