Boston Consulting Group Malaysia – Zarif Munir, Partner & Managing Director



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What appears to be a focus for many companies now is bridging the gap between the private healthcare sector and the public healthcare sector. How feasible is this, and how long will it take to completely bridge this gap between the two systems?

The managing director of Boston Consulting Group Malaysia discusses the gap between public and private healthcare in the country, and what can be done to bridge it.

I must admit that I think this is a tough gap to bridge. It is a function of economics. The public healthcare system is organized to provide affordable healthcare to as many people as possible. The private healthcare system is motivated by providing the highest quality of care to the segment of the population that can afford to pay. Therein lies the philosophical divide. I do not yet see the economic motivations being aligned. Even if everyone has the best intentions, unless the economic argument is cogent and clear across the two parties, you will continue to see two systems developing in tandem.

How does this influence the fact that Malaysia wants to attract more medical tourism?

This may be a contrarian view but I think Malaysia has to work much harder to have a long term compelling value proposition in Medical tourism. Medical tourism is not just about the medical

procedure; it’s about the end-to-end costumer experience. From the time that you land, through to the time that you leave and get post-operative care, everything has to be geared up to enable medical tourism to flourish. If you go to Thailand, for example, it feels like a complete solution and customer centricity is pivotal to the offering. Today this is only seen in pockets in Malaysia.

It is only my opinion but I think Malaysia is at a disadvantage. People who can afford it prefer to go to Singapore where they can get sophisticated clinical care. And people who are looking for an affordable solution and a total experience will go to Thailand or India. Finally over time the largest population of medical tourists, the Indonesians, may prefer to remain in their home market rather than travel to Malaysia. If Malaysia is able to find a few segments where it’s really able to leverage its high quality position, whether it’s cosmetic surgery or meaningful executive health, then there is a chance for Malaysia to be successful in the medical tourism industry.

To your question on the link between public and private healthcare and its impact on medical tourism I am not sure if there is much of a link.

What are the challenges and opportunities that you see pharmaceutical companies facing here, and how do you tailor your services for these companies?

If you are an innovative originator, Malaysia is a terrific market. It recognizes quality, it is relatively organized when it come to applying for the government formulary, and finally the consumer is willing to pay a premium for a branded product. This is very important when contrasted with other markets like Indonesia, Thailand or Vietnam, where there is a very large push for the generic alternative. The other factor that I think will create a bit of tailwind for the pharmaceutical industry is the growth of private healthcare insurance. As companies who provide private healthcare insurance start to see the logic of partnerships with hospitals and pharmaceutical companies, it’s only going to increase the willingness of the consumers to buy branded and innovative products. This is what makes Malaysia a very attractive market for originators who have innovative solutions.

The other thing that is attractive about the market is that the generic companies who operate out of Malaysia operate out of really high quality facilities: they are GMP certified, have previously had partnerships with MNCs, and are able to provide a reasonable guarantee that the branded generic alternative that is being manufactured here is of high quality. This also makes Malaysia an attractive market.

How has The Boston Consulting Group’s healthcare service line evolved over time?

I am a partner with the BCG Malaysia office and one of my focus areas is healthcare for BCG, in the ASEAN region. BCG has had a local office in Malaysia for over 20 years and we have collaborated with our clients on the topic of Healthcare for a number of these years. I moved back to Southeast Asia about four years ago from Chicago and was fortunate to work with PEMANDU on the NKEA Healthcare lab. Subsequent to this, we collaborated with PEMANDU on a Medical Devices lab. Since then I have been fortunate to work on a number of healthcare projects in Malaysia in the region and in Malaysia for both multi-national and local pharma players. Our range of services covers the entire gamut of all healthcare sectors: pharma, medical devices, healthcare services, as well as topics of growth, strategy and innovation all the way down to cost optimization and team organization.

How is the ASEAN region, and Malaysia in particular, important to BCG as a whole?

Southeast Asia is a very important market for BCG. It is a vibrant confederate of economies, with growing populations, a diversity of industries, and a compelling investor story. Within Southeast Asia, Malaysia has always featured positively due to its infrastructure and cost position. Every year we create a report called SEA Challengers, a perspective from the most interesting growth companies in SEA, and its great to see Malaysian companies featured so prominently on the list.

Malaysia, has a healthy healthcare market. The sector growth is at or above GDP growth, depending on sub-sector, the quality of care is quite high, which is why you see a growth of medical tourism in the market, and the government encourages foreign investment.

What are the main challenges of operating in the ASEAN region, and in Malaysia specifically?

In many respects Malaysia is a very attractive investment destination for many of our healthcare clients. There are however some challenges. There is still debate on the planned regulatory changes that impact affordability and access and the role of the government in protecting local players. The second challenge is the availability of professionals who can deliver specialist care, The third challenge is that the Malaysian market is relatively small. With a pretty confined number of people living in this country, there is only so much you can do on the innovative side if you want to scale your opportunities. Overall though, I’m very positive regarding Malaysian healthcare.

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