The pharmacist’s role in diabetes care
Optimizing risk-sharing agreements
Analyzing OTC market trends
Views from around the region
Welcome to the latest edition of The Market Partner, which highlights what is new at Zuellig Pharma and in healthcare throughout Asia.

In this issue, our Feature Story looks at the rising prevalence of diabetes and how this trend is putting pressure on healthcare systems globally. As more people need care, the increasing adoption of pharmacy-based community care is a move that will clearly benefit patients, healthcare systems, and governments.

Healthcare stakeholders and governments are faced with the dual, and sometimes contradictory, challenge of ensuring financial sustainability and expanding access. IMS provides an insightful article that reviews the types of risk-sharing agreements emerging in Asia-Pacific, and discusses the importance of developing a strong healthcare economic model to enable win-win schemes for manufacturers, payers and patients.

OTC specialist Nicholas Hall & Company provides an overview of the world OTC market in 2014 and analysis of Asia-Pacific, which shows that the region overall outperformed the global growth rate.

Meanwhile, the Economist Intelligence Unit focuses on Asia’s importance as a global reservoir of migrant labor and the role that remittances play in various economies in the region. Some countries have become dependent on such inflows to help support private consumption and external balances. Despite the growing size of remittances in 2015, countries will continue to miss opportunities to put this source of funds to more productive use.

In addition, I am delighted to bring you a selection of news about Zuellig Pharma from around the region. This issue includes the launch of a new Life+ shop-in-shop retail concept in Taiwan, the opening of a third Distribution Center in Thailand and details of SSG’s innovative serialization solutions for securing the pharmaceutical supply chain.

I wish you all the best for a productive summer!

John Davison
Chief Executive Officer
Zuellig Pharma
Recognizing risk management excellence

In 2012, Zuellig Pharma partnered with FM Global, a leading commercial property insurer famous for its unique approach to loss prevention, to create a tailored program to reduce Zuellig Pharma’s risk exposure at over 100 facilities. In recognition of individual facilities’ commitment to achieving FM Global’s loss prevention standards, the following sites have received gold and silver awards:

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<tr>
<th>Business units</th>
<th>Facility</th>
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<td>Zuellig Pharma Corporation, Philippines</td>
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<td>Zuellig Pharma Ltd., Thailand</td>
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<td>Metro Drug Inc., Philippines</td>
<td>Taguig City</td>
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* Award categories: Platinum, Gold and Silver.

In addition, a Business Unit Achievement Award was presented to Zuellig Pharma Corporation in the Philippines for gaining awards at four of its facilities. Congratulations to the winners and thanks to the respective teams for delivering operational excellence and upholding the company’s reputation for the highest standards of compliance and quality.

Accelerating as one integrated team in the Philippines

Zuellig Pharma Corporation held its National Sales Conference in March at the Edsa Shangri-la Hotel, Manila, with “A Journey of Transformation: Delivering Better Healthcare Access” as its theme. 2015 promises to be a banner year, with the transformation of the sales organization, and the sales force in particular. As the primary engines of growth, they have committed to advancement in order to become real Trade Business Partners through channel and account management capabilities; a redesigned route-to-market strategy; and enhanced demand planning capabilities. These plans were summed up by Chief Executive Mr. Raymund Azurin as he emphasized three critical paths to growth: commercial and operational excellence, solution services, and organizational excellence and capabilities.

Achievement Awards were conferred on sales force top performers, whose high-impact solutions have significantly contributed to the overall achievement of company goals.

The National Sales Conference delivers a different experience to each participant each year while collectively motivating, energizing, and propelling forward the sales organization to work toward achieving the company’s goals and vision of “Bringing Health to the Community”.

Zuellig Pharma Vietnam gathers sales force for annual conference

The Zuellig Pharma Vietnam 2015 National Sales Conference took place in Ho Chi Minh City in March. The three-day event was a great success, with over 270 sales consultants participating. The Zuellig Pharma Vietnam 2015 National Sales Conference program included sales force effectiveness training on topics such as call plan effectiveness, customer satisfaction, five selling-steps role play and sales incentives. Client training included sessions from AstraZeneca, Bayer, Pharma, Beaufour Ipsen, Euvipharma, GlaxoSmithKline, Leo Pharma, Menarini Consumer Health, Merck Consumer Health, Novartis Pharma, Pfizer, Servier and United International Pharma. The conference also provided the opportunity to celebrate 2014 successes and discuss 2015 initiatives.

Multiple honors at Zuellig Pharma Corporation.

Success for Zuellig Pharma Thailand.

All smiles at Metro Drug Inc too.
YesChain wins highly competitive industry accolades

June 12 was a memorable day for Zuellig Pharma’s retail business when YesChain Taiwan received two Golden Torch Awards from the Outstanding Enterprise Manager Association ROC. The community pharmacy chain was named among the Top 10 Enterprises of the Year while Ms. Kerry Lee, General Manager of YesChain, was selected as one of the Top 10 Managers of the Year.

The awards, co-sponsored by Taiwan Economic and Technological Development Institute (臺灣經濟科技發展研究院), honor enterprises that employ continuous innovation and business advancement to better serve people in Taiwan. This year, over 400 companies entered, with evaluations carried out by a judging panel of 39 industry leaders. At the presentation gala, Ms. Lee received the awards from Taiwan’s Vice President Wu Duen Yi, who praised all the winners for their dedication to innovation and technological development.

YesChain earned its Top 10 Enterprise of the Year accolade for its pioneering Pharmacy Academy, which seeks to develop the professional knowledge and service skills of pharmacists and store associates through a combination of online and classroom training. The Academy provides comprehensive online study modules covering pharmacy operations, including service and consultation guidelines, pharmacy operation standards, dispensing and OTC product knowledge. It supports YesChain’s own store teams as well as franchisees, enabling them to study online anywhere anytime. The Academy is the first of its kind in Asia’s retail pharmacy industry.

Ms. Lee was honored as a Top 10 Manager of the Year for her leadership in transforming the chain into customer-focused community pharmacies, for bringing in initiatives to satisfy customer health needs, and for upgrading the customer experience at community pharmacies.

YesChain currently operates 92 community pharmacies in Taiwan and has 300 staff. The chain, together with Zuellig Pharma’s Patient Solutions, is now preparing to kick off the significant Diabetes Care Solutions project. This integrated program aims to provide Zuellig Pharma clients, the Taiwan community and consumers with a one-stop lifestyle and disease management solution.

Award-winning YesChain team effort: from left, Ms. M. Lee, Supply Chain Manager; Mr. J. Lee, Senior Merchandise Manager; Mr. J. Li, Senior Finance Manager; Ms. K. Lee, General Manager; Mr. A. J. Suen, Senior Operations Manager; Ms. K. Chou, Construction & Facility Manager; Ms. S. Tsai, Training Supervisor; Ms. S. Yeh, Recruitment & Employee Care Manager; Ms. A. Wu, Own Brand Development Manager.

Code of Conduct training moves to e-learning format

In Indonesia, PT Anugerah Pharmindo Lestari (APL) has launched a Basic Code of Conduct e-learning program to enhance staff training. The e-learning program is compulsory for all new hires before they start work. Classroom training and discussions on more detailed Code of Conduct policies then follow in the first few months. APL’s 2,600 employees nationwide have also completed a refresher course on Code of Conduct policies. Compliance with the Code is highly important in staff members’ day-to-day work, and adherence to the highest standards of ethical business behavior is a fundamental ingredient of the company’s business success and trusted reputation.

Shop-in-shop outlet launches in Carrefour

YesChain Taiwan opened a second Life+ shop-in-shop store on May 8. It is located in Carrefour’s “Xi Ke Store” in Xizhi IFG Mall in Taipei. The association with an international retailer such as Carrefour helps to boost YesChain’s contemporary image and increases market exposure. Among the 54-square-meter store’s special features are free wi-fi, a children’s play area, rest chairs, a coffee shop and an imported products area.

From left, Ms E. Chen, Taipei North Regional Director, Carrefour Taiwan; YesChain’s Mr. J. Li, Senior Finance Manager, Mr. J. Lee, Senior Merchandise Manager, and Ms. K. Lee, General Manager; Mr. R. Baitieh, CEO, Carrefour Taiwan; Mr. A. J. Suen, YesChain Senior Operations Manager; Carrefour Taiwan’s Ms. S. Lin, National Clean Dpt. & Pharmacy Business Manager, Mr. L. Wang, Merchandise Director, and Ms. C. Hsueh, Xi Ke Store Director.

APL commemorates Kartini Day

PT Anugerah Pharmindo Lestari (APL) employees dressed in traditional batik and kebaya to observe Kartini Day in April. Kartini is an Indonesian heroine, who promotes gender equality through leadership and education. The celebration brought excitement and energy to APL offices across Indonesia.
Third Distribution Center in Thailand launched

Zuellig Pharma Thailand opened its third Distribution Center, DC3, earlier this year. The fully ambient-controlled warehouse offers 4,500 square meters of storage and can accommodate 5,500 pallets. Prior to going into regular operation, DC3 underwent a thorough inspection and certification by Thailand’s Food and Drug Administration.

Celebrating Merit-making Day

Zuellig Pharma Thailand held its annual Merit-making Day at Distribution Centers 1 and 2 and the office at Ploenchit Center in April, with Mr. Yves Hermes, Vice President Thailand/Indochina, other members of senior management, and staff in attendance. The annual event seeks to strengthen corporate team spirit, morale, motivation and engagement.

Visitors gain inside view of Zuellig Pharma Thailand

Zuellig Pharma Thailand’s DC1 and DC2 Distribution Centers have welcomed several different groups of external visitors this year, including university faculty members, pharmaceutical students, logistics engineering students and hospital officers. Visitor programs normally encompass a classroom presentation and warehouse tour to show the scope of the company’s services, capacity, capabilities and processes. Visitors are welcomed and hosted by the company’s Vice Presidents, Distribution Center Managers, and staff members who are alumni of the visiting institutions.

Movie magic

In May, Zuellig Pharma Thailand staff and families enjoyed the company’s annual Movie Day, featuring *Avengers: Age of Ultron*. Participants were welcomed to the event by Mr. Yves Hermes, Vice President Thailand/Indochina, who appeared via video on screen. Prior to the start of the movie, those attending were also able to take part in an Avenger-themed photo shoot and get-together.

Enjoying the annual Movie Day.
Combating pharmaceutical counterfeiters: evolving regulatory landscape

Governments around the world are taking measures to address this problem by introducing legislation to better protect their citizens from counterfeit medicines. This has led to an evolving compliance landscape in the pharmaceutical industry, with an increased focus on track and trace technology to combat pharmaceutical counterfeiters.

In November 2013, US President Barack Obama signed the Drug Quality and Security Act (H.R.3204) into law. In Europe, the European Union Falsified Medicine Directive (EU FMD) states that all member countries except those with pre-existing local regulations will need to implement and comply with product verification by 2017. Both demonstrate the direction being adopted: establishment of a system for tracking prescription drugs from manufacturing to distribution.

In Asia, China began implementing prescription drug serialization in 2011. This involves assigning and affixing unique numbers to products at different packaging levels, for example, saleable packs, cartons and pallets, in order to track them through the supply chain. Currently, all drugs included on the National Essential Drug List, issued by China’s State Food and Drug Administration (SFDA), require serialization. By December 31, 2015, all pharmaceutical products in China must be serialized. In South Korea, the Korean Food and Drug Administration (KFDA) requires serialization of all pharmaceutical drugs sold or imported into the country since January 1, 2015.

