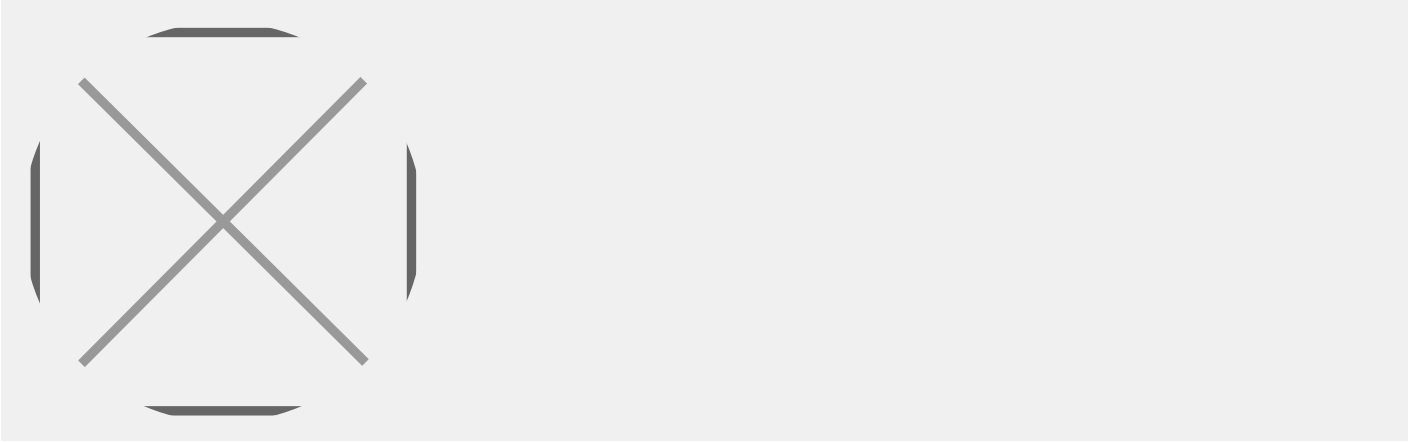
Interview with Al Castro, Country Manager Philiphines and Indonesia, IMS Health Philippines



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You worked as a Country Manager in Indonesia and Thailand prior to joining IMS Health in the Philippines. What, in your opinion, sets this market apart?

For starters, Indonesia is dominated by domestic players that, together, constitute 70% of the market. In the Philippines we see quite the opposite— a country dominated by a strong multinational pharma contingency.

In Indonesia, moreover, three strong, state-owned companies are responsible for both marketing and manufacturing, a scenario that has not developed in the Philippines.

Are there similarities across these markets?

Absolutely. In both Indonesia and the Philippines, out-of-pocket payments are the norm, totaling approximately 90% of all pharma expenditures. Another common factor is the governmental pressure both countries face to reduce prices and expand market access.

What is the main challenge now facing the Philippines? Are there opportunities?

Pricing is the primary concern. Three to five years ago, when the country was in the midst of double-digit growth, price increases were the norm. Today, however, growth is either single digit growth or negative growth. A recovery may be on the horizon, but it will take some time.
As an out-of-pocket market, the Philippines is home to an important trend: Filipino patients, according to our data, are attracted to brand products and are loyal to those brands their

physicians prescribe. This represents both a challenge and an opportunity—for those benefiting from brand-loyal patients, it's a positive. For those hoping to break into the market with a new brand, it's a challenge. The good news for companies hoping to sell branded products is that the Philippines is several years away from turning wholeheartedly toward generics.
Finally, we should touch on sales force rationalization. Years ago, the Philippines pharma market was populated by large sales forces, but that is no longer the case. Companies are now viewing the market from a macro perspective—evaluating therapeutic classes, eying the emerging generics market, and narrowing their product range.

IMS Health has classified the "pharmerging markets" in three tiers, with the third including Thailand, Vietnam, and Indonesia. How does the Philippines fit into the scheme?

The Philippines market stands at a crossroads. It is not, strictly speaking, a pharmerging market, for it is, as we have noted, in the midst of a market slowdown. And yet, in terms of population and economic indicators, the Philippines stands with Thailand, Indonesia, and Vietnam.

