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# Thailand:

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## Critical Need for New Investment

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“**N**ow that Thailand can guarantee healthcare for a vast number of our people, we are on our way to becoming the medical hub of Asia. This year only, more than one million foreigners received our high-quality healthcare. Other countries in the region might try to position themselves as healthcare hubs too, but we are different with our modern hospitals and good qualified human resources (HR)” claimed Dr. Prat Boonyawongvirot, permanent secretary of the ministry of health (MOH).

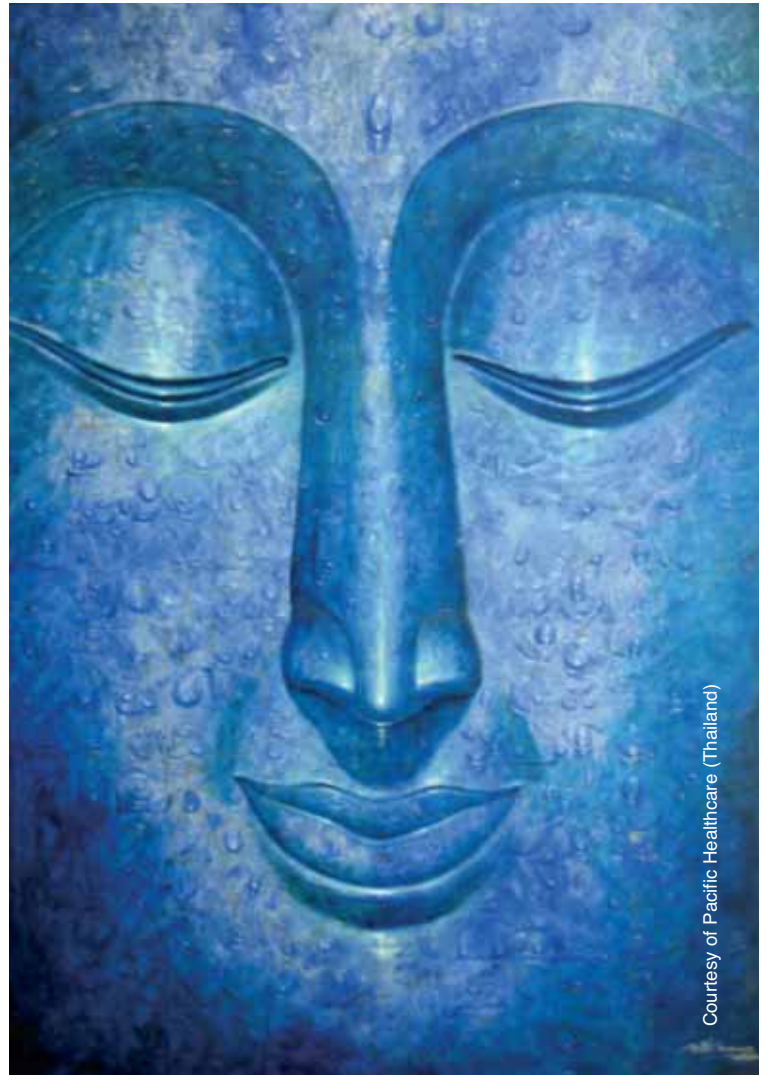
Thailand might already have become a medical tourism destination but the country still needs to sort out serious issues on its local market as the country healthcare system is largely underfunded, the country depends on imported drugs and APIs, local companies are lagging behind in terms of manufacturing practices and international pharma companies have delocalized their production to neighboring countries.

### *Universal Health Coverage scheme*

The challenge for the self-proclaimed “Land of Smiles” is to manage the sensitive combination of international competitiveness and social justice.

“The quality of healthcare is very satisfactory,” says Dr. Prat. “Today, 47 million people are covered by the new 30-Baht Scheme, the Social Security Scheme covers another 10 million and the rest of the population is covered by a civil servant scheme. In our Kingdom, everybody is guaranteed access to healthcare.”

