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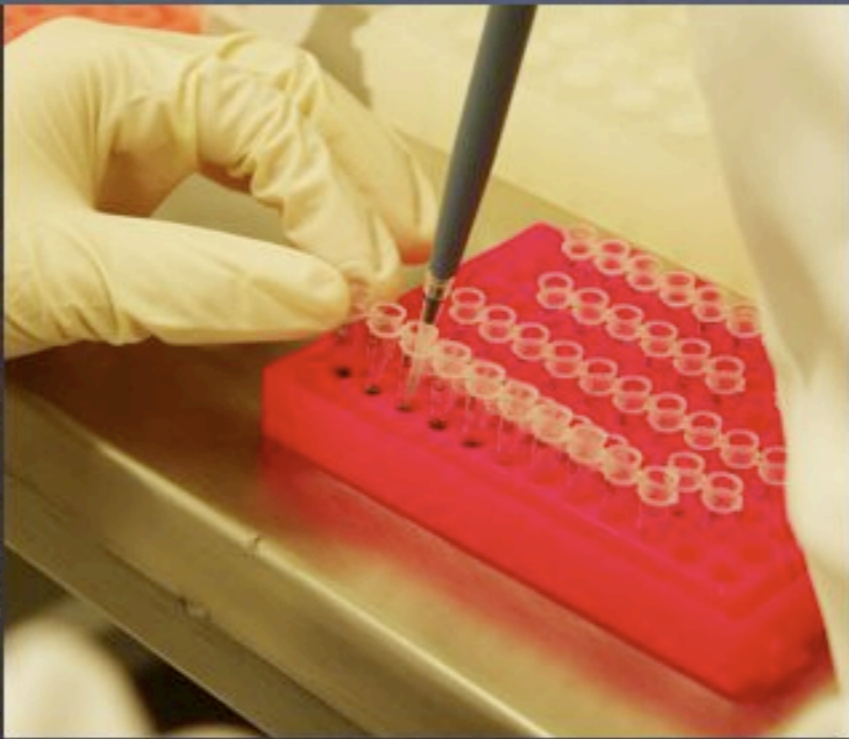
# EXPERIENCE IN DOING BUSINESS IN THAILAND

