

# CHINA MARKET ENTRY STRATEGY

**RENN**  
NA 



# OUR TEAM



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# Assumptions

2024

- Otrala is set to launch successfully in Hainan in 2024.

2026

- Otrala will complete all approval and price negotiation processes, poised for a nationwide launch in 2026.
- By 2026, all five potential indications of 3 drugs (Olinova, Otrala and karomab) will be approved for launch in Hainan.

2028

- In 2028, we anticipate a nationwide rollout of Olinova, Otrala and karomab with all potential indications across China.
- The US pricing of the products will serve as the starting point for price negotiations in China.

# Executive summary

## Situation:

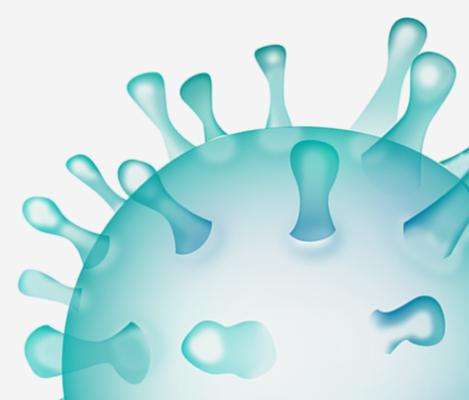
- RENNA, a US-based biopharma company, is looking for an expansion strategy in China, whose biopharmaceutical market has been experiencing significant growth.
- Out of available 9 products, RENNA has launched Barijay (Virology) and Olinova (Oncology) in China.
- RENNA expects to launch 2 more oncology products in China in 2026 and 2028.

## Complication:

- The biopharma in China is highly competitive with participation of both MNCs and local companies.
- There are other key challenges in pricing, regulation and talent acquisition for MNCs to enter China market

## Question:

- What is a unique strategy for RENNA to overcome all challenges and then effectively expand in Chinese market?

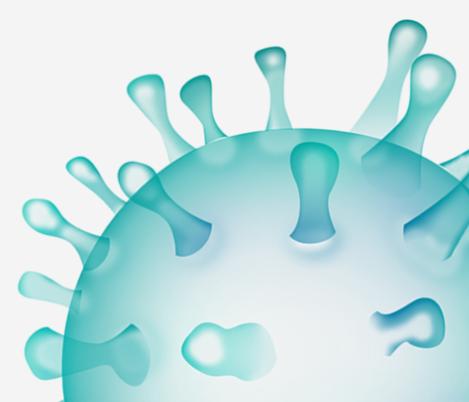


# Executive summary (Cont.)

## Recommendations:

There are 5 key strategies that help RENNA successfully expand to China market:

- Leverage the current good position of Olinova (breast cancer) to quickly become a market leader by focusing on tier-2 and tier-3 cities
- Launch Otrala (lung cancer) in Hainan Province, a “Pilot Zone” for new product launch without going through the approval and price negotiation process in 2024 before nationwide launch (lung cancer) in 2026. This helps gaining brand awareness and bargaining power in future price negotiation
- In 2026, all potential indications are expected to be approved (2 Colorectal, 2 Prostate and 1 lung cancer), launch this portfolio of diverse drug candidates in Hainan Province before launching nationwide in 2028.
- Form strong local partnerships to expand market quickly and effectively.
- Establish RENNA’s internal resources and reduces its dependency on local partners.

