

# MR. DAVID ZUELLIG



- Mr. David Zuellig has been in the forefront of the group's development and expansion, in both insurance broking and underwriting. He was Chairman of Accette Broking Group from 1989 till the group divested its broking business in 2011.
- In May 2011, Mr David Zuellig was appointed to the Board of Interpharma Investments Limited, subsequently was chosen to be Chairman in September 2011. Mr David Zuellig was actively involved in the strategic and operational management. The Zuellig Group owns and manages a diversified portfolio of industry-leading businesses in the Asia Pacific region spanning sectors including, insurance, healthcare distribution solutions and pharmacy services; agribusiness manufacturing and distribution as well as and agricultural and materials handling equipment supply and services.
- In 2012, Mr David Zuellig was appointed Chairman of FPG Insurance Group. Established in 1958 by the Zuellig Group of Companies, FPG Insurance has built an enviable reputation for developing in-depth customer insights that support the creation of relevant, comprehensive insurance products across Asia, for both business and individuals alike.



# CHALLENGES IN THE PHARMACEUTICAL DISTRIBUTION BUSINESS :

Philippines and Asia-Pacific Experience

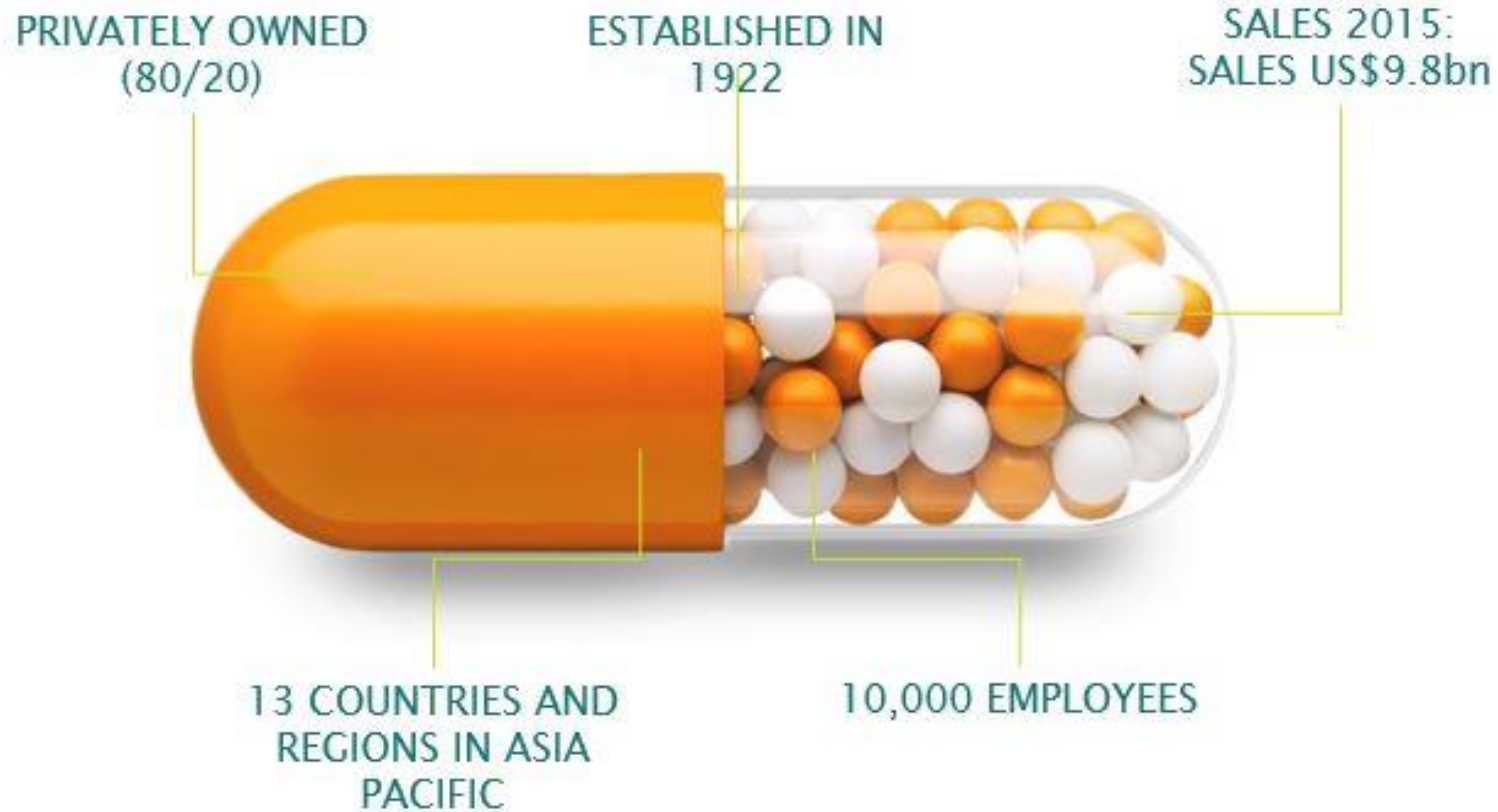
**DAVID ZUELLIG**  
Past Chairman



*Background*

## **Introduction** | ZUELLIG PHARMA REPUTABLE BACKGROUND

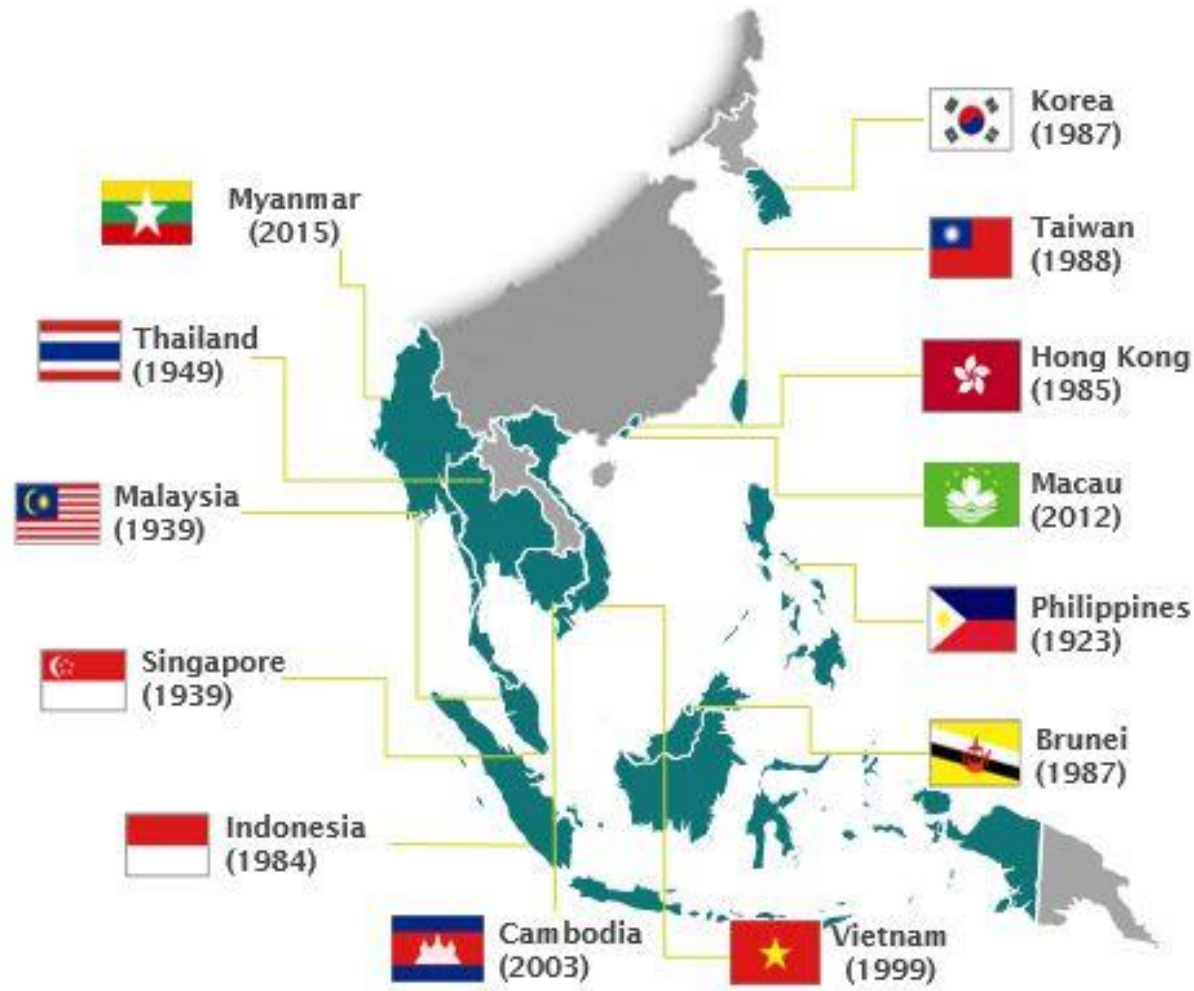
*Asia Pacific's leading healthcare distribution solution provider*





