

Wang Wei - Founder & CEO, Winhealth Pharma, China



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Wang Wei of Winhealth Pharma, one of China's leading contract development and commercialisation organisations, outlines the rationale behind the company's formation, how its business model is changing to keep up with China's rapidly evolving pharmaceutical industry, and his long-term vision for Winhealth.

Could you start by introducing yourself and Winhealth Pharma?

I am originally from Harbin, the capital of Heilongjiang, the northernmost Chinese province, and I eventually moved to work in Shenzhen in the south of China. In 2006, when I decided to establish Winhealth Pharma, I came to Hangzhou, an eastern Chinese city near Shanghai. For the first decade of my career, in Shenzhen, I was in the so-called Pearl River Delta, which was then the most developed and fastest-growing region in China. After that, I moved to the Yangtze River Delta, another famous economic cluster in China.

I actually started my career as a dentist but after two years, I decided to join Guotai Junan Securities, one of the largest investment and securities companies in China, for a few years before returning to the healthcare industry, where I worked for a Hong Kong-listed company called China Medical Systems (CMS). After five years with CMS, I left to establish Winhealth Pharma in 2006.

This is Winhealth's 13th year of development. Since our inception, we have maintained a very clear positioning: to provide imported medicines that address the unmet medical needs of Chinese

patients by building a platform company with strong business development and commercialization capabilities.

This business model has been cultivated by the reforms and development within China's macroeconomic and healthcare policy in recent decades. Since China's opening up in 1979, the Chinese pharma industry has developed extremely quickly. In the 1980s and 1990s, many multinational pharma companies (MNCs) - amongst them giants like BI, GSK and BMS - established joint ventures or subsidiaries in China. They supplied the majority of innovative medicines available in China, while local Chinese companies overwhelmingly focused on generic drugs.

In response, from 2000 onwards, a number of companies - like Winhealth - sprung up to meet the regulatory and commercial needs of these MNCs within the China market. Companies like us would help MNCs with their market access, registration, clinical trials, commercialization, sales and marketing, and so on - all the aspects required in order to successfully launch their innovative products in the China market.

Today, we consider ourselves the pioneers of what we have called the Contract Development and Commercialization Organization (CDCO).

You recently announced the launch of the Winhealth 2.0 model. What motivated this?

China's pharmaceutical industry is constantly evolving. In recent years, the pace of healthcare reforms has continued to accelerate, further catalyzing the growth and development of companies like Winhealth, who have benefited from the Chinese government's ambitions to increase access to innovative and affordable medicines.

Our mission is to meet the unmet medical needs of Chinese patients. Winhealth 1.0 was built more on the model of a Contract Sales Organization (CSO), where we provided services to MNCs for their commercial products, i.e. products already listed on the China market. Many pharma MNCs were our clients, including major players like BI, Roche, Pfizer, Kyowa Kirin and Shionogi, to name just a few. Through our efforts and capabilities, we grew to become one of the largest CSOs in China.

However, with the recent healthcare reforms and market trends, we believe that it is imperative for us to update our service model to Winhealth 2.0. Today, the paramount priority for the Chinese government is to accelerate Chinese patients' access to innovative therapies. Therefore, they have streamlined regulatory pathways for the approval and reimbursement of innovative drugs with the goal to align China with mature markets like the US, EU and Japan when it comes to access to

innovative medicines. Simultaneously, the government is looking to lower the prices of off-patent products so that more resources can be allocated to innovative medicines, so that more Chinese patients can access them.

Winhealth 2.0 will therefore focus on helping to bring in innovative medicines not yet available in China into the China market.

How does Winhealth 2.0 differ from Winhealth 1.0?

Winhealth 2.0 will focus on three core capabilities. The first is our portfolio. We are developing our global business development capabilities and have established offices in key markets around the world, beginning with Germany and France in Europe, the US (New York and San Francisco) and Japan (Tokyo). They, along with our teams in China, will help us search global markets for suitable products that could meet the needs of Chinese patients. Once we have identified the right assets, our BD teams in China will develop strategies to accelerate their approval and launch in the China market. We currently have around 100 employees in five or six departments working on building our portfolio capabilities.