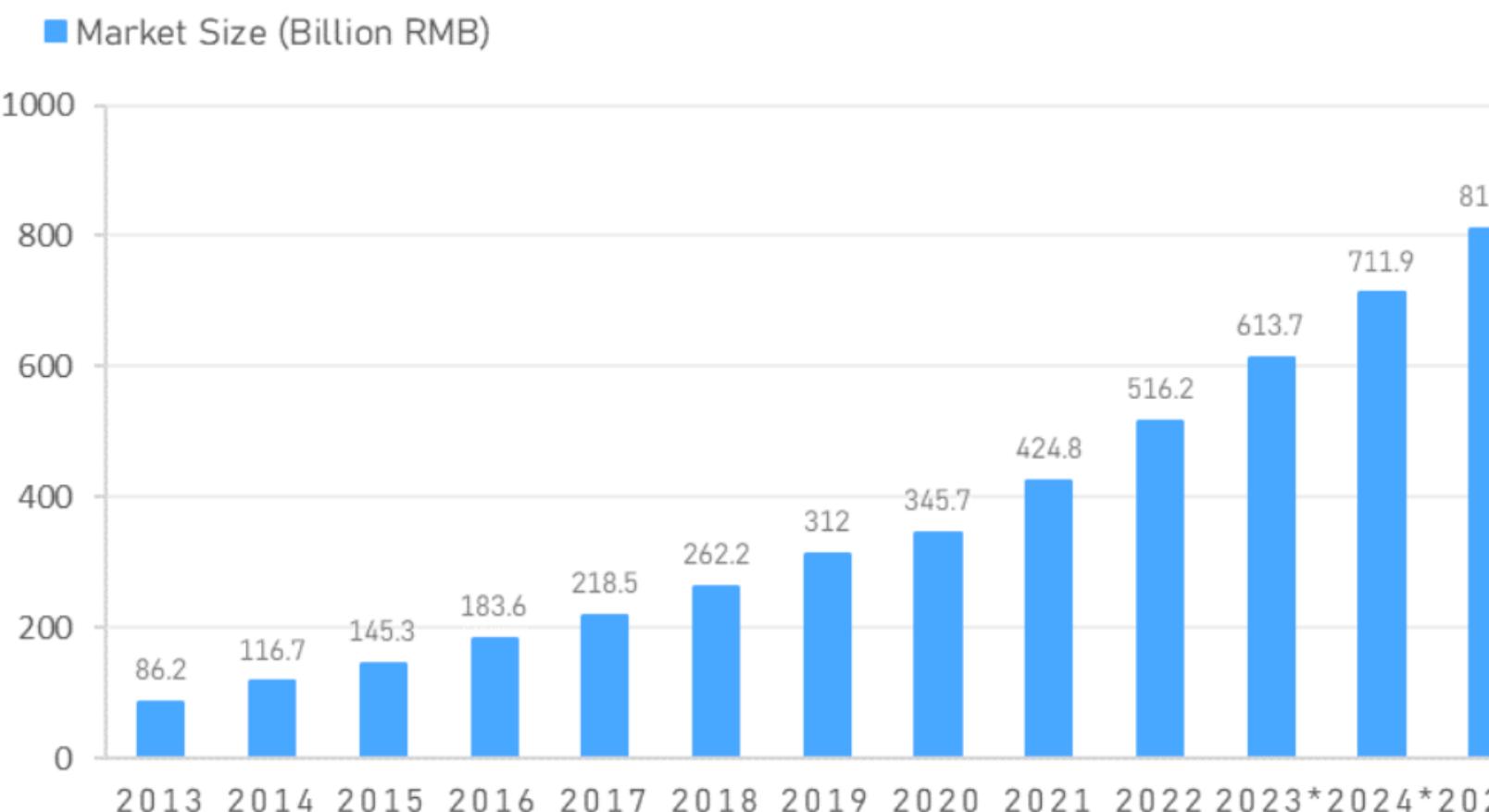


# 5 Strategic goals

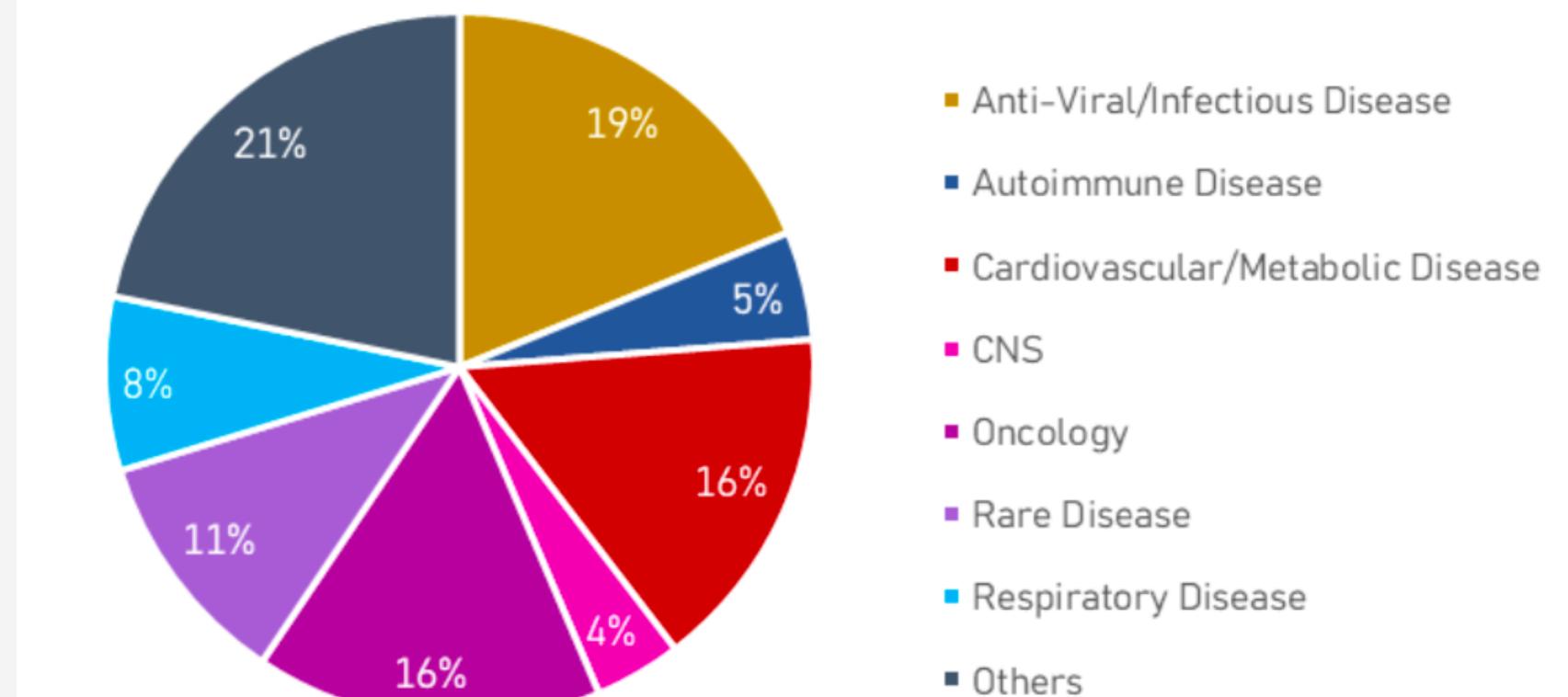
Strategic Goals	Key KPIs
Olinova (Breast Cancer) - Becoming the market leader in 2026	<ul style="list-style-type: none"><li>• Market share</li><li>• Revenue</li><li>• Number of cities and hospitals covered</li></ul>
Otrala (Lung Cancer) - Successful launch in Hainan province before national launch	<ul style="list-style-type: none"><li>• Market share</li><li>• Sales revenue</li><li>• Patient adoptions</li></ul>
5 new indications (2 Colorectal, 2 Prostate and 1 lung cancer) - launching in Hainan as a portfolio of diverse drug candidates	<ul style="list-style-type: none"><li>• Product mix revenue</li><li>• Patient adoption rate</li></ul>
Create strong relationships with local partners	<ul style="list-style-type: none"><li>• ROI</li><li>• Timeliness and responsiveness</li></ul>
Increase brand awareness among the government, hospitals, doctors, and patients	<ul style="list-style-type: none"><li>• Media coverage and PR metrics</li><li>• Physician referral rate</li></ul>

**Biopharma in China is expected to grow fast with CAGR of 21% .  
Oncology is our top focus.**

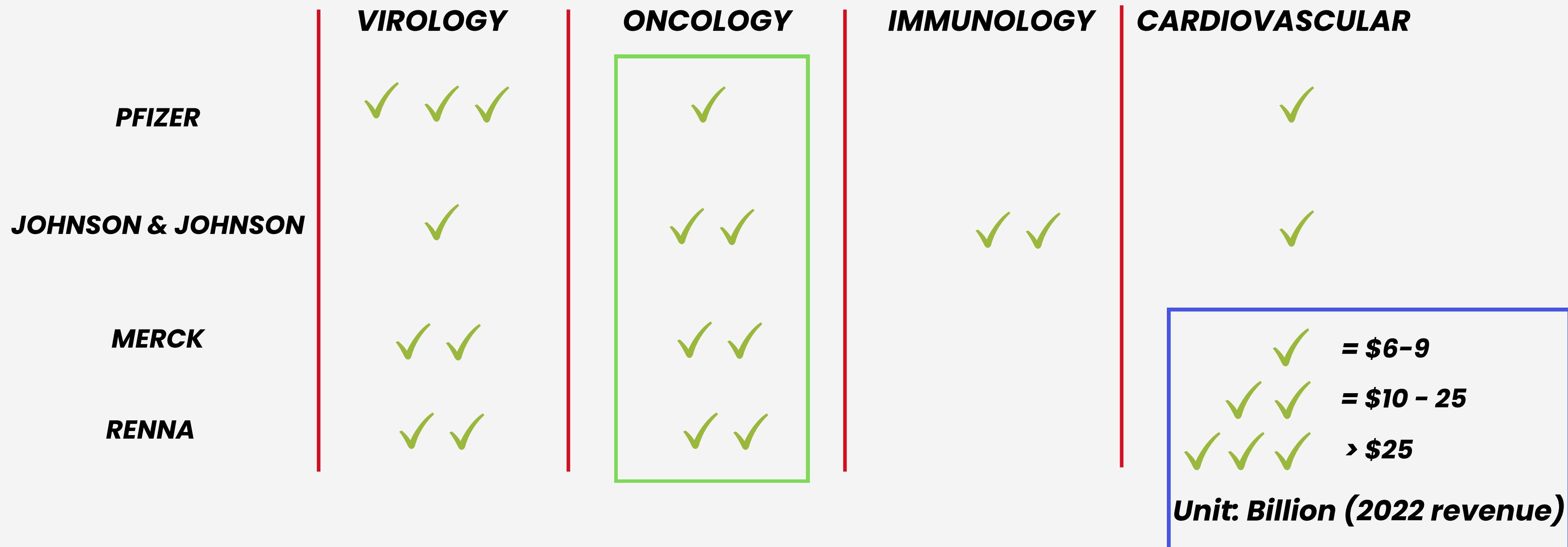
**Market Size of Biopharma in China  
(2013-2025)**



**Therapeutic Areas of Focus in 2022 NRDL Negotiations**



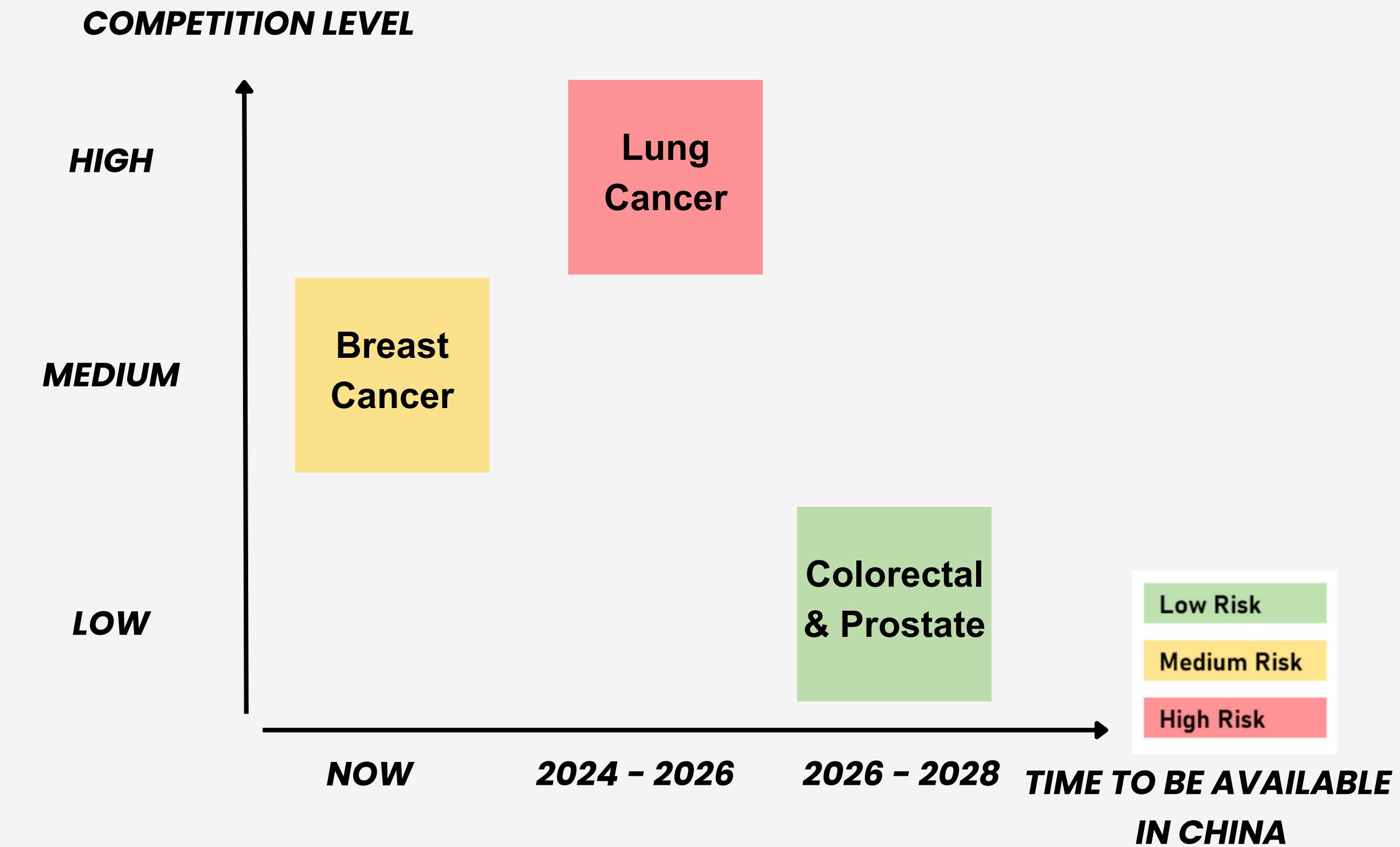
# **Even though MNCs all have strength in oncology ...**