# Background Introduction | OUR HISTORY AND COVERAGE

*We have unparalleled heritage, experience, and coverage in Asia Pacific market*



# ZUELLIG PHARMA : Our Business

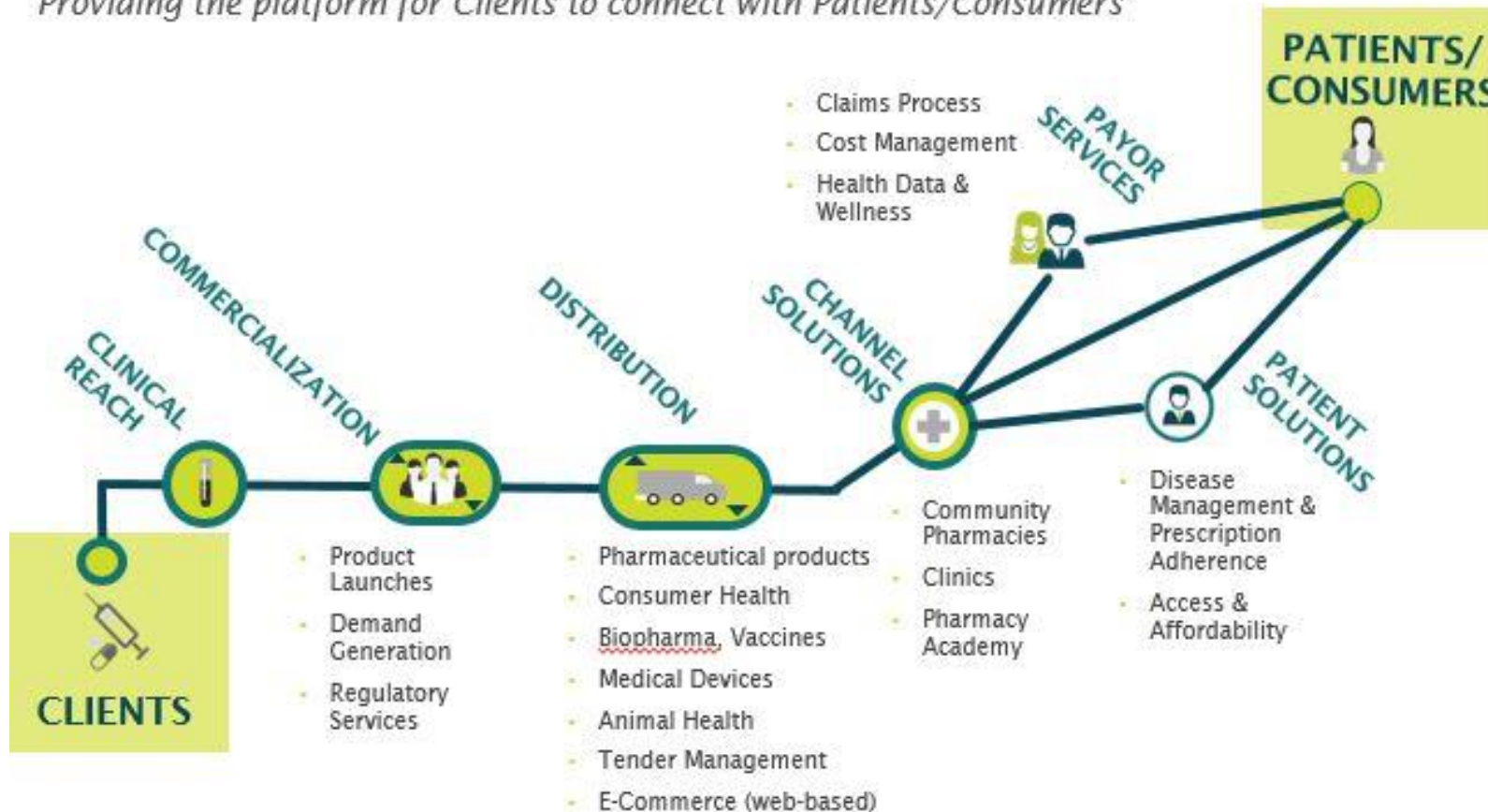
- ▶ Asia's leading healthcare services provider
- ▶ Helps healthcare companies capture and realize the full market potential of the fast-growing dynamic healthcare markets of Asia
- ▶ Uses innovative tailored services
- ▶ Provides targeted solutions aimed at meeting the evolving needs of healthcare companies
- ▶ Range of services from distribution of pharmaceuticals to a full range of retail pharmacy services

