Interview: Kao Su-Chin Chang – Chairman, Weidar Chemical & Pharmaceutical, Taiwan



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Kao Su-Chin Chang, founder and chairman of Weidar Chemical and Pharmaceutical, describes the robust development and international expansion of this historical domestic pharmaceutical manufacturer and the company's enduring commitment to maintaining the excellence of its manufacturing capacity, which has allowed Weidar to establish itself as one of the foremost generics companies in Taiwan.

Could you introduce Weidar to our international readers and explain the vision that has driven the development of the company over the past decades?

A pharmacist by trade, I first worked in the industry for a couple of years after graduating from National Taiwan University. After having accumulated several experiences working as a pharmacist, I came to the idea that my husband (who also graduated from National Taiwan University as a pharmacist) and I could find a better way to leverage our industry experiences and our medical expertise to bring more value to our country's domestic pharmaceutical industry and have a greater impact on Taiwanese patients' lives overall. This is how we decided to found Weidar Chemical and Pharmaceutical with the ambition to build a pharmaceutical company that would be able to provide patients and Taiwan's healthcare system with affordable, high-quality, products locally manufactured in a pioneering plant following the highest international standards. In 1982, we completed the construction of our manufacturing facility in Taichung Industrial Park, which became at this time the first GMP-compliant production facility in Taiwan. Our plant's design

notably integrated the most advanced ventilation and air filtration systems available at this time, which is absolutely paramount from a quality and safety standpoint given Taiwan's subtropical climate.

In 1983, our very first product received market approval from the Ministry of Health and Welfare, and we have then been continuously expanding our portfolio over the past decades to now hold more than 120 different products. To follow the development of our product portfolio, we have already completed four successive expansions of our manufacturing facility, which now covers more than 8000 square meters. Looking forward, we plan to further upgrade our manufacturing capacity in 2017 in order to cope with the increasing our products face.

Weidar was founded with the vision of becoming a pioneer in Taiwan when it comes to complying with the highest manufacturing standards. This is truly part of our DNA and a competitive advantage we will never compromise. Upgrading the quality profile of our manufacturing capacity has always been at the core of our development strategy, and therefore we have already obtained all the stages of certification for cGMP, while Weidar was one of the first companies in Taiwan to receive PIC/S GMP certification in December 2013 and GDP certification in early 2014. More importantly, Weidar has acquired a real expertise when it comes to continuously improving its capacity without negatively impacting our sales' growth. As a matter of fact, our revenues have been displaying a robust double-digit annual growth for more than three decades, although we have always favored a cautious step-by-step approach rather than a more disruptive and risky business development strategy.

What does your product portfolio look like at the moment?

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Although our portfolio covers a wide array of diseases, we are particularly strong in three main therapeutic areas: hyperglycemia, hyperlipidemia, and hypertension. Our portfolio is also tailored to meet the cover diseases that are particularly prevalent among Asian patients, such as Rheumatoid arthritis (RA), liver and gastrointestinal diseases.

We believe that further diversifying our portfolio will be absolutely key to increasing our market share in the Taiwanese market, especially considering that Taiwan's population is particularly rapidly aging. As a matter of fact, the share of our population above 65-years old is expected to soar from 13 percent now to more than 25 percent in 2030, while our country also displays a particularly low birth rate. We have already started to adapt our portfolio accordingly, as we now offer diverse health supplements targeting elderly people while we also enriched our portfolio with

new treatments for chronic, non-communicable illnesses particularly frequent among the elderly. Although this stands as an important first step in our diversification strategy, we do not plan to rest on our laurels and want accelerate the broadening of our portfolio. In this regard, monitoring patient needs becomes evermore crucial for pharmaceutical companies, and we work hand in hand with our distributors and retailers to get a better understanding of the market evolution.

In the grand scheme of things, aging population also means that healthcare costs will rise, as most of the related diseases are particularly expensive to treat. In the meantime, we expect the share of chronic, non-communicable diseases within our country's disease burden will keep on increasing. In this regard, I would highlight that 75 percent of the medical expenses in our country relate to the primary care level. Nevertheless, the National Health Insurance actually covers only 23 percent of these expenses. As our population is rapidly aging and these expenses will continue to grow, it is crucial our government sets up a sounder balance in terms of resources allocation, ensuring our patients hold the financial means to access life-changing treatments and live longer and healthier lives.