## **For Oncology, the market is driven by 4 key cancer diseases with increasing burden: Breast, Colorectum, Lung, Prostate**

# There are still opportunities for RENNA to compete in China market

- Expand market for breast cancer drug (Olinova)
- The competition for Colorectal & Prostate is still low.
- Hainan pilot program and tier-2 and tier-3 focus are strategic moves to compete in the high competition for lung cancer drug



# Strategy 1: Leverage the current good position of Olinova (breast cancer) to quickly become a market leader by focusing on tier-2 and tier-3 cities

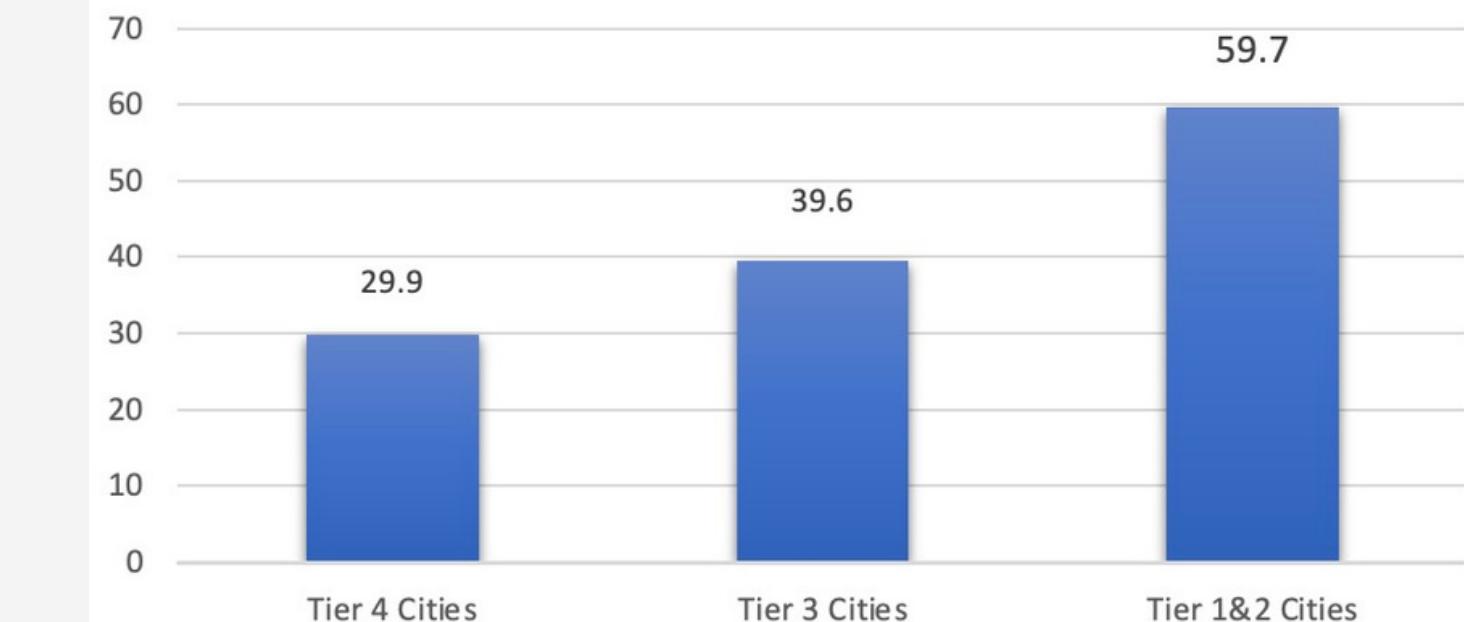
## WHY

- The competition is less in tier-2 and tier-3, enabling RENNA to get a quick win with Olinova - a strong brand name
- Turning Olinova to be a market is a solid foundation for the next drug launches

## HOW

- Quickly establish partnership with government through Healthy China and local involvement

Breast Cancer Incidence Rate  
(per 100,000 people)



## Strategy 2: Launch Otrala (lung cancer) in Hainan Province in 2024, gaining brand awareness and bargaining power before nationwide launch in 2026

In 12/29/2018, China approved a new pathway for unapproved chemical and biological drugs (excluding vaccines) to come into China through the Bo Ao Lecheng International Medical Tourism Pilot Zone in Hainan Province ("Pilot Zone").

### WHY

- Launch Otrala 2 years earlier before the nationwide launch
- Build brand awareness before entering the high competition
- Success stories in this launch provides RENNA more power for price negotiation and reimbursement policy

### HOW

- Quickly establish partnership with government through Healthy China and local involvement
- From 2026, due to high competition, focus on tier-2 and tier-3 cities.
- Leverage the leadership position from Olinova



## Strategy 3: Launch the portfolio of diverse drug candidates (lung, colorectal, prostate) and in Hainan Province before launching nationwide in 2028.

In 12/29/2018, China approved a new pathway for unapproved chemical and biological drugs (excluding vaccines) to come into China through the Bo Ao Lecheng International Medical Tourism Pilot Zone in Hainan Province ("Pilot Zone").

### WHY

- Leverage the diversify of products to generate brand awareness
- Success stories in this launch provides RENNA more power for price negotiation and reimbursement policy

### HOW

- Quickly establish partnership with government through Healthy China and local involvement



# Increase production for Olinova expansion in Tier 2 & 3 cities by increasing Investment in TamTech



Leveraging and further investing in TamTech's production facilities enables RENNA to distribute its products more effectively to Tier 2 & 3 markets.

# RENNA collaborates with logistics partners to quickly distribute Olinova product to Tier 2 and Tier 3 cities

## Company type

National logistics company

## Deal type

Outsourcing contract

## Timing

2024-2028

## Company size

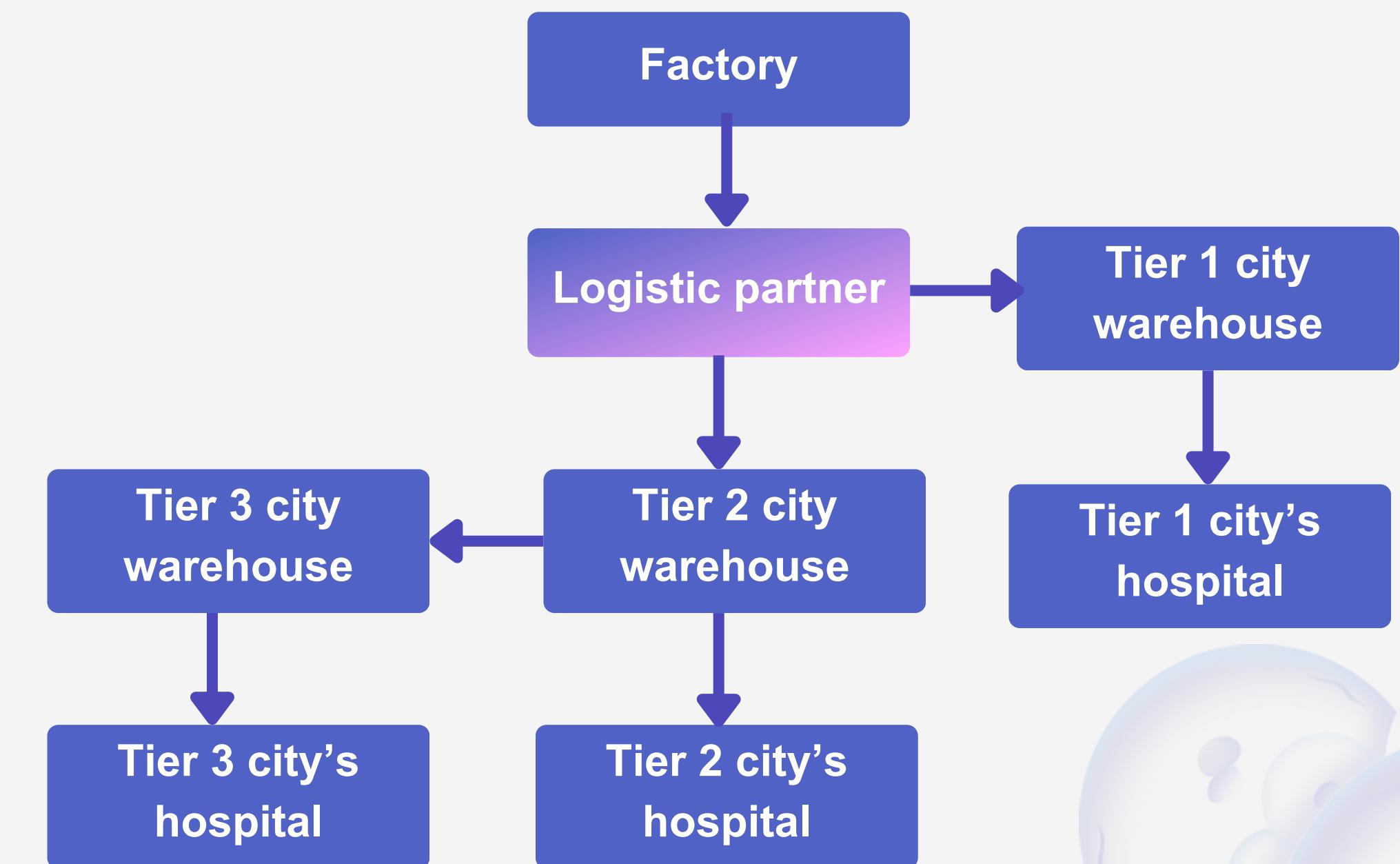
Medium-sized to large company (~10,000 employees)

