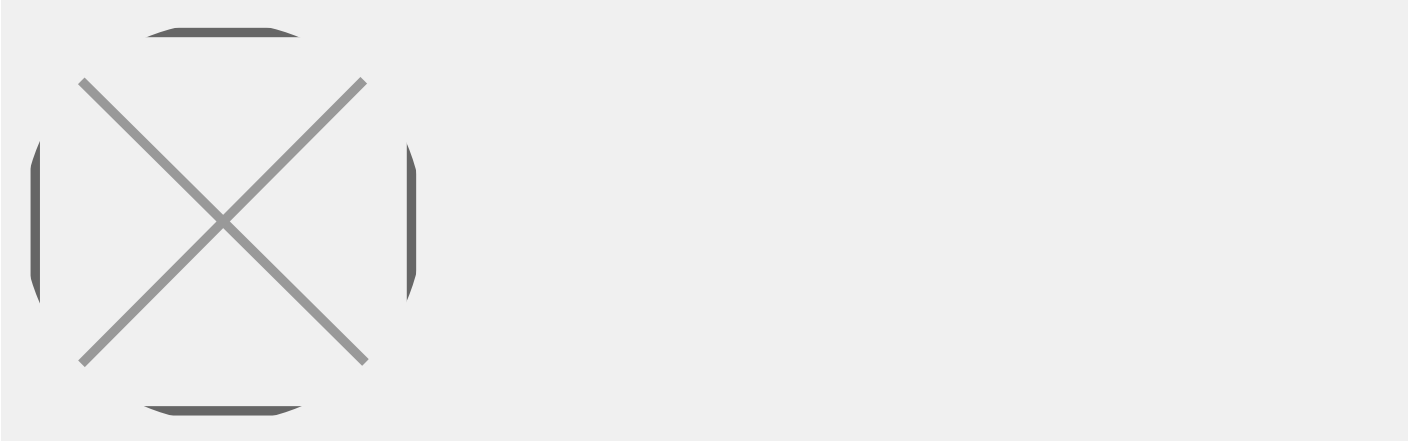
Interview: Nelson Ambrogio, Managing Director, Bayer Portugal



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Nelson Ambrogio, managing director of Bayer Portugal, talks about tthe collaboration between the industry and the government, he recent successes of his affiliate, and strategies for continued growth during the toughest years of the crisis in Portgugal.

Why did you choose to come to Portugal during such a challenging time in the country's history?

Indeed, this position was an interesting challenge from different perspectives. From one side, it was the opportunity to become managing director of the company in a country, as I was a business unit head in my previous position in Brazil. I also knew that there were many challenges in Portugal, and that I would find a very difficult market situation here. Nevertheless, I think that in adverse situations, you can learn more, which also motivated me. In addition to this, Portugal is a fascinating country, therefore my family found this opportunity very exciting.

What were your initial objectives upon arriving here?

The main objective at Bayer right now, independent of country, is to make our innovative products available for the local population. We have launched several products in recent months and will launch even more in the months to come. So, the main objective was and still is to make these products available, despite the current changes that the country is facing.

How has Bayer been affected by the various austerity measures of the government?

The company has needed to become even more flexible to navigate through these difficult times. Bayer has been in Portugal for more than 100 years. We tend not to think in short term, but rather medium and long term. I think there are some interesting developments in Portugal, such as the protocol agreements between the industry association and government, which help to set up a strong foundation in order to see good midterm prospects. The perspective from my point of view is positive.

How is collaboration between industry and government?

You cannot talk about the current situation by only looking at one part of the equation. This is a challenging time for the industry here and for the country as a whole. The government has very demanding concrete targets to achieve, of which the industry is aware. There is a collaborative spirit between the government and the industry, and there are challenges that are clearly identified like the approval of innovation. The period between marketing authorization and access to medicine in Portugal is almost 500 days. This is much longer than in many other European countries. In the protocol agreement there is a clear commitment from the government to improve this situation—the industry and government are aiming to deal with this in the most constructive way possible.