What is the importance of innovation in the development of the company?

One should not think that – as a generics-focused company – we would have overlooked to develop our R&D capacity. Weidar holds a substantial team of talented researchers committed to better addressing the evolving healthcare needs of our patients. At the moment, we essentially concentrate our efforts on designing new dosages, formulations and combinations of our existing products, which tremendously contribute to increase patient adherence. Thanks to our innovation-driven investments, we have been significantly expanding the width of our portfolio for many crucial products by offering many different forms of a same treatment – ranging from general dosage forms, to CRDF (Controlled Release Dosage form), and two-layer tablets.

As you know, President Tsai's strategy is particularly focused on R&D-driven, locally developed pharmaceutical products. In this regard, Weidar has a great role to play in fostering technology transfer and contributing to the commercialization and manufacturing of these new locally developed products.

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A large share of Weidar's product portfolio is already exported to various neighboring Asian markets, such as Mainland China, Singapore, Malaysia, Hong Kong, Macau, Vietnam, Myanmar, South Korea, and Japan. How would you describe the internationalization strategy that Weidar has been implementing over the past years?

Talking about Mainland China, we actually entered the Chinese market at a pretty early stage in comparison to many of our competitors, which has allowed us to rapidly raise awareness around the quality of products and the excellence of our manufacturing capacity. We have already bounded several promising distribution partnerships in the region with Chinese companies. In May 2016 we moreover closed another agreement with Tibet Hemony Pharma Co., Ltd. and started to sell our products in this region in June 2016. These partnerships help us to get a better grasp of the local market trends and needs, but also to better tailor our commercial approach to the specificities of the challenging Chinese market.

Considering China's huge market depth, intensifying our activities in the country will be a priority for developing the international footprint of Weidar. As a Taiwanese company, we are undoubtedly in a privileged position to increase our market share in China, thanks to our culture and geographical proximity but also to the various regulatory agreements binding Taiwan and China's pharmaceutical sectors. Although some of China's regulations still render our market penetration more difficult than in other countries, Weidar's 20-year long experience in this market and the numerous business relationships we have developed there will indisputably stand as a formidable competitive advantage to further consolidate our positioning as one of the leading Taiwan-based pharmaceutical companies operating in Mainland China.

Looking at other markets in the region, we have been intensifying our collaboration with Japanese distributors to swiftly bring our new formulations to this strategic market. In the meantime, we want to accompany President Tsai's "New Southbound Policy" and strengthen our business operation in other ASEAN countries. Overall, our international sales already represent over ten percent of our total revenues and I am particularly confident to see this share increasing both in value and volume in the upcoming years.

On the other hand, direct sales are not Weidar's only tool for increasing international revenues. CMO activities represent up to 50 percent of our total sales, and ten percent of these activities are already conducted on behalf of international customers. Given Weidar's commitment to comply with the highest international standards, we identify a strong interest from Japanese pharmaceutical companies in benefiting from the utmost quality and effectiveness of our manufacturing facility.

You founded this company in 1981 with your husband, and now Weidar proudly belongs to the top 15 largest pharmaceutical companies in Taiwan. What is the company's core value that you absolutely want to transmit to the next generation that will drive Weidar to new heights over the upcoming decades?

Given my background, my field of expertise undoubtedly was the pharmaceutical sector – not business management. Over the past decades, I however had to learn and improve both my pharmaceutical and business management skills to ensure our company will be able to grow and bring stability to our employees. Retrospectively, two aspects have been absolutely crucial to the continuous growth of our company: our continuous commitment to conduct our daily operations in the best way possible, and our endless ambition to become a stronger company year after year.

Nevertheless, the most critical success factor has probably been the quality of the work environment we have managed to build in our offices. Our employees are incredibly committed to their tasks and genuinely strive to make our company one of the leading pharmaceutical companies in Taiwan, while always respecting our core values. Over the past forty years, we have been continuously upgrading the quality of our production and increasing the capacity of our manufacturing capacity. This would have not been possible without the formidable motivation of Weidar’s employees. Our priority has always been to provide our employees with the best conditions possible to achieve their objectives, and we continue to invest and develop our teams year after year.

Overall, my objective for the upcoming years will be to remain loyal to our long-standing vision: ensuring our people enjoy working in our company and are in the position to give the best of themselves, while further improving and expanding our manufacturing facility to increase our market share in Taiwan and globally.

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