

Interview: Stephen Thompson - President, Baxter

Canada



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Stephen Thompson affirms Baxter's 80-year commitment to Canada, and describes the benefits of having a local manufacturing presence. He further discusses the company's latest innovations, notably in renal care and telehealth solutions.

Baxter is celebrating 80 years in Canada this year. What is the strategic importance of Canada for Baxter's global operations today?

Canada remains extremely important for Baxter's footprint, and the legacy behind those 80 years is tremendous. The Canadian affiliate was the first one established outside of the USA, and Baxter has been manufacturing healthcare products in Canada for 60 years. In fact, 150 Baxter products are used every minute in Canada to treat patients. Many of the innovations within our organization came from this affiliate, such as the first flexible IV fluid bag, and the first mini bag products.

To continuously build on the strong heritage of our affiliate here, we work closely with our colleagues around the world. This is particularly true amongst the Commonwealth countries such as Australia/New Zealand and United Kingdom/Ireland, where we share many healthcare system commonalities with the Canadian market and align with our operations accordingly.

Canada can export many best practices in terms of building strong relationships with our customers. We have built our business around full-service offerings to our customers, staying by their side through the whole journey of using our products to support patient needs. As with all

other affiliates, our success can only be achieved through true engagement with our customers.

You have been at the head of the Canadian affiliate of Baxter for almost two years now. What have been some of the major developments since the beginning of your tenure?

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My start as head of Baxter Canada occurred very closely to the appointment of our new global CEO, Joe Almeida. He officially took over on January 1st 2016, and I arrived only a few days later. Under his leadership, we have seen significant changes across the entire organization. After we spun off our biopharma business in 2015, we were left with a very different company. Our focus has thus been on organizational agility and personal accountability. Three key goals under which to position the company have been set: top quartile performance in quality and safety, industry performance and being a best place to work.

Since Joe Almeida joined two years ago, it seems that there has been a push towards delivering new products. How does this focus on R&D trickle down to Canada?

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The focus on innovation across our organization has definitely intensified. As an established market in terms of portfolio, this trend has been of particular importance to us here in Canada. Innovation is a critical part of our ability to grow, either in products or in our service offering. Baxter has been identifying unmet needs amongst customers to find opportunities that will increase access, improve efficiency of care and drive better outcomes, and the focus has thus been on increasing our R&D spending and accelerating our new product pipeline.

The Canadian business has always been an early adopter of new Baxter innovations, and this has certainly been the case for the Amia with Sharesource platform and the new Theranova dialyzer – innovations that are focused on improving treatments for kidney failure. No innovation bypasses Canada, and there is active participation of Canadian researchers in Baxter’s global clinical trial activities.

Baxter’s portfolio is divided between hospital products and renal. Within your portfolio of IV solutions, software-related products, parenteral nutrition and many more, what are the main areas of growth you see for the future?

Both sides of the business hold many opportunities for growth. In the renal part of our business, we are market leaders in both Chronic and Acute therapy. In peritoneal dialysis, we recently launched

the Amia cyclor with Sharesource technology – the first device with two-way connectivity between the device in the patient’s home and the clinic. The patient can feel safe and cared for at home, while doctors and nurses can monitor the treatment more easily and adjust prescriptions in real time, as needed. In the hemodialysis space, the new HDx enabled by Theranova is our latest device that more closely mimics the normal kidney function, and was an important clinical investment for Baxter. Baxter also continuously invests in the acute space, in platforms and software evolution, looking to expand the service offering beyond traditional treatment of the kidney, and ultimately expand toward multi-organ support. We are excited about the potential of our next generation acute system which is under development currently.

For our hospital products business, we’ve made a significant step forward with the purchase of Claris’ hospital generic injectables business. While not situated in our classic medical device sector, the generic pharmaceutical space represents an important opportunity, because the availability of these medicines is critical to effective care. In parallel with the U.S. market, we will be aggressively rolling out registrations and product launches, to quickly establish Baxter as a key player in this field. In the medication delivery space, our flagship device is the Sigma Spectrum pump. We will continue to invest in our medication delivery devices that will promote patient safety, reduce medication errors, and provide a pathway for auto-documentation and auto-programming. As Baxter designs products, integration with other monitoring devices is also an important factor.

