

# Measuring Innovation and Global Competitiveness

## Russia in an International Context

Dr David Torstensson  
Partner, Pugatch Consilium

USRBC Annual Meeting  
San Francisco, CA, November 11  
2016

Panel: “Russia’s Global  
Competiveness in Innovation”

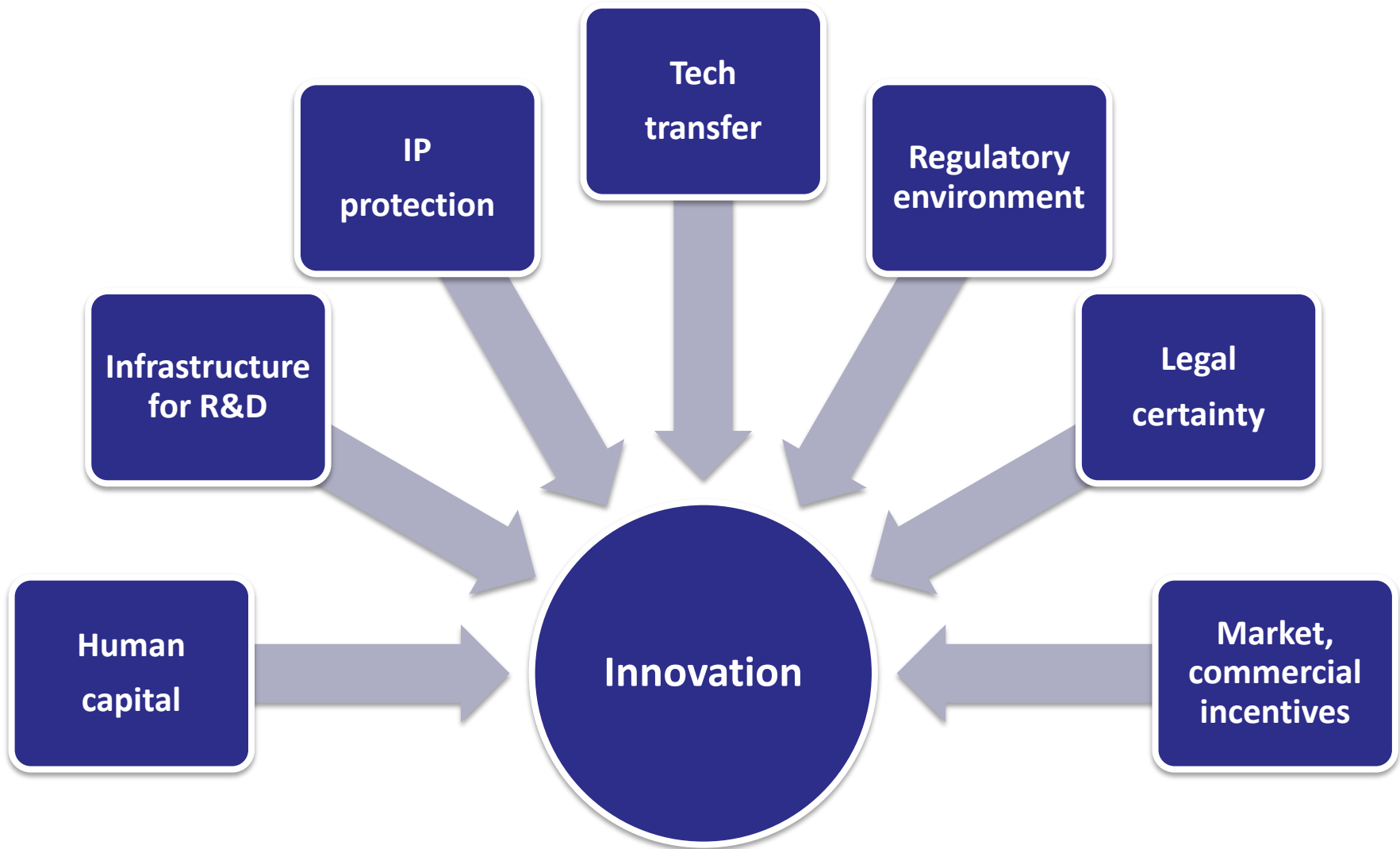


# The big picture: Globalization, innovation and competitiveness

- Global economy is fundamentally different from 20-30 years ago
- Capital, talent, information – all flows more or less freely across the globe
- It's a level playing field – market size not the driving force it used to
- Opportunities and challenges:
  - **Opportunity:** to capture and compete in global innovation race for FDI, capital and talent – small markets can compete with big ones and countries can change their economic model
  - **Challenge:** You are not the only game in town! This is a global race and competition – who can innovate and attract investment ?

