Reducing costs and introducing new medicines: top development trends in the Russian pharmaceutical industry 2016

Deloitte CIS Research Centre
Moscow, 2016
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>05</td>
</tr>
<tr>
<td>Russian pharmaceutical market in figures</td>
<td>06</td>
</tr>
<tr>
<td><strong>Current situation and forecast</strong></td>
<td>07</td>
</tr>
<tr>
<td>Key market indicators analysis</td>
<td></td>
</tr>
<tr>
<td>Russian pharmaceutical market’s position in the world</td>
<td>10</td>
</tr>
<tr>
<td><strong>Current situation in the Russian pharmaceutical industry</strong></td>
<td>11</td>
</tr>
<tr>
<td>Russian pharmaceutical industry: current situation</td>
<td>12</td>
</tr>
<tr>
<td>Expectations for Russian pharmaceutical industry growth in 2016</td>
<td>13</td>
</tr>
<tr>
<td>Russian pharmaceutical companies: current situation</td>
<td>14</td>
</tr>
<tr>
<td>Russian pharmaceutical companies: forecast</td>
<td>15</td>
</tr>
<tr>
<td>Expectations of changes in key financial indicators for pharmaceutical companies in Russia</td>
<td>16</td>
</tr>
</tbody>
</table>
Content

04 Directions of development in the Russian pharmaceutical market

- Top issues affecting the Russian pharmaceutical industry
- Russian pharmaceutical business development strategies
- Trading policy in the Russian pharmaceutical market
- Russian pharmaceutical market’s foreign trade structure
- Economics of expectations: the share of imported medicines in Russia

05 Efficiency of government regulations in the pharmaceutical industry

- Government measures aimed at reducing the share of imported medicines
- Top government regulation areas to be improved

06 Our respondents

07 Contacts
Introduction

Deloitte would like to thank you for your participation in the May 2016 survey, which was part of the research project entitled “Development trends and practical aspects of the Russian pharmaceutical industry 2016.” Your expert opinion helped us perform a comprehensive review of the Russian pharmaceutical industry and analyse the sentiment and expectations of the market participants with respect to the Russian pharmaceutical market’s growth as well as their own.

This survey has been conducted annually since 2013 and forms the basis for a comprehensive study on the Russian pharmaceutical industry. We would be very grateful if you would consider participating in our next survey as well.

Over 70 respondents representing 50 Russian and foreign manufacturers of original medicines and generics in Russia and abroad, and pharmaceutical distributors participated in the 2016 survey.

We are pleased to present the full version of the research report. In addition, key conclusions from this report will be published by leading Russian media outlets.

We hope you find the results of this survey interesting and relevant.

If you have any questions regarding this survey, please do not hesitate to contact us.

Key issues:

- Statistical survey of key Russian pharmaceutical industry indicators;
- Russian pharmaceutical industry: current situation and forecast;
- Russian pharmaceutical companies: current situation and forecast;
- List of main issues facing the Russian pharmaceutical industry;
- Russian pharmaceutical business development strategies;
- Cost optimisation options;
- Trading policy in the Russian pharmaceutical market;
- Government measures aimed at reducing the share of imported medicines; and
- Key government regulation areas to be improved.

Yours sincerely,

Oleg Berezin

Oleg Berezin
Partner, Head of the LS&HC Group, Deloitte CIS
Life Sciences and Health Care
02

Russian pharmaceutical market in figures
Current situation and forecast
The average annual growth rate of the Russian pharmaceutical market represented about 14 percentage points (pp) until 2014. In 2015, the RUB value of the market grew by 8.2 percent.

Key market indicators analysis

- Reduced share of low-cost medicines with a price per unit below RUB 150;
- Major growth in prices for low-cost medicines;
- Decrease in profitability of supplying vital medicines.

**Market volume: trends and forecast, RUB billion**


**Market volume: trends and forecast, USD billion**


Sources: DSM Group, Central Bank of Russia, Ministry of Economic Development, Deloitte estimates

*2016 forecast for the overall market
• The commercial sector’s growth in RUB: 9.4 percent (the lowest level in five years);
• The share of imported medicines in the commercial sector remained almost unchanged at 74 percent in monetary terms (76 percent in 2014);
• The public sector (hospital purchases and extensive drug coverage programmes) grew by 6.4 percent;
• The RUB value of extensive drug coverage programme volumes grew by 11.4 percent;

• According to DSM Group’s retail audit, in March 2016 the commercial segment of pharmaceutical products amounted to RUB 47.6 billion (including VAT). Compared to February, the pharmaceutical market capacity increased by 2.8 percent;
• The pharmaceutical market’s commercial segment shrank by 10.2 percent (in RUB terms) during the first three months of 2016 year-on-year.