The pioneering 30-Baht Scheme (also known as Universal



Courtesy of Pacific Healthcare (Thailand)

The pioneering 30-Baht Scheme (also known as Universal Healthcare Coverage) Dr. Prat refers to was launched in 2001, covering six provinces and all MOH hospitals. The idea of offering cost-subsidized healthcare at the point of delivery wooed millions of low-income people. Eligible patients registered with hospitals closest to their homes and needed only to pay 30 baht (about 71 cents in US currency) for a hospital visit for treatment of all illnesses. Apart from guaranteeing healthcare to the lower income group, the 30-Baht Scheme has enabled people who were not covered under any program to access necessary medical treatments. Previously, a visit to the hospital required a fee of 200 baht (around \$4.50) or more.

The new government, appointed last fall following a bloodless military coup, has already declared that the 30-Baht Scheme will be replaced by free medical treatment throughout the country. “Hospitals won't be richer or poorer whether or not they receive 30 baht,” said the new public health minister Mongkol Na Songkhla.

**This sponsored supplement was produced by Focus Reports.**

**Project editor : Mary Carmen Luna Matuk.**

**Project coordination and advertising : Ines Nandin.**

**Editorial contributor : Frederic Chouraki.**

**Art Director : Marie Chevallier.**

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## Thailand Report



Dr. Prat Boonyawongvirort

increasing cash flow pressure for the stakeholders.

### GPO fulfilling the need of the Thai people

The first company to be hit could be the state owned Government Pharmaceutical Organization (GPO). GPO enjoys the benefits of the government's former pharmaceutical market regulation and holds a near monopoly over the supply to the public sector. (Under the old regulation, public hospitals were legally obliged to purchase 80 percent of their drugs from the GPO and only 20 percent from private organizations.) GPO plays a prominent role for locals as the producer of the simplest drugs like penicillin and paracetamol and as the manufacturer of complex cocktails for the treatment of HIV and AIDS.

Today, the state-owned company produces more than 200 items, most of them medicines included in Thailand's essential drug list. GPO also manufactures herbal medicines, biological products, and vaccines for diseases including Japanese encephalitis (JE) and diphtheria-polio-tetanus (DPT).

"GPO fulfilling the need of all Thai people. Therefore, we have to focus on producing generics by volume and we have to be able to constantly increase capacity while maintaining quality. Our goal is to become the leading generic pharmaceutical manufacturer in Thailand and the near region in producing medicines of standard quality at reasonable prices," claimed Lieutenant General Mongkol Jivasantikarn, GPO's managing director.

"We have a primordial role to serve the

But there is a cross-the-industry fear that this could harm the already insufficiently funded healthcare programs, and together with the price erosion put

pressure for the

needs of our population in case of emergencies like the bird flu and other diseases of the developing world that Multinational Corporations (MNCs) or indigenous manufacturers are not able to supply," he summed up.

"We would like to have good new products that can be exported. We also plan on maintaining our leadership position in the country. Ten years from now, all our facilities will be brand new, even our headquarters. We will be the leaders in South East Asia", he promises. New facilities are a way for GPO to significantly increase its export activities.

Currently, GPO continues its R&D on the second line ARV drugs which are no longer under patent protection. "We are applying for WHO-GMP Prequalification Inspection and expect to get the approval and be certified by April of 2007" says Lt. Gal. Mongkol.

### Reducing dependency on imports

Like most key players of the pharmaceutical sector, Lt. Gal. Mongkol stressed the importance of annihilating the endemic dependency of the Kingdom. "We have to save our budget to reduce the number of imported drugs. We must develop our own products and be a self-sufficient economy (...) We can't do this by ourselves. That is why we are constantly looking for partners."

Participants across the board are fighting Thailand's dependency on imported pharmaceutical and raw materials. The Thai government hopes that promotional privileges and incentives through the Board of Investment in Thailand (BOI) will enhance the national industry. To do so, the BOI has come out with an investment promotion policy specifically related to the pharmaceutical industry.

"The pharmaceutical industry is one of the key sectors for our economy, especially when we are talking about the wellbeing of our people. Therefore, we would like to enhance investment with the thought of manufacturing more drugs in the

Kingdom," says Satit Chanjanavakul, Secretary General of the BOI.

