

# Orchestrating the New Dynamic Capabilities

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**Overview**

- The pharmaceutical industry discovers, develops, produces, and markets drugs or pharmaceutical drugs for use as medications.
- Pharmaceutical companies may deal in generic or brand medications and medical devices. They are subject to a variety of laws and regulations that govern the patenting, testing, safety, efficacy and marketing of drugs.

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**Overview**

- Regional annual growth rates by country
- Global demographic and economic trends, including pharmaceutical consumption
- Key risks and drivers
- Forecasted future trends and higher sustainable returns
- Company governance responsibilities and risks
- Investing demand for more effective treatments

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**Outline**

- Overview
- Regulatory Entities
- Growth of the Pharmaceutical Industry
- Biggest Global Pharmaceutical Markets
- Top 10 Pharmaceutical Companies
- US Pharmaceutical Industry Economic Impact
- Research and Development
- Domestic Market
- Trade: Import
- Trade: Export
- Challenges and Barriers

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**Research and development (R&D)**

- The pharmaceutical sector has consistently been one of the most R&D intensive industries in the United States.
- R&D performed in the United States has become increasingly expensive relative to emerging economies in Asia.

**Domestic Market**

- The United States has one of the world's most sophisticated and mature markets for pharmaceuticals and medical devices.
- The United States is the world's largest emerging market for pharmaceuticals.

- High incomes per capita
- Unmatched access to healthcare
- Large elderly population
- Culture of end-of-life prolongation
- High rates of chronic diseases and drug consumption

**US Pharmaceutical Industry Economic Impact**

- The industry supports over 3.4 million jobs across the United States and added an estimated \$790 billion to the economy in 2016.
- Total pharmaceutical sales: \$330 billion (1.9% of GDP, 10.7% of total healthcare exp.)
- Per-capita pharmaceutical sales: \$1096



**Pharmaceuticals**

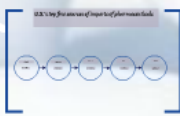
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**Biggest Global Pharmaceutical Markets**

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Rank	Country	Value of Pharmaceutical Market (in trillions of \$)
1	USA	406.89
2	Japan	360.85
3	France	282.74
4	Germany	253.84
5	UK	217.18
6	Spain	162.15
7	Italy	159.98
8	China	142.15
9	Canada	115.08
10	South Korea	101.87



**Trade Import**

- US imports were valued at over \$86 billion in 2015, making it the world's largest importer of pharmaceuticals.



**Trade Export**

- US exports were valued at over \$1.1 billion in 2015, making it the world's largest exporter of pharmaceuticals.

**Trade Policy**

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**Challenges and Barriers**

- Regulatory approval
- Pricing
- Tariffs
- Patentability
- Counterfeit

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U.S.'s top five sources of i



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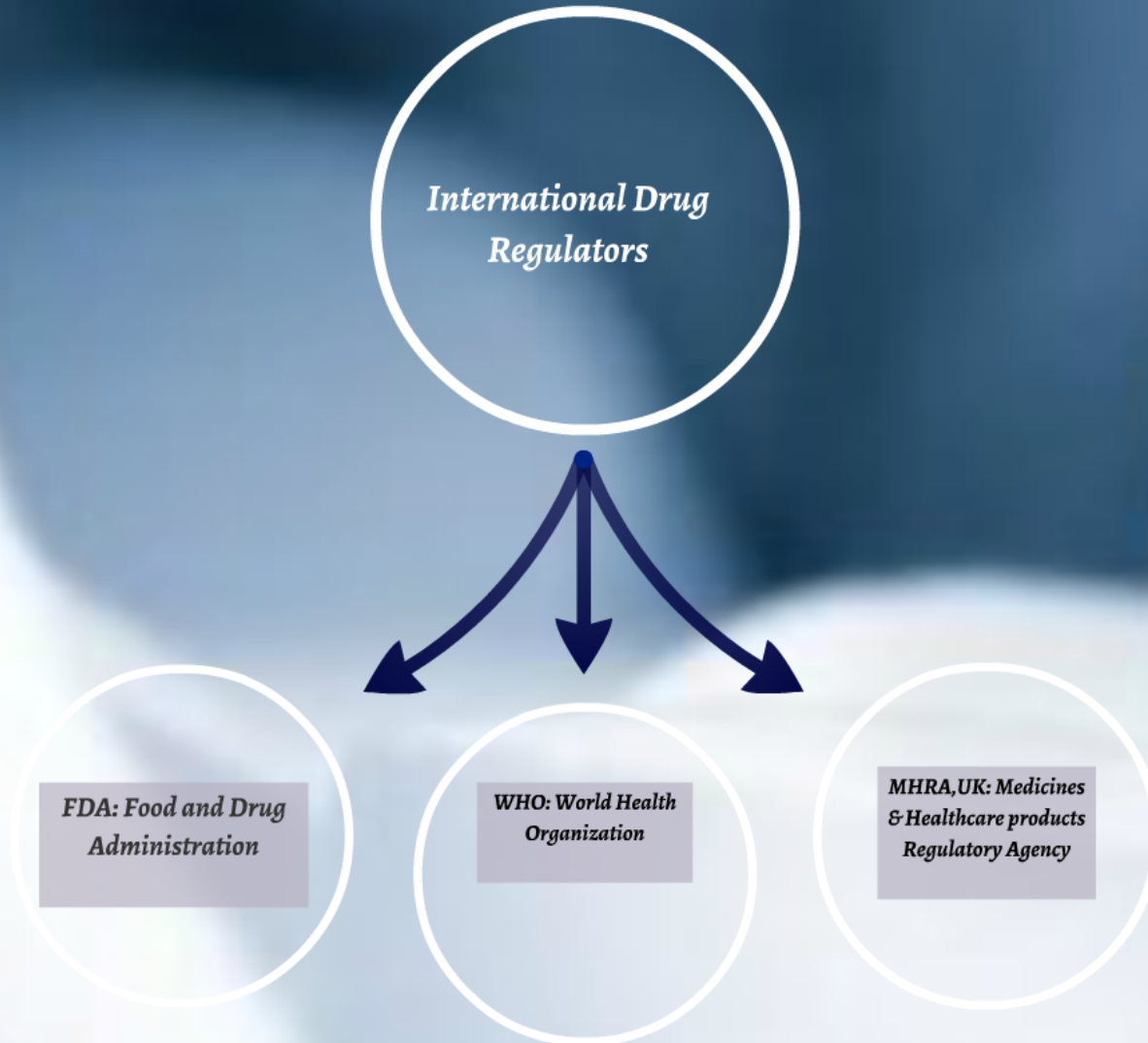


