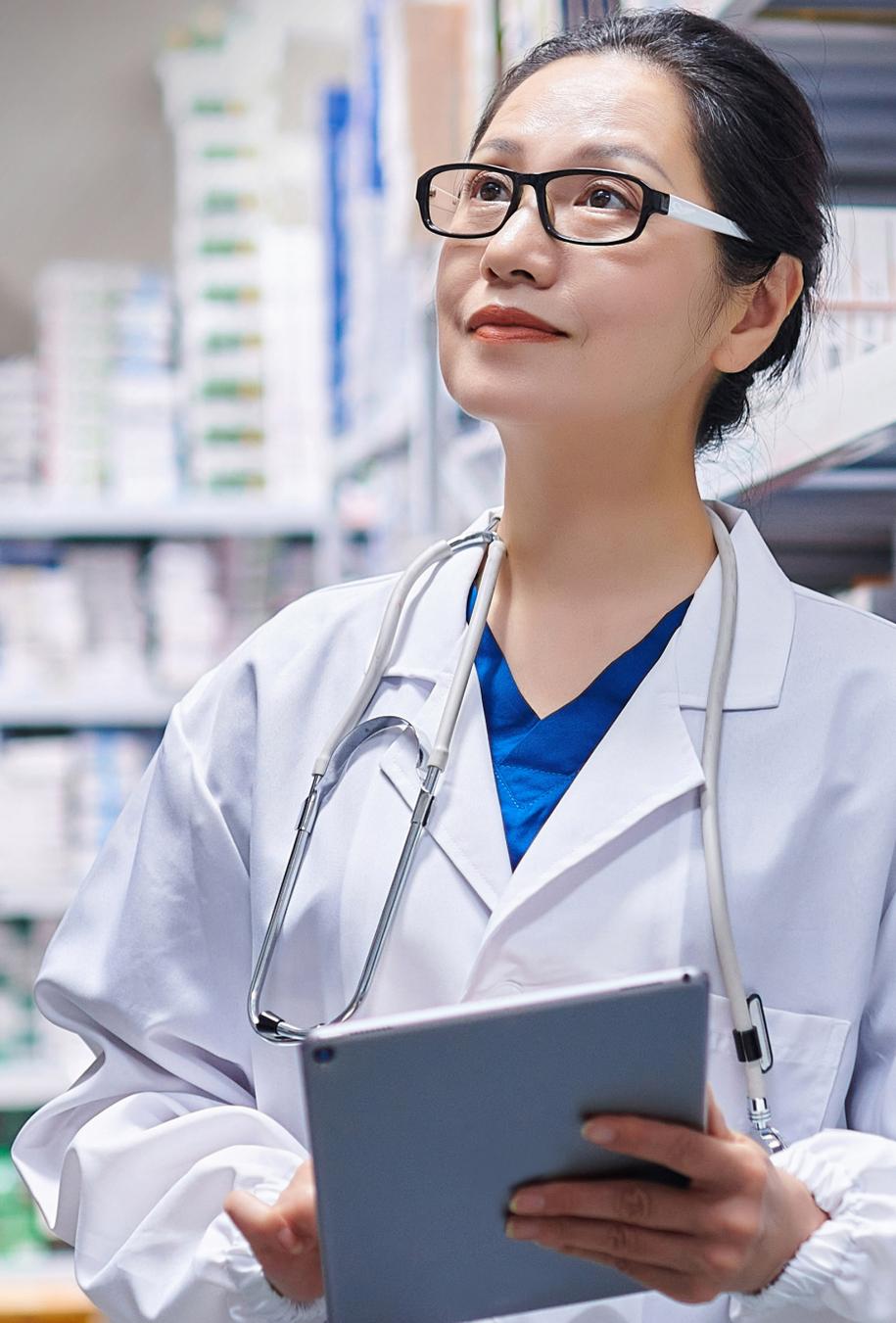


DKSH Healthcare's Commercial Go-To-Market Trends Series

Rethinking Commercial Models in Asia Pacific's Evolving Healthcare Landscape



Delivering Growth - in Asia and Beyond.

DKSH Healthcare's Commercial Go-To-Market Trends Series

Rethinking Commercial Models in Asia-Pacific's Evolving Healthcare Landscape

The healthcare industry in Asia Pacific ("APAC") is at a crossroads. On one hand, countries have fast-evolving health systems and economies, with rapid advancement and adoption of medical innovations. On the other hand, healthcare and life science companies face complex ecosystems and increasing pressures that could lead to a widening gap between innovation and access. How can companies adapt their commercial models to unlock growth in such an environment? Is there a need to re-think traditional commercial models to maximize opportunities?

