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# New Global Healthcare

Another Chapter In Healthcare Marketing Brand Management

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# New Global Healthcare

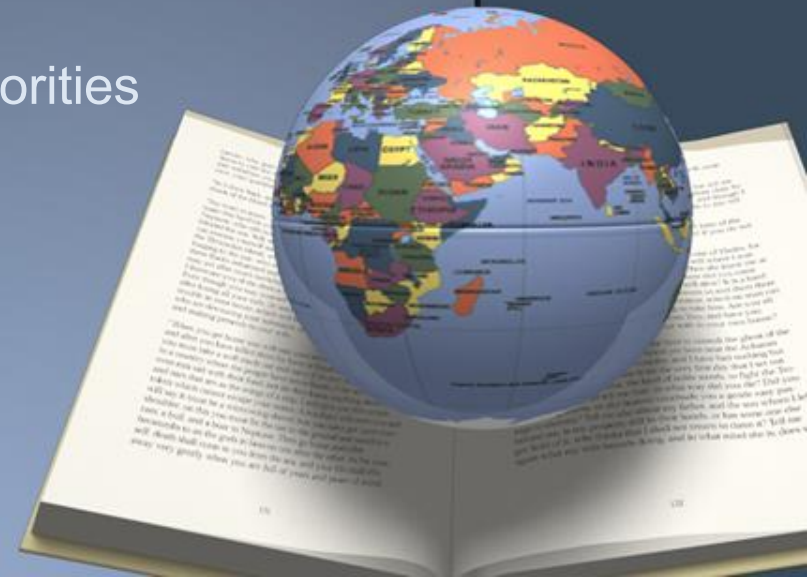
Another Chapter In Healthcare Marketing Brand Management



# New Global Healthcare

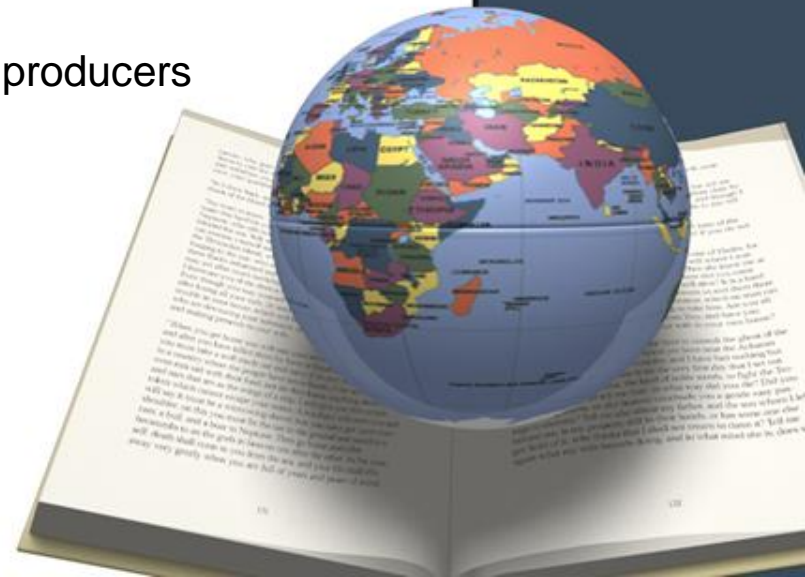
## Another Chapter In Healthcare Brand Management

- New Global Healthcare
- Brazil
- China
- India
- Saudi Arabia
- Shared Change Drivers
- Market Transition Indicators
- Ten Global Healthcare Marketing Priorities



# New Global Healthcare

- Leading healthcare companies have made significant entries into emerging markets such as Brazil, China, India and Saudi Arabia
- They have introduced new products into emerging market nations, often establishing deeper ties including:
  - Acquisition of domestic healthcare manufacturers
  - API sourcing
  - Construction of manufacturing plants and research facilities
  - Partnerships with governments and domestic producers