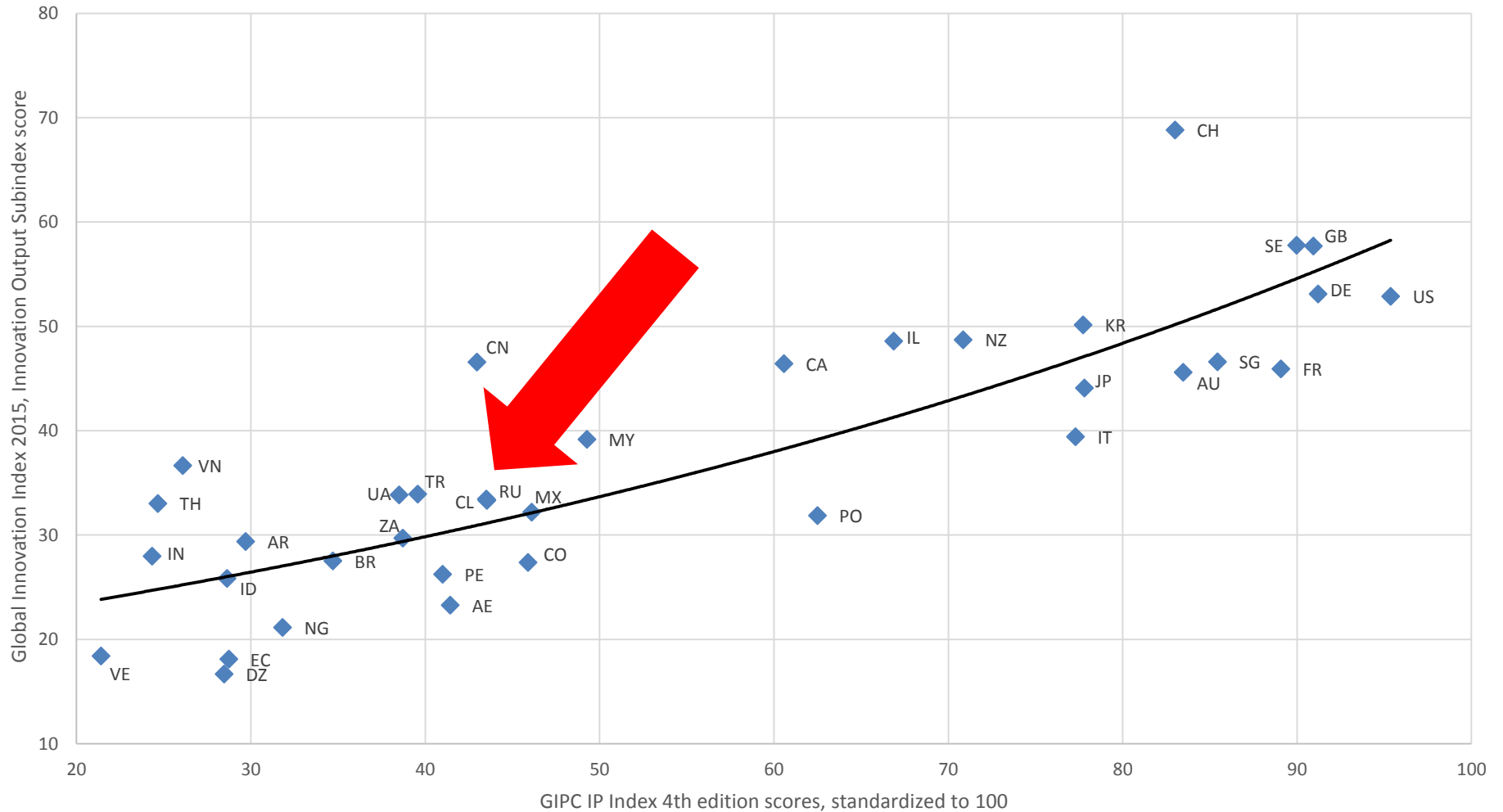


# Seven enabling factors for innovation



# Enabling innovation: Intellectual property

- Russian innovation outputs could be higher – strong correlation with gaps in IP protection



# Localization barriers = lower innovation outputs

- In general, the heavier the use of localization measures, the fewer the desired economic outputs

