

Cursor: Analytical review

OF MEDICINAL PREPARATIONS (MP) TENDER

PURCHASES IN RUSSIA AT YEAR-END 2012

In January 2012, a Federal Law dated July 18, 2011 No. 223-FZ “On purchases of goods, works, services by separate types of legal entities”. The Law covers state-related enterprises: governmental institutions, subjects of natural monopolies, state corporations, unitary enterprises, autonomous institutions, commercial units with over 50% state (municipal) participation as well as subsidiaries and affiliated entities of the above-stated legal entities.

This law places on customers the obligation to independently develop, approve and post in the official state purchases site the Purchases Regulations — a key document regulating the purchase procedures of the customer. It's this document that gives to the customer a possibility to use other purchase methods, except for tenders or auctions.

In the total volume of tenders declared in 2012, the share of tenders related to provision of medicines and regulated by FZ-223 amounted to a little more than 0.12%.

The order information placement procedure remained unchanged, and still its major source is the official site www.zakupki.gov.ru. And due to entry into force of FZ-223 a new section was added to the site: www.zakupki.gov.ru/223. It's necessary to note another source of information about tender placement — Electronic Tender Development Center www.torgi223.ru. The tender is conducted on electronic trade spaces, their list is represented on the official site of order placement and as compared to previous year it didn't change.

The total number of tenders announced in 2012 achieved 190,369, from them 89.9% were acknowledged as completed tenders whereas the ones that acknowledged not completed accounted for 9.8%, the number of tenders results of which not known due to the protocol unavailability made 0.3% (Fig. 1). The key reasons by which tenders were acknowledged not complet-

ed is the change of the tender conditions, lack of the required number of bids.

Comparing data in the period from 2009 to 2012 one can note stable growth of the number of announced and completed tenders. The reduction of the non-completed tenders is evident and the tenders with unavailable protocols have been considerably decreasing every year (Fig. 2).

Let's consider forms of tenders. As in 2011, open electronic tenders take the lead, their number in 2012 achieved 110,106, which makes 57.84%, followed by quotation request with 73,090 tenders or 38.39% from the total tenders (Fig. 3).

When placing order pursuant to FZ-223 customers use various forms of tenders among which: price request, invitation to make offers, open proposal request etc. In order to simplify perception we identified this by a single block “Purchases 223-FZ”.

Please note the tender form as the single supply. The supplies under this ten-

der form made RUB 6,465.56 mln. Table 1 shows top ten customers using this tender form. The top ten leader is the Ministry of Health of the RF with the tender volume more than RUB 1 bln.

What concerns volumes of tenders in money terms, in 2012 they made: at the starting price — RUB 301,140.45 mln whereas at the winning bidder price — RUB 249,321.00 mln.

The total economy of state funds was expressed in the amount RUB 51,819.46 mln (a little more than 17%).

Let's turn to analysis of price changes with breakdown by federal districts of the RF (Table 2). As is seen from the ranking, the Privolzhsky federal district became the most economic where the savings achieved more than 25% from the starting price. It's followed by the Far Eastern, North-Western and Siberian federal districts — 22.61%, 18.41% and 18.34%, respectively. The remaining federal districts held the 15% level (Fig. 4, 5).

Analysis of the tender volume dynamics by year quarters sharp reduction of volumes in money terms can be observed in Quarter IV — nearly 1/3 from the tender volume in 2012 (about RUB 40 bln). Figure 6 shows quarterly purchases and their dynamics.



Cursor is a marketing project of Foresight Company that since 2008 has been operating in tender purchases monitoring and analysis in the healthcare segment. For 5 years the company has been compiling and daily updating the “Cursor. Tender

Monitoring” database that provides up-to-date tender information as well as information about concluded contracts for supply of medicinal preparations, medical equipment and medical purpose devices. On the basis of the tender information the project specialists form marketing and various difficulty-degree analytical reports.

