



CASE STUDY: PHILIPPINES

UNILAB'S RITEMED INITIATIVE: MAKING MEDICINE ACCESSIBLE TO THE POOR

Summary

The market price of medicines in the Philippines is among the highest in the world—40-70 percent more than in neighbouring countries, according to the Philippine Department of Health. Some drugs cost 10 times more in the Philippines than in neighbouring countries. In business since 1945, United Laboratories, Inc., (Unilab) is the oldest pharmaceutical company in the Philippines and still one of the largest. Seizing an opportunity to support the government's campaign to make lower price drugs available, Unilab set up RiteMed in 2002, a subsidiary with the mission of marketing and distributing quality, generic medicines to the poor. The company sells generic products for 20 percent –75 percent less than their branded counterparts cost, meeting revenue targets of \$20 million within five years—profitably. The case explores the social, legal and strategic tensions that accompanied the initiative and solutions that address them.



Positive Outcomes for the Poor

- Access to quality medicines for chronic illnesses (e.g. diabetes, hypertension) and life threatening diseases (e.g. tuberculosis, heart ailments) that was otherwise unaffordable for the poor.
- The company's health education campaign helped RiteMed earn public trust of generic drugs and, at the same time, empowered the public to have more options, including lower cost generics.

Positive Outcomes for the Business

- Registered profits after only six months of operations.
- From July 2002- September 2005 RiteMed topped competitors in sales, sales growth and market share.
- RiteMed won many industry awards for business practices and corporate social responsibility.

Key Constraints

- *Market information:* Lack of knowledge within industry to profitably produce generic drugs by pharmaceutical companies.
- *Physical infrastructure:* Distribution difficulties due to infrastructural constraints.
- *Knowledge and skills:* Lack of awareness about inefficacy of generic drugs.



Key Strategies

- *Adapt products and processes:* Unilab developed a separate ‘generic’ subsidiary called RiteMed and had a marketing strategy that branded the whole ‘RiteMed’ line as generic, and also produced in small batches.
- *Invest in removing constraints:* RiteMed marketed drugs by showing compliance with regulatory requirements and published medical studies over and beyond the call of regulation.
- *Combine resources and capabilities:*
 - RiteMed worked with local hospitals in order to make drugs more accessible.
 - RiteMed engaged with medical associations (for generics advocacy in mass media), marketed directly to prescription filling pharmacists, and increased health awareness to break perception that generic drugs were ineffective.

Strategy Matrix

		Strategies					
		RiteMed	Adapt Products and Processes	Invest in removing market constraints	Leverage the strengths of the poor	Combine resources and capabilities with others	Engage in policy dialogue with government
Constraints	Market information						
	Regulatory environment						
	Physical Infrastructure						
	Knowledge and skills						
	Access to financial services						



Opportunities & Challenges for Scaling Up

- RiteMed will continue to advocate for the use of quality generics and expand its portfolio of products in response to the unmet need for quality, affordable medicines and healthcare for the poor.
- RiteMed is eyeing opportunities to embed the community in its core business operations by learning from Unilab's experience in forging a partnership with communities surrounding its plants to repackage certain medicines. The company provides training on handling and sanitation and offers apprenticeships in working stations in the community. This initiative has provided permanent and long-term livelihoods for the community for over ten years. The programme has also tapped the services of people with disabilities through Tahanang Walang Hagdan, a foundation for the handicapped persons that participate in the packaging processes of medicines. RiteMed is looking into the possible replication of this model to provide added value to the community.
- Unilab is also studying how to replicate the RiteMed model in other countries where it has operations. Emerging markets such as Cambodia and Vietnam, where poverty remains a problem and basic health services are not as effective and efficient as compared to other Southeast Asian countries, would benefit tremendously; Replication would also offer an opportunity for Unilab to grow.
- The company will continue to foster its relationship with the Government as one of its vital partners, as well as their commercial partnership with leading drug stores in the country.