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Suthep Namwongsamran, GM of M&H Manufacturing, provides insights into the distinctive model that has allowed M&H to become one of Thailand's leading domestic pharmaceutical manufacturers. He also outlines the expected development of the M&H's international strategy and his focus on bringing biosimilars to Thailand via mutually beneficial partnerships.

You have been working in Thailand with both MNCs and local companies - what do you see as the key market dynamics shaping the Thai life sciences industry?

First of all, one of the main dynamics that is impacting Thailand at the moment is the ageing population which continues to grow, hence we need many more medicines to be available in the country to be able to support elderly people. Secondly, the government has introduced a key policy, which has had a significant impact on the entire local industry, which is the implementation of the GMP PIC/S three years ago. That is why we have invested a lot in terms of improving our facility from GMP Standard to GMP PIC/S. This change requires a significant investment for every Thai company.

The Thai National Health Security Office (NHSO), has introduced the Gold Card Privilege, which requires the government to procure medicines at the lowest price possible. The government is responsible for 80 percent of the consumption of medicine in Thailand.

The new Government Purchasing Act that was announced two years ago, aims to establish a fair tender competition for specific products, through establishing two options for tender procedures. One is pure price competition and the other is price combined with product performance. For both options, the term of reference (TOR) for tendering has to allow at least three companies to participate in each tender. For the price and performance option, the TOR for medicines tender could be rated on different criteria in term of quality, price and the one with the highest combined total score wins.

The government is facing a critical financial situation – for some government hospitals there is a nearly two-year delay in payment, and this should be fixed to be done within six months.

In order to survive in this situation, we should bring new innovative products and solutions to the market. In order to win the tender price, the price has to be lowered for innovative new products.

Thailand is aiming to become a more innovation-focused and globally competitive pharma power, in line with the ‘Thailand 4.0 policy’ - what opportunities do you identify for the local pharmaceutical industry to contribute in this context?

M&H Manufacturing is actually already bringing innovation to the country through our partnership with a Chinese company. We aim to bring biological products to the country. We aim to stay ahead of the Thai pharmaceutical industry. Based on the current situation in Thailand, in term of analysis, it might not be possible because, first of all, we don't have an economy of scale. And secondly, we don't have the professional pharmacists or scientists to support this.

As opposed to Korea for example, our government needs to provide more support for us to be able to bring such costly products to market. In Korea for example, the government is pushing for more innovation and is matching local low-cost manufacturers together with academics in order to do research and then do technology transfer, with the know-how to the know-who, and how to produce.

Thailand heavily relies on imports - in 2018 pharmaceutical imports rose to USD 2.2 billion, up from USD 1.8 billion in 2016. What needs to be done in order to make Thailand more self-sufficient?

Thailand is self-sufficient in producing basic products. The imported products are mainly the products we are unable to produce locally, which are some of the most innovative oncology products, or biologicals for example. In this case the scale of investment is very high as opposed to consumption, which is much less.

You have been working with M&H since 2006 and recently took over as MD. What key priorities and goals did you establish upon taking this role?

Our first priority is to expand our production facility, as in the past we faced a lot of demand. We aim to increase our economy of scale to be able to better compete with other companies in Thailand. This year we are focusing on manufacturing, and we are certain that we can increase our production capacity by at least 50 percent for the moment. In the next three years, we are planning to increase it by 100 percent.

Secondly for our company goal, as the margins here are lower and we have volume, we will expand the reach of our products to other markets. We already export to markets such as Laos, Cambodia, and Myanmar. For Laos, we entered the market more than 20 years ago. We opened our affiliate company and distributor there and we are now among the top three pharma companies in the country. We also expanded to Cambodia, and last year we opened our affiliate company in Myanmar.

There are a lot of consumer products from Thailand already present in Myanmar which are of good quality with affordable prices. We also see the opportunity to expand more in Laos but because the population is small, the expansion opportunities is limited.

We hope that in the next 3 to 5 years, we will be the leader in Myanmar too, and the size of the affiliate there should be equal to the company here in Thailand.

Looking into the future, our main target geographies are other countries in the region, specifically in Asia, such as Taiwan, the Philippines, Malaysia and Pakistan where we already have a new partner, and Vietnam, where we have signed a contract with a distributor.

M&H Manufacturing offers a broad range of pharmaceutical products in various areas including antibiotics, antifungals, cardiovascular medicine, neurological medicine, and anti-inflammatories, amongst others. How do you intend to compete with well-

established local players, like Greater Pharma, Siam Pharmaceutical, Biolab, or Berlin Pharma and how do you plan to grow your portfolio?

In terms of antibiotics, especially injectable solutions, we are one of the top three companies in the market and are aiming to climb even further.

We are staying focused on antibiotics and we have various strategies in place to compete and gain much more market share. This area is our strength, even though we have found some difficulties in pricing. Secondly, we are planning to expand into the pharmacies as we so far have not yet had strong products in the pharmacies and we believe we can bring the few strong products we have in our portfolio there.

We have several partnerships in place in order to help us grow the portfolio, mainly in China and Korea, because of the quality and the free trade agreements. There is also no import tax in this regard. Last but not least, we are open to creating new partnerships with suppliers from other countries.

M&H's mission is, "Continuing excellence in the quality and service of pharmaceuticals for efficiency and customer satisfaction." What does excellence mean to you and how does it translate to M&H Pharmaceutical's image and strategy?

This is really our mindset - we always put our partner, patient and customer needs at the top of our priority list. Quality is our core strength and many of the companies already know it.

We are aiming to be seen as a key partner in Thailand, one that is focused on excellence and high quality at affordable prices. We are ready to reach new partnerships with different companies in different areas of expertise, such as biosimilars, so the patients in Thailand can benefit from that. Last but not least we would like to bring our key products to different countries.

For the future, we aim to be recognized as one of the main players not only in Thailand but in the region and beyond.

What is your personal motivation?

My motivation is being able to provide affordable medicines to the patient. I would like the people of Thailand to be able to access the highest-quality medicines at an affordable price. That is what motivates me and makes me happy.

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