

Interview: Gerrard McKenna – Country Managing Director, South East Asia and South Korea, Boehringer Ingelheim



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Boehringer Ingelheim’s (BI) country managing director in South East Asia and South Korea (SEASK), Gerrard McKenna characterizes the recent changes within the family-owned business as “evolutionary” in nature, while highlighting the key role that Singapore plays in capitalizing on the blossoming opportunities in the region.

It seems it’s been a rather eventful time for the family-owned company, particularly with the sale of Roxane, BU swap with Sanofi, and the recent appointment of Hubertus von Baumbach—the first new chairman in 24 years. How have these changes effectively set the tone for BI’s regional managers such as yourself?

Although these events certainly stand out on an individual basis, there’s nothing that is inconsistent with the organization’s overarching strategies. Human pharmaceuticals has traditionally accounted for approximately 80 percent of the company’s business. Given all the changes in the industry over the last 10 to 15 years, it’s been clear that BI has needed to diversify its capabilities across a few strategic pillars, which now includes human pharma, animal health, consumer health, and biopharma.

This has been a push that the Board of Managing Directors developed together with the former chairman Dr. Barner. As well as Mr von Baumbach, and of course the most recent highlight of this strategy was the planned swap of our consumer health business with Sanofi's animal health business Merial. It was certainly a difficult decision for the board to make given the longstanding legacy of our consumer health business, but strategically, it was absolutely the logical next step from an evolutionary perspective.

Our competencies will in future be strongly rooted in human pharma and animal health—both of which incorporate true innovation as a platform for future growth—in addition to a third leg in biopharmaceutical contract manufacturing.

What then have been your priorities focused in the SEASK region?

On the human pharma products side, our focus has been centered on capitalizing on our robust pipeline and launching our new innovations successfully.

In this part of the world where product life cycles are quite different from markets like the US or Europe, there are unique opportunities to build upon a mature business, specifically targeting key areas including respiratory, diabetes, oncology, and cardiovascular.

This strategy has been executed successfully in this geography. According to the latest IMS Health data, our therapies hold the top one or two positions in several therapeutic areas across this region, such as the case with our DPP4 inhibitor Trajenta.

On the animal health side, in light of the planned transaction, the current year has been characterized by preparation for the swap and the planning of the integration of Merial. This in itself has kept our people quite busy on both a regional and country level. As a family-owned business, BI does not routinely pursue inorganic transactions as an avenue for growth; there are a multitude of factors that we need to now take into consideration to ensure a smooth transition from top to bottom.

Where does a small country like Singapore fit within the regional context?

Singapore falls under what we characterize as the Southeast Asia and South Korea (SEASK) region. This encompasses a significantly broad spectrum ranging from emerging nations such as Philippines, Thailand, Indonesia, Vietnam, Malaysia to mature markets like Singapore and South Korea that far outpace its neighbors in terms of healthcare infrastructure, regulatory processes, and technological sophistication, with world-class treatment standards and widespread availability of innovative drugs.

Consequently, the product lifecycles differ greatly across the region. In Vietnam, the whole regulatory process has been tremendously complex and sluggish, and will only start opening next year for new launches. In Singapore, on the other hand, we had a wide portfolio of mature brands that are constantly subject to government tenders and pricing pressures.

Ultimately, each country exhibits its own specificities that elicit localized strategies to truly drive commercial success.

Singapore's Health Sciences Authority (HAS) is often cited as one of the most recognized and leading regulatory health authorities in the industry today, and many companies use that characterization as a "launch pad" into the broader region. What have been your experiences in this regard?

In the SEASK region, there are a number of products where we've first received regulatory approval in Singapore. That speaks to the degree of efficiency and professionalism that the HSA exhibits when processing our dossiers—sometimes with approvals even coming in faster than we expected.

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For example, Giotrif, a treatment of non-small cell lung cancer was first approved and launched in Singapore (also conducted clinical research here with the National Cancer Center). Singapore was also the initial launch pad for Jardiance, a treatment for type II diabetes, as well for Jardiance Duo. Additionally, in the rare disease category, Ofev for idiopathic pulmonary fibrosis that was approved for the first time in the region by Singapore's regulatory authority.

