Lim Teng Chyuan – President, MAPS & Managing Director, Somedico, Malaysia



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Lim Teng Chyuan, president of the Malaysian Association for Pharmaceutical Suppliers (MAPS), discusses the association's role in solving and supporting its members with the numerous regulatory issues and compliance requirements in Malaysia. He also details his position as managing director at Somedico, a local importer and distributor, and the diverse partnerships the company has formed.

How would you evaluate the Malaysian healthcare ecosystem for MAPS members and what are the current priorities of the association?

The association was formed seven years ago to promote the interests of importers of generic products. MAPS mostly represents local importers as 95 percent of our members' business is imports. Our members supply Malaysia with overseas products from countries such as Korea, Thailand, Indonesia and India for example.

One of the main priorities of the association since it was formed has been to help its members with regulatory and compliance issues, which turned out to be the main reason members came together, followed by the need to facilitate the sharing of information. One of the big issues faced was regarding the PICS (Pharmaceutical Inspection Co-operation Scheme) countries' regulation. Indeed, most products imported were coming from non-PICS countries, while Malaysia's local requirements imposed that all MAPS' partners' factories needed to be certified by PICS or the local

NPRA (National Pharmaceutical Regulatory Agency). The NPRA certification was also problematic as our members had difficulties scheduling inspections considering that the NPRA can only do around two inspections a year, which can't cover the high number of factories. If factories were not PICS and NPRA certified, members would eventually not obtain their registrations of new products. It did not only impact registration of new products but also the existing products distributed. As registration of a distributed product has a five-year expiry date, when the new PICS requirement rule was introduced, some companies almost had to stop business with some suppliers as they missed the certification deadline.

Today, most of these problems have already been solved as the association has been operating for seven years and countries such as Thailand, Korea, Taiwan and Indonesia all became PICS countries. Sources outside of these countries, eg India have also managed to be audited by the local NPRA or PICS member regulatory authorities. However, new problems and issues are now arising, and it is a continuous battle to comply with the numerous regulatory requirements in Malaysia.

With the current political changes and the appointment of the new Minister of Health, what opportunities and challenges do you see for the industry in the upcoming years?

The government has looked at the current situation and the relatively low healthcare expenses which account for 4.4 percent of GDP, and the new minister has announced that he aimed at doubling it, which is a positive move and will benefit the industry and MAPS members. The main concern, however, is about the negative publicity on drug prices that occurred recently. Most of the drug prices of MAPS are very competitive so members should not be impacted by price control regulations, but the public still sees all industry players in the same way. MAPS tried to engage the government on this concern but still hasn't received a chance to explain its members' needs. We do agree that prices need to be controlled but the new measures should take into consideration the different nature of companies and products offered.

What advantages can foreign companies find in the Malaysian market and how can MAPS members help them?

Looking back 30 years ago, many MNCs were not present at all in Malaysia. Taking Merck as an example, today one of the biggest players in the local market, it started with a local partner that built their business up before the company decided to fully enter Malaysia. Many companies based on cost-efficiency can't come to Malaysia on their own, as setting operations implies a lot of costs and expenses on workforce, facilities and logistics. MAPS members can help these companies cover

all these technical expenses for them by establishing a partnership. The Malaysian Pharmaceutical Review published by the Malaysian Competition Commission shows that local companies like MAPS members are spending three times more on capital than MNCs, which is explained by the fact that MNCs only build a sales office while local players have full facilities with logistics, warehousing and distribution systems to finance.

Working in partnerships with MAPS members allows companies offering low cost products to export and build their market. MAPS members have participated in creating success stories in Malaysia such as Cipla which started by partnering with a local company to distribute their products. Our member built their market so well that now Cipla has had a full-fledged Malaysia affiliate for the past 12 years. Success stories like these can only be positive for MAPS members as it shows what local players are capable of doing and can bring to their partners.

You are also the Managing Director at Somedico. What is the company's scope of operation in the country and how would you assess the performance of the company in the last few years?

The company was first established as a distribution company in Hong Kong following a partnership between a Singaporean and a Hong Kong resident. After some years, a branch in Singapore opened, followed by the Malaysian operations in 1967. Places like Singapore and Hong Kong are popular as regional hubs meaning that companies present in these countries come in with their products and distribute them directly. As Malaysia is not as attractive for regional offices, there is a need for distributors which explains the strategic importance of the market for Somedico. Today, the company is only operating in Malaysia and over the last three years, the company reached records in terms of revenues, mainly due to the difficulties of the Malaysian economy, which pushed the demand for cheaper options and generics.

What are currently your main services and which area would you like to focus on next?

Today, the two main arms of the business rely on being a distribution and a logistics player. The distribution function represents around 60 percent of Somedico's business as we are offering the full spectrum of services. As such, we are working with third-party organisations that give us all rights on their products from registration, importation, sales and marketing so we can distribute them in the Malaysian in the most efficient way. On the other hand, 40 percent of the business comes from our logistics segment, created to help smaller companies with licensing rights but no infrastructure to import foreign products and distribute them. Somedico currently handles the distribution for five registered product licence holders.

Regarding the growth strategy in the coming years, there are low possibilities to increase the number of partners for Somedico, but we see potential in market expansion. Indeed, in Malaysia, registering new products is very complicated and time-consuming so it seems difficult for Somedico to welcome new partners and distribute their products. However, growth opportunities can be found in our existing partners by improving their products' market shares and by increasing the number of products our clients buy from our portfolio.

What makes you the partner of choice for all companies interested to enter Malaysia?

Somedico has 51 years' experience in the market and it helped its partners to build up corporate offices after reaching the desire sales volume and market share. As brands can be differentiators in Malaysia, Somedico focuses on what the market perceives as high-quality countries to import from. For this reason, the company does not distribute any South Asian products. On the other hand, Somedico focuses on well-perceived generic brands produced in Japan, Korea, the USA and Europe. Previously we had worked with numerous renowned partners such as Mundipharma for the initial market building of their Betadine range. Eventually the Betadine range was passed back to Mundipharma's local operations.

You have been working at Somedico for more than 11 years now, what are your next objectives for the upcoming years?

Building the second generation of managers of Somedico is one of the main objectives. When taking over the managing director position 11 years ago, Somedico was mainly a channel-based organisation with clinical, pharmacy and hospital teams. Today, the company has specialized teams and is now a specialty distributor and that is something the new generation responsible for the brand and the operations need to keep building and improving in the coming years. Another goal is to ensure Somedico is established as the first market entry partner and a specialized distributor for companies with unique products but limited resources to enter the Malaysian market.

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