

Interview with Kin Sang Wong, Country Manager, Lundbeck Malaysia



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You have worked in the pharmaceutical industry for many years starting with Novartis and you have spent the last eight years working for Lundbeck. What are the major changes that you have observed in the Malaysian pharmaceutical industry over that time?

The industry's approach has changed in its dealing with doctors. Business before used to consist of striking deals with doctors. Now the company is more orientated towards sharing with doctors the benefits of Lundbeck's drugs and supporting these claims through clinical data. The company continuously collaborates with doctors in establishing the optimum methods for clinical care. I would also say that across the industry there is a clear increase in the level of professionalism.

Lundbeck and Novartis are two very different companies: one is private the other is listed, one specializes in a niche sector the other is a top-10 company. Nonetheless both companies share the same operating environment in Malaysia.

What are the main specificities and challenges for operating in the Malaysian and Indonesian markets?

In Malaysia, we can divide the market into private and public sectors. The private sector is much easier for companies to tap into. Patients trust what their private doctors prescribe.

The public sector is a different ball game altogether. It is like a reimbursement market, the first step is to be listed in the national formulary. In the public sector cost is always an issue. Healthcare authorities have noticed an increase in healthcare spending due to the higher costs of new

products. Healthcare spending is only around 2% of GDP. Getting a product listed is therefore a significant challenge for companies wishing to sell to the public sector.

The government is rolling back on healthcare spending. Has this impacted on Lundbeck?

Fortunately the company operates in the CNS market which does not have many large competitors. All the time new products are being developed and Lundbeck still has patent protection on much of its portfolio.

The Malaysian government has a policy of generics first whereby they try to use generics the moment a patent has expired. In fact this is true for all governments. However, Lundbeck has not suffered much from this so far and, on the contrary, the company has expanded a lot in the public sector.

Lundbeck specializes in Mental Disorder Diseases (MDD) where much of the market still lies in the West. For Lundbeck 81% of sales derive from the West.

However with growing awareness in the Asian markets of MDD what is the potential for Malaysia and Indonesia as growth markets for Lundbeck?

The potential for growth is high. Asia is currently in the position the West was in 30 years ago. There is still a stigma attached to MDD in Asia. In the West people are happy to admit that they are going to see a psychotherapist. In Asia people are growing more accepting of mental health issues, but this has been a gradual process. Awareness and acceptance are more apparent in the urban areas where people are more educated and have better access to information. In the rural areas the level of understanding is still relatively low. One of the principal challenges is therefore to increase understanding among the population at large.

With Malaysia concentrating on a series of chronic diseases such as diabetes and TB it can be easy to overlook CNS disorders. How is Lundbeck able to educate people about mental health problems and raise its level of prioritization?

It is true that CNS disorders are often overlooked and occupy the lowest priority. Lundbeck's mission is to improve the quality of life for people suffering from psychiatric or neurological disorders. This cannot be achieved without education.

The company goes to the care providers including neurologists, psychiatrists and doctors and tries to increase their knowledge of mental health issues. There is a Lundbeck Institute, initially set up by Lundbeck and independently by their board, which focuses on education, quality of care and partnership with care providers, patients and CNS organisations. The Lundbeck Institute organises many disease management seminars and we carry out a similar programme in Malaysia through a series of workshops.

When the company runs a workshop there is no commercial interest involved. The focus is on improving the skill of doctors in both diagnosis and management.

Regarding the distinction between urban and rural areas, to what extent has the government been effective in creating universal access particularly in areas such as East Malaysia?

Over the last two years the government has been effective in increasing the number of psychiatrists. The country only has 210 psychiatrists and yet the number used to be much lower. 80% of these psychiatrists are working in the public sector. In East Malaysia, there are now two large institutions in Kuching and Kota Kinabalu and many more psychiatrists working in district hospitals. There used to be 4 psychiatrists covering both Sabah and Sarawak. Now there are psychiatrists in small towns such as Miri. Indeed, one of the 2020 targets is to have 600 psychiatrists to cover all of Malaysia's public hospitals.

What are the main growth drivers for Lundbeck Malaysia?

There are a number of new products and it is a very exciting time for the company. Lundbeck hopes to reduce the stigmatization of the disease among the public whereby they are more willing to approach medical providers to seek treatment. Furthermore if Lundbeck is able to gain greater access to the public sector it will allow for growth in the company.

Could you now give our readers an idea of the revenues a company like Lundbeck can generate in Malaysia?

To give you some history, Lundbeck Malaysia started in 2002. Before this Lundbeck's products were in the Malaysian markets but were handled by a distributor which was not performing well. In 2001 a decision was made to start moving into the emerging markets of Asia. Lundbeck Hong Kong started in 2001 and Lundbeck Malaysia the following year. At the time the company had only four people with one country manager and three reps. Now the company has 13 people, including marketing and sales managers.

