

PwC Malaysia - Klaus Boehncke, eHealth Lead, Southeast Asia & Yennie Tan, Healthcare Deals Lead, Malaysia



11.11.2014

Klaus Boehncke and Yennie Tan from PwC Malaysia discuss the factors that will make the country a hub for medical tourism and the importance of listening to patient demands at a time of technological innovation.

The economic center of power is said to be shifting from the Atlantic to the Pacific, with Asian economies growing strong. Can you identify a company that is acting upon this opportunity for healthcare?

Klaus Boehncke (KB): PwC is an exemplary firm in terms of capitalizing on this trend, with the firm's investments in the Asia Pacific region as a great indicator of this movement. We are continually adding to the headcount in our health advisory practice in Malaysia and the region. Consulting firms in the region are expanding and this means that businesses here are growing which can only be a consequence of a local rising economy. This is encouraging especially for healthcare as it normally develops with increasing GDP.



Yennie Tan (YT): My primary role within the healthcare deals advisory practice

in PwC Malaysia involves sourcing and evaluating potential investment opportunities for clients across the entire value chain of healthcare. This would include pre-deal strategy evaluation including detailed market assessment of investment opportunities, developing market entry strategies and quantifying the potential investment impact for corporations planning to venture into and/or expand their healthcare businesses in Malaysia. At PwC, we have a healthcare team with a strong deals focus with core capabilities in deal sourcing, commercial, financial and tax due diligence, valuations, financial modelling and tax structuring for healthcare delivery. Our clients include payors (insurance companies), healthcare providers (operators of hospitals, clinics and the like) pharmaceutical manufacturers, distributors and retailers, and healthcare investors. There are promising prospects for the healthcare business and we look forward to working alongside corporations seeking to expand in the healthcare sector.

The Malaysian pharmaceutical industry is growing at a double-digit rate. What opportunities and challenges have you identified and to what extent are PwC's services tailored to this demand?

YT: There are a number of companies in Malaysia which currently manufacture generic drugs. I believe there is an opportunity for us in Malaysia to encourage further investments in R&D to develop specialised pharmaceutical drugs, which could lead to the development of our own patents in the longer term. Stem cell therapy is a new area which is gradually gaining more awareness and there may be an opportunity for further growth in the market.

KB: It is important to consider the fact that a lot of the advisory work that PwC does for large multinational pharma companies is done at their corporate headquarters; this leaves our Malaysian team focused on building local partnerships rather than tackling global strategy for MNCs.

YT: It is important for foreign pharmaceutical companies to understand the cultural diversity in our society. On the one hand, some customers would opt for traditional medicine or remedies, whilst others may place a higher significance on doctors. A recent survey by PwC Malaysia showed that amongst the urban population, many patients in Malaysia still prefer to see a doctor as their first point of contact. The second option was found to be self-medication, with visits to the local

pharmacy being their third preference. Moving forward, we envisage that healthcare analytics would be one of the key enablers to deliver more personalised healthcare solutions to patients – made possible through patient profile and disease trend analytics, and tracking of patient outcomes.

A 2012 report from PwC stated that the monitoring devices market is expected to reach revenues of approximately USD 29 million in Malaysia by 2017. What are the most inspiring tech innovators right now and what will this mean for patients?

KB: A lot of our clients are looking into innovation within the healthcare system as a whole with areas such as telemedicine. New brands include Medgate in Europe or Teladoc in the US for example, whereby patients can ring doctors to get treatment over the phone and receive prescription medicines directly to their doors. Another example is a mobile app called Welldoc in the US that facilitates the managing of diabetes and appears in some cases to have better results than drugs alone. Of course, cultural aspects play a role in the success of a solution especially when it involves technology. However, many of these trends are increasingly global. With mobile banking, the need to use a bank branch has been reduced. Patients will value easy and convenient mobile and phone access to medical treatment as well – especially for minor illnesses.

YT: In Malaysia, there is growing awareness of prevention and general wellness among the younger generation. Wearable technology is already changing the way health is managed by individuals through self-monitoring devices to track dietary habits, weight, blood pressure and physical activity during the day. Although we are still in the early days, people are starting to feel empowered and learning to take greater control of certain aspects of their health.

There has been an increasing demand towards a more balanced healthcare system that may see public and private sectors partnering up. How long do you think it will take for Malaysia to have a unified healthcare system?

YT: Our team recently conducted a study whereby individuals were asked what they wished to see in terms of improvements in the Malaysian healthcare system. Some of the key findings which came out of the survey was that consumers are seeking for 1) greater access to health information; 2) Comprehensive and affordable health insurance; and (3) healthcare delivery to be more patient-centric; citing long waiting times for admission as a major limitation and inconsistent quality of care as another key concern. The government has played a vital role in providing healthcare infrastructure and qualified talent in the public sector. Nonetheless, demand for quality healthcare

has exceeded supply with the growing middle income population and higher life expectancy in Malaysia. As a result, patients have sought to obtain quicker access to healthcare through the private sector, at a higher cost. With the rising cost of living, private healthcare is accessible only to those who can afford it.

It is further observed that the healthcare provider market in Malaysia is very fragmented, where clinics, and hospitals operate independently in a market-based environment. Ultimately, over the long term, Malaysia would benefit from the adoption of a universal healthcare coverage which provides comprehensive healthcare to the population. As is often the case, implementation is challenging, but key to success.

KB: Healthcare is one of the hardest industries to reform in any country. The reason for this is the barrier towards change. Doctors are predominantly highly respected individuals who evoke trust in the population. In a situation that sees the government implementing changes, doctors play a key role in providing reassurance, as unless they confirm the idea and its principles, the population will likely not accept it.

What opportunities do you see for Malaysia to become a hub for medical tourism and whose role should it be to promote the country as such destination?

YT: Many private hospitals in Malaysia such as Prince Court Medical Center, Gleneagles Hospital, Pantai Hospital and Sime Darby Medical Centre provide high quality service to patients. Medical tourism is not only about providing medical treatment but encompasses the end-to-end customer experience. The quality of healthcare in Malaysia is very good and competitive in terms of pricing; in fact it may be cheaper than that of neighboring countries. Malaysia should elevate its profile as a competitive and high quality medical tourism hub in the region. Social media is a powerful tool which should be leveraged to spread greater awareness internationally.

KB: The most important aspect sought by patients is quality. People expect standards that may remind them of those found in their native cities in Australia or wherever they may be. In fact, an increasing number of hospitals are applying for international accreditation with JCI (Joint Commission International). Here at PwC, we firmly believe that other types of accreditations must also be explored. The Health Information and Management System Society (HIMSS), for example, ranks hospitals based on the clinical technology that they use. They look at whether a clinic has electronic patient management systems and health records in place, for example, or an electronic ordering system for doctors. This can have a large impact on patient safety, and therefore also towards trusting the foreign institution – which will impact the final decision of a medical tourist.

YT: Medical tourism is growing in areas such as dentistry and aesthetic procedures in Malaysia. Government agencies and private healthcare operators have key roles to play in the promotion of Malaysia as a medical destination. Perhaps one way to raise the profile of Malaysia as a health travel destination is for hospitals to adopt star rating systems to evaluate the delivery of patient care, based on international standards of customer service, quality, cost competitiveness, etc (for e.g. 5 star, 4 star) akin to hotel reviews on TripAdvisor.

KB: Having a clear vision is a key aspect of change, but it is not the only factor that will make it happen. Stakeholders also need the willpower to make it happen and begin the implementation journey.

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