

# Javed Ghulam Mohammad CEO, AJ Research & Pharma, Malaysia

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*Javed Ghulam, CEO of AJ Research & Pharma, offers insights into the dynamic pharma industry in Malaysia and what it takes to be a competitive player in the region.*

**Being part of AJ Pharmaceuticals Holdings, what is the scope of operations specific to AJ Research & Pharma?**

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AJ Research & Pharma is part of the Aljomaih Group. In 2014, there was a decision to enter the healthcare market and Malaysia was chosen as the center of operations for the industry. AJ Pharmaceuticals was formulated in 2014 and comprises of two subsidiaries – AJ Research & Pharma (AJRP) focusing on pharmaceuticals and biosimilars and AJ Biologics (AJB) mainly focusing on vaccines. AJ Pharmaceuticals had a recent development in Europe after acquiring a vaccine company in Denmark called Statens Serum Institut (SSI).

At AJRP, we are focused on patient treatment whether it be prescription drugs, health supplements, or herbal. When we started in 2014, we began by licensing European products for the Malaysian market. We strongly believe these products are some of the highest quality to bring to the market. AJRP has a full-fledged operational team in Malaysia and we have a strong presence in Asia, particularly in Pakistan, Singapore, MENA (Middle East and North Africa), the Philippines and Vietnam.

### **How has AJRP developed since it first entered the healthcare industry in 2014?**

We started by acquiring the brand “Chewies”, a children’s multivitamin, from the Chemical Company of Malaysia (CCM). We expanded the brand in Malaysia and took it to ten other countries around the world. Originally, AJRP started as a pediatric health company which later developed more segments in its portfolio such as women’s health and now, cardiometabolic products.

AJRP is one of the fastest growing pharmaceutical companies in Malaysia. In terms of growth percentage, we have one of the highest in the industry – between 70 and 80 percent annually. However, as a new company, we still have a low base. In three years, we have expanded into three Asian markets and three Gulf Cooperation Council countries. The company started with a zero-base portfolio and now we have around 70 products which we market across Asia. In 2014, we started with a staff of six employees and have since grown to more than 300 employees. Our expansion strategy of introducing innovative products in both the private and public segments across Asian markets has allowed AJRP to grow exponentially.

### **How is AJRP adapting its service offerings to meet the needs of the markets it covers?**

Our business strategy in each market is unique as we adapt our product portfolio to the country. AJRP follows the needs, strengths, and dynamics of each market. For example, the Malaysian market has a well-established acceptance of health and food supplements. Therefore, our business model was to begin marketing multivitamins and supplements and gradually enter the prescription pharmaceutical area. This strategy is specific to Malaysia based on the established market demand for nutraceuticals. However, in the Philippines, we are focusing more on a prescription based pharmaceutical portfolio. Moving to Vietnam, the country has the third highest prevalence of hepatitis in the world so most of the product portfolio we offer is in hepatology, gastroenterology, and liver production.

Another important segment in our market is the prevalence of halal medicines. Most of our products, other than the branded generic pharmaceuticals, are halal certified. When it comes to herbal supplements and consumables, this is a very important segment as about 65 percent of the Malaysian consumer market are part of the Muslim population. Many consumers are reluctant to take medicine because of the non-halal factor. We can expand the market and make medicines available to this part of the community if we produce halal products. People who were reluctant to take the medicine will give us better compliance and AJRP can provide better service for this

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community.

### **What was the rationale behind establishing the company's headquarters in Malaysia?**

In Malaysia, the government is supportive of foreign investment and there are many incentives for doing business in the country. We say high potential not only for launching a business, but also room to grow it in the future. AJRP is now planning to set up a manufacturing facility here in the country as all the resources needed to set up manufacturing operations already exist in Malaysia and the infrastructure and industrial parks are very well developed.

Another big advantage of Malaysia is that the country is a member of the Pharmaceutical Inspection Co-operation Scheme (PICS). This is very beneficial for companies looking to later distribute their products in any regulated market around the world. The manufacturing processes will have already gone through very stringent guidelines. This perception of quality standards will help to penetrate foreign markets around the world and in the region. The harmonization happening in Asia will sooner or later be comparable to that of Europe, granting access to one of the largest emerging markets in the world.

### **How would you assess the intended healthcare program of the new government?**

Looking at the overall situation of Malaysia, the country is going through a lot of pressure in terms of economic performance. In the healthcare sector specifically, the newly elected government is working to improve the system in the country. Malaysia has a highly subsidized public system which is being challenged by the rising costs of health care. The government is placing a high value on generic medicines to ease the burden of health care costs. It is important to the country's economy that the generic industry is given acceptance in the market and have an opportunity to flourish.

Another government change that has been noticed in the industry is that policymakers are not encouraging the undue protection of local companies. Previously, all companies participating in the tender process had to go through *Pharmaniaga*. A revision of the tender process is aiming to create a levelled playing field for all industry players. If special treatment is given to the local industry, sooner or later they will become complacent and ineffective. This change is good for both the local industry and foreign investments. Without government protection, local companies will be motivated to improve their services, quality, value development, and technology to stay competitive. This is positive for the industry and will drive the market forward. This equality will also attract investment to Malaysia. By seeing Malaysia as a fair market, foreign companies will have a greater opportunity to establish a presence in the country and in Asia.

### **What is the expansion strategy of AJRP to further establish itself as an industry player?**

Our current strategy for expansion is through targeted acquisition. We aim to acquire companies with a solid revenue base and with manufacturing facilities if possible. AJRP also has partnerships with foreign technology providers. We often partner with European and American companies to bring unique technologies and products to Asian markets. For example, the market is currently being flooded by probiotic products. AJRP has introduced a probiotic with published clinical data to be able to make proper claims. This way, AJRP's product portfolio is differentiated from competitors. It is

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very difficult to convince doctors with a claim on a label that is not backed up by research. In Malaysia, companies cannot make claims for health care products without proven data as support.

We are only contract manufacturers, but we are planning to build a facility in Malaysia in the upcoming years. Our strategy is to first establish our market then to expand into manufacturing. Indeed, the period from the initial development of a product to registration can take up to two and a half years in Malaysia. Setting up a manufacturing facility right away without a market will result in the factory being idle while a product is established. Therefore, we are building the image of the company first so that from the very first day, the facility will operate at its optimal capacity.

### **What makes AJRP the partner of choice in Asia for companies looking to enter the region?**

Coming to Asia, there are many common factors across the region. Obesity, cardiometabolic diseases, and diabetes are widespread in Asia. AJRP has products which can meet the needs of seven markets. Trying to find partners to cover seven markets separately can be a very complicated and difficult task. However, dealing with AJRP can offer our partners tailored services to seven markets with a single partnership.

At AJRP, we understand that a top-down strategy implemented across all markets does not necessarily work. Each country has its own needs which must be realized. AJRP is always using local recruitment to select the right talents for each market. From there, we establish a strategy based on the unique dynamics of each market. We are an ideal partner because in each of the countries we service, we have an intimate knowledge of that market. Basic principles of quality and compliance will not change from the corporate level, but we build marketing models specific to our locations.

### **What is your vision as CEO for leading the company in the future?**

Our main priority is to have a strong presence and be a leading player in the Asian region. The main markets we are focusing on are Malaysia, the Philippines, Singapore, and Vietnam and we are very focused on our growth strategy. We want to introduce more innovative products and establish AJRP as a strong branded generic manufacturer. We should be synonymous with quality consciousness and dedication to the communities we are serving. AJRP is an aggressive player that takes risks and sets trends. We can be the primary partner from marketing, logistic, and cultural points of view in the Asian market for foreign organizations.

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