## Expertise

- Specialized in pharmaceutical logistics
- Regulatory compliance

## Competencies

- Broad distribution network to Tier 2 and Tier 3 cities
- Timely delivery
- Quality control



# Reinforce government advocacy by developing sustainable local partnerships and gradual resource independence



## Mutual Benefits

Ensure shared benefits and transparent communication with your local partners



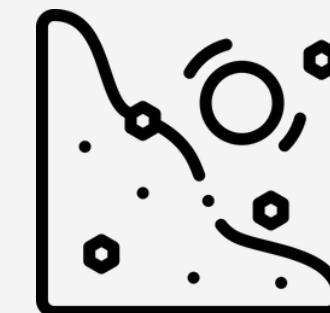
## Performance-based Assessment

Establish clear performance metrics and KPIs, and regularly assess partner's progress



## Cross-Training and Knowledge Sharing

Encourage cross-training and knowledge exchange to transfer expertise and cultural understanding



## Snowball Strategy

Use current network of business partners to expand connections in China

# To prepare for launches in 2026 and 2028, RENNA acquires companies that have strength in government relationship and production

## Company type

Biotech company

## Deal type

Acquisition

## Timing

2024

## Company size

Small to medium-sized biotech companies

## Expertise

- A deep understanding of regulatory processes
- Established relationships with regulatory bodies

## Competencies

- Have regulatory strategy and submissions for new drug approvals and compliance
- Ability to navigate complex healthcare and pharmaceutical regulations
- Ability to communicate with public media, industry experts, and government agencies



# Establishing the emerging business enables RENNA to commit and focus on the expansion strategy and implementation...

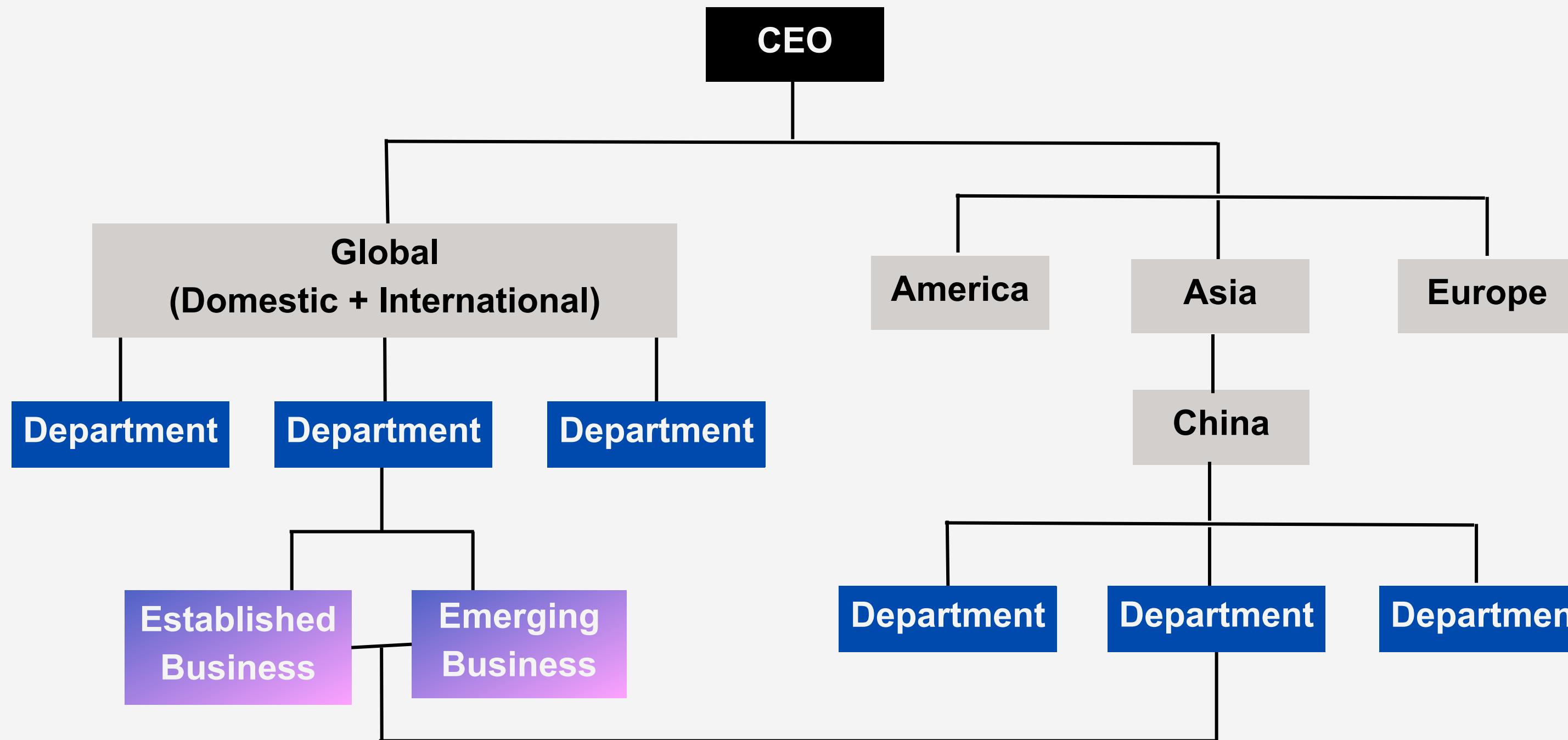
- Established products or markets.
- Has been in operation for a significant period.
- Generates a steady stream of revenue and profit.
- Has a well-defined customer base and established market presence.



- Emerging products or markets.
- At an early stage of development.
- Have the potential for significant growth.
- Requires more resources, research, and development to establish in the market.



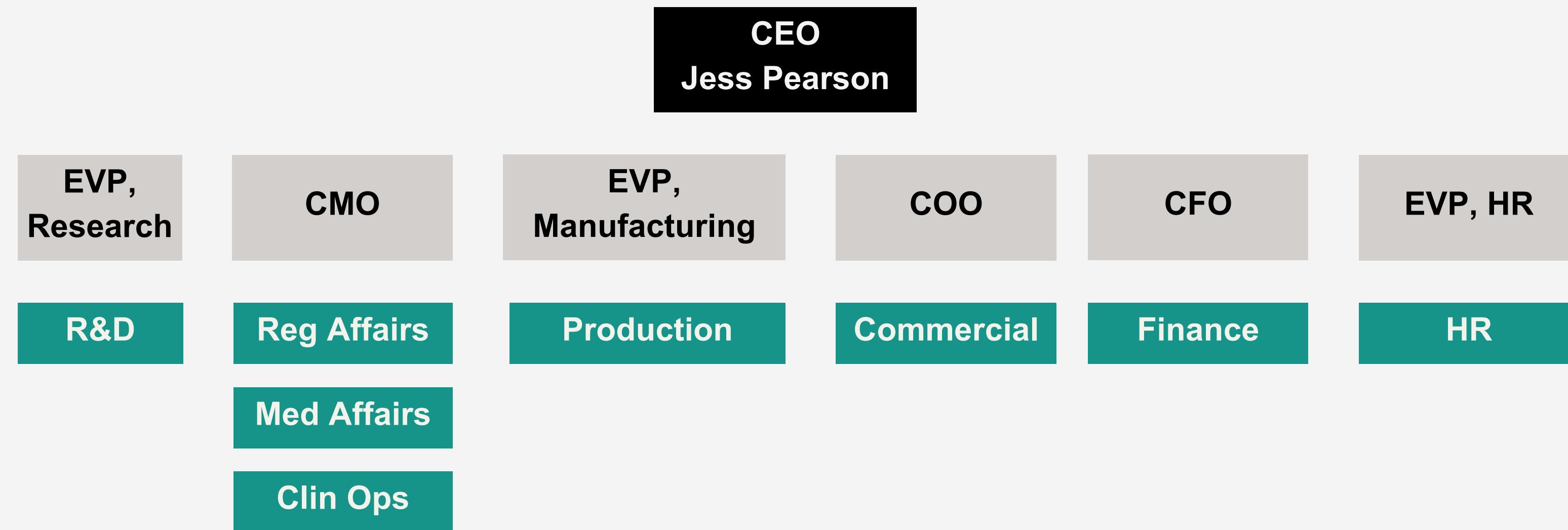
# ... and to foster innovation and growth in China



## Benefits

- Enable greater focus on innovation and growth.
- International offices pull resources from HQ departments for internal established-emerging segregation.
- Reduce redundancy in personnel.