The second is our development and commercialization capabilities: how we can bring innovative products to the China market as quickly as possible. This has always been a competitive advantage of Winhealth vis-à-vis our competitors, but we want to continue to strengthen our capabilities here so that we can continue to be a partner of choice for innovative pharma companies looking to enter the China market. This is why the D in our CDCO model is so important: now that Winhealth 2.0 is looking to bring new products into the China market, we must have superior capabilities in clinical development, market access and so on in order to design and deliver the best solutions for our partners.

The third is our current service offerings – our so-called Winhealth 1.0 capabilities – which we must continue to maintain, including our CSO services.

Through Winhealth 2.0, we hope that we can truly become the most trusted and helpful partner that can deliver the maximum commercial value for foreign companies wishing to bring innovative products to China. As mentioned, with Winhealth 1.0, our main clients were Big Pharma MNCs typically with products already on the China market but with Winhealth 2.0, we can now set our sights on innovative companies, including biotechs, globally, that do not have presence or products in the China market yet.

How do you foresee the potential impact of the recent regulatory reforms on Winhealth's business model?

I can highlight two key directions in the recent healthcare reforms. The first is on expanding healthcare coverage to the more rural regions of China. Around two-thirds of China's 1.4 billion people are still living in rural areas, or what we can consider 'grassroots patients'. For these patients, who represent a significant proportion of the Chinese population, their unmet medical needs are really in chronic diseases like hypertension, diabetes and so on. This is why part of China's healthcare reforms have focused on lowering prices and expanding medical insurance so that patients in more rural areas can also access and benefit from affordable medicines.

The second relates to serious and major diseases including cancer and rare diseases. This is why the government has accelerated regulatory pathways for clinical trial and market approvals, as well as updating the National Reimbursement Drug List (NRDL) to include new innovative medicines in these areas.

For Winhealth, we have to align our strategy and business philosophy with the government's policies. Through our thorough understanding and analysis of government policy, we hope to be able to leverage on these reforms to develop our company. For instance, we have a significant portfolio related to chronic diseases including hypertension, cardiovascular diseases and respiratory diseases. As mentioned, a significant proportion of the patient populations are based in rural areas so we want to further develop our sales and distribution networks to better cater to them, both online and offline. This will be a key marketing strategy for us.

Thirdly, we will also look at bringing in some complex generics that could meet the needs of Chinese patients. At the same time, we also want to continue building our capabilities to launch and market branded drugs or 'originator' drugs, as well as develop a rare diseases portfolio.

Winhealth has been able to collaborate successfully with many of the world's top pharma companies. What has been the secret to this success?

I think there are several important elements when it comes to the success of our partnerships with MNCs. Firstly, there are very strong synergies between our partners and us. Our corporate cultures are actually very similar because 90 percent of our employees actually come from pharma MNCs themselves, so they are used to working with pharma MNCs.

In addition, as a Chinese company, we have a superior understanding of the China market. Our deep familiarity with local market dynamics can help our partners achieve commercial success with their products. For instance, as mentioned, we have extremely strong development and commercialization capabilities to ensure that our partners' products can be launched and distributed within the China market as quickly as possible.

Another very important factor is compliance. This is very important within the pharma industry. Since we hope to foster long-term cooperation with our clients, we focus on maintaining a very ethical and compliant business that abides by both international and Chinese regulations.

We are looking to build long-term partnerships. Our contract periods are usually ten years, with some even exceeding 20 years. We are not looking for short-term business but long-term relationships. This also means that we are extremely committed to our partners and their success.

When it comes to development and commercialization, there are local Chinese giants like Sinopharm and Shanghai Pharma that have a significant presence. Some MNCs in China have also established strategic partnerships with other MNCs. What is Winhealth's competitive advantage against these companies?

The large Chinese enterprises like Sinopharm, Shanghai Pharma or China Resources, they are really integrated pharma conglomerates. They possess R&D, manufacturing, pharmacy networks and so on. In addition, they service not only imported specialty products but also generics and local products. Therefore, their competitive advantages stem from their size and their integrated industry value chain.