Welcome to the DKSH Healthcare's Commercial Go-to-Market Trends Series, where we share findings from regional executives, based on proprietary surveys, interviews, case studies, and other analysis, about expectations and strategies for growth ambitions in the region. In particular, we emphasize the opportunity for regional executives to consider Commercial Outsourcing as a solution to the increased headwinds of market pressures and outdated go-to-market models – to ultimately unlock more growth in Asia-Pacific for pharmaceutical and life sciences companies.

The insights from this series cut across verticals (pharmaceutical, medical device, consumer health sectors) and APAC geographies (with special focus on key DKSH Healthcare markets of Southeast Asia, North Asia, Australia/New Zealand). Executive surveys were conducted in 2017, 2021, and again most recently in 2025, with the results being compared accordingly



and augmented through direct conversations with regional industry executives sharing their feedback and best practices. On average, respondents are healthcare executives responsible for 5–6 markets across APAC (with many indicating plans for further expansion), and the majority oversee businesses with annual revenues exceeding USD 500 million. Throughout

this insights series, we will explore the APAC healthcare market landscape, challenges with traditional commercial models, and fresh thinking about partnerships along the value chain, including Commercial Outsourcing. For this first article, we set the scene by describing the exciting opportunities yet also cautionary tales for the future of the healthcare industry in the region.

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Asia-Pacific's healthcare landscape is evolving rapidly, and with it, the need for more agile and scalable commercial models. This insights series reflects our commitment to helping healthcare companies navigate the region's complexity and unlock growth through strategic partnerships. At DKSH Healthcare, we believe that rethinking go-to-market approaches—especially through commercial outsourcing—is essential to staying competitive and delivering better health outcomes for patients across the region.

— Bijay Singh, Global Head (DKSH Healthcare)

Asia Pacific healthcare markets are growing across all categories and archetypes

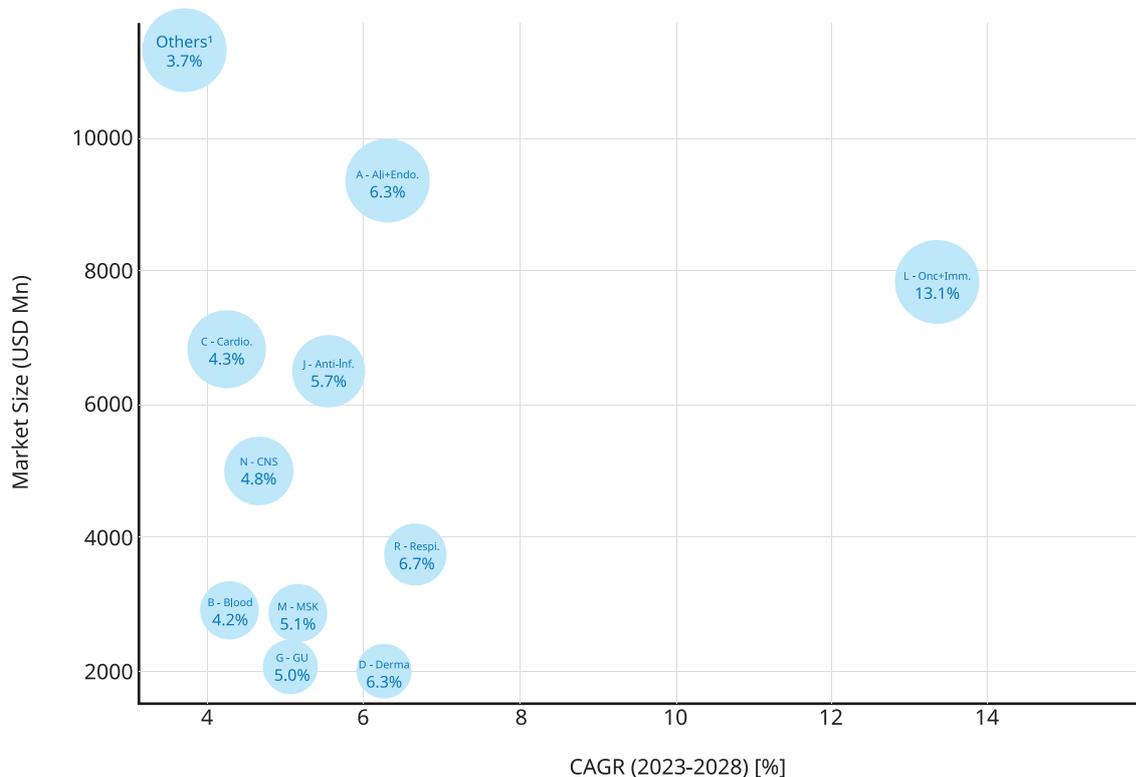
APAC healthcare markets continue to experience an upward trajectory of growth, particularly post COVID-19. The broader region features more than four billion people (60% of the world's population), rising income levels, rapid ageing, and an overall increasing demand for health and care.