*2016 forecast for the overall market
** *Finished Pharmaceutical Products
**Inflation from 2010 to 2015 (in percent)**

- Inflation is the root cause of the pharmaceutical market’s growth in monetary terms in 2016;
- Prices for medicines in March 2016 grew by 0.1 percent in RUB terms, while the USD price index in March grew by 6.8 percent;
- From January to June 2016, the rise in medicine prices increased by 5.5 percent in RUB terms and by 8.6 percent in USD terms;
- From January to June 2016, inflation on medicine prices was 5.5 percent in RUB terms and 8.6 percent in USD terms;
- As compared to February, the average price per unit in March 2016 rose by 0.7 percent and comprised RUB 147.3;
- According to the Russian Federal State Statistics Service, the average medicine prices for January-December 2015 grew by 23.8 percent year-on-year; inflation had slowed down to 19.6 percent by December.
- Experts expect consumers to seek cheaper medicines because of income decline, which could be critical for manufacturers of brand generics, forcing some of them to stop the production of unprofitable medicines.

---

*Vital and Essential Drugs*
Russian pharmaceutical market’s position in the world

- According to the Economist Intelligence Unit (EIU), Russia is not in the top ten list of countries in terms of pharmaceutical products sales (in USD).
- The EIU forecasts that Russia will rank 16th in 2020.

**Forecast for 2016**

- **DSM Group**
  In 2016, the Russian pharmaceutical market is expected to grow by 8 percent. Medicine consumption is expected to decrease by 2-3 percent in terms of units sold.
- **State procurement is expected to be at around RUB 334 billion (which accounts for 24 percent of the overall market and 29 percent of the market less parapharmaceuticals, holding constant the forecasted market growth of 8 percent).**
- **IMS Health**
  Expected annual growth of 5-7 percent (in RUB terms) throughout the year; consumption in units sold is expected to decline due to low purchasing power.
- **RNC Pharma**
  The market is expected to grow by 9 percent (in RUB terms), but decline by 4 percent in terms of units sold.
Current situation in the Russian pharmaceutical industry
Russian pharmaceutical industry: current situation

Trend
Despite the dominance of positive perceptions on the Russian pharmaceutical market (by 20 percent) during the first half of 2016, pharmaceutical companies are still divided in their views: 60 percent of the respondents have a positive view of the situation, while the remaining 40 percent take the opposite view.

Specific patterns
- Negative sentiment is common among non-localised foreign companies (54 percent). Manufacturers of original medicines (including those with production abroad) also tend to be more pessimistic than the overall result (by 6 pp).
- The reverse trend and prevailing positive estimates are common for Russian companies (85 percent) and generics manufacturers (including non-Russian manufacturers).

* beneficiary owners are Russian residents
** or Russian subsidiaries of foreign companies
Current situation in the Russian pharmaceutical industry

Expectations for Russian pharmaceutical industry growth in 2016

Trend
Half of pharma representatives believe that the market situation will change in 2016. The market expectations of these changes are split: 58 percent of the respondents have good expectations, while 48 percent expect the opposite.

Unlike the pessimists (36 percent), the optimists (50 percent) more often tend to say that the situation in 2016 will generally remain the same. Therefore, "no change" expectations are more characterised by a positive sentiment rather than a negative one.

Almost half of the respondents do not expect the pharmaceutical industry to change significantly.

Looking forward, 30 percent of respondents expect the situation to improve, while 22 percent are more pessimistic about the market situation.

Specific patterns
- Manufacturers of generics tend to have more favourable expectations about the Russian pharmaceutical industry in 2016 (50 percent), unlike original medicines producers (18 percent).
- Notably, Russian companies are more likely to expect no significant changes: the share of such companies is 14 pp below the average level. None of the Russian representatives forecast a slowdown in the pharmaceutical industry, while the share of non-localised foreign companies expecting a deterioration in the market conditions is somewhat higher (33 percent).
Current situation in the Russian pharmaceutical industry

Russian pharmaceutical companies: current situation

Trend
The overall situation in the Russian pharmaceutical market can be clearly defined as a positive one: the majority of survey participants rated the current condition of their own companies as positive (84 percent). Only 16 percent of the respondents say that their companies are in a rather bad shape.

