Andi Umbricht – Chief Executive, Zuellig Pharma Hong Kong



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Zuellig Pharma's Andi Umbricht discusses the distributor's deep commitment to Asia, the adoption of new technologies, and emerging trends within the Hong Kong and Asian distribution markets.

Zuellig Pharma has a long tradition in Asia. What capabilities have you developed over the years in the region?

Zuellig Pharma started operations in the Philippines around 100 years ago in 1922. After the Second World War, the distribution landscape was extremely fragmented, paving the way for us to expand in the region. Streamlining our goals and priorities, we focused on quality offerings, good practices and the development of world-class infrastructure. To achieve all of these requires significant financial resources – and today, this is the edge we have over our main competitors, as smaller companies would find it difficult to catch up to our leadership position within the market.

Furthermore, our core focus has always been to become specialists in healthcare, and this mindset is one of the company's greatest achievements because it is what continues to drive our company's success today.

The founder of Zuellig Pharma, Mr. Frederick E. Zuellig, took a chance on deciding to focus on affordable distribution solutions for our customers as well as our partners, thereby distinguishing ourselves from our competitors. However, with the arrival of our current CEO, John Davison in 2014 we have started to prioritize the additional value-added services we can offer. We are increasingly

focusing on key data, internally as well as externally as well as more patient and payer solutions. These factors combined have helped the company continue to improve affordability and accessibility in the ever-changing healthcare sector.

Looking at Hong Kong specifically, the healthcare market is set to peak at USD 2 billion, which is small compared to other mature markets in the Asia-Pacific (APAC) region. With such a small playing field, there is an even greater need for market access experts and commercial specialists to help companies launch their products and deal with commercial issues. Distribution is at the core of what we do but having a holistic approach and the knowledge of key markets helps us to extend our service offering.

How can new technologies help distribution companies remain relevant and increase efficiencies of scale?

Given Zuellig Pharma's specialist focus on healthcare, we are able to leverage the deep industry knowledge and expertise to focus on exploring any and all opportunities. On behalf of our clients – from companies to government entities – we must continuously and consistently ensure that we provide the quality and traceability through the entire healthcare process that they expect, in accordance to the stringent regulations of the sector.

Overall, however, my outlook is that the pharmaceutical industry requires more progression. When looking at Amazon's business model, for instance, it is miles ahead of ours. Nevertheless, we continue to work towards advancing various technical aspects of our business. For instance, we are driving forward our electronic ordering systems, which allow customers and suppliers to see where their orders are at any given moment. In addition, we have partnered with Blackbay, whose systems allow for more transparency of our systems and facilities. With this technology, we can keep track of temperatures within the supply chain, identify at any given time who is handling the products and their exact whereabouts. These technologies help to sharpen our competitive edge, and represent the high-value, added services to our core distribution offering. In this way, we can support our clients, especially MNCs, who are under pressure to deliver both product quality and traceability.

Moreover, we have started to build an ecosystem involving more data. Through interactions with our suppliers, we are looking at possible opportunities to further enhance their abilities in addition to analyzing how doctors order their products and the patterns that occur here. Our data acquisition systems have been in progress for a few years but we now hope to transfer these data

into real-world applications.

For instance, if we can analyze our data on supply chain patterns, involving purchasing trends, seasonal factors, demand fluctuations and so on, this will help to pre-empt stock levels and reduce risk. We have started to implement this with the Hospital Authority and hope to offer Big Data solutions to more clients.

With better data and technology, we can better manage supply chain security and play a positive role within the ecosystem. Again, this highlights our focus on quality and enhancing not only the supplier's experience with Zuellig Pharma but also the end users in the public and private sector within the overall healthcare system to ensure that innovative and necessary medicines can reach patients safely and in time.

Zuellig Pharma's reputation is built on compliance, commitment and quality. How do you comply with existing regulations and maintain the highest quality standards?

In the past, markets were quite individual and standalone, but now we see a convergence of quality expectations brought by regulators such as US FDA or EMA as well as internationalization of business.