In revenue terms, the company's revenues have expanded a lot thanks to the products and people that the company has. Lundbeck Malaysia started as a 2 million RM company (\$6.4 million) and has expanded to 17.5 to 18 million RM (\$5.6 billion).

You have overseen this expansion. What would you say were your major achievements within the company and what do you have left to achieve?

The growth in the business is naturally one of the accomplishments. Gaining greater market share through products like Lexapro – an anti-depressant – is an achievement. However we are not just concerned with numbers. Improving the quality of life for patients and carers and easy accessibility of mental healthcare is crucial to the company's work. Lundbeck wants to see people able to return

to life as normal.

In terms of the company's development, I am proud that Lundbeck Malaysia has been able to develop its people. The product manager began by working as a sales rep. There is therefore good potential for individual growth within the company.

Looking back at your career you took a risk in moving away from a multinational with large market shares and an expansive product portfolio. What made you take this risky decision?

It was a personal challenge and I like to be challenged. At Novartis I was not working at the top level. Naturally within a big company, although there is a career path it is not certain that you will climb the ladder to the level you wish because of the competition.

With Lundbeck I was given the freedom to grow the company. When I was offered the job by Lundbeck's regional VP I therefore accepted. I felt that I was able to help the company to grow the business. The decision was ultimately based on the fact that I wanted to apply what I had learned and judging from the current trends in Lundbeck Malaysia's performance, my risky decision has paid off.

You are manager of both Malaysia and Indonesia. Indonesia has a population around ten times larger than Malaysia but the market is not that different in size. What are the fundamental differences between the two markets?

The Indonesian market is completely different from the Malaysian market. The government is heavily involved in the Indonesian market and it created a decree, which was imposed by the previous Health Minister to protect Indonesia's domestic generics market. They were concerned that India and China could overtake Indonesian manufacturers in the generics industry. Now, only a local manufacturer can open a licence in Indonesia and this stops other companies from entering the market.

Indonesia is more focused on prescription market; Malaysia is more focused on the dispensing market where doctors dispense pharmaceuticals directly. There are problems of people filling in their own prescriptions in Indonesia and a number of control problems besides this.

The Malaysian market is much larger than that of Indonesia and the operation in Malaysia is older. The Indonesian office was set up in 2006. The company used to have a regional office but has since restructured and now Indonesia falls under the responsibility of Malaysia.

One of the company's values is to be: 'Imaginative – to dare to be different'. How does the company dare to be different in Malaysia?

The Lundbeck Institute Malaysia workshops are already a sign that the company strives to be different. Doctors return to Lundbeck's workshops and ask why the company spends so much

money on these workshops and does not have its own brand present.

As a marketer by profession, my personal inclination is to include branding whenever possible. However, this was a value which was imported from Lundbeck Institute based in Skodsborg. The workshops are entirely centred on science and not on products. The intention is to improve the quality of healthcare in Malaysia.

The company also runs conferences and seminars. At these events our products are shown but still the emphasis is around 70% on science and 30% on products.

You mentioned earlier that Asia is currently at the stage the West was at thirty years ago. What is the potential for Asia to grow faster and to avoid some of the mistakes made in the West?

Lundbeck Malaysia is a member of PHAMA which has its own code of conduct. Lundbeck also has its own code of conduct. The company therefore always tries to do things in the right way and Lundbeck always strives to be as clear cut as possible by providing plenty of information to the prescribers.

It is true that Asia is growing faster and will continue to do so. Year on year the company has been growing around 20-25%. Lundbeck expects double-digit growth to continue and has predicted a 10% growth in the industry in Malaysia. According to the internal budget the company should grow 18%.

To what extent is growth in the company achieved through increasing prices?

At Lundbeck the company does not believe in capitalizing on prices and it has never been part of our strategy. The company of course has to adjust its prices. However, these price adjustments only occur every two or three years.

The pharmaceutical industry has developed an extremely poor reputation among the people in the West. What is the situation like in Malaysia?

Actually the perception is still poor in the East as well. There is a misconception about what the industry does and people are very critical. The most vehement critics are probably those from animal rights groups who protest that the pharmaceutical industry is experimenting on animals. However, in my opinion this is simply a necessity before testing products on humans in order not to endanger human lives.

I should say that in the East the criticism of the pharmaceutical industry is attenuated compared to in the West. There is a cultural difference. In the West there is a right to speak and to be heard; in the East this trait is not so strong.

What would be your final message on behalf of Lundbeck about the role it plays in Malaysian society?

Malaysia is a strong potential market for Lundbeck. Healthcare awareness is still very low in the country and Lundbeck is therefore engaged in trying to increase awareness among the general population. Surprisingly, there are still many people placing their trust in a 'bomoh' – a type of voodoo spiritual healer. As a member of the CNS industry, the role Lundbeck must play is to raise awareness

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