

Interview with Mark Yang, Country Manager, Hospira Taiwan

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he Taiwanese market for Hospira today?



Hospira is a US-based company, which used to be part of Abbott Laboratories. A major part of the portfolio for the company is devices, which is mainly driven by its Medication Management Systems (MMS) portfolio. The rest of the company's focus is in pharmaceuticals, with a portfolio led by the innovative molecule precedex. Compared to other Hospira affiliates around the globe Taiwan is a little different, as we are very strong in terms of our device business. Within the MMS portfolio, Hospira Taiwan is strongest in two areas: one is large volume infusion (LVI) devices and the other is patient control and analgesia (PCA) devices. In these two areas Hospira Taiwan monopolises the market with over 90% market share.

Around 35% of Hospira Taiwan's business portfolio is focused on pharmaceuticals. This is an area where Taiwan is becoming very exciting for the company, due to the impending healthcare reforms. All pharmaceutical players in Taiwan, whether they are innovative companies or not, are experiencing difficulties in this market under the current system. A vicious circle has been created between the BNHI, the hospitals and the manufacturers that has led to unsustainable price cuts in the past. The new reform will address this problem, and this makes Taiwan a very interesting place to be right now.

You started work spinning off Hospira from Abbott Taiwan in 2004. By 2006 you had become country manager. Today you have over 90% market share in your chosen device niches. Did you create this market or did you just move aggressively into it?

We moved very aggressively: as part of Abbott we had around a 67% market share. When Hospira moved out under its own roof the company became more aggressive in this segment and fought for the accounts of our competitors. Today we control around 95% of the market.

The reason that Hospira was spun off from Abbott was that the segment that Hospira now covers was being under-resourced and under-developed as one division of a large company. In Chicago there was some discussion and eventually the senior management team decided it was wise for the corporation to consider spinning off part of the business and letting it flourish and grow itself, and have its own funding and resources.

In 2006 you had been working at Abbott for two years, designing the way that you wanted to position Hospira once it launched onto the market in Taiwan. What kind of thought processes were you going through at that time?

At that time I had been assigned to Abbott as the transition manager for future Hospira business. For those two years I went through lots of different practices I had experienced in past companies and markets, having worked in the pharmaceutical and medical device industry for over twenty years. Before the assignment in 2004, I was in sales and marketing, where my main job was market demand generation. When I took on the assignment as transition manager I suddenly had to tackle regulatory, quality, staff, organisation and legal affairs: I even had to locate myself an office space! Everything was new to me, but I relished the challenge.

Since that time, has your strategy worked? What would you highlight as being the most successful elements of Hospira Taiwan since 2006?

We are very focused on medical devices, and we have worked to strengthen our leading position and consolidate the market share we have earned: achieving 90% was not an easy job. Abbott already around 60% of the market, and as Hospira Taiwan we have never lost a single account. Naturally, with a 60% market share in a certain segment, the majority of your resources will be allocated to that business. If you want to beat the competition and conquer more of the market, you have the resources to be able to do it. This was a strategy that Hospira adopted. Another was to bring the entire medical device team from Abbott over to Hospira. Since that time we have had a turnover rate of zero. This was crucial because it ensured our continued customer intimacy with Abbott's old clients.

You already have so much market share. Once you reach 100% what are you going to do?

That is the issue we are facing today. The device market is saturated. Our next move in the device segment will be to move to the upper value chain. This is product evolution. Hospira used to sell hardware, but our global strategy is to move into a stage where we will be focusing more on the software side of the business. Hardware is just hardware at the end of the day: in order to add value to our offering we can develop more complex devices by creating software that makes our devices more intelligent: smart pumps. This will allow Hospira to compete higher up the value chain.

These new technological developments will come from the USA. Hospira is a very US-centric company. 65-70% of Hospira's global business revenues come from the US, which is not yet that healthy compared to other big pharma companies, who tend to have a domestic market focus of around 55-60% and the rest focused internationally. Hospira is much more US-centric, and as a result all technological developments come from the US. It might be feasible for Hospira to establish manufacturing facilities in Taiwan, but today of course, Taiwan faces manufacturing competition from across the strait: China has much cheaper labour costs and their technology level is constantly on the rise.