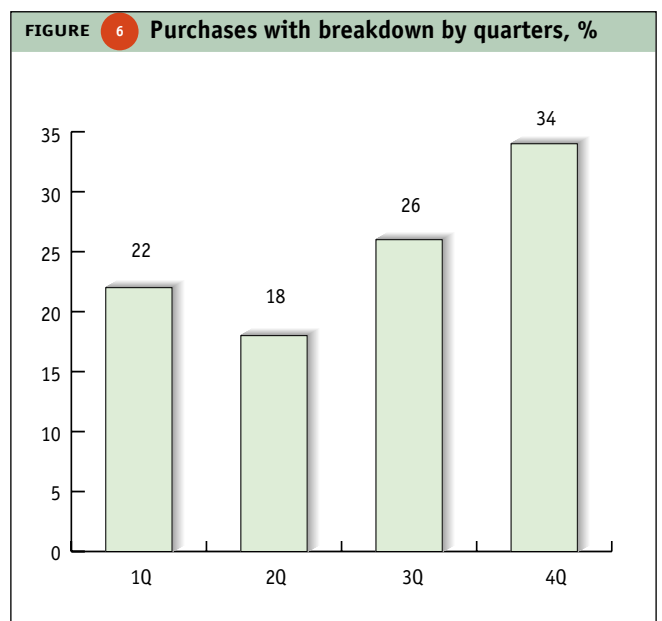
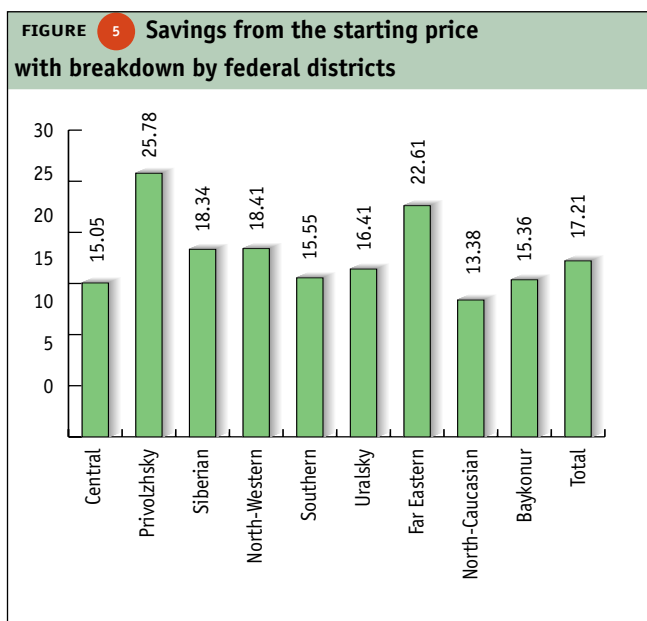
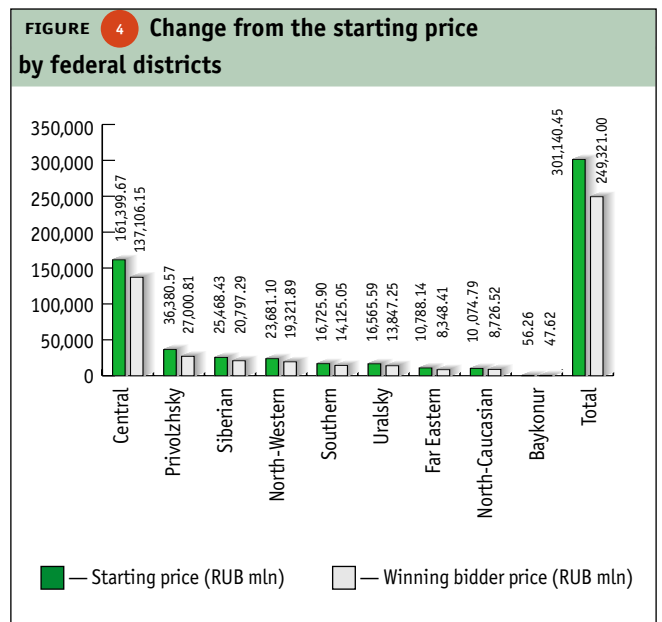
