


Interview with Augusto Muench, Regional Director, South East Asia & Managing Director, Singapore, Boehringer Ingelheim Singapore

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Boehringer Ingelheim (BI) in Southeast Asia?



In 2009, Boehringer Ingelheim decided to establish a regional operating unit for its human pharmaceutical division (prescription and OTC products) in Southeast Asia that would be managed from Singapore. This business unit was designated to oversee of all the South East Asian region plus Taiwan and Hong Kong.

Our presence in the country extends beyond that, since we previously had some regional offices in Singapore, such as the medical regional office that did R&D, and a regulatory and medical affairs office, as well as all the IT and IS support for our AAA region.

What is the potential that BI sees in this region?

South East Asia being such a diverse region has different potentials in different markets. Therefore, in the last 2.5 years we have worked, not only in establishing the proper structures to support all the countries, but also in establishing individual plans for each country that would allow us to have profitable growth throughout the whole region, but most importantly, to deliver our products to all patients in need in Southeast Asia.

We recognized that Southeast Asia is an area that can bring a lot to the company and the new developments that we have in our pipeline, like the diabetes franchise, which is particularly important for this region.

Indeed, focusing particularly on diabetes, BI announced a long-term global alliance with Eli Lilly. Last year we launched the first compound, a DPP4 inhibitor called Trajenta, as part of that alliance. Furthermore, we have a SDL2 compound, as well as two kinds of insulin coming from Lilly's pipeline, which are scheduled to be launched soon.

Have you already launched Trajenta in Asia? And how will the worldwide partnership between Lilly and BI strengthen the company?

The partnership between Lilly and BI, which was announced in early 2011, allows both companies to co-promote a portfolio of products. We are looking at more than 20 years of partnership with Lilly on this diabetes franchise. Ultimately, we want to offer Patients and Doctors innovative treatments across all stages of the condition. We started with Trajenta, which was launched this year in most of the Asian markets; Thailand and Vietnam will come later this year and in 2013 respectively.

How has the launch of Trajenta and Pradaxa been received?

We are very glad about the launch of Trajenta; the results have been above original expectations. Considering that diabetes is a very tough and competitive market, and that BI has not been present in this therapeutic area before, we are doing quite well. It has taken a lot of effort to position ourselves, but we are very satisfied with the results and the acceptance of the product.

Trajenta has been very well accepted since it has unique characteristics. With only one dose, any type of diabetes patient can be treated. As a result, it is extremely convenient for both physicians and patients.

Pradaxa came to a market and an area, where, for the last 50 years, there had been no new treatments offered. The uptake was fantastic and physicians were really positive since its introduction came to fulfil a huge unmet need in patients that require anti-coagulants. Pradaxa is a huge advance particularly for prevention of Stroke in patients with atrial-fibrillation.

Specifically in Singapore, after just one year of its introduction, Pradaxa has become our second best branded product, which speaks volumes about the launch efforts that have gone into it.

So, we are very glad with the launch of both products, since in terms of innovation, Trajenta has very unique characteristics and Pradaxa rejuvenated a market and is now fulfilling previously unmet needs.

BI's financial results of the first half of the year reported total sales of \$7.1 billion sales, an increase of 6.8% compared with the previous year. In the Asia/Australasia/Africa region, the pharmaceutical company was able to increase its revenues by 9.2% to over \$1.7 billion. What was the role that Southeast Asia played in this growth?

Southeast Asia, this year to date, is showing a growth of approximately 15-16 percent. Reviewing BI's global results, the company growth has been very healthy as was the one associated with emerging markets. On this note, Southeast Asia is one of the fastest growing regions in the world for us and our expectation is that it will continue growing in the coming years.

Where do you expect BI's continue growth to come from? innovations or existing products?

Our expectation is that it will come from a mixture of both.

The relevance of all companies mature portfolio in the emerging markets is huge. Of course, it is important to focus on the new launches and it is important to bring innovations to all patients, but there are still a lot of patients that are benefitting from the old portfolio.

For example, Micardis and Spiriva, two of our key products that have been in the market for over a decade, have a tremendous presence in Southeast Asia. Both products are growing on a yearly basis, partly because of the line extensions of these two products, but also because of the enormous amount of scientific data available on both of them, that helps us gain trust both with Doctors and Patients for these two brands.

The mature portfolio of products is supporting BI's growth and this gives us the opportunity to also have proper launches of new molecules to bring innovative products to these markets.

Apart from our diabetes franchise, we are also venturing into oncology. For this therapeutic area, we are intending to bring targeted therapy for Non Small Cell Lung Cancer to South East Asia. We are planning to start in Taiwan towards the end of 2013, and move from there onwards.

Lastly, we also have some early research on Hepatitis C. So there is a lot of innovation coming pretty soon and we believe that BI's own research products from our pipeline, plus the current portfolio will be driving growth.

What is going to be your biggest challenge in achieving further growth and consolidating your presence in SEA?

There are several challenges, the first of course being talent. Back in 2009, BI established talent as one of the key elements needed in order to fulfil the growth that we were expecting. As a result, talent management along with succession planning became crucial.

