

Interview with Tse-Ming, Pang, Managing Director, Emerging Pharma (EP+)

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Since its origin, Emerging Pharma has been helping foreign pharma companies to enter Malaysia. However, the Malaysian market is relatively small. Why should international pharma companies look to this country as a good first step?

It is true that the Malaysian pharmaceutical market is still small at around US\$ 1 billion. Nonetheless, Malaysia is an interesting country which I often compare to Taiwan. Malaysia has a population of 28 million compared to Taiwan's 24 million, yet the Taiwanese pharmaceutical market is six times the size of the Malaysian market. This serves as evidence for the significant growth potential of Malaysia which could aspire to be the same size as Taiwan in the coming years.

The difference between Malaysia and Taiwan is that Taiwan has implemented a national health insurance scheme, whilst Malaysia is still trying to figure out how to do this. The second factor is that Taiwan is richer in per capita terms. Once Malaysia has understood how to implement a national insurance scheme and per capita income increases, the country will grow. This offers a good investment opportunity to foreign pharma companies.

In addition to the growth potential, the process of dealing with the Drug Control Authority in Malaysia is highly transparent. In my 20 years of work there has been no hint of bribes or backhanders to Drug Control Authority officials from Ministry of Health.

The Minister of Health, highlighted that the 1Care reforms would bring a new dynamic to the local market. In terms of timing, is now the best time to invest in the Malaysian market?

Most of the multinationals are already present in Malaysia. However, many of the small and medium-sized companies have not yet considered the country as a potential market. Now is the time for them to enter this market because product registration is becoming increasingly stringent. If these companies begin arriving after the reforms are implemented they will have to fulfil many more criteria to have their products registered for the local market.

In 2009 Emerging Pharma was looking towards regional expansion to Indonesia, Thailand, Singapore and the Philippines. How far has this process gone?

At the end of the day, Emerging Pharma wants to be an ASEAN healthcare group. The ambition of the company to expand into the region actually began in 2008. We have already started the operation in Singapore. The next country under consideration is Indonesia and Emerging Pharma is already engaged in dialogues with some potential partners there.

How would you define the specific role of Emerging Pharma in the healthcare system?

Emerging Pharma helps small to medium-sized European pharmaceutical companies to commercialise their product in this region of the world. Emerging Pharma can take a product from zero to millions of dollars. Instead of taking the lower end of the portfolio from big pharma companies, Emerging Pharma chooses to market a few interesting products from medium-sized companies. These companies may be doing well in their home markets but have yet to make an appearance in Malaysia and Southeast Asia. Our company assists them in registering and commercialising their products. This is how the company has created a niche for itself in the Malaysian healthcare system, by assisting Malaysian medical professionals in getting access to innovative European products.

There are differences in the product offering between Southeast Asian and European pharmaceutical companies. Many European pharmaceutical companies are offering innovative product which is not known among medical practitioners in this part of the world. Although many Malaysian medical professionals have been trained in the UK they are not familiar with this range of product. Emerging Pharma serves to bridge the gap by introducing these unique European products to Malaysian practitioners.

In addition, we help doctors educate their patients about various diseases through EP+ CARE, a patient relationship programs. A typical initiative would be the cerebral palsy network which we

funded in Malaysia. Emerging Pharma brought together sufferers, carers and parents in events which began with doctors giving talks and then the company organised fun games for the patients and their parents. We gave prizes to both the winners and the losers of the games and threw big parties afterwards. A second initiative called 'V-Protect Campaign' is to help doctors screen for the hidden danger of albuminuria. Many doctors do not screen for this in patients' urine and it is the first sign of kidney failure from diabetes. We will screen diabetics directly and if albuminuria is detected then we provide information and urge them to consult a doctor.

What are your ambitions in terms of the number of foreign companies that you would like to see brought into the Malaysian market?

Emerging Pharma has a business development department which is constantly analysing strategies for expansion. As such the number of European companies which we would like to see in Malaysia is always on the rise. In addition to our four current partners we are looking at another four to five European companies whose products are still going through the registration process. One of these is from Switzerland, two more are from France and one is from Italy. The company aims to bring as many companies as possible to fill the portfolio of drugs we offer. It takes approximately 2 years to register and bring a product into the market, so the companies which are starting to work with us today will enter Malaysia in 2013-2014.

What would you say were some of the strategies employed by Emerging Pharma to successfully market products, and what are the company's competitive strengths compared to other players?

