JV partnership with US$12B healthcare services group Zuellig Pharma launches MedAdvisor in Asia

Initial launch in Philippines and South Korea with other markets to follow

MedAdvisor Limited (ASX: MDR, the Company), Australia’s leading digital medication management company, is pleased to announce it has signed a Heads of Agreement to form a joint venture with Zuellig Pharma Holdings Pte Ltd (Zuellig Pharma), one of the largest healthcare services groups in Asia.

With close to 100 years of operating history, Zuellig Pharma’s US$12 billion business provides healthcare services to over 350,000 medical facilities (pharmacies, medical clinics, hospitals) across Asia and works with over 1,000 corporate clients, including the top 10 pharmaceutical companies in the world. It also operates large-scale patient engagement programs on behalf of pharmaceutical companies and provides employee health management services to corporate employers. Zuellig Pharma puts emphasis on providing pharmacy and medical clinic customers with state-of-the-art digital customer service capabilities to help cater to the growing convenience and service expectations of patients; and considers MedAdvisor a strong partner with the ability to support an extensive number of its customers in the region.

Joint Venture furthers MedAdvisor’s international expansion

MedAdvisor will form a 50:50 joint venture based in Singapore with Zuellig Pharma to commercialise MedAdvisor’s medication management platform in Asia.

MedAdvisor will license its core intellectual property to the JV on an exclusive, royalty-free basis and will develop localised versions of its platform for pharmacies and patients in the Filipino and South Korean markets. Both parties have conducted in-depth product-market fit assessments and are confident that MedAdvisor’s technology can be effectively rolled out in these countries, which share a similar prescription model as Australia.

Zuellig Pharma will market the JV’s offering to its extensive network of pharmacies, medical clinics and pharmaceutical manufacturers, initially focussing on the Philippines (total c. 27,000 pharmacies) and South Korea (total c. 21,000 pharmacies) in FY20, followed by launches in additional Asian markets.

MedAdvisor will retain ownership of all Intellectual Property in the platform, including any customisations for specific countries.

Targeting a large market

The addressable population in the defined markets exceeds 560m people. The pharmaceutical spend is estimated to be US $69B[1].

The JV will generate multiple streams of revenue including software as a service (SaaS) subscription fees from pharmacies, transaction-based revenue (SMS reminders, in-app/online payment processing fees, GP electronic script requests, etc) and program fees from pharmaceutical manufacturers for the delivery of digital patient engagement programs.

MedAdvisor will invest working capital in the business in FY20 which will be matched by Zuellig Pharma. It is expected that the initial investment will be sufficient to make the JV self-sustaining and MedAdvisor’s commitment is less than 10% of our current cost base. Both parties will receive fees for assisting the JV with sales and technical support once the JV is operational.

Robert Read, CEO of MedAdvisor commented: “This is one of the most significant developments in our Company’s history. As one of the largest healthcare businesses in Asia, Zuellig Pharma is the perfect partner to take our offerings into the region. We are also genuinely excited that the global product platform we are developing for the US and UK, will work just as well in Asia.”

John Davison, CEO of Zuellig Pharma added: “The MedAdvisor platform has the potential to help millions of people manage their medications safely and effectively. Pharmacies have an essential role in providing healthcare to the community and we are committed to helping them serve their patients
better. This Joint Venture expands Zuellig Pharma’s growing suite of digital solutions that address key pain points in delivering quality healthcare. We look forward to building a successful partnership with MedAdvisor, as we work together to make healthcare more accessible in Asia.”

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