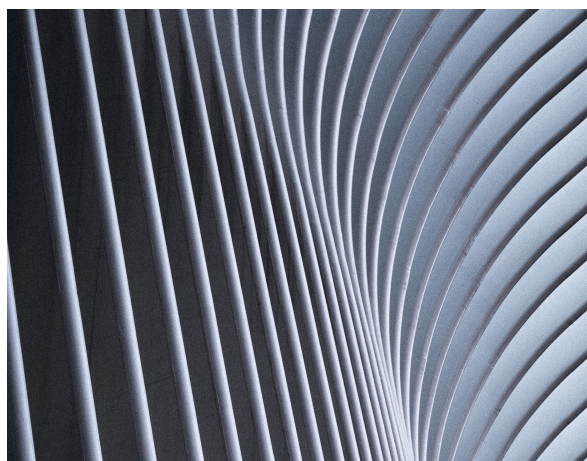


MARKET ENTRY CHALLENGES FOR HEALTHCARE COMPANIES IN ASIA



HEALTHCARE MARKETS IN ASIA

The growing middle-class population in Asia and their increasing purchasing power has had a significant impact on the increasing demand for healthcare services and products. Combined with the adoption of new technology in treatment, the healthcare industry in Asia continues to grow rapidly, leading many companies in developed countries to seek to expand their presence in the region to capitalize on the increasing demand.

When entering into new markets, companies face various challenges, including cultural differences, legal differences, and economic uncertainties. As the healthcare industry is highly affected by government policy, the challenges in Asia can be greater. From distribution issues to inefficient regulations, many companies have had to face these challenges in introducing their products into new markets.

KEY CHALLENGES

Markets in Asia are traditionally perceived as difficult to enter, especially for companies in therapeutic areas where the industry and regulatory contexts are complex, fragmented, and unfamiliar. This can encourage foreign companies to ignore, de-prioritize, or approach the region in an ad hoc manner and at worst with insufficient strategic direction or thought. This is potentially a critical mistake.

Asia comprises the world's most attractive markets and is experiencing growth that cannot be matched by any other geography. It is a broad and diverse region, so success in these emerging and sophisticated markets is not necessarily borne from transferable experiences.

Depending on the specific therapy area and country in which it seeks to expand, the challenges faced by healthcare companies looking to enter the Asian market vary. Regulatory approvals, sometimes perceived as the most significant obstacle, can be difficult to obtain for healthcare companies without local knowledge, existing distribution networks, and contacts with potential partners or customers in Asia. Furthermore, governments in Asia often impose trade barriers to protect domestic industries, usually in the form of high tariffs, import quotas, and other non-tariff barriers that reduce market access for foreign products. Thus, for healthcare companies to increase their chances of success in Asian markets, they must not only understand the local business conditions and navigate through the regulatory environment but also deal with the challenges of distribution and sales, intellectual property protection, and commercial risks.

OPPORTUNITIES

One useful approach for reducing or removing these roadblocks is to analyze successful models of partnership. This is probably the most important area of opportunity for companies new to Asian markets. Instead of looking to establish a legal entity in Asian markets and replicating their business model, there are many multinational and local companies that are very well set up to partner across many therapeutic areas. The question is then, which partner?

Our experience in Korea, India, Southeast Asia, Australia, and elsewhere in Asia, working with healthcare multinationals might shed light on how companies are overcoming the challenges of marketing new products in Asian countries.