# Interview with Prakarn Kunothai, Country Manager, Great Eastern Drug

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Great Eastern Drug

Pharmaceutical Executive, highlighting the milestones in the company development since you took over five years ago?

Unilab is the biggest pharmaceutical company in the Philippines, with a market share of over 20 percent which it has consistently maintained for more than three decades. Its portfolio includes some of the biggest prescription and consumer healthcare brands in the country, and like in the Philippines, Unilab in Thailand has a long and rich presence with our own production facilities. GED is different from local generics for instance: they focus on the hospital sector, while we focus on the self-pay and drugstore markets. We were market leaders 30 years ago, but we lost market share to local generic companies.

Still, GED has shown strong growth indicators over the past years. How have you been able to grow the business?

In my first year I discontinued the generic products as they were not profitable. Back then we had close to 300 SKU, today we are at 80. We decided to rather focus on our core brands and extend their brand equity.

Over the past years, we have been optimizing our portfolio and have developed new initiatives in a move away from generics, which led to annual double digit growth. The main growth driver has been our flagship brand Decolgen, which through rebranding and changes in marketing strategy has been performing remarkably well. We also have Solmax, which we believe will be another blockbuster.

In the medical channel we have one core research product, a calcium channel blocker, in which we have a lot of faith as well.

Rather than go into the areas where we would meet competition from big pharma such as Sanofi and Novartis, we have developed our calcium channel blocker in a unique niche position. The product is truly the best and does not have a generic competitor, and on top of that the product is placed on the reimbursement list in Thailand due to its vital nature.Through these GED top products and a strategy away from generics we saw 100 percent growth in the past 5 years.

How do you see the divide between the different sales channels â?? hospital, pharmacy â?? develop?

We have three pillars today: the self-pay channels for our OTC products, the medical channel in which we have our niche position, and several generics which we approach in a more opportunistic way. The three of them have thirty percent compiled average growth. For the calcium channel blocker it grew from 30 million to 130 million, and Decolgen from 95 million to 250+ million Baht. We will reach 700 million turnover up from 350, with much less SKU. This year we also launch a fourth channel: Health & Wellness. It is not strictly pharma, but in Health & Wellness we see major opportunities to contribute in a profitable way. We are currently testing the waters and will invest more incrementally to minimize risk.

You have your own production facilities in Thailand; would you outline the capacity and the quality standards of the facilities today?

Our production is relatively small today. Given our production size we cannot compete with big generics company when it comes to capacity, while big generics company cannot compete with Chinese and Indian companies. That is why I decided five years back to restructure our facilities to make them lean and efficient. We produce tablets to support our main products Decolgen and cough medicine, but also vitamins. The facilities adhere to GMP PIC/S.

How do you expect ASEAN integration to impact on the future of the GED business in the region?

Unilab Group has a deep understanding of Asia and affiliations in Indonesia, Vietnam, Myanmar, Hong Kong, Malaysia, Singapore, and China. We are excited about the opening up of the market to 600 million consumers as it will provide us with easier access to provide our products throughout the region.

ASEAN integration will further connect our countries together, and Thailand, given its strategic location and manufacturing capabilities, can definitely benefit. Medical tourism will also grow as a result and will grow the private sector in Thailand, which is also interesting for our innovative products.
A challenge will be that skilled workers can move around freely throughout ASEAN; I expect many highly-skilled employees to be tempted by the possibility to move to Singapore for instance, where they can earn three times as much as here.

Given your extensive experience in the Thai pharmaceutical industry, what would you highlight what you expect to be the most important developments in the industry in the coming years?

Growth in the hospital channel has certainly slowed down; today, it is the drug store channel where the growth can be found and that is where GED holds a strong position. The drug store channel represents a much smaller part of the market in terms of overall value, but it will grow significantly in coming years.

Furthermore, we see the healthcare coverage for the Thai population becoming better and better. The government is expanding coverage of the so-called Universal Healthcare, and the people receive the benefits. The ultimate proof of the quality of our healthcare system is that it is growing into an example for other countries in the region.

Many pharmaceutical companies, especially innovative ones, have to adjust themselves and have to grow up with the change.

What is your final message to the readers of Pharmaceutical Executive about the opportunities present in Thailand and GEDâ??s role as a frontrunner in the Thai pharmaceutical industry?

All executives looking at Thailand should be aware of the challenges that cost-containment poses. It is a matter of controlling cost either by improving internal processes or production excellence. We are doing both.

Looking at GED, we have been in Thailand since 1961, and ever since we have been recognized as one of the pioneer healthcare companies in Thailand. We remain committed to sustainable business growth today and in the future.

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