Dirk Van Niekerk – Managing Director South America, Boehringer Ingelheim



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Boehringer Ingelheim's managing director for South America, Dirk van Niekerk, provides an overview of the healthcare climate in South America, the challenges tied to political and economic instability, future opportunities in specialty care, and the company's strategy to continue a decades-long legacy.

Dirk, you have been with the company for many years, in different positions and geographies. First, what has motivated you to stay with Boehringer Ingelheim for so long, and why did you accept the challenge of leading the South America organization?

First of all, Boehringer Ingelheim is a highly successful family-owned, medium sized multinational pharmaceutical company. The purpose of the company: "Transforming lives for generations" through stable and consistent research and development (R&D) investment into innovations is deeply aligned to my personal purpose and has kept me with the organization for so many years.

It allows for a healthy balance between being sincerely people-oriented and commercially effective. This consistent investment in R&D have resulted in a comprehensive innovative pipeline over the years.

As we are family-owned, there is a strong focus on thinking and planning for long-term sustainability, not only by discovering new medical innovations, but also high importance is being placed on giving back to humanity through our Sustainable Development for Generations (SD4G)

program. This program focuses on how we contribute to the sustainability of the environment, broader and better accessibility to healthcare and assisting in development of vulnerable communities. In Latin America, this is much needed, and our organisation here is very proud to be able to sustainably assist with an array of programs in these areas in all our countries in South America.

The above had been very well demonstrated during the COVID pandemic. I had never seen an industry pull together in such an effective and efficient way, sharing data, resources, and expertise to enable the development and supply of much needed COVID vaccines and therapeutics for the world at large. To this end Boehringer Ingelheim also played its role by immediately starting our own clinical development on new therapeutics for the treatment of COVID which made me very proud.

Finally, I have been fortunate to have been afforded many wonderful opportunities in my career, from country management in South and Sub-Saharan Africa where I learned all about the volatility of emerging markets, to general management roles in Korea and China. But I always knew I wanted to manage a region and was very grateful when the possibility to manage South America came up. I guess when you put all of that together you have the reason why I have been with Boehringer Ingelheim for such a long time.

What is the scope of your responsibilities and what footprint does Boehringer Ingelheim have in South America?

My primary responsibility is for the whole of Latin America with the exclusion of Brazil, Mexico and Central America. Directly under my control within the South America region are, therefore: Argentina, Paraguay, Uruguay, Bolivia, Chile, Peru, Ecuador, Colombia, and Venezuela. I am responsible for both the human and animal health businesses in the region.

The human pharma business is roughly 70 percent of the total and both businesses are growing very well. We have established a regional management centre in Buenos Aires, which is one of 16 regional operating units Boehringer Ingelheim has around the world.

In past years the business in South America looked as follows: Venezuela was the number one country in terms of size from 2012-2014, followed by Argentina, Colombia, Chile and the Peru-Ecuador cluster. Venezuela at the time was roughly 30 percent of region’s business, but then -as we all know- the country fell on hard times, forcing us to significantly scale down our operations.

We still have a small team there to fulfil our legal and regulatory responsibilities. I am very hopeful that the country will one day return to its former status, in the meantime we keep on looking at ways to maintain the supply of our much-needed products to patients in the country through local distributor arrangements.

Currently we have four general managers in the region, one in charge of the Argentina-Uruguay-Paraguay-Bolivia cluster, another looking after the Peru-Ecuador cluster, and two in charge of standalone affiliates in Chile and Colombia respectively. Our regional office is situated in Argentina where we also have two shared service centres: one supplying financial and human resources services to affiliates all over LATAM, and the other – rapidly growing- providing IT services to the organisations in LATAM, USA and parts of Europe.

What challenges have you encountered since joining the South America affiliate and how do they vary from country to country?

A couple of major topics that caught my attention immediately beginning in 2020 were, of course, the start of the COVID-19 pandemic that needed to be delt with, preceded by serious political instability experienced in most countries in South America and a change in government in Argentina at the end 2019. This was followed by the conflict in Europe combined with the elections of new governments in, Chile, Peru, Ecuador and Colombia during the past year. The combination of this series of events has brought with it significant pressure on the economic stability of the region, as can be seen by significant rises in inflation and devaluation of local currencies in most countries.

The immediate challenge will be to carefully manage our costs in a way to be able to effectively deal with the economic challenges in the region, with special emphasis and initial focus on Argentina. With many new governments in the region, we also expect to see changes to the healthcare environment in many of our countries. The most immediate and important impact will depend on the September referendum in Chile on whether or not to accept suggested changes to the constitution. Should these changes be accepted, we expect a strong desire for the country to move toward a national healthcare system, which will be a significant departure from the way healthcare is provided currently within the two-tier private and public system. Based on my experience in South Africa the creation of a national health system is more difficult that one would think and could potentially take a significant number of years to complete, creating a lot of uncertainty in the process.

Colombia has just completed its general elections with a left of centre government being elected. As a big part of the healthcare system is managed centrally already, we do not expect immediate drastic reforms to happen within the first year, but rather a gradual momentum towards even more centrally controlled procurement, healthcare technology assessment, reimbursement and a service provision system.

How do you asses the response of these countries to the COVID-19 pandemic?