What do you tell your managers and how do you think they view Taiwan? How important is this market and Asia Pacific for Hospira global headquarters?

Taiwan is developing itself as a centre of excellence for medical devices, and this is also true of Hospira's Taiwanese team. Hospira Taiwan has a very skillful, very experienced sales and marketing team, who is currently providing lots of support to Hospira's China team, as I am also manager of Hospira Taiwan's device business. The Taiwan team goes to China frequently to help our distributor become more fluent and skillful with our devices. In this way, our distributor in China can provide much better aftersales service to the customer or the hospital.

We've spoken to a surprisingly large number of multinational companies that are using Taiwan as a base to export talent to China. Is that something that you have developed through your experience in China, Taiwan and also in Hong Kong?

The language and the cultural similarities are stronger between Taiwan and China than between Hong Kong and China. Taiwan is not as fluent in Western culture as Hong Kong. We also don't have any cultural or language barriers with China. So when foreign investor companies think about potential talent pools, Taiwan is not too bad an option if you want to recruit someone you can trust, and that can help you to bring some new ideas to Mainland China without the usual complications. Whereas previously I was the one being selected to go and work in the Chinese market, I am now the one sending over staff from Taiwan: both my former product manager and my business manager are now in Shanghai.

You did an MBA in the US. How has that helped you coming back to Taiwan and working for an American company?

The MBA programme, which originated in the US, helped me to fit myself very practically into a US corporation, especially as a result of thinking process that you learn in such a programme. In the US, the programme can really nourish you, and it has enabled me to work with my colleagues in the US and Australia in a much more rationalised manner. We don't have any difficulty communicating about new business models or business ideas or business language. I would say that helped me, and I would also say that being born in Taiwan helped me to fit into the local scene. I can work here without any barriers, unlike American born Taiwanese or Chinese. Sometimes these people have difficulty integrating back into the Eastern culture.

All the Taiwanese managers we have interviewed have said that you definitely need to be Taiwanese in order to be a good general manager in Taiwan. What skills do you have personally that have helped you be successful in your position here at Hospira?

Over the past six years, with the two-year transition and four years as general manager, I have definitely grown. Hospira Taiwan's sales revenues have grown to the point that the company here now competes with big pharma. While the product portfolio was still under the Abbott umbrella it was achieving annual sales revenues of around U\$ 13 million, but last year Hospira Taiwan brought in around U\$ 18 million. Our overheads have not increased; the organisation remains the same, which has led to the affiliates net profit soaring. Of course the price cut last year was a big hit, taking around 10% off the market for Hospira. I am however very pleased with my performance as general manager here.

What are your ambitions for your future career?

I have a special affection for this particular assignment. I have worked for several big pharma companies throughout my career, such as J&J and MSD. However, I had never had a chance to experience life from a general management perspective. The Hospira assignment is my first. Because I started the operations here, I have a personal attachment to many of the achievements the company has made, such as registering products in Taiwan, China and Hong Kong, and even finding the office. This job is very different to my previous experiences, because there I was always taking over someone else's job. Starting Hospira's operations here, especially from a systems and process perspective has been incredibly interesting and challenging. I grew the product offering to a sustainable level. I feel like an entrepreneur. Hospira Taiwan is my baby.

Do you have a final message that you would like to send to the readers of Pharmaceutical Executive?

The big question being asked of Taiwan today is 'where to next?' People are excited about the future development of the market here. The general managers here should not however not just be talking about the changes, but actively participating in shaping the future and doing something to contribute. The synergies or the team spirit across the Taiwanese pharma industry could be

stronger: we are still relatively weak when it comes to working collectively to influence the BNHI, the DOH, the and the market itself. There is currently no central focal point where opinion makers can really get everyone together and form a unified body that can talk to the DOH and the hospitals and bang on the table. When this is established we will be able to change something and to shape our own futures.

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