When we interviewed your colleague Fabian Dywer at IMS Health Australia, he told us that, in twenty to thirty years, multinationals will no longer manufacture in developed markets like Australia, but will establish themselves in the pharmerging markets. Is the Philippines destined to become a production hub in Southeast Asia? And what can the Philippines do to play a more central role in the region?

The Philippines will have a hard time competing against countries like Indonesia, with its strong domestic companies, its cGMP- compliant facilities, and its standing accreditations from various foreign Pharma manufacturing bodies.

The Philippines does have its share of domestic toll manufacturing facilities, including Lloyd Laboratories and Sydenham Laboratories, but I do not see the Philippines becoming a regional hub in terms of production. Cost would be an impediment. So would lack of general manufacturing experience.

Every year, IMS Health identifies "the harbingers of change." What are you seeing in the Philippines market In terms of industry-shaping harbingers?

The major one is price. For the first time in many years manufacturers have had to lower their prices in response to both the MDRP (Minimum Drug Retail Price) and prevailing competitive forces.

Around the world, IMS Health is known as a company standing strong on four pillars; the first being its work in helping customers better understand and measure their markets; the second regarding its strength in portfolio strategy; the third concerning commercial effectiveness; and the fourth regarding its ability to help customers establish their

medicine’s value, or health economics. What is the relative importance of these areas to IMS Philippines?

We are focused on all four service areas in the Philippines, though we are particularly strong in information and market intelligence. We’re also a leading provider of health economics services, especially in our support of customers seeking advice in pricing and market access.

Of course, commercial effectiveness is also a core service offered by IMS Health in the Philippines, for it’s the brands that enable sales reps to differentiate and sell their products.

We’ve also taken a lead as consultants in the area of product portfolio, helping our client companies rationalize their product portfolios.

We hear that IMS Health Philippines has one of the most accurate data sets in the world—no small accomplishment, given how notoriously difficult it is to find reliable data in Asia. You face other challenges, however. Tell us about some of them.

At the moment, we find ourselves faced with companies that are rationalizing their costs and expenses. They should view IMS Health as a strategic investment—as a resource as they seek to make sound data-driven decisions. And yet, some companies are still concerned about making that kind of investment.

How does IMS Health support clients seeking to take full advantage of the opportunities present in the market?

We have been working closely with almost all of the stakeholders— the government (DOH, PITC, DTI) and the pharma companies—on building a roadmap to a healthy future. We’ve been providing guidance on how to increase accessibility for patients. We’ve been at the center of several projects designed to strengthen the standing of client companies.

IMS Health has always had strong relationships with multinational companies. How challenging is it to develop strong relationships with the domestic pharmaceutical companies?

We’re fortunate in that we already have strong alliances with the largest five domestic companies in the Philippines; we’ve been working with them for quite some time. The challenge now is to develop relationships with the small generics companies, that have not yet realized the advantages of data-rich consulting support.

IMS Health is growing as a consultancy. Tell us about that.

The consulting side of our business is actually the fastest growing practice area in the Philippines, and more and more companies seeking third-party opinions and broader perspective are turning to

us. Commercial Excellence and Portfolio Optimization practice areas have been growing rapidly in the Philippines for the past few years.

How does IMS Health compete with players that are specialized in consulting?

We have the advantage in that we are focused on the pharma business and already have established relationships with many in the industry.
At the same time, we offer unparalleled data. No other consulting company can offer the kind of evidence-based consulting that is our hallmark.

What will drive IMS Health in the years to come?

We're endlessly building our data resources, authoring reports that shed insight on the changing market, and going even deeper into doctor-level information. At the moment, we're looking at ways to expand our patient/doctor database, which is an exciting development.

What is the most rewarding part of being part of IMS Health?

I have been with IMS Health for ten years now, and I love my job. It is rewarding to work with the pharma industry and the government, and to see our data and opinions valued by leading players.

As we noted in the introduction, you worked in Indonesia and Thailand before joining IMS Health in the Philippines. What advice would you give to a new manager coming in from the outside to work in this area?

It's all about taking the time to live and experience, and therefore understand, the culture. We need people who are client focuses as our mission is to be integral to our clients' success by delivering critical business intelligence, decision support and services that enable them to optimize their performance.

Any final words?

My final message is this: IMS Health is here to stay in the Philippines. We are part of the industry, part of the road map. The Philippines healthcare market is poised for a lot of change. We're here to help our clients through it.

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