Specific patterns
• Negative estimates of current market positions are mainly common among manufacturers of medicines and Russian subsidiaries of non-localised foreign companies (25 percent and 21 percent respectively).
• The reverse trend (with a bigger share of positive responses regarding current business conditions) is common for manufacturers of generics (93 percent) and Russian companies (92 percent).

* beneficiary owners are Russian residents
** or Russian subsidiaries of foreign companies
**Current situation in the Russian pharmaceutical industry**

**Russian pharmaceutical companies: forecast**

**Trend**
Considering the prevailing optimistic view of the business situation, the number of those not expecting significant changes is rather high: this view was expressed by more than half of the respondents (52 percent).

Of the respondents, 38 percent expect improvements in their business, while 10 percent expect a worsening outlook for their company.

**Specific patterns**
- Positive expectations for business development in 2016 prevail among manufacturers of generics (64 percent) and Russian companies (61 percent). None of the representatives from these groups expect the situation to worsen.
- Localised foreign companies and manufacturers of original medicines are slightly less optimistic in their forecasts. The share of those expecting a negative outlook for business development is above the average level by 13 pp and 8 pp respectively.

* beneficiary owners are Russian residents
** or Russian subsidiaries of foreign companies
*** or Russian subsidiaries of foreign companies

---

**Graph:**
- Overall: Situation will definitely improve (34%), Situation will likely improve (38%), Situation will not change much (50%)
- Production of original medicines, including abroad: Situation will definitely improve (52%), Situation will likely improve (61%), Situation will likely deteriorate (10%)
- Production of generics, including abroad: Situation will definitely improve (61%), Situation will likely improve (36%), Situation will likely deteriorate (18%)
- Production of medical devices: Situation will definitely improve (50%), Situation will likely improve (50%), Situation will likely deteriorate (50%)
- Russian companies*: Situation will definitely improve (61%), Situation will likely improve (50%), Situation will likely deteriorate (8%)
- Non-localised foreign companies**: Situation will definitely improve (33%), Situation will likely improve (59%), Situation will likely deteriorate (8%)
- Localised foreign companies**: Situation will definitely improve (23%), Situation will likely improve (54%), Situation will likely deteriorate (23%)
Current situation in the Russian pharmaceutical industry

Expectations of changes in key financial indicators for pharmaceutical companies in Russia

What changes do you expect in your company’s key performance indicators over the next 12 months?

**Trend**

The majority of Russian pharmaceutical company representatives (77 percent) expect revenue to grow (in RUB) in 2016. The average expected increase in revenue is 15 percent.

At the same time, 49 percent of respondents expect growth in operating costs; the average expected increase is 10 percent. One third of respondents (33 percent) expect no dramatic changes in operating costs (in RUB).

Around half of companies (53 percent) are planning to review their employment policies in terms of staffing. While 55 percent of those expect headcount to grow by 5 percent on average, the remaining 45 percent expect the headcount to decline by 7.5 percent.

HR policies are also expected to change with respect to wage/salary levels. Of the representatives from the Russian pharmaceutical sector, 63 percent expect an increase in the average wage/salary of 7.5 percent in 2016, while 35 percent expect no changes.

**Graph:**

- **Revenue (in rubles)**: 77% expected growth, 10% expected decline, 2% no change.
- **Operating costs (in rubles)**: 49% expected growth, 47% expected decline, 6% no change.
- **Headcount**: 53% expected growth, 47% expected decline.
- **Average wages**: 63% expected increase, 35% no change.

---

Expectations for Russian pharmaceutical industry growth

Russian pharmaceutical companies: current situation

Russian pharmaceutical companies: forecast

Expectations of financial metrics for pharmaceutical companies in Russia
Directions of development in the Russian pharmaceutical market

During the survey, we asked industry representatives to outline three topical issues for the Russian pharmaceutical market. As a result, we received a list of critical challenges that pharmaceutical and healthcare companies in Russia currently face.
Directions of development in the Russian pharmaceutical market

Top issues affecting the Russian pharmaceutical industry

Trend
As in last year’s survey, the current state of the Russian economy is the main issue concerning the representatives of the pharmaceutical industry (60 percent). Shortcomings in legal regulation also remain a source of concern (50 percent). Currency risk and the devaluation of the rouble are third on the list of major issues (27 percent). It is also worth noting that concern over corruption has grown this year (to 20 percent).

