The Role of Intangible Assets in Private Health Care Companies

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The Role of Intangible Assets

- Changes influence health care company’s operational processes

- Previously the focus - on the profit management aspects, but the adaptation time for changing environment has become shorter

- Intangible assets are having increasing role

- Questions related with intangible assets have also become under increasing discussion
The Number of Health Care Institutions Providing Outpatient Services - Total in Latvia from the 1990-2011

Source: Central Statistical Bureau of Latvia
The EHCI has become a measurement standard for European healthcare. The 2012 edition ranks 34 national European health care systems on 42 indicators, covering five areas that are key to the health consumer: Patients’ rights and information, Accessibility (waiting times) of treatment, Outcomes, Range and reach of services provided and Pharmaceuticals.

Source: http://www.healthpowerhouse.com
Theoretical Aspects of Intangible Assets

- “an intangible asset is an identifiable non-monetary asset without physical substance”*

- “An intangible is defined as any event that creates or modifies perceptions or expectations of the future behavioural, value or relevance, of an individual, group, or otherwise constituted organization” **

*International Accounting Standard 38 - Intangible Assets

Theoretical Aspects of Intangible Assets

- According to intangible management there are two types of intangible assets *:
  - Hard intangibles
  - Soft intangibles

- By identifying and measuring intangible assets, company can better evaluate and manage its competitive advantage

Theoretical Aspects of Intangible Assets

Intensified competition, induced by globalization, deregulation, technological change

Fundamental corporate change, emphasis on innovation, use of information technology

Innovation related intangibles
Human resource intangibles
Organizational intangibles

The Ascendancy of Intangibles*

Theoretical Aspects of Intangible Assets

- “As intangible assets grow in size and scope, more and more people are questioning whether the true value – and the drivers of that value – are being reflected in a timely manner in publicly available disclosure”* (Arthur Levitt)

Conclusions

- The identification of the intangible assets in private health care companies is important
- Intangible assets can be a source of private health care company`s competitive advantage
- Intangible assets can increase the company`s ability to compete in the market
- Intangible assets can add value to overall private health care company`s value


Basic Indicators of Health Care in Latvia at the End of the Year [Online]. Riga : Csb.gov.lv, 2013

World Health Organization data

http://www.healthpowerhouse.com
Thank you for your attention!