**Our Platform**

- ▶ **Longstanding commitment** to Clients
- ▶ **Track record of collaboration & customized business models** to suit market needs
- ▶ **Largest regional footprint** in Asia
- ▶ **Financial strength & stability**
- ▶ **Trusted partner:** Compliance, Quality Assurance

## Highlights of Our Business Integrated Approach | OVERVIEW

Providing the platform for Clients to connect with Patients/Consumers





# Pharmaceutical Distribution Model





# Challenges in the Pharmaceutical Distribution Business

## MANUFACTURERS (Local) and IMPORTERS

### ▶ Sales / Demand Generation / Ordering

- ▶ Demand forecasting (expired meds, returns)
- ▶ Government hospitals , Philhealth, DOH ordering

### ▶ Marketing

### ▶ Regulatory Services

- ▶ Changes in rules and procedures in registration of medications thru the FDA
- ▶ Bureaucratic red tape
- ▶ Pharmacovigilance requirements (for generic manufacturers)
- ▶ Good manufacturing practice compliance

### ▶ Big Manufacturers (Multinational Companies) vs Small Manufacturers

# Challenges in the Pharmaceutical Distribution Business

## WAREHOUSING / LOGISTICS / DELIVERY

### ▶ Warehouse

- ▶ Property prices
- ▶ Unforeseen events : fire, earthquake, calamities
- ▶ Location and maintenance of warehouses
- ▶ Cold chain management

### ▶ Transportation

- ▶ Outsourced trucking services
- ▶ Security on the roads (truck-jacking)

### ▶ Infrastructure (ports, roads, airports)

- ▶ Port congestion
- ▶ Urban planning

### ▶ Insurance-related risk

- ▶ Consolidation of stocks
- ▶ Losses (pilferage, etc.)



# Challenges in the Pharmaceutical Distribution Business

## CONSUMERS (Retail Pharmacies / Hospitals / Clinics / Doctors / Patients)

- ▶ Stocking in pharmacies and retailers
- ▶ Maintenance of cold chain (refrigerators, aircon)
- ▶ Issues with medications (safety, supply, quality and pricing) being addressed to the distributor instead of the manufacturer

# Challenges in the Pharmaceutical Distribution Business

## DISTRIBUTION IN OTHER ASIAN COUNTRIES

- ▶ **Korea / Australia / NZ** : wholesaler market (different local market conditions)  
mostly retail (hospitals and pharmacies)
- ▶ **Myanmar / Vietnam** : No direct market access, full foreign ownership not allowed
- ▶ **Thailand** : Government preference to do its own pharmaceutical distribution
- ▶ **Indonesia** : Local manufacturers do their own distribution ;  
Delivery to retailers in limited quantities (retailers do not want to carry stock)



# Lessons Learned

- **Quality has always been the foundation of our sustainable business**

- Quality in Facilities, Equipment, Technology, Systems, Processes and People
- Avoiding short cuts
- In short term, quality may seem costly but potentially tremendous savings in medium to long term while also strengthening business sustainability
- Investments in cold chain, in SAP, in better sales force mobility

