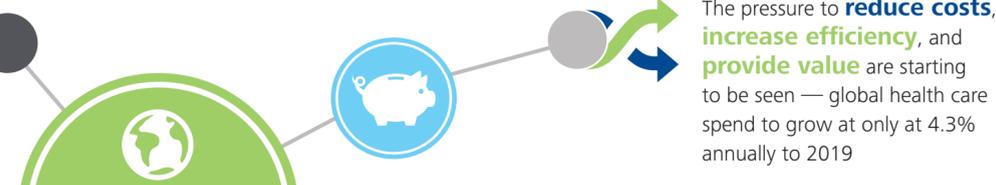


## 2016 global life sciences sector outlook

Our yearly look at the topics, trends, issues, and challenges impacting the global life sciences sector

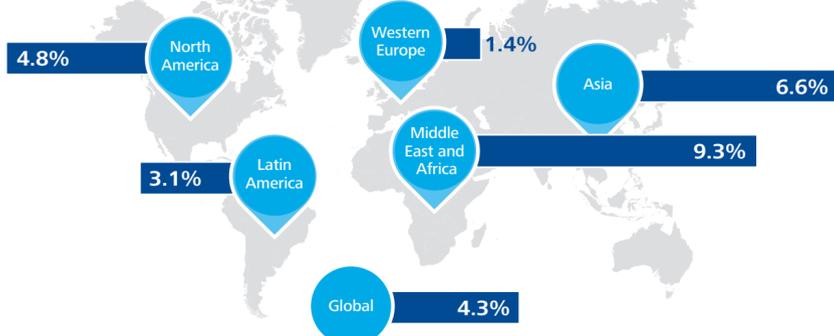


% of GDP spent on health care globally is expected to decrease to **10.1%** by 2019



### Where's the growth expected?

Economic uncertainty, Eurozone crisis, and currency devaluation are expected to impact spending. India to lead the way at 16.1% growth by 2019



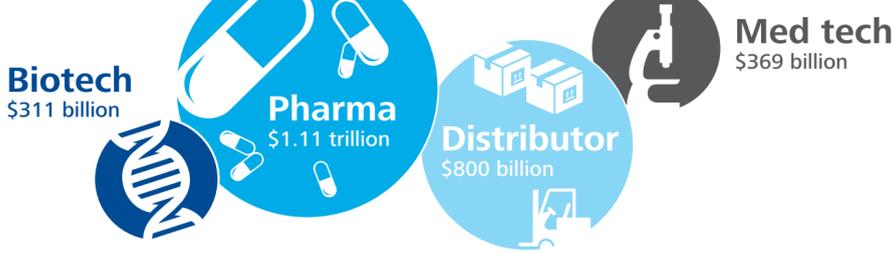
### Expected drivers of growth



### Expected constraints to growth



### Current market size



## Top issues and trends

## Navigating market dynamics

**Tax issues**

- BEPS
- M&A/strategic alliances
- R&D
- Supply chain

**Talent issues**

- Talent shortages and war for talent
- Talent issues impacting many parts of the world

**Companion diagnostics**

- Aligning stakeholder incentives
- Regulatory and reimbursement oversight

**Personalized care**

- New therapies, improve outcomes
- Specialty drugs are on the rise — They currently comprise **31.8** percent of total drug spending and are projected to reach **44** percent by 2017

**Economic uncertainty — issues impacting some regions/countries:**

- Stagnating economies
- Growth slow-down
- Rising debt-levels
- Recession
- Currency devaluation
- Sanctions and falling oil prices

**Changing demographics**

- Aging populations
- Growing prevalence of chronic diseases
- Rising consumer wealth

**Accessibility and affordability**

- Universal care
- US Affordable Care Act
- Health reforms

## Countering pricing and cost pressures

**Reform-driven drug price controls**

- Shift to value-based care
- Government price controls and formularies
- Shift towards generics and biosimilars

**Operations issues**

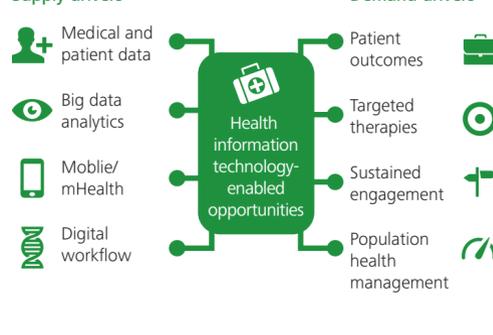
- R&D costs
- Clinical development risks
- Manufacturing footprint
- Post-merger integration
- Supply chain

**Outdated IT infrastructure**

- Operational and compliance issues
- ERP
- Cloud

## Promoting innovation

### Evolving models

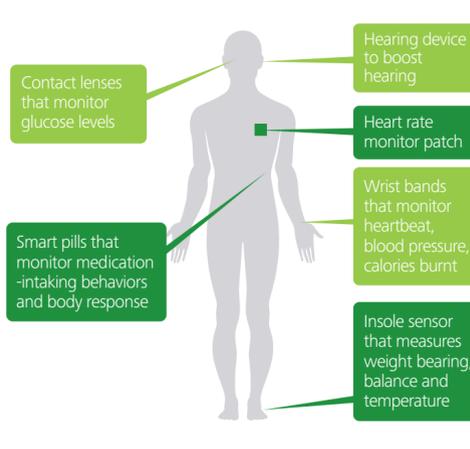


### Digital health

• Telehealth, mHealth, wearables, social media

### M&A and collaborations

• The first half of 2015 saw **304** pharma M&A transactions worldwide, with increasing total of over **\$221 billion**. This compares with just **\$62 billion** during the same period in 2014.



### Regulations and compliance

• Regulatory agencies continue to exert pressure on life sciences companies, with increasing focus on **off-label marketing**, **failures to disclose safety risks**, and concerns about the **clinical trial process**

### Cybersecurity and IT quality

• Cloud-based computing attacks

• Regulatory implications of cloud usage

• Medtech security concerns

• Big data management

• Third-party access

• Privileged access

### Counterfeit drugs

• The proliferation of **counterfeit medicines**, particularly in emerging markets, is a serious concern and can be a significant barrier to life sciences growth

### IP protection

### IDMP

• EU legislation is mandating the implementation of new data standards called **identification of Medicinal Products (IDMP)**. IDMPs allow for the unique identification of medicinal products on an international level by developing a method and process for generating global product identifiers that can then be used for product reconciliation and linkage across the entire product supply chain.

To learn more about the trends, challenges, and issues impacting the global life sciences sector, please visit [www.deloitte.com/lifesciencesoutlook](http://www.deloitte.com/lifesciencesoutlook) for more information.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 200,000 professionals are committed to becoming the standard of excellence.