Interview: Alok Kanti – President and CEO, Bayer Canada

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Alok Kanti, president and CEO of Bayer Canada, draws upon his 27 years of international experience with Bayer to discuss the strategic significance of the Canadian affiliate to Bayer's global operations, the challenges and opportunities he sees for industry-government collaboration, and the need for the country to promote a more coherent life sciences innovation strategy.

As a globally established life sciences company, what is the strategic significance of the Canadian affiliate?

Our 150-year history of using science to improve lives is reflected in our company mission 'Science for a Better Life', and this applies across all our divisions: Pharmaceuticals, Consumer Health and Crop Science. In Canada, we have sales of approximately $2 billion CAD with crop science contributing over 50 percent of that total.

Pharmaceuticals, which I directly oversee, represents around 33 to 35 percent. The Canadian pharma affiliate is a fully-integrated subsidiary with sales, marketing, medical, and some upstream product development functions, which fully maximizes the opportunity that Canada represents. For instance, the Statistics Group within our oncology business is a global R&D function that is based here.

We have been operating in Canada for a very long time (under different names) and we are very committed to the market. Canada offers relatively transparent institutions, a demand for innovation, and leading clinical practice and expertise. In certain niche areas, it is also a global leader in innovation, so naturally Bayer sees Canada as the right country to invest in, and a very important market.

Having been CEO for around two years, what are some of the key milestones you have achieved?

In that time, Bayer has launched a number of new innovations and we are already seeing the benefits to Canadians. For instance, around 340,000 patients in Canada are using Xarelto®, an oral anticoagulant, which effectively translates into the prevention of thousands of strokes. We have around 45,000 patients using Eylea®, a product for wet age-related macular degeneration (wAMD), a chronic and degenerative eye disease leading to progressive vision loss. These patients benefit from restored vision and the ability to live independent and regular lives.

Bayer has also recently launched a new intrauterine system (IUS) in Canada, Kyleena®, a small, low dose five-year contraception. Oral contraception has a failure rate of 9 percent, and studies have shown that 45% of unintended pregnancies will end in an abortion. Having a method of contraception that is not dependent on individual compliance can be really beneficial to users. We have also seen an increase in millennial women seeking an IUS instead of oral contraception. It is very encouraging that they are responding well to this kind of innovation.

We have also launched very innovative products within our oncology and pulmonary hypertension portfolios.

As in any country, the key to success is advance planning: setting out the regulatory, market access and commercial strategies.

Market access is often cited as the biggest challenge within the Canadian market. How has Bayer managed this aspect with your products?

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As a result of my extensive international experience, I tend to view the world transversally as opposed to chronologically. Canada certainly faces challenges surrounding market access, and these stem partly from the complexity of its health systems. That said, other countries like Italy and Spain also have complex regulatory and policy frameworks. Every country is organized in a particular way for constitutional and historic reasons, and these fundamentals cannot be changed – but countries can promote better market dynamics.

Globally, the pharma industry requires predictability, quicker patient access to innovation, and reasonable price points. These are universal challenges across the globe but in Canada today, the issues are a little more acute because we seem to be in a period of flux, with increased uncertainty.

Take as an example the history of antibiotics. Due to a lack of perceived value, people were not willing to pay a specific price point for them, resulting in companies like us moving away from antibiotics research. At one point, around 14 new antibiotics were being introduced every year but that number has fallen steadily. As a result, today, anti-microbial resistance is a serious global concern. What also needs to be taken into consideration is the long lead time within this industry between action and impact. If a market or society makes the decision today that they do not want to pay for an innovation in a therapy area today, the true impact will only be felt six or eight years down the line and will take a long time to correct. This is why the issue of market access is particularly delicate.

While the fundamentals in Canada cannot be changed, there could be fewer regulations, more collaborative discussions and more harmonization between the provinces, which would help ameliorate the existing delays in approval, pricing and reimbursement. For instance, increasing regulatory harmonization with US or EU regulatory entities could reduce the regulatory burden on industry, especially for smaller companies, as well as reduce friction within the system, without taking away the independence of Canadian regulators or the provinces’ constitutional mandates on healthcare.

To what extent has the pharma industry communicated these concerns to the public stakeholders?

All systems are interactional so there is more than one side to the story. All stakeholders need to be in constant dialogue and as an industry, we have to understand the constraints that the governments are facing as well. The goal is to find a win-win solution. What we would like to avoid is a top-down and/or shorter-term approach because the consequences of healthcare decisions may not necessarily be felt in the short-term.

