

Interview: Toshifumi Tada Managing Director, MT Pharma Singapore

“We have always perceived Singapore as the gateway to Asia.”

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Toshifumi Tada, Managing Director of MT Pharma, shares the significance of Singapore to their presence in the region, the strategic direction of the company to “open up the future,” as well as their partnership efforts with local communities.

With the company recently establishing its legal entity in Singapore in April 2016. What is the significance of Singapore to the global company at large? Why is the suitable time for expansion?

Our entrance to Singapore was not necessarily due to the potential of the market here itself, but due to its socio-political stance in the region. We have always perceived Singapore as the gateway to Asia. Historically, our presence in the South East Asia region had only been in Indonesia, which was established since 1970. Outside of Indonesia, our operations in the region were only through distributors. When faced with a decision to continue on with our current mode of business or to expand into the market with more depth, we opted for the latter option and decided to establish more of a presence here. The first step was to set up a representative office in order to prepare for the future incorporation of the company and gain visibility whether there is true potential to expand our business in the ASEAN region. Having received affirmative answers internally, we had decided to set up a legal entity here.

In regards with the timing, we had launched several diabetic products in Japan which we also want to expand to this region, as well as other products in the pipeline for CNS. There are also a repertoire of other products which we want to introduce to the region given its profile, and therefore we believe it is imperative for us to take our operation as step further.

Having originally set up the representative office two years ago and receiving validation for the region’s potential in a rather short time span, what are the factors that makes Singapore an ideal location as a gateway to Asia?

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Looking into several critical factors in the likes of business costs and accessibility to the market, alongside the risks associated with them, we decided to set up a legal office in Singapore as it was

an opportune time for us. Given that the majority of our business is still in Japan, we saw a need to expand our business as growth factors in the country are hindered by the financial and insurance dynamics at play in Japan. Therefore, we decided to expand to markets like the US and Europe and we foresee Southeast Asia as our next growth driver. Having had the two-year experience with our representative office surveying the compliance environment here, we ultimately want to set up a regulatory hub function in Singapore which would offer crucial support for our operations in the neighboring countries.

The challenge in this region is that although it is easily grouped into one categorical name as ASEAN countries given their geographic proximity, the diversity in these places is immense, with great variance in the economic degree in the pharmaceutical market as well. Aspects such as religion, socio-economic environment, as well as regulatory and label requirements are complex and highly specific to each country. There is a growing demand in the region, but the supply is still low, which is a challenge we want to tackle. Having a distant presence solely in our headquarters in Japan is insufficient, because we need to be present and closely manage the region in order to understand its nuances.

How does the move into ASEAN speak to the corporate strategy to “open up the future” for the company?

The genesis for this strategy was primarily to address 4 main challenges, one of which is US market penetration. Given that the majority of our business is still in Japan, one of our main target for expansion is in the US given its size and prowess. Our US presence has traditionally relied on licensing arrangements and royalty revenues. Although we had research and clinical operations in that market, we did not have any commercial functions until fairly recently, which we aim to grow in the next 5-10 years.

Outside of the US, our next strategically most important markets are China and the ASEAN region. In the upcoming month, we are hoping to place a Regional general manager for ASEAN to oversee the region, which speaks to our commitment here. Once our regional head is fully established here, the next step is to look into growth in markets like Thailand, Vietnam, Malaysia and Philippines, for which we have historically only operated through local distributors. One of the priorities for having a regulatory office in Singapore is to get the products in our pipeline approved so we can also commercialize them optimally throughout the region.

Given that most of your products are in therapeutic areas such as diabetes and CNS wherein there is a saturated amount of competition in the market at large, what is your competitive advantage in these landscapes, especially against the more established MNCs players with a strong presence in the region?

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Our company has four main therapeutic areas, namely: autoimmune, diabetic and renal, CNS and vaccines. These are four very competitive markets with strong players, but we believe in the value that our products provide to the patients. For example, for our diabetic and CNS products currently in the pipeline, our focus is to find a particular patient segment and bring an incremental advantage to them, relative to our competitors. We are looking into niche markets and offer significant benefits that specially cater to their needs.

Is there a strong potential for diabetic and CNS product in the region? Do you believe that these are unmet medical needs for ASEAN countries?

I believe so. The epidemiological profile of the ASEAN countries calls for therapies like diabetes. As most of the countries here are still in their economic development phase, the therapy pattern is actually slowly shifting from communicable diseases to chronic diseases. Therefore the majority of the market had predominantly been for antibiotics or other drugs for communicable diseases, however, there is a rising demand for therapies for chronic diseases such as diabetes, CNS and cardiovascular failures. We do believe our pipeline caters will affect the future trend of market demand. The key is to optimize the products which will offer the most benefits to a specific market segment.

Given that the business has been largely Japan-centric, as well as US-centric to a certain degree, how have you tailored your strategies from these developed markets, in order for them to resonate to the developing economies of the ASEAN region?

From my personal experience, there needs to be a fundamental understanding the “common sense” in Japan might not work to enter into these markets. For example, we cannot frame our strategy based on the universal healthcare that is widely available in Japan given that access to healthcare is one of the core issues for many societies in this region. Moreover, the quality of care does not par those of the developing countries and therapies need to be paid out of pocket. In the phase of development, there is still a wide discrepancy between the rich and the poor. One of the first steps for me is to establish a rapport with the locals “from physicians to business leaders” in the market and gain local knowledge and insights in order to understand the underpinnings in the market. It was evident in my discussions with the locals that there is a hunger to absorb the technologies and capabilities that we have in developed countries in order to elevate the standards of healthcare in their countries as well.

MT Pharma has also built a reputation for itself to go beyond just providing a product but also to contribute to the healthcare system. What are some examples of these initiatives?

A prime example of our work is a project we did in Jakarta where we help build a healthcare center for women. Prior to our contributions, there was only a small community center for women to give birth in highly unhygienic conditions, with only one doctor and a nurse. We also conducted a doctor forum with a Japanese speaker to share some of the practices in Japan as a whole and not necessarily geared towards our therapies in particular.

Do you believe these efforts help your commercial position or are they done mostly as a moral obligation?

Both. As a new entrant to the market, these efforts help elevate our reputation in the country, which enables us to hire stronger talent. Moreover, our genuine desire to contribute to the society has a reciprocal benefit for us to foster local engagement and create a more intimate relationship in the ecosystem that we are in. Our bottom line focus cannot simply be on the financial returns because we also want to be a respected name in the communities. We want to solidify our partnerships with the local communities and communicate that we have a strong level of commitment with them.

What are your strategic priorities for the next three to five years of the business?

Our short term goal for the next three years is to get the pipeline out in Singapore and to the surrounding countries, and ultimately add more value to our patients. As we do not have operations in other parts of the country yet, parallel to our product development goal is to establish optimal business operations in different countries. This does not necessarily mean having a presence in every market, but deciding on which mode of operation, either through a local subsidiary or distributor network, is best for our company in a specific country.

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