

## Tim Collins - CEO, DCH Auriga, Hong Kong

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*Tim Collins of DCH Auriga outlines the Asia-Pacific healthcare distribution landscape, DCH's expansion plans and what Hong Kong offers as a regional headquarters.*

**After 14 years with LF Asia, you joined DCH and were actively involved in the recent acquisition. What are the key learnings that you are bringing into this new chapter in your career?**

In July of 2016, LF Asia, the FMCG, and healthcare distribution arm of Li & Fung, was acquired by Dah Chong Hong Holdings (DCH), a leading FMCG and automotive distributor based in Hong Kong with a 70-year history. We had achieved a threshold of scale and were ready to take the business forward, feeling that the business would be advantaged by access to investment capital as well as network-based opportunities in certain markets such as China. When DCH expressed an interest, we felt it would be a very strong strategic fit and would well-position us for future growth. After we joined the DCH family, we captured the synergies in FMCG distribution through consolidation with existing DCH businesses and defined a pure-play healthcare focus to strengthen management and investment opportunities. July of 2018 marks our second anniversary as part of the wider DCH and CITIC family and we are now at the stage of rolling out our expansion plan for the healthcare distribution business, rebranded as DCH Auriga.

## **Could you share the key steps of the expansion plan?**

With a focus on being the healthcare distribution service provider of choice for Asian geographies, we are carefully positioning DCH Auriga across the region. Each of our markets has a different characterization and level of development, so we have evaluated local nuances from a planning perspective to make sure we have the right in-market representation and infrastructure while evaluating opportunities for expansion into new economies. We continually evaluate our range of services to make sure we are creating value for our partners. For example, we recently invested in an infrastructure project in Bangkok to offer specialty warehousing and delivery services as Thailand increasingly becomes a healthcare destination, with the ribbon cutting ceremony taking place over September 2018. In Hong Kong, we have leveraged our relationship with the CITIC Group and are pleased to announce that we will be opening an entire 13-floor building as a healthcare-dedicated distribution center complete with a wide range of specialty capabilities to better serve the local market.

In addition to logistics and market management operations, we also have a factory that produces OTC products including a basic cough and cold medicines in Malaysia. One of our strategic and longest standing partnerships is with Fisherman's Friend who produces lozenges with us. Our years of service with this strategic partnership is a good illustration of the flexibility of our service and how we aim to assist clients across the entire value chain.

Technology rollouts are also very important in the distribution industry as we are continually upgrading our systems and introducing new capabilities to meet performance demands. This year, we installed state-of-the-art warehouse management systems across the region while investments in capabilities like RFID and robotic shelving prepare us to meet tomorrow's distribution demands.

Finally, we understand that our people provide our most important competitive advantage. As is typical of our service-based industry, much of our operating cost is focused on human resources and we spend a lot of effort to develop the right teams with the right capabilities. For example, I'm proud to share that we have an excellent management trainee program that targets science degree graduates in collaboration with local universities to match students with their area of interest.

## **How do you evaluate the competitive landscape in the region?**

Our business extends across manufacturing to logistics to marketing and regulatory services, so we are fairly unique in terms of the service offering. The traditional competitive landscape is very active but we have found that the big global players tend to be less specialized while smaller players can have difficulty meeting the exacting standards required by the healthcare industry. That said, we are also closely monitoring the activities of new competitors, particularly those from the digital space.

As a company, our value proposition is very simple: we have a 'challenge accepted' mindset and business culture. Everyone in DCH Auriga understands that answering challenges, big and small, with innovative and caring solutions is how we add value and build partnerships. It's a culture that results in exceptional service that builds lasting partnerships. For example, just recently in Hong Kong, we maintained operations even during the Typhoon Manghut, one of the strongest tropical storms that Hong Kong faced in decades, delivering life-saving medicines to hospitals as needed. I know our team hand-delivered emergency medicine to the Hong Kong-China border on that Sunday to help a patient who had a sudden illness. Challenge culture means empathizing with patients, principals and healthcare providers to deliver the best possible solution. It translates into our thinking, business operations, and everyday work.

**DCH Auriga is getting ready for "Industry 4.0". What do you think it means when we talk about a very slow change to the healthcare or life sciences sector?**

It is true that markets with strong regulatory environments and well-developed infrastructure can be slower to adapt, but ultimately the individual nature of patient care will drive technological innovation. As our business scope spans Asia regionally, we have exposure in both well-developed and rapidly-developing markets. The extremes in terms of technology adoption can create both significant business challenges and very exciting opportunities. In Singapore, we see a very strong public sector push to use technology for better health services and in China we see an evolving tele-doctor community making good use of limited infrastructure and resources. Hong Kong is also evolving. In the past few years, for example, DCH Auriga became the only healthcare distributor permitted by the Hospital Authority in Hong Kong to offer mobile ordering and home delivery to patients for certain types of prescription medicines.

**What advantages does HK offer to you as a regional headquarters?**

Hong Kong is an enabler of capital markets with the free movement of capital encouraging investment and entrepreneurship. For DCH Auriga, Hong Kong provides a stable governance environment, a strategic logistics hub, and a doorway into China. From a policy perspective, the Greater Bay Area Initiative and the One Belt One Road Initiatives provide a great deal of opportunity.

### **How can DCH Auriga capitalize on this initiative?**

Considering that the population of the Greater Bay Area could be listed alongside the world's top 20 economies, the potential to leverage existing infrastructure to serve a much wider customer base is tremendous. There are also interesting implications for the wider regulatory environment as industry rules are adjusted to better integrate the region. This is the time to rethink boundaries and work progressively towards cooperative agreements, envisioning the requirements of integration. We see a lot of potential for DCH Auriga as well as the industry in general in terms of market space and investment opportunities.

### **What are the most important international markets besides Hong Kong for you at the moment?**

As a regional player, South East Asian countries like Singapore and Thailand are important to us and have very favorable market dynamics, characterized by rising government expenditures, large populations and developing infrastructure. China is also a very important market, especially given our relationships within the wider CITIC family.

### **Why should our international readers choose DCH Auriga as a distribution partner in Asia?**

DCH Auriga has more than 50 years of experience distributing healthcare products into Asian markets on behalf of the world's leading healthcare companies and today we are backed by the strong CITIC and DCH networks. As a company, our unique value is driven by our willingness to understand the daily challenges of effectively managing healthcare supply chains and create unique solutions in a true partnership model. With on-the-ground insight, DCH Auriga has the flexibility, expertise, and hunger to offer market management solutions that go beyond a traditional distribution service. We thrive on challenge and that makes us a different kind of

partner.

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