Because the crisis of the pharmaceutical industry is unrelated to the national crisis, has Bayer's wide portfolio helped to maintain its strong positioning here?

Certainly. In tough times, diversity helps. The diversity of our portfolio has been one of the main reasons why we were able to outperform the market. Bayer not only has prescription drugs but also OTC products, animal health products, medical devices, and that diversity also helps to diversify risks. In other words, one market may be decreasing, but another could be growing.

Four new drugs of Bayer were introduced into the Portuguese market in 2012, as well as a couple of OTC products. How were you able to do that during such a difficult period?

It definitely makes sense to continue launching products. Ultimately, our aim is to support patients by making these products available to them. First, you need to have a good pipeline, and in this sense Bayer is in an excellent position. The company's R&D expenditure, which has been quite significant in the last couple of years (€3 billion globally in 2012 only), has definitely resulted in a strong pipeline that is also quite unique right now. Once those products are available, you have to

do your best to make sure that Portuguese patients can access them. I would say that there has been a paradigm shift in countries like Portugal. In the past, normally some would think about launching a product only once you had obtained reimbursement of a drug, but this may no longer be appropriate or effective. Instead of waiting months or years for reimbursement, we have to do our best to make the innovation available as soon as possible.

Profits actually fell slightly in 2012 by 5.4 percent. While this is clearly not as significant as declines in other companies, how will you recuperate from this?

The market situation is affecting everyone, and Bayer is no different. As I mentioned, we prefer to look at the market with a long-term perspective. Our objective is that once innovative drugs are approved, we can compensate what we are losing due to the natural life cycle of older products.

What is the strategic importance of Bayer Portugal in relation to the entire organization?

Portugal is part of a cluster of smaller European countries. Within that cluster, Portugal is one of the main contributors for the region. The country is also very well perceived in terms of capabilities available. Furthermore, Portugal has well-trained and creative personnel. Even though we may not be the main contributors in terms of sales because of Portugal's market size, there are many ideas that can work in other markets and that are developed here.

The strategic importance of Portugal also becomes clear when you see that more than 35 centers are participating in Bayer clinical trials globally. There is also a well-established partnership with basic science institutes, like IBET, where a Bayer HealthCare satellite lab is operating.

We also export talents. We have many Portuguese "ambassadors" worldwide. This is a reason for Bayer Portugal to be proud, and also a strong message for Portugal as a country with a small market but top quality skills and wide horizons. There are Portuguese colleagues heading affiliates elsewhere; my predecessor here in Portugal now manages the Greek affiliate of Bayer. We have Portuguese people leading global teams in the oncology area in our US affiliate, and many of my Portuguese colleagues work in Bayer's German headquarters. Therefore, Portugal also plays an important role in Bayer's global talent management strategy.

Many of our interviewees have said that Portugal can act as a solid testing ground for projects to be improved and repeated in larger markets.

I think that this also holds true for the situation that we are facing here. The challenging situation in Portugal may in fact become a reality in other markets. A globally acting and learning organization

should try to take advantage of its learnings to be prepared for potential changes in other markets. This is also quite relevant to Bayer in Portugal; both our regional and global headquarters are interested in the activities of this affiliate, because it helps us to be prepared for similar situations in other markets.

Bayer has been committed to Portugal for over 100 years. What kind of legacy do you want to leave behind?

Portugal is experiencing a transformation as a country. We have to foresee now what “the new Portugal” will look like. The main legacy would be to prepare Bayer Portugal for that new Portugal, so that the next 100 years will be as successful as the past 100.

If we returned to Portugal in five years, what would you like to have achieved in that time?

I would very much like to see Portuguese patients having achieved adequate access to innovative products that are being launched all over the world in areas such as cardiology, ophthalmology, and oncology. I believe if this goal is achieved, then the current mission of this affiliate will have been accomplished.

Bayer’s century-long presence in Portugal demonstrates how committed the company is to this country. Given the current positive signs of collaboration between the pharmaceutical industry association and the government, I am confident that we can be optimistic about the future of this country and about the future of the healthcare system for Portuguese patients.

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