Market	Overall R&D investment		Local innovative activity		Size of pharmaceutical export market	
	Strength, room for growth, or weakness	Clinical trials per mn. pop. (2015)	Strength or weakness	Triadic patenting rate per mn. pop. (2011)	Strength, room for growth, or weakness	USD per mn. pop. (2014)
Russia	■	10-100	▲	<1	▲	< \$10mn
Turkey	■	10-100	▲	<1	■	\$10-30mn
China	■	10-100	▲	<1	▲	< \$10mn
India	▲	<10	▲	<1	■	\$10-30mn
Brazil	■	10-100	▲	<1	▲	< \$10mn
South Africa	■	10-100	▲	<1	▲	< \$10mn
Mexico	■	10-100	▲	<1	■	\$10-30mn
South Korea	●	>100	●	1-10	■	\$10-30mn
Chile	■	10-100	▲	<1	■	\$10-30mn
Israel	●	>100	●	1-10	●	> \$1bn
Singapore	●	>100	●	1-10	●	> \$1bn
Ireland	●	>100	●	1-10	●	> \$1bn

**Legend:**

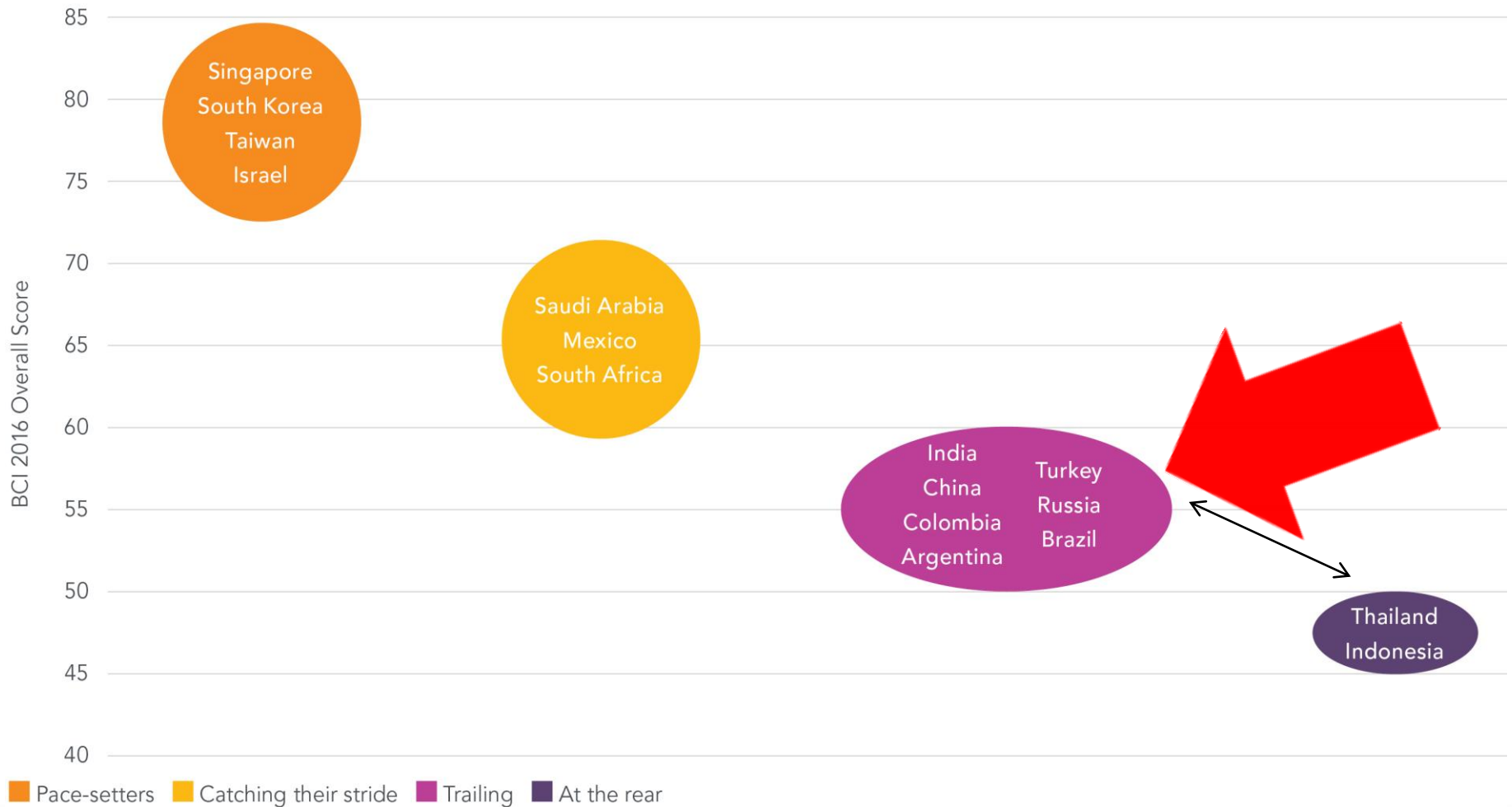
- Strength ●
- Room for growth ■
- Weakness ▲

