

Interview: Patrick Kalona - Director, Phytochemindo Reksa, Indonesia



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Patrick Kalona, Director at Phytochemindo Reksa draws a detailed picture of the traditional and herbal medicine industry in Indonesia in addition to presenting the internationalization and growth strategy for the company.

In parallel to your position at Phytochemindo Reksa you are also Chairman of the Indonesian Health Supplement Association (APSKI) and Vice Chairman of the ASEAN Health supplement association (AAHSA). What are the exact activities of APSKI and your main priorities as Chairman?

APSKI is the leading representative organization in communicating and working closely with its stake holders to ensure that the Indonesian supplement industry is in line with the expectations of its members.

First and foremost, my role in APSKI as Chairman is to ensure that any change that might occur in the regulatory environment of the health supplement industry is well communicated to the members of the association so that they can remain compliant and its development does not restrict growth of the industry.

Mirroring this activity, I also actively provide the necessary insights to our government, namely BPOM (Indonesian Food and Drug Association) and the Ministry of Health, ensuring the position of

health supplements are within the official framework of the healthcare policies, as we firmly believe in the potential of supplements as preventative healthcare product to lighten the burden of solely curative healthcare.

The market for traditional medicine in Indonesia is valued at USD 800 million. What forecast can you make for the industry over the coming years?

All in all, we value the alternative medication market at close to USD 1.5 billion, adding USD 700 million for the supplement industry to the 800 million of the traditional medicine industry. The growth of the market is similar to the one of the pharmaceutical market, estimated at 12 percent; making Indonesia the second fastest growing market for health supplements in the region behind Vietnam.

Traditional medicine is one of the three main areas [in addition to biosimilars and vaccines for communicable diseases] in which intensive R&D is being conducted. There is a lot of potential in this area; it could be taken as an important driver for the future of the national healthcare industry, also contributing to the sustainability of the overall healthcare system. How have you experienced this evolution over the last few years?

The herbal medicine market does indeed offer a lot of potential, with Indonesia being a country where a lot of the needed ingredients are available but have not yet been sufficiently explored from a scientific point of view. The government is therefore now promoting the development of traditional medicines, implementing regulations to encourage the industry to invest in research of natural ingredients: both the Ministry of Health and BPOM aim to facilitate the research on botanicals. Since a presidential decree encouraging the use of traditional medicine has been released, more and more companies invest in research on herbal products in hope that it may serve the universal healthcare system (Jaminan Kesehatan Nasional – JKN). As JKN is by itself a costly undertaking, the government sees the benefit in traditional medicines for preventive as well as curative healthcare, as prevention is key to lower expenses on future treatments with the JKN.

Phytochemindo Reksa's roots go back to 1977 when Dr. Wim Kalona and Prof. Dr. Oei Ban Liang founded the company. You became Director back in 2011. What are your current areas of focus?

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When my grandfather, who was a pharmacist, founded his research laboratory in 1977, he made a visionary decision, seeing the potential for plant botanicals as the expansion of active

pharmaceutical ingredients production in Indonesia was difficult at that time. Today we can proudly state that our company have over 220 types of plant-based ingredients in our portfolio, which is one of the longest lists of plant botanicals ingredients in the Indonesian herbal industry.

In terms of growth we aim at achieving double digit growth over the next years, having already grown tremendously within the last years; today we have close to 150 employees, while this figure was of 40 when I started in the company in early 2011.

Our efforts lay mainly in harnessing new partnerships and cultivating relationships with different pharmaceutical players in order to launch new products. We currently partner with over 200 pharmaceutical companies in Indonesia, locals and MNCs. As a matter of fact, we just recently formulated a traditional medicinal product for a big MNC, and I think it is significant to note that a German based global pharmaceutical player was keen to develop a Jamu product that we now help distribute in region, to Indonesia, Malaysia, the Philippines and are looking to introduce to Hong Kong and India.