The lack of state funding has become less of an issue (at 10 percent), as compared to last year, when it was rated as one of the top-three major issues facing the representatives of pharmaceutical companies operating in Russia.

Specific patterns
• Current economic situation in Russia (60 percent)
This issue is of particular importance to representatives of the industry whose main source of revenues are state purchases under essential/extensive drug coverage programmes (95 percent).

• Shortcomings of legal regulation (50 percent)
This issue is of particular importance to companies participating in the Seven Rare Diseases programme and other federal procurement programmes (84 percent).

• Ruble devaluation (foreign exchange risk) (27 percent)
This issue is of more importance to companies with annual revenues in the range of RUB 1 billion to RUB 10 billion (41 percent).

In addition to the abovementioned issues, the following are a matter of concern for industry players, albeit to a lesser extent:
• Insufficient solvency of individuals (20 percent)
This issue is more important to Russian companies (31 percent).

• Corruption (20 percent)
This issue is slightly more important to companies participating in procurements for hospitals and regional/municipal procurement under essential/extensive drug coverage programmes (33 percent and 45 percent respectively). Respondents who have a negative outlook for their companies tend to be concerned about corruption more than other participants (46 percent).
Russian pharmaceutical business development strategies

We asked our respondents about their plans for development over the next few years, and then compared their responses to those from earlier surveys.

**Trend**
As in previous years, the majority of companies (59 percent) plan to introduce new medicines to the Russian market.

Over the past three years, most companies were planning strategic changes of one form or another; however, in 2016, almost a third (31 percent) would like to keep their old business policies without making any significant changes.

The share of companies planning construction of new production facilities in Russia decreased by 12 pp.

In addition, pharmaceutical companies more rarely plan M&A strategies (by 5 pp).

**Specific patterns**
- **Introducing new medicines to the Russian market (59 percent)**
  This strategy is more attractive to manufacturers of original medicines (82 percent) and localised foreign companies (83 percent).

- **No significant change (31 percent)**
  Manufacturers of medical devices (63 percent) as well as participants in regional/municipal procurement under essential/extensive drug coverage programmes (75 percent), non-localised foreign companies (54 percent) and small companies with less than 100 employees are the most likely to be excluding significant changes from their plans.

- **Construction of new production facilities in Russia (24 percent)**
  Companies participating in procurement for hospitals (40 percent), Russian companies (46 percent) and localised foreign companies (50 percent), as well as large companies with revenues over RUB 30 billion (50 percent) and with over 1,000 employees (55 percent) are the most likely to be planning the construction of new production facilities.

- **Joint ventures with Russian or foreign manufacturers (24 percent)**
  It is mainly commercial sector companies (34 percent), medium-sized companies with revenues from RUB 10 billion to RUB 30 billion (42 percent), companies with a headcount from 100 to 1,000 employees (35 percent) and companies that have a negative outlook on their current and future market positions (63 and 40 percent respectively) that pursue this strategy.

- **Business acquisitions ot mergers (10 percent)**
  It is mainly large businesses that are planning M&A transactions (25 percent of companies with revenues over RUB 30 billion and 18 percent of companies with a headcount of over 1,000 employees).
Directions of development in the Russian pharmaceutical market

Cost optimisation options

- Streamlined business processes (75%)
- Streamlined payroll costs (52%)
- Streamlined promotional and marketing costs (46%)
- Control over distributors (23%)
- Streamlined IT costs (13%)
- Other (2%)

Trend
The top three cost saving approaches:

- Streamlined business processes (75 percent)
  Manufacturers of medical devices prefer this approach more often than the overall result (by 10 pp).

- Streamlined payroll costs (52 percent)
  This approach is more prevalent among manufacturers of generics (by 5 pp).

- Streamlined promotional and marketing costs (46 percent)
  Manufacturers of generics select this approach more often (by 11 pp).
Russian Presidential Decree No. 598 of 7 May 2012 "On the improvement of state healthcare policy" is aimed at increasing the production volume of domestic medicines on the Vital and Essential Drugs (VED) list to 90 percent by 2018.

According to the Department of Pharmaceutical and Medical Industry Development of the Russian Ministry of Industry and Trade, the share of Russian medicines included in the VED list currently (H1 2016) comprises 71.5 percent of the Russian pharmaceutical market.