The pharmaceutical industry in APAC is experiencing 4-5% compound annual growth from 2023 through to 2027, representing about 16.8% of the total global pharma market – with China, India and Japan estimated at USD 234 billion, while the rest of Asia (SEA, ANZ and North Asia) nearing USD 100 billion. However, this post COVID-19 growth in APAC lags behind some western markets, further illustrating the need to re-think commercial models in the region. After the 3 largest markets in APAC

(China, Japan and India), the next largest geographies include South Korea (USD 26b, 7% growth), Australia/New Zealand (USD 20b, 4%), Vietnam (USD 11b, 8%), Thailand (USD 11b, 9%), Indonesia and Taiwan (both at USD 9b, 5%). Figure 1 further breaks down the pharmaceutical industry growth by therapeutic area, showing strong growth outlook for Alimentary & Endocrinology, Oncology & Immunology, and Cardiovascular in APAC.

Figure 1: Pharmaceutical sector growth forecasts in APAC by therapeutic area.

Source: IQVIA Analytics, DKSH Internal Data



Shape of sphere translate the % of market size

Beyond pharmaceuticals, other verticals demonstrate growth opportunities as well. The APAC medical device sector is expected to grow at a 6% CAGR, driven by a shift to out-of-hospital care. Stable growth is forecasted in categories like In-Vitro Diagnostics, Cardiovascular, and Diagnostic Imaging, with rapid catch-up in Diabetes Care, Ophthalmic, and Gastrointestinal. Consumer Health / Over the Counter (OTC)

medicines are projected to grow at 10% CAGR from a smaller base, led by categories like Cough/Cold, Analgesics, Digestive Remedies, and Dermatologics. In developing markets such as Thailand, Vietnam, Indonesia, Malaysia, and the Philippines, out-of-pocket payment models are fuelling 1.5x faster OTC growth compared to payer-driven markets, as self-care helps bridge healthcare gaps.



My team is responsible for the ASEAN region plus Sri Lanka and Bangladesh, and we see great opportunity for growth – particularly for molecules that are expected to reach a significant number of patients suffering from obesity, diabetes, cardiovascular disease and Alzheimer's. As well as for specialty care like oncology and immunology. We plan to more than double our business [in these markets] between 2025 and 2029.

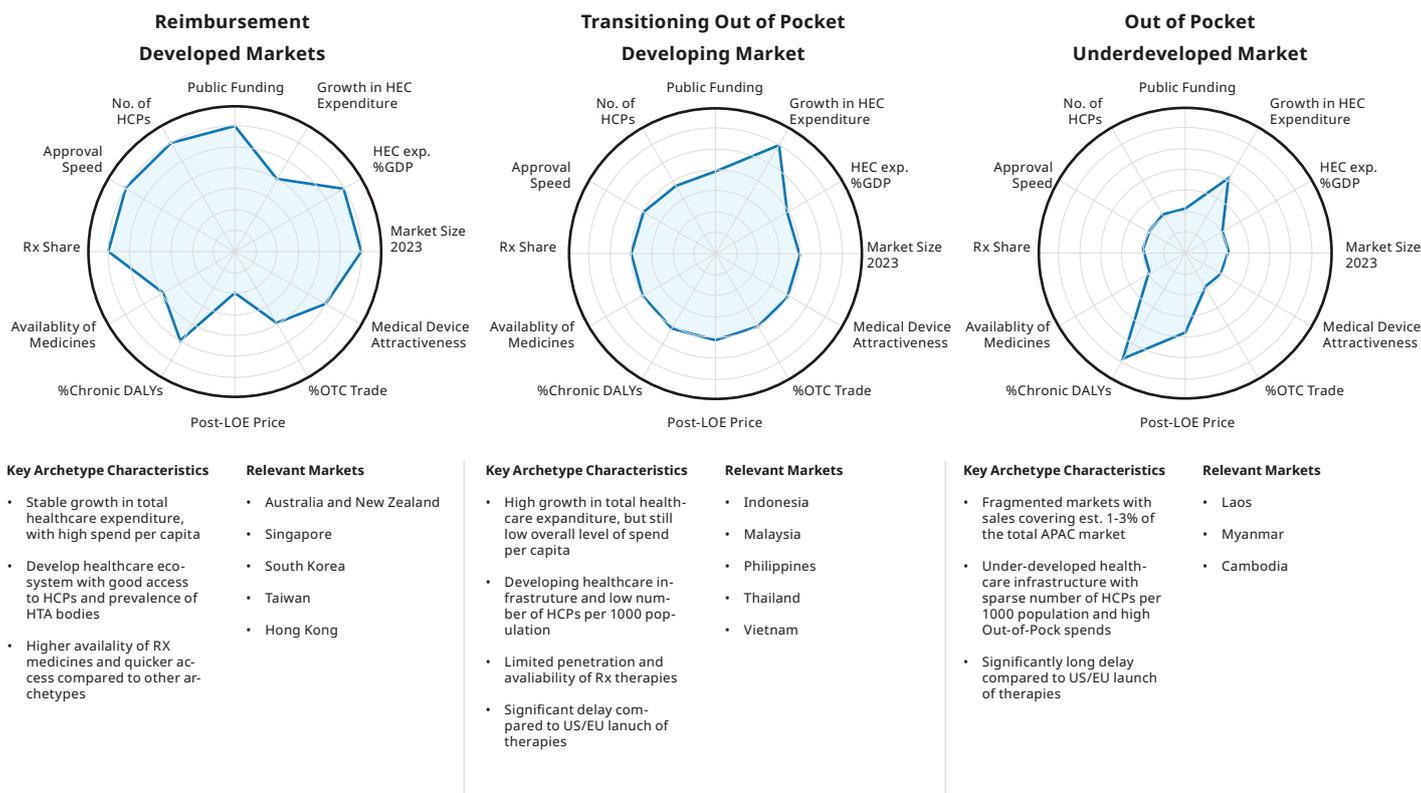
— Beata Wcislo, Associate Vice President for Alliance Markets (Lilly International)

