Interview: Martin Dewhurst – Senior Partner, Co-convenor of the Global Pharmaceuticals and Medical Products Practice, McKinsey & Company, Singapore



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Martin Dewhurst of the Global Pharmaceuticals and Medical Products Practice at McKinsey & Company provides his view of the Asia Pacific Medtech Forum 2016 in Singapore and elaborates on the prominent trends for the industry in the region.

What have been your first impressions of the MedTech Forum and your key takeaways so far?

This is the second year of the forum and the first observation is that it is incredibly important occasion and somewhat overdue, but it is great that multiple stakeholders have come together and that in just two years they have convened the strong industry leaders. From the first panel discussion around navigating global leadership, it is evident that there are huge issues for leaders to address as an industry, including regulatory approvals, health technology assessments, managing and integrating data, professional education, and the lack of infrastructure in the region. There is a rich agenda that they can pursue as the forum develops over time.

Leading the Global Pharmaceuticals and Medical Products Practice at McKinsey, what do you identify as the main emerging trends in the APAC MedTech space?

The first point that people mentioned on the panel today is the incredible diversity of the region. Asia Pacific has an incredible range of countries from Japan, one of the oldest countries on earth, to

the Philippines, which is one of the youngest. As a region it is incredibly diverse and if one can speak in the aggregate, it is clearly a region where people are looking for growth. APAC is estimated at 25 per cent of the global economy and within 10 years it is expected to grow to 35 per cent. There are 2 billion people in just this region and the developing countries are projected to grow between 6-10 per cent compared to the 1-2 per cent growth in the United States. Over time companies are seeing this region as an opportunity. That being said, companies are shifting into a second era in the region; the first was one of great excitement and optimism and while they are still very ambitious for the region, they experience the challenges much more.

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The second trend is in regards to defining a “market appropriate” product portfolio strategy for their offerings in Asia. Companies are being forced to define their strategy. Independent of strategy, everyone faces the dilemma of product portfolio fit as it becomes evident that premium Western goods are not going to reach the entire market.

Another major area concerns regulatory approval and how to get devices and drugs reimbursed and available. This is of course a huge issue globally. Just looking at the number of medical device submissions per year per advisor, we see that China has approximately one hundred submissions per year where America has got six to eight. Taking into account the experience of individual advisors in China as well as in many emerging markets, advisors are still growing and learning and thus are facing the challenge to become more efficient.

The last trend evolves around acquiring talent and capabilities to win. In Asia, the industry needs more specialized skills, medical affairs, health economics, and bilingual staff. As a result, the topic around building up these capabilities in the region is significant. In regards to capabilities, the region is known for innovations in terms of their “go-to-market” model because they are aware that they cannot approach markets in APAC in the same way that they can in the US or Germany, for example.

In sum, in order to capture growth in such a diverse region, companies need to take into account several factors: presenting a strategic portfolio in the respective markets, product registration and reimbursement procedures and building the necessary capabilities in order to deliver. It is truly an exciting environment to be in today.

Currently you are spearheading an initiative at McKinsey called “Biopharma Frontiers”, could you tell us the key topics you are covering?

The idea of this is that we are convening interviews of approximately thirty thought leaders globally across the healthcare industry to gain their perspectives of how they see the industry evolving in the next five to ten years. This is a new approach compared to the typical consulting firm studies, where we conduct the research and then publish our findings. Instead, we are

speaking with a diverse group of leaders from large multinationals to start-ups disrupting the healthcare space. We are covering a range of themes, one of them being future outlooks for the Biopharma and Medtech industry globally. We are also looking at trends in innovation and research. Innovation went through a major dip on the pharmaceutical side, so we want to focus on whether this is picking up again, with new technologies and genomics. We are also looking at the intersection of data, digital, technology, and advanced analytics. Our aspiration is that this initiative will provide a 360 degree overview of what the future holds for the pharmaceutical industry.

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Considering that Asia Pacific comprises a set of very heterogeneous countries, are there elements that are essential to commercialization strategies throughout the region?

A key pillar of any commercialization strategy begins with selecting which markets to compete in, i.e. by determining which markets have the conditions necessary to succeed. The second pillar is the choice of product portfolio, which includes understanding what markets are accessible for a company's products and at what prices. In terms of the specific go-to-market model, we see an evolution from a "reach model" of large sales forces to a much more sophisticated model that incorporates medical affairs, and more creative ways to distinguish the value of a given product in the market. This includes digital ways of engaging clinicians, which can be a lot more cost effective.

Increasingly, we need to think about government affairs and how we can be part of shaping the environment in which we compete. It is no longer about reaching next year's sales targets, but instead it is increasingly about partnering with health systems to create an environment of long-term stability. Many companies are committed to Asia and are now starting to define and manage their long-term strategies.

How do you differentiate the services that McKinsey is offering in APAC from other consultancies?

McKinsey delivers more integrated services than any other company in the consultancy space. We have great depth in pharmaceutical and medical products, but we also have the ability to incorporate the customer's perspective due to our vibrant health systems practice where we work with payers and providers. We have a range of deep functional practices whether in manufacturing, marketing, or sales. Our culture is highly integrative, for example we acquired a design and product development firm called Lunar that is starting to work with McKinsey to take our strategy all the way to product design. Moreover, we are also making large investments in digital and analytics. To conclude, it is a combination of bringing all these aspects together in a distinctive and collaborative way.

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