# To enable the quick win for Olinova expansion, RENNA optimizes the organizational structure in China by leveraging of local partnerships.



	TOTAL							
FTE	5	45	45	35	10	5	145	
CONTR	5	10		30			45	
OUTSOURCE	11		125	20			156	

# Recruitment Cost

Budget: 45 Million USD

FTE

2024

42%

Contractor

13%

Outsourcing

45%

Number of employees

145

45

156

Personnel cost

\$36M

\$9M

After 2024

57%

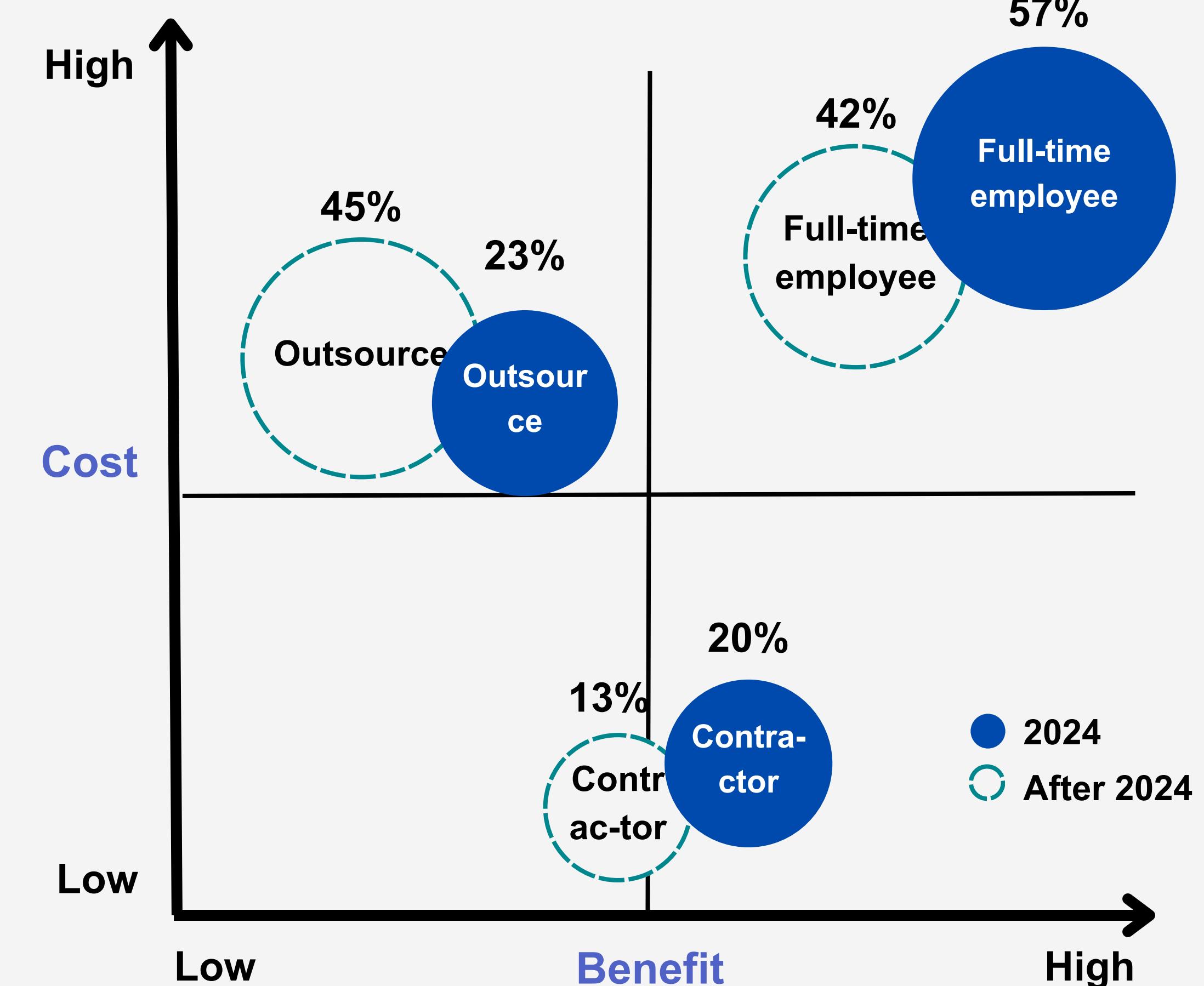
20%

23%

## Cost Benefit Analysis on Employment Decision

In the short-term, RENNA optimizes the organizational structure in China by utilizing of local partnerships.

In the long-term, RENNA gradually establishes its internal resources and reduces its dependency on local partners



# Talent Acquisition Strategies



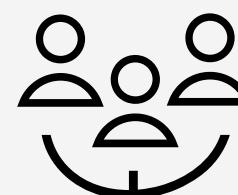
## Employer Branding

Craft a compelling brand image encapsulating RENNA's unique culture and employee benefits.



## Strategic Partnerships

Foster alliances with educational and industry bodies to scout and secure top talent.



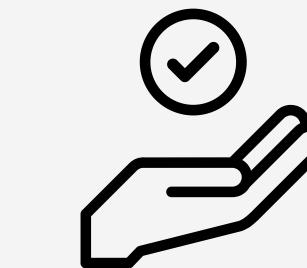
## Flexible Staffing

Bring in contractors for specific tasks.



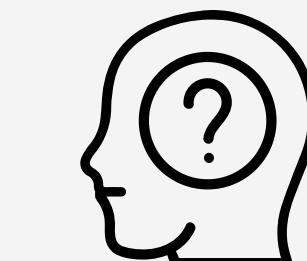
## In-House Talent Pipelines

Create a continuous flow of internal candidates for recruitment cost effectiveness.



## Competitive Compensation and Benefits

Provide competitive salary and benefits to keep top talent.

