KPMG

Building a future ready MedTech supply chain for Southeast Asia

Executive summary



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A region of opportunity and structural complexity

Southeast Asia (SEA), with a population of over 700 million, is a critical growth region for global MedTech companies. Supportive government healthcare policies are helping expand healthcare infrastructure and increase procedural volumes to provide healthcare access across the region.[1]

Global MedTech companies are now targeting sustained double-digit growth and expect to invest more deeply in manufacturing and distribution once key SEA markets reach sufficient scale.[2] While the supply chain could be the primary enabler of growth, it could also be the main constraint in the near to medium term if not deliberately redesigned to appropriately support the region.

700M+
Population



[1] KPMG | https://kpmg.com/xx/en/our-insights/value-creation/innovate-to-integrate.html

[2] KPMG Interview Insights

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The dual challenge:
internal complexity and external fragmentation

Two forces define the SEA supply-chain challenge. Internally, complexity has outpaced scale. Across many SEA markets, SKU counts have soared into the hundreds (and beyond) in some regional operations. This has largely been driven by legacy product support that the region still demands, owing to government funding and tender decisions.[2] In turn, the additional internal complexity has increased planning efforts and safety-stock requirements, and intensified working-capital investment. Limited end-to-end supply chain visibility makes matters worse. Fragmented product consumption data, distributor-reported sell-out, and disconnected systems force reactive regional supply chain strategies, resulting in frequent expediting and higher logistics costs.

Externally, the operating environment remains structurally fragmented. Country-specific regulatory approvals, and variations to labelling and import documentation, tendering and customs processes require parallel product variants and compliance flows. Minor deviations can delay clearance or disrupt supply. SEA is not unworkable, but success requires actively managing complexity by simplifying what can be controlled internally while working together as an industry to address constraints that no single MedTech company can solve alone.

Company led levers that can unlock performance

Leading MedTech organizations are redesigning their SEA supply chains around three priority levers. The three are linked but demand different degrees of leadership attention and typically follow a sequence. End-to-end supply chain visibility is the foundation on which the others rest, and comes first.



1. Enabling end-to-end supply chain visibility

Leading players are pursuing two paths in parallel. The first strengthens advanced planning capabilities such as demand sensing, control towers and integrated business planning. The second is focused on securing direct access to consumption-level data through emerging technologies such as hospital apps, digital ordering platforms and connected devices, rather than relying on distributor or 3PL reporting alone. Together, these approaches enable end-to-end supply-chain visibility. That visibility in turn underpins the other levers by enabling faster, more aligned decision-making across commercial, supply and finance teams, and helps build greater resilience in a volatile, multi-market environment.



2. Strengthening collaboration across the distributor ecosystem

As SEA remains predominantly distributor-led, leading MedTech players are shifting toward from loose arrangements to more structured, performance-based arrangements with distributors. This includes well defined and mutually beneficial KPIs, structured governance around performance monitoring and continuous improvement, and explicit compliance expectations. One global MedTech company has gone further in requiring distributors to pass compliance readiness checks, demonstrating how scale, accountability and partnership can coexist. Done well, this reduces execution variability, strengthens compliance and enables structured expansion into Tier-2 and Tier-3 cities.



3. Adopting selective localization instead of full replication

Rather than replicating end-to-end manufacturing footprints in each country, companies are increasingly using selective localization strategies. This means they are only localizing what is needed to meet tender, local-content or regulatory expectations. Clearly defining scope is a critical success metric. Without it, localization can quickly introduce duplicated processes, fragmented compliance pathways and increased overheads — becoming a source of complexity rather than advantage.

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Why collective industry action is now critical

Even best-in-class company transformation cannot fully offset costs and delays imposed by regulatory fragmentation and non-harmonized customs processes. Europe's example is illustrative: the European Union's CE Mark opens access to over 30 markets and has materially lowered intra-regional trade costs. SEA has similar foundational frameworks in place in the ASEAN Medical Device Directive and Regional Comprehensive Economic Partnership. But without regional coordination, these frameworks risk remaining policy concepts, rather than operational enablers. Real impact will require coordinated industry action to enable regulatory reliance, harmonized documentation and fewer duplicative audits.

The leadership imperative

SEA has the ingredients to become a resilient, efficient MedTech supply chain hub, driven by strong demand, evolving policy frameworks and improving operational capabilities. Alignment within companies is necessary to simplify what can be controlled, both across ecosystem partners to stabilize execution, and at the industry level to reduce structural friction.

KPMG advises organizations from strategy through to execution, to help turn these ambitions into operating reality.

In the next phase of MedTech development in SEA, the companies that succeed will likely engineer their supply chains to fit a region of fragmented regulation and shared demand.

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