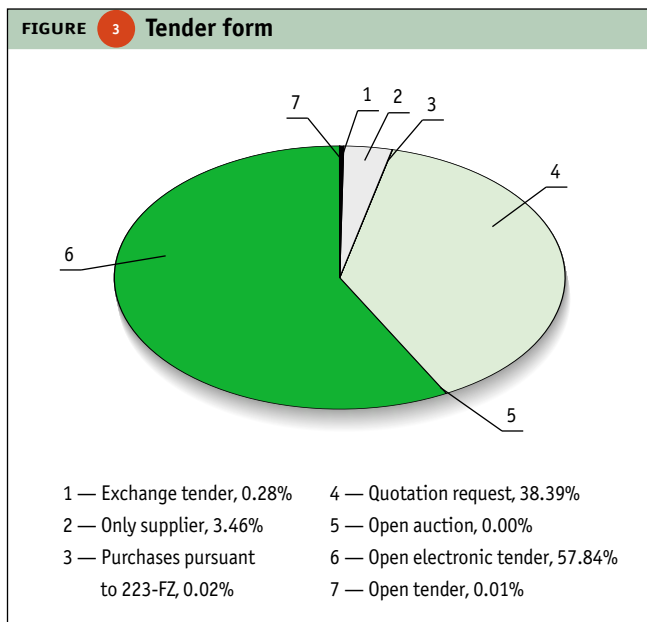
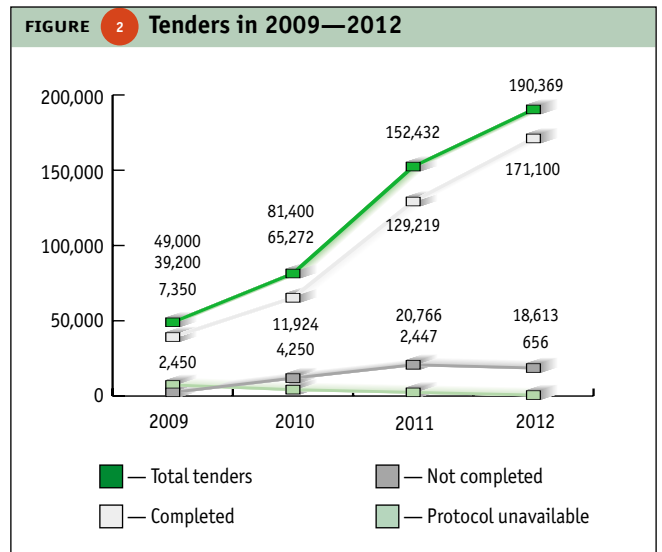
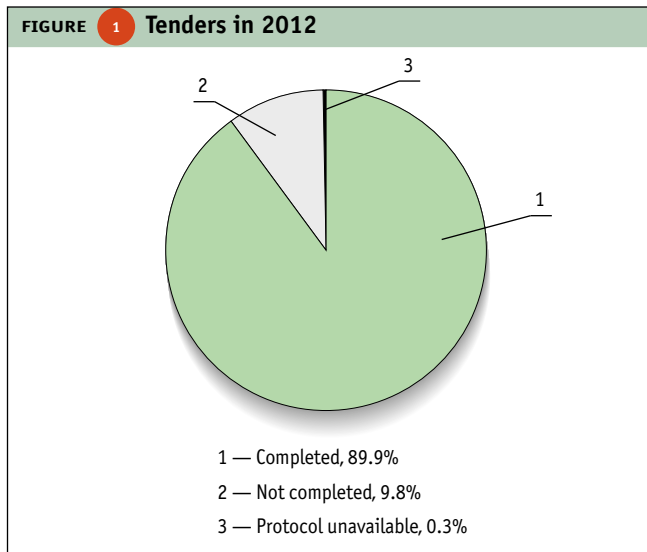