# Overview

- Expected annual growth rate of 4.9 percent.
- Several global demographic and economic trends are driving pharmaceutical consumption:
  - Rapidly aging world population
  - Rise in chronic diseases
  - Increased urbanization and higher disposable incomes
  - Greater government expenditure on healthcare
  - Growing demand for more effective treatments

# Regulatory entities

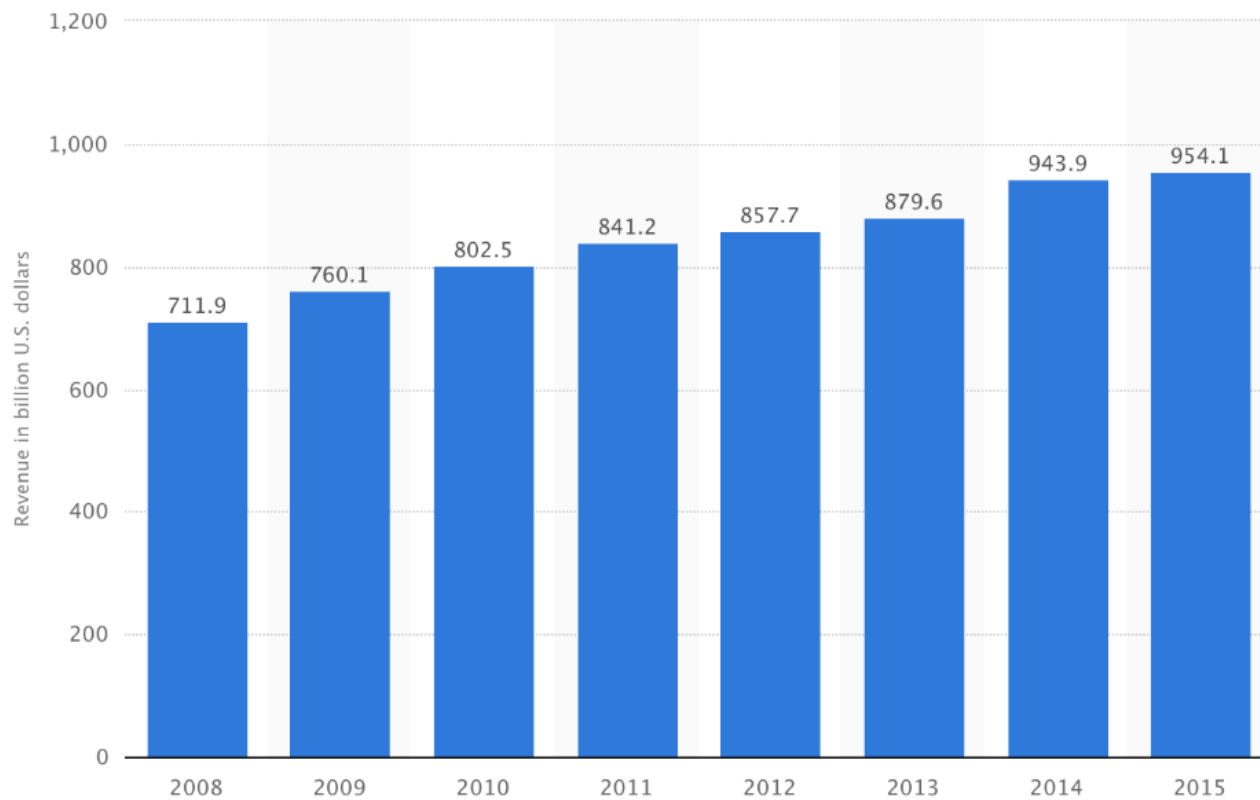
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WHO is charged with the tasks of developing and maintaining global norms, international standards and guidelines for the quality, safety and efficacy of drugs, and providing guidance in harmonization efforts.

# *Growth of the Pharmaceutical industry*

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# *Biggest Global Pharmaceutical Markets*

Rank	Country	Value of Pharmaceutical Market (in millions of \$)
1	USA	339,694
2	Japan	94,025
3	China	86,774
4	Germany	45,828
5	France	37,156
6	Brazil	30,670
7	Italy	27,930
8	UK	24,513
9	Canada	21,353
10	Spain	20,741