Healthcare and life science companies should actively consider the available growth opportunities in APAC, especially in the previously mentioned therapeutic areas - Alimentary & Endocrinology, Oncology & Immunology, and Cardiovascular. However, there are clear headwinds that make unlocking growth less straight forward, such as: regulatory complexities (e.g. unique requirements by market for registration, pricing, and promotion), uneven infrastructure (e.g. distribution,

warehousing, Key Opinion Leader (KOL) reach), and HCP shortages especially in less developed areas. A one-size-fits-all commercial strategy is likely to be ineffective in APAC due to the region's complexity and diversity, yet crafting a bespoke strategy for each market often compromises efficiency and scale. To address this, we propose a market archotyping approach that balances high impact with smart resource allocation.

Figure 2: Market archotyping strategy for maximizing healthcare markets in APAC.

IQVIA Analytics, Press Search, WHO, World Bank





The Asia Pacific region remains a cornerstone of our global ambition and contributes significantly to our overall business. However, we are navigating some obvious headwinds that require careful strategic planning. The implementation of Most-Favored-Nation (MFN) clauses and new tariffs, for instance, has a downstream impact on local economies, which in turn affects healthcare priorities and spending.

— Chris Willmott, Head of Foundational Products APAC & LMIC (Roche)



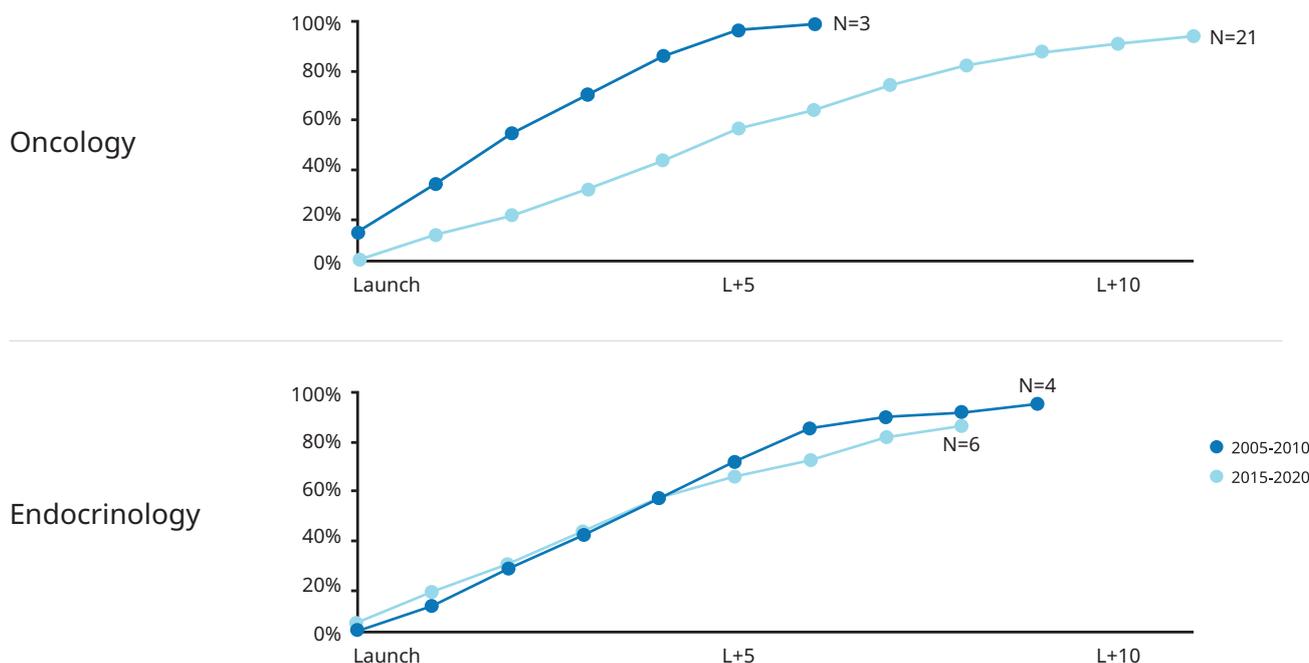
Traditional commercial models may not be enough to capture the opportunity