By 2017, it is expected that 70% of global medicines will have to be compliant with track and trace regulations.

Impact of serialization on the pharmaceutical supply chain

Serialization will drive significant changes in the pharmaceutical supply chain. Manufacturers will have to alter packaging to accommodate barcodes, serial numbers, and tamper-proof features. At each supply chain touch point, manufacturers, wholesalers, distributors, hospitals, clinics, pharmacies and other stakeholders will need to track and possibly verify products with a central database. Compliance will require substantial investment and changes to stakeholder resources, technologies, processes and even infrastructure.

As there are, to date, no unified worldwide standards for serialization, and many countries are still in the process of establishing their regulations, pharmaceutical manufacturers will benefit from working with a supply chain partner that has a deep understanding of serialization requirements and local regulatory developments, and experience of serialization implementation. Such a partnership can considerably reduce the learning curve, minimizing costs and time needed to comply with regulatory requirements.

ZPSSG’s serialization service

As part of Zuellig Pharma Specialty Solutions Group’s (ZPSSG’s) continual value creation for clients, ZPSSG has developed a serialization solution to support compliance with track and trace regulations in Asia. The solution has the capability to serialize products at various packaging levels as well as aggregate them by linking the unique serial numbers in hierarchical association.

Quality is assured as the fully validated solution performs automated in-process quality checks on all the products it processes, using high resolution optical cameras and computerized verification. This state-of-the-art vision inspection system verifies the information on products, checking that data contained in barcodes and printed text are correct and rejecting any erroneous print detected on the product via a mechanized ejector. Such a robust system ensures that the barcodes and serial numbers applied are 100% accurate.

Leveraging the common solutions platform that ZPSSG has developed, manufacturers can avoid the high investment costs of integrating a serialization function into packaging lines and enterprise resource planning (ERP) systems. Pharmaceutical manufacturers utilizing ZPSSG’s serialization service can also deploy and serialize products quickly, providing a shorter implementation timeline. The result is a more agile supply chain, which is critical for new product introductions and which will support compliance with aggressive timelines imposed by some countries for future track and trace regulations.

For further details of SSG’s serialization service, email Lucas Tan at cytan@zuelligpharma.com.
People to Watch

The new Market Partner talents who are responding to the demands of our ever-expanding businesses

Through analysis focused on logistics, redressing, inbound and capital programs, he will drive change management to create visibility in ERP systems. He has previously worked as a Process Engineer at Elmech Automations. Padhu earned his Master’s degree in Science Transport and Logistics from the Technical University of Munich in Germany. He reports to Mr. Raj Rao, Vice President Procurement.

Indonesia

Mr. Djagad Prakasa Dwialam has joined APL Indonesia as Chief Operating Officer. Djagad has over 23 years’ experience in sales, marketing, operations and general management in companies such as Procter & Gamble, Reckitt Benckiser, Sari Husada, and GlaxoSmithKline Indonesia. He has also been posted to many different countries during his career, including the Philippines, Thailand, Singapore, and Germany. Before joining APL, he was General Manager at Henkel Indonesia. In his new role, Djagad will lead all aspects of APL business and operations to meet the company’s growth target. He reports to the President Director.

Malaysia

Zuellig Pharma Malaysia is pleased to announce the promotion of Mr. Bryan Ooi to Sales Manager, Ethical Channel, Commercialization.

Regional

Ms. Jessie Tang, Area Director, South East Asia, has become Senior Vice President Client Development. In this new role, Jessie will focus on regional key account management and business development across both Distribution and Solutions. Jessie will continue to oversee Zuellig Pharma Specialty Solutions Group, Singapore and Malaysia, until the end of June 2015. She still reports to CEO Mr. John Davison.

Mr. Yves Hermes, Chief Executive, Thailand, expands his role to include Vietnam, Cambodia and Myanmar. Yves’ new title is Vice President Thailand/Indochina and he joins the Executive Management Team. Mr. Robert Kruit, CEO Vietnam/Cambodia, now reports to Yves. Meanwhile, Yves continues to be responsible for Bangladesh, with Mr. Philip Kan, Managing Director Bangladesh, reporting to him. Yves reports to CEO Mr. John Davison.

Mr. Reto Senn, currently Vice President Business Development in Commercialization, has been appointed Vice President Business Development. He will expand his responsibility to undertake an integrated business development role for the entire company. Reto reports to Ms. Jessie Tang, Senior Vice President Client Development, and Mr. George Eassey, Senior Vice President Commercialization.

Mr. Padmanaban (Padhu) Krishnamoorthy has taken up the role of Business Analyst. His responsibilities cover synthesis of data to deliver analytical insights to business units. Padhu’s main endeavors will involve procurement and operations optimization.

Mr. Dominy Ho has been appointed Senior Product Manager at PharmaLink in Hong Kong. Dominy’s previous experience includes marketing, brand management, strategic planning and business development for various multinational healthcare and pharmaceutical companies. In her new role, she will work closely with clients to execute marketing plans and strategies to maximize the sales potential of different products and brands. She reports to Mr. Gary Cheung, Marketing Manager, PharmaLink.

Ms. Jenny Yeow has been promoted to Human Resources Manager. Jenny joined Zuellig Pharma in 2011 and has been trained to understand and execute an HR business partner model as part of overall HR transformation plans to move from an administrative to a value-added function. In line with this promotion, she will oversee the Human Resource Department. She continues to report to Mr. Daniel Tan, Associate Director, Human Resources.

Philippines

Ms. Ma. Cristina (Cristy) Montalvo has been appointed Vice President for Operations at Metro Drug Inc. In this post, Cristy will take the lead in managing Operations, including warehouse operations, MDD operations, customer service, inventory control, transportation, and master data management. Cristy’s experience covers full supply chain management, warehouse operations, transportation, sales and quality management gained from various organizations, most recently Zuellig Pharma Corporation. Prior to joining Zuellig Pharma and MDI, Cristy worked for manufacturing, services, and logistics organizations. She reports to Mr. Jojit Aguilar, Chief Executive.

Mr. Marc Franck has been appointed Chief Operating Officer at Zuellig Pharma Corporation. Marc will be responsible for all operations decisions and results of
pharmaceutical sales, modern trade sales, distribution, value innovation, customer accounts management, key accounts management and management information systems. He also becomes a member of Zuellig Pharma’s Senior Management Team. He brings with him 20 years’ experience in Asia, spanning Vietnam, Cambodia, Singapore, and most recently Malaysia. Marc has a Bachelor’s degree in Pharmacy, a Master’s in Parasitology and Pharmacology and a PhD in Pharmacology and Pharmacocemistry from the Université Louis-Pasteur in France. Marc reports to Mr. Raymund Azurin, Chief Executive.

Mr. Rodrigo (Dei) P. Bayna has become Integrated Business and Value Services Planning and Development Director. Dei focuses primarily on ensuring business development across the various operations of Zuellig Pharma in the Philippines and integrates and highlights the extensive value proposition the group can offer clients. He will also be responsible for resourcing and launching the various business plans and models for new services and their commercialization. Dei has close to 25 years of management experience in pharmaceuticals and healthcare. He has held leadership roles in sales, brand management and portfolio marketing, business development, strategic planning, channel management and service innovation. He has a degree in Economics from the University of the Philippines and an MBA (Regis) from Ateneo Graduate School. His most recent position in Zuellig Pharma Corporation was Director of the Value Innovation Group. Dei reports to Chief Executive Mr. Raymund Azurin.

We are pleased to announce that Mr. Joel A.D. Javier, MD, has become Medical Director for Zuellig Pharma Corporation. He will be responsible for ensuring all regulatory and compliance requirements are met by the Distribution Business Unit and the Pharmalink Division, especially with regard to Food and Drug Administration requirements, including medical trials and studies. He will also make sure that the medical training of all medical promotions specialists and support staff adheres to clients’ requirements. Dr. Javier will serve as a primary resource for our Value Services Solutions as relates to patient care and related auxiliary services; and represent the company in relevant associations and at medical forums and conferences. Dr. Javier has a unique combination of business skills and medical and scientific acumen, gained over 10 years of local and regional experience within the pharmaceutical/medical device industry, the most recent as General Manager for the Philippines for a multinational ophthalmic company. A licensed physician, he has specialty training in ophthalmology and subspecialty training in cataract, cornea and refractive surgery earned from the Department of Ophthalmology, Massachusetts Eye and Ear Infirmary, Harvard University. He reports to Mr. Roland Gogo, Head of Pharmalink.

Specialty Solutions Group

Mr. Daniel Soh has joined Zuellig Pharma Specialty Solutions Group (ZPSSG) as Operations Manager. Daniel has more than 15 years’ work experience in setting up and managing warehouses and manufacturing lines. He holds a Bachelor of Commerce, majoring in International Supply Chain Management from Curtin University of Technology. Daniel also has extensive experience in driving productivity and lean operations, areas that are crucial to ZPSSG production and warehouse operations. He reports to Ms. Yan Ann Tan, Chief Executive.

Taiwan

Zuellig Pharma Taiwan is pleased to announce that Mr. Johnson Yeh has been appointed National Sales Manager – Trade Channel. Prior to joining Zuellig Pharma, Johnson was Sales Manager – Central Area at Abbott Taiwan. Johnson has 20 years’ OTC sales experience and specializes in developing the local chain drugstore market. He reports to Mr. John Chou, Chief Executive.

The company welcomes Mr. Tony Lee as National Sales Manager – Medical Channel. Tony has over 20 years’ experience in the OTC industry, spending 17 years gaining in-depth insights into key accounts, marketing and management at Mead Johnson Nutrition Taiwan. Tony now takes on responsibility for designing national sales plans and leading the business unit. Tony reports to Mr. John Chou, Chief Executive.

A new arrival at the company is Ms. Maggie Lin, who has become Operations Manager. Prior to joining Zuellig Pharma, Maggie was a Senior Manager at Mikobeauté Taiwan. She has 11 years’ telemarketing and call center customer service experience. At Zuellig Pharma Taiwan, she will help with the development and implementation of the patient solutions service. She reports to Ms. Lily Lan, Head of Patient Solutions.

Mr. Eastman Fan has been appointed Sales Force Effectiveness Manager. Eastman was previously Head of Regional Marketing at Orient Euro Pharma. He has 20 years’ pharmaceutical sales and marketing experience in international companies. At Zuellig Pharma, Eastman will help with the design and implementation of the sales force effectiveness project to lead the evaluation of sales teams. He reports to Mr. Joseph Lai, Head of Pharmalink.

The company welcomes Mr. Vincent Shyu as Business Development Manager. Vincent previously spent eight years at Fresenius-Kabi, rising from Sales Engineer to Senior Sales/Service Manager, and later Product Manager. Vincent reports to Ms. Lilian Chang, Vice President of Operation & Logistics.

Mr. Roger Wang has become Warehouse Manager for the Distribution Center. Roger previously worked as Senior Manager (Director) at Johnson Health Tech. He has more than 13 years’ logistics and supply chain management experience, including working for UPS and DSM-AGI, and is specialized in global supply chain management and production planning. Roger reports to Ms. Lilian Chang, Vice President of Operation & Logistics.