- **Initiatives that improve organizational agility , adaptability and alignment**

- Having a regularly tested Business Continuity Plan for disasters, epidemics , port congestion and other sudden shifts in demand and market structure
- Working with trade customers on how we can help develop joint BCP ; possible sharing of data and system interfaces etc)
- Integrated Business Planning with partners allow for **better joint demand forecasting**. We have seen significant reduction in returns, expired stocks & other improved efficiencies
- Regular market research and trade intelligence



# Lessons Learned

- **Impact of climate change**
  - becoming an increasing concern
  - drives supply chain planning (# of warehouses; back ups for gen sets/connectivity; delivery of life saving drugs in cases of emergencies; warmer warehouse temperatures etc)
- **Being watchful and open to technology and digital innovations**
  - Improving data sharing & analytics
  - Making supply chain more efficient
  - We have started a long term digital strategy that includes e-commerce for our consumer healthcare products
- **Initiatives that bring wider access and availability of medicines have created the most value in our business and that of our partners**
  - Mass Vaccinations
  - Trade and Marketing Services
  - Commercialization Services



# Lessons Learned

- **Developing a culture of continuous efficiency , productivity and cost containment**
- **Organizational engagement must be high at all levels and at all times**
  - measured by our Employee Opinion Surveys (Town Halls; Newsletters; Open Forums with Line Managers)
  - Regular reviews with partners.





- Volume of medicines used globally will reach 4.5 trillion doses and cost US\$1.4 trillion by 2020
- **Dramatic increase in utilization of medicines** due to expansion of health systems
- 2/3 of volume will comprise of **generic medicines**
- Largest demand will come from **emerging markets** (including China, India, Indonesia and Brazil)
- **ASEAN Harmonization** will bring opportunities and pose challenges in regional distribution.



The  
future

## The Future of the Healthcare Industry

*Global Medicines Use in 2020, Outlook and Implications, IMS*



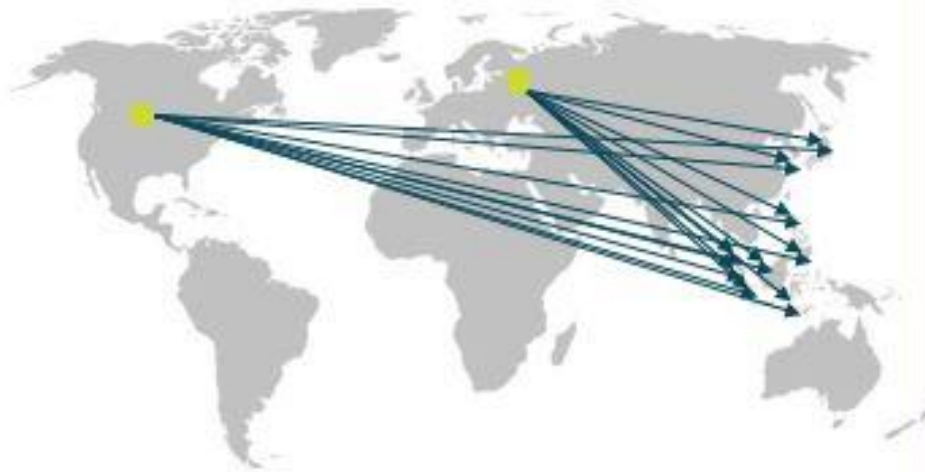
# Specialty Solutions Group | OPERATIONS MODEL FOR CLINICAL TRIAL DRUGS

## Traditional vs Regional Distribution Center Model

SLOW, COMPLEX & EXPENSIVE

VS.

