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Novartis: Malaysia signed MoU only with us

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Malaysia has geared itself to become a high-income developed nation by 2020. Working towards that goal, the government had launched the economic transformation programme (ETP), which is expected to boost Malaysia's gross national income (GNI) per capita to more than $15,000 in 2020 from a mere $6,700 in 2009.

In May 2010, a large workshop was run to identify 12 national key economic areas (NKEAs). NKEA has been defined as a driver of economic activity that has the potential to directly and materially contribute a quantifiable amount of economic growth to the Malaysian economy. One among the 12 identified NKEAs is healthcare, which has a growth target of $13.57 billion (RM 42.2 billion) while generating more than 260,000 jobs by 2020.

Working towards this goal, the Ministry of Health (MoH), Malaysia, and Novartis Malaysia signed a Memorandum of Understanding (MoU) to enter into a partnership to build various healthcare capabilities to further enhance the ETP. Novartis is taking measures to further strengthen the presence in the South East Asian countries. Earlier in March 2012, Novartis

Thailand extended its seven year long partnership with the National Center for Genetic Engineering and Biotechnology (BIOTEC), Thailand, to explore the biodiversity in Thailand and now Novartis Malaysia is partnering with MoH, Malaysia, to help the booming healthcare industry of the country.

BioSpectrum takes a look at the situation in Malaysia and connects with Mr Avinash Potnis, president, novartis Malaysia. He explains the MoU and further expands on how the company will be contributing towards the partnership.

Please tell us about your partnership with the Ministry of Health, Malaysia?

As a leading multinational healthcare company, we have been collaborating with the Ministry of Health (MoH) over the past years to address the healthcare needs of the Malaysian people. The memorandum of understanding (MoU) reinforces our commitment to the patients in Malaysia and is the result of our continued collaboration with the MoH.

It is the first time that the MoH and a foreign multinational have signed a memorandum for building of healthcare capabilities in Malaysia. We believe that the diversified product portfolio offered by Novartis in Malaysia, which ranges from innovative pharmaceuticals, quality generics, vaccines and diagnostic tools, over-the-counter drugs, animal health and eye care products, has been a contributing factor for the MoH to choose Novartis as a partner for sustainable cooperation.

The MoU aims at building healthcare capabilities in Malaysia and hence it makes a significant contribution to health as National Key Economic Areas (NKEA) and to the overall economic transformation program announced by the MoH in 2010. The proposed areas of cooperation between Novartis and MoH, include the building of technical capabilities; the promotion of clinical trials; the facilitation of access to innovative medicines and quality generic products; and the possible support of healthcare start-up companies by the Novartis Venture Fund.

What is going to be Novartis' contribution towards the partnership?

Novartis and MoH, Malaysia, will explore and evaluate opportunities to cooperate in each of the four key areas that have been identified. As an example, in the building of technical capabilities, the MoH will identify interns to undergo training at Novartis facilities in Switzerland or other suitable locations, for a period of three-to-six months. Moreover, Novartis offers to conduct training and development workshops for government's key investigators and clinical researchers, who are involved in international research in Malaysia.

What is going to be the Ministry of Health's contribution towards the partnership?

The MoH will cooperate with Novartis to facilitate access to innovative medicines and quality generics, as well as increase the number of clinical trials in Malaysia. For instance, the government will form a work-group together with Novartis to reach common understanding in the identification and selection of clinical trials that are to be sponsored by Novartis in Malaysia.

The government and Novartis will continue to collaborate on appropriate and relevant access programs for patients needing early access to innovative medicines. For example, the MoH recently agreed to expand the funds for a new access program for Thalassemia patients, making a new innovative treatment available to more than 1,000 patients in Malaysia.

What is the market size of the healthcare sector in Malaysia?

In 2011 the healthcare expenditure in Malaysia was around five percent of the National GDP (around $11 billion). The MoH contributed 57 percent (around $6.3 billion) and the rest came from the private sector. The size of the pharmaceutical Industry in 2011 was close to $1.5 billion with approximately 33 percent generic penetration.

Which sectors is the partnership going to focus on?

The collaboration will evaluate opportunities in a number of healthcare areas, where the Novartis portfolio can address unmet medical needs. This includes innovative pharmaceuticals, quality affordable generics, vaccines and diagnostic tools, as well as over-the-counter drugs, eye care, and animal health products.

What is the status of funding in the collaboration?

As part of the collaboration Novartis will explore the possible support to healthcare start-up companies by the Novartis Venture Fund (NVF). Generally, the investment focus of Novartis Venture Funds (NVF) is on development of novel therapeutic platforms and on medical devices, diagnostics and drug delivery systems. In our investment, we look for unmet need and clinical impact, novel proprietary science and understanding of mechanism, management, board experience and capital efficiency in the program.

The preference is to invest at the earlier stage to build the company and follow with additional investment in pace with the company's progress. In particular, the NVF supports early ideas with the plan to form companies once the technology has been further validated.

Contributions are made through investments in medical devices, diagnostics and drug delivery systems, looking for unmet need and clinical impact, novel proprietary science and understanding of mechanism, management and board experience and capital efficiency in the program.

There are several countries in Asia Pacific that are looking to promote start-up companies. What made Novartis choose Malaysia for this program?

In Asia, Novartis Venture Funds support companies in Singapore and South Korea. NVF is one of the proposed areas of sustainable cooperation outlined in the MoU between Novartis and the MoH. By evaluating promising Malaysian healthcare start-up companies for potential investment, Novartis aims to contribute to the development of the healthcare industry in Malaysia in line with the MoHs's vision and strategy.

What are the future plans of the Novartis corporation in Malaysia?

Novartis remains committed to investing and growing in Malaysia. According to the MoU, Novartis will explore and identify appropriate projects and programs in cooperation with the MoH, which contribute to the country's economic and social transformation for the benefit of Malaysian patients.