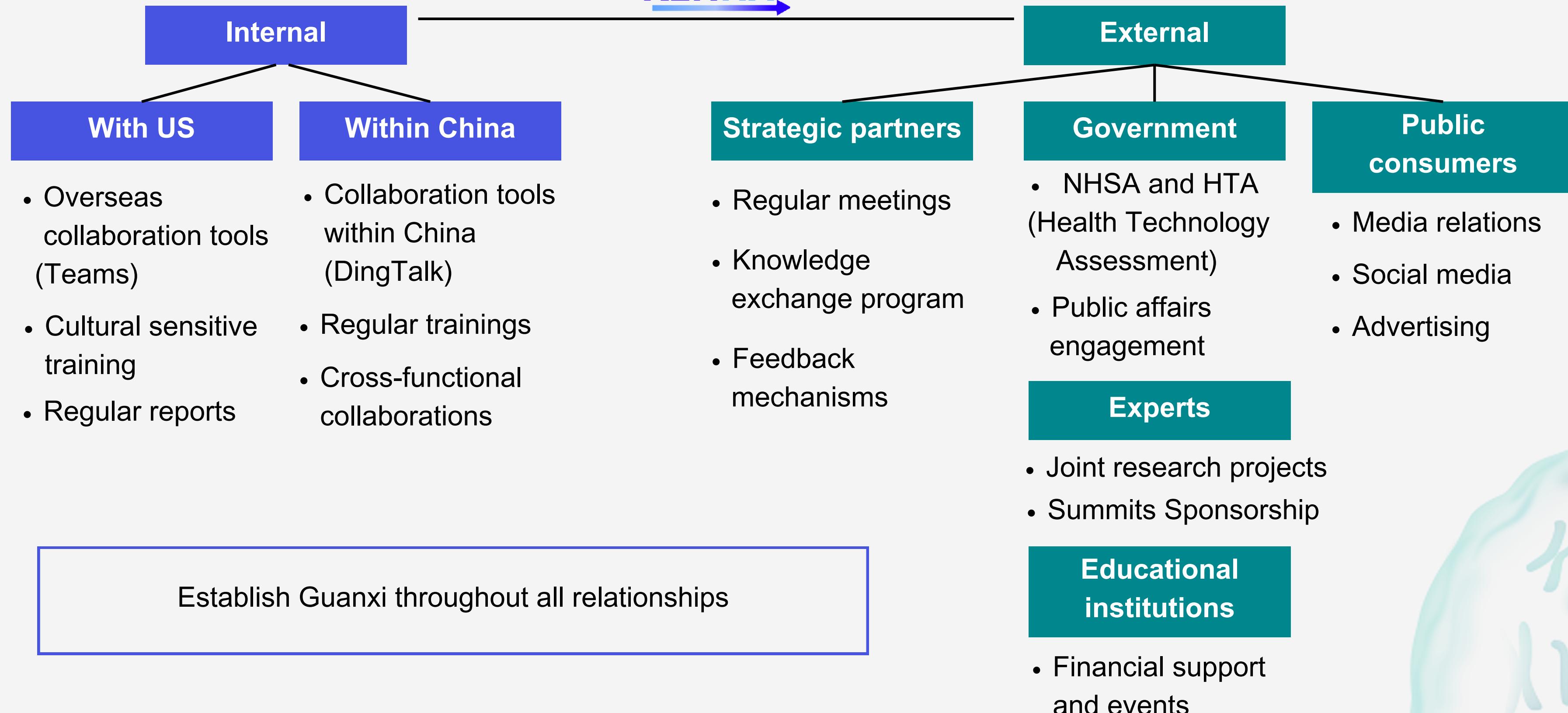


## Continuous Learning and Development

Provide ongoing training for talents' career advancement.

# Adapt communication methodologies to ensure efficient operations

## RENN



# Influence the government through Healthy China 2030 to build Credibility



## Core indicators:

- Reducing early deaths from major chronic diseases.
- Increasing the ratio of doctors and nurses per 1000 people.



## Educational Sponsorship

Investing in the next generation of doctors by providing scholarships at institutions like Hainan Medical University. Rooting brand awareness in the future of pharmaceuticals.



## CSR Public Health Campaigns

Partnering with the government on public health campaigns for cancer prevention, organizing public lectures with government support, building social responsibility and elevates brand visibility.

# Influence the Hospitals and Doctors: Strengthening Market Presence through Collaborative Training and Summit Sponsorships



## Physician Training Collaboration

Collaborate with medical associations (e.g. China Anti-Cancer Association) to establish training programs to enhance brand credibility and expand awareness among hospitals and doctors.



## Oncology Summit Sponsorship

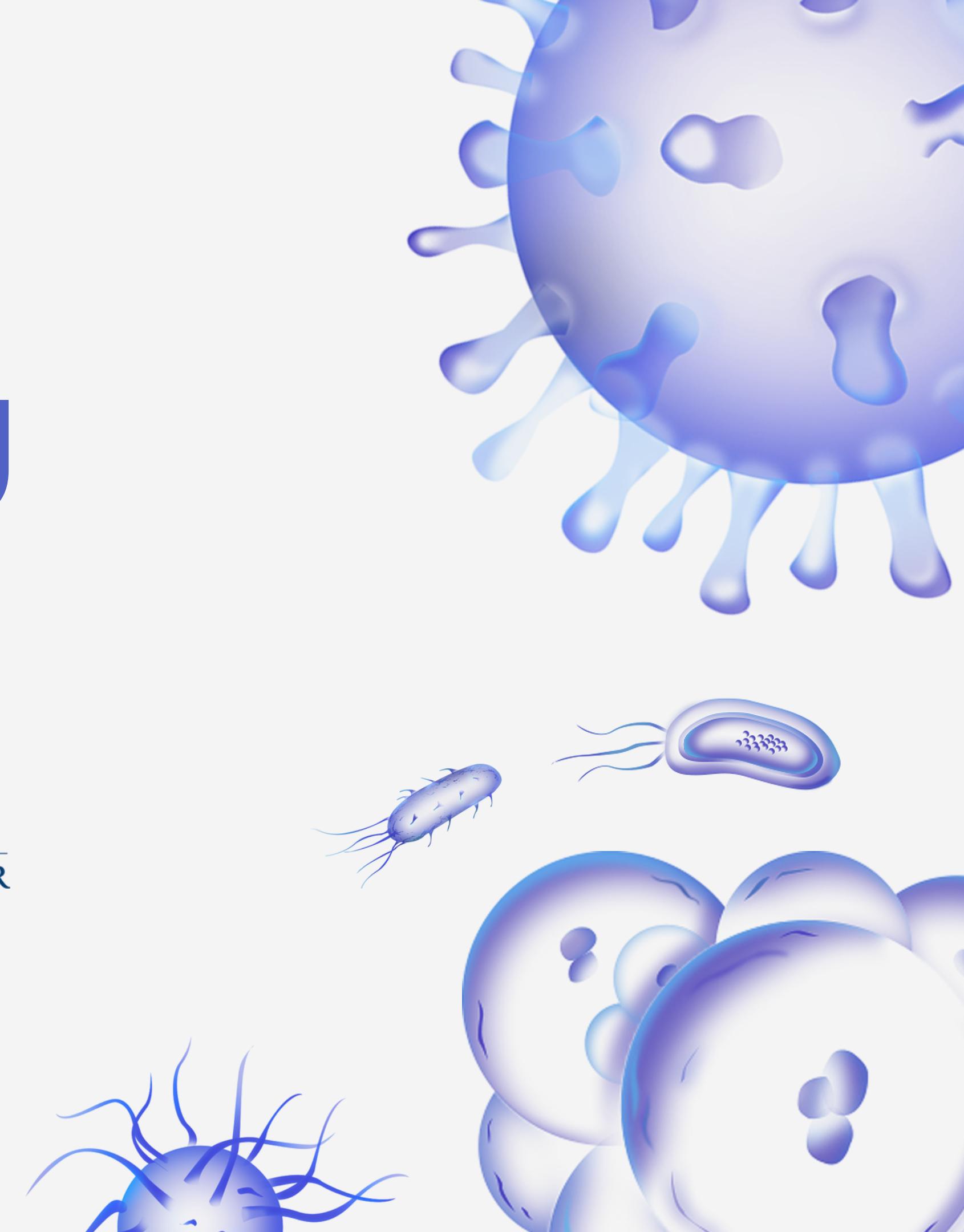
Sponsoring key events like the Global Oncology Innovation Summit Forum held in Hainan to enhance RENNA's brand reputation within the professional community.

# Pricing Strategy

US OOP Anual treatment per case		64,842
Average Price Reduction (%)		55.57%
Increase Price through bargaining power resulting from the success of Olinova and Otrala		10%
Average Reimbursement from goverment		60%
Increase reimbursement through bargaining power resulting from the success of Olinova and Otrala		5%
OOP Price		29,549
Price after reimbursement		\$10,342