RESPONSIVE, SIMPLE & EFFICIENT

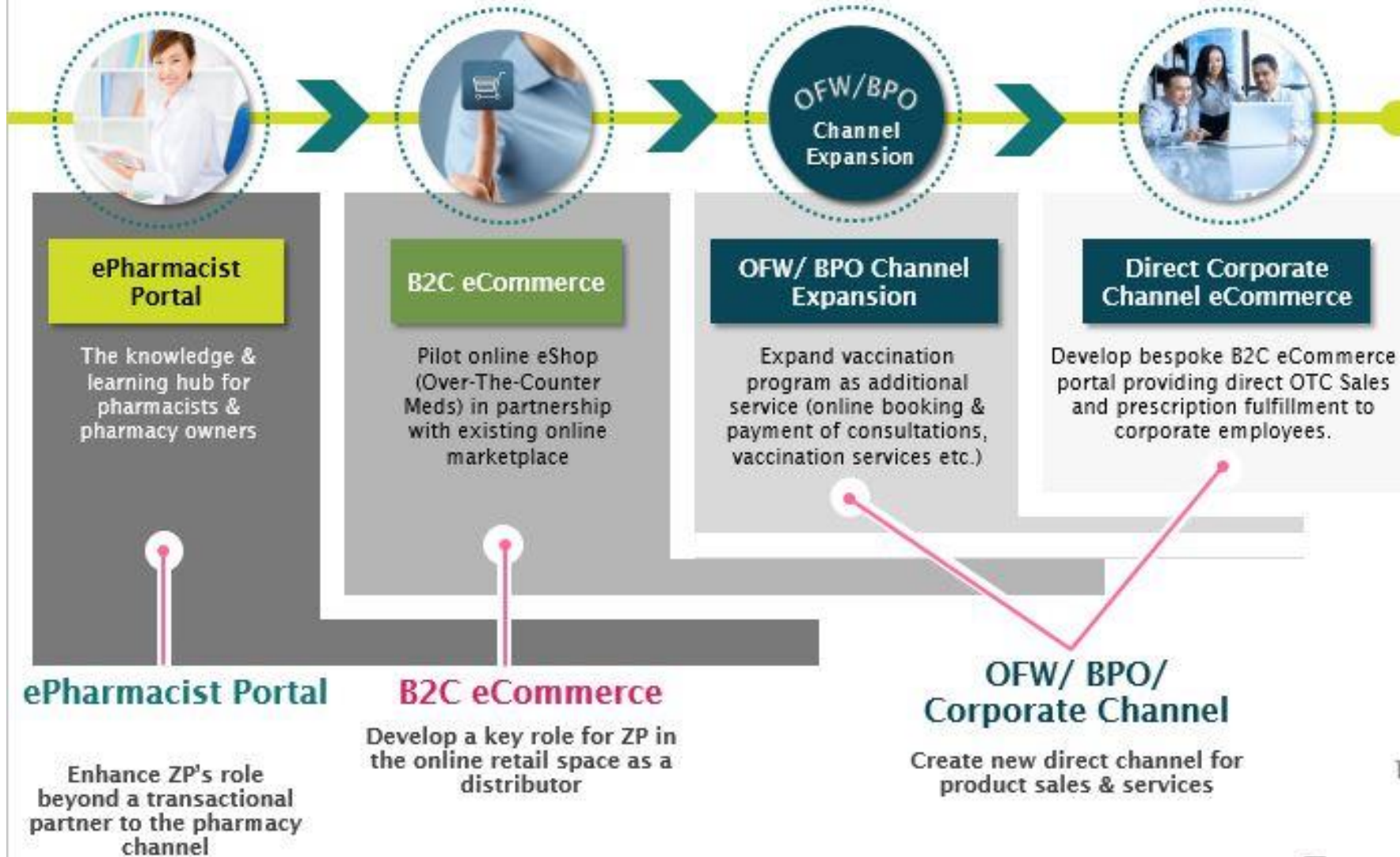


Traditional Supply Chain Model



Regional Distribution Supply Chain Model

# Philippines Digital Strategy | OVERVIEW



# The changing landscape of pharmaceutical distribution

- ▶ Emerging economies will be focused on providing access and essential medicines to those in need to close healthcare gaps.
- ▶ More of healthcare delivery will be technology-enabled, by providers other than doctors and pharmacies.
- ▶ Direct out-of-pocket cash payments will shift to insurance premiums as countries strive for universal healthcare coverage.
- ▶ Higher level of spending → higher revenues for manufacturers
- ▶ Delivery capacity must be expanded by increase in staffing, infrastructure and funding sources
- ▶ **CRITICAL ADAPTATIONS ARE NECESSARY FOR THE PHARMACEUTICAL INDUSTRY TO THRIVE IN THE NEXT DECADES.**





ZUELLIG PHARMA

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**Thank You**