Mr. Julian Wang has been appointed Delivery Manager. Before joining the company, Julian was Senior Manager at Li & Fung Ltd, where he was responsible for logistics operations, especially transportation price negotiation, transportation solution provision and cost analyses for new business bids. Julian is now responsible for the Delivery Department and reports to Ms. Lilian Chang, Vice President of Operation & Logistics.

Mr. Louis Chen has joined the company as Inventory Control Manager.
Louis has previously worked at Foxconn Technology, where he was responsible for inventory management. Before joining Zuellig Pharma, Louis worked at Schneider Taiwan. He reports to Ms. Lilian Chang, Vice President of Operation & Logistics.

Mr. Jordan Lee has become Senior Merchandise Manager at YesChain Taiwan. Prior to joining YesChain, Jordan was Group Category Manager of the non-food division at Wellcome Supermarket chain. With 20 years’ solid experience in fast-moving consumer goods merchandise and sales development, Jordan will work closely with all stakeholders to enable the merchandise portfolio to bring the highest customer satisfaction in both corporate-owned and franchise stores. He reports to Mr. Kerry Lee, General Manager, YesChain Taiwan.

Ms. Sophie Yeh has been appointed Recruitment & Employee Care Manager at YesChain. Sophie was previously Organization Development & Motivations Manager at Nu Skin Greater China Group. She has 12 years’ experience in human resources management and development, having worked for a number of multinational brands, including Mercer Consulting, Standard Chartered Bank, and Air New Zealand in a full-function human resources capacity. Her experience will benefit YesChain business expansion through staff recruitment, motivation and retention. She reports to Ms. Kerry Lee, General Manager, YesChain Taiwan.

Thailand

Zuellig Pharma Thailand is pleased to announce the promotion of Khun Pucknalin Bulakul, Vice President Finance, to the newly established position of Chief Operating Officer. In this role, Khun Pucknalin will be responsible for all operational and finance-related aspects of Zuellig Pharma Thailand business, encompassing logistics and principal services, customer management, and medical devices, in addition to her existing responsibilities in finance, procurement and collection. Khun Pucknalin joined Zuellig Pharma in April 2006 as Finance Manager, and was promoted to Vice President Finance in December 2008. She continues to report to Mr. Yves Hermes, Vice President Thailand/Indochina.

Khun Chaiwat Thianto has been appointed Vice President Logistics and Principal Services. She comes on board with over 15 years’ experience in warehouse, logistics, and client management at DHL Supply Chain, serving key global clients including Nestle, Procter & Gamble, SC Johnson, Pepsi and Danone. Khun Chaiwat reports directly to Khun Pucknalin Bulakul, Chief Operating Officer.

Khun Nucharee Phonpunthi has been appointed Vice President Recruitment & Employee Care. Prior to joining the company, she had spent almost 10 years at Nestle, covering recruitment, training, benefits, and payroll. Khun Kulissara reports to Khun Pucharawalee Ruengcharungpong, Human Resources Organization Development Manager.

Khun Nuppon Ninnernont has joined Zuellig Pharma Thailand as Transport Manager. He comes on board with over 10 years’ experience in functional areas such as sales, marketing, warehouse operations and transport management at various logistics and freight forwarding companies, including CTI Warehouse, Logistics One, Pen-M Logistics, Kuehne + Nagel, and Geodis Wilson. Khun Nuppon reports to Khun Nucharee Phonpunthi, Vice President Logistics and Principal Services.

Khun Kulissara Pattaraduseekul has been promoted to Recruitment Manager after three years as Senior Recruitment Supervisor. Prior to joining the company, she had spent almost 10 years at Nestle, covering recruitment, training, benefits, and payroll. Khun Kulissara reports to Khun Pucharawalee Ruengcharungpong, Human Resources Organization Development Manager.

Khun Ekaluk Rungraung has taken up the position of Training and Employee Engagement Manager. He has spent eight years in human resources, specializing in training and development, employee engagement, international delegation, and recruitment. He has previously worked for Advance Agro, Toyota, Saint-Gobain, and NTT Communication.

Khun Ekaluk reports to Khun Pucharawalee Ruengcharungpong, Human Resources Organization Development Manager.

Vietnam

Ms. Nguyen Thi Mai Truc has joined Zuellig Pharma Vietnam as HR Operations Manager, in charge of compensation & benefits and recruitment. She has over 12 years’ experience in human resources, with nearly eight years in a management position. Mai Truc previously served as HR & Administration Manager at Detmold Packaging Vietnam, a multinational in the paper packaging industry. Mai Truc reports to Ms. Nguyen Hanh, HR Director.

Mr. Nguyen Dang Vu joins the company as Senior Reports, Tax Officer. Dang Vu has spent over six years working at auditing and consulting firms in Vietnam, including Nexin ACPA (now known as Grant Thornton Vietnam) and Ernst & Young Vietnam, providing taxation and advisory services for multinationals in Vietnam. Dang Vu reports to Ms. Nguyen Thi Tuyet Tram, Chief Accountant.

Mr. Ma Truong Chu has been promoted to Application Development Manager. Truong Chu joined Zuellig Pharma Vietnam in 2011 as Programmer and Senior Application Development and has actively contributed to the development of important company projects such as customer relationship management, e-learning, and SOAR. Truong Chu reports to Mr. Vu Quoc Thong, IT Manager.
Relying on remittances in a globalized world

Countries in Asia are missing the opportunity to put money sent home by migrant laborers to more productive use

Asian economies are increasingly important as a global reservoir of migrant labor. The impact on Asia as a whole is large in terms of the reverse flow of remittances, where some countries have become dependent on such inflows to help to support private consumption and external balances. In 2015, slow growth in remittances is likely, with a stronger uplift in 2016, factoring in positive developments in the euro exchange rate, a broader-based global recovery and higher global oil prices. Despite the growing size of remittances, countries will continue to miss opportunities to put this source of funds to more productive use.

Good English language skills and a strong work ethic underpin Asia's performance in the market for remittances. Globally, India and China are the top recipients, with secondary income credits on the current account reaching US$69.8 billion in India and US$41.1 billion in China in 2014. Other Asian nations in the top 10 globally include the Philippines, Pakistan, Bangladesh, Indonesia and Vietnam. All these countries receive between US$9 billion and US$30 billion a year in current transfers, inflows of which provide essential support to private consumption and current account positions. A number of smaller countries are minor players, but much more dependent on remittances. These include Nepal, Tonga and Samoa, where remittance inflows account for more than 20% of GDP.

Dependence on global oil prices and the US dollar

There are several clear financial risks to all these countries as a result of large remittances inflows. One is that immigration policy abroad is subject to sudden changes for local political reasons. The impact of tighter immigration policy in Singapore and Malaysia will be felt across the region as other countries see labor exports grow more slowly. Another example is Pakistan's current attempt to persuade Afghan refugees to return to Afghanistan. Yet clearly the trend is toward a more globalized world. Australia and New Zealand are particularly culturally receptive to migrants, and the economic outlook for the Pacific Islands will be lifted in 2015-16 by New Zealand's decision to raise the limit on seasonal workers from Pacific island states and Australia's decision to streamline its own Pacific island guest worker program.

Further risks include exchange rate volatility. US dollar-based forecasts for remittances likely to be received in 2015-16 factor in the expected appreciation of the US dollar against major currencies, though it needs to be borne in mind that the local currency impact of inflows will be enhanced by the weakness of local currencies. Good examples include Tonga and Samoa, where The Economist Intelligence Unit expects inflows to rise from an estimated US$156 million and US$171 million respectively in 2014 to US$168 million and US$180 million in 2016: in both cases the local currencies are expected to depreciate sharply against the US dollar. The result will be to raise the proportion of GDP accounted for by secondary income credits from 34% to 45% in Tonga and from 23% to 26% in Samoa.

However, some Asian economies will not see much of an exchange rate impact. The Indian rupee will appreciate by the end of 2016, slightly reducing the local currency value of the rise in remittances from US$69.8 billion in 2014 to US$76.7 billion by 2016. The Chinese renminbi will be broadly stable in 2015-16, when secondary income credits will rise from US$41.1 billion in 2014 to US$43.2 billion in 2016. Despite being the largest recipients of remittances, neither country is highly dependent on such inflows.
Is oil the wild card?
A further risk is oil prices, particularly in the case of South Asian countries, whose workers tend to go to the oil-producing countries grouped in the Gulf Co-operation Council (GCC). Despite the large fall in global oil prices, remittances to South Asian countries continued to grow in 2014, as demand for low-skilled labor in GCC countries was maintained. However, some of these countries have announced cuts in capital expenditure on major infrastructure works in recent months, which will have an adverse effect on demand for foreign labor, leading to a slowdown in remittance inflows. On balance, we expect remittances to Asia to grow in 2015-16, albeit at a slower pace compared with recent years, underpinned by firm demand for low-skilled labor.

Aside from the impact of fluctuations in global oil prices, domestic policies in the GCC that favor the nationalization of the local labor force are likely to have an impact on high-skilled workers over the medium to long term. Some countries in the GCC have implemented quotas in high-skilled sectors, but given the slow pace of progress in meeting these in recent years, demand for this group of foreign labor is likely to slow rather than come to a complete halt.

Nepal has seen a slowdown in growth in remittances over the past year, possibly a temporary lull after a large rise in the number of Nepali workers overseas over the past few years. However, we forecast that inflows will rise from an estimated US$7.1 billion in 2014 to US$8.8 billion in 2016, figures that may be exceeded as Nepali workers overseas send more money home following the recent earthquake. Pakistan, Bangladesh and Sri Lanka will see slower increases in remittances in US dollar terms. They will rise from estimates of US$21.1 billion, US$14.9 billion and US$7 billion respectively in 2014 to US$23.1 billion, US$15.4 billion and US$8 billion in 2016.

A financing role?
Remittance flows to developing Asia in many cases dwarf official development assistance and even foreign direct investment inflows in most years. Consequently, remittances from nationals working and living abroad are often the most important item in the current account. This raises the possibility that remittances could be tapped to gain access to finance. Asian sovereigns could issue so-called interest-bearing “Diaspora Bonds” to nationals working abroad, many of whom tend to put the bulk of their earnings into near-zero deposit accounts. Funds raised via this route could help to finance development projects. The use of future inflows of remittances as collateral can in some instances also help to lower borrowing costs and increase debt maturities.

The issuance of such a bond usually involves the creation of an offshore entity that is shielded from sovereign interference. An example of this type of securitization was undertaken by Brazil’s central bank in 2002, which raised US$250 million through a bond securitized by future flows of remittances from nationals working in Japan. The bond earned a credit rating five notches above the sovereign’s rating and an interest rate that was considerably less than the sovereign borrowing rate at the time.

Little has been done by Asia-Pacific economies in this regard. Although there have been some examples of “Diaspora Bonds” in South Asia, there are no examples of securitized investment vehicles in Asia and none are planned for 2015-16. The most dependent economies are countries such as Tonga and Samoa in the Pacific, which struggle with mounting external debts. A further way in which Asia-Pacific economies could make the most of remittances is to work to bring down average remittance costs from the World Bank’s estimate for developing countries of 8%. This is somewhat impeded by anti-money-laundering policies. Despite the risks to some Asia-Pacific economies posed by reliance on remittances, this source of inflows is generally stable and reliable, which should assist economies that seek ways in which to securitize or mobilize this key source of global finance.