The reality is that even with growing and advancing healthcare markets in APAC, the go-to-market approaches for most companies often still remain fairly traditional, with investments in local infrastructure and operations that directly manage sales and marketing. Today, these traditional commercial models are facing more and more market pressures. It's well understood that global medical innovation faces

increasingly challenging launch and sustainability outcomes—driven by downward pressure on top-line pricing and rising bottom-up cost structures. As Figure 3 demonstrates, using a pharmaceutical example, peak sales for innovative launches now tend to be later due to trends like more niche patient populations and label expansions. And longer commercialization timelines require more investment and resources, especially in priority regions like North American and European markets. At times, this has led to the APAC markets being deprioritized with delayed launches.

Figure 3: Global pharmaceutical trends in launch sales and pricing pressures.

Source: EvaluatePharma



At the later stages of the product lifecycle, price erosion at the point of Loss of Exclusivity (LOE) in APAC is becoming increasingly pronounced, reaching up to 40% — highlighting the urgent need for strategic lifecycle and pricing management. There are other equally challenging headwinds in medical devices (e.g., limited healthcare infrastructure and personnel to support the equipment) and consumer

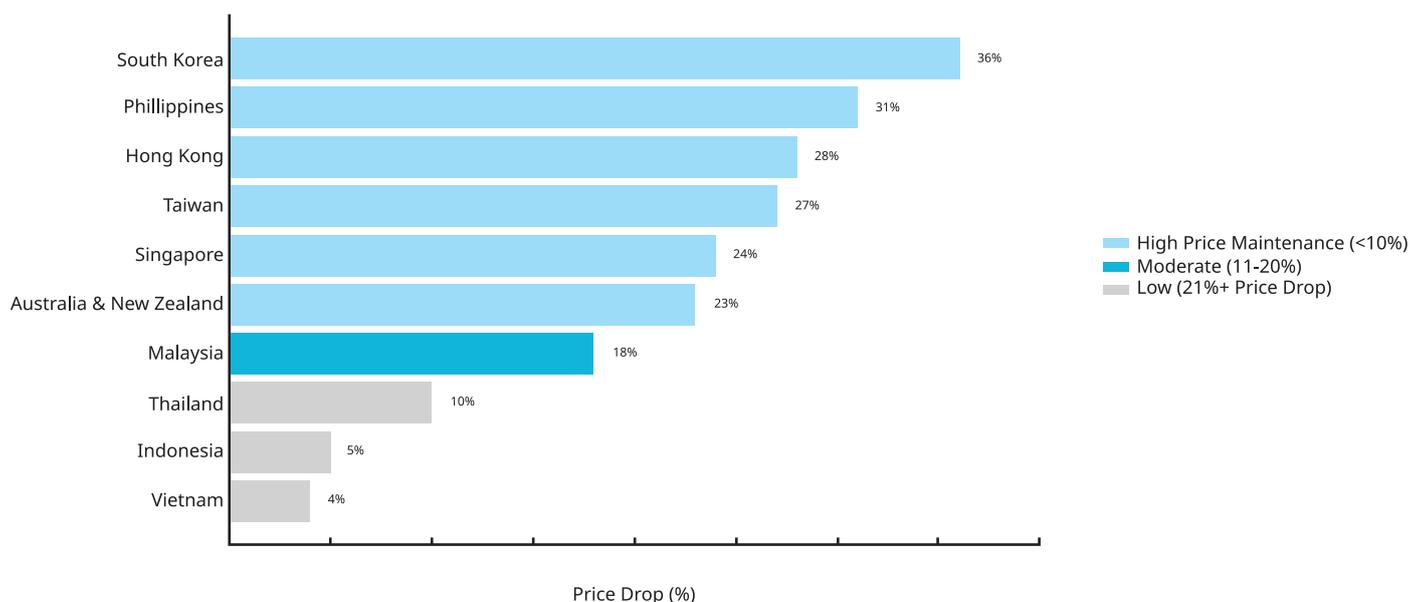
health (fierce competition, including from in-market players). Furthermore, these trends are set against a backdrop context of complex supply chains, geopolitical tensions, and regulatory requirements which are moving in favor of localization.