### Meeting higher standards

"In the past, we only promoted the API manufacturers, but in August last year we saw an urgent need to upgrade the manufacturing standards of our indigenous manufacturers," recalled Satit. We agreed then that we would work together to help them upgrade and reach international standards." In order to be competitive on the manufacturing side, it was decided local manufacturers should comply with the international Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme (jointly known as PIC/S) by 2008.



Lt. Gal. Mongkol Jivasantikarn

The pharmaceutical projects that BOI chose to promote will receive import duty exemptions on machinery and exemptions of five to eight years on corporate income tax, depending on the project's location. These incentives were designed with the purpose of encouraging existing drug manufacturers in the country to improve their operations and invest in new factories.

It will also be required that all BOI-promoted pharmaceutical companies achieve Good Manufacturing Practices (GMP) standards that correspond with PIC/S within two years of beginning operations. To Satit, the upgrading of the standards should definitely position Thailand as a prominent pharmaceutical player.

"The upgrading of the companies' standards would certainly not have been possible without our seven years of lobbying," said Chernporn Tengamnuay, president of

**"Ten years from now, all our facilities will be brand new"**

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the Thai Pharmaceutical Manufacturers Association (TPMA). TPMA represents the local pharmaceutical companies and helped the BOI and Thailand's FDA, the regulatory body that controls drug registration, meet and discuss these matters.

"Thailand joining PIC/S is a big breakthrough for the local industry because it guarantees all the drugs produced in Thailand will be manufactured with the highest standards. This will protect the consumer while helping to develop Thailand as the future generic hub for the region. We couldn't keep out of the world trends, so sooner or later Thailand had to adopt the harmonization center based in international standards in order to be competitive both in the region and the world," explained Chernporn.

### GMP pioneers

Among the 171 privately owned Thai companies, only a handful already comply with GMP standards and chose, from scratch, to focus on quality. Biolab for example has been present in the country

for more than 25 years and was the first company to meet GMP standards. For the last eight years, the company has invested non-stop in order to enhance its competitiveness, aiming to become a regional player. Last year, Biolab invested \$10 million in a facility for injectables, becoming the only company in the country manufacturing these products.

Another GMP pioneer was Siam Pharmaceutical, which modestly started up in 1966 as a pharmaceutical trading company with first-year revenues of just 2 million baht (\$56,200). Forty years later, it has grown to become Thailand's leading private pharmaceutical group with an annual turnover of 1.5 billion baht (\$47 million).

GMP is no novelty for Thawan Cheukarndee, chairman of Siam: "GMPs were implemented in our plant years before they were first introduced in Thailand and later enforced by the authorities. To further assure the effectiveness of our products, we started doing our bioequivalence studies 30 years ago," he

remembered.

### Regional integration

The Association of Southeast Asian Nations (ASEAN) harmonized standards could be seen as one of the factors influencing cross-border business opportunities but also a more standardized quality platform in the region which would force companies to comply.

ASEAN integration and harmonization is seen by Prof. Pakdee Pothisiri, former secretary



Satit Chanjavanakul

**"The pharmaceutical sector is one of the key industries for our country"**

general of the FDA as a great opportunity for the local industry: "We will take the regional harmonization into consideration. We have already adopted the common technical dossier and a common technical requirement. Once this is all put into place, I don't see why we couldn't become one of the pharmaceutical hubs in this region," he explained.

The FDA has in the past been a great contributor to the modernization of the industry. Prof. Pakdee mentioned the creation of the one-stop center that, besides accelerating the process of registration helped strengthen the links between the administration and the industry. "The work environment is completely different, so is the way in which we offer our services. It is actually similar to the private sector. By showing the way, we are trying to get the local industries to change their behavior and to become more service-oriented," he said.



Production at GPO's plant



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*We Innovate Healthcare*

# Multinational Corporations Wanted

**S**atit Chanjanavakul, secretary general of the Thai Board of Investment (BOI) is confident that Thailand will gain a regional position: "Our geographical location makes us the gateway to the ASEAN region. We also have great infrastructures, which makes it very easy to reach all the countries in the region," he concluded.