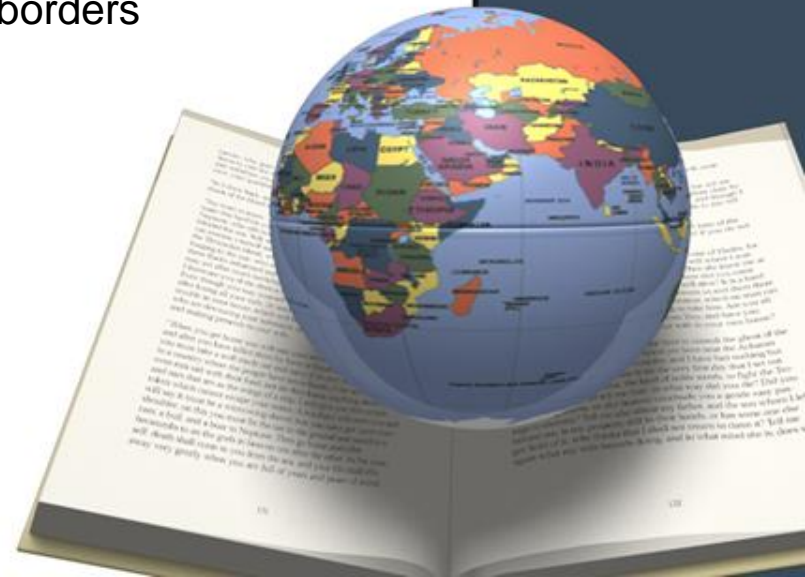
# New Global Healthcare

- Emerging markets are quickly maturing due to:
  - Governments and healthcare communities directly involved with cost/outcomes assessment and the establishment of care and payer structures
  - Increasing number of people with greater access to care
  - Permanence of national industrialization and modernization
  - Fortified relationships between domestic and foreign healthcare industry counterparts
  - Greater access to advanced bio and IT technology



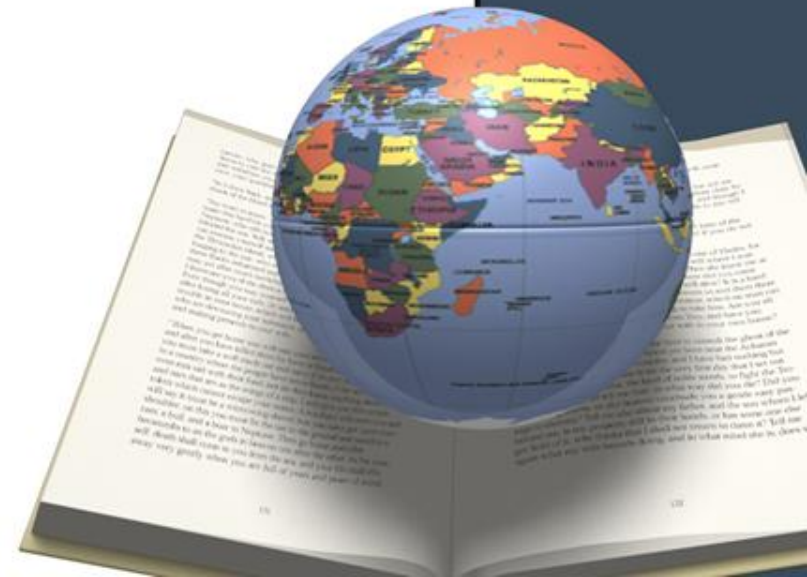
# New Global Healthcare

- Many emerging markets have already entered a new phase of existence and are no longer open field running opportunities of revenue for companies headquartered outside their borders
- More nations are closely managing outside access to their medical communities and patient populations
- Healthcare as an industry is seen as an economic growth engine for developing nations with domestic as well as export income benefits
- Competition is occurring among healthcare companies within the emerging market nations and with those outside their borders



