

# Cursor: analytical review

## DRUGS TENDER PROCUREMENT IN RUSSIA

### BY RESULTS OF 2015

In 2015, the public procurement market grew both in quantitative and in value terms: the number of completed tenders increased versus 2014 to 29 000 and amounted to 282 980 (Fig. 1), and their total value grew by 61 bln RUB and reached almost 337 bln RUB (Fig. 2).

The total number of announced tenders for the procurement of finished pharmaceutical products in 2015 increased by 12% compared to 2014 and amounted to 332 979. Of these, about 85% are completed (the winner was declared), 15% of the tenders didn't

take place, and of 0.06% bidding results are not known due to the unavailability of the protocol (Table 1). The general structure of the status of bidding in 2015 remained virtually unchanged (Fig. 3), however, it is worth noting the rapid decline in the bidding volume with a sta-



#### Cursor Tender Monitoring 2008

Cursor Marketing is the leading marketing company in the segment of monitoring of the tender procurement of drugs, medical products, medical consumables, medical equipment, carried out by the state customers in the territory of Russia. As of today the Cursor database users are more than 9,000 specialists from leading pharmaceutical companies of pharmaceutical and medical products distributors and producers.

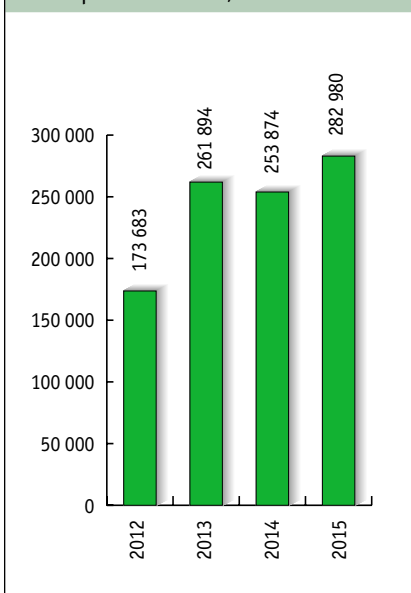
On the basis of the Cursor database the whole cycle of the competitive bidding is monitored:

- ◆ Procurement Plan (Cursor. Procurement Plans database).
- ◆ Publication of a notification on purchase and the results of bidding (Cursor. Tender Monitoring database).
- ◆ Contract (Cursor. Contracts database).

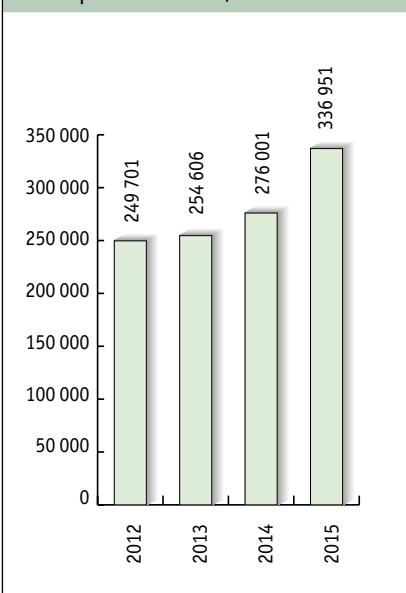
The convenience of on-line access to the Cursor databases allows users working with the all updated information and taking timely business solutions. In addition, the database «Cursor» is a qualitative basis for analysis and forecasting.

A team of Cursor analysts performs a wide spectrum of marketing and analytical studies and of various difficulty degree and provides analytical reports for executive agencies in the RF health-care sphere.

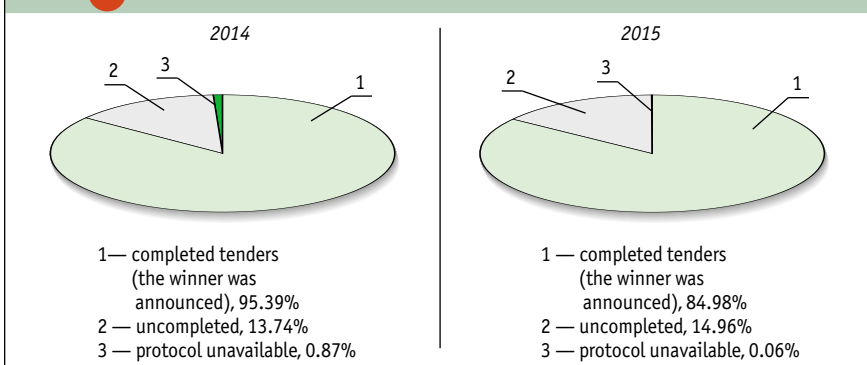
**FIGURE 1** Dynamics by the number of completed tenders, 2012—2015