Nevertheless if it is to claim the status of regional hub, Thailand will first have to attract Multinational Companies (MNC) back. Although MNCs outperform their local counterparts by 39 percent versus only percent in local gross margins, even if most MNCs still have incorporated local subsidiaries, they have already gradually shut down all their Thai production facilities.

Global trends to centralize manufacturing, lower import tariffs in Thailand, rising local labor costs, and access to low-cost outsourced manufacturing may explain the situation.

"In the past years a bunch of multinationals have moved manufacturing facilities from Thailand to other countries in the region. It is true that with the globalization trend and the US-Thailand Free Trade Agreement [FTA], MNCs will look to establish their manufacturing facilities in other ASEAN or Asian countries that give better incentives than the Kingdom. As local manufacturers, we are not content with this situation. We hope that the new BOI privilege can encourage MNCs to come back and invest in Thailand," said Chernporn Tengamnuay, president of the Thai Manufacturers Association.

The BOI has grasped the question and sent great incentives towards multinationals. "We have recently widened our policies to include the promotion of finished products," said Satit. "Since we have informed people of our new policies, we have received a number of requests from MNCs to discuss them. We will be eager to see them coming back," he claimed.

But not everyone shares his optimism. For Peter Jager, head of Novartis Thailand, it's the legal framework that needs improvement, as he thoughtfully summarized this relative disaffection of MNCs: "we recently did a survey of Swiss pharmaceutical companies and found that the research and development spends in Thailand are less than two percent of sales," he said.

In manufacturing, no investments at all are seen today. The reason why this investment level is so low is that Thailand still does not offer a proper protection of Intellectual Property [IP] Rights for innovative pharmaceuticals. Also, the process of

## First Ever Thai Manager at the Head of Pfizer's Local Operation



Manu Sawang-Jaeng

**Manu Sawang-Jaeng, country manager of Pfizer for Thailand and Indonesia, is proud to be the first Thai ever at the head of this subsidiary. "I am sure that my 30-year experience in sales and marketing will make Pfizer maintain its leading position. Good proof of this is that the performance of Pfizer Thailand and Indonesia after my leadership from March 2006, is the top of the curve in Asia," he boasted. Pfizer's key to success is, according to Sawang-Jaeng, based on the "drive our advantages in size, reach, and productivity" philosophy. Pfizer, with nine percent of the total sales, is the leading MNC in Thailand.**

**"We have to take advantage of our largest product portfolios in the pharmaceutical industry and expand our market to increase business," he said. "What differentiates us from our competitors in the industry is that we always focus on our people in terms of motivation and compensation." As a strategy to remain at the head of the game, Sawang-Jaeng stressed the importance of introducing new products. "Today, the generic local industry is becoming more competitive and stronger, so indigenous manufacturers are able to benefit from low-cost APIs that they can import from India and China. We have to concentrate on and accelerate the introduction of new drugs in the market."**

obtaining patents is lengthy, cumbersome, and exposes the innovator as a result. I strongly believe that investments in research and development in Thailand can be a multiple of what they are today—that is, if the Thai government addresses this issue and sets a clear IP protection environment that is effectively enforced as it is in some other countries in the Asia Pacific Region, such as Singapore."

## Greater IP enforcement needed

What is needed to re-attract MNCs is a better and less complicated regulatory system as well as IP enforcement.

"Thailand's pharmaceutical patent laws are generally seen as being up to the standards of many of the world's developed nations, but in one or two areas are clearly deficient. It is in these areas that the competitiveness of Thailand is undermined when compared with its neighbors," said Edward Madden, director of the IP department of Tilleke & Gibbins, a Bangkok-based law firm that serves as external legal council for the Pharmaceutical Research and Manufacturers Association (PRMA). "A lot of the reform that is actually needed relates almost directly to matters of interpretation and implementation of laws which already exist," he added.



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Among the principal areas of deficiency are unreasonable delays in obtaining a patent, and the inability to effectively enforce patent rights. While the US-Thai FTA provided the opportunity to create a viable and attractive system of IP laws, which would have made Thailand more attractive to industry, it appears the opportunity may have been lost.