As a result, Zuellig Pharma has responded to the trend with a structural re-shuffle within the company, and we now have a head of quality in Singapore, centralizing this pillar of the business. This step reassures international clients that proper processes and investments are done on our part to ensure the best global quality standard.

What is your assessment of the key differences between the different markets in Asia that you have worked in?

Hong Kong, Taiwan, Singapore, and Korea are structured as one cluster as they are all well-developed markets with democratic governments that look after their people. Nevertheless, every country is different, with Taiwan perhaps having one of the best healthcare systems in the region but not as financially stable as maybe Hong Kong. Meanwhile, Hong Kong has a very good healthcare system given its affordability. Another cluster is China and Vietnam, both emerging markets that are slightly more volatile.

Hong Kong is definitely leading investments in innovative healthcare solutions, particularly in digital healthcare. Chief Executive Carrie Lam has implemented many positive policies and initiatives in this regard, as well as addressing important issues such as the aging population.

What are the key advantages of the Hong Kong market for Zuellig Pharma?

Hong Kong is a highly strategic and exciting market. It is a developed market with high growth, mainly driven by mainland China and the comparative gap between Hong Kong and mainland Chinese healthcare standards. People in mainland China who are financially comfortable often do not trust the Chinese public healthcare system. Therefore, we see that close to 50-70 percent of the private healthcare demand in Hong Kong actually comes from China. This is driven by the high quality and expertise of the doctors here.

Furthermore, China has a serious issue with counterfeit products and product misuse.

To leverage these dynamics, we work in close collaboration with the HCP to further enhance our distribution business and capitalize on their size in terms of supply opportunities and efficiency gains. The private and public sectors are very closely knit, and we work well with both sides of the value chain. In other markets, there is a distinct gap between the public and private markets, so I am glad that in Hong Kong, we can benefit from the healthy and progressive interactions between the two.

Hong Kong often acts as a gateway for companies to enter China. While China is opening up, how relevant will Hong Kong remain?

Due to the boom in medical tourism and an influx of mainland Chinese using our healthcare facilities, Hong Kong does punch above its weight. The latter represents a huge amount of sales in such a small market; without it, Hong Kong would be a small market and not as interesting.

Nevertheless, Hong Kong has key advantages, such as its medical expertise and innovations across different therapeutic areas such as oncology and multiple sclerosis. Many MNCs are continuing to explore diagnostic testing in the region due to the particular epidemiology and genetic demographics of this region. In this way, the local market is still very interesting, and the city can certainly play a bigger role within the global healthcare and life sciences ecosystem.

Capital can flow between markets relatively easily, but this ecosystem of biomedical expertise is difficult to recreate. As mentioned, Chief Executive Carrie Lam has taken an aggressive approach into boosting further basic science, academic research and clinical activity in Hong Kong.

From the other side, Chinese companies will continue to use Hong Kong as a stepping stone into the rest of the world. Hong Kong has the mature infrastructure and offers financial opportunities that would be unattainable in China. Its historical role as a bridge between the two worlds will remain one of Hong Kong's strengths, and this will also be advantageous for Zuellig Pharma and our operations here.

Zuellig Pharma is the first port of call for Chinese companies looking to enter different markets and being in Hong Kong, we are very close geographically.

What is Zuellig Pharma's value proposition today?

Our track record spans nearly a century and we have built up important relationships in this time, thus building exceptional trust. This is crucial for those looking to launch in the extremely complicated healthcare ecosystems, because we have trusted data analytics, commercial and payer solution expertise, and a solid distribution business at our core.

We can offer current and potential clients our market leadership position, our expertise and our track record as a partner of choice to public and private players alike.

Wherever you are in the world, good quality healthcare improves people's lives. We are committed to providing our expertise and solutions to the highest standards, and it all comes back to our mission to make healthcare more accessible.

What is your vision for Zuellig Pharma in Hong Kong?

I hope to see Zuellig Pharma Hong Kong continue to interact with the ecosystem and help to promote better services where possible to drive accessibility of innovative medicines and healthcare solutions to patients. The three questions of what, where and how to access healthcare continue to evolve in every market, and I believe Hong Kong can continue to be avant-garde in driving innovation across these areas.

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