**BY: CHRISTOPHER RUNCKEL, PRESIDENT OF DELPHI HEALTH SERVICES, LTD.**

# DUE DILIGENCE - COMPARING THAILAND TO OTHER ASIAN COUNTRIES



## WHY WE ARE IN THAILAND?



## THAILAND'S BUSINESS ENVIRONMENT

# Infrastructure

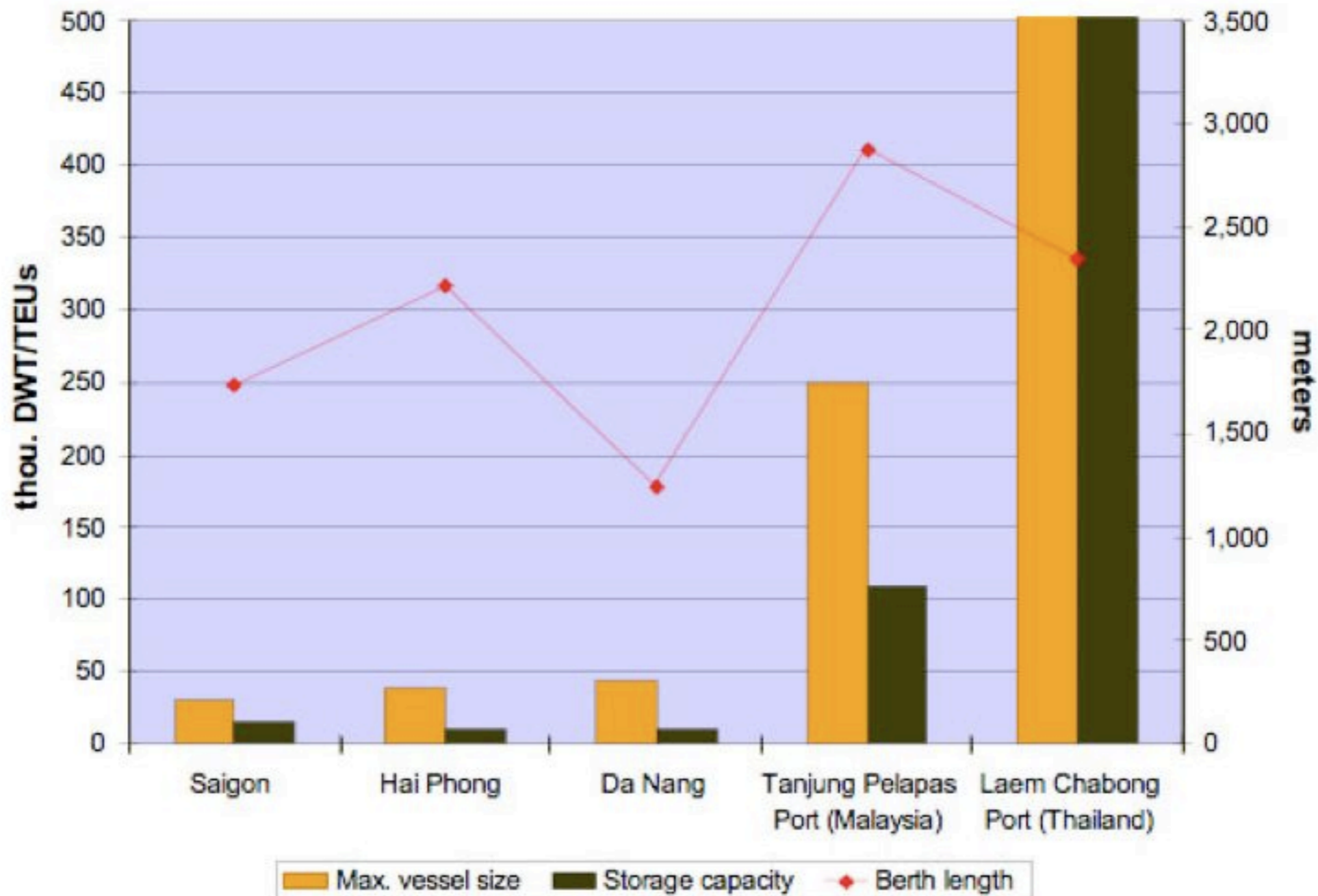
**How easy a country is to travel to and the modernity and efficiency of its air and seaports is always something a company and its executives need to consider.**

**Table of Comparison: Logistics Infrastructure of Countries in ASEAN**

	Port	Airport	Railway	Road
Cambodia	Poor	Fair	Poor	Poor
Indonesia	Poor	Fair	Good	Fair
Laos	Not applicable	Poor	Not applicable	Fair
Malaysia	Good	Good	Good	Good
Philliphines	Fair	Fair	Poor	Fair
Singapore	Good	Good	Good	Good
Thailand	Good	Good	Good	Good
Vietnam	Fair	Fair	Fair	Fair

*RESOURCE: THE WORLD ECONOMIC FORUM  
COMPARISON TABLE: RUNCKEL & ASSOCIATES*

# Infrastructure - Port



*Graph 1. Comparison of 5 seaports in ASEAN region.*

# Procedures and Time in Setting up

**A comparison of Asian countries - pay particular note to export and import times as this is something that most companies have to do frequently.**

	Vietnam	China	India	Thailand	Singapore
<b>Starting Business: all procedures required to register a firm</b>	11 Procedures, 50 days	13 Procedures, 35 days	11 Procedures, 35 days	8 Procedures, 33 days	6 Procedures, 6 days
<b>License: all procedures to build a warehouse</b>	14 Procedures, 133 days	29 Procedures, 367 days	20 Procedures, 270 days	9 Procedures, 127 days	11 Procedures, 129 days
<b>Registering Property:</b>	4 Procedures, 67 days	3 Procedures, 32 days	6 Procedures, 62 days	2 Procedures, 2 days	3 Procedures, 9 days
<b>Export: documents required to export/import goods</b>	6 documents, 35 days	6 documents, 18 days	10 documents, 27 days	9 documents, 24 days	4 documents, 6 days
<b>Import: documents required to export/import goods</b>	9 documents, 36 days	12 documents, 22 days	15 documents, 41 days	12 documents, 22 days	6 documents, 3 days