"History has shown that IP laws have only been enacted in the Kingdom as a result of international pressure rather than any sound economic analysis, and this stance is not reassuring for those involved with leading- or cutting-edge technologies," said Madden. Two issues have arisen in favor of enforcement. The first is enforcement against counterfeits, which are endemic in Southeast Asia, fake medicines made out of inert materials like glue and chalk. "WHO has estimated more than 10 percent of medicines worldwide are counterfeit. That's a frightening statistic, like Russian roulette," warned Edward Kelly, a senior partner at Tilleke & Gibbins. The other is enforcement against unfair competition by copy products that are granted market approval by the FDA despite being covered by a patent that would otherwise preclude the drug from being on the market. "In Thailand, this phenomenon occurs because we have no formal patent linkage system," said Kelly. "This is a reform that is urgently needed."

### A bright future ahead

But to Somgiat Mahapun, Janssen-Cilag's managing director for Thailand and Indonesia, these legal loopholes will gradually disappear: "Thailand has had product patents since 1992, so the threat of generics is fortunately decreasing. This is a good thing for multinational companies. The challenge remains for the local ones, since they have to raise the image of the local product in the eyes of doctors and patients. Furthermore, they have to develop alliances with the research companies for marketing new products as well."

Oncology is a priority field for Janssen-Cilag, a subsidiary of Johnson & Johnson, along with hematology, pain, and central nervous system (CNS). "One of our main fields of development is currently anti-psychotic drugs. Marketing these types of drugs in a country like Thailand was a major challenge. The market was previously very small and I believe Janssen has expanded the market tremendously together with Eli Lilly and AstraZeneca by introducing all these atypical antipsychotic drugs," said Mahapun. "A major challenge would be to broaden this market in CNS since the business comes mainly from the governmental sector, where the money allocated to mental health problems is minimal."


In the coming year, Janssen-Cilag will also be looking into biotechnology with its flagship product, Eprex. "Our challenge now is to maintain our market share as we are faced with many biosimilars for this product. Actually, our company is the second-largest biopharmaceutical company worldwide. Unfortunately, we don't have access to those products for Thailand," said Mahapun. These constraints don't prevent him from considering a bright future, especially since Thailand is on the verge of becoming a clinical research hub.

### Becoming a clinical trial hub

Janssen-Cilag already has a separate Global Clinical Research Organization (GCRO), which deals with early-stage trials and reports directly to regional headquarters. "As the country manager, I am trying to lobby with corporate so we can perform more early stage-clinical trials locally," explained Mahapun. "When we look at the market, we see that it is growing exponentially. We have good researchers who will help in conducting clinical research in the early stages. Also, Thai doctors are getting the opportunity to gain international exposure. Therefore, they are paving the way to acquire credibility for this kind of thing. This is a very good experience for the country in order to develop our own research."

Most MNCs predict a bright future for Thailand as a clinical research hub. In their view, it could be a win-win situation for the industry as well as the medical profession in Thailand. "What we are trying to do is maximize the number of clinical trials, so that we can leverage our presence in Thailand and do cutting-edge clinical research with interesting compounds, said Novartis' Jager. "This will also aid Thailand in becoming a medical healthcare hub. We can do some technology transfer, we can do a lot of training, and I think that many Thai doctors are very appreciative of these kinds of activities."

Novartis Thailand is the most dynamic and best-performing subsidiary within Novartis in the region, ranking the fifth-largest MNC in Thailand in overall operations. Today, the group has taken a step forward, complying with the parent company's highest standards to conduct clinical research.



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## Roche to Double Sales in Three Years

Though Roche ranks seventh in Thailand in sales according to IMS, it was the fastest-growing MNC over the second half of 2006. "The fact that we are the fastest-growing company quarter to quarter is a nice position, but quarters don't make pharmaceutical companies," said Robert Mitchell, general manager of Roche Thailand. "Our success clearly depends on the people. Starting right from the beginning, from the point of view of recruitment and selection, you have to make sure that you're bringing the right kind of people with the competencies you require into the organization. It is important to make sure you have the right kind of performance management processes to measure those people."