**FIGURE 2** Dynamics of the volume of completed tenders, 2012—2015



**FIGURE 3** Share distribution of tender statuses in 2014 and 2015



tus of Protocol is Unavailable. The volume of the market of drugs public procurement in value terms amounted to 370 006 mln RUB at the declared price and the price the winner — 336 951 mln RUB, the rate of saving of public funds increased from 7.7% in 2014 to 8.9% in 2015 (*Table 2*).

An analysis of quarterly distribution of bidding volumes in the hospital segment and LLO didn't reveal (*Table 3*) any major changes. Still Quarters II and III remain the most voluminous by purchases of drugs. The only exception is the 7 Nosologies program, major acquisitions by which occurred in the Quarter I.

Forms of bidding used by the customers for procurement in 2015 (*Table 4*) can be divided into 4 types: open auction in the electronic form of procurement from a

**TABLE 1** Number of tenders in 2012—2015

Year	Concluded tenders (a winning bidder is announced)	Invalid tenders	Protocol unavailable	Total amount
2012	173 683	20 663	4 881	199 227
2013	261 894	29 074	17 451	308 419
2014	253 874	40 856	2 577	297 307
2015	282 980	49 810	189	332 979

**TABLE 2** Volumes of purchases in 2012—2015

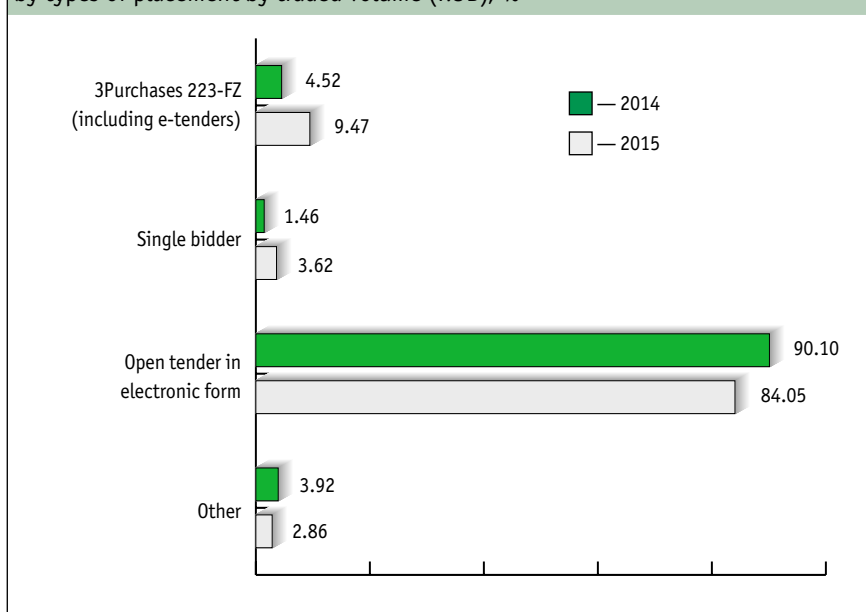
Year	Initial price (mln RUB)	Price of winning bidder (mln RUB)	Saving (mln RUB)	Saving percent (%)
2012	275 580	249 701	25 879	9,4%
2013	282 755	254 606	28 149	10,0%
2014	298 932	276 001	22 931	7,7%
2015	370 006	336 951	33 055	8,9%

**TABLE 3** Structure of distribution of tender volumes, 2014—2015 (in mln RUB)

			Quarter I	Quarter II	Quarter III	Quarter IV
	Hospital segment	2014	17 630	23 610	23 237	12 876
		2015	18 751	25 443	22 608	11 289
LLO (separately)	ONLS	2014	8 157	12 318	10 900	7 653
		2015	9 607	12 394	15 982	8 692
	7 Nosologies	2014	1	9 343	34 916	-
		2015	26 046	5 011	1 549	-
	LLO (result)	2014	8 158	21 660	45 815	7 653
		2015	35 653	17 405	17 531	8 692

single supplier, purchases by FZ-223, including their electronic types, etc. The percentage distribution is presented in *Table 4*, which demonstrated nearly a 5% increase in the number of trades conducted by FZ-223, and 2% increase in procurement from a single supplier, and reduced procurement through an open electronic auction (6%) and other forms (by 1%).