FIGURE 7 Structure of tender volume distribution, 2011—2012

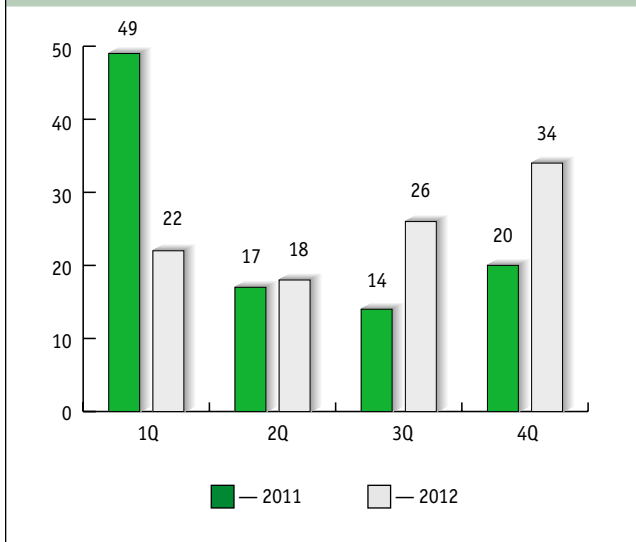


FIGURE 8 Distribution of purchases in terms of money with breakdown by the federal district in winning bidder prices, share %

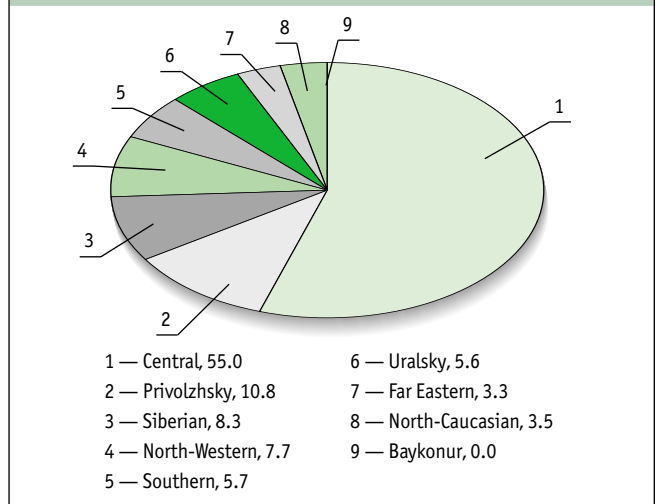


TABLE 1 2012 top ten customers

Ranking	Customer of the only supplier	Customer region	Tender volumes (RUB mln)
1	Ministry of Health of the RF	Moscow	1,115.64
2	Department of Health of Moscow	Moscow	974.06
3	Penalty Execution Federal Service	Moscow	399.61
4	State Budgetary Healthcare Institution Volgograd Regional Clinical Oncological Dispensary No.1, Volgograd	Volgograd region	312.12
5	Ministry of Health and Social Development of the RF	Moscow	182.31
6	State Budgetary Healthcare Institution Samara Regional Clinical Cardiological Dispensary	Samara region	156.44
7	State Government Supported Institution Directorate on Support of State Healthcare Institutions of the Eastern Administrative District of Moscow	Moscow	132.40
8	Ministry of Health of the Kabardino-Balkarian Republic	Kabardino-Balkarian Republic	109.88
9	State Government Supported Institution Directorate on Support of State Healthcare Institutions of the North-Eastern Administrative District of Moscow	Moscow	81.52
10	State Government Supported Institution Directorate on Support of State Healthcare Institutions of the Southern Administrative District of Moscow	Moscow	74.61

TABLE 2 Tender volume distribution by federal districts

Federal district of the RF	Starting price (RUB mln)	Winning bidder price (RUB mln)	Savings (RUB mln)	% of savings
Central	161,399.67	137,106.15	24,293.52	15.05
Privolzhsky	36,380.57	27,000.81	9,379.76	25.78
Siberian	25,468.43	20,797.29	4,671.14	18.34
North-Western	23,681.10	19,321.89	4,359.21	18.41
Southern	16,725.90	14,125.05	2,600.85	15.55
Uralsky	16,565.59	13,847.25	2,718.34	16.41
Far Eastern	10,788.14	8,348.41	2,439.74	22.61
North-Caucasian	10,074.79	8,726.52	1,348.27	13.38
Baykonur	56.26	47.62	8.64	15.36
Total	301,140.45	249,321.00	51,819.46	17.21

Figure 7 shows the change of the tender volume distribution structure. As opposed to 2012, in 2011 major purchase volumes were formed in Quarter I.