Is oil the wild card?
**The Pharmacist’s Role in Diabetes Care**

The rising trend of diabetes is a major global challenge, particularly in Asia, with pharmacists having a significant part to play in patient care and program adherence

By Jay Gitomer, Healthcare Writer • help@zuelligpharma.com

Diabetes is a growing threat to the health of populations around the world. In 2013, the number of diagnosed diabetics globally reached 382 million, a prevalence of 8.3% of the world population. Asia is particularly impacted by the disease. Asian countries contribute to more than 60% of the world’s diabetic population, with Southeast Asia and the Western Pacific being home to 213 million diabetics – one in 12 of their adult populations. China alone contains a quarter of the world’s diabetic population, and half of its population is pre-diabetic. The outlook is for an increase in these numbers. By 2035, the diabetic population in Southeast Asia and the Western Pacific is expected to reach 325 million.

Diabetes care involves a team of healthcare professionals

The critical medical and healthcare needs of diabetic patients are many, but the most fundamental need is education. Patients need to learn to manage the disease on their own as outcomes rely heavily on a clear understanding of the consequences of non-adherence to their care plan. But patients cannot manage their health alone. Diabetes can affect many of the body’s systems, so a team of healthcare professionals is involved in a treatment program.

The first step in treating diabetes is to make lifestyle changes. Patients must manage their own exercise and nutrition. They also have to adhere to their medication schedule, measure and track blood sugar levels, and administer insulin injections. Understanding how to manage daily self-care activities can be difficult. Therefore, a nurse practitioner or a certified diabetes educator (CDE) teaches patients to manage their conditions by tracking blood sugar results, undertaking injections, making good lifestyle choices, and more.

Diabetes treatment is complicated. It requires a healthcare team that includes at least one professional who is aware of all treatment efforts. This primary care provider is usually a doctor, nurse practitioner, or physician assistant.

A registered dietician is another member of the team. This professional helps diabetic patients with their current and changing dietary needs in order to meet goals such as lowering blood pressure, balancing food with meds, losing weight, and making other changes that contribute to the management of the disease. In addition to eating properly, regular exercise can aid in controlling the disease, so an exercise physiologist may be on the team to provide a safe program that helps manage the impact of diabetes and improve overall fitness.

Specialized medical care may be another piece of the diabetes management puzzle. Patients with Type 1 diabetes or having trouble controlling their Type 2 diabetes will need the help of an endocrinologist. Endocrinologists specialize in the treatment of diabetes, as well as diseases that involve the bones and the pituitary, thyroid, and adrenal glands. Patients suffering complications from diabetes may also require the care of an ophthalmologist or optometrist. The American Diabetes Association recommends that diabetics visit an eye doctor at least once a year to check for any changes in the blood vessels of the eye. Ideally, patients should select an eye doctor who is familiar with the diagnosis and treatment of diabetic eye disease. Diabetes can also result in poor blood flow and nerve damage in the lower legs. A diabetic patient should therefore have a podiatrist on the care team. Additionally, people with diabetes are at a greater risk of gum disease, so a dentist who is knowledgeable about diabetes-related oral health issues may be involved in diabetic care.
A pharmacist plays an important role in the care of a diabetic patient. Pharmacists can do more than simply fill prescriptions. Those who are trained well are highly qualified professionals who maintain a profile on each patient that enables them to track the various medications a patient may be taking, educate the patient on possible drug interactions between prescriptions, and warn the patient about the side effects of existing and new prescriptions.

Pharmacists are also capable of doing eye tests. Zuellig Pharma’s Yeshchain pharmacies in Taiwan have been regularly conducting such “roadshows” for communities there, and they have proved very successful. Community-based pharmacists are best placed to take on an increasing role in diabetes care.4

**Adherence is the No.1 challenge in managing diabetes**

Even with a team of healthcare professionals within reach, some patients continue to face challenges in managing their condition. The most common hurdle is adherence. If diabetes is not managed properly and particularly if adherence to a drug program is inconsistent, an individual’s quality of life can be compromised by complications such as damage to the heart, nervous system, kidneys, eyes, and feet.

Complications in diabetes management occur when patients are unable to track their medications, blood glucose levels and insulin injections consistently. Sometimes the problem is simple forgetfulness and other times it is caused by a financial or practical obstacle, such as an inability to afford prescriptions or get to their pharmacy. Sometimes the problem is that patients do not understand the negative effects of failing to manage the disease. They may not understand how to take the medication, may not believe that the medication is necessary, or may just dislike taking drugs. In many cases, after taking medication for some time, patients think they feel better and no longer need to continue their drug program. However, many of these patients will find that their illness will return for the worse. These are challenges that a pharmacist can help patients overcome.

The reasons underlying failure to adhere are complex. Demographic factors play a role, with ethnicity, socioeconomic status, and education levels all being associated with the level of adherence to a diabetes care regimen. Psychological factors, primarily a reluctance or refusal to understand the seriousness of the disease, can degrade adherence. Other psychological reasons include a lack of trust in the efficacy of the treatment or in healthcare professionals, a fatalistic view of the disease’s outcome, and confusion about the logistics of self-management.

Social factors play a role as well. Patients with strong family and social support tend to adhere to their regimens best. On a similar note, close relationships with members of their healthcare team result in better glycemic control.5

**The changing role of the pharmacist**

Today, community pharmacists increasingly play a critical role in diabetes care and adherence. The reasons for this evolution are multiple. Diabetes patients may see their doctor only a few times a year. Visits to the doctor can be hard to schedule or costly, and some patients have a general reluctance to enter a medical office. Pharmacists are easier to access. Patients can walk into a local pharmacy and talk to a pharmacist without having to wait weeks for an appointment or spend a morning in a waiting room. Patients tend to trust their pharmacists and they are perceived as approachable and knowledgeable.6

Patients are not the only ones who recognize the benefits that a pharmacist can provide in the treatment of diabetes. Increasingly, healthcare organizations...
use pharmacists to assist in the monitoring and management of patients with diabetes. Pharmacists themselves are also stepping up to help their patients improve self-care practices. Pharmacies can benefit from running diabetic care programs, either by becoming eligible for government funding or simply by increasing foot traffic into their businesses and thereby growing their sales of non-medical products.

Global pharmacy practices for diabetic care patients

The International Diabetes Federation (IDF) issued global guidelines for Type 2 diabetes in 2005. These guidelines were intended to set forth a standard of care that “everyone on the planet should be able to expect”, and emphasized the need to reduce the cost to healthcare systems caused by diabetes care. In the report, Professor Condit Steil, Pharm D, CDE, stated that pharmacists could use IDF guidelines as benchmarks in their own practice. According to Professor Steil, pharmacists were in a good position to keep patients involved in their self-care because they could work with the patient in a community pharmacy and make a significant difference.7

An Australian study concluded that managing diabetes through community pharmacies had resulted in “better diabetes control and substantial health care improvements for the patient”. The study found that patients who received care from a community pharmacy experienced reduced blood glucose levels, lowered A1C levels, and increased well-being. Both the pharmacists and the patients involved in the study expressed satisfaction with the service. This study focused on Type 2 diabetes and was the first to use a controlled research design and documented clinical and humanistic outcomes in a pharmaceutical care intervention delivered in Australia.8

Retail pharmacies play an important role in diabetes care

Increasingly, retail pharmacies are providing healthcare for diabetics. Best practices for pharmacies offering diabetes care include a clinical protocol, access to an integrated team of healthcare professionals, specific and up-to-date knowledge of diabetes care, and auditing and evaluation procedures. A pharmacy offering such care should also be easily accessible to patients and provide payment options that make the care affordable.9

CVS Pharmacy in the US runs Health Connection, a health resource center in their retail outlets. Each center offers health information, monitoring services, wellness classes, and referrals to local health resources. The diabetes education program offered through CVS Health Connection is a 12-month individualized care program based on the American Diabetes Association National Standards for Diabetes Self-Management Education Programs. The retail chain has only three CVS Health Connection locations at this time, but with over 6,300 retail outlets, the potential to reach more patients is considerable. The company also offers loyalty programs that lower the cost of care and has an extensive online store through which medications can be ordered and then shipped to the patient or delivered to a local CVS for pick-up. With its wide range of offerings, CVS likely provides the best use case of community diabetes care in the US.10

Another US pharmacy, Walgreens, has teamed up with Joslin Diabetes Center to deliver diabetes care across all of its consumer channels, including its nationwide network of pharmacies. The organizations plan to work together to develop training curricula, continuing education programs, and practical support tools that will help pharmacists address their patients’ needs. Initially, services will include educational handouts and information tailored to meet the needs of certain demographics, such as the elderly and specific ethnic groups.11

In the UK, Boots Pharmacy stores offer in-store risk assessments for Type 2 diabetes. An assessment consists of a series of questions based on risk factors, as well as body measurements and body mass index (BMI) calculations. The result is a risk score. A high risk score leads to personalized advice from a pharmacist and a letter to be taken to the patient’s primary care physician for the purpose of requesting further tests.12

Resources are available to help pharmacists provide community care. The American Pharmacists Association offers a certificate training program called The Pharmacist and Patient-Centered Diabetes Care, an intensive educational program that equips pharmacists with the ability to provide effective evidence-based diabetes care. The program consists of five self-study modules that cover current diabetes concepts and standards of care. A live seminar is also part of the training. This component focuses on case studies and hands-on skills training relevant to community care.13

Additionally, a US insurance organization called United HealthCare connects diabetes patients with specially trained pharmacists in a national network of retail outlets. These pharmacists help patients with medications, nutrition, blood glucose monitoring, and education. The pharmacists also coordinate care with each patient’s primary care provider.14

In Singapore, Unity Pharmacy offers monitoring and counseling, goal-setting, and medication management.15

Technological aids to diabetes care

CVS offers an app that provides enhanced prescription management tools, as well as discounts on diabetes-related products. Walgreens has a registration-enabled site that helps users track their nutrition and medications.

Other sources of help in managing diabetes are available on the internet. The National Diabetes Services Scheme, operated by the Australian government, provides an information portal and a directory of diabetes care professionals. A large number of local pharmacies are in the directory, sorted by city.16

Sanofi, the world’s leading insulin provider, has launched an app in South Africa called MyStarCare, in conjunction with Vodacom. To join MyStarCare, a patient's doctor must register him or her on the app’s website. The patient is then connected to a nurse in the area, who arranges a face-to-face educational session. After that, the patient can choose to opt in and receive six months...
of text messages. The texts prompt the patient to answer questions about the self-care program and adherence. Replies to the text prompts are free. All communications passing through the website are tracked and archived so a patient’s healthcare team can review them and respond appropriately.17

Another Sanofi initiative in Africa is the mDiabetes Program, which also sends text prompts to help patients manage their care. This program is currently active in Senegal.18

**Government support for diabetic health programs for patients and pharmacies**

Diabetes poses a serious problem for governments. With a large percentage of each country’s population either diagnosed as diabetic or pre-diabetic, the cost of the disease can devastate a healthcare system. For example, the Western Pacific, which includes East Asia, Southeast Asia, Australia and New Zealand, has the highest diabetes burden in the world with 138 million diabetics and a total diabetes-related health expenditure of US$101 billion in 2014, according to International Diabetes Federation data.19

In the US, the Centers for Disease Control offers a pharmacy, podiatry, optometry, and dentistry (PPOD) toolkit that shows practitioners how they can work with each other and with all other members of a diabetes healthcare team to improve outcomes of the disease for their patients.