The rating of customers using the purchases Sole Supplier is presented in *Table 5*. JSC National Immunobiological Company with the volume of drug purchases from a single supplier in the amount of 3 376,4 mln RUB (27.6% of the total purchases). 2nd and 3rd places are occupied by the Ministry of Health of the Russian Federation and Federal Service of Sentences (16.98 and 8.61%, respectively). However, as *Table 6* shows, the Ministry of Health of the Russian Federation and

**FIGURE 4** Structure of distribution of tenders by types of placement by traded volume (RUB), %

**TABLE 4** Structure of distribution of tenders by types of placement by traded volume

Year	Purchases 223-FZ (including e-tenders)	Single bidder	Open tender in electronic form	Other
2012	0.01%	3.07%	-	92.2%
2013	0.20%	3.83%	-	95.97%
2014	4.52%	1.46%	90.1%	3.92%
2015	9.47%	3.62%	84.05%	2.86%

**TABLE 5** Top ten customers from the single bidder

Ranking	Customer from the single bidder	Volumes of tenders* (mln RUB)	Share in the total volume of tenders
1	JSC National Immunobiological Company	3 376.4	27.60%
2	Ministry of Health of the RF	2 077.0	16.98%
3	Federal Service of Execution of Sentences	1 052.7	8.61%
4	State Enterprise of the Krasnoyarsk Region Gubernskiye Apteki Krym-PHarmatsia	758.3	6.20%
5	State Unitary Enterprise of the Republic of Crimea	563.5	4.61%
6	State Unitary Enterprise Bryanskpharmatsia	340.7	2.79%
7	OJSC Irkutsk Regional Wholesale-Procurement Aptechaya Baza	331.3	2.71%
8	State Enterprise of the Republic of Buryatia Buryat-Pharmatsia	317.3	2.59%
9	State Enterprise of the Rostov Region Rostovoblpharmatsia	274.3	2.24%
10	Ministry of Health and Resorts of the Kabardino-Balkarian Republic	268.1	2.19%

\* Winner's price.

Federal Service of Punishment were purchasing drugs from the National Immunobiological Company. Procurement by the Ministry of Health of the Russian Federation was based on the Order of the Government of the Russian Federation on March 11, 2011, No. 156 «About the use of budgetary allocations of the Federal Budget provided for the purchase of immunobiological drugs for immunization within the national vaccination calendar to transfer to the federal institutions rendering medical aid, subordinated to the Ministry of Health of the Russian Federation and the Federal Medical and Biological Agency, as well as in ownership of constituent entities of the Russian Federation with their subsequent transfer to the property of municipal authorities». The Federal Service of Execution of Sentences made purchases on the basis of the Order of the Government of the Russian Federation dated 02.07.2014 No. 1193-R.

The analysis showed that in 2015 the proportion of bidding to which only one participant was allowed increased relative to 2014 by 11% in value and by 4% in quantitative terms. Growth has been observed since 2012, and a reduction in the number of bidders is obviously due to the strict legal requirements, aimed at improving the quality of supplies and execution of contracts (Table 7).

In the ranking of suppliers in 2015 the top three positions were taken by the same company that in the previous year: the first place is held by CJSC R-Pharm and JSC Pharmstandart improved its position from rank 3 to rank 2, whereas

**TABLE 6** Customer — supplier (purchases from the single supplier)

Name of the customer (EP)	Name of supplier (EP)
Ministry of Health of the RF	JSC National Immunobiological Company
Federal Service of Execution of Sentences	JSC National Immunobiological Company
JSC National Immunobiological Company	OJSC Pharmstandart
	CJSC CV Protec Company
	FSUE NPO on Medical and Immunological Drugs Microgen of the Ministry of Health of the RF
	FSUE Saint-Petersburg Scientific and Research Institute of Vaccines and Serums and Bacterial Drugs Production Company of FMBA
	LLC Fort
	JSC Pharmasyntez
	LLC MBA Group
	LLC East-PHarm
	CJSC CV Protec Company
	CJSC Profitmed