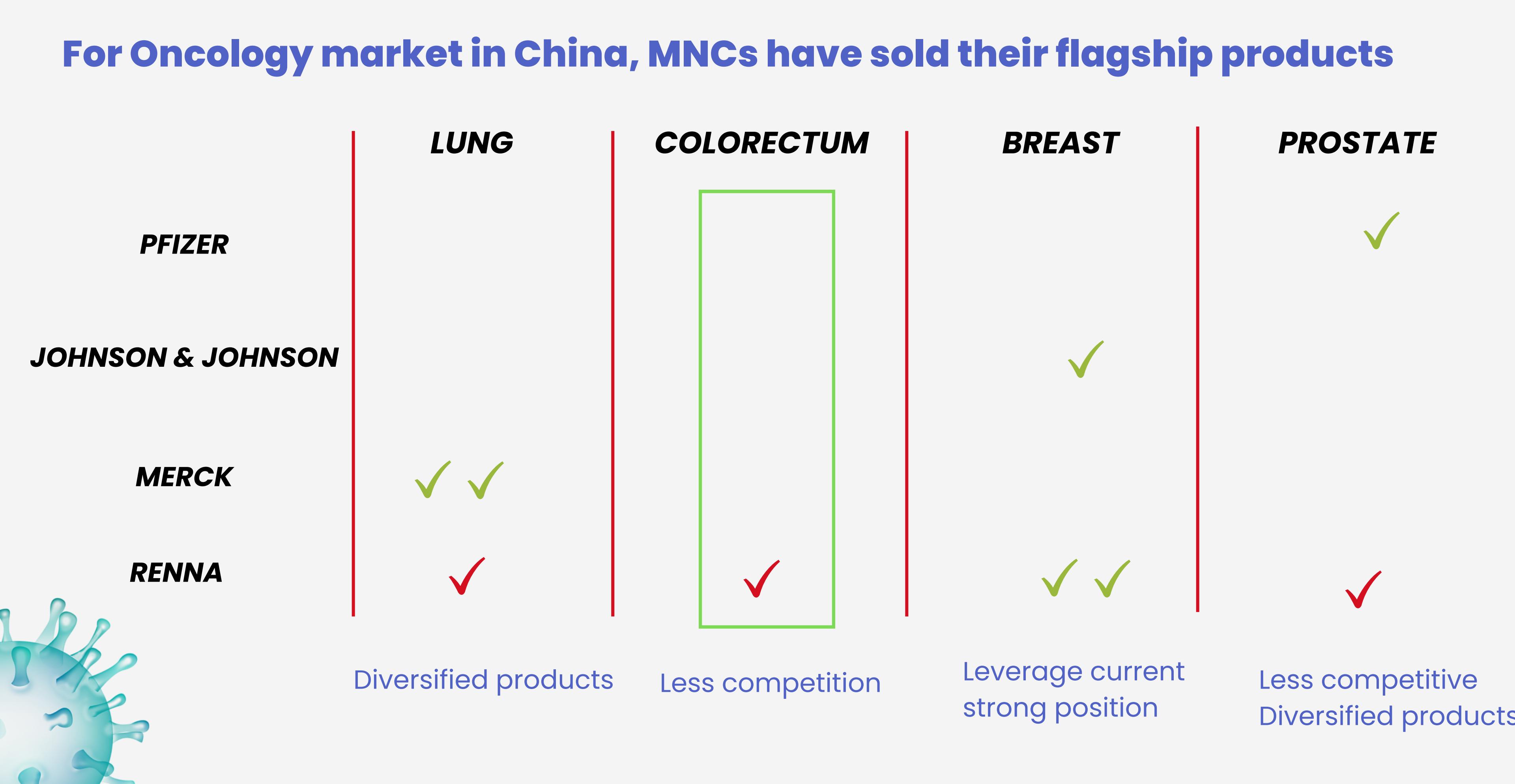
# THANK YOU

**RENNA** 

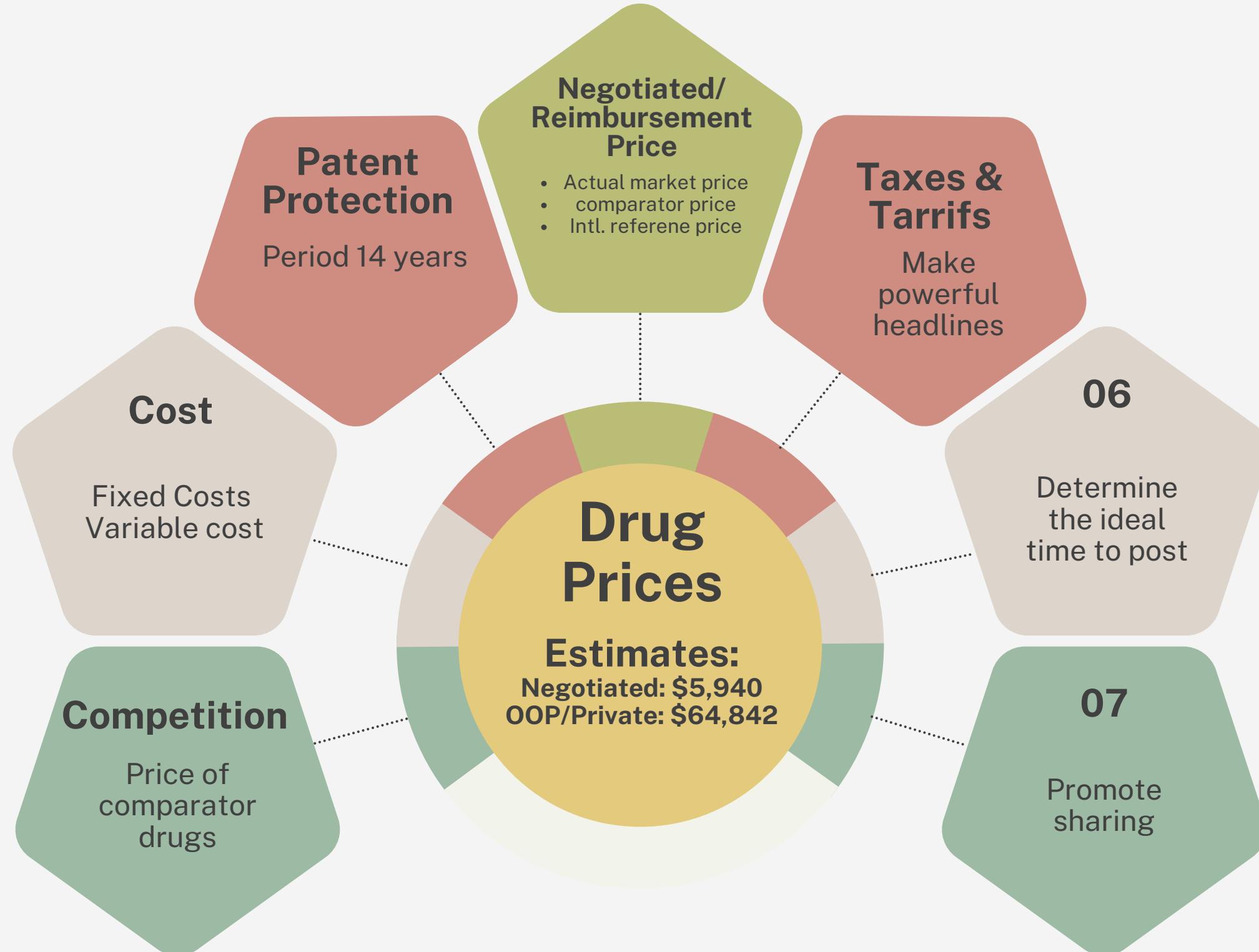


# APPENDIX

# For Oncology market in China, MNCs have sold their flagship products



# Pricing Analysis



## **Expected Market share for lung cancer in number of Patients by selling privately or listing on NRDL**

New annual lung cancer patients

**870,000**

# of patients after listing on NRDL (20%)

**870,000**

# of patients reached by private insurance & OOP (1%)

**8,700**

## **Expected Annual Market share for Prostrate cancer in number of Patients by selling privately or listing on NRDL**

New prostrate cancer patients

**125,000**

# of patients after listing on NRDL (20%)

**25,000**

# of patients reached by private insurance & OOP (1%)

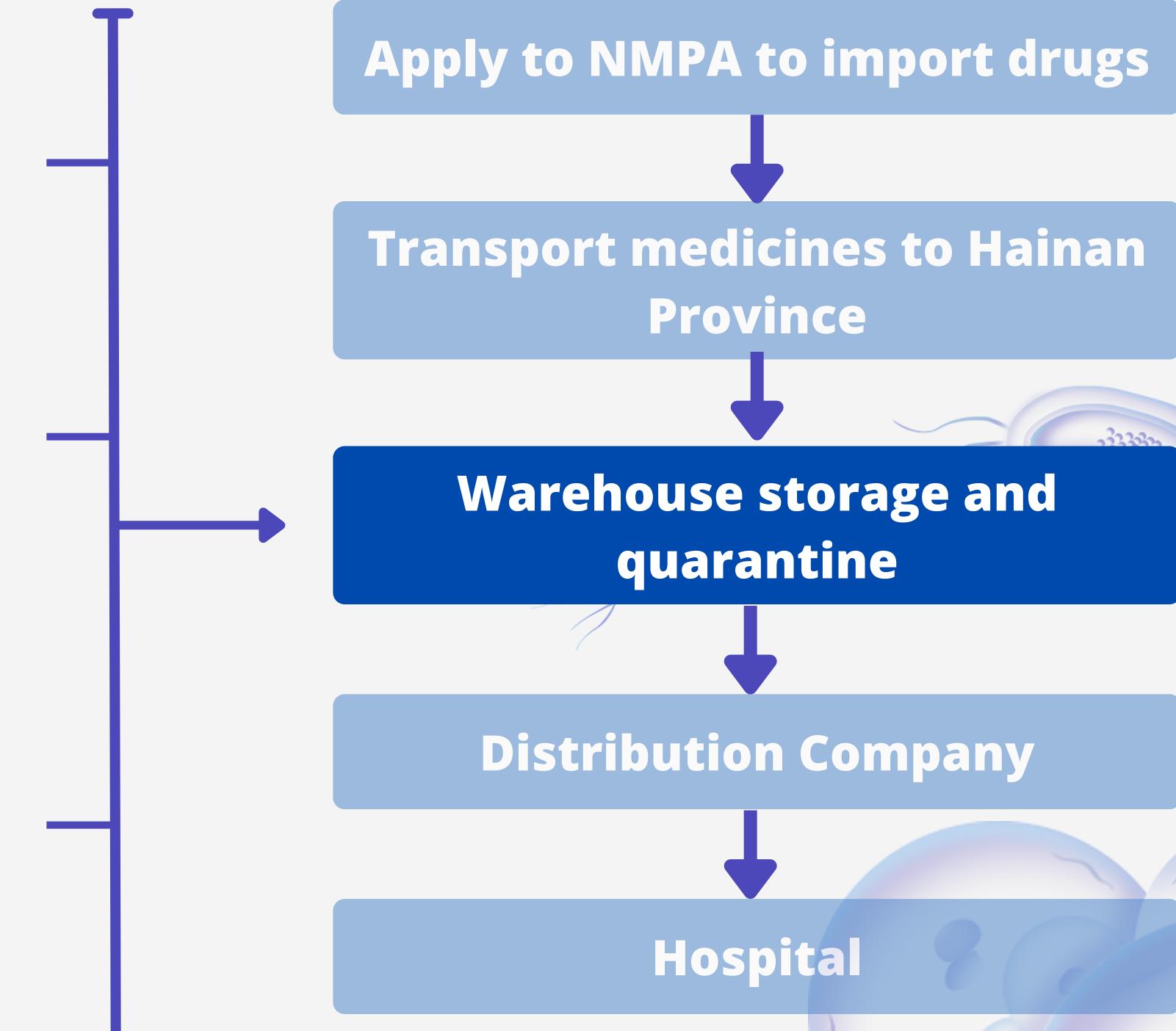
**1,250**

# Product Distribution In Hainan

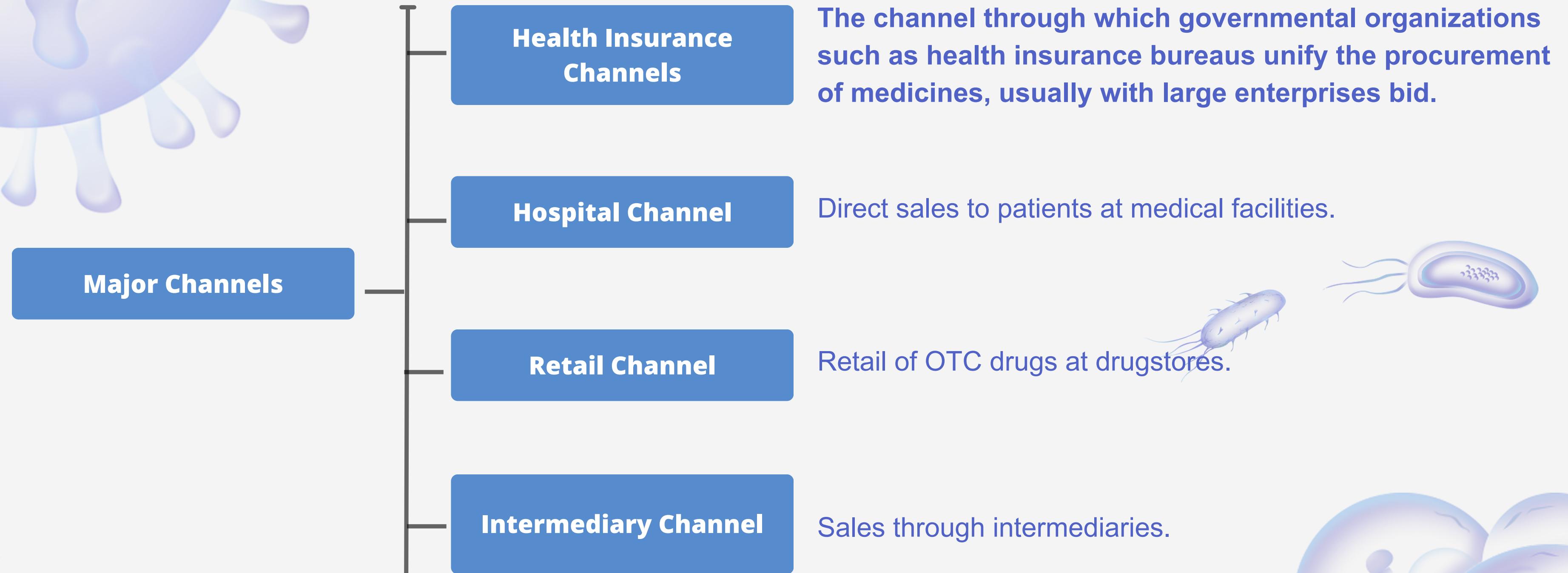