Let's consider customers. The Ministry of Health of the RF is the top ten leader (Table 3) with the total announced tenders achieving RUB 41 bln. The closing participant of the top ten is the Ministry of Health of the Rostov region with the tender amount RUB 717 mln.

Recall that the 2011 top ten leader was Public Enterprise Scientific Association "Nizhny Novgorod Regional Pharmacy" with the Ministry of Health of the Omsk Region closing the ranking.

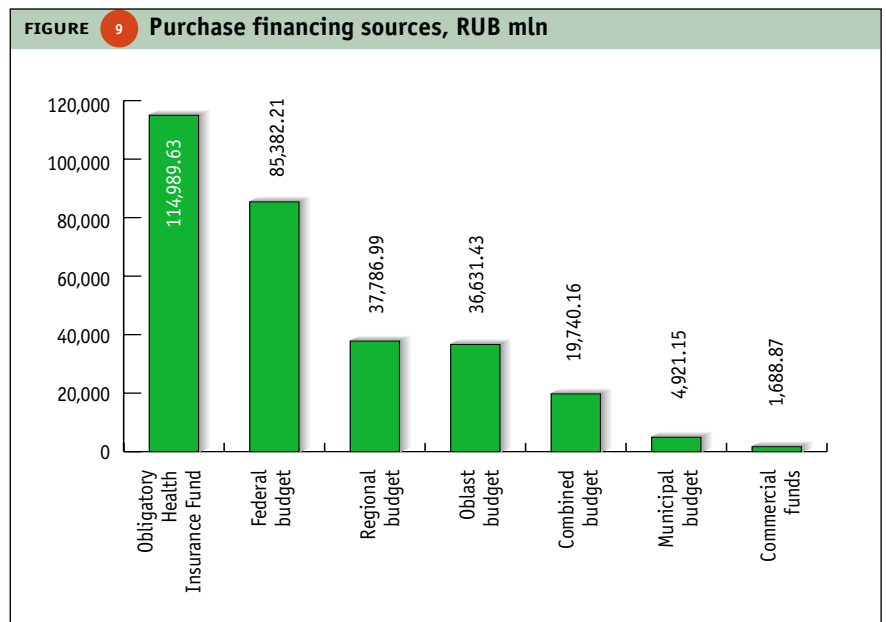


TABLE 3 Top ten customers

Ranking	Customer	Tender amount, RUB mln
1	Ministry of Health of the RF	41,419.22
2	Ministry of Health and Social Development of the RF	30,413.10
3	Ministry of Defense of the RF	5,650.02
4	Department of Health of Moscow	3,930.11
5	Health Committee, Saint-Petersburg	1,848.95
6	Penalty Execution Federal Service	1,176.67
7	State Unitary Enterprise Medical Equipment and Pharmacy of Tatarstan	1,095.96
8	Ministry of Health of the Moscow region	1,042.40
9	State Budgetary Healthcare Institution of the Sverdlovsk region Regional Children Clinical Hospital No.1	1,032.34
10	Ministry of Health of the Rostov region	717.39

In the regional breakdown the central federal district remains the purchases leader, its share in the total purchases by concluded contracts (the winning bidder price) made 55%, and the amount of purchases – RUB 137,105.15 mln (Table 4).

The distribution of funds at the expense of which payment was effected by concluded contracts (or financing sources) in 2012 was as follows (Fig. 9, Table 5): 38% from the total funds are the sources of Obligatory Health Insurance Fund, 28% – funds of the federal budget, 13% – funds of regional budgets.

