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

**Issue four:** Operating in a smaller and connected world

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Security & privacy

Government policies and mandates

Intellectual property protection

Drug safety

Counterfeiting

Corruption

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