**TABLE 7** Distribution of tenders by the number of bidders

Years	Share in tenders with 1 bidder		Share in tenders with several bidders	
	In the cost volume	In the total number of concluded tenders	In the cost volume	In the total number of concluded tenders
2012	57%	32%	43%	68%
2013	58%	35%	42%	65%
2014	61%	47%	39%	53%
2015	72%	51%	28%	49%

**TABLE 8** Top 25 winning bidders in 2015

Ran-king	Winning bidder	Volume of supplies, mln rubles	Share in the volume of supplies	Change to 2014
1	R-Pharm CJSC	35 593.54	10.6%	5.8%
2	Pharmstandart OJSC	19 819.41	5.9%	108.9%
3	Pharmimex OJSC	18 710.96	5.6%	11.6%
4	Irvin 2 LLC	11 055.30	3.3%	51.1%
5	EUROSERVICE Company CJSC	9 293.72	2.8%	35.0%
6	Lancet CJSC	8 267.55	2.5%	61.3%
7	BIOTEC LLC	7 292.13	2.2%	69.6%
8	JSC National Immunobiological Company	6 463.66	1.9%	106.9%
9	Scientific and Production Company Katren CJSC	5 909.75	1.8%	89.4%
10	CV PROTEK CJSC	5 486.18	1.6%	90.9%
11	BSS LLC	4 848.11	1.4%	135.0%
12	Sanaleck LLC	4 529.75	1.3%	1336.1%
13	Pharmservice LLC	4 386.27	1.3%	385.0%
14	NPO Petrovax Pharm LLC	4 385.89	1.3%	8.2%
15	Pharmstore Company LLC	4 056.16	1.2%	-24.6%
16	Albatros LLC	4 039.41	1.2%	94996.8%
17	Pharmatsia JSC	3 278.97	1.0%	23.4%
18	Medipal-Onco LLC	3 145.14	0.9%	-4.8%
19	SUE of Krasnodar Region Kubanpharmatsia	3 079.24	0.9%	251.4%
20	ROSTA CJSC	2 709.70	0.8%	40.6%
21	TEVA LLC	2 631.78	0.8%	-58.1%
22	Unilek LLC	2 579.02	0.8%	1877.6%
23	Pharmakhan LLC	2 214.56	0.7%	-17.3%
24	GRAMA LLC	2 147.56	0.6%	752.3%
25	Cosmopharm LLC	2 071.76	0.6%	42.5%

JSC Pharmimex closes the top three. The 4th and 5th places as well as in 2014 are taken by Irvin-2 and CJSC Firma Evroservis, respectively. JSC Lancet moved from place 9 to 6, and LLC Biotec — from rank 10 to 7. The 8th, 9th and 10th places are occupied by companies that

were not included in 2014 the top ten suppliers: National Immunobiological Company, JSC NPK Katren, CJSC Implementation Center PROTEK (the amounts and ratios are shown in *Table 8*). In the ranking of the customers (*Table 9*), as in previous years the leading position

is taken by the Ministry of Health of the Russian Federation. However, the share of the Ministry of Health of the Russian Federation in the total bidding volume in value terms declined from 45.07% in 2014 to 16.03% in 2015. The second place is taken by the Department of Health of Moscow with a share of 4.51% (in 2014 and 13.6%). Multiple customers are ranked 3d (i.e. joint procurement) with a share of 3.26%.

The distribution of places in the rating of federal districts remained the same. The first place traditionally belongs to the Central Federal District, which accounts for 42.15% of the total volume of concluded contracts (142 bln RUB), in comparison with the previous year, the total volume of contracts increased by 14 bln RUB, while the share decreased by 4%. It is followed by the Volga Federal District with the share of 13.33%, which is higher than 2014 (12.1 percent). The volume of procurement in the Northwest Federal District substantially decreased. Regarding 2014 (78 bln RUB) volume decreased by 49 bln RUB, but the share declined only 1.6% (*Table 11*).