We're then able to leverage Singapore as a market to gain first-hand experiences for newly launched products. We can engage earlier with customers, specifically in terms of understanding how they're using the products, the experiences they're having, and any side effects that they're reporting—which collectively serve to yield valuable insights that allow us to enhance our medical education initiatives both in Singapore and across the region.

How does the company's commitment to Singapore extend beyond commercial prospects?

In a way we've renewed our commitment to Singapore, which started in the late 1990s as a regional coordinator, and expanding the scope of our regional center to also cover South Korea in 2014, in addition to Southeast Asia.

Beyond the commercial functions, Singapore hosts the region's clinical research hub, together with South Korea. We do everything from phase I to phase IV, working closely with local stakeholders including Singapore General Hospital and the National Cancer Center.

Furthermore, Singapore orchestrates regional shared services such as IT that actually extend beyond the borders of Southeast Asia and South Korea to also service Japan, Australia, and New Zealand.

Within BI's broader network, this small nation unequivocally serves as a strategic hub where management decisions are being taken, key tasks are being coordinated, and synergies are being sought—allowing our country-level operations to primarily focus on managing customer engagement and driving commercial success.

As some of these emerging health systems start to develop, how would you anticipate the role of Singapore evolving as a gateway?

That's one of the primary reasons behind the establishment of the regional center in Singapore. We want to be able to effectively manage and drive that change, while also maintaining a close proximity to identify efficiencies and leverage synergies.

The opportunities are huge in this region, but one of the main challenges in this region is market access. Our products are unique and at the forefront at innovation, with a high level of differentiation. But, given the lack of healthcare infrastructure or purchasing power, many patients lack the means to actually access our therapies. To effectively facilitate this access, we can't afford to have inefficient cost structures—further validating the necessity for regional centers of excellence such as the one in Singapore. Synergizing on costs gives us more flexibility on price. At the end of the day, our products are only as good as the value being perceived by our customers.

What is your future outlook on the continued opportunities that this region can offer pharmaceutical companies like BI?

We see a very bright future ahead of us, particularly with the abundance of product launches in our pipeline and promising growth prospects in the years to come. Now, if a company is faced with an absence of launches and heavy pricing pressures, then the strategic decisions may very well take a different direction. Fortunately, BI is not in that position, as we continue to look at this region very bullishy.

This region has consistently exhibited strong double-digit growth over the last five years. To this end, weâ??re undeniably moving up the ladderâ??a phenomenon consistent across all emerging markets.

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How would you frame your ambitions for the next three to five years?

We believe that we can continue double digit growth within the foreseeable future. We have doubled our sales over the last five years in this region, and aim to replicate that same level of success in the next five.

With the type of products that we sell, we ultimately help improve and save the lives of millions of patients in this region. For example, Each year, 5 million deaths are linked directly to diabetes-related causes. We are in a leadership position in this field, but with still significant room to do moreâ??the same applies with our other areas of focus such as cardiovascular ,oncology and respiratory.

Even our animal health business touches human lives. Our vaccines are targeted at pigs and poultry , which ultimately strives to maintain quality in the food chain.

For me, the success of the business here is what will eventually fund further R&D initiatives for our company and continue the supply of innovative medicines to patients in need worldwide. Then thereâ??s the element of whether or not youâ??re proud of the contributions that are made, specifically speaking to our market access initiatives. Are you offering products that are novel and truly addressing an unmet need? And thatâ??s where we as BI have been blessed.

During your time with BI so far, youâ??ve held a wide range of functions across different geographic assignments. What would you highlight as the key experiences that have prepared you for your current role?

Iâ??ve been with BI for 34 years, having worked in multiple geographies including Germany, New Zealand, Philippines, Japan, and now Singapore.

Formerly, I was in the position of regional vice president, which stretched from Middle East, Africa, and all the way across Asia. So in terms of preparation, my roles have encompassed a wide scope of mature as well as emerging markets.

After the restructuring of our businesses a few years ago, I was offered the opportunity to come here to Singapore and lead our regional operating unit. In that respect, having already long been familiar with the products, the people, and the region, it was a real soft landing for meâ??especially here in Singapore.

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