The company's strategy will be to enhance certain innovative products, identify new trend diseases, and launch as many products as possible. "We have a very innovative group of products, probably one of the best in the industry. Therefore, we need to make sure we know what those innovations are, what their value is, and that we're able to communicate that to all our stakeholders in the marketplace," Mitchell noted.

Roche and Thailand have a long history, as the MNC has been present in the country since 1973. At that time it was just distributing products through DKSH. It was only by the mid-90s that it established its own subsidiary in the Kingdom.



Robert Mitchell

"We really started to focus on our strategic products, on the ones that have innovative and competitive advantages in the marketplace," said Mitchell. "We have restructured our organization accordingly and although it wasn't a major reconstruction, it was a fine-tuning to create a focus on those strategic and promoted products."

Mitchell definitely considers Roche Thailand as a specialty care company with major strengths in oncology and transplantation, whether it is renal disease or viral diseases like hepatitis B and C.

To Mitchell, the real future for Roche lies in the synergies between pharmaceuticals and diagnostics. "Biomarkers, for example, are innovative medical tests which are expected to facilitate drug development by providing early indication of likely success or failure, and which may help focus the development of new medicines toward specific subgroups of patients who are most likely to experience a benefit," said Mitchell. Roche has already pioneered this "personalized medicine" approach with Herceptin, which is the first medicine on the market linked with a novel diagnostic test. "This approach will become increasingly important in the future, as we intend to bring more and more innovative, clinically differentiated products to the market," he added. With this strategy Mitchell is confident that Roche can double its sales within the coming three years.

# The Biotechnology Fever

"We don't want to be perceived as a low-cost country as we are on our way to building a knowledge-based economy." According to Prof. Dr. Pornchai Matangkasombut, chairman of the Thailand Center of Excellence for Life Sciences (TCELS), smart collaborations and partnerships among government, universities, entrepreneurial companies, and investors, both within and across national boundaries, will contribute substantially to Thailand's ability to capture the value being created.

TCELS is a non-profit, government organization established in 2004 by royal

decree from the King of Thailand. Its establishment followed the development and execution of a strategic and innovation-based private public partnership (PPP) between the US-ASEAN Business Council and 12 of its member companies. Today, TCELS mostly plays the role of a one-stop service center helping investors to do overseas outsourcing. 25 years ago, Thailand already had sufficient research and development infrastructure to qualify as an international center for genetic engineering and biotechnology.

*Biotechnology leads the drive toward a knowledge-based economy*

Public-private sector cooperation is adding strength to the industry. New incentives in drug discovery, stem cell, DNA, and genomics research all underscore the potential being realized and the investment value in Thailand's biotechnology sector. "Since we assessed the potential of this field, we have created some bio-investment incentives," explained Satit Chanjvavnakul, secretary general of the Thai Board of Investment (BOI).

Incentives to invest in Thailand are offered in two forms: tax and non-tax. The BOI also offers new corporate income tax



Prof. Pornchai

economy in the Kingdom," said Satit.

### The BIOTEC breakthrough

Biotechnology is definitely a priority sector for the country. Thailand has set a target to become a center of biotechnology research and development in Asia with the goal of investing more than \$125 million and establishing more than 100 new companies in the field. Operating under the oversight of the National Science and Technology Development Agency (NSTDA), Thailand's National Center for Genetic Engineering and Biotechnology (BIOTEC) supports development in biotechnology through conducting research and development projects, facilitating the transfer of technologies from overseas, and promoting public understanding of the benefits of biotechnology.

"When we started the National Center 23 years ago, we focused on building the infrastructure and developing human resources," noted Dr. Morakot Tanticharoen, director of BIOTEC. "We started out by setting up a medically specialized laboratory in collaboration with Mahidol University. That was where we started our activities in medical biotechnology. Since then, we have given 700 scholarships for our academics to go abroad and gain expertise."