The savings of budget funds with breakdown by federal districts of the RF at the average reached a little bit more than 9%. The maximum savings percent was shown by Crimea -15.62% from the initial price, the minimum one — Ural Federal District (6.63% from the initial price) (*Table 10*). The volume of purchases by the 7 Nosologies Program versus 2014 reduced by nearly 11 bln RUB (by 20.9%) (*Table 12*). The number of purchased drugs under the program reached 2,555 thousand packs, which is lower than the previous year level by 50% (2014 — 5,058 thousand packs). The average cost of one pack grew by more than 45% and reached 12 762 RUB (in 2014 — 8 600 RUB/pack). The increase in the average price of the package is due to the general economic situation in the country. The main suppliers, the share of which in 2015 accounted for more than 50% of the volume of supply in the framework of the program 7 Nosologies included the company Irvin 2 (21.2%), LTD «Biotec» (18.4%), and JSC «Pharmaceutical import, export (18.3%) (*Table 13*). As you know, within a few days after the conclusion of the state contract the customer is obliged

**TABLE 9** Top 10 customers (by completed tenders, by the winner's price)

Ranking	Tender customer	Amount by tenders, mln RUB	Share in volume
1	Ministry of Health of the Russian Federation	54 006,4	16,03%
2	Moscow Healthcare Department	15 183,2	4,51%
3	Multiple customers	10 989,9	3,26%
4	Joint Stock Company National Immunobiological Company	6 767,4	2,01%
5	Ministry of Health of the Moscow Region	5 132,4	1,52%
6	SUE of Krasnodar Region Kubanpharmatsia	4 665,4	1,38%
7	Department of Moscow on Competitive Policy	4 389,7	1,30%
8	Ministry of Health of the Sverdlovsk region	3 857,3	1,14%
9	Ministry of Health of Saint-Petersburg	3 680,1	1,09%
10	Ministry of Health of the Chelyabinsk region	3 506,6	1,04%

**TABLE 10** Distribution of volumes of tenders by FD

Federal district of the RF	Initial price (mln RUB)	Price of the winning bidder	Saving (mln RUB)	Saving percent
Central FD	156 473.05	142 009.99	14463.06	9.24%
Privolzhsky FD	48 389.05	44 902.23	3486.82	7.21%
Siberian FD	40 098.38	35 535.39	4562.99	11.38%
North-Western FD	32 458.01	29 732.28	2725.73	8.40%
Uralsky FD	30 826.34	28 782.65	2043.69	6.63%
Southern FD	30 613.08	28 275.43	2337.65	7.64%
Far Eastern FD	14 435.66	12 695.31	1740.35	12.06%
North-Caucasian FD	13 201.12	12 050.15	1150.97	8.72%
Crimean FD	3 453.09	2 913.66	539.43	15.62%
Baikonur	57.92	53.63	4.29	7.41%
Total	370 005.71	336 950.72	33054.99	8.93%

The specified volume does not include the procurement plans of the organizations of federal importance, including the Ministry of Health of the Russian Federation. Summing up, we note that the public procurement market has demonstrated consistent growth over the last several years. In 2015, its volume in value terms increased by 22% compared to 2014. The distribution of trades by volume in the hospital segment and LLO and by forms of conduct didn't undergo significant changes compared to 2014. Radical changes occurred in the distribution of bidding volume by FO. However it should be noted the increase in the share of the Crimean Federal District, which indicates the functioning of public procurement system on the peninsula. In 2015, the first and second places among

to place information about it into a Unified Information System. The analysis showed that this requirement is performed by customers, and it enables users to analyze information by the initial parameters (at the level of publication of the procurement) and at the final level (data contracts) (*Table 14*). From 1 January 2016, the state customers in the mandatory order shared (Unified Information System) procurement plans for goods, works and services in a structured way. At the time of preparation of this analytical report structured procurement plans were placed by 89% of the customers (*Table 15*). Planned total procurement of drugs for 2016 is 163 bln RUB.

