Hassan Yaakob – Founder, Healwell, Malaysia



Our products sit between traditional and modern medicine

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Dr Hassan Yaakob of Healwell Pharmaceutical Co. Ltd., discusses the company's rejuvenating and anti-ageing products, made from a polypeptide derived from sea cucumber. He also gives insights into the changing consumer preferences for his products, and the need to move marketing online in the digital world.

As we last met you back in 2014, could you give our readers an update on Healwell's scope of operations?

Our products sit between traditional and modern medicine. When there were claims about a special type of primitive sea cucumber which only came out at night and would melt if exposed to sunlight, we conducted research on it, discovering it contained collagens and polysaccharide. When it was heated under a certain temperature, it degrades into polypeptide. That polypeptide is a molecule which is a rejuvenating agent which prevents sickness. It has shown remarkable successes treating a number of hereditary diseases. For example, a baby was born with a hereditary disease affecting one in five million babies, causing parts of the body to become necrotic, and usually death by the age of eight years old. Her family was considering amputating one of her legs, but we let her consume our product, and within less than one week, she showed signs of recovery. A full recovery was observed after three months. She is still alive today, 18 years later, although she is reliant on our star product *Gamogen*.



Sea Cucumber

Since our first research, we have conducted clinical trials in Japan over the period of one year, and we continue to conduct clinical research on our products in Japan. After the clinical trials, we even planned to register the product with the FDA. However, this was not deemed possible by the FDA, who claimed that our product was food. For this reason, we could not register the process. In spite of this, it may, in fact, be preferable not register with the FDA, as the processes we use would have to be publicized ten years after registration. We want our processes to remain proprietary knowledge of the company, as there are a number of companies attempting to imitate our products but have been unsuccessful in replicating our quality.

How has the company been performing over the last years?

Over the last three years, our focus has shifted due to the changes in the sector. A few years ago, we purchased a factory building in Selangor Industrial Zone to begin our own manufacturing. However, in 2015, Malaysia was hit by a recession, forcing Healwell to alter its investment plans by putting the manufacturing plant on hold. Indeed, our currency has devalued, and as the machines are imported from China or from Germany, our purchasing power has diminished. For the past two years, revenue continued to fall, which was worrying. For example, when Malaysia’s economy was better performing, customers would purchase considerably more of our products. Unfortunately, today we must account for the needs of our customer base to economize. Therefore, we decided to focus on providing more of our reliable products to Malaysian patients. We are hoping to get the ball rolling again and set up our own manufacturing plant when the economy begins to strengthen once again.

Moreover, at the beginning of this year, I assumed control of our marketing decisions. Since then, I have shifted the focus towards internet marketing through websites and social media. In the past, we spent over a million ringgit on advertising on one TV channel. However, we found that the

added value from this had declined compared with past years. I believe this digital move has proved successful, with sales rising by 20-30 percent per month. Our main customers are 35 and above, so we need to capture a new generation of customers. These customers prefer digital media, so our marketing must adapt to customer preferences. We now allocate 70 percent of the marketing budget to digital media.

Which product areas are you currently focusing on and where are your main growth areas?

Healwell's three main growth drivers have been skin care, sunscreen, and skin lightening cream. There is high demand for successful skin lightening cream, which is our number one market across Asia, due to cultural preferences within the Asian market as most beauty trends favour fair, plain skin without any freckles. We are currently creating a supplement for anti-ageing. We also have a skin care portfolio and a cosmetics line that uses the scientific skin care system, a system that emphasizes on cleanse, treat, nourish and protect regiment.

We are also conducting research in collaboration with several local universities. In order to stay competitive in the market, we must develop new products, innovations, and marketing methods, moving our focus from print to digital advertising. We continue to use sea cucumbers as the basis of our products because the secret ingredient for this company is the polypeptide, a nontoxic rejuvenating agent present in a specific kind of sea cucumbers that can be used in many different cases. Indeed, when digested, it will rejuvenate your body, and when applied to the skin, it will rejuvenate the skin cells. Thus, we see a lot of potential new products from this molecule.

How would you evaluate Malaysia's potential to develop innovation and conduct research?

I see a lot of potential in Malaysia. There are many Malaysian scholars studying and working abroad, often in the most prestigious of institutions like the Universities of Oxford and Cambridge. Unfortunately, many do not want to return to Malaysia because the working environment is less conducive. Moreover, we do not have access to the level of research grants available in Europe or the USA. To overcome this and prevent a brain drain of Malaysian talent, we need government support, especially as the government, rather than private institutions constitute the bulk of research in Malaysia.

Looking at the new prime minister and his track record, I am hopeful that the new government can change things. However, this will not be instantaneous, and will probably take around three years before we see any substantive improvements. I would like the government to come out with a policy, then organize seminars and research grants, to encourage collaboration, both between private and government institutes, and with universities outside of Malaysia. The current policy towards biotech has so far been inherited from the previous government, which was not coherent in covering the biotech sector. I am yet to see any concrete plans and specific details from the current government regarding biotech legislation.

What are the main export markets you are targeting?

Our largest market remains Indonesia. Given that it has a population of around 350 million, and is geographically close to Malaysia, it is relatively straightforward to export.

We are also focusing on the South Korean and Japanese markets. In South Korea, they are very dynamic in the skin care market. This makes it very difficult to go and compete with the established players. The Japanese companies are losing out too when competing with South Korean companies. They often have products that are high quality and at a very competitive price. In Japan, we have more potential to gain market access, as our research activity is conducted there. Nonetheless, the Japanese market is notoriously protectionist, which creates a barrier for access for a company like ours. We must find ways through universities or professional institutions to penetrate the market.

Moreover, we recently received approval from the Ministry of Health in Vietnam to export our products there. Thus, we can begin our production in Vietnam. This is a strong potential market for us, particularly as it has received a flow of Chinese wealth in recent years.

Have you considered using distributors to enter into new markets?

We have considered using distributors. However, there are a number of stumbling blocks to prevent them from penetrating outside of Malaysia. Our Johor distributors wanted to penetrate the Melbourne and Sydney markets in Australia, but due to bureaucracy and the need to find a reliable local partner, it proved too difficult. Partnering with a local firm is often perceived as too great a risk, particularly in Asian markets such as China and India where contract laws are less strict than in Malaysia, so it is harder to enforce the agreed terms.

What are the main targets that you want Healwell to achieve within the next four years?

We are planning to set up our own branch, rather than relying on franchisee as it has proven to be a more efficient business model. For example, the company Avon, failed to penetrate the Malaysian market through franchisee. Consequently, they abandoned their franchisee and founded their own branches, which reversed their fortune. We had planned to follow their franchise model, but realized it was obsolete in the digital age. What we will likely do is to have our own dynamic center to hold stock and supply to respective states, but everything will go through internet marketing and e-shopping. This will also reduce our overhead costs.

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