TABLE 4 Purchases by federal districts

Federal district of the RF	Winning bidder price (RUB mln)	Share, %
Central	137,106.15	55.0
Privolzhsky	27,000.81	10.8
Siberian	20,797.29	8.3
North-Western	19,321.89	7.7
Southern	14,125.05	5.7
Uralsky	13,847.25	5.6
Far Eastern	8,348.41	3.3
North-Caucasian	8,726.52	3.5
Baykonur	47.62	0.0

In conclusion we present top 30 winning bidders in the RF in 2012 (Table 6). As in the previous year, the leader is R-Pharm CJSC, the total share of which made 12.55%. It's worthy of note that this value is lower than the 2011 indicator by 2.42%. Pharmstandart OJSC ranks second keeping its previous year position with share 7.13%, which is by 2.07% higher than the previous value.

TABLE 5 Financing sources by concluded contracts

Budget Identification	Volume (RUB mln)	Share, %
Obligatory Health Insurance Fund	114,989.63	38
Federal budget	85,382.21	28
Regional budget	37,786.99	13
Oblast budget	36,631.43	12
Combined budget	19,740.16	7
Municipal budget	4,921.15	2
Commerical funds	1,688.87	1

TABLE 6 Top thirty winning bidders in RF in 2012

Ranking	Winning bidder	Share in tender in money terms, %				
		1Q	2Q	3Q	4Q	2012
1	R-Pharm CJSC	19.36	14.58	6.29	11.64	12.55
2	Pharmstandart OJSC	6.75	0.52	9.75	8.83	7.13
3	Pharmimex OJSC	4.58	4.37	7.40	4.46	5.20
4	Irvin-2	5.06	1.13	10.60	0.29	4.07
5	Euroservice Company CJSC	2.51	2.78	1.83	3.30	2.67
6	Intermedpharm	0.10	0.06	10.44	0.02	2.63
7	Interregional Pharmaceutical Production Distribution Corporation BIOTECH CJSC	0.00	0.00	8.18	0.63	2.25
8	Imperia-Pharma CJSC	1.79	1.86	0.79	2.98	1.97
9	PROTECH-50 LLC	5.63	2.23	0.01	0.00	1.65
10	Lancet	0.62	0.76	1.00	3.02	1.58
11	Scientific and Production Commercial Company Pharmimex	5.03	1.24	0.42	0.38	1.58
12	Pharmstore Company CJSC	1.82	1.42	0.73	1.74	1.45
13	BCC LLC	1.04	0.74	0.60	2.48	1.39
14	Intermedservice Company CJSC	1.01	1.54	1.03	1.80	1.39
15	Pharmacy OJSC	0.89	1.07	0.30	2.51	1.35
16	BIOTECH LLC	1.31	1.56	4.41	2.01	1.33
17	State Unitary Enterprise of the Krasnodar region Kubanpharmacy	0.25	2.63	0.07	1.59	1.10
18	Medipal-Onco	0.64	0.38	2.27	0.81	1.06
19	ROSTA CJSC	0.39	1.40	0.42	1.47	0.96
20	State Enterprise of the Krasnoyarsk Region Gubersnkiye Apteki	0.88	0.77	0.57	1.16	0.88
21	Medical Leasing-Consulting LLC	0.31	2.43	0.11	0.95	0.86
22	Pharmacist CJSC	0.45	0.65	0.35	1.28	0.75
23	Scientific and Production Company Katren CJSC	0.42	1.06	0.57	0.78	0.70
24	Trade and industrial company North-West CJSC	0.63	0.47	0.57	0.86	0.67
25	PHARMSKD LLC	0.70	0.73	0.56	0.67	0.66
26	Federal State Unitary Enterprise Scientific and Production Association Microgen of the Ministry of Health of Russia	0.52	0.00	1.18	0.69	0.65
27	State Enterprise of Khanty-Mansi Autonomous Region Aptekhnaya Baza	1.20	0.32	0.27	0.68	0.63
28	Russian Medical Company CJSC	0.53	0.57	0.33	0.52	0.48
29	RIPharm LLC	0.35	0.76	0.45	0.43	0.47
30	State Unitary Enterprise of the Archangelsk Region Pharmacy	0.67	0.02	0.08	0.58	0.38