\* Note: The indicators included here are for the sake of market comparison

Source: Pugatch Consilium analysis, 2015/6

# Case study: Biopharma competitiveness

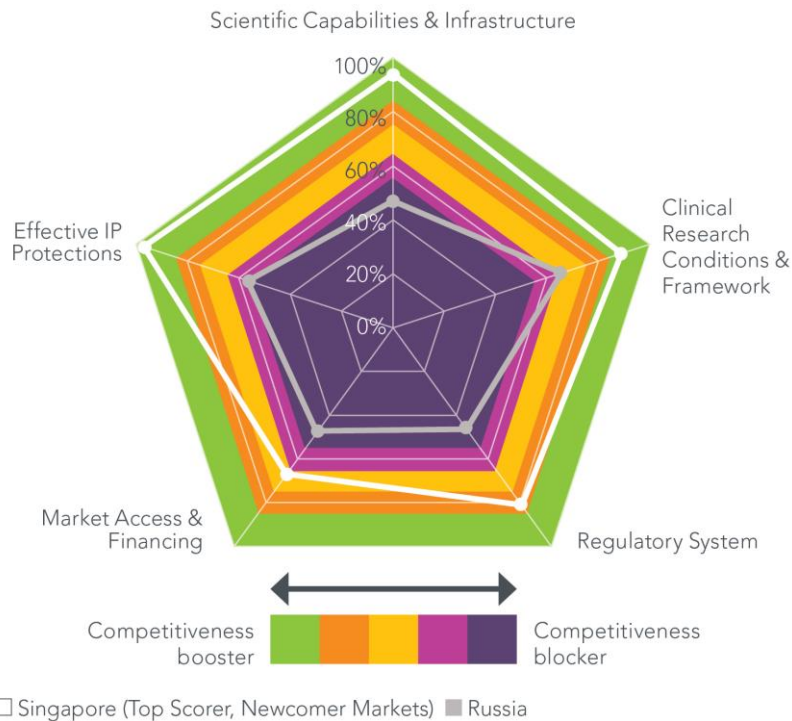
- The policy environment matters for biopharmaceutical investment decisions!



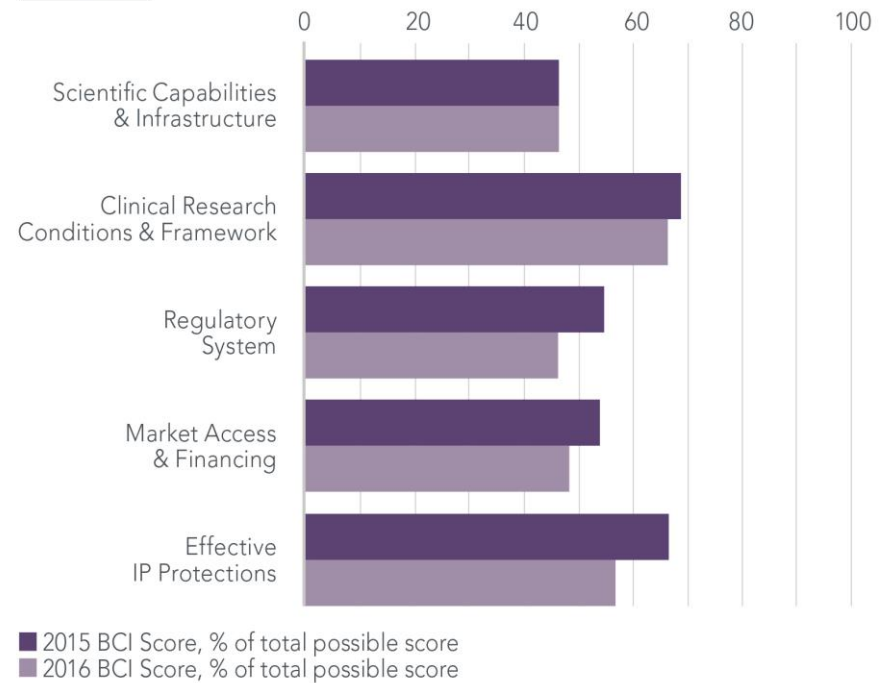
# Russia – Results drill down

- Relative strengths in clinical research capabilities; gaps in market access, regulatory system (including localization reqs.) and protection of IP

Category Scores



Category Scores, 2015 vs. 2016



---

---

Thank you!