**TABLE 11** Structure of purchase volumes by federal districts

Federal district of the RF	Price of the winning bidder (mln RUB)	Share, %	Change to 2014
Central FD	142 009.99	42.15%	11.36%
Privolzhsky FD	44 902.23	13.33%	34.54%
Siberian FD	35 535.39	10.55%	18.82%
North-Western FD	29 732.28	8.82%	3.31%
Uralsky FD	28 782.65	8.54%	30.76%
Southern FD	28 275.43	8.39%	97.30%
Far Eastern FD	12 695.31	3.77%	24.82%
North-Caucasian FD	12 050.15	3.58%	22.27%
Crimean FD	2 913.66	0.86%	51351.85%
Baikonur	53.63	0.02%	22.12%
Total	336 950.72	100.00%	22.08%

**TABLE 12** Volumes of purchases within 7 Nosologies program, 2015

INN	Initial price (mln RUB)	Price of the winning bidder (mln RUB)	Saving percent	Change to 2014
Rituximab	7 594.45	7 594.45	0.0%	21.6%
Blood coagulation factor VIII	4 744.58	4 744.58	0.0%	-38.6%
Bortezomib	4 025.91	4 085.66	-1.5%	-24.9%
Interferon beta-1a	3 477.43	3 462.01	0.4%	9.3%
Glatiramer acetate	2 605.83	2 605.83	0.0%	-58.5%
Eptacog Alfa [activated]	2 181.20	2 181.20	0.0%	-3.8%
Interferon beta-1b	1 766.57	1 766.57	0.0%	30.8%
Coagulation factor IX	1 230.47	1 230.47	0.0%	18.8%
Dornase Alfa	1 135.89	1 135.89	0.0%	24.8%
Tacrolimus	960.61	959.82	0.1%	-22.5%
Mycophenolic acid	919.02	917.03	0.2%	-9.0%
Imiglucerase	825.23	825.37	0.0%	-51.4%
Octocog alpha	492.78	492.78	0.0%	-71.3%
Fludarabine	203.67	203.67	0.0%	-41.6%
Somatropin	143.08	143.08	0.0%	-0.6%
Cyclosporine	126.03	126.03	0.0%	-55.3%
Mycophenolate mofetil	92.23	91.85	0.4%	-29.9%
Imatinib	1 251.74	40.51	96.8%	-98.6%
Total	33 776.72	32 606.80	3.5%	-25.5%

**TABLE 13** Winning bidders within 7 Nosologies program

Winning bidder	Initial price (mln RUB)	Price of the winning bidder (mln RUB)	Saving percent	Share, %
Irvin 2 LLC	6 947.30	6 918.04	0.4%	21.2%
BIOTEC LLC	7 207.39	5 996.16	16.8%	18.4%
Pharmaceutical export. import OJSC	5 975.04	5 975.04	0.0%	18.3%
National Immunobiological Company JSC	3 015.89	3 000.47	0.5%	9.2%
Teva LLC	2 605.83	2 605.83	0.0%	8.0%
Pharmstandart OJSC	2 104.20	2 104.34	0.0%	6.5%
R-Pharm CJSC	1 821.93	1 818.77	0.2%	5.6%
Scientific and Production Company Katren CJSC	1 766.57	1 766.57	0.0%	5.4%
CV Protec CJSC	1 100.01	1 189.02	-8.1%	3.6%
Medipal-Onco LLC	752.91	752.91	0.0%	2.3%
ROSTA LLC	417.20	417.20	0.0%	1.3%
KORAL-MED CJSC	62.44	62.44	0.0%	0.2%
Total	33 776.72	32 606.80	3.5%	100.0%



**TABLE 14** Statistics of placed state contracts  
for purchase of drugs

	Number of completed tenders	Number of tenders with contracts	%
2014	253 980	205 886	81.1
2015	282 980	276 068	97.6

**TABLE 15** Statistics of published procurement plans

Year	Number of customers (FZ 44)	Number of customers that posted procure- ment plans in a structured form	%	For the amount. mln RUB
2016	8 564	7 653	89,4	163 403.44

the customers were retained by the Ministry of Health of the Russian Federation and the Department of Health of Moscow, the total share of which in total volume of bidding amounted to 20%. It should be noted that multiple customers that rose to rank 3 account for more than 3% in the bidding volume. In the ranking of the top five suppliers made up the same companies as in 2014, and JSC R-Pharm retained its leadership. As a result of reduction of public funding the volume of bidding of the largest customer — the Ministry of Health of the RF reduced to some degree and purchases under the program 7 Nosologies reduced by more than 20%.