Pharma MNCs also work with other pharma MNCs within the China market. In some cases, such collaborations come from existing arrangements made by their global HQs and in other cases, they might result from cultural affinity, for instance, French companies might find it easier to work with other French companies, and so on.

However, our competitive advantage is that we are extremely focused and professional in what we do. Our mission is to bring imported products to serve unmet medical needs in China. We have a clear positioning and we dedicate ourselves to this. Therefore, from the first day our partners come to China, we can already provide a one-stop shop service or a 'turnkey' service to them. This means they can entrust their products to us from day one and we will take care of the rest. This is what truly differentiates us from other big players on the market.

Given the rising importance of the China market to the global pharma industry, the China market is already considered a top priority market for MNCs present here, and for those that are still not in the market, they are planning to enter and build their own commercial capabilities. How would this affect Winhealth's business model in the long run?

I believe our business model is a sustainable one that will endure in the long term. Not all companies have the capabilities to set up their own commercial operations in China. After all, costs are rising in China and new products are arriving on the market at a faster pace too. Competition is fierce. All companies have their strengths and core capabilities, so it might not be beneficial for a company to handle all aspects of commercialization themselves. In addition, even companies with extensive commercial footprints in China still come to Winhealth to supplement their existing capabilities.

To the end, we have a very open collaboration model. Whether it is JV, in-licensing or service agreements, we are happy to tailor our offerings to the needs of our clients. We can provide 'menu-style' services for our partners to cherry-pick the most relevant ones for them, whether they are registration, sales, marketing, and so on.

In addition, through Winhealth 2.0, we hope to continue to provide innovative products to Chinese patients and Chinese physicians to meet their unmet needs.

In order to continue to attract global companies to work with us, our first strategy is to intensify our global BD efforts, so that we can share the story of China's healthcare reforms with the global industry, including the potential of the market for foreign pharma companies with innovative products. For example, we will participate actively in various industry and academic conferences globally, and play our part in raising awareness of these healthcare reforms and their positive impact globally.

Secondly, as mentioned, we must continue to strengthen our core competences and capabilities when it comes to the development and commercialization of new and innovative products, including aspects like regulatory affairs, market access, medical education and so on.

With all these in mind, if any company wishes to come to the China market, no matter what their needs are, Winhealth has a tailored partnership model that can fulfill them.

Looking ahead, what is your vision for Winhealth in the next two to three years?

Firstly, we hope to successfully develop our Winhealth 2.0 model so that we can work with more international companies to bring their innovative products to China to meet the unmet medical needs of patients here. Our ambition is to become the largest platform company with the CDCO model in China.

We are also already conceptualizing Winhealth 3.0, hopefully to start in three years. By Winhealth 3.0, hopefully we would be in a position to look beyond the Chinese market to serve the needs of the global markets.

In the process, we hope to IPO on HKEX in 2021 or 2022, which would provide a great boost to our operations and help us realize our development strategy.

Our vision is to become one of the leading platform companies globally.

With the whole world looking at the China market, there are both opportunities and challenges to face. What is your final message to them?

Looking globally, whether we are talking about China's GDP or China's pharma industry, both are amongst the fastest-growing in the world. There are two key markets in the world today: the US and China. For any company that dreams about global leadership, they must be present in both markets. From this, we can see that China's role within global markets is becoming increasingly important.

Secondly, China's reforms will continue. Just as an example, in Hainan province, the 'superhospital' Hainan Boao Evergrande International Hospital is able to use innovative products that have been approved in the US and EU, even if they are not approved in China yet. This is a big step for innovation in China, and as far as we can tell, China's healthcare market will continue to open up.

Thirdly, China continues to encourage the entry of foreign companies and foreign capital into China. This is very positive for the future development of China's pharma industry. Just recently, for instance, we see that many pharma and biotech companies, including Indian generic companies, are preparing to enter China. This is a signal that China is hoping to further open and develop the China healthcare market.

For Winhealth, we have a solid foundation and a great track record of success over the past 13 years, so all these changes represent a fantastic opportunity for our company to grow and develop

further.

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