In an advanced healthcare system such as Canada that also brings some geographic challenges with it, how do you view the future of telehealth solutions?

Telehealth is critical, especially in Canada, with the country having such a large landmass but only 35 million inhabitants. As is the trend in the rest of the Western world, more and more we will see chronic care leaving hospitals and being provided in patients’ homes. Not only is this beneficial for the patient, but the operational costs for governments decrease. To move treatment into the home, mimicking hospital-based treatment capability is required, and telehealth is the solution to bridge the gap. Innovation, both in products and service models, will be key as multi-functional devices will become necessary.

Nonetheless, I believe there is still an evolution that healthcare systems have to go through to better implement telehealth solutions. The whole mindset of many companies, including Baxter, has to change, as we address challenges of increased connectivity, and more importantly, data protection and patient privacy. Companies and hospitals will have to work together to address regulations in this area to effectively bring these new technologies to market, and ultimately improve the overall patient experience.

Baxter has a manufacturing site in Alliston, Ontario. What benefits do you see in having manufacturing activities in Canada?

We have been manufacturing in Canada for 60 years, and our facility in Alliston was recently recognized with a Canada Award for Excellence, gold level, for excellence, innovation and wellness. For Baxter Canada, there are several key benefits in supporting such strong and long-lasting manufacturing activity.

First and foremost, we are the only large-scale IV fluid and dialysis solution manufacturer in the country. Hence, we contribute in large part to ensuring product supply and pandemic preparedness for the Canadian healthcare system.

Secondly, through our direct presence, we are able to tailor our products to the unique needs of the Canadian market. Whilst our facilities are part of our global manufacturing footprint, and we produce many solutions that are critical for patient care across geographies, we are also able to tailor products to local needs and allow clinicians to best meet the needs of Canadian patients. Baxter Canada produces over 250 products, while most other industry players rely on imports and bring a much narrower range of products to this market.

Thirdly, our Canadian facility embeds itself as part of Baxter's Americas footprint, offering the opportunity to help patients more broadly. The United States in particular, has benefited from our ability to augment production in the aftermath of the Puerto Rico hurricane, which impacted our production facilities on the island.

Finally, our manufacturing activity contributes to the Canadian economy. We employ over 1,000 people across the country, and through flow-on impacts, generate even more employment. Our workforce is very diverse and the jobs we create are high value jobs. Furthermore, our facilities generate about CAD 300 million (USD 233 million) worth of GDP for the Canadian economy.

For Baxter, manufacturing in Canada has been highly beneficial, as the environment is that of a very stable economy, with many advantages from a business point of view.

Where do you see opportunities arising to implement a stronger medical device community in Canada?

From British Columbia to the East coast, there are many academic early-stage investment corridors. These research hubs are increasingly creating connections with local governments, and I see many opportunities arising in forging partnerships between academia, industry, customer, and government. Within our universal healthcare system, governments bring an interest for

collaboration to the table, and this is something we should use to drive innovation forward in Canada.

What will your key priorities over the coming years revolve around?

One of our key priorities will be around new initiatives that will ensure we continue to be a strong player in the renal space in Canada. As the population ages, healthcare needs will sadly continue to expand. With our expertise in renal care and the investments we undertake, we feel we are uniquely placed to support patients with chronic kidney disease. Increasingly, we are focused on expanding beyond the treatment stage, and looking at ways in which to be involved across the full spectrum of disease state - from early diagnosis all the way through to kidney transplants, which, in many cases, remain the only solution to sustain life.

What have you found yourself particularly proud of since taking over as head of Baxter Canada?

Our employees. Their dedication to our mission of saving and sustaining lives is always on show. A great example is the way they have responded in the aftermath of the Puerto Rico hurricane. They have gone above and beyond to offer their help, without having to be asked to do so - such as the conversion of our manufacturing facility into a seven-day operation in order to help cover the needs of local clinicians and hospitals in the U.S.

One of the unique features about working at Baxter Canada is the close relationship we have with the patients who use our products. In our renal business for example, we support over 5,000 renal patients in their homes. The connection our employees have with these patients is often very personal, as most have met someone with a chronic kidney disease. We live and see patient stories every day, and this passion drives us to do more.

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