Moreover, we still conduct a lot of research, focusing on partnerships in that regard as well. We namely work with the Universitas Gadjah Mada, the Institute Technology Bandung and on an international level with the Yonsei University in Korea and we also have a research company of scientists in the USA.

Phytochemindo Reksa has a highly integrated solution offering from formulation and registration to extraction and manufacturing - “from seed to patient” one could say.

What is your most demanded service at the moment?

Our most demanded services remain R&D, as the companies within the industry are in search of more targeted solutions, and our ability to work well with the regulatory requirements in Indonesia. At Phytochemindo Reksa we are able to stay ahead of the curve and foresee upcoming changes thanks to our good network and yearlong experience. This enables us to not only mediate when changes arise and pose challenges to the industry, making sure that the products are able to reach the market in the end, it also gives us the insight to identify opportunities within the regulatory environment.

You are serving a variety of industries, such as pharmaceutical, cosmetic, and food and beverages. How strategically important is the pharmaceutical business within your portfolio?

It has a decisive role, representing about 60 percent of our revenues while cosmetics account for about ten percent and food and beverages for 30 percent. Indeed, many pharmaceutical companies are eager to expand their product base, not only regarding traditional pharmaceutical products, they are also keen on complementary products, wishing to enter the preventive healthcare market, which is of course often either related to traditional medicine or supplement based. This trend is mirrored in the cosmetics and food and beverages industry as well, the demand for products based on herbal ingredients rising significantly.

You have two high-tech production facilities in Bogor with Good Manufacturing Practices (GMP) certification and a production capability of nearly 12 million capsules and five million tablets per month. Could you expand on the manufacturing strategy of the company?

We are currently looking into constructing a new facility as we see that very few of the existing manufacturing facilities in Indonesia meet GMP requirements, and the potential thus lies in concentrating on increasing our production foothold.

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One of our main priorities is to set up a food production facility since this is the segment in which we foresee the most growth. Another area of focus will be to expand our existing facilities; a new production site wholly focused on plant extraction through new extraction technologies is in planning.

Due to the strong manufacturing footprint of Phytochemindo Reksa, the company is not only serving the domestic demand but also exporting to more than 14 countries. Could you expand on your internationalization strategy?

In any future expansion strategy, the key is to harness good partnerships, and we have also made it a point to work with companies who have the same commitment, vision and passion as we do to adhere to the highest level of compliance and quality. These companies are also dedicated to serve the market with innovative and high-quality products.

More specifically, we are currently looking to introduce some of our products to Switzerland and Germany, and the US market has been an area of focus as well, where we have just recently launched a product through one of our partners. Our strategy revolves around finding partners in research or even marketing companies that are interested to sell Indonesian plant base ingredients. I firmly believe that just like the Ayurveda or the traditional Chinese medicine has

earned its place on the worldwide market, there is room for Indonesian Jamu to be present.

Many highlight Indonesia as a place that could potentially become a regional hub for traditional medicines in South East Asia. Do you agree?

I believe that the production standards in Indonesia are very high when compared to those of other ASEAN member countries. The skill, the capability to become a manufacturing hub, we have all the ingredients of success in Indonesia. The challenge here is to work closely with the regulatory institutions to ensure that there is no limitation for investments or the flow of goods within the ASEAN region that would damage the image of ASEAN countries in the eyes of investors. Here the work of associations such as AASHA is evidently crucial in helping the industry to grow and ensure that the governments see the benefits of encouraging investments rather than mounting barriers.

Your background is quite different from the traditional medicine one, you worked in finance and banking before. What is it that motivates you in your venture into the healthcare world?

Yes, I used to work on a trading floor in London, sitting in front of a screen and watching numbers. And I have to say that, even though I am not a scientist, working in a laboratory and seeing products actually being formulated, walking into a production facility and witnessing capsules and tablets coming out of it as tangible products, is an accomplished feeling and passion. This passion joint with the knowledge that the fruit of our work reaches and benefits of real-life customers in the end, is what motivates me.

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