

# HEALTHCARE ASIA

The magazine for healthcare administrators and policy makers

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## GOING BEYOND EFFICIENCY

HONG KONG HOSPITAL AUTHORITY CEO  
LEUNG BRAVES THE BUDGET BLUES TO  
KEEP HK HEALTHCARE ON TOP



BUMRUNGRAD'S DR. WATSON

WHY INVEST IN ASIAN  
HEALTHCARE?

HEALTHCARE GAP



ALLERGAN

MOST DYNAMIC COMPANY IN GROWTH PHARMA

**INNOVATING  
ASEAN CARE**



Southeast Asia is fast becoming a hub for the healthcare sector, with medical tourism becoming more mainstream rather than a novelty. Dr Yong Chern Chet, healthcare sector leader, Deloitte Southeast Asia, believes that 2015 will see the true emergence of new business models and blending of well-established healthcare stakeholders, ie provider, producer, and payer. These are blurring the traditional divide between the businesses and the entrants of new parties into healthcare.

"Potentially, we expect to see health insurance schemes from hospital groups, healthcare services or medical facilities from pharma/medical device companies, insurance companies setting up healthcare facilities or investing in medical start-ups, technology giants and telco getting into healthcare via a technological healthcare platform route," says Dr Yong.

The growth is not without its challenges and, for the healthcare industry as much as any other sector, money really matters. Dr Yong says that the rapid rise in demand for healthcare services has created an imbalance and will, as a result, skew the price of healthcare, further compounding the problem.

"The way forward goes back to the discussion and exploration of new business or practice models for healthcare consumption," he adds. "The healthcare industry should start to do things differently quickly as we do know that by doing things the way they have been done, the problems will not be truly solved and they will get worse. There are already many real world scenarios/model to observe this kind of outcome," Dr Yong concludes.



The challenge of tech transfer

**Vietnam healthcare firms struggle locally**

The biggest challenge for Vietnam's leading healthcare companies in the coming years is to figure out how to build a manufacturing base in the country, despite a wobbly operating environment. A Health Intel Asia report published recently discussed a wide range of opportunities and challenges for pharmaceutical companies and medical device makers in Vietnam. In this report, Damjan DeNoble, founder and managing director of Health Intel Asia, reveals that manufacturing is in many ways the final frontier by which these firms can create growth.

Not all dominant players have manufacturing operations in Vietnam, but several have set up facilities to take advantage of benefits granted to companies that are manufacturing in the country. Many of the rest are planning to set up their own domestic manufacturing operations in the next few years due to the clear advantages; especially in improving efficiency.

"A domestic manufacturing base would allow them to lower costs by both cutting out the need to import products, and by triggering a special provision of Vietnamese

law that would give the company distribution rights granted to all local manufacturers," maintains DeNoble.

A domestic manufacturing base in Vietnam will be critical as pharmaceutical companies look to make strong inroads into provinces and device makers attempt to elbow their products into supermarkets. These are expected to offset the difficulty of getting in-market price increases, following the country's economic challenges such as currency devaluations and cost base inflation.

**Government and operating challenges**

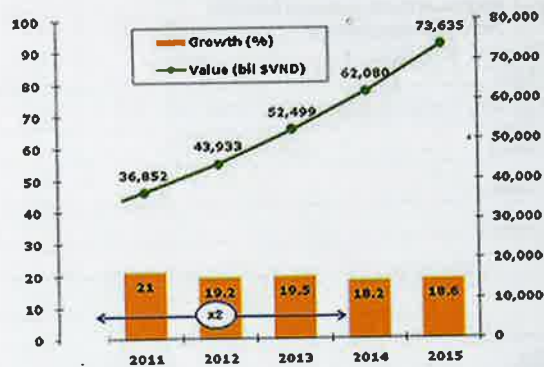
A manufacturing strategy seems, on paper, to be the most promising path for the major healthcare players in Vietnam. But DeNoble says that executives have expressed great concern about the level of interest of Vietnamese authorities in coming up with a clear development agenda for the manufacturing sector of the country.

Healthcare firms are hoping that the Vietnamese government will create a less risky operating environment for their manufacturing operations, by solving outstanding issues such as raw material shortages and reformatting regulations by offering incentives to foreign companies that invest in manufacturing and risk technological transfer in the country.

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**Forecasted total pharma market CAGR at 19%**



Source: IMS, Meridian Vietnam