In addition to the PPOD toolkit, the CDC provides four programs to promote better care of diabetes. These comprise the National Diabetes Education Program, the National Diabetes Prevention Program, the Vision Health Initiative, and the Chronic Kidney Disease Surveillance System.20

In Australia, the National Diabetes Services Scheme subsidizes diabetes-related products and provides information and support services to people with diabetes. Free insulin pumps are available for children with Type 1 diabetes whose families are below a certain level of income.

In Singapore, the Chronic Disease Management Programme defrays part of the cost for Singaporeans’ outpatient treatment, including the treatment of diabetes.21 Singapore is the only Asian country to have a government-driven support scheme.

**The role of drug manufacturers in diabetes care**

Some drug manufacturers are stepping up to help patients manage their disease. The Merck Foundation sponsors the Alliance to Reduce Disparities in Diabetes, with a commitment of US$15 million to be spent over 15 years. The program connects patients with diabetes educators and provides personalized support. Merck also partners with the American Diabetes Association to promote public awareness of the relationship between diabetes and other serious conditions.22

Novo Nordisk is another drug manufacturer actively supporting diabetes patients. The company’s CornerstonesCare provides tools and resources to help diabetics maintain proper nutrition, exercise, and adherence. The drug manufacturer also sponsors Team Novo Nordisk, which is a group of sports teams consisting exclusively of athletes with diabetes. These are just two of Novo Nordisk’s extensive series of programs designed to help diabetics.23

**The future of diabetes care is in the community**

The rise of diabetes in global populations is already placing pressure on the healthcare systems in many countries, and no end is in sight. As more people need care, the increasing adoption of pharmacy-based community care is a move that will clearly benefit patients, healthcare systems, and governments.24

References

Asia-Pacific outperforms as global consumer healthcare sales slow

Despite a slower rise for OTC sales overall in 2014, the largest region of Asia-Pacific continued to thrive in all major categories

By Catherine Blood, Editor, OTC INSIGHT Asia-Pacific • catherine.blood@nicholashall.com

The global OTC market experienced a slowdown in 2014, as shown by Nicholas Hall’s DB6 database, in partnership with Nielsen in certain countries. OTC sales rose by 4% to US$119.1 billion, compared with an increase of 4.6% in 2013, with BRIC markets continuing to drive growth.

Global overview: mergers and acquisitions alter Top 5 marketer rankings
Brazil led the way, posting a double-digit value increase (+10.9%). Russia’s OTC market grew by over 9.3%, driven by price rises as volumes declined. India’s OTC market rose by 8.2% in 2014 as it recovered from price caps introduced in 2013. China performed well (+6.9%), but weakening economic conditions in the country, and several other emerging markets, pointed to an uncertain outlook for 2015.

Growth for the two largest OTC categories, vitamins, minerals & supplements (VMS) (+3.2%) and cough, cold & allergy (CCA) (+3.7%), was below the global average. Static sales of multivitamins and a poor performance from fish oils and omega-3 impacted the former, while a weak cold and flu season took its toll on cough, cold & allergy sales. Analgesics (+4.9%) and gastrointestinals (+5.2%) fared better, with topical analgesics outperforming systemics, and antacids and liver and bile remedies driving sales of gastrointestinals.

Significant mergers and acquisitions meant that the global OTC marketer rankings looked very different to previous years. Bayer’s acquisition of Merck Consumer Care elevated it to the top spot, while the joint venture between GlaxoSmithKline and Novartis puts GlaxoSmithKline Consumer Healthcare in second place. When the acquisitions were added to the companies’ historical data, Bayer recorded growth of 3.4% in 2014 while GlaxoSmithKline Consumer Healthcare climbed by 2.5%. Johnson & Johnson slipped down into third place. It did, though, perform ahead of the industry average with a rise of 5.1%. This achievement was boosted by the revival of its US analgesics portfolio following the recalls that plagued the company from 2010-12. Sanofi (+9.7%) was the best Top 10 performer and closed the gap on fourth-ranked Pfizer (+4.8%). Sanofi’s growth was primarily a

Data source: Nicholas Hall’s DB6, in partnership with Nielsen in certain countries. Sales at manufacturers’ selling price and based on exchange rates from January 1, 2015.
result of the Rx-to-OTC switch of Nasacort Allergy 24HR, which launched in the US in early 2014.

Asia-Pacific: mixed results as economic outlook uncertain

With sales of US$40.5 billion, Asia-Pacific was the world’s largest OTC region in 2014. Regional growth of 4.8% outperformed the global rate of 4%. All major categories increased by between 4%-6% with vitamins, minerals & supplements generating the bulk of sales. Gastrointestinal and analgesics were the best-performing categories, recording increases of 6%.

These results were primarily a result of China’s contribution, which accounted for half of the region’s OTC sales. While the country managed a slightly better result (+6.9%) than in 2013, weakening economic conditions and the government’s anti-bribery crackdown stifled a more dynamic performance. Nonetheless, multinationals continued to identify China as an important market with Bayer, Johnson & Johnson and Boehringer Ingelheim all expanding operations in the country in 2014.

Vitamins, minerals & supplements is China’s largest OTC category. However, growth slowed in 2014, due in part to operational issues for some marketers. Gastrointestinal and analgesics were the most dynamic, with the former boosted by Sanofi’s launch of OTC Essentielle Forte N for liver health and a good performance from antacids. The listing of certain local brands on the essential drugs list and advertising and promotion investment in key brands ensured a good result.

A stagnant economic environment continued to affect Japan, the region’s No.2 market, which declined by 0.6% in 2014. Several companies reported a spike in OTC sales prior to the country’s April 2014 consumption tax hike, followed by a slump afterward. In the future, marketers may be helped by new regulations that came into force in mid-2014, permitting the internet sale of all OTCs (with the exception of switch brands that have been available for less than three years). Analgesics was the only major OTC category to grow, thanks to the ongoing good performance of No.2 systemic brand Loxonin S and growth of the topical diclofenac segment since the ingredient was permitted for mass market sale in 2013. Cough, cold & allergy and gastrointestinal suffered the steepest declines.

Growth of 4.3% for Australia was an improvement in 2013, resulting mainly from a stronger cold and flu season that helped the cough, cold & allergy sector bounce back. The industry showed signs of recovery from the rise of discount drugstores and deep-discounting – No.1 brand Blackmores recorded a strong sales rise in the second half of 2014, following a challenging retail environment in 2013. This, along with a number of innovative launches, resulted in vitamins, minerals & supplements being the fastest-growing major category. A plan to establish the Australia New Zealand Therapeutic Products Agency was scrapped in late 2014, but liberal regulations could still be on the cards. A proposal to switch oral contraceptives from Rx to OTC is under discussion and antacids look set to receive a boost following Rx-to-OTC switch approval for esomeprazole 20mg in 2014. Additionally, in March 2015, pantoprazole became the first OTC proton pump inhibitor to be down-scheduled from Schedule 3 (pharmacist-only) to Schedule 2 (pharmacy-only), which also permits brands that fit the Schedule 2 criteria to be advertised to consumers.

India (+8.2%) improved on its 2013 performance as the market recovered from the price caps introduced under the Drug Price Control Order 2013. Marketers capitalized on these price cuts by focusing more attention on rural consumers, who are finding medicines more affordable. Vitamins, minerals & supplements continued to grow following strong performances by single vitamins and minerals, which benefit from the high prevalence of nutrient deficiencies in the country. A double-digit rise for gastrointestinal was driven by upturns for antacids and traditional digestive remedies, which were boosted by educational advertising and promotion and attempts to appeal to younger consumers respectively. Dermatologicals also did well with positive results for wound healers, general antifungals and acne remedies.

South Korea (+5.1%) felt the benefit of the Rx-to-OTC switches that came into effect in March 2013. While consumers traditionally rely on pharmacies, new legislation has meant they are now getting used to purchasing some OTCs from outlets in the mass market. Additionally, since March 1, 2015, consumers have been permitted to buy health functional foods via vending machines, supermarkets, convenience stores and online, which may profit sales of vitamins, minerals & supplements. Dermatologicals performed best, driven by the strong performance of acne remedies, now recovered from the reverse-switch of former category leader Cleocin-T (Handok for Pfizer). However, growth of gastrointestinals fell to 2% in 2014 as upturns for antacids and laxatives were offset by declines elsewhere.

High inflation and the weakening rupiah changed consumer spending habits in Indonesia, reducing OTC market growth to just 1.5%. The vitamins, minerals & supplements category was flat, though sales could be revived by investment in evidence-based herbal and growing interest in supplements positioned to boost appearance. Cough, cold & allergy growth slowed as the impact of price increases wore off and restrictions on pseudoephedrine (PSE) and dextromethorphan (DXM) were enacted. Analgesic growth was reduced as a lack of brand development in systemics limited its performance.

DBS is an important strategic planning tool for OTC marketers. To find out how to subscribe to DBS or receive a demo of the database, please contact celine.waller@nicholashall.com.
Calculating risk and reward

Understanding and optimizing risk-sharing agreements in Asia-Pacific can help manufacturers and payers ensure patients across the region gain access to the latest treatments

By IMS Health Asia Pacific

While health technology assessments and economic evaluations are helpful in calculating the value of new drug therapies in relation to their costs, the allocation of appropriate financial resources for manufacturers and payers is a major issue. Increasingly, these stakeholders are faced with the dual (and sometimes contradictory) challenges of ensuring financial sustainability and expanding access. This is particularly true in low and middle-income countries where spending is constrained and cost-effective reimbursement schemes are necessary to alleviate the often-prohibitive cost of innovative treatments.

To address these challenges, stakeholders are exploring risk-sharing agreements, or “pay-for-performance” agreements that link reimbursements directly to the patient population, with either financial or outcomes-based conditions. But entering into such agreements has its own risks for manufacturers and payers alike, and evaluating the potential financial impact is key in choosing a successful, sustainable model.

Crisis of access
Similar to other low and middle-income countries, those in Asia-Pacific are struggling to reconcile rising healthcare standards and patient expectations with reliable, affordable access to necessary and often life-saving treatments. Disease categories considered high cost and high risk pose significant challenges for manufacturers and payers searching for cost-effective ways to improve patient care in the region. Such categories include:

- **High unmet needs** (e.g. hepatitis, oncology, rheumatoid arthritis, multiple sclerosis)
- **Small populations** (e.g. acute lymphoblastic leukemia, hemophilia, Kawasaki disease)
- **Uncertain evidence bases** (e.g. Drotecogin alpha, Bosentan)
More often than not, patients with these illnesses also face significant barriers to the innovative but expensive medicines they need. Research conducted at the Southeast Asian Cancer Care Access Network in 2011, for example, revealed that only 15% of patients in the region had access to the basic standard of cancer care.