Hainan has established a unique bonded warehouse for pharmaceuticals, adopting a "warehouse first, quarantine later" model.

significantly boost import efficiency for urgently needed clinical products.

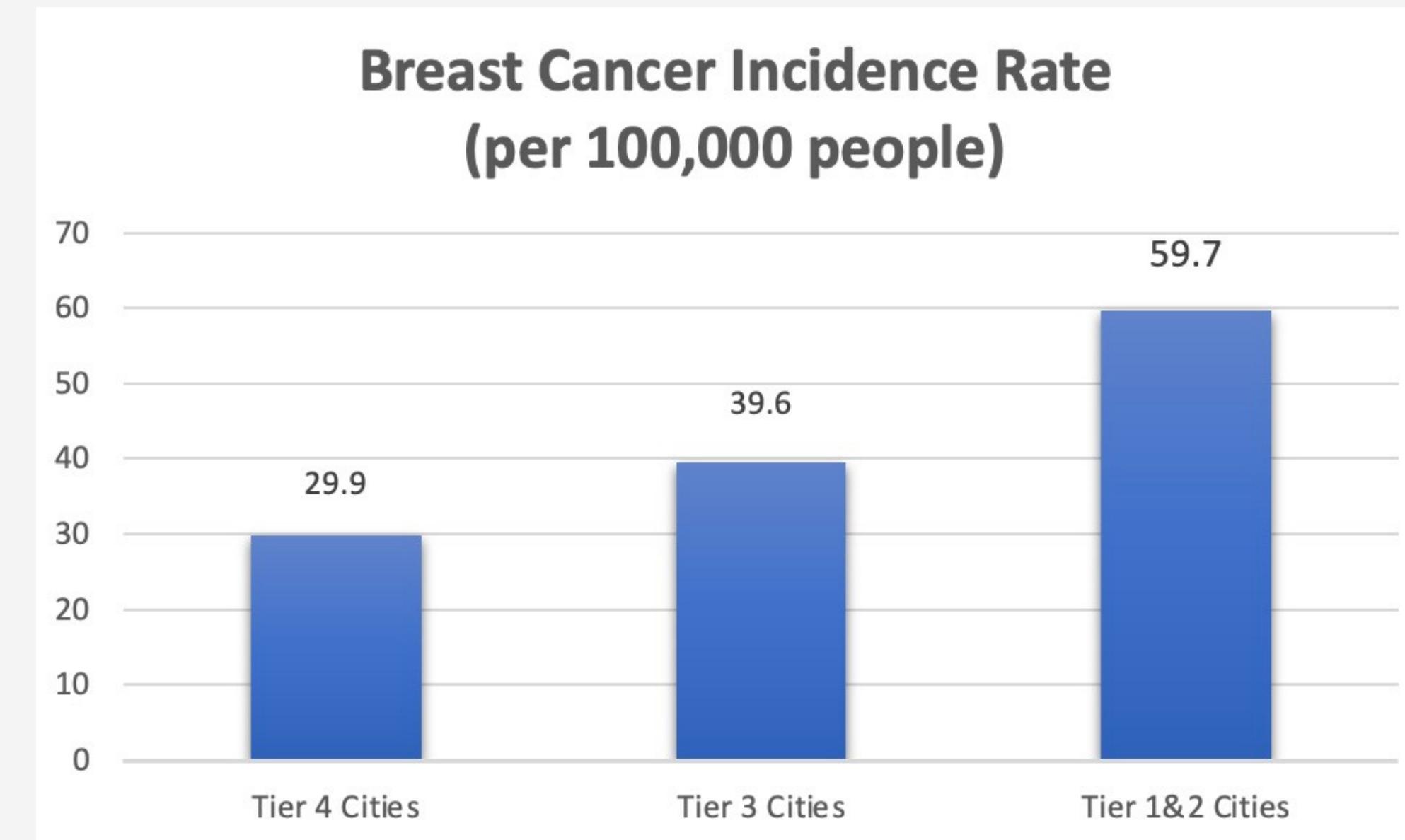
Additionally, Hainan Customs is promoting bulk imports and storage of these products, piloting a "collective declaration and distribution" method from the bonded warehouse to enhance its public utility thereby reducing overall costs.



# Distribution Channels



Focus is on the Health Insurance Channel for RENNA's hospital-dispensed virology and oncology drugs.



# Health Insurance Channel

## Tendering and Bidding Process

Government-led, province (or city)-based drug bidding organizations bid for drugs from the **centralized purchasing catalog of medical institutions (hospitals)** through the online centralized drug purchasing platform.

Inviting domestic and foreign pharmaceutical companies to participate in the bidding process at a specified time and place.

