

Bayer Malaysia - Thomas Steffen, Managing Director



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Bayer Malaysia's managing director, Thomas Steffen, discusses the key differences and opportunities offered by the Malaysian market and calls for more information to help the promotion of oral contraception in order to strengthen women's role in society.

As you are managing the pharmaceutical business in both Malaysia and Singapore, how would you compare both markets and the opportunities they offer for Bayer in terms of business and investment?

While both countries share a closely linked history and geography, they bear distinct differences and strengths in socio-economic factors, including population size and land mass.

Singapore is among the top growing markets within Asia Pacific for Bayer HealthCare, with double digit year-on-year sales growth in 2013 compared to 2012 and Bayer Pharma being among the top 10 pharmaceutical companies in terms of sales revenues.

In Malaysia we are seeing good growth as well, however our market share and ranking is lower compared to Singapore. Our growth in Malaysia so far has been driven by the private sector while we are somewhat underrepresented in the government sector. With our new innovative products launched over the past two years, eg. in the areas of oncology, cardiology, gynecology and ophthalmology we are confident that we can improve our market position in Malaysia. There is a big medical need for our products and we hope that based on the unique quality and value they represent to the patients we can find ways - in close collaboration with the local medical

community and health authorities – to make our innovative therapies accessible to patients not only in the private but also the public sector.

Besides promoting our healthcare products we are also seeing both Singapore and Malaysia as very interesting destinations for research and development of our products. In Singapore we have already established a very successful research network in oncology with some of the leading institutions in this field. This collaboration is a very productive and successful one with for example one of our new molecules being tested in Singapore for the worldwide for the first time in humans. In Malaysia we are seeing strong efforts by the government to make the country an attractive destination for research, development and biotechnology and I am sure that based on these efforts and the good infrastructure, Malaysia will play a major role in these areas. One critical factor in this regard will be for Malaysia to attract highly qualified human resource in this field.

Malaysia has set a target to become a high-income nation status by the year 2020 and the government's will to building up Healthcare as one of the National Key Economic areas is excellent for Malaysians and offers great opportunities for foreign investors.

In this regard the Malaysian government is thankfully very open and supportive. With government agencies like Invest KL or MIDA, the support for international investors is present and Malaysia does offer very interesting incentives.

How has Bayer Malaysia evolved since you joined?

Over the last two years our healthcare business in Malaysia has been doing well, growing slightly faster than the industry's average. All divisions within Bayer Healthcare Malaysia – Pharma, Consumer Care, Animal Health and Medical Care are growing nicely. Our consumer care business is so far relatively small but with the acquisition of Merck's non-prescription portfolio we will become a major player in this area.

Our crop science business is expanding as well, however this year it has been temporarily affected by recent droughts and climate harshness. Lastly our material science business has done well as Malaysia is a strong manufacturing hub for electronics and construction is booming.

The oral contraceptive (OC) market has huge potential for growth as the utilization rate in Malaysia is less than five percent. How do you communicate on contraception and sexual health in a country that is 60 percent Muslim? How successful is still Yasmin in Malaysia?

We are the leading company in Women's Healthcare including contraception both worldwide and in Malaysia and Yasmin has been an integral part in building this leading position besides other innovative products in the area of contraception and gynecological therapies.

In Malaysia the utilization rate for oral contraceptives is among the lowest in the world, along with countries like China and Japan. This is not attributed to the fact that Malaysia's population is predominantly Muslim. This is in my view more related to cultural beliefs and habits and also due to a lack of awareness and reliable information among a big part of the population. Modern hormonal contraceptives are highly reliable in terms of protection against unplanned pregnancy, while being reversible. Being able to make a conscious decision on when to have children has and will continue to play a key part to strengthen women's role in society. We encourage women to approach their physicians to learn more about it. The issue is not a new one and it will take some time to change the mindset towards oral contraceptives and hormones.

Bayer has recently focused on expanding its oncology portfolio. What do you have in the pipeline for Malaysia at the moment and how do you see the potential in this market for oncology products?

We have recently launched in Malaysia our new treatment for metastatic colorectal cancer and we are planning to also make available a new product for treatment of bone metastasis in prostate cancer patients.

In order to make modern cancer treatments available to the increasing number of cancer patients in Malaysia we need to find ways to address affordability gaps and funding limitations. This will be a major challenge for all involved parties moving forward. Based on its good infrastructure and availability of well-trained oncologists, Malaysia definitely has the potential to attract a higher number of patients from other countries which will lead to increasing opportunities to promote innovative cancer therapies in Malaysia.

Could you tell us how committed is Bayer towards innovation in a country where the government pushes for generics to reduce costs?

Our focus is clearly on innovation and we remain committed to this direction as it is part of our company DNA. Our pipeline over the years has been one of the best in the industry and we attribute our success around the world to our investments in R&D. We have no doubt that patients and doctors in Malaysia will continue to seek for innovative and high quality pharmaceutical products and that we as a company can continue to build our success based on our strong reputation in this area. We are seeing our mature, off patent products, still growing well in

Malaysia and elsewhere in the world, based on strong trust of doctors and patients which has been built over many years.

Many leaders in the market like MSD, Novartis and GSK are performing clinical trials in the country. Why is Bayer not in the clinical loop?

As mentioned earlier I am convinced that Malaysia will become an even more attractive destination for clinical research in the future, also because of the great ethnic diversity that the country has to offer. If the country continues on its path to build its reputation as a hub for clinical research and biotechnology then I am sure our global research and development colleagues will consider choosing Malaysia to conduct more clinical research in the future. This would be very much in line with our direction to increase research investments in the Asia Pacific region which we have done very successfully in recent years.

What are the company's development plans for the next three to five years?

Having the opportunity to offer our innovative cardiology, oncology, gynecology and ophthalmology products to the broad population in both the public and private sectors will enable us to perform well in Malaysia. With our strong reputation in terms of product quality, our impressive product pipeline and committed team, we are optimistic that Bayer is able to become a top ten healthcare company in Malaysia.

Bayer intends in the future to focus entirely on the Life Science businesses – HealthCare and CropScience. Our Board of Management has just announced the company's decision to float MaterialScience on the stock market as a separate company. In this way Bayer is positioning itself as a world-leading company in the field of human, animal and plant health.

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