Yet in markets that are characterized by limited funds and even scarcer resources, increasing access can come at a high price. Risk-sharing agreements, while new and largely untested in Asia-Pacific, may offer decision-makers the structure they need to minimize financial uncertainty and maximize healthcare outcomes.

**Risk-sharing basics**

The concept of risk-sharing agreements (RSAs) is rooted in the need to create an accessible, sustainable cost structure for manufacturers and payers as they launch innovative medicines. Unfortunately, the very nature of diseases that require high-cost medical innovations means that outcomes are uncertain. As a result, bottom line value is hard to guarantee for manufacturers, who must demand a profitable initial list price, and payers, who must strategically direct resources to those treatments that deliver the greatest value to the overall health system. Nevertheless, attempting to value a drug’s clinical and economic effectiveness is becoming a major factor in both launch and reimbursement decisions.

In effect, RSAs are alternative pricing schemes that use patient population and outcome data (clinical or financial) to reduce the cost of treatment without affecting the list price – increasing access for patients while decreasing the burden on manufacturers and payers.

- For patients: RSAs reduce the cost burden of co-payments and increase access to the newest therapeutic advances, thereby improving overall health outcomes.
- For manufacturers: RSAs preserve the list price of drugs, avoiding any negative ripple effects when lower, market-specific prices are referenced by other countries. They also help “build trust and good faith in products with payers by providing their therapeutic value via real-world evidence collections”.
- For payers: RSAs are intended to “diminish the impact on the payer’s budget… brought about by either the uncertainty of the value of the medicine and/or the need to work within finite budgets.”

While uncertainty or variation in definition remains, there are three fundamental types of risk-sharing agreements:

- **Finance-based**: such agreements base the conditions for reimbursement on an overall patient or disease population, and can include caps on per-patient costs, sales volumes, or dual-price deals.
- **Outcomes-based**: these are referred to as pay-for-outcome or performance-based agreements, and set conditions on a pre-determined outcome or response to treatment. The manufacturer guarantees a certain level of performance and reimbursement is handled on a per-patient basis.
- **Coverage with evidence development**: such agreements require high-cost medical innovations means that they are designed to mitigate uncertainty for therapies (such as oncology) where outcomes are, in fact, the most uncertain. This dynamic is further complicated by the fact that outcomes will vary by product, indication and, sometimes, patient populations. Arriving at a “win-win” arrangement for manufacturers and payers requires developing a model that analyzes a range of factors.

**Example**

In 2014, South Korea’s Ministry of Health and Welfare (MOHW) began piloting risk-sharing schemes with manufacturers in order to improve access to innovative medicines that fulfill the criteria for “semi-essential drugs”. The Ministry has laid out four finance-based risk-sharing options available to manufacturers: expenditure capping, utilization capping, dual price, and outcomes-based cost sharing.

**Example**

In 2000, AIHA (Italian Medicines Agency) launched the CRONOS project to evaluate real-life effectiveness of Alzheimer’s disease drugs. Their methodology included collecting and analyzing well-defined health outcomes from a cohort of patients. In the study, the public insurer reimbursed the cost of medication only for those patients who had responded after four months’ treatment (the cost for non-responders was covered by manufacturers).

- **Coverage with evidence development**: access is granted on a conditional basis while evidence is gathered over a defined period. Such an agreement enables payers to simultaneously increase the availability of a treatment while gathering real-world data on its effectiveness.

While RSAs are still relatively new, they are proving a viable option for both payers and multinational manufacturers, both of whom are keen to play a role in improving patients’ access to medicines. According to the International Society for Pharmacoeconomics and Outcomes Research (ISPOR), outcomes-based agreements in particular “are increasingly part of pricing models for the development of new molecules”.

But how can stakeholders avoid entering into agreements that could be financially non-viable or unsustainable in the long term?

**The budget-impact model**

Again, the irony of risk-sharing agreements is that they are designed to mitigate uncertainty for therapies (such as oncology) where outcomes are, in fact, the most uncertain. This dynamic is further complicated by the fact that outcomes will vary by product, indication and, sometimes, patient populations. Arriving at a “win-win” arrangement for manufacturers and payers requires developing a model that analyzes a range of factors.
unique variables to quantify the impact of a given agreement on revenue, cost and profitability. With this information, stakeholders can then settle on a proposed scheme that has the best likelihood of meeting the desired business outcomes.

The backbone of a budget-impact model is an intricate web of variables, including local demographic, epidemiologic and market data, taking into account local clinical practices and relevant healthcare financing features. The features of the potential agreement schemes must also be included to ensure relevant and focused analysis. The key is to ensure that the budget-impact model is flexible enough to allow the interplay of all input values.

“Payers and manufacturers are both invested in improving patients’ access to innovative therapies,” Mr. Seng Chuen Tan, Director, HEOR and Real-World Evidence at IMS Health Asia Pacific, said. “But by necessity they want to minimize the risk of financing treatments with uncertain value. Risk-sharing schemes offer a good option, but all the pricing and budget parameters of any given formulae must be carefully assessed.”

Narrowing a list of potential RSAs to evaluate is a key priority, and usually requires deep discussion between experts in health economics and outcomes research, medical affairs, clinical research, and commercial. Once a short list of RSA structures are selected, the model can be built to accept the specific features of the deals under evaluation, such as:

- The number of treatment cycles to be covered by each party
- The sequence of treatment protocols
- The point at which outcomes will be measured for a performance-based structure

Using baseline costs as a starting point, a well-constructed budget-impact model will estimate projected costs that account for a myriad of input values. Then, by looking at the difference between baseline and projected costs, the net budget impact can be determined (Figure 1).

**Keys to success**

The best budget-impact models are tailored to the proposed agreement and intricacies of the treatment in question. However, in some cases it is possible to use an existing model that has been built around similar (though not identical) parameters. To ensure any model delivers the best possible results, the following principles must be in play:

1. It must be designed specifically to accommodate the treatment indication in question.
2. It must be designed to reflect local clinical practice and any unique features of the healthcare delivery system.
3. The perspective of one party in the proposed arrangement (manufacturer, payer, or patient) must be clearly articulated.
4. All inputs must be evidence-based, supported by a randomized clinical trial (RCT), scientific publication, or established data source as examples.
5. The basic design elements must include the time horizon of the scenario and the desired model results (e.g. total costs or cost breakdown between drug costs and safety monitoring).
6. When modeling performance-based schemes, the desired performance must be both defined and quantifiable.

Regardless of the source, designing a feasible scheme means looking at all the angles. “The most meaningful risk-sharing schemes are ultimately the ones where all possible uncertain factors are evaluated, and the model is supported by the best available evidence,” Mr. Tan noted.

**Outlook**

Across Asia-Pacific, developing creative, alternative pricing schemes across the value chain from manufacturers to payers is essential to ensure patients across the region receive affordable, sustainable access to even the most innovative treatments.

Risk-sharing agreements provide a unique and powerful vehicle to achieve these goals, delivering "win-win" outcomes for all stakeholders. However, finding the best scheme often means weighing a multitude of variables to ensure that the final agreement is both financially viable and sustainable, and ultimately able to deliver reliable benefits to the patient. A well-designed budget-impact model enables an objective, informed perspective on the impact of various schemes in advance of proposals between payers and manufacturers, and ultimately becomes a key tool in the ability of stakeholders in the region to increase both access and affordability.

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views from the region

A round-up of reports from our offices around the region outlining the news and events that are shaping their businesses and redefining the healthcare industry

Hong Kong’s economy grew 2.1% in Q1 2015, slower than 2014’s 2.3%. One of the main drags on the economy was the slowdown in tourist arrival growth and weaker per capita visitor spending. As the inbound tourism sector accounts for 6% of Hong Kong’s total employment, the slowdown, if it continues, could have implications for Hong Kong’s labor market as well as retail and tourism-related sectors. For 2015 as a whole, the economy is forecast to grow by 1%-3%.

Overall, the labor market in Hong Kong remains tight with the unemployment rate at 3.3% in January-March 2015, close to the lowest rate in 17 years. To help workers cope with increasing costs in one of the world’s most expensive cities, the Hong Kong government implemented the Statutory Minimum Wage on May 1, 2011. A new minimum wage came into effect on May 1, 2015, increasing from HK$30 (US$3.9) per hour to HK$32.5 (US$4.2) per hour. It is expected that employers in Hong Kong will need to pay an additional wage bill of about HK$1.36 billion (US$170 million) to some 150,000 people making less than the new level. In the short term, the employment outlook will continue to hinge on the overall economic situation and business sentiment in light of the recent moderation in tourist spending, which could have potential impact on employment in retail, general trade and other relevant sectors.

Local consumption demand and tourist spending are both losing steam. Retail sales dropped 2% in the first two months of 2015 and declined 3% in March compared with last year. Despite retailers’ concern of a possible collapse of Mainland China tourist numbers, arrivals for year-to-date March still held up with +4.9% growth. The bad news was that spending per
capita was down, fueled by warnings over Hong Kong’s political uncertainty and a mainland economic slowdown. In March, overall tourist arrivals were down 8.7% from the same month last year, the first monthly negative growth in six years. Additionally, tourist per capita spending was down last year and the trend, which is led by mainland tourists, is likely to carry over into 2015. The Chinese government’s on-going efforts to lower import tariffs on consumer goods in Mainland China will also impact Hong Kong’s economy once foreign imports are available on the mainland at prices similar to those in Hong Kong.

The inflation rate in Hong Kong increased to 4.5% in March, from 3.6% the previous month.

The estimated expenditure of the Hospital Authority for the coming year amounts to HK$4.2 billion (US$6.9 billion), representing an increase of 3% over the authority’s budget in 2014/15. The government has also pledged to allocate HK$10 billion (US$1.29 billion) to the Hospital Authority as an endowment to continue to serve as an economic growth driver.

Taiwan is planning health insurance reform aimed at encouraging more people to purchase insurance and switch to private doctors or private hospitals.

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*Fast Fact*
Worse is to come for Hong Kong retailers when tariffs for foreign products are cut in Mainland China.

Taiwan’s GDP is expected to grow 3.56% compared with a year earlier, according to the Chung-Hua Institution for Economic Research. The latest forecast is higher than the previous prediction of 3.5% year on year, largely due to higher private consumption and private investment. However, the Institution’s prediction is still lower than the government’s forecast of 3.78% GDP growth, announced in February. The Institution’s latest projection indicates that the local economy is still on the road to recovery. Taiwan remains upbeat about the outlook of the local information and communication technology sector, which is expected to continue to serve as an economic growth driver.

Meanwhile, the Taiwan Food and Drug Administration (TFDA) announced recently that it will start the next phase of investigation into product ingredients used by 90 pharmaceutical companies.

**Fast Fact**
Taiwan Food and Drug Administration investigation continues into product ingredients used by 90 pharma companies.

Based on advanced estimates from the Ministry of Trade and Industry, the Singapore economy grew by 2.1% in Q1 2015 compared with the same period last year.

Following signs of deflation in December 2014, the consumer price index for Q1 2015 came in at -0.3%, due mostly to easing cost pressures on accommodation and private road transport.

