Interview: Jonathan Sudharta – Member of the Board of Directors, Mensa Group, Indonesia

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Jonathan Sudharta, member of the the Board of Directors at Mensa Group, shares insights on the vertical integration strategy of Mensa to offer an end-to-end solution as well as shows how the new investment in Halodoc – a disruptive healthcare mobile application - will help the group to be closer to the patients and doctors.

Mr. Sudharta, as one of the directors on the board of Mensa Group, where is your attention mainly focused presently?

I am personally in charge of the Business Development of the group, with M&A and investments being some of the most important components of my area. Indeed, several M&A operations have taken place in the last years, with Halodoc one of the major ones – a co-investment project of Mensa with Go-Jek, Northstar Group and GDP Venture as well as Clermont Corporation. Just to give some context, Halodoc is an Indonesian start-up taking the form of an application that enables patients to contact healthcare professionals directly through the app on a chat or voice/video call and it also allows direct pharmacy deliveries.

Because of the importance of the project and its promising future, I have come to lead the project of Halodoc myself as CEO of the company in parallel with my management role at Mensa Group.

Part of the growth of Mensa Group comes from several acquisitions as well as investments throughout its history. Does the recent investment in Halodoc contribute to the diversification strategy of the Group?

Mensa Group has been built as an integrated group for years. All the different entities support each other and with Halodoc we have gained a unique dimension of direct access to the patient.

Therefore, I believe that this start-up project is very much in line with our mode of inorganic growth that enable us to to jump from one vertical to another. Furthermore, our approach with Halodoc is not only about entering into a new business but rather creating a new way to doing business creating healthcare breakthroughs.

Mensa Group contains well-established and diversified business units: raw materials trading, pharmaceutical manufacturing, healthcare distribution, channels supplies, and Mensa Group International. What would you say is the DNA of the group common to these different businesses?

The goals of creating access and building bridges between patients and high-quality healthcare solutions are what define our common DNA within our diversified portfolio.

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When talking about raw material distribution, we aim to create access to those APIs for the industry. Our manufacturing facilities aim to create access to a cheaper and thus more accessible medicine. Our distribution channels create access to the medicine by itself. Halodoc creates access for the patient to the entire healthcare ecosystem spectrum in the fastest possible way.

Around 90 percent of imported APIs come from India and China. Where do your APIs mainly come from?

It used to be that most of our imported APIs came from Europe and the US. We are still the raw material distributor in Indonesia with the most ties to Europe and North America but the share of those imports in our operations has diminished in favour of imports from China and India.

Likewise, we are witnessing a shift in sophistication as well, birthing a new equilibrium of innovativeness across the world while before was mostly concentrated in European countries or the US. In this sense, few blockbuster drugs are being released globally and, while the most innovative European companies are mostly focusing on the development of biosimilars, China sticks to the production of intermediate APIs and truly innovation is increasingly coming from India. The latter have massively bolstered their innovative production capability these last years, profiting from absent patent laws in their country.

What is your main competitive advantage that makes Mensa Group the partner of choice for the industry?

Our main competitive advantage is that few can rival the cumulated assets that we have across our different business units. Mensa Group offers a one-stop-shop to its clients through its diversified portfolio.

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While many others will have manufacturing plants, few will also have the capacity to distribute APIs or the finished product. And, definitively, none has the capacity to connect directly to the patient as we are able to do through Halodoc. Our USP is our business integration.

The Indonesian Universal Healthcare Program (Jaminan Kesehatan Nasional – JKN), aiming to cover every Indonesian citizen by 2019, is going to be one of the main growth drivers of the Indonesian healthcare industry. As a leading local player, what is the role of Mensa Group within such a promising governmental healthcare program?

First of all, I believe that all Indonesians should be proud to see the success of JKN, which I never doubt. And though the complaints are still numerous and justified, the results of JKN are simply amazing, bringing health to people that could never have afforded healthcare coverage before.

Nonetheless, we are aware of the fact that something tremendously positive has its price and this is a learning point we can take from countries such as the UK and the USA, which arericher countries struggling with financing issues. The Indonesian Healthcare Coverage program has to advance towards its financial sustainability at the same time that population coverage.

As for Mensa, we aim to positively contribute to the consecution of such promising governmental healthcare program. In this sense, Halodoc is already collaborating with JKN related institutions helping them in enhancing the JKN system. Indeed, Halodoc has the means to drive healthcare demand towards different channels. This is really important in Indonesia since people go to the doctor for a simple headache when a short teleconsultation would be enough – it would help the government to liberalize some healthcare capacity for other patients that certainly need that bed in the hospital for instance.

Mensa Group is already exporting its healthcare solutions to regional countries such as Singapore, Malaysia, Cambodia, and the Philippines but also to other markets like Australia, Nigeria and Cameroon. Considering you are in charge of Business Development, can you tell us what moves on the international scene we can expect from Mensa next?

Indeed, we have taken a bold step within our internationalization strategy investing significantly in our pharmaceutical manufacturing. In fact, our pharmaceutical factory Otto is currently one of the most advanced in Indonesia and it fully complies with the global quality standards.

As a result, several MNCs rely on us for CMOs agreements, In this sense, we have recently closed a deal with Abbott to manufacture over 39 of their products for the Indonesian and regional markets, which will help us to access some markets that Abbott already supplies.

What is your vision of the Indonesian healthcare industry and what is the role that Mensa Group will play in it?

We currently witness three big changes in the Indonesian industry and we wish to play a major part in each one of them.

The first one is a shift from an out-of-pocket to an insurance-related consumer market. The second shift comes with the transformation of a curative consumerism to a preventive one. Finally, the third change is the growing middles class as well as ageing population.

I might add that, even though our distribution business is our main contributor to our revenues, our mix of sales per division will be very different in two years from now, with more growth from non-traditional businesses such as Halodoc.

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