Interview: Hendra Gunawan, Managing Director, PT Tunggal Idaman Abdi, Indonesia

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A perspective on Indonesia's booming market for contraceptive products from Hendra Gunawan, managing director of PT Tunggal Idaman Abdi, one of Indonesia's leading players in the sector. To cope with the growing demand for contraceptive driven by 65 million women of reproductive age, the company is building a second hormone plant expected to be completed in Q4 2013.

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Tunggal's vision is to be a leader in the reproductive healthcare, the niche you choose to play in as a company. Why exactly this therapeutic area?

Being a vast country with more than 65 million women of reproductive age, out of which around 48 million are married, Indonesia actually opens excellent opportunities for reproductive health care products. More specifically is the market for contraceptive products which serve no less than 27.5 million women participating in family planning program nationally.

Every woman and every family will have their right and access towards modern and safe contraceptives to determine whether and if they want to have a child. Giving women and girls access to family planning information and modern method of contraception is transformational –

families become healthier, wealthier and better educated by increasing girls' chances of completing their education.

By collaborating with all stakeholders and partners across sectors, we have the potential to transform the lives of millions of women and girls, by which we may save lives and may help to lift up families, communities and nation out of poverty.

Are you the absolute leader from a competitive perspective?

With over 30 years of experience in producing FDA approved contraceptives, today we are producing 24 million vials annually of our injectable contraceptives to serve both domestic and export market. Tunggal's ability to meet the industry's stringent demands was highlighted by the manufacturing of its own injectable contraceptives, Cyclofem and Triclofem. To cope with the increasing demand, a second hormone plant has been built up and is expected to completed in Q4 2013. It's a challenge to produce quality products and at the same time keep them affordable, and most importantly, over a sustained period. We have managed to deliver quality and affordable products for years,

And you target the midwives, the main target for your field force. What can you also bring them in terms of education?

If you look at the population data, 78 percent is covered by the private sector and 22% by the government. In total the role of midwives in the family planning program counts for 78-79%. Because of this, we feel that midwives are very important as the key anchors in this program. We have field force representatives who are directly covering them and involve them in their monthly events. For example, today we have 230 field representatives, and each of them has to launch at least three events with the Midwives Association in all branches. So in total we run at least 600 events with the midwives on top of their direct contact. They are in greater need of education on how to do a good family planning or how to choose a correct device, and rely on this information.

You have done significant renovation and improvement works in 2011 for the non-hormone facility, and this year you are finishing up the work for a new hormonal facility and implementing the new standards. Can you elaborate on the investment strategy and how it reflects the needs of the market?

Today our current facilities can produce 25 million vials per year while we have been using 22 to 23 million vials. As the market is starting to be saturated, we have decided to build a new hormone facility for exports.. This investment is important for us because we foresee a very bright future for this market, not just locally but globally as well. By having this new facility we will increase the current production to 50 million vials and a total capacity of over four million cycles of oral contraceptives or equal to 112 million pills per year.

It’s actually inherent with a big event of London Summit on Family Planning last July 2012 – a summit organized by the UKAID, the Bill & Melinda Gates Foundation and UNFPA, wherein Tunggal was one of the participants from IndonesiaThere, we saw a very aggressive movement as a great momentum in the family planning program globally, and that is the main reason why we are so much encouraged to get a better coverage worldwide.

Indonesia is regarded as a pharmerging market growing in double digits. To a large extent, however, this growth is being driven by the local pharmaceutical industry. What is your take on these dynamics?

We are now in a time where multinational companies are lacking of newly invented or blockbusters products. As a result, they see their market shares decreasing every year. Many local companies on the other hand are rapidly adopting the latest technologies.They are also supported by excellent production capabilities and facilities. Apart from that, they are also adopting very aggressive marketing strategies. These are some of the key drivers of the rapid growth of Indonesia’s local companies.

Another issue are unbranded generic products, which have been growing at a slow rate. Today the market share of an unbranded generic products in Indonesia is only seven to eight percent, while in the US this amounts have come to roughly 25 to 30 percent. On the other hand, you will see a very significant increase of branded generic products’ market share produced by local companies which

have been enjoying their fast growth through this portfolio as mentioned earlier.

Indonesia is a very interesting country to be in, with a strong local potential and double digit growth every year. In this respect, PT Tunggal Idaman Abdi has taken strategic initiatives to get the most of it through our focus in reproductive healthcare sector.

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