Considering the significant financial constraints and the general uncertainty regarding the disease, I believe the COVID-19 response in South America was very reasonable. Chile led the pack with the best and most efficient procurement and distribution practices of vaccines in the region followed by the rest. I believe many valuable lessons have been learned and am hopeful that these will be taken into consideration should we be confronted by such a challenge again.

You mentioned that a large part of the company's business in Venezuela folded a few years back. Is there a plan to bring it back?

At the moment our businesses in Venezuela and Bolivia are very small, but we are very mindful of the fact that situations can change very quickly. To that end we remain watchful. The first step for us is to establish a foothold again through partnerships with local distributors to find effective ways to enable access of our innovations for these countries especially for diseases which could be life threatening such as stroke and heart failure.

It is our assessment that the current urgent quest for sustainable energy supplies and high levels of Lithium deposits for the production of battery-operated automobiles could have a significant impact on the economies in both these countries in the medium to long term. In addition, Venezuela will be our first pilot country testing the hypothesis if a fully dedicated "digital-only" team interacting with healthcare providers could be a viable form of customer engagement going forward.

What about Colombia, a country whose economy appears to be growing and where a new President has recently been elected?

There has been political stability and strong economic growth over the last 10-15 years, combined with a high incidence of untreated primary care diseases like cardiovascular ailments and diabetes. The Colombian government has put a lot of emphasis on expanding treatment for these kinds of diseases. Our portfolio, especially in diabetes is well poised to be able to offer solutions and has seen significant growth over the past few years.

As I mentioned, the new government will bring an unknown dynamic to this picture but we do not anticipate drastic and/or severe short-term changes to the healthcare system but rather a gradual move towards a more centrally managed system going forward.

As acute stroke remains severely undertreated in the world and in most of our countries in South America, Boehringer Ingelheim has partnered with several international stroke societies to enhance the awareness of acute ischaemic stroke incidence and symptoms, developed dedicated stroke training teams to assist hospitals to become *"stroke ready centres"* in order to treat stroke more effectively and efficiently going forward. This worldwide program is called "*The Angels Stroke Program*".

In Colombia we are currently in discussions to partner with a big medical device company to see if we can increase the number of Computed Tomography (CT) scanners in rural area hospitals to enhance the diagnosis rates of acute ischaemic stroke, whilst we, through the Angels program, take the responsibility to educate and train the staff in these hospitas on how to utilise the CT scanners and how to treat more patients effectively for acute ischaemic stroke after a positive diagnosis.

To this end we have already established two government-endorsed stroke programs which will see the Angels Stroke Program adopted within the public hospital system in both Uruguay and Ecuador in order to increase the effectiveness of treating acute ischaemic stroke better in the public systems of these two countries.

As the regional head of a big multinational company, how would you describe the competition in the region? Is there a particular direction most companies are talking?

We are never short of facing significant opposition and competition on all fronts in the pharmaceutical industry and in South America it is no different.

I believe multinationals will look at every possible way to see how they can best create access to their innovations for as many appropriate patients in need, in as many countries as possible.

This strategy will differ from country to country depending the portfolio of the company and the way most of the new governments in our region structure their approach to healthcare provision, as healthcare provision and accessibility balanced against acceptable budget impacts will be important factors to consider going forward.

In addition, many multinational pharmaceutical companies have a strong specialty care portfolio supplying treatments for unknown rare or orphan diseases that have relatively low patient numbers suffering from diseases that often present very difficult-to-treat conditions.

For such a portfolio to be successful, companies have to be extra skilled in the area of early medical education on the disease, early market access engagement, early patient advocacy engagement and early public/government engagement. It is my assessment that companies who manage these topics best will be well suited to have the best access of their products for the appropriate patients in need.

How is the company strengthening its relationships with the different governments in the region?

As we are one of the companies that will have a strong portfolio in specialty care (rare/orphan diseases), we recognize the importance of the public/government sector as a key stakeholder who we want to pro-actively engage on ways and means to ensure we are able to identify best possible paths to creating access to these innovations for patients.

As a result, we have just established a comprehensive Corporate Affairs team to work hand in hand with our dedicated market access teams communally working with public stakeholders in this regard.

Putting aside the volatility and uncertainty, how does the future look for Boehringer Ingelheim in the region?

We have a long, proud and successful history in South America and aim to continue our presence on the continent, making sure we do everything in our power to not only make our innovations available to appropriate patients but also to proudly play a consistent role in contributing to mankind over and above the supply of innovative medical treatments through our Sustainable Development for Generations (SD4G) projects.

We have been consistently conducting clinical research in collaboration with many major public and private medical instructions in order to contribute to the advancement of medical science in the region.

In the earlier days we also contributed to pharma manufacturing, and I am hopeful that we could one day again see the region as a suitable place to do high quality cost-effective pharmaceutical manufacturing.

Judging by our performance over the past few years, I can say that we have a track record of success which is attributable to a strong, talented and professional team running our businesses across many therapeutic areas, departments and countries and that the South America team’s track record of success, resilience, dedication and energy gives me lots of confidence for future success in the region.

I do not believe that South America’s volatility in terms of its political and economic environment will go away. On the contrary, it will probably become more challenging as time goes by. For me, the secret is to accept it as quickly as possible, not allow yourself to become frustrated, exercise vigilance in terms of disciplined cost management, harness the skills and talents in your team, demonstrate high levels of agility and willingness to quickly adapt to changing environments, but most of all: recognise the very important role you have to play in contributing to a more healthy and vibrant society in South America.

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