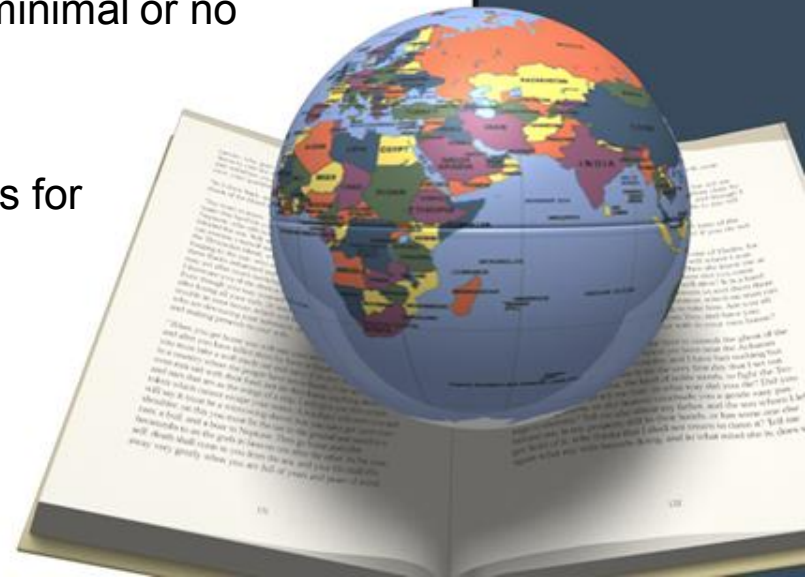
# New Global Healthcare

- Along with many others, Brazil, China, India and Saudi Arabia are becoming “Intermediate” or “Established” markets
- The evolution of the emerging markets has created new business environments with corresponding issues and opportunities for healthcare companies and global brand management



# Brazil

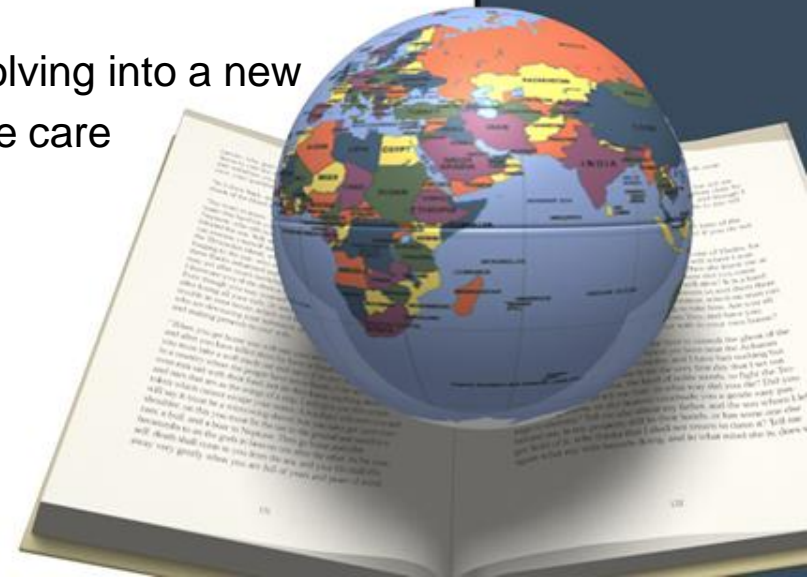
- Brazil's Minister for Health and Aging administers national health policy, healthcare is through private and government institutions, decentralization is widening, more of it is overseen by individual states
- About one-third of population has health insurance, 75% are through commercial operators or companies with self-managed plans
- Brazil's government strongly supports manufacture and use of generic drugs within the nation's healthcare system
- 15,000 pharmacies participate in "Pharmacia Popular" and "Health Has No Price" programs which distribute products at minimal or no cost to patients
- Attracted to disease-targeting "bull's-eye" therapies for cholesterol, diabetes, hypertension





