Lee Yee Keng – Head of Healthcare Sector, KPMG Malaysia

When it comes to our healthcare plan, it is satisfactory, but its execution creates inequalities.

27.11.2018

Tags: Malaysia, Consultancy, KPMG

Lee Yee Keng, head of healthcare sector of KPMG in Malaysia, highlights the opportunities Malaysia can offer to the healthcare industry, including its potential for private-public partnerships, and how the consultancy is positioning itself as the key partner for all companies in Malaysia and South-East Asia.

How important is the healthcare sector for KPMG in Malaysia and what are the related services that you can offer your clients?

Globally, KPMG's strategy has put a focus on important sectors that are worth developing. Healthcare, including pharmaceuticals, has been determined as one of these key areas. Indeed, we have been developing our healthcare segment for the last ten years, and it is now the highest growing sector in the world for KPMG. Looking at the Asian markets, this segment represents the most potential despite being a very niche market and having numerous challenges to overcome.

We don't have a specific team for healthcare in Malaysia as we capitalize on our resources in the region to offer adequate services in the country. This model allows us to bridge the knowledge gaps we might have and gives our foreign partners more confidence as well as different perspectives. For example, we will contact our Indian team who are experts in handling clinical matters as India is producing a lot of doctors who are also joining consulting teams. In Malaysia, we are strong in bringing investments in the country, so we have a dedicated team to study investment opportunities. As there is an increasing number of investors, and we have built a very good global network, we have been involved in many public-private partnership projects. We have established a list of credentials with every project we performed before and we are ready to welcome more clients.

What are the issues the government should tackle in priority as well as the important reforms or incentives that should be implemented to boost the industry?

We see several issues in Malaysia. First, public spending used to be more than half of the total healthcare budget but, due to government budget constraints, private spending has taken over. In terms of ageing population, we are only ten years behind Singapore which would be the best country comparison for Malaysia, but looking at their advancements, they already started doing reforms five years ago to tackle this burden. When it comes to our healthcare plan, it is satisfactory, but its execution creates inequalities.

Therefore, we should start implementing processes and incentives that can be done without too many constraints. In this regard, using public-private partnership is key, because if the government struggles on a reform or on a budget, they can ask the industry to try something else and help the system in a different way. As it is a regulated industry, these projects are very important to open the market to other investors who have funds and knowledge, but the government's support is essential. Thus, as a consultant, KPMG has the role to connect the public and private sectors and act on their behalf when needed. We take part in many public-private partnership projects, looking at other countries' business models. For example, we have worked on projects on healthcare infrastructures, public hospitals services and pricing mechanisms. We are also involved in developing the IT field, as we don't only want to catch up with our delays but also be at the forefront of the industry in the region.

Malaysia is known to be one of the most strategic production bases in the ASEAN region. What opportunities do you see in the manufacturing segment?

Malaysia became a strong healthcare manufacturing base over the past 20 years, especially in the region of Penang which is considered the hub for manufacturing and medical tourism in the country. In healthcare, we can make a difference by bringing in more technology so Malaysia is looking at going up the value chain in electronics and advanced technologies. However, while we have the base and knowledge in electronics, we are missing the higher end technology. Moreover, one of the challenges the country is facing is the rise of healthcare costs. It is time to look at the local manufacturers' capability to produce technology products that are very costly if imported, and use them to reduce the healthcare financial burden. The country has been stuck as a middle-income country for many years. Now, we have to move up the value chain and we do have the potential to reach the next level.

Considering that Malaysia has the ambition to bring in more innovation, what can be done in regard to healthcare regulations?

There need to be improvements in the regulations. Indeed, we are moving from a middle-income country to a high-income country, which is a major hurdle as healthcare is highly affected. We have to look at the bigger picture to solve different issues, so the newly elected government is trying to streamline all the regulations and re-look at it to make sure that the tendering system is fair. The industry is highly regulated and bringing more transparency would help. They are also looking at healthcare costs and how this aspect is regulated. There is not much to do in hospitals, but more on the costs of drugs and equipment. For example, Malaysian non-generic drugs are about 15 percent more expensive than international drugs and generic drugs are good in Malaysia, but still six times more expensive than generics in India and China.

From the healthcare ecosystem point of view, Malaysia's private hospitals are very well run, and the Ministry of Heath does not intervene as long as they meet the regulations. However, there is always a debate on whether doctors can or cannot prescribe medicines, and the issue between their role as consultants or drug sellers. Therefore, we should start reshaping our healthcare system. It is not necessary to copy systems from other countries, considering that we already have a very good system in place, but we need to catch up with the changes in the environment.

Moreover, there are many foreign investors from the US, UK and Japan who are willing to invest in Malaysia as it remains affordable compared to the region. As we are a renowned international firm, we are working a lot with private equities who are the stakeholders really looking into investments. It is a question of regulations to decide whether they come in or not and even though a lot has been done to encourage foreign direct investments in the industry, more can be done. What I hope in the new government is more execution from their side and if they reject a proposal, we should receive a concrete feedback to improve our next proposition.

What are KPMG’s main priorities for the upcoming years?

In the short term, we would like to attract more foreign funds. We are established in that area and we have been diligently advising investors. Malaysians are very adaptable workers and by experience and reputation, we are aware that many Malaysians are going overseas and being successful. We are also a multi-racial country, so everyone speaks English and many people can speak foreign languages which facilitates business in the region. We are also humble and hardworking people. All of these characteristics make Malaysia a great place to invest in and do business.

Secondly, we would like to advise on all the public-private partnerships and make them lucrative for both sides. We would like these partnerships to be sustainable, and we should, as a consultant, not only be active on behalf of our clients but also have some social responsibility to the government.

Last but not least, everyone wants to have better access to public healthcare and be more educated on how to live a healthier life. Malaysia is very renowned for its tasty food which can also be unhealthy. Therefore, it is important that Malaysians change their habits.

See more interviews