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Health awareness is fueling diagnostics in Asia

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Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche Diagnostics began its journey in India from January 2002 as an outcome of global acquisition of AVL Biomedical, leaders in blood gas and electrolytes testing market. Having operated in India for a decade, the company has clocked revenues of $81.48 million (Rs440 crore) in 2011growing at about 13 percent.

Recently, it announced the appointment of Mr Lance Little as the chairman and managing director of Roche Diagnostics India and South Asia. In his new role, Mr Little will oversee operations in the Indian sub-region which includes the neighboring markets of Sri Lanka, Bangladesh, Bhutan and Nepal. Mr Little joins India operations from New Zealand, where he served as managing director of Roche Diagnostics New Zealand. BioSpectrum spoke to Mr Lance Little about the market opportunities and company's plans for the region. Excerpts of the interview.

How do you differentiate the Indian market from other markets such as Thailand and New Zealand?
In the context of the laboratory diagnostics business, all countries are on the same pathway; its just that certain markets are in

different positions down that path. New Zealand with a population of 4.2 million people is a consolidated environment as far as labs are concerned; primary and secondary healthcare is publicly funded and it is a very controlled, low growth environment.

The challenge is being able to grow the market share. Thailand is a mix of government funded healthcare and out of pocket payments and a good quality user base. But again, Thailand starts to get into similar challenges as India has regarding healthcare access, with approximately 60 million people and a significant rural component. In India, we have very good high-end labs, which are equivalent to any country around the world.

However, the challenge is when we look at the laboratories here. We have got somewhere between 40,000-to-60000 labs in the country but only approximately 400 labs that are NABL accredited. These labs have to consistently perform and are frequently audited and checked. The focus that I want to bring to India is the experience from the other two markets to build and drive the quality in the labs here, so that more people can benefit from quality diagnostics. This is the core fundamental and we want to do that by moving away from the traditional trader type mentality as a supplier to being a partner for our customers.

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How do you see the growth for Roche Diagnostics in India and other south Asian countries? What factors have been driving the market in these countries?
We expect our business to grow in the range of 20-to-24 percent over the next year, which is higher than the industry growth. Some of the predominant factors driving the market growth in these countries are increased health awareness and accessibility with expansion of existing labs. In addition, private entrepreneurship in setting up laboratories and hospitals is complimenting the initiatives of the government, leading to an increase in quality of diagnostics and treatment.

Traditionally Asian countries are very sensitive towards price. What are your thoughts regarding this? What strategies are you going to adopt to take the company on growth track?
We have to make sure that we remain competitive. Indian diagnostics is a price-sensitive environment. That's the way it is. We just have to manage the business appropriately. However, healthcare spending here is very interesting, as is seen in the latest government announcement on the next five years plan.

The government is increasing their healthcare spending, moving from 1.4 percent of GDP to 2.5 percent GDP. That will allow more people access to healthcare and given that 70 percent of clinical decisions are made in conjunction with diagnostic information, I see an increasing demand for high quality diagnostic testing.

How do you see the competition in the diagnostics market in the region?
We have competitors in India as we have globally. Everybody has their space within their various product portfolios and it's no different in India. But again the question is about maintaining the quality of products and systems to make sure we fit it right for the Indian environment. We are a significant player in many segments including centralized diagnostics, point-of-care, tissue diagnostics, molecular diagnostics, as well as life sciences. Our strength is our quality and our focus will be to partner with the laboratories in India by bringing high quality technology.

The government of India plans to increase expenditure on healthcare in its five year plan. What streamlines, if implemented by Roche, will help it to maintain a high growth rate?
All of our diagnostic businesses are performing well with Centralized Diagnostics and Near Patient Testing showing very strong growth. This is expected to continue as we move more into a partnership model with our customers and add value through long term relationships, and a drive for excellence in laboratory services.

Roche Diagnostics clocked $81.48 million revenues in 2011. What growth is Roche Diagnostics India looking at for 2012? What are your plans for India and for South Asian region?
Roche Diagnostic's intention is to maintain strong above market growth. Our plans for the region are to actively drive quality into the diagnostic environment and strengthen our internal processes to support high quality growth.

Diagnostics testing will not only increase as healthcare access increases, but new high quality tests and technologies will become available which will give clinicians more tools to treat patients. We will continue to focus on areas of unmet medical need and in particular there is a lot to do in blood screening and cervical cancer screening. We will work on sustainable relationships with our customers to ensure we provide high quality products, with good support systems to ensure quality diagnostics are delivered in India.