These market pressures are driving the need for new approaches to commercializing healthcare products

and solutions in APAC. Companies are increasingly looking for models that can variabilize costs and investments while still capturing market opportunities and delivering growth. One such approach is partnering with commercial outsourcing providers. By leveraging their established networks, capabilities, and in-market infrastructure, these partners can often accelerate growth while maintaining cost efficiency.

Figure 4: Price erosion Post-LOE by Market

Source: IQVIA Analytics, Internal Analysis



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In the past, many companies had their own local subsidiaries, obtained marketing authorization ('MA') approvals, and sold their products by themselves. However, the Asia Pacific market has become increasingly competitive, leading to shorter product lifespans. Therefore, the sustainability of local subsidiaries now requires the continuous creation of new products. As an alternative, the model of outsourcing to partner like DKSH is becoming important in product lifecycle management strategies.

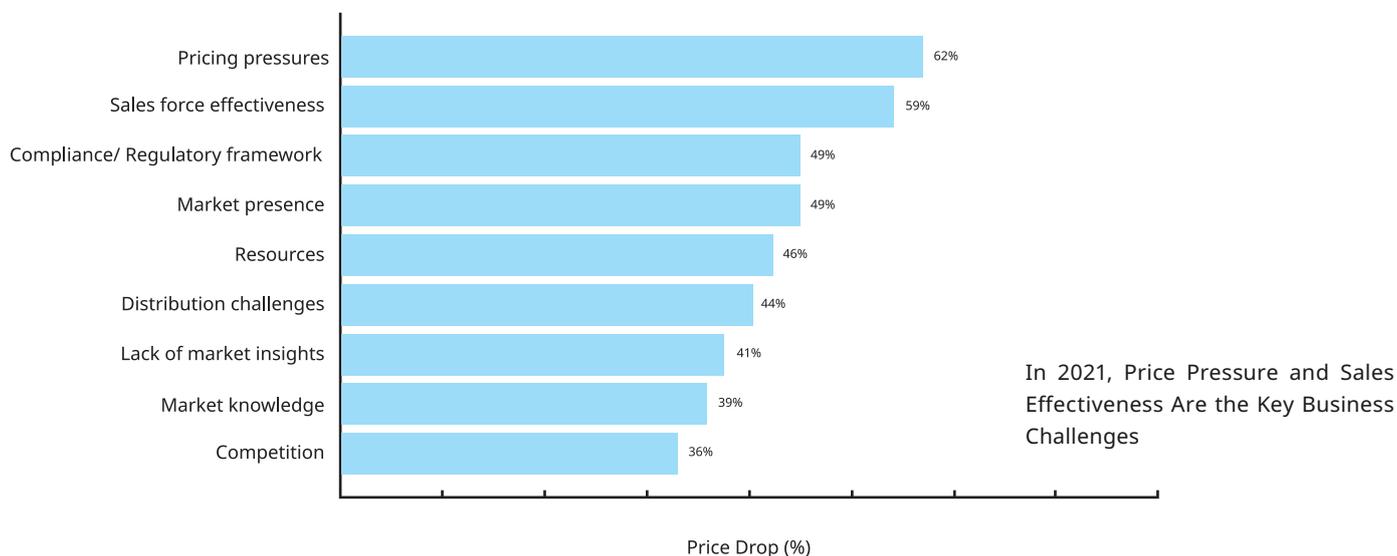
— Kazunori Komatsu, VP, Head of Partnership Management (Kyowa Kirin)



While there will surely be nuances by product and category, according to our surveys and conversations, the most pressing concerns for regional executives in our post COVID-19 era are (in order): pricing pressures, salesforce effectiveness, market presence, and regulatory requirements (see Figure 5). These concerns highlight the need for a go-to-market approach that makes efficient use of resources, safeguards both regulatory and ethical compliance, and at the same time enables speed to market and commercial excellence. Commercial models remain fairly traditional. There is a growing need to rethink commercial strategies in the region—particularly by more effectively leveraging partnerships across the healthcare value chain to drive impact and efficiency.

