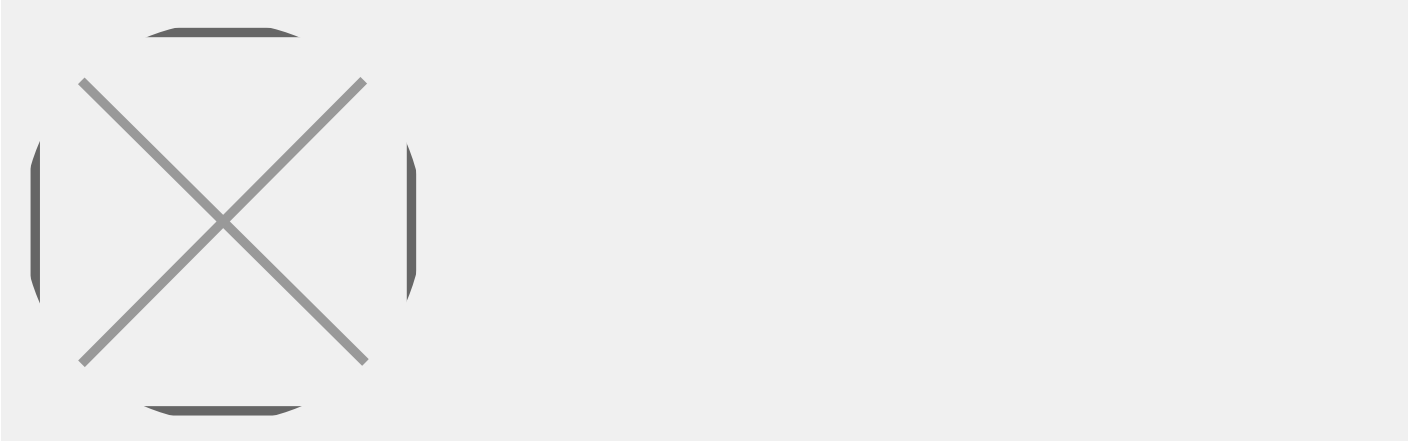
Interview: Terry Lin, General Manager, and Freia Wei, Senior Consultant, Uni-Pharma, Taiwan



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An expert perspective on the possibilities of self-pay markets in Taiwan, and the opportunities afforded by bringing manufacturing of medical technology to the country, for export to the region.

Uni-Pharma was founded in 1998, shortly after Taiwan introduced its national health insurance system. How was the business evolved over the years?

Terry Lin (TL): Uni-Pharma won its first distribution agreement in 2000, with Dupont Pharmaceuticals, a US company that was later acquired by Bristol-Myers Squibb. Subsequently, we clinched agreements with a new partner almost every year. Notably, we are partnered with Biogen Idec, who came onboard with us in 2003.

Our strategy has never been to go after mass-market products. We have always been a specialty company—for instance, we've distributed lung-preservation solution for the Swedish company XVIVO, which focuses on organ transplantation, since 2007.

As you mentioned, Uni-Pharma was founded shortly after the creation of the national health insurance (NHI) system—but actually, the majority of our products are not reimbursed. Until recently, it was the state's policy to cut reimbursement prices every two years! We decided to develop the self-pay market, and our business has concentrated on this segment since 2005. Less than ten percent of our products are reimbursed today.

We also began to focus more on medical devices, because we find that the entrance barriers are considerably lower. Med tech currently accounts for nearly 90 percent of our revenues. We have developed a strong presence in areas like anti-adhesion products—again, a very specialty niche, rather than a large market.

What is your strategy for further expansion?

TL: In 2010, thanks to Freia's help, we added a cancer-detection device—an in-vitro diagnostics (IVD) product—to our portfolio. The device is extremely efficacious in monitoring the progress of colorectal cancer treatment.

We spent two years learning the nuances of the IVD market, and hope to be listed in every major medical center in the country by next year. I believe our product can help at least 50 percent of the colorectal cancer patients in the country from 2014 onwards. But our plans do not stop at Taiwan!

Freia Wei (FW): Based on our work with this product so far, we further gained the right to manufacture it in Taiwan. We are looking to transform our company from a pure distribution player to an organization that has the capability to make and develop its own products.

We saw that there was a constraint on the pharmaceutical industry, so we moved from pharma products to medical devices and diagnostics. But we also want to build a foundation for the long-term. The distribution business can be difficult to sustain: after all, the principal can always revoke the product rights if they chose! We don't want to be confined by such vagaries—we want to own our products, and we want to be able to move beyond Taiwan. To this end, we have recently established a manufacturing and distribution partnership with the company Pharmigene.

Distribution is a tricky job. If you are unsuccessful in marketing a particular product, the licensor is disappointed in the work you do; if you are successful, then the company starts to think that they should enter the market themselves.

FW: That's exactly right!

TL: It's certainly happened to us before—there have been times when we've built up a strong market position for a certain product, and the principal decided it would be more profitable for them to take over from there.

As Freia began to mention, we are now looking to differentiate our business and move beyond distribution. To do so, we plan to increase our capital, and significantly expand our organization, over the next two years.

We are not a development company. Rather, our strength is in market research, sales, and promotion. We can connect to clinical demand: this is our strength. When we identify a product based on that demand, we can develop a very strong go-to-market strategy.