On the healthcare front, Ng Teng Fong General Hospital in Jurong opened on June 30. The new facility started with 365 beds and 80 outpatient clinic consultation rooms and is due to ramp up to 550 beds and 93 consultation rooms by the end of its first year of operation. Raffles Medical Group, a private healthcare provider, also launched a multidisciplinary outpatient facility at the Shaw Centre in June. The development is in addition to Raffles’ investment in Holland Village, where 9,000 sq ft will be made available for medical facilities, and expansion plans at the existing Raffles Hospital. The facilities will target both locals and foreigners amid intensifying competition in medical tourism across the region.

Meanwhile, strong demand for intermediate and long-term care services remains, fueling plans to build more nursing homes. As part of the Ministry of Health roadmap to add 19 nursing homes between 2012 and 2020, the Ministry has recently appointed NTUC Health Co-operative Ltd. to operate two nursing homes using the Build-Own-Lease (BOL) model. Under this model, the government will absorb the infrastructure development costs and lease the set-up to operators, who will provide quality and affordable care to patients. The model is expected to be deployed for the development of more nursing homes. The government also has plans to tender out suitable land sites and state properties to private operators, who will own, develop and operate nursing homes for their targeted market groups under their own models.
In another development, more nursing homes are now turning to technology to help raise productivity. Five homes have recently teamed up to purchase machines for measuring key vital signs. Such readings will be automatically transmitted to an IT system, reducing manual recording and data entry. As more nursing homes use technology to automate and minimize manual processes, including a gradual shift toward electronic records, it is envisaged that productivity will be raised and manpower savings made.

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* Fast Fact
Nursing homes are turning to technology to raise productivity and make manpower savings.

Korea’s economic growth continues to fall below 1% after expanding just 0.8% in the first three months of this year from Q4 2014, according to the Bank of Korea. While on-year growth posted at 2.4%, private consumption and slowing exports continued to drag economic growth below 1% for the fourth consecutive quarter, the bank said. Analysts fear the economic growth trend will continue this year as consumer sentiment remains weak. Last year, South Korea’s economy grew 0.5% in Q1, 0.8% in Q2 and 0.3% in the succeeding quarters. Economists have said the key for gauging this will place on academic and promotional activities.

The Patent-Linkage System* was implemented on March 15 after a three-year grace period. The Ministry of Food and Drug Safety provided an explanation of the specific contents to be changed and held an information session to launch the new system. Now the Patent-Linkage System is in force, patent specialists have stressed that patent lawsuits will play a key role in the manufacturing of generic pharmaceutical products as domestic pharmaceutical companies challenge patents to acquire exclusive rights for generics.

With the Narcotics Control Act amendment bill passed by the National Assembly, the Ministry of Food and Drug Safety will establish a pilot for an integrated narcotics network in July 2015. The Ministry will gather information on narcotics management. In addition, RFIDs will be required for over 8,000 narcotics by early 2016. The Ministry is seeking to finalize the management of narcotics by 2015 and psychotropic drugs by 2016.

*The Patent-Linkage System: a system designed to protect the rights of pharmaceutical manufacturers’ original patentees. The revised bill states that generic manufacturers applying for patent rights must notify the manufacturer holding the original patent within 20 days of the application. Should the patentee raise a legal objection to the application and request the Ministry of Food and Drug Safety to suspend sales, the generic manufacturer faces a nine-month sales suspension on the corresponding product. However, if the court agrees that the generic applicant has not violated the patent registration, the applicant will be allowed to sell the products exclusively for nine months under the Priority Sales Products System.

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* Fast Fact
The Patent-Linkage System has been implemented.

Malaysia’s economy expanded by 5.6% in Q1 2015, above market expectations of 5.5%. Growth would have been slower but for a surge in industrial activity and private consumption prior to the implementation of the goods and services tax on April 1. However, GDP growth in Q1 2015 was slower than the 6.3% recorded for the same period last year. Malaysia’s economy is facing challenging times due to a reduction in export demand, especially from China, and the drop in global oil prices. Growth in private consumption is expected to moderate as households adjust to the new goods and services tax of 6%. Malaysia’s central bank has projected that the inflation rate will be around 3% for 2015.

Prompted by the drop in oil prices, the government is reviewing its budgeted expenditure. It was recently announced that the Ministry of Health’s allocation of RM27 billion (US$7.5 billion) had been reduced by RM300 million (US$83.3 million) The country’s premier teaching hospital, University Malaya Medical Centre, operating under the Ministry of Education, also saw its budget cut by RM120 million (US$33.3 million) from RM507 million (US$140.7 million).

Since the goods and services tax came into effect, the Health Ministry has extended its initial National Essential Medicines List, which is GST-exempt (zero-rated), from over 3,000 types of medicine to around 4,200. Another 3,000 medicines are awaiting exemption approval. In addition, the Ministry has identified 120 types of medical equipment and over 25,000 disposable items, mostly consumables such as syringes and tubes, to be made GST-exempt to assist the private healthcare sector to reduce the cost of services. The Ministry is also considering exempting specialist fees.

A new Pharmacy Bill forecast to be tabled in Parliament in April did not materialize, with the Health Ministry announcing that it would gather more feedback from the medical sector. The proposed Bill is expected to see a separation in prescribing and dispensing of medicines. The Bill has received overwhelming support from the pharmacist community while most doctors are against it. The two organizations representing pharmacists in Malaysia – the

Malaysia & Brunei
Reduction in export demand

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views from the region

Malaysian Community Pharmacy Guild and Malaysian Pharmaceutical Society – have been pushing hard for separation, with a targeted start date of 2016.

According to the Pharmaceutical Association of Malaysia (PhAMA), the market posted strong growth of 9.16% for Q1 2015 compared with the same period last year, recording sales of RM1.02 billion (US$283.2 million). Ethical sales grew at 9.6% while the OTC market increased 7%. Growth was largely attributed to people stocking up on goods before the implementation of the goods and services tax.

In 2014, Brunei’s GDP contracted by -2.3%, attributed to the -3.7% decrease in the oil & gas sector and -0.4% decline in the non-oil & gas sector. According to the Asian Development Bank, Brunei’s GDP has shrunk for the past two years. For 2015, it is projected that the economy will decrease by -1.5% on the back of falling oil production and prices. The oil & gas sector dominates Brunei’s economy, accounting for more than half of GDP and over 90% of exports.

The recent budget approved by the Brunei Legislative Council saw an increase of 3.2% in the healthcare allocation. A total of BN$385.12 million (US$288.1 million) has been allocated to the Health Ministry, an increase of BN$11.9 million (US$8.9 million) from 2014/15. The Health Ministry announced that the bulk of healthcare spending will be used for paying salaries, which will account for 58.8% of the total budget.

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**Fast Fact**
Tabling of a new pharmacy bill on the separation of prescribing and dispensing in Malaysia has been delayed to enable more feedback from the medical community.

The country remains under tight military control, despite the lifting of martial law. The military regime is proposing to introduce a new, highly restrictive, constitution that provides for an unelected Prime Minister and 123 appointed senators in a 200-seat upper house. This would strongly reinforce the possibility that the military-backed elite would stay in power irrespective of which party wins the next elections, when polls are eventually permitted. Meanwhile, former Prime Minister Yingluck Shinawatra pleaded not guilty before Supreme Court judges to charges of negligence in the rice pricing scheme. The charges could lead to 10 years in prison.

The popular acceptance of the current regime will depend on economic growth, which the government is trying to revive. Growth has remained low (GDP growth forecasts range from 3%-3.3%) due to sluggish global demand, a decline in exports (down 4.7% year on year during Q1 2015) and weak domestic spending. Tough economic conditions persist in the countryside due to a severe drought, depressed rice and rubber prices, and highly indebted households. The post-coup lift in consumer confidence has faded, with the index dropping to 76.6 in April from a December 2014 peak of 81.1.

On the healthcare front, consultations are on-going on the draft Drug Bill B.E. 2510, as several stakeholders have expressed serious concerns about the revisions that it contains. In particular, the bill could create significant barriers for drug registration and hence affect patient access to innovative drugs. As such, experts and academics are requesting the draft bill be temporarily put on hold until a proper study is conducted, based on related laws, treaties and best practices in other countries, to analyze the potential impact on healthcare professionals and Thai patients.

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**Fast Fact**
Concerns over draft Drug Bill’s impact on drug registration and patient access to innovative treatment.

The Philippine Stock Exchange index reached a record 8,127 on April 10, its 27th all-time high in 2015. Since the start of the year, the index has gained 12% and is among the best performers in Asia. Net foreign direct investment (FDI) reached US$6.2 billion in 2014, another all-time record, with whole-year FDI inflows indicating a 65.9% increase from US$3.74 billion in 2013. New investment (net equity investment) stood at US$2.04 billion in 2014, up 206.7%, and accounted for 33% of total FDI.

In politics, a survey conducted by Pulse Asia showed that Vice President Jejomar Binay remained the top contender to succeed President Benigno Aquino despite various issues raised against him. A Social Weather Stations survey conducted in March 2015 showed that public satisfaction with the Aquino administration dropped to a record low. The poll indicated a net satisfaction rating of +19 (% satisfied minus % dissatisfied).

Meanwhile, 2014 saw the total pharmaceutical market (less V6/V7) grow by 4.64% to a total annual value of 139.5 billion pesos (US$3.1 billion). All four regions saw positive growth, with Mindanao and Luzon increasing faster than the market at +5.73% and +5.04 respectively. The ethical market, comprising about 73% of the market and valued at 102.5 billion pesos (US$2.3 billion) grew by +5.07 while the proprietary market reached +3.46%. The drugstore channel grew by 3.66% while hospitals – a channel that continues to expand rapidly – posted a 12.15% increase compared with last year. Local companies, now holding a market share of 44%, continued to expand, posting annual growth of 8%. A number of these companies, including Cathay Drug, Multicare, Pascual and Intermed, posted 10%-30% growth. Unilab, the largest national company with a 26% share of the market, grew 5.6%. Multinational companies increased only 2%.

The six largest drugstore chain accounts (Mercury, Rose, Watsons, South Star, St. Joseph and Negros Grace) ended Q1 2015 with a combined growth of 4.6%. South Star Drug and Watsons led this group, with high double-digit growth during the period.

Zuellig Pharma Philippines

The company continues to provide clients with increased access to the market through diverse value services. Trade & Marketing Services in drugstores and modern trade channels, which provide store monitoring of ethical brands (including tracking of initial stocking of new brands), are expanding, with over 20 clients subscribing to this service. The Mass Vaccination
Indonesia’s economic growth hit a low not seen for over five years in Q1 2015. GDP grew 4.71% from a year earlier, slowing from 5.01% in the previous quarter, partly due to continued weak demand from China and low prices for Indonesia’s exports of nickel, coal and tin. Neither of these factors is expected to improve in the short term, with China’s economy likely to continue to face headwinds.

Car and motorcycle sales, an indicator of domestic demand, fell 14% and 19% respectively in Q1 from a year earlier. The statistics agency said household consumption grew 5.01% year on year during Q1, investment gained 4.36%, government spending rose 2.21% and exports contracted 0.53%. But compared with the previous quarter, household consumption grew 0.11%, investment shrank 4.72%, government spending plunged 48.68%, and exports fell 5.98%. The rupiah dropped to its lowest level in 16 years in March amid expectations of rising US interest rates. Despite the weaker rupiah, Indonesian exporters struggled to price competitively at a global level as the costs of imported raw materials rose.