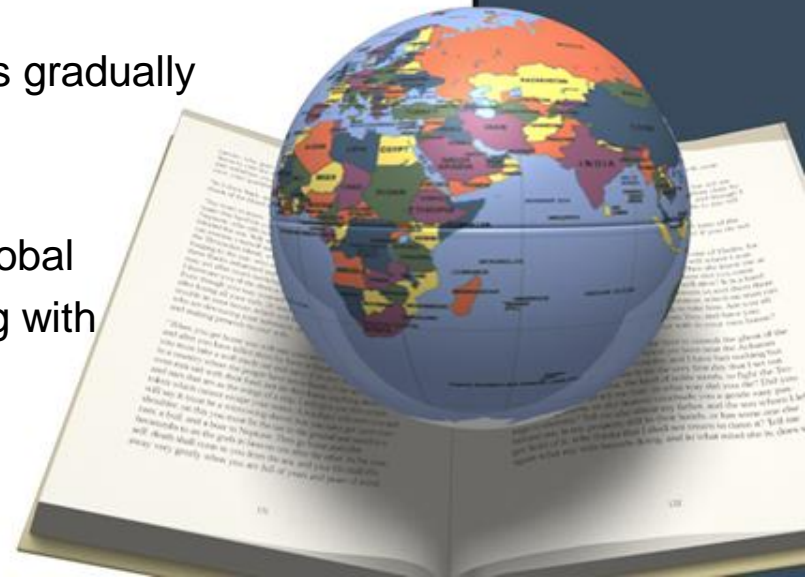
# China

- 20% of world population, 1.5% of global pharmaceutical market
- 3,000+ drug companies, one-third owned by government, with complete product development, manufacturing and distribution capabilities for domestic needs as well as global export
- 3-tiered distribution system increasingly tied together via enhanced information systems offering improved logistics and reporting
- Very large portion of market is hospitals and hospital-based pharmacies with rapidly growing retail pharmacy segment
- High affinity for IV/injectable treatment options evolving into a new trend demanding oral agent options not requiring close care monitoring or hospitalization



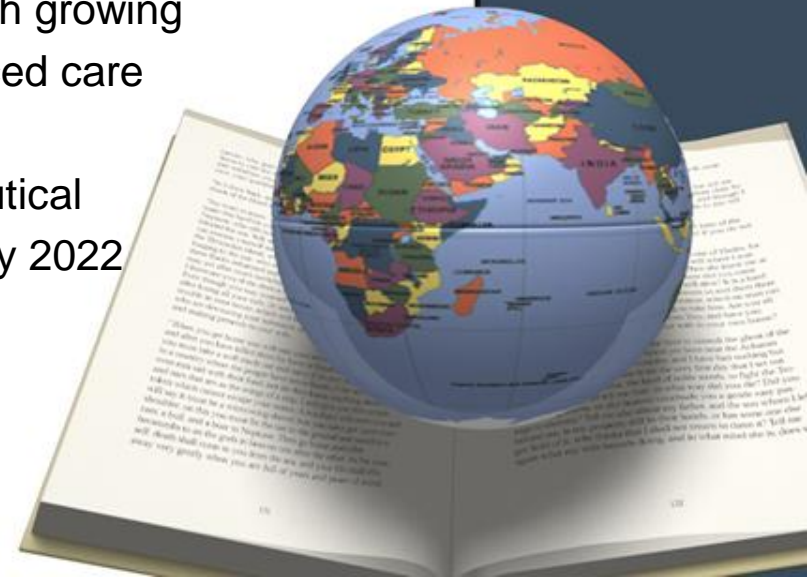
# India

- World's 2<sup>nd</sup> largest population, largely rural, healthcare industry expected to reach \$280 billion dollars annually by 2020
- Upper/middle class have access to high level of care, one-third of nation is impoverished, has access to only substandard care
- National health insurance program has 4,000+ hospitals and over 15 million families enrolled –this continues to substantially grow
- Roughly 98% of healthcare expenditures are paid in cash, about 65% of those patients are indebted for life due to medical expenses
- Government limits full access to medications but is gradually allowing more treatment options at controlled prices
- Large number of foreign investors (mid-to-large global pharmaceutical manufacturers) acquiring or partnering with India-based companies