RESOURCE: THE WORLD BANK GROUP'S DOING BUSINESS COMPARISON TABLE: RUNCKEL & ASSOCIATES

# Incentives Comparison

Category	China	Thailand	India
Income Taxes	Limited 50% holiday	8 year full holiday and 5 years at 50%	Limited sales holiday, 150% tax deduction for R&D
Customs Duties on Equipment	For Export Oriented Companies	Full	Limited
Land Incentives	None in major hubs, free land in smaller hubs	No	No
Government Grants	No	Minor	Minor
Incubator Support	No	Minor	Good

Average incentives based on locating within a Science Park

# Comparison of Salary

**Salary Table: Starting Salaries with no experience**

Education	India	Thailand	China
BSc	\$300	\$400	\$300
Masters	\$600	\$600	\$550
PHD	\$1,200	\$1,000	\$950

# Cost of Equipment and Raw Materials

Item	From China	From US Direct	US via Vendor
Gel Electrophoresis Module	\$220	\$430	\$650
Electrophoresis Power Supply	\$210	\$377	\$540
Dry Bath / Hot Block	\$175	\$410	\$460
Micropipette	\$45	\$210	\$280

Cost comparison for items of identical specification



# Location



**BIOTEC**

**THAILAND SCIENCE PARK**



# Why Thailand is Right for my Company?

## **1. Infrastructure and Geography**

- Road, Port, Transportation
- Excellent location for regional research centers and regional sales offices for U.S. and other companies to reach the Asian market.
- FTAs and open access to China, Japan, ASEAN and India

## **2. Government Regulations and Incentives**

- 8 years exempt tax, 50% more the next 5 years
- import of equipment and raw material

## **3. Human Resources**

- Thailand has a surplus of skilled and experienced technicians and lab workers at less than a quarter the cost of the United States
- No labor shortages and turnover of India

## **4. Intellectual Property and Rule of Law**

- Avoid intellectual property problem in China

# Why Thailand is Right for my Company?

## **5. Cost of Doing Business - office, laboratory, etc.**

- In Thailand, office, wet lab, home rentals, utilities and service contract fees are a fraction of other regional centers like South Korea and Singapore. Office space, water, power are the cheapest in the region.

## **6. Supporting Industries**

- Hospitals, spas, Health Institutes

## **7. Culture of openness, honesty and respect**

## **8. Quality of life**

- International Schools, World-class hospitals, food, beaches & entertainment

## **9. Ability to own land on which facility is situated**

- land lease in China and Vietnam

## **10. Government's Support**

- BOI, Thailand Science Park, NSTDA, BIOTEC, NECTEC, MTEC, MOST

# Outsourcing Service

**One thing that must be made clear is that establishing a high-end biotech facility in any of Asian countries is no simple matter, despite what the government spokespeople claim in their info sessions.**

## **- Outsourcing Should not be ignored**

**The cost savings for outsourcing in biotechnology are enormous, to the tune of 80% on labor and 50-75% on facilities and equipment. For any startup on a tight budget or a mature firm wanting to expand their operations, these are savings that cannot be ignored.**

## **- Language Barrier and Red Tape**

**Most official forms are in the local language and are especially a problem in China, Vietnam, Thailand. These are often very low tech and usually must be filled in person, in triplicate or more. At the very least some local staff devoted completely to dealing with the government are absolutely necessary and an agent with experience in the field is your best bet.**

# Outsourcing Service

- **Save Time and Allow the Researchers do What They do Best**
  - Arranges all renovations or construction for client's new facility
  - Interviews and hires staff
  - Orders and imports equipment
  - Sets up computer system with video conferencing to the U.S. Offices
  - Clears all permits, legal and accounting issues
  - Deals with any other bureaucratic or cultural barriers the clients may face.
- **"You provide us with detailed specifications, and we do the rest"**

# Testimonial



**An example of one company that has taken advantage of this is Maine Biotechnology Services, Inc., (MBS) which offers its immunobiological products and services worldwide and has had customers in Europe since the 1990s and in Asia since early 2000. MBS' management recognized the tremendous growth opportunities that exist in Asia.**

**- After much study, MBS decided that Thailand would be an excellent choice for locating its first satellite facility. This is located at the Thailand Science Park. At this facility, MBS now has access to reasonably priced laboratory space and highly trained personnel. The Park offers all the necessities needed to launch a satellite operation with a range of choices from small office space to large pilot plants.**

# Testimonial



## Quote:

"For a small biotechnology company from Portland, Maine, Maine Biotechnology Service, Inc., found Runckel & Associates and Delphi Health Services to be an exemplary guiding light in the maze of issues that face a company trying to expand its operations in Asia.

