

Interview: Iwer Baecker - Managing Director, Bayer Ireland



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Iwer Baecker, MD of Bayer Ireland, outlines the Irish affiliate's impressive growth in the past few years, the strategy of New Bayer and how it comes into play in Ireland, as well as how Ireland's small size is not a constraint but rather a huge opportunity to be taken advantage of.

The past 12 months saw Bayer reorganize itself, notably with the spin-off of its material science unit and the integration of three divisions and an overall Life Science focus.

What has this meant for the Irish affiliate?

Historically, Bayer has had four business units: biomaterials science, consumer health, crop science and pharmaceuticals. Going through the portfolio, we identified that our DNA comes from R&D and innovation. Ultimately, the three divisions, consumer health, crop science, which includes animal health, and pharmaceuticals, are dealing with the same approach to innovation. They identify a new molecule, develop it in R&D, and commercialize it – this process applies regardless of whether the product is for humans, animals or plants. For biomaterials science, the innovation aspect is a bit different, so Bayer made the decision to divest it. It was – and still is – a very successful business, and now is called Covestro.

The New Bayer is now entirely focused on Life Sciences, founded on the tremendous success we have already seen in the three areas. It was about how we wanted to position Bayer for the next two to three decades.

What does it mean for Ireland? The impact is the same, simply at a smaller level. Our resources in each division are now better aligned and we see more synergies and interaction between our pharma, consumer health and crop science colleagues. This helps us to intensify our engagement activities with research and academic organizations. Offering all these competencies under one roof has allowed us to become not only more focused but also more collaborative. The positive impact can already be seen in our HR efforts – Bayer Ireland is now expanding! For instance, we only had two people in R&D a few years ago but now we have ten, which is a huge increase proportionally.

At a time when Big Pharma companies like Sanofi and Novartis are divesting their animal health portfolios, what types of synergies does Bayer hope to exploit with this new strategy?

I understand the rationale behind what other companies are doing, but firstly, this was never Bayer's approach to begin with. In the R&D environment, when you are dealing with early innovation, a lot of processes are quite similar, independent of the intended final user. You can leverage on the knowledge of your databases, workforce and the backup functions like screening across the different modalities. This means that you are more efficient and consequently, you can bring the molecules earlier to market, across these three platforms.

Also, in the last decade, the technology has changed dramatically. You are now able to capture synergies that were not possible before.

You oversee the various business divisions within Ireland. What is the breakdown of Bayer's activities within Ireland?

Roughly 50 percent of our activities focus on pharmaceuticals, and the rest is split evenly between crop science and consumer health, so a fairly balanced portfolio

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Our intention is to be the top group in each business segment. Since the end of 2014, Bayer has been one of the top ten pharma companies in Ireland, from number 15 or 16 in 2013, and the top five in the life sciences companies. Our pharmaceutical business has seen strong growth in the past four years, which is very encouraging.

There are three reasons for this. Firstly, we kept our promise – even during the recession – to be fully engaged and committed to Ireland, during this difficult period. We continue to manage the Irish business fully out of Ireland, not out of the UK or Germany. This has ensured that Bayer is able

to deliver partnerships which lead us to being a valued partner in the Irish market.

Secondly, the R&D pipeline has been successful in the past few years. We have launched 5-6 products in the last couple of years in oncology, ophthalmology and cardiology. Next year, we have launches in women's health and haemophilia. This means that we are seen as a company that brings innovation to Irish patients; innovation and R&D are in our DNA.

Thirdly, we are constantly investing in our staff here in Ireland. For the past two years, we have been recognized by Great Places to Work as a top life science company, which reflects our attitude that our people are our partners for success.

As such a small country, how do you convince your headquarters to continue investing in Ireland as a strategic market?

Undoubtedly, we will always have a challenge with size and total numbers. 4.7 million in terms of population does not represent a big market. We must deliver sales and profits ultimately but that itself is not the reason for why a smaller country like Ireland is so important in the global picture.

The key attractiveness of Bayer Ireland is as a test-bed for new ideas that are not possible within a bigger market. You have people in all the different divisions together and they are able to exchange their ideas. The small size of the Irish market also means we are very efficient and speedy.

Outside of the Bayer organization itself, we have the unique situation here in Dublin where nearly half of the Irish population can be found within a 50-kilometer radius. All the decision makers are here which makes collaboration more possible than in other countries.

Due to the types of industry concentrated in Dublin, it has become a very attractive city for MNCs. We have what we call the Silicon Docks, where all the IT and tech companies are located, so there is really a lot of dynamic activity occurring in Dublin, which generates a lot of energy and ideas that Bayer can tap into. This is the unique opportunity in Ireland, from Bayer's perspective, where its small size is not a limiting factor but actually a significant advantage.

How have you found the R&D landscape here?

To first provide a global perspective, this year, Bayer will spend EUR 4.8 billion on R&D worldwide, which is very significant. Of course, the percentage of that in Ireland is small in absolute terms but Ireland has a very good environment for R&D on a smaller scale.

R&D is successful only if you bring different approaches and stakeholders together to think out of the box.

Ireland has a great ecosystem with a diversity of stakeholders willing to support such R&D – and what is more, as a smaller country, it is much easier for collaboration to occur. There is a higher level of engagement and efficiency. Irish universities are very active in research and there is a strong pool of talented clinicians and academics working in the sector. The pharma industry here too has a very strong ecosystem. From the payer’s perspective, the Department of Health and the Health Service Executive, the Irish National Health Service, are very competent and supportive, and then additionally, you have committed institutional players like the IDA, which facilitates foreign investment in Ireland. Ireland has all the elements of success for R&D.

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A key topic now is the 2016 IPHA agreement, which seeks to build on the previous one to generate stability and a sustainable healthcare pricing model for the next four years. What will this mean for Bayer in the next few years?

The new agreement is a very welcome development; however, it took too long to complete, absorbing a lot of time and attention on the government’s side as well as the pharma industry’s.

Fortunately, with the new agreement comes a stable planning package to give the industry – and Bayer – sustainability for the next four years. I am confident that both the Department of Health and the pharma industry will deliver what they promised.

The biggest value I see for the Irish environment is the clear timelines and processes for allowing early access to innovative medicines. This is very much needed: previously, there had been a lag of 18 months or even longer before a product that has been approved by the regulatory department reaches the market for reimbursement. That is far too long a delay. It is not about the money, but the patients who are affected. Someone with prostate cancer, for instance, does not have the luxury of waiting 18 months to receive treatment.

Pharma companies in Ireland are typically quite engaged with patients. Where does Bayer stand in terms of engagement with various healthcare stakeholders?

We engage with a diversity of stakeholders in a multitude of ways, for instance, with patient groups like the National Council for the Blind of Ireland (NCBI) and the Irish Cancer Society. We also deal with different types of partnerships like the Bayer Newman Fellowship at University College Dublin (UCD), which we sponsor. Such active engagement with academic institutions is a win-win

situation, because we learn about the market needs to develop real solutions because it differs for each country while the organization gets the latest state-of-the-art developments. They know what is in the pipeline. Ultimately, we share the same goals: we want to deliver solutions for a disease to patients.

Looking forward, what would you like to achieve for Bayer Ireland in the next few years?

In the next few years, we will continue to show strong growth for Bayer Ireland. We will have a more active presence in the R&D environment, particularly in clinical trials engagement with universities on a national and regional level. I also hope to see some global and regional functions move to Ireland. Ultimately, I want to see a company that is further engaging with and understanding what New Bayer is and can be, in the next 150 years. Our commitment to Ireland will not change: to bring innovation to patients as quickly as possible and to support R&D in Ireland.

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