

# Interview with Rene Klemm, Director, Bayer Schering Pharma Argentina

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**The Bayer Schering merger in 2006 saw you add Argentina and Bolivia to your existing responsibilities as General Manager of Schering for Paraguay and Uruguay. What have been some of the challenges you have faced since that time?**

Argentina is a challenging market, and the system is very complex. This is due in part to the structure of the private, public and semi-public markets, and also to the unique HMO system. A manager starting in Argentina has to adjust very quickly to the complexities of the market.

**What is the importance of Argentina for Bayer Schering Pharma worldwide, and how much of a priority are both the country and the Latin American region for the company?**

Bayer Schering Pharma Worldwide is divided into regions, and Argentina is very important, being the fourth largest market in the region. As a result, Bayer Schering Pharma pays a lot of attention to the country.

**The company has had some excellent growth over the last few years, and Bayer has jumped from seventh to first in the latest IMS rankings in terms of units sold. What growth drivers have led to this excellent positioning, and how do you intend to consolidate this success?**

One of our major tasks when Bayer was executing the acquisition of Schering was to complete the transition without sales or profits ever being affected negatively. Knowing this guideline, we worked to integrate the different strategies, as well as different cultural aspects of the two companies. Bayer Schering Pharma Argentina was more than up to the challenge, and we succeeded in our

objectives rapidly. It was from this platform of success that we embarked upon our strategy of growth. Despite the complexity, the company believes that there is a lot of potential for future expansion and success.

Now that we have proven and established Bayer Schering Pharma in Argentina in certain therapeutic areas, we are looking to expand into areas which are new territory for the company, and expect to grow and play the same successful role in these new segments.

**In which therapeutic areas are you currently focused, and which new areas do you hope to be expanding into?**

The area in which Bayer Schering Pharma is quite famous is oral contraceptives. This is where the company is strong, where we are focused, and where we have a leading position in the market. Bayer Schering Pharma Argentina has developed specific oncological products, therapeutic products, and biotechnology. The area of General Medicines is developing nicely, and where we have new areas to target: Cardiology, Antibiotics, and Men's Health, which is a very exciting new discipline for Bayer Schering Pharma.

**You mentioned your successes in oral contraceptives – we saw that Phillip Smits, Head of the Women's Health Division at Bayer Schering Pharma, was in Argentina last month, obviously very proud of the successes in the Argentinean market. He promised that more innovations would be coming to Argentina in the near future. How important is it for a company like Bayer Schering Pharma to keep innovating in a market that is so generics-heavy?**

We are market leaders. This does not mean that we are simply the leaders in volume or sales: being a market leader means that we are also at the forefront of technological advancement. Bayer Schering Pharma has a strong commitment, and the ability to develop further in this direction. We have the most modern molecule, because we have been active in this regard for many years. Since contraceptives are important worldwide, it's very important to go on being competitive. Innovation for Bayer Schering Pharma is always an argument for selling the product, especially in this area. We are no longer simply selling contraceptives that prevent pregnancy. There are a lot of products on the market that can do this. What Bayer Schering Pharma does today is sell products that have additional quality of life benefits.

**Do you feel as though you have a responsibility to bring innovation to developing markets like Argentina?**

Yes, and there is also a responsibility to bring innovation to people who are in a worse situation than people in Argentina. Argentina cannot really be considered as a developing country any more. It has a very well established, very professional medical system. One issue is that only 60% of the

population have access to health insurance today, but this will change over time, and the Argentinean market is very large.

Bayer Schering Pharma shows its commitment to social responsibility in Argentina by making contraceptives available through donor organisations e.g. UNFPA, as the main issue for this kind of product is distribution. This commitment in Argentina displays part of a worldwide strategy to be make a difference in all the countries of the world.

**It's great to see innovative companies in markets like Bayer Schering Pharma succeeding in the Argentinean market, which is dominated by the local laboratories. What are the secrets to Bayer's success?**

It is due to being specialized in specific markets. Bayer Schering Pharma Argentina has selected its niche areas carefully, in order to maintain a very strong focus, and this is the source of our success.

**People often talk about the great quality of the human resources here in Argentina, and the potential for excellent clinical trials. What is your opinion on this, and what is the extent of your R&D commitment here?**

Argentina is an excellent place for clinical studies. Bayer Schering Pharma has a medical department here, and most of the people working there are involved in clinical trials. We have excellent relationships with the centres, and we are very satisfied with our results. There is a very high standard in Argentina, and this encourages the company to continue clinical trials. We have the second largest set up in Latin America for clinical trials, after Brazil. We do not exclude any area.

**How has the level of IP protection in Argentina affected the amount invested by Bayer Schering Pharma?**

One of the advantages the company had in the past was focusing on markets that were not so interesting for local companies, but this has changed over the last few years, and why it would be more justified to have more effective intellectual property protection in Argentina. The country has IP law, and it is being implemented, but the scope of the implementation could be broadened. I also feel that there could be better links between INPI and the Ministry of Health.

**What do you think needs to change before Argentina can realise it's potential?**

There is definitely room for further development in the country. We have already spoken about how 60% of the population has access to health insurance in one form or another. Bringing more people into the health insurance system would enlarge the market in Argentina. Price development has been lagging behind the inflation rate for several years now, and this has created some severe

problems.

**We've seen that the abilities of a manager can make or break a multinational company in Argentina. How would you describe your management style?**

Due to working in different countries, I am wide open to different cultures. There are always some criteria that a multinational company wants to transport into a country with a manager. However, these companies want to transport certain values, behaviours, and strategies into their operations. When a manager can accept certain local, national behaviours and structures and still implement the company's strategy and values will be an important contribution.

What is a key factor, is that a manager motivates their team, because the company's achievements do not belong to the manager, but to his team. One of the most satisfying parts of this job is create a team that you know have the abilities to succeed without you.

**As someone that comes from Europe, what would you say is the most pleasant thing about working in Latin America?**

What I like very much about Latin America is people have an emotional connection to their jobs. People are very passionate, and really live their work. For me, this is really fascinating. There's not such a strong division between work routine and private life: there is always a high level of involvement.

Latin America has another very specific feature: there is only one language spoken across the whole of the continent and Portuguese, of course. This is very different to Europe and Asia. You are very limited in your communications in these places, but not in Latin America, and that's a fascinating element.

**What are your personal ambitions for Bayer Schering Pharma Argentina over the next few years, and what are your forecasts for the development of the Argentinean pharmaceutical market?**

A dream project for me would be to enlarge our business base in new therapeutic areas where we currently have no experience. It's a challenge, and we started this very project three months ago, in one specific area of cardiology, where Bayer Schering Pharma by chance discovered a medical revolution.

I don't think the market will change dramatically in five years. For change on this scale to occur, the overall structure of the country's HMO system would have to broaden. It's a very established system. I fear that price controls will not disappear in this time either. They will stay in one form or another for at least the next two to three years. Medically, Argentina is very well prepared. Doctors are very well trained and we have well equipped hospitals. What may come to play a bigger role is

pharmacoeconomics, which is something that is not very much used in Argentina at present. I imagine that this will change sooner or later.

**Is there any final message that you would like to send to the readers of Pharmaceutical Executive?**

Bayer Schering Pharma want to be known in this market as a partner in Argentinean healthcare; as innovative; and as modern, accessible, and credible.

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