The way that Emerging Pharma will differentiate itself is to become the leading medical edutainment marketing brand. Since mid-2010 the company has been engaged in a rebranding exercise. For larger companies, which have unnecessary number of rules and regulations to follow, can be slow in their actions to adapt to the ever-changing industry. Emerging Pharma created a new category of medical marketing and we easily adapt our systems to meet the needs of medical fraternity. Having said that, Emerging Pharma adopt VIECATM Marketing, a proprietary systems supported approach to grow pharmaceutical brands from zero to millions through innovative marketing systems.

VIECATM Marketing is supported by VIECATM Sales, a mobile sales management system, adopting 4G, PDA phone technology. SAP-B1, an enterprise resource planning system is also put in place to equip Emerging Pharma with complete, real time and accurate information for analysis and decision making.

Typically an event organised by Emerging Pharma will start with informative lectures on a specific topic. However when this part of the event is over, the second half of the event is devoted to more light-hearted and fun activities. We will completely change the atmosphere and setting in the room and begin, cookery classes, gem-stone appreciation, coffee tasting, wine appreciation etc. The company organises talks in prominent art galleries, with speakers introducing art history appreciation and investment to Malaysian doctors. The company is mixing lively elements with medical education, to make things more interesting and fun. In my view this is how the company will stand out compared to its competitors.

The company has just launched the brand this January and will soon complete the process with a change in name to EP+ and by moving to new offices. I had the initial idea for this form of edutainment but we brought in a branding company to really make this element part of the company's DNA in terms of what Emerging Pharma represents to its customers.

You seem to be maintaining your focus on marketing, but with the ASEAN economic community (AEC) making it increasingly easy for foreign companies to enter the regional markets does this not threaten your business model?

Regardless of the harmonisation process, companies will want to do business with Emerging Pharma thanks to our brand differentiator as the leading medical edutainment brand. In addition, one advantage of targeting medium-sized international rather than larger pharma companies is that we can provide experience that these companies do not have in this part of the world. These companies do not have the resources and know-how to commercialize their products in South-East Asia and leverage on the distribution channels built in the last 14 years.

In addition, the way that Emerging Pharma combines its products within a therapeutic area works to the mutual benefit of our partners. Emerging Pharma chooses its products on the basis of disease management. For example, a patient may suffer from sub-acute strokes, acute strokes or chronic strokes. Emerging pharma will take one product from one company to help patients suffering from sub-acute strokes, a different product from a different company for chronic strokes and we are looking at another product from another company for acute strokes. The success of one product serves to reinforce the success of another. Emerging Pharma therefore establishes a mixture of complementary products, boosting their collective sales. The original manufacturers who do not have a full range of products to offer benefit from this strategy.

In 2005 you established PARVUS, offering a range of medical aesthetic products to your customers. What was the rationale behind entering the medical aesthetic market which is different from your

core business in pharmaceuticals?

The company's venture into this new therapeutic area began with one product in the ethical segment: botulinum toxin or BTA. This product has application in both the medical and aesthetic spheres. This product can be used for post-stroke treatment, but can also remove wrinkles when injected into the muscles of the face. The company therefore set up one team examining the medical application and another handling the aesthetic application.

After a while we realised the potential of the aesthetic segment and decided to concentrate on this part of the business by creating the PARVUS brand. We have employed the same strategy of creating a basket of complimentary products. BTA is used for the treatment of fine wrinkles, but for deep wrinkles we provide fillers and sutures for non-surgical face-lifts. Today PARVUS markets a range of minimally invasive aesthetic products and just as with Emerging Pharma, the company only deals with medical professionals.

As the founder of the company, what are your growth ambitions and where would you like to take the brand in five years?

We are aiming to grow at least 20% every year until 2020. We want to be an ASEAN pharmaceutical healthcare group. Our ambitions beyond Malaysia began three years ago and we now have an office in Singapore. We are beginning to talk to partners in Indonesia. In five years time, we will be present in Singapore, Indonesia, Thailand and the Philippines, and Vietnam soon after.

We want people to recognise EP+ as the leading brand in medical edutainment. We wish to be seen as innovative, creative, friendly and fun to work with. In fact, we want people to walk into our offices wondering if we are Google or a Malaysian company. We will have sleep capsules and even a drama area to help us change the way we conduct medical retailing. When our sales agents approach a doctor they will explain the benefits of a particular drug by narrating a story. We are therefore trying to revolutionise the way that drugs are marketed to doctors.

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