# Saudi Arabia

- The Ministry of Health is primary agency overseeing healthcare system, government group health plans include Ministry of Defense and Aviation, Ministry of Interior, Saudi Arabian National Guard and Ministry of Education Ministry of Labor and Social Affairs
- Employer health plans include Saudi Arabian Airlines and Royal Commission for Jubail and Yanbu (two industrial cities)
- Government healthcare spending from 2009-2011 increases care services by 12.4%, pharmaceuticals 8.2% and medical devices 13.3%
- Focused development of healthcare resources with growing number of clinicians and capabilities to deliver advanced care
- Saudi Arabia is developing a domestic pharmaceutical industry to satisfy 40% of national healthcare needs by 2022



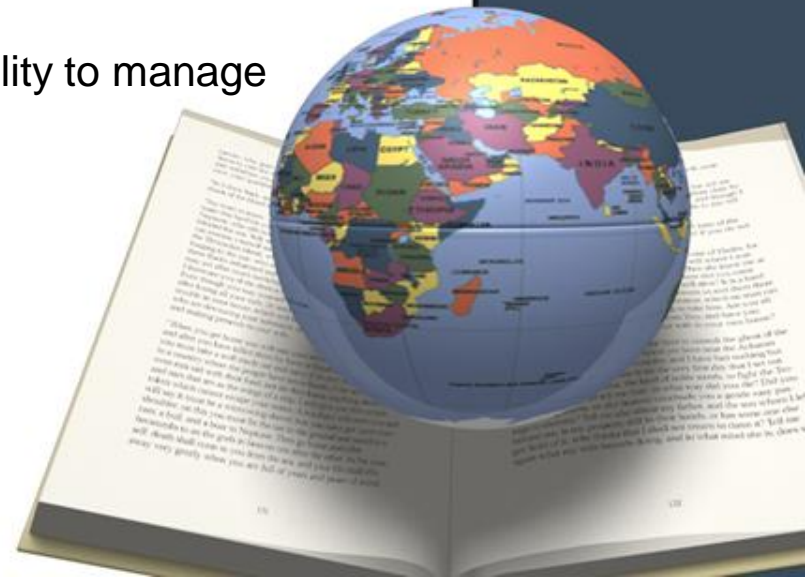
# Shared Change Drivers

- New patient populations are created by more nations providing low income citizens access to healthcare supported by advanced clinical and technology resources coupled with formal healthcare benefit plans
- Accelerated industrialization propels demand by increasing the flow of funds, magnifying healthcare issues and expediting policy decisions
- Governments with ownership stakes in domestic pharmaceutical manufacturers and/or investing in developing their own free-enterprise healthcare industry sectors represent a challenge to outside companies
- Medical/government leaders deciding treatment options:
  - Cost/clinical evaluation of therapies
  - Price controls
  - Generic formulations strongly preferred
  - Products produced domestically are favored



