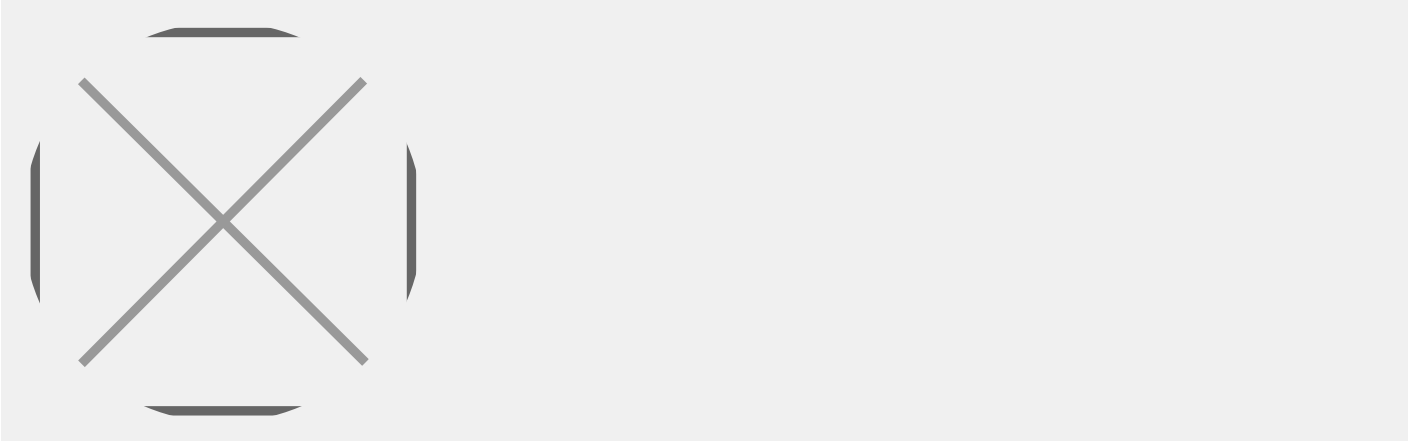
Interview with Andreas Djamwari, President Director, Soho Group



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For the last six years Soho Group has been the fastest growing pharmaceutical company in Indonesia, able to position itself among the top players in the industry.

What have been the key characteristics that made the company stand out from the competition?

The factors enabling us to achieve those results have been many. However, in very simple words, the success relies on a strategy based on three main pillars: products, aggressive marketing policies and people.Concerning the first aspect, as in Indonesia there are over 200 pharmaceutical companies, Soho Group had decided to differentiate itself by becoming a market leader in traditional products. Therefore, although Soho Group produces regular pharmaceutical products, we have a strong presence in traditional and natural medications. Soho was a pioneer in promoting its traditional products among the medical doctors, a process which started at the late of the 90's. Although the people knew our brands very well, like Curcuma, it was really challenging to promote those products among the doctors as there were not enough medical papers. Therefore, we invested lot of energy in organizing symposiums to raise awareness of the high quality of Soho's products among the medical community.The second success factor relies on the strong marketing campaign divided in two main areas. For OTC products, we have conducted an extensive promotional campaign through classic media. For the prescription market the advertising was more focused and addressed to specific niches identified by extensive market researches. Giving a balance of the marketing campaign, although some products didn't perform as expected, the

overall level of success has been remarkable. The first products promoted were in the segment of consumer heath but the most successful campaign was on Diapet, which was launched while anti-diarrhea products were banned from the government and it is now one of our blockbusters.The third success factor is human capital. As people are the center of our business Soho Group has been deeply investing in recruiting and training activities in Indonesia both on the field and through courses in Indonesia and in overseas. However, I strongly believe that the best training is the job itself. Hence, I spend one hour with my first line managers every month to leverage their skills. We offer performing incentives in order to keep our workforce motivated, which are challenging but feasible. Given the good performance achieved, since 2005 we have decided to distribute equally among our 3600 employees, from the floor to the C-level, 3.6 billion Indonesian Rupiahs and we had brought all of SOHO personnel to Bali for company gathering. Those activities give a lot of benefits to the company in terms of strengthen the communication flow, avoid strikes and increase innovation.Under your leadership the company has moved from a family business model to a corporate one.

What have been the main changes you have introduced since your arrival?

The success on the company does not rely on me but on our team. In the same way at the beginning of 2006, Soho Group was the first Indonesian company to implement the Balance scorecard. We implemented it directly with its creator, Professor Kaplan and Professor Norton from Harvard Business School which keep supervising the project coming here at least once a month through their office in Australia. The balance score card with its different measurement factors forced the company to rethink its strategy, to underline the elements to maintain our growth rate and to identify the factors that would have permitted the company to keep learning and growing. In addition to that, since 1998 we adopted IFS systems, which permit us to use real time online data and to maintain a clear control on our distribution all across Indonesia. The company has started an international expansion since 2006. What are the main foreign markets Soho Group is targeting? Our strategy is twofold. From one side we are targeting the developing countries, such as Nigeria, Vietnam, Malaysia, Cambodia and Myanmar. From the other side, Soho Group is planning an expansion strategy to penetrate developed countries like Australia, Europe and the US. As for the next few years the developed nations will be facing difficulties, this is the perfect timing for us to plan our action plan and implement it within the next two years. In order to accomplish this ambition, we have to improve our plants, to update our systems and prepare the workforce. At present time, we are investing extensively in upgrading our manufacturing facilities in order to comply with cGMP standards, another plant is about to be completed and we are thinking about add a new product line for Pt Ethica in the segment of injectables.As it is difficult to compete with countries like China and India on APIs, Soho Group decided to base its international strength on traditional products, namely, the Curcuma. The Curcuma is a very symbolic product for Soho Group as it only grows in Indonesia and by exporting it, we will not just promote the product or

Soho Group itself but, we will contribute to promote the entire country.Indonesia has not ratified the PICs agreement and is not yet been recognized as a high quality pharmaceutical producer.

How does the group will manage to succeed internationally?

I do believe that the image of Indonesian products can certainly continue to rise. However, for some products, including pharmaceuticals, the country is already well positioned internationally. The progress that the pharmaceutical industry has done is impressive and among the medical associations; the opinion is that local products can equally compete in terms of safety and quality to the products of MNCs. Moreover, considering our expansion plan there is no other way but to grant high quality products registered by the FDA to enter competitive markets such as the EU, US or Australia.

Even though Indonesian companies have been able to win the domestic market, are local firms ready to take a step further and increase their level of R&D?

For the time being the domestic industry is not ready to develop or invest in the development of APIs or blockbusters as the financial cost and the payback period are too high. To maintain our innovation level Soho Group is presently engaged in partnerships with local and international universities to co-develop projects. However for the next five years our R&D will remain concentrated in the herbal area.

How will Soho 2015 vision further contributes to the success of the company?

By 2015 we will be a global company with a two billion US dollar turnover and the best practices in the manufacturing and distributing areas. In this transaction process, we will also increase the number of toll-in manufacturing, even though Soho group already outsources some of its products to third parties. Soho Group was the first Indonesian company to receive the Hall of Fame in October 2007, recognized as employer of choice and best brand award.

Therefore although there is still a lot of improvement for us our future is bright. Soho is what people in Indonesia call ?

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a strong player in our own arena but almost unknown abroad. We don’t want to been seen as a local success story anymore but as a global company. Our ambition is getting global.

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