Reinforcing biotechnological development, Thailand has formulated the National Biotechnology Policy Framework in line with the government's policy of promoting self-sufficiency and enhancing the country's competitiveness. Two years into the program, the results are, to Dr. Morakot, entirely fulfilling. "With the top guys in the committee, we can really push to make things happen. We have the full support of the most important bodies in the government and

we can get agreements on the things we consider essential to boost biotechnology in the country. For example, when we suggested to the government that we needed to set up a biopark to foster Foreign Direct Investment [FDI] and research and development, the government approved the budget so that the Thai Biopark attracts more MNCs."

### The Thai Biopark

The Thailand Science Park is the major physical manifestation of Thailand's commitment to research and development in science and technology. Today, out of 60 companies in the park, 17 are involved in biotech. "Our park is divided into two



The Biotech building

**"BIOTEC would really like to work as a partner, not as a recipient"**

parts. One we call 'the incubator' where companies can rent space in the building, or at our pilot plant, to set up their lab using their own people. The second one is where they build their own research center," explained Dr. Morakot.

Within the policy, BIOTEC also has a plan to develop research for tropical diseases. "We think we have a lot of opportunity in this field because a niche for Thailand is biodiversity," Dr. Morakot

pointed out. "One of our biotech focuses is to add value to biodiversity; therefore we are combining the biodiversity program with the tropical diseases research. With this combination, we can create a genomic outcome. This triangle put us in a good position."

If Dr. Morakot is conscious that, for the moment, multinationals are keener to inject capital into countries like Singapore, she refuses to see this situation as a curse. "In terms of investment, we are not as good as Singapore, but money is not the only thing, and we do have something that Singapore is lacking in: HR. In Thailand we have highly qualified people who have been trained abroad constantly bringing innovative ideas into the Kingdom."

"BIOTEC would really like to work as a partner, not as a recipient. We believe in partnerships and we guarantee that we can provide our future partners with good facilities and excellent HR power," insisted Dr. Morakot. For example, the Drug Discovery Partnership aims to find potential use of microorganisms and natural compounds as sources of innovative medicines.

As one of the first MNCs to take a chance on Thailand, Novartis won't be the one to contradict. "We see a growing biotechnology sector with a growing focus on healthcare. Thailand offers a unique biodiversity that may prove an excellent source to discover new drugs. We at Novartis have started a joint research project with the BIOTEC institute to do exactly that: help discover new drugs out of natural resources found in Thailand. The project focuses on technology transfer, training, and pharmacological assays on substances found. It's a long shot but we are hopeful of finding one or more interesting active substances in the next few years," said Peter Jager, country head for Novartis Thailand.



Dr. Morakot, director of Biotech

# A Dispensary Market

**"** If you work for MNCs, changes are natural, you will always be facing new openings and different challenges in different markets and you have to be ready to take them."

According to Patrick Bruhlmann, CEO of the Hong Kong-based distribution company Zuellig Pharma, the Kingdom is very much driven by customized customer demands and high expectations from blue-chip pharmaceutical companies. Like many countries in the area, Thailand is a dispensary market where 66 percent of medications are directly distributed to hospitals. Distribution is under two main players (DKSH/Diethelm and Zuellig) sharing 95 percent of the market. Another important variation is the mechanism of prescription and dispensing of pharmaceutical products. In Asia, medicines are prescribed and dispensed at the same place. Hospitals give prescriptions and then dispense, as do doctors. Therefore there is very little release of prescriptions across pharmacy channels.

## Delivery within 24 hours

As an exclusive distributor, Zuellig acts on service agreements and charges a percentage fee for services. "In Europe, USA, and Japan you have typical wholesaler markets. For example, they will buy X or Y product at \$100 and sell it for \$105, hopefully keeping the \$5 profit. We operate differently, because we buy for 100 sell at 100 and earn a small service fee on the transaction," explained Bruhlmann.

With more than 300 salespeople servicing MNC customers, Zuellig makes sure its products are going into the right channels. It also performs a lot of secondary repacking and labeling in order to customize imported products to local market needs. Zuellig usually operates as a central distribution system. "We have a large, fully temperature-controlled facility where everything is stored. We take orders and invoice about 5,000 to 10,000 orders every day and make sure that everything is delivered within 24 hours. The 24-hour delivery is almost always possible unless we face very adverse climatic conditions," explained Bruhlmann.