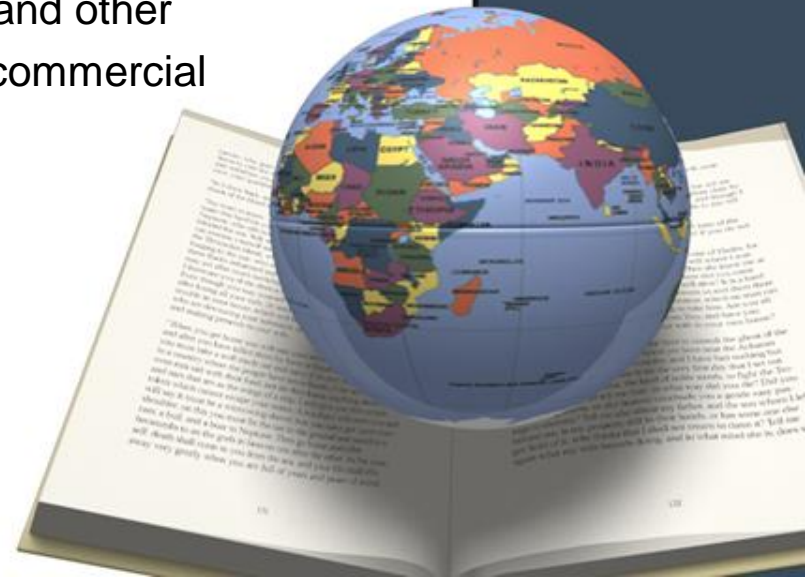
# Market Transition Indicators

- Widening adoption of contemporary healthcare methods and technology including procedures and therapies versus “traditional” means
- Introduction/expansion of private employer-based healthcare benefits for workers and premium-based healthcare plans issued by governments and/or commercial insurers featuring benefit options
- Expansion of permanent healthcare provider presence (clinicians, hospitals, clinics, pharmacies, etc.) beyond metropolitan zones into rural areas
- Higher levels of clinician expertise with greater ability to manage more challenging patient healthcare issues



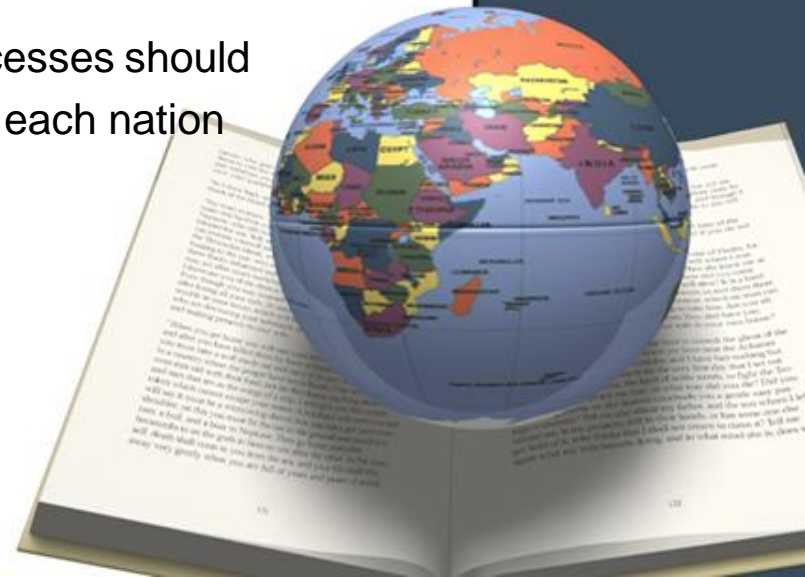
# Market Transition Indicators

- Establishment of domestic healthcare industry including product development/manufacturing capable of satisfying national needs as well as producing quantities to export
- Active health economic outcomes monitoring by government and domestic healthcare community to determine optimum care/cost combinations and ongoing evaluation of treatment options
- Growing economies enabling nations to invest more funds in the healthcare infrastructure needed to support their population
- Changes in physician/patient access to therapies and other products due to plan coverage rules implemented by commercial or government payers