Thailand became a logical and doable choice for MBS due to the diligence and expertise of Runckel and Delphi."

*-Joseph Chandler, Ph.D. President, Maine Biotechnology Services, Inc.*

# Deputy Prime Minister's Remarks on development of Biotech in Thailand 2007



The bioindustry, as a whole, is investing more in R&D. Foreign investment in this area has also grown. Within the last few years, companies such as Shisedo, Airproduct Asia and Alltech have all established dedicated R&D operations in Thailand. Companies providing services in the bioindustry have also increased in number, riding on the growth of the industry. Some notable players include Health Concepts International Co. Ltd., Stem Cell for Life Co. Ltd., Hemotrans Co. Ltd., **Delphi Health Services Co. Ltd.**, Thai Nippon Vegetable Co. Ltd., and TÜV SÜD PSB (Thailand) Limited.

I would like to congratulate all the bioindustry companies the have invested in Thailand. I believe we are moving in the right direction and I will continue to support the development of bioindustry.

A handwritten signature in black ink, appearing to read 'Kosit Panpiemras'.

H.E. Mr. Kosit Panpiemras  
Deputy Prime Minister and Minister of Industry



# Resource Website: [www.DelphiHealthServices.com](http://www.DelphiHealthServices.com)

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## Why Outsource to Thailand?

The next wave of outsourcing in biotechnology, with firms short of staff in the U.S. and plentiful, cheap and well-trained technicians in several Asian destinations. India and China are the giants of the field, and like them Thailand offers skilled technicians and research assistants at a quarter or less of U.S. salaries combined with access to low-cost equipment and facilities.

Thailand has several advantages over its larger competitors, however, in that Thailand hasn't received much biotech investment to date and as a result has a large surplus of biotech graduates, compared to Bangalore where headhunting is common and turnover among biotech firms approaches 25% annually. Thailand also has much better infrastructure than China or India, from basic utilities to internet access. Combined with generous tax incentives for new firms (8 years automatic total tax holiday, extendable to 5 years) and strong support from the Thai government, U.S. biotechs can realize massive cost savings while establishing a new outpost to service China, India and Japan as well as their home U.S. and E.U. markets.

Delphi Health Services provides a turn-key solution for western firms seeking to establish a facility in Thailand. Our staff arranges all renovations or construction for your new facility, interviews and hires staff, orders and imports equipment, sets up your



## Useful Links

[Thailand Overview: Opportunities in Thailand](#)

[Biotech Outsourcing: Biotechnology Outsourcing - Which Country is Right for my Company?](#)

[Information on Outsourcing to Thailand](#)

# Resource Website: [www.Business-in-Asia.com](http://www.Business-in-Asia.com)

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### > Why Thailand?



Thailand remains one of the easiest and most comfortable locations in Asia for manufacturing and other investment. Banking reform and efforts to privatize more government functions should lead to more competition and even more supportive treatment of new investment projects.

### > Special Report



- Thailand: [Your Biotech/Biomedical Partner](#)
- Infrastructure - [Thailand & ASEAN](#)
- [Comparing with other Asian Countries](#)
- [Competitiveness Ranking](#)
- [Procedures and Time in Setting up business and Factory](#)
- [Tax Comparison](#)
- [Cost Comparison](#)
- [Human Resource](#)

### > Business Guide



- [Thailand and Vietnam: Picking the Right Industrial Park](#)
- [Medical Tourism in Thailand](#)
- EMBA program visited [Thailand, India, and China](#)
- [Strategic Sourcing](#): manufacturers need to constantly keep on top of who does what well.

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Insight on INDUSTRIES

THAILAND'S PARTICIPATION IN BIO 2007