

Experiences in the China IVD Market

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Outline

1. IVD Market Overview and Dynamics
2. China Healthcare Reform
3. Beckman Coulter in China
4. Observations and Outlook

China IVD Market Overview

- US\$1.5 billion market – forecasted to double by 2014
- Ranks sixth globally in IVD market size
- Estimated 15% annual growth
- Purchase almost 11,000 instruments per year
- Market (like the overall economy) concentrated in the east
- 20,000+ Hospitals
 - Class 3 around 1,000 (500+ beds or specialty)
 - Class 2 around 5,000 (100+ beds)
 - Class 1 or unrated 14,000+

Market Dynamics

- Number of hospitals continues to expand
 - expect high growth of rural hospitals/clinics
- Emergence of private/commercial laboratories
 - currently a very limited segment for IVD
- Wide range of market segments
 - expansion in all (high, low and middle) segments
- Pricing set at provincial level – wide ranges exist

Market Dynamics (con't)

- Hospital and laboratory accreditation becoming more important (ISO, JHACO, CAP...)
- Product registration and regulatory compliance a challenge
- Discussion and interest but limited movement to POCT
 - quality control is a concern
- Increasing competition from local manufacturers
 - instruments and reagents
 - improving technical/quality capabilities and exporting
 - reagent rental growing
- National healthcare reform is a major topic
 - Healthcare Reform draft released October 14

Potential Impact of China Healthcare Reform

- Target universal coverage by 2020
- Mixture of insurance systems expected to play role in increasing healthcare access
 - government managed, semi-government managed and private
- Major focus of the reform will be to increase access to healthcare in rural areas and at community-level facilities
- Development/ modernization of traditional Chinese medicines will be given focus and support
- Increased focus on preventative medicine/measures
- Information Systems (possibly EMR) will play a role
- Chinese government views healthcare as a key need for society to advance - as opposed to just a cost

Beckman Coulter in China

- Over 30 years presence in the China IVD market
- More than 280 sales, marketing, service, manufacturing and support staff
 - highly localized organization
 - training and development is a high priority
- Manufacture for domestic market and export
- Dealer network covering all provinces
 - long-term partnerships
- 4 offices and a technical training center



Observations and Outlook

- **Critical success factors**
 - relationship with your dealer
 - hiring and retaining good staff for local operations
 - product fit and segment focus
 - product registration
- **Continued market growth and competition**
 - expansion as the economy develops and population ages
 - China will remain a high priority investment market for multinationals
 - domestic companies will not stop improving
- **Improving good business practices remains a government priority**
- **Opportunities for market information**
 - China Medical Equipment Fair (April – Shenzhen, Nov. TBD)
 - CCLab (June - Dalian)

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