We need a partner to help us manufacture the product, which is why we have formed an alliance with Pharmigene. This way, we will not need our own factory for production purposes.

FW: Most med tech companies in Taiwan are OEM manufacturers. We, on the other hand, will penetrate the market with a brand that we own the license to in this part of the world. We are looking to further develop an awareness of the brand's name: Onko-Sure. Onko-Sure can help patients to monitor their condition, and it can even aid prevention.

We are still a specialty distributor, and distribution in Taiwan is certainly not a business we are looking to abandon. Nonetheless, we want to offer the market something more.

Is your new direction indicative, then, of a side-business? Or something that will ultimately come to define Uni-Pharma as a company?

FW: Our vision is to take this product to different countries. We think Onko-Sure can benefit patients throughout the entire world. We own the license to manufacture it in Taiwan, and to sell it in a number of global markets, mostly in Asia Pacific and the Middle East. Penetrating these markets—our first international foray with a product we manufacture ourselves—will be a huge step for us.

After we take that first step, we will look to develop an even better product. Our dream is to do more with diagnostics for cancer patients. We want to develop an increasingly broad portfolio that is tailored to that goal. Will it come to define us as a company? That depends on how successful we are!

Do you anticipate a difficult competitive environment abroad? Or is your product unique enough to stave off competition?

FW: The product is unique. Onko-Sure uses a biomarker that is significantly underutilized. If we can bring it to the market with the right strategy, we will gain market share very quickly. A number of countries have already expressed strong interest in offering Onko-Sure within the parameters of their health insurance systems.

With that said, one challenge that we will face overseas is the diversity of regulation, and the fact that we will need a tailored pricing strategy for each country. Pricing is critical, and we know that

we cannot homogenize price across every market we enter. We will also need the right partners to help us along the way: at this time, we are not in a position to open our own international branches.

To return briefly to your business in Taiwan: you mentioned that Onko-Sure might be reimbursed in certain markets—but you haven't submitted it for reimbursement in Taiwan, is that correct?

TL: That is correct. It is another self-pay business for us.

We have a few products on the reimbursement list in Taiwan: for instance, we just picked up a biologic two weeks ago that will be reimbursed under the NHI system. The product, Tysabri, is a Biogen Idec drug for the treatment of multiple sclerosis. The Bureau of National Health Insurance (BNHI) has offered us a great price: approximately 75 thousand TWD per vial.

Our long term strategy and consideration for profit has given us a self-pay focus in Taiwan. However, we will respond to partner demand in countries like Turkey, Australia, and China when we bring Onko-Sure to those markets. We will reduce price, and give our distribution partners more space to be competitive and submit for reimbursement.

FW: We focus on self-pay in Taiwan because there is a typical consumer myth out there that says that if you pay more, you get a better product or better treatment. Despite the fact that our NHI system offers great care at a relatively inexpensive price, some patients still perceive self-pay as a premium market, and we have targeted that demand.

Actually, positioning Onko-Sure as a somewhat premium product in Taiwan is one way we will be able to build awareness of its great efficacy. But with that said, we want to eventually make the product more available to patients. Down the road, we want to work with the Health Promotion Administration to make it more affordable.

Where will Uni-Pharma be in five years' time?

TL: I think we will have grown the company ten-fold: both in terms of staff count and revenues. We will need more people to understand the subtleties inherent in different international regulatory systems—and at the same time, our ventures outside of Taiwan will bring increased turnover. By 2018, Uni-Pharma will be present in more than ten countries, and the next generation of our product will be on the market.

FW: We are also planning an IPO. As you can imagine, developing our own product internationally will be a very capital-intensive endeavor.

TL: We anticipate an IPO around 2016. We hope to raise about NT$300 million.

The US FDA approved the Carcinoembryonic Antigen (CEA) test for colorectal cancer monitoring in 1978. No product was approved for the ensuing thirty years—until 2008, when Onko-Sure received certification. We very much believe that this product can help clinical physicians and patients.

FW: Our expansion with Onko-Sure happened almost by accident. Initially, we just wanted to distribute the product in Taiwan. We then began to develop within the region to markets like Singapore—but again, just as a distributor. However, we began to realize that we could do more.

There are multiple reasons for our evolution. Firstly, I think it was the right time. The company was looking for a new direction, and Onko-Sure had the right profile. With a pharmaceutical product, we would have had a hard time in Taiwan because of the challenges we would face in development and regulation. For diagnostic products, Taiwan has had significant strengths for at least ten years in OEM. By leveraging that history, and with the great partner that we have in Pharmigene, we can make great strides forward.

Taiwan is a small island. Every company has their unique strengths, but we need to team up in order to grow.

What is your final message to our readers?

TL: We've completed our first steps in developing a manufacturing platform in Taiwan. The second step is now to work with our partner to study the regulations in different Asian markets. We believe our first achievements will trickle down in 2014: we hope to receive marketing approval in four or five countries by the end of that year.

FW: I've lived in the US and traveled extensively in Asia. In doing so, I learned one thing about Taiwan: people work really hard here. They try to be very efficient and effective in doing business globally. Taiwan has this reputation all over the world. This is why I like working in this country: the environment is great, the country is free, and the government supports businesses that want to go abroad!

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