Fifteen new district hospitals opened in Jakarta in early April as part of a government drive to improve the health of the city’s residents. The hospitals, which previously functioned as community health clinics, provide 750 rooms for patients. Operating rooms, intensive care units and high care units will be set up by the end of 2015.

Tens of millions of disadvantaged Indonesians started to receive the government’s much-touted Indonesia Health Card (KIS) and Indonesia Smart Card (KIP) at the end of April, months after the flagship social benefit programs were officially unveiled. Distribution of the cards, one of President Joko Widodo’s campaign promises, had been slated for late 2014. But budget wrangling, which took until January to resolve, pushed the schedule back. A total of 88.2 million people will receive the KIS card, which provides the nation’s poor and near-poor with access to healthcare. Cardholders will be entitled to treatment at public primary care clinics (puskesmas) and treatment in third-class hospitals. Benefits provided under the health card will be managed by the Social Security Agency (BPJS) but funded by insurance premiums of 19,225 rupiah (US$1.60) per person, paid by the Ministry of Health.

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Fast Fact: Distribution of government health cards and smart cards finally began in April.

Japan’s growth in Q1 2015 GDP growth increased +6.03% year on year, according to the General Statistics Office. This was the highest growth rate for a first quarter in the past five years. Despite increased electricity prices, the consumer price index only rose marginally, by +0.74% year on year in Q1 2015, the lowest growth rate for the past 10 years. The medicines and medical services consumer price index remained unchanged.

Despite positive economic indicators, the competitiveness of exports and tourism came under pressure. HSBC, a major bank, reported a significant slowdown in exports, dropping from 12.7% in Q1 2014 to 6.4% in Q1 2015. The country faced a trade deficit of US$1.8 billion, driven by a US$3.8 billion trade deficit by domestic firms (US$2.4 billion in Q1 2014). Foreign-invested firms enjoyed a trade surplus of US$3.5 billion (US$2 billion in Q1 2014). Tourist arrivals dropped by 13.7% year on year in Q1 2015, due to appreciation of the yen and depreciation of the yen, Australian dollar, and euro. Tourism has experienced strong growth since 2009, with Chinese, Australians, Japanese, and Russians as key drivers. However, the gap with Thailand has been widening, powered by visa procedures and infrastructure.

On the healthcare front, Vietnam is in the process of implementing its strategy to develop the local pharmaceutical industry and roll out universal healthcare coverage. Circular No: 05/2015/TT-BYT was released in May, containing the list of oriental medicines covered by health insurance. It comprises 229 oriental herbal medicines and 349 traditional medicines. The Circular marks the official integration of traditional medicines into the healthcare system, a step taken by only a few countries, including China and South Korea. Currently, the traditional medicine sector imports many materials from China, leaving local herbal plants under-exploited.

The Law on Investment (effective July 2015) will provide incentives for manufacturing certain medicines, including a reduction on corporate income tax (CIT) and import tax rates on medicine, equipment, and goods. The law is expected to have a positive impact on foreign direct investment and joint ventures between multinational and local pharmaceutical companies. Currently, 30% of local companies receive foreign funds. IMS reported that the top domestic players have significant foreign shareholders, including DHG (49%), Domesco (49%), Traphaco (46%), Pymepharco (49%), Imexpharm (45%), and OPC (17%).

Decree 63, issued in June 2014 and governing public procurement, requires concentrated procurement for non-domestically produced drugs listed on the concentrated procurement list. The Ministry of Health has since issued drafts of the "Procurement" Circular and “Domestic Equivalency” Circular. The former classifies pharmaceuticals based on method of procurement, including procurement (1,362 products), concentrated procurement, and price negotiation. The “Domestic Equivalency” Circular contains products to be procured from domestic sources only. The latest draft specifies 48 domestically...
manufactured drugs as meeting requirements on technology, price, and supply.  
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**Fast Fact**  
The Law on Investment will become effective in July, providing incentives to encourage local industry investment.

### Cambodia

**Economy beats forecasts**

Cambodia outperformed most forecasts in 2014, attaining 7% growth. The country is expected to stay on track with these impressive rates, with the construction sector continuing to power development. Nevertheless, a slowdown to 6.8% is expected in 2015 as most of Cambodia’s main foreign investors, including China and Japan, are likely to face domestic contraction.

In the long term, it is Cambodia’s ability to remain an enticing destination for foreign investment that will shape its future. A greater integration into manufacturing supply chains across the region is a necessary support to its economic diversification and accelerated industrialization, two elements the country desperately needs to be less reliant on imports in the long run. Cambodia is under increasing scrutiny and pressure to build a more enticing business environment and might not be given much time before other regional options are explored.

Cambodia can still expect stable economic support from China over the coming years. The establishment of the Silk Road Fund by the Chinese government should be hugely beneficial to Cambodia’s infrastructure, helping the industrial sector move up the value chain. Cambodia’s Prime Minister secured significant support from the Chinese government during his third visit to China this year.

The current lack of adequate transport and energy facilities is a major obstacle preventing Cambodia from reaping the full benefits of the enormous potential of its garment manufacturing and tourism sectors. However, Chinese assistance looks set to go a long way toward improving the country’s prospects.

On the pharmaceutical side, the government again confirmed its intention to align its legislation with the TRIPS agreement by the end of 2016 and also the 2001 Doha Declaration, which would allow domestic production of essential medicines that would otherwise be patent protected. Taking this route could potentially bring short-term benefits given Cambodia’s limited manufacturing expertise, but it would also discourage involvement by multinationals. These contradictory assertions from the Ministry of Health also exemplify the country’s current lack of stability and strategy the country.

While there is still no plan for a healthcare system to be implemented before 2025, numerous financing mechanisms are currently being developed to provide prompt access to healthcare, such as direct tax-funded health services, performance-based contracting services, health equity funds or voucher schemes. It is a heterogeneous and ever-changing network of initiatives, making it key for healthcare players to develop strong local ties with multiple partners to enter as many channels as possible.

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### Bangladesh

**Political troubles take their toll**

The country’s economy has suffered a loss of US$2.2 billion due to its recent political troubles, according to World Bank estimates. The bank also projected a far deeper cut in Bangladesh’s economic growth in the current fiscal year, dropping to 5.6% from its forecast of 6.2% six months earlier.

The surge in political unrest in recent months has taken a heavy toll on the services sector, agriculture, exports and non-formal sector businesses in particular. Foreign investors in Bangladesh have lobbied the National Board of Revenue to reduce the corporate tax rate for non-listed companies with the Foreign Investors’ Chamber of Commerce and Industry Bangladesh (FICCI) proposing that the government lower the rate from 35% to 30% for companies that are not publicly traded.

Food safety issues have become one of the most widely discussed topics in the country. Unhygienic practices in handling food are a leading concern and a major reason for diarrheal diseases as well as malnutrition. The Directorate General of Health Services reported that 3,850 people on average died annually from diarrhea from 2003-09, a figure mainly attributed to unsafe food. Another major food safety issue is the extensive use of toxic and poisonous adulterants. Ministry of Health and Family Welfare statistics reveal that nearly half of the food samples tested by the Institute of Public Health were found to be adulterated. Studies also show that between 70%-90% of food in markets is contaminated in some way.

In February, the government started implementing the Safe Food Act 2013 to fight this situation and protect public health. This is expected to resolve the current issue of multi-bodied control mechanisms on food safety issues. It aims to control food adulteration at various stages of the supply chain and other food-related concerns. The new act also raises penalties substantially – both financial and imprisonment. Nevertheless, it is unlikely that the situation will change overnight.

Novo Nordisk recently launched Ryzodeg® for people with Type 2 diabetes in Bangladesh, providing first-in-class treatment and safety for patients. Ryzodeg® is a combination of two distinct insulin analogues (insulin degludec and insulin aspartate), making it the first combination of a basal insulin with an ultra-long duration of action and a well-established mealtime insulin in one pen. Bangladesh has close to 5.9 million people with diabetes and the figure is expected to double by 2030. Novo Nordisk produces human insulin vials at Eskayef Bangladesh’s hi-tech manufacturing plant. Eskayef is the fastest-growing pharmaceutical company in the country.

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**Fast Fact**  
Novo Nordisk has launched Ryzodeg® for Type 2 diabetes patients in the country.
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Serving the Asian healthcare markets since 1922, Zuellig Pharma is the region’s leading healthcare services provider. Through a broad range of innovative tailored services, the company’s objective is to help healthcare companies capture and realize the full market potential of the fast-growing dynamic healthcare markets in Asia.

The company provides targeted solutions aimed at meeting the constantly evolving needs of healthcare companies, from distribution of pharmaceuticals, medical devices and clinical trial materials, sales and marketing outsourcing, patient-centered programs, payor solutions (third party administration services) to a full range of retail pharmacy services.

With established networks and facilities across 13 Asian countries, and serving over 350,000 doctors, hospitals, pharmacies and clinics, Zuellig Pharma provides healthcare companies with critical market insight, enabling them to keep pace with market expansion, implement best practices, and reach new levels of growth and profitability.

**zip-online®** is a sales and inventory information tool designed to give clients efficient information, market intelligence and business insight through online business intelligence tools and scheduled reporting.

**AsiaRx**

**AsiaRx®** is our online pharmaceutical and medical supply marketplace that helps hospitals, pharmacies, clinics and clients run their business via the internet. It is unique in its regional scope, multilingual capabilities, tight real-time integration with supplier systems, plus the absolute focus on the customers’ perspective and business processes. Strong B2B integration enables rapid Client Price Approval and greater end-to-end transparency of order fulfillment.

PharmaLink, a division of Zuellig Pharma, has accumulated decades of experience in the provision of sales and marketing services to the pharmaceutical industry in Asia-Pacific. Backed by a highly experienced team of pharmaceutical professionals, we deliver business growth solutions to clients so they can focus on their core business. Leveraging Zuellig Pharma’s extensive network, our current coverage – the Philippines, Indonesia, Malaysia, Thailand, Hong Kong, Vietnam and Taiwan – is set to expand across the region. Service areas include contract sales, sales and marketing, agency, strategic market planning, consulting as well as regulatory services. With our extensive doctor database, and pharmaceutical market data and knowledge gathered over years of service, PharmaLink is your dedicated commercialization partner for the healthcare industry in the Asia-Pacific region.

The Specialty Solutions Group (SSG) is a pioneering regional consultancy and bio-logistic services division of Zuellig Pharma. Strategically based in Singapore, SSG leverages Zuellig Pharma’s cutting-edge Regional Distribution Center and pan-Asia coverage to provide customized, added-value bio-logistics for pharmaceutical, clinical trial, medical device, diagnostic and other healthcare-related companies.

For more information about Zuellig Pharma, please visit www.zuelligpharma.com or write to help@zuelligpharma.com

PharmaKPO is a joint venture between Zuellig Pharma and the ADEC Group, a global provider of customized outsourcing solutions to Fortune 1000 companies. PharmaKPO provides a wide range of business process outsourcing (BPO) and knowledge process outsourcing (KPO) services to multinational pharmaceutical companies. Working with PharmaKPO offers companies the opportunity to maintain their focus on core competencies while simultaneously reducing operating costs and improving operational efficiencies. PharmaKPO also delivers strategic, knowledge-driven outsourcing solutions tailored to the specific needs of pharmaceutical industry clients.