According to the Zdorovie Fund, only 6 of the 42 medicines recently included in the VED list are manufactured in Russia. Five more are packaged in Russia and the remaining are manufactured abroad. No measures to begin the production of substitutes for these imports are planned in Russia in 2016.
Directions of development in the Russian pharmaceutical market

Russian pharmaceutical market’s foreign trade structure

**Trend**
Of the respondents, 34 percent stated that their companies import active pharmaceutical ingredients (APIs):
- Half of importers source APIs from Europe (50 percent).
- A quarter of importers source APIs from China (25 percent).
- Only 6 percent said that they export APIs, which is not sufficient data to allow for an analysis of the export geography.

**Specific patterns**
- API sourcing from Europe is more common among companies engaged in the production of original medicines (including non-Russian producers) (90 percent).
- Companies producing generics are more likely to source APIs from China (80 percent).

**Trend**
Of the respondents, 74 percent said that they import finished pharmaceutical products (FPPs):
- 60 percent of FPP importers source FPPs in Europe.
- Almost every fifth company sources products in the US and Canada (19 percent).
- Of the respondents, 24 percent are engaged in FPP exports.
- 44 percent of the companies export FPPs to EEU member states.
- 31 percent of the companies export FPPs to CIS countries other than the EEU member states.

**Specific patterns**
- Overall, imported FPPs are not as popular among manufacturers of generics (58 percent).
- Manufacturers of original medicines import European and American FPPs more often (95 and 36 percent respectively).
- Generics manufacturers more often than others export FPPs (by 12 pp).

---

*Eurasian Economic Union (EEU)*
Economics of expectations: the share of imported medicines in Russia

How will the share of imported medicines in the Russian market change over the next two years?

**Trend**

We received conflicting forecasts of the share of pharmaceutical imports in USD and unit terms: 48 percent of respondents expect growth while the same number expect a decline. Moreover, the growth forecast is not evenly distributed (ranging anywhere from 1 to 10+ pp), while the decline forecast is more often in the range of 5 to 10 pp. It is worth noting that the majority of respondents (76 percent) expect a decline in the share of imports in terms of units sold; the majority of those (38 percent) expect a decline of 1 to 5 pp.

In last year’s survey, only 26 percent of respondents forecast an increase in the share of imported medicines (in monetary terms), while this year, 48 percent of representatives believe that the share of imported medicines will increase.

However, expectations of changes in the share of imported medicines in terms of units sold are quite stable: 18 percent of respondents (16 percent last year) forecast an increase while 76 percent of respondents (75 percent last year) expect a decrease.

A comparative analysis of the forecasts of changes in the share of imported medicines suggests that prices for imported medicines are expected to grow.

**Specific patterns**

- The majority of generics manufacturers (57 percent) predict a decrease in the share of imported medicines rather than an increase (36 percent). Meanwhile, manufacturers of medical devices tend to believe that the share of imported medical products is going to increase, rather than decrease (63 percent against 38 percent).
- However, manufacturers of generics (29 percent) and Russian companies (31 percent) are more likely to expect that the share of imported medicines in monetary terms will fall significantly.
- Companies engaged in procurement for hospitals more often than others expect a 5-10 percent increase in the share of imported medicines in terms of units sold (40 percent as compared to the average of 8 percent). Companies engaged in regional/municipal procurement under essential/extensive drug coverage programmes expect an increase in the share of imported medicines in terms of units sold by 10 percent or more (25 percent as compared to the average of 2 percent).
Efficiency of government regulations in the pharmaceutical industry

Measures aimed at reducing the share of imported medicines
Top government regulation areas to be improved

Directions of development in the Russian pharmaceutical market

Our respondents
Contacts
Efficiency of government regulations in the pharmaceutical industry

Government measures aimed at reducing the share of imported medicines

The import substitution targets are defined in the Development of Pharmaceutical and Medical Industry for 2013-2020 State Programme. During our study, we asked representatives of the pharmaceutical industry which government measures, they believe, could have the biggest effect on the share of imported medicines in the Russian market.

**Trend**

Generally, the top four government measures aimed at reducing the share of imported medicines on the Russian pharmaceutical market have remained quite stable.

As compared to 2015, respondents indicated that government support for Russian manufacturers through subsidies and privileges/preferences (including for state purchases) and increased investments in innovative Russian pharmaceutical projects is slightly less significant for them.

On the other hand, indexation of registered prices for locally produced VEDs, and no indexation for VEDs produced abroad has become more significant.

**Specific patterns**

- **Encouraging foreign manufacturers to switch to full-cycle production by granting various privileges and preferences, including tax preferences instead of additional restrictions and banning (56 percent).**

  This measure is of greater importance to manufacturers of original medicines (56 percent) and localised foreign companies (56 percent).