Figure 5: Key challenges faced by APAC executives in achieving growth ambitions.

Source: DKSH Healthcare Commercial Outsource Tracking Study (2025)



Traditional go-to-market models in Asia-Pacific are increasingly misaligned with today's healthcare realities. Fragmented regulations, rising cost pressures, and evolving patient expectations demand a more agile approach. To stay competitive, companies must rethink their commercial strategies—embracing new models like commercial outsourcing that offer speed, scalability, and deeper market relevance.

— Abhay Bang, Asean and Singapore Life Sciences and Health Care Leader (EY Parthenon)

Adopting Commercial Outsourcing as a strategic growth lever

Taking a holistic view of APAC's healthcare opportunities, market pressures, and evolving go-to-market models ultimately lead us to the central theme for the remainder of this Trends and Insights series: Commercial Outsourcing ("CO"). We will briefly introduce the concept here, and then expand further on CO strategies, operations, and best practices in the subsequent articles.

CO can be defined as the delegation of one or more commercial functions along the value chain (including but not limited to marketing, sales, distribution, regulatory affairs, and customer service) to a third-party strategic partner with local expertise, regional perspectives, ready infrastructure, and established networks that can manage APAC's complexity and unlock market opportunities. CO can drive financial efficiencies by reducing heavy in-market investments like setting up local affiliates and building commercial

teams, and instead transform these into variable costs tied to performance. CO is much more than just a cost play; CO is about strategic flexibility and growth. The upside benefits of CO also include speed to market by leveraging existing ecosystems, regulatory expertise through local market footprints, and flexibility across the product and service lifecycle journey using an omnichannel approach. In other words, as compared to traditional go-to-market and distributor models, CO represents an enhanced strategic partnership for growth.



Apart from our affiliate in Japan, Cheplapharm follows a fully commercial outsourced model in APAC, relying on regional partners for combined services of distribution, promotion (where applicable), regulatory affairs (RA), and pharmacovigilance (PV). We are committed to strengthening our footprint in APAC alongside valued partners such as DKSH, with a particular focus on driving growth of our established products in line with the annual molecule CAGR across key markets.

— Kim Sophie Rabensdorf, Head of Regional Sales APAC (Cheplapharm)

90% of regional executives we surveyed already have some type of CO arrangement in place in APAC over the past few years, with a further 62% having increased CO investments since 2021. South Korea, Vietnam, and Singapore are among the leading adopters

of Commercial Outsourcing (CO) in APAC. Table 1 highlights how strategic priorities for CO have evolved from 2021 to 2025, revealing the underlying rationale behind CO decisions. The top drivers include market expansion, increased reach, and sales optimization

across both mature and specialty products—underscoring CO's growing role as a lever for commercial agility and performance.

Table 1: Top Strategic Priorities for Commercial Outsourcing

Source: DKSH Healthcare Commercial Outsource Tracking Study (2025)

2021 (Then)

1. Expand geographical coverage in some markets
2. Expand into new markets
3. Drive sales of strategic products
4. Expand specialty channel coverage
5. Expand pharmacy channel coverage

2025 (Now)

1. Expand into new markets
2. Expand geographical coverage in some markets
3. Optimize sales growth/decline of mature products
4. Expand specialty channel coverage
5. Derive sales of strategic products



Commercial outsourcing is clearly a growing option for managing parts of the portfolio, but it comes with its own set of challenges. A key one is sustaining the return on investment (RoI) over the long term, which requires a dynamic and evolving partnership, not a static, transactional one.

— Chris Willmott, Head of Foundational Products APAC & LMIC (Roche)

We have also found that two-thirds of regional executives intend to change their CO partner within the next 12 till 18 months. Most of these strained relationships involve hyper-local, single-market partners that fail to deliver the full value potential, particularly in areas such

as transparency, compliance standards, and business performance. This underscores the importance of selecting the right commercial outsourcing partner. While some companies have adopted a market-by-market approach, there are clear advantages to a regional

partnership model, which can provide consistency, scalability, and stronger alignment with corporate objectives. We will address these and other underlying CO trends, including learnings from best practices in the next articles.