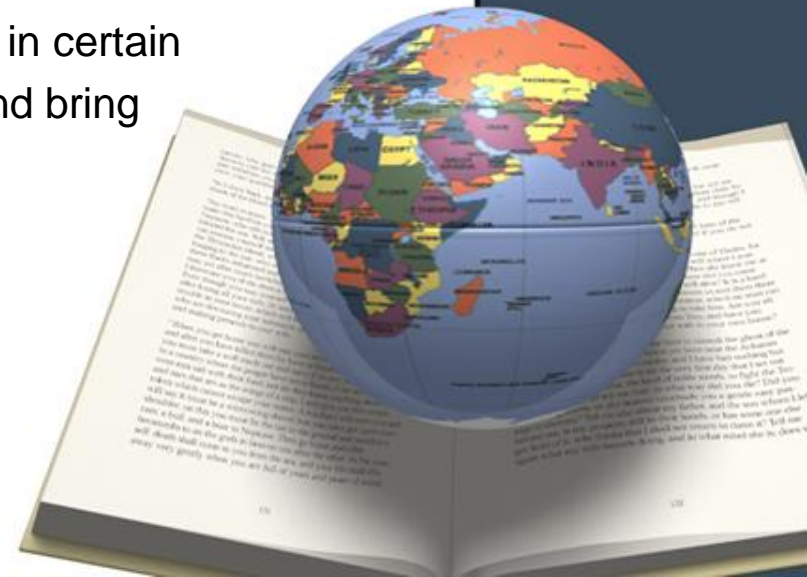
# Ten Global Healthcare Marketing Priorities

- During pipeline development, compounds need to be evaluated as to what markets they may/may not have a place in and what their true global commercial viability is
- Brand, clinical, financial and regulatory positions need to be aligned according to global market strategy and further refined by individual markets to maintain physician/patient access to therapies and products
- Relationships with governments and healthcare communities in their nation must be influential and integrally involved in policy-making
- Contracting, legal and trade relation activities/processes should blend with inherent commercial models established in each nation



# Ten Global Healthcare Marketing Priorities

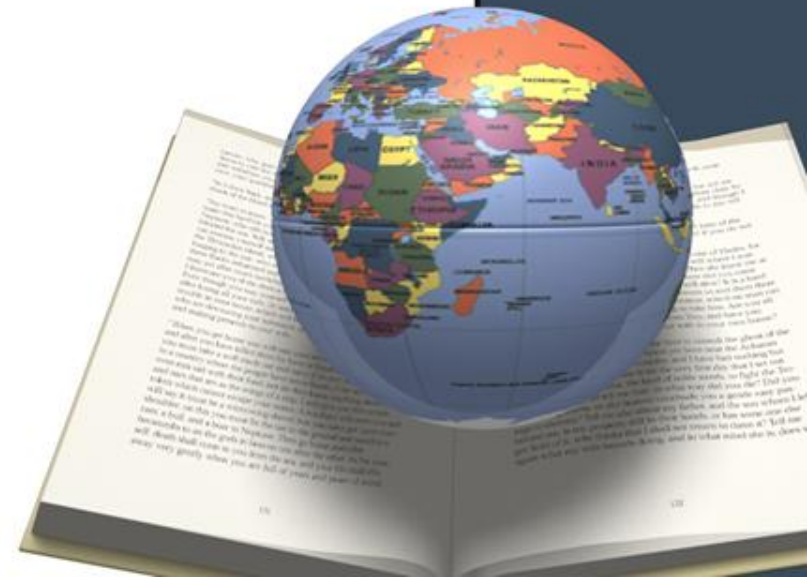
- New and established brand agents need to be positioned against brand or generic global competitors and the products of the domestic producers in each nation
- Calibration and function of profit models require close alignment with dynamics/market potential of each nation and global brand plan
- Contingency planning for government mandates that may enact sweeping changes for a nation's entire healthcare system need ongoing maintenance
- Partnerships with domestic healthcare companies in certain markets may be necessary business arrangements and bring stability to the brand and corporate objectives there





# Ten Global Healthcare Marketing Priorities

- The brand's value proposition, key messaging and clinical position need to be fluid to remain effective in the midst of ongoing change in a particular nation --but may remain fixed in a neighboring country
- To be competitive, healthcare companies need to quickly identify when “Emerging Market” nations mature into “Intermediate” or “Established” markets, adjust their business models and re-position their brands to keep pace with evolving demands and maintain their lead in the global marketplace



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