Interview: Dr. Varun Sethi – VP Healthcare, DKSH Singapore & Malaysia, Singapore

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DKSH's VP of Healthcare in Singapore and Malaysia, Dr. Varun Sethi deconstructs the essence of what it means to be a Market Expansion Services provider, while highlighting aspects of the value chain where they can drive the most value for healthcare companies. He also comments on the strategic importance of a country like Singapore and how healthcare trends are only expanding opportunities for companies like DKSH to grow.

DKSH has done a remarkable job carving out its own niche and pioneering this concept of a "Market Expansion Services provider." From the company's perspective, can you elaborate on what it means exactly for DKSH to help a client grow?

DKSH started more than 150 years ago as a traditional trading company. Over the decades the company became a specialized service provider, building relationships with international as well as local clients to grow their business – this is what we call Market Expansion Services. Our capillary distribution network in South East Asia is a fundamental pillar of our service offering. Beyond this fundament, we're providing strong sales and marketing capabilities as well as other value-added services such as regulatory advisory; not only in Singapore but across Asia.

This is rather unique compared to our competitors; we take our clients' products to the next level by getting them to the customers, in front of the patients, while also providing the access that pharmaceutical, over-the-counter and consumer health as well as medical device manufacturers

can take to the forefront. In fact, with more than 4,200 dedicated sales and marketing specialists in our Healthcare Business Unit alone, we have the largest sales and marketing platform in Asia.

What was the strategic rationale behind grouping both Singapore and Malaysia under your oversight?

Many of our clients work with us in both Singapore and Malaysia. As a regional player, we want to be able to leverage some of the resources that we have in both markets. From a client perspective, many of them are managing a similar cluster—sometimes with Indonesia or Brunei lumped in there together with Singapore and Malaysia. This provides the ability to work across both these markets, as there are similarities in the ways customers act, which creates a valuable opportunity that we have decided to pursue.

Coming from Malaysia, how have you needed to tailor your approach for the Singaporean market?

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Singapore is quite unique. The expectations and demands from our customers here in Singapore are high. For example, given the country's geographic makeup as an island state, there is an expectation that if an order is placed before 10 am in the morning, it is delivered only a couple of hours later.

How has this translated into the type of clients that you target?

Within Business Unit Healthcare we target pharmaceutical, over-the-counter and consumer health as well as medical device companies; from companies new to Asia to those with an already established presence in the region. Around 30% of our clients have an Asian origin.

Services offered to each client depends on the product line and the client's requirements; one of our unique selling points is the ability to cater to our client's needs through a tailored portfolio of services along the entire value chain. On average our client relationships span more than three countries and last over ten years.

And what are your clients telling you in Singapore?

Depending on the client's objectives and focus channel, the needs are very different for each segment. The main customer categories are hospitals, clinics, doctors and pharmacies. Doctors want quick service; hospitals focus more on added service levels such as same day deliveries. Pharmacies have much different needs by contrast, covering aspects such as merchandising to

ensure the right planograms, products or inventory levels.

The spectrum of needs spans far and wide and that’s the nuance that we have to bring to the table because we’re catering to so many different kinds of customers. Also, at the same time we need to always be fast and agile to stay competitive. Consequently, we’re constantly evaluating our core assets to identify areas where we can enhance our strengths.

With such a broad range of services, don’t you also run the risk of spreading yourselves too thin?

DKSH wasn’t built overnight— we have been in Asia uninterrupted for more than 150 years in which we have built a capillary distribution network of unique scope and depth as well as longstanding relationships with customers. We offer a comprehensive package of services that includes organizing and running almost the entire value chain for any product.

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To grow our Healthcare business in Singapore, we started investing in services, people and dedicated resources. All that time and energy spent ultimately served to position us as a serious player, particularly in the face of many existing clients. Roche, for example, had partnered with us in several other countries, but only recently came on board with us here in Singapore. We’ve grown significantly, prompting us to invest more in the country to acquire the necessary expertise to sustain that momentum.

In this day and age, what value can clients derive from outsourcing Market Expansion Services to providers such as DKSH as opposed to bring some of those functions in-house?

Our business is about more than the exchange and promotion of goods. It is about a service philosophy that takes profound responsibility for the goods and brands of our clients. With our proactive approach, we provide strategic advice based on the experience, know-how and networks of specialists working for DKSH.

We allow our clients to focus on their core competencies while driving their growth across the region. As resources are constrained for companies operating in this demanding industry, this is an enticing value proposition.

We understand our clients’ need to partner with a seasoned expert that has a deep understanding of the market, has strong connections with customers and key stakeholders and, most importantly,

can get their product into the hands of the end consumers.

How would you prospect the future outlook on the demand for such Market Expansion Services?

Many companies have demonstrated high levels of growth in the healthcare sector here, and that's probably because they're targeting therapy areas that cater to a niche segment such as oncology. This is because a population constitutes many of the health problems associated with age, subsequently yielding patients that will only want to go with the first or second line therapies—and that's where the opportunities for the industry lie.

Beyond commercial prospects, what would you say is the strategic significance of a small market like Singapore to the company's global operations?

People tend to view Singapore as a beacon, an indicator of what Asia could be like in the future. It's a small market with only roughly five million people, but still with pretty sizable, USD 1 billion market on a yearly base.

What are three healthcare trends in Singapore that excite you the most?

When I look around me, I see that Singapore is very consistent. You're assured to get a certain level of growth if you offer better products at a faster pace.

The other aspect that is truly notable here is stakeholder engagement. And as the industry continues to face a strain on resources, we continually receive opportunities to grow our business. More and more mature brands will not be able to see the light of day because companies have to focus on launching new products, creating an abundance of opportunities for Market Expansion Service providers such as DKSH.

We have an opportunity to showcase what we can provide for our clients, so they can focus on building upon their core competencies and introducing the latest innovative therapies into the market.

Moving forward, how would you position the role of Market Expansion Services providers in tackling the region's growing burden of unmet needs?

In addition to Singapore, I've had the pleasure of working in differently tiered markets such as Malaysia and Myanmar, which has just surfaced from 40 years of economic isolation.

As markets start to mature, we can apply some of the programs that we use here in Singapore to actually feedback to these developing countries where we operate. We see how to best tackle various issues such as basic access to healthcare, managing the surge of non-communicable diseases, or patient adherence—as you travel further away, reaching Indochina, for example, these challenges only exacerbate.

In terms of reputation and capabilities, where would you like to have taken the company in the next three to five years?

Our goal is to expand our position as the leading Market Expansion Services provider by doing more of the same better. When companies ask themselves how they are able to get to Singapore or other Asian market, we want them to think of DKSH.

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