Case Study: Unlocking Growth Through Commercial Outsourcing with DKSH Healthcare

Background & Challenge

A mid-sized pharmaceutical company operating Asia face mounting pressure to grow while managing costs. Despite a portfolio of established brands, profitability was constrained - stable sales were offset by high COGS and rising operating expenses, leaving only a 15% margin. Cash flow was stretched due to fragmented receivables and less efficient inventory ownership management. Internal teams were tied up in non-core functions like logistics and admin, limiting their ability to focus on strategic launches and HCP engagement.

Solution & Execution

The company outsourced its commercial operations to DKSH Healthcare, transitioning to a sell-in model. DKSH Healthcare absorbed staff, logistics, and administrative functions, consolidated receivables as single customer, and took ownership of inventory - delivering a one-time P&L uplift and improved cash flow. This allowed the client partner to reallocated resources toward higher impact and more strategic growth initiatives.

	Client		DKSH				Range
	Current	Outsourcing	Growth	Inventory	Total		
	Sell-out	Sell-in	2%	One time			
Sales	100	90	1.8	15	107	2-5%	
COGS	-70	-70	-1	-11	-82		
Costs	-15	-2			-2	5-10%	
Profit	15	18	0.5	4.5	23		
% Sales	15%	20%			21%	21%	
Cash flow	140 days	120 days					

*Illustrative

Result & Impact

- 5-10% reduction in operating expenses
- 2-5% incremental revenue growth from DKSH Healthcare's expanded HCP coverage
- Improved working capital, enabling reinvestment in innovation
- Freed internal teams to focus on strategic brands and market expansion

By outsourcing to DKSH Healthcare, the client partner become leaner, more profitable, and better positioned for growth. Commercial outsourcing proved to be more than cost-saving measure, it was a strategic catalyst for transformation.

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What worked in the past will not be enough to capture the future of healthcare in Asia-Pacific. The risks of inaction—missed opportunities, delayed launches, and competitive slippage—are too great to ignore. Now is the time for companies to rethink their commercial models and embrace strategic partnerships like commercial outsourcing to unlock sustainable growth

— Bijay Singh, Global Head (DKSH Healthcare)

A new line of thinking is required for regional executives, evolving from traditional approaches into more future-proofed partnerships like CO. CO is not just a tactical fix; it's a strategic growth lever. By embracing CO, healthcare companies can move faster, scale smarter, and access new growth pathways across fragmented APAC markets. Now is the time to act – decisions made in the next 12 till 18 months will define the winners of the next decade. Below is list of considerations to take as you relook at your own go-to market commercial models:

1. Align Commercial Models with Market Realities

- Audit current in-house or distributor-led models, especially in priority growth markets.
- Define market archetypes (e.g. reimbursement vs. out-of-pocket, developed vs. developing) and tailor models accordingly.

2. Strategically Leverage Commercial Outsourcing (CO)

- Map CO opportunities to strategic goals—accelerate entry, expand coverage, or extend brand lifecycles.
- Reassess existing CO partners for performance, compliance, scalability, and strategic fit beyond logistics.

3. Build for Future Readiness

- Ensure partners offer data, digital traceability, and omnichannel engagement—not just fulfilment.
- Pilot CO in select markets with clear KPIs; refine and scale based on results.

4. Enable Organizational Alignment

- Update governance and incentives to support outsourced models while maintaining control and compliance.



Key references:

Proprietary market research, DKSH data and analysis were conducted – building also on publicly reported findings from IQVIA, LEK, Evaluate, Capital IQ, Press Search, Statistica, WHO, World Bank, and Euromonitor. Please send us a request for any specific queries about data sources for the article series.

DKSH Healthcare is a leading strategic healthcare solutions partner providing a full range of distribution, commercial outsourcing, and market expansion services for pharmaceutical, OTC, consumer health, and medical device companies in Asia Pacific.

Our integrated service offerings are unmatched across the regions. We offer end-to-end solutions that include registration, market entry studies, inventory management, physical distribution, redressing, invoicing and cash collection, marketing and sales, patient solutions/support programs, and more. With our industry leading marketing and sales competencies supported by regulatory affairs, as well as our commitment to international quality standards and corporate compliance –we set the benchmark for healthcare commercial outsourcing in Asia Pacific.

- **Active in 16 APAC markets**
- **Across multiple trade channels including: modern and traditional trade, drugstores, pharmacies, clinics, hospitals, and eCommerce platforms**
- **250,000 customer distribution drop-off points**
- **4,000 sales force specialists**
- **140 medical and regulatory experts**

Find out more at www.dksh.com/hec



With thanks to our input sources

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