Overall, I do think Canadian institutions are transparent, accessible and fair, but given the changes occurring, we would like to be taken as a more serious partner than we feel we are currently considered. As an industry, through the association, Innovative Medicines Canada (IMC), we have a strong representative advocating on our behalf to work on common issues such as market access. New opportunities such as industry framework agreements and other collaborative efforts would certainly help to ease market access issues, foster more certainty within the system, and benefit patients.

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Canada still has a rather silo-ed approach when it comes to healthcare innovation. On one hand, public funds are being invested in innovation ‘superclusters’ to support the development of pharma and medical innovations, while on the other hand, there are voices within the system saying that we cannot afford to pay for these innovations. There is some contradiction there.

On another note, as you mentioned, Bayer has a strong clinical trials presence in Canada. What strengths does the Canadian research ecosystem offer an innovative life sciences company like Bayer?

In 2016, Bayer invested 18 percent of our sales in clinical trials R&D. This is a disproportionately high investment here and many of our pivotal trials were conducted out of Canada – a testament to the value that we see in Canada’s research ecosystem. For instance, the Public Health Research Institute (PHRI) recently published the results of COMPASS (Cardiovascular OutcoMes for People using Anticoagulation StrategieS) at the European Society of Cardiology (ESC), which was a large-scale global trial run out of Canada with more than 27,000 patients across 600 sites. This is certainly not unique in terms of Canadian-led studies with global impact.

Canada punches well above its weight within the clinical sciences industry, which represents around 12 percent of the global pharma industry. Why? Because Canada has a world-class infrastructure and leading-edge expertise within the research institutes like UHN and PHRI.

Bayer is very committed to continuing these kinds of collaborations.

How do you think Canada can better promote its world-class research ecosystem?

Scale is a big driver in this business: taking as many bets as possible and seeing which pays off. Canada is situated next to the US, which has a population 10 times that of Canada’s and generates more innovation than the rest of the world combined. Canada’s strategy should be to avoid comparison with the US, but rather compete in specific areas and contexts. For instance, the University of Toronto (UofT) is a globally leading institution with critical mass in its own niche areas. There was a study done looking at the number of research papers produced times the number of citations as a function of productivity, and on this metric, Harvard University is top in the world and UofT is next. In the same vein, Canada is a top ten pharma market in terms of revenues but in clinical science, it is in the top three. There are distinct areas where Canada has very specific and pronounced advantages, and the strategy should be to leverage those.

One success cannot guarantee long-term success and one failure should not be a fatal blow to the industry. Canada used to rank in the top five in the Global Innovation Index (GII) 20 years ago but now it has slipped to the bottom of the top 20. Canada needs to choose the areas where it can develop a strong competitive advantage and pursue this with a coherent national strategy.

One area where Canada is lacking in is large-scale financing. After CAD $100 million, investment in life sciences here seems to have hit a block. For this reason, multi-stakeholder collaboration is even more important. As an example, in December 2016, Bayer, along with investment firm Versant Ventures, invested USD $225 million (CAD $275 million) in BlueRock Therapeutics, a global stem cell therapy commercialization venture. The ultimate goal of BlueRock is to develop best-in-class therapies to cure a range of diseases by using induced pluripotent stem cell (iPSC) technology. Canada has – with the UHN, Centre for Commercialization of Regenerative Medicines (CCRM) and MaRS, the perfect scientific set-up and an inspiring environment for this project. By combining the best minds and providing bold resources, we believe BlueRock has the ability to develop transformative and curative therapies for patients with cardiovascular diseases here in Canada and around the world. Canada must continue to provide the infrastructure and talent development for these types of medical investments.

Looking forward, what are your key priorities for the Bayer organization over the next few years?

Firstly, I would like to continue building Bayer’s presence in Canada to ensure that we are seen as an integral part of Canada. We have been established here for a very long time and we are undoubtedly here to stay. We are committed to bringing in valuable medical solutions for patients in Canada and commercializing them in a sustainable manner. Secondly, I want to make sure Bayer and our employees’ plays an important role in in Canadian society through our various Corporate Social Engagement (CSE) initiatives. Finally, I hope Bayer will continue to be seen as a great employer of choice for Canadians from all walks of life. Ultimately, my goal is to sustain an environment that our people and our business can thrive to drive fundamental benefits to Canadians and their health.

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