

Yun Ho Kim CEO, SK Plasma, South Korea



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SK Plasma is a blood plasma company that was spun off from SK Chemicals in 2015. Its CEO, Yun Ho Kim, offers his insights into the company's vision to establish itself as a leader both domestically and globally, and how past preparation, such as the establishment of the Andong factory in 2018, stands them in good stead to achieve this goal.

SK Plasma was founded as Dongshin Pharma in the 70s. What capabilities have you developed that positions you to be a global player?

When the company was founded, its mission as a plasma pharmaceutical company was to develop its expertise in the field and mature into a global company. In pursuit of this mission, the company was spun off from SK Chemicals Life Science business in 2015 and was established as a new corporate body.

Moreover, SK Plasma has completed the construction of a new fractionation factory in Andong with enough capacity to cover the entire Korean market. One critical capability and prerequisite to becoming a global player in the plasma industry is economic scale. Our original facility in Osan could not meet the manufacturing quantity demanded. While there were still opportunities to export products, this was restricted, and SK Plasma could not become active in the export market. Now we can meet global demand and are constantly increasing our manufacturing volume.

I would like to consider these developments as part of our journey to strengthen our position in the domestic market and grow the company as a global player in this industry.

What are the current preparations SK Plasma is making to globalise and establish itself as a leading plasma company?

Currently, we are focusing on three business priorities: increasing sales in the domestic market, global expansion, and setting up a toll manufacturing system. As a young company, it is perhaps too early in our development to compare SK Plasma with the leading global plasma companies. However, one distinctive strength we have is that our employees are highly motivated and energetic. We tend to make decisions quickly and efficiently vis a vis issues such as regulation and exporting and possess the capacity for flexible decision making. A further advantage that SK Plasma possesses over established players is our ability to offer customised solutions to serve the domestic market.

Our three main product areas are albumin, gamma globulin, and antithrombin. However, to better serve the domestic and global markets, we should add more new products and make variations of the existing products. This will allow us to serve more patients for their convenience. Thus, in the future, SK Plasma will develop products in the Fibrin Sealant market in addition to other areas where we have not previously developed products. These projects are still in the planning phase, so we are yet to develop a concrete timeline for this endeavour.

In order to better position SK on the global level, SK must further invest in the development of its human and capital resources, where there is still potential for significant growth

What are the key changes and recent trends within the plasma industry?

In this industry, local companies have been fostering quality human resource and advancing R&D capabilities as it is very unique. The estimated value of this market globally is USD 25.4 according to MarketsandMarkets and its size is growing every year. Plasma products are designated as essential drugs and under intensive care and are registered on the Drug Shortage Prevention Programme. Blood plasma products have high production costs compared to other synthetic products, sometimes up to four times the cost. As a result of the high production costs, some products fail to meet the breakeven point. Consequently, being included in the Drug Shortage Prevention Programme List guarantees a minimum margin for the company.

As the barriers to entry in this industry are very high, only a limited number of players exist worldwide. Consequently, entering a new market is also challenging without acquiring another company in the industry. In countries without the right technology to produce plasma products, governments must take initiative to develop this industry to become self-sufficient. Not only is SK Plasma developing our domestic capabilities, but is also expanding our global market reach, targeting developing countries to provide plasma products where such capabilities don't exist locally. In general, this overseas expansion is achieved by making CMO agreements for toll manufacturing systems.

How is the falling supply of blood donations in Korea impacting SK Plasma's ability to produce a constant supply?

The majority of the blood plasma we use is provided by the Korean Red Cross. However, in Korea, the falling birth rate and rapidly ageing population is resulting in a fall in the rates of blood donation and creating a shortage nationally. Therefore, to meet both domestic and global demand, we cannot rely on the domestic plasma supply. Nonetheless, SK Plasma is setting up plans to address this issue. We already source low-cost blood plasma and produce new products in a more economical way. Moreover, we are trying to acquire an overseas blood plasma source so that we can secure a smooth and stable supply for blood plasma.

Given the strict regulations relating to the gathering and source of blood, to avoid contamination, finding a reliable source is paramount. The blood plasma that we are importing is from the US and there are strict safety checklists to verify the quality of the blood plasma that we import. We import sources that are safety-wise qualified. The Korean MFDS also upholds these quality standards.

What are your next key goals?

My overarching goal is to grow the company. It will not be easy in the short term, but my vision for SK Plasma is to become the leading domestic company. Once we have established SK Plasma domestically, the next stepping stone is to enter the global market.

Mere will, boldness and plan cannot realise tangible success. Therefore, we should accumulate small yet actual success cases, continuing to develop new products, and have our employees keep a global mindset to compete in a bigger market.

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