## A real focus on niche markets

Because of the toughness of the distribution business in the country, an opportunistic company like Pacific Health Care (PHC) has thoughtfully chosen to follow another path. This marketing and distribution company has been present in Thailand for more than 40 years. Today it has more than 300 employees, the majority of whom are in marketing-related roles, and it has a turnover of \$25 million. PHC provides marketing and sales services to the medical community (hospitals and clinics) and over-the-counter (OTC) channels, including direct-to-consumer marketing and sales services to the modern trade retail channel. "We have been able to develop a one-stop solution for high-quality healthcare and related products," explained Cyrille Frederik Buhrman, Pacific Healthcare's managing director. "Another key

ingredient for our success has been our ability to concentrate on specialized niche imported consumer health, medical devices, and pharmaceuticals markets and become dominant in such areas."



Cyrille Buhrman

HR is another competitive advantage that allowed PHC to enjoy such a dominant position. "We excel at bridging the gap between East and West thanks to a workforce consisting of several key Thais who have either been Western educated or heavily exposed to the West," said Buhrman. "They are capable of successfully applying Western knowledge to the local market."

In the future, PHC intends to remain a niche player, focusing on specialized and value-added products. Furthermore, the company is expanding into the ASEAN region. "We see that many companies want to be present in these markets, but they do not identify them as strategic markets," said Buhrman. "This is why they chose to outsource us to be their distributors here and take care of their businesses. PHC is determined to keep on bringing innovative products into the region, strengthening collaboration with leading companies and help improving the quality of life."





Janssen-Cilag is the most comprehensive and broadly based manufacturer of healthcare products.

We are striving to research and develop products to find the solutions for unmet medical needs

The primary mission is to provide high quality products and services to help heal, cure disease and improve the quality of life.

The company is leading in the next generation of drug delivery system and creates a new universe of drug therapies.

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## The Medical Tourism Boom

**M**edical tourism could give a boost to the pharmaceutical industry in Thailand. The Kingdom enjoys top-quality hospitals that profit from an increasing number of international tourists attracted by world-class medicine at developing-world prices. Hospitals such as Bumrungrad, Samitivej, or Bangkok General are considered magnets for medical tourists. The others are big private hospitals that are starting to do some similar things. "Just going in to some of these hospitals, you'd think you would have walked into a hotel," said Robert Mitchell, general manager manager of Roche Thailand. "People travel from the US to be cured for half of what it would cost in their country, and the physicians and surgeons doing the operations have often been trained in the US or the UK."

At present, Thailand has 40 private hospitals and is expected to have a total of 60 by 2008. Out of the \$4 billion that the region is expecting in medical tourism, Thailand will attract 47 percent. The

### Thailand received over a million medical tourists last year

Bumrungrad hospital, located in the heart of Bangkok, will be at the lead.

Founded in 1980, Bumrungrad is the largest hospital in all Southeast Asia with 554 beds and the capacity to take care of 3,500 patients per day. It receives more foreign tourists than any other hospital in the world. Bumrungrad has benchmarked itself as the first hospital in the world to receive

ISO 9001 certification, the first hospital in Thailand to receive the Thai hospital accreditation, which complies with Canadian standards, and the first in the region to receive specialty accreditations to treat complex heart diseases. It also has the largest clinical trial center in ASEAN, a strategic area for the future development of the business. Newsweek called Bumrungrad "Asia's first internationally accredited hospital and one of the most modern and efficient medical facilities in the world." It listed Thailand's largest private hospital first amongst 10 "world-class destinations" including hospitals in Germany, France, the UK, and the US.

Surfing on the wave of medical tourism, Bumrungrad has already paired up with Thai Airways International to offer foreign patients package tours combining medical treatment with sightseeing.



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Pacific Healthcare (Thailand) Co., Ltd. 229/1 South Sathorn Road, Bangkok 10120  
Tel:02-210-9898 Fax:02-212-5323 <http://www.phc.co.th> E-mail: [phc@phc.co.th](mailto:phc@phc.co.th)