Therefore, training, in terms of strategic leadership is very important. In addition, fostering local talent is key for me. Ever since I came to Southeast Asia, local talent has been one of my, not only business objectives, but also personal objectives. It is very important to foster and develop local talent, since the presence of Asians in our global BI community is not huge (it mostly comes from China and Japan). Until today, the amount of talent coming from Southeast Asia is not big and after being here for a while, I realized there is a lot of talent in this region that has yet to be utilized. Therefore, one of my objectives is to develop talent and enable further relevance within our BI international environment.

So yes, talent will be a key challenge to overcome in order to meet our ambitions, but I do not think it will be the only one.

What are the others?

The way in which things are moving in the global pharmaceutical industry represents challenges for countries, for physicians, and for companies.

Governments want to properly expand healthcare access worldwide, therefore require proper funding for it. On the other hand, Research Based Pharmaceutical companies, such as ours, with innovative molecules want to continue their research, which also requires funding. In the middle of both, there are physicians that need to be able to provide those innovative products to patients that are in need so the situation is quite complicated. I think that in the long run, how the system is currently working represents a challenge overall and I doubt that the current business model we operate in could withstand and be sustainable given these challenges.

What do you think is the way to go?

I believe we need to find alternative paradigms that can bring win-win situations for all elements of the equation. For instance, at BI we are trying different things to boost our R&D capabilities and the latest move was the creation of a research association where we joined with nine other companies to foster R&D together. Combining research and development efforts is a great initiative to keep boosting innovation.

Is BI doing basic research here and which other activities in terms of R&D?

Singapore is a key center for our R&D globally. All Clinical Research in the region is guided from here. However, we are not currently conducting basic research here.

What we are trying to do is to expand the clinical research base in Southeast Asia. For instance, we are opening our first clinical research center in Vietnam that will be coordinated from Singapore.

Given that companies are trying to do different things to address the changes in the pharma industry, what is BI's corporate value proposition?

BI has been around for more than 125 years and what has driven the company is adding value through innovation. That is the key element under which all BI activities work around. Therefore, there are a lot of implications in terms of what "value through innovation" means and how it is perceived and reflected in all our activities.

We believe that "innovation" is the main value that BI can bring to the table, which is the key strength that we can offer. We are all about that and I think that today there are not many pharmaceutical companies out there that for the next five or six years that have a pipeline like the one BI has.

Prior to heading Southeast Asia, you were in charge of the operations in Latin America. What are the main particularities that you have found in the Southeast Asian market?

I was responsible for Latin America. I was born in Mexico. I went to work in Germany and then came to Southeast Asia. When I came to Southeast Asia and started going around the countries, I could draw a lot of similarities. If you go to Manila, it is pretty much like home; it is just like being in Mexico City.

Also, on the political side, on the governmental side, and on the healthcare side, it is pretty alike to Latin America. You face the same challenges. For example, one of the key elements in Brazil is distribution. If you go to Indonesia, you have 17,500 islands and distribution is key.

It is interesting to see that in the pharmaceutical environment in Southeast Asia, there is a considerable number of Latin Americans. I think that is because there are a lot of similarities between the markets. In addition, in the past most of the pharma companies were more focused on Latin America and now the coin has been reversed and the focus is greatly on Southeast Asia, where the growth is going to come from or at least those are the expectations.

I think similarities are huge between Latin America and Southeast Asia and that can drive you into synergizing some of the projects or programs that have been done here or there.

However, there are two particular places in this region that I could not find similarities with Latin America. They are Singapore and Hong Kong. Singapore is unique, is something that you can't find anywhere else in the world. I believe the individual characteristics of Singapore make it ideal for several things. One of them is as a place to establish regional organizations and we have done it for medical, for IT and IS, and now we are doing it for the business side.

What are the characteristics that make Singapore ideal for establishing regional organizations?

There are a few, you have infrastructure: stability "political stability and economic stability. Singapore is a place that can offer a stable future, so it will not add to your question marks when planning. That makes it very attractive to establish regional HQ.

If we come back to BI here in five years, what will we find?

My ambition for Southeast Asia is that it becomes the third most important region in BI's emerging markets, and that it is being managed and driven by local talent.

Specifically about Singapore, my vision is that more of the shared services for BI will be located here. We will be looking at how we can create more synergies with BI globally.

Generally, what is different about the management here, and as an executive what were the major challenges you faced when you arrived?

The first one is language because I am not a native English speaker. I remember the first meeting I had with the field force in Singapore. After one hour of giving my speech, about what we were going to do, how good we were going to be, etc., which was supposed to be a very motivational speech, I finished and came to my office. Then my assistant came in and said, "perhaps next time you can speak slower and articulate better." "Are you saying no-one understood anything?" I asked, and she said, "pretty much."

So from those minor things that you do need to go through, until learning on how not to make people lose face, since before here I was in Germany for four years, where things are very straightforward and confrontational; very black and white. Here on the other hand, context needs to be taken into account a lot, which was something I had to learn.

In addition, it's also challenging sometimes to understand what is really being said; many other places are very straightforward, however in this region, an answer might mean two or three different things. Therefore, one of the things I try and do is to see if I really understand the key element of the issue. I have to say though, that I think the challenge is bigger for the team in Southeast Asia, to try and understand me, rather than me trying to understand them.

What is your final message for our international readers?

I believe that within the emerging markets context, Southeast Asia is going to play a crucial role and will continue to grow. Furthermore, within Southeast Asia, the role of Singapore will be key since it is a center of gravity, under which a lot of companies oversee the regional markets.

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