- **Further restrictions or bans of foreign (non-localised) manufacturers from state purchases programmes (47 percent).**

  Participants of the Seven Rare Diseases programme and other state programmes (47 percent) as well as localised foreign companies (47 percent) and large companies with over RUB 30 billion revenues (47 percent) tend to support this measure.

- **Indexation of registered prices for locally produced VED, and no indexation (or a slower rate of indexation) for VEDs produced abroad (35 percent).**

  Manufacturers of original medicines (35 percent), companies engaged in hospital procurement programmes (60 percent) and localised foreign companies (35 percent) are more likely than others to support this policy, unlike Russian companies (17 percent).

- **Government support for Russian manufacturers through granting subsidies and privileges/preferences (including for state purchases), and boosting investments in innovative Russian pharmaceutical projects (31 percent).**

  Generics producers (49 percent) and Russian companies (49 percent) rely heavily on government support for Russian manufacturers.
Efficiency of government regulations in the pharmaceutical industry

Top government regulation areas to be improved

As in last year’s survey, we interviewed our respondents to find out what areas of state regulation they believe to be in particular need of improvement.

**Trend**
Generally, opinions regarding the most important areas of improvement for government regulation did not change much since 2015.

The survey results also revealed pharmaceutical industry representatives’ decreasing satisfaction with the legislation on the circulation of drugs and medical devices within the EEU (by 12 pp).

Respondents are also less dissatisfied with the state medicine registration process (by 8 pp).

**Specific patterns**

- **Pricing regulation for medicines**, including the procedure for updating the list of VEDs and their pricing regulation 

  - 2015: 63% 
  - 2016: 69%

- **Regulation of public procurement** (for example, application of preferences or restrictions in public purchasing; purchasing by brand names)

  - 2015: 41% 
  - 2016: 47%

- **State registration of medicines**, including rules of certification for compliance with GMP standards

  - 2015: 41% 
  - 2016: 33%

- **Unification of legislation of the circulation of drugs and medical products within EEU**

  - 2015: 19% 
  - 2016: 31%

- **Tax regulation including transfer pricing and deoffshorisation**

  - 2015: 26% 
  - 2016: 27%

- **Regulation of drug promotion practices**

  - 2015: 26% 
  - 2016: 22%

- **Granting preferences to Russian manufacturers**

  - 2015: 16% 
  - 2016: 14%

- **Intellectual property rights protection**

  - 2015: 10% 
  - 2016: 10%

**State registration of medicines**, including rules of certification for compliance with GMP standards (33 percent).
This issue is of more importance to companies engaged in regional/municipal purchases within essential/extentive drug coverage programmes (67 percent).

- **Unification of legislation of the circulation of drugs and medical devices within EEU** (31%)
  Amendment to the legislation on the circulation of drugs and medical devices within the EEU is more significant to non-localised foreign companies (42 percent) and less significant to Russian companies (17 percent).

- **Tax regulation including transfer pricing** (27%)
  Manufacturers of original medicines (36 percent), companies engaged in regional/municipal purchases under essential/extentive drug coverage programmes (67 percent), non-localised foreign companies (38 percent) and companies with revenues from RUB 1 billion to RUB 10 billion (47 percent) consider tax regulation, including transfer pricing and deoffshorisation, to be of high importance to their business.
Our respondents
As in last year’s survey, almost half of our respondents are representatives of non-localised foreign companies (48 percent).

The remaining survey participants are Russian companies and localised foreign companies (26 percent each).

The majority of respondents are finance professionals (64 percent).

Almost a quarter of respondents are CEOs (24 percent), sales and commercial activity managers are in third place (10 percent).

The majority of respondents are manufacturers of original medicines (56 percent).
Our respondents

Drug stores are the main sales channel for most of the respondents (66 percent). For one fifth of the respondents, hospital procurement is the main source or a significant part of revenues (20 percent).

The survey covers large and small companies in terms of revenues. Around a third of the representatives are companies with revenues from RUB 1 billion to RUB 10 billion (32 percent).

Slightly over half of respondents are companies with a headcount of 100 to 1,000 employees (52 percent). The rest are representatives of large (over 1,000 employees) and small companies (less than 100 employees), comprising 24 percent each.
About Deloitte

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 services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients’ most complex business challenges. To learn more about how Deloitte’s approximately 225,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2016 ZAO Deloitte & Touche CIS. All rights reserved.