Interview: Marlia Hayati Goestam – President Director & Joey Romana – Vice President Director, PT Darya-Varia Laboratoria, Indonesia



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Marlia Hayati and Joey Romana, President Director and Vice President Director at PT Darya-Varia Laboratoria, share insights about the company's strong brand equity and pioneering manufacturing strategy.

In 2016, the sales growth rate achieved by Darya-Varia Laboratoria was 11 percent, above market average. What business approach is the secret to this performance?

Our effective brand-building initiatives have been one of the main underpinnings of our success in terms of growth. We have been quite successful by pursuing customized strategies in each of our divisions: ethical drugs and the over the counter (OTC – Consumer Health). Concretely, such brand equity strategy has been especially crucial in our consumer health division – which accounts for 45 percent of Darya-Varia's business.

Nevertheless, this brand equity approach has been supported with a solid product portfolio strategy that perfectly targets the local needs. Abiding by these two principles has lead us to not only perform well but also to see some of our healthcare solutions ranked as leaders in their areas. As an example, our Natur-e® vitamin is market leader in the vitamin market.

How do you ensure that your tailor-made strategies stay ahead especially considering an ever-changing market such as Indonesia?

Precisely by monitoring and adapting to those changes. We are very involved in home visits through which we try to gain new insights that we subsequently use to strengthen our brands. Being flexible is key to success and to adapt to the dynamism of our customers needs, which change quickly. Therefore, regular updates conducted on the market are decisive practices.

Ms. Marlia, you have a long career within Darya-Varia Laboratoria serving as Director of the company from 2002 to 2009, subsequently appointed as Director of Blue Sphere Singapore – which is the major shareholder of Darya-Varia – for approximately six years, and finally returning to become the President Director of Darya-Varia back in January 2015. What main goals are you focusing on?

Since my appointment, Darya-Varia has been growing faster than the industry and this is still the performance target for the coming years. Likewise, we have made some gains in terms of market share and moving forward, we will maintain such expansion by heavily investing in brand equity expansion.

In parallel, we aim to become the best provider of healthcare in Indonesia and have set the goal of entering the top 10 within the medium-term, which will require doubling our business.

Finally, we will further develop our ongoing partnerships with the medical community by providing and expanding our medical educational platforms.

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The public and private markets represent two distinct opportunities, each with its own time frame and magnitude. While currently the public market may offer few profitable opportunities, it represents a more significant long-term opportunity that certainly requires dedication and continuous effort. Can you elaborate on Darya-Varia’s long-term commitment in Indonesia in both the public and the private market?

With the Indonesian Universal Healthcare Program (JKN) the public market did indeed look more promising in terms of growth but at the same time, we have witnessed the private market catching up these last two years due to several factors such as the growing middle class and the less ideal public health infrastructure. In fact, public hospitals are often overcrowded and the waiting lines are very long.

Furthermore, the government in Indonesia is currently very much cost driven when it comes to its tender business since they are facing some budget challenges. We are not willing to compromise the quality of our products in order to further lower our production costs and enter JKN. As a consequence, we currently have roughly 20% percent of our ethical business allocated in the public sector.

Nonetheless, our commitment to Indonesia has more than 40 years of history and in order to support a healthier Indonesia, we leverage on the group’s capabilities to bring technology to the

country. Indeed, have invested in a company that will start manufacturing biotech solutions locally next year. It is a milestone since most of the innovative drugs in Indonesia are currently imported. We hope to be able to compete with high quality and affordable innovative medicines.

Could you expand on your medical education commitment?

Darya-Varia offers several opportunities in education to support the hospitals and the healthcare professionals, from doctors to nurses. Additionally, we have set up nine medical science centres in Jakarta, Surabaya and other cities. Those medical science centres allow doctors to access to literature as well as training programs for free. In parallel, we also offer webinars in order to reach healthcare professionals located in more remote areas in Indonesia. Finally, and from a more regional perspective, we provide training sessions in the Philippines, Vietnam and many more countries in the region for specific specialisation training.

Darya-Varia has two cutting edge manufacturing plants in Bogor to serve local and regional demand through its own and principal healthcare solutions. Can you elaborate on the manufacturing strategy of Darya Varia in Indonesia?

Our plants only manufacture high quality products and they also serve the needs of our regional affiliates as well as global third party partners.

In our strategy, we always aim to be at the forefront of the pharmaceutical industry. Referring to Indonesia, we once were pioneers in the manufacturing of soft capsules and will soon be the first national producer of biotech drugs as well through our affiliate company.

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In 2016, Darya-Varia expanded its manufacturing capacity and capabilities with a strategic investment to automate the internal supply chain. What manufacturing investment strategy are you pursuing in the near future?

The Indonesian market is very price driven, which makes it difficult to compete in. Hence, we continuously look for ways to improve our efficiency in manufacturing without sacrificing the quality of our products and, therefore, reduce costs.

Another focus is our business continuity within our Unilab collaboration, in which we plan together with the production plants in Vietnam and the Philippines in order to ensure the feasibility to cover any unforeseen event affecting our production or demand. Within this frame each country has a designated speciality and Indonesia is covering the softshell production.

Considering your strong manufacturing footprint and your overseas sales, do you believe that Indonesia offers an attractive landscape to become a manufacturing hub to the rest of the region?

Although the bureaucracy has improved and sometimes inconsistent, the cost of labour as well as utilities is still very competitive and the government is eager to partner with the private sector.

Many of our peers in the industry are setting up production plans in Indonesia and consequently the foreign direct investments, are substantial and steadily increasing. As a country, I think we are moving towards the right direction.

However, in order to become a manufacturing hub, we need to focus on the quality of our people as well. We are fully aware about that and, at Darya-Varia, we have been developing the best team to reinforce our technical centre, which will be fully operational next year. Having said that, Indonesia will be, next to the Philippines, Unilab's centre of excellence for research and development for the whole region.

Even though Indonesia has a huge population, finding the right talent is a common challenge within the industry. Considering that human capital is one of the main focus points at Darya-Varia, how do you ensure that you attract, retain, and develop the best team?

Of course, we try to ensure we recruit high-qualified talent and, in fact, we are actually really committed to developing local talent. We have been successful with this approach, as only six employees out of 1,500 in Indonesia are expatriates.

Moreover, we invest a lot in those employees in terms of training and management courses as well as, in a more daily basis, the work environment by itself. As a result, many of our employees have been with us for an extended period of time, which is not a small achievement in a country with high job promiscuity such as Indonesia. Nonetheless, fresh talents are always welcome, as we need them to provide new inputs that foster creativity.

Corporate governance is a hot topic in Indonesia. What efforts can Darya-Varia put forward regarding this challenge?

Since becoming a public company in 1994, Darya-Varia has always tried to comply with the highest standards of corporate governance standards; we have significantly improved this regard within the last years. In this sense, in 2016, management renewed and reissued the "Darya-Varia Code of Ethics" to minimize any risk of potential conflict of interests and to make Darya-Varia a good and reliable place to work for, for all of our employees and stakeholders.

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