2014 Global life sciences sector outlook

Deloitte Touche Tohmatsu Limited's yearly look at the topics and trends in the life sciences sector, stakeholder considerations, and local market updates.

Sector overview

Pharmaceutical
$959 billion
2.4% growth rate
Leading area — Oncology

Biotechnology
$232.5 billion
9.6% growth rate
Leading area — Oncology, autoimmune, infectious diseases

Medical technology
$349 billion
2.6% growth rate
Leading area — In vitro diagnostics

Growth drivers

Health care spending
5.3% annual spending increase on health expected globally over next five years

Demographics
Increasing life expectancy projected to increase global population above 65 years of age by around 10%

Top issues and trends

Issue one: Navigating global health care reform

Many countries implementing reforms to transform industry from a *Volume* — to a *Value-based* marketplace.

65% of life sciences executives say they have had to, or will change their innovation processes in the next 3 years.

58% will adapt their sales models in light of legislative reforms.

Price controls and increasing use of generics are common steps in cost containment.

Issue two: Delivering innovation and value

Generics — 5.9% of global sales in 2004 and 10.3% by 2018

30% increase in new molecular entities (NMEs) in 2012

Collaboration with traditional, and non-traditional partners, key to increasing innovation

Issue three: Complying with regulatory changes

In the last decade, there has been a growing list of regulatory requirements or expectations imposed on the life sciences sector

Security & privacy
Government policies and mandates
Intellectual property protection
Drug safety
Counterfeiting
Corruption

Issue four: Operating in a smaller and connected world

For more information, visit www.deloitte.com/2014lifesciencesoutlook