

Interview with Zinta Krumis Managing Director Nordics, Boehringer Ingelheim



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There seems to be quite a hype around the Nordic region at the moment. How do you explain this phenomenon?

I think that the Nordic region is the "quiet North" as it could have been called counterbalances the turbulence in Southern Europe. The Nordics are a very stable region, with small but reasonable growth prospects, very good government structure and frameworks, social infrastructure and solid economy. This is particularly true in the healthcare sector though there are changes afoot. A new healthcare environment has been set up in Denmark but also in Sweden since the early to mid-2000s, so things are changing but they're changing in a slightly different way to the pressures that our Southern European colleagues face.

One topic that has polarised the industry so far is the Nordics' uptake of innovation. Some say this is a market that still rewards innovation, others insist on difficult market access conditions especially in Sweden. What is your opinion?

I would agree that it's quite tough to introduce a new medicine in Sweden. Not because innovation is not rewarded, because I think there is recognition for the value of medicines from both the Government and the reimbursement authority. There is price pressure but there's price pressure everywhere so we should expect price pressure. However, in terms of market uptake and penetration, it does take a lot longer compared to other European countries to get market acceptance for innovative products. It is much tougher now than it used to be because of the many stakeholders at national but also regional and local levels. So whilst we can have products authorized and reimbursed, they might not be used by the healthcare system at the regional level or local level.

One of the important factors is to make sure that the decision makers are aware of the impact of bringing innovative medicines and innovative treatments and medical devices into the markets. Recently, we had an implementation of an effective system where generic substitution would allow to

accommodate spending for innovative drugs. So far this has not happened to any great extent, innovative drugs still have a slow uptake. Today, in my opinion, one of the main issues is that the budgets are held in different pockets. For example, if your drug allows to save on hospitalization costs, it may increase the spending on the drug budget but as the hospital budget is separate from the budget for pharmaceuticals, you would not see the overall improvements in care and subsequent improvements in overall spending. One of the discussions the industry and the government should be having should centre around how healthcare can be managed around the country by creating checks and balances where any savings in the healthcare system as a whole should be reused for innovative medicines. There is a need to realise on all levels that costs for correctly used medicines should be seen as an investment and not as an isolated cost that puts pressure on a decentralised drug budget.

Value-based pricing was and is still the hot topic in the UK. Do you include elements of value based pricing in Sweden?

In Sweden, we set a price according to the value of the medicine. The medicine is registered, and then there is a reimbursement discussion based on the value that the medicine brings, the overall benefit to the patient population or the sub-population for the particular medicine. The important thing is that we have to be able to show the value of the medication in comparison to existing therapy and certainly it's my understanding from my seven months here that the value of medicines is looked at. It's not just the price but the overall package that the medicine is providing to the healthcare budget that results in reimbursement.

More specifically, could you please give us an overview of Boehringer Ingelheim in the region?

We have a Nordic structure for all of our businesses and all of our support functions as well. This means that we have a matrix of regional strategic views and local execution of strategy. One of the interesting things about being in the Nordics is that people who do not live and work here assume that all of the countries are the same; we're about the same as Europe is the same. The market environments are different in the four countries (Denmark, Sweden, Finland, Norway); you can't assume that what is suitable for one country will automatically work in another. Physician access is different in all the countries for example. It is vital that each country keeps its own ability to understand the local market and can talk appropriately about our medicines to the physicians, to the bureaucrats, to the Ministry of Health, to the Reimbursement Authority and other stakeholders in that particular market.

For the prescription medicines business, the Nordics business is about 2% of the world market; and Sweden represents about a third of our total turnover in the Nordics. We are slightly underrepresented in relation to the total Human Pharma market in the Nordics. Sweden is the largest pharmaceutical market so proportionately we should have a little bit more in our business. Some of that shortfall is to do with the success of very mature products in the other markets. Some of it is the fact that for one new product we were not able to get reimbursement here in Sweden which left a gap in our portfolio. However, we have launched Pradaxa and we're extremely successful with Spiriva. So we have seen, and can still see, sustainable growth in Sweden. From my side, based on my past experience in other countries, the important factor for being able to have a sustainable business in a market is the ability to introduce new products. That's why, whilst we are able to introduce new products, the length of time it takes for those products to become reasonably sized

and therefore able to support the organisation within the country is important; if it doesn't happen fast enough the organisation is not sustainable.

In your view what does the Nordics operations bring to Boehringer Ingelheim?

The Nordics still have a very strong place in clinical trials. In general the trend in Sweden is that the number of clinical trials is decreasing but for Boehringer Ingelheim we're actually increasing. So that is one aspect where we differentiate ourselves from the industry. Not only do we conduct phase 3 trials, but we also have a large portion of phase 2 trials, showing our commitment to bringing science to the country. Clinical trials are important for us since we're supporting medical universities, hospitals and clinicians to place the country at the forefront for science and innovation.

I think another aspect in our Nordics unit is the ability to look at multi-channel communication. We're still in early days, and we still have more to go but there are requirements coming from the market for different communication methods and we've begun to format our responses and our structure to respond to the market needs. Our aim is to be seen as a partner not just for clinicians, patients and their families but also for the other stakeholders such as the different government bodies, the County Councils and so on. We aim to be a partner with whom you can discuss the management of a particular disease in the country.

On a more personal level you have been working in Turkey for about 6 years and have come back to mature markets with much slower growth if any; how did you adapt to the change of pace and which kind of environment do you prefer?

One of the things that interested me when I was in my last years in Turkey was the fact that the stable European environment as it used to be was no longer stable. Partly driven by the economic crisis in Southern Europe, partly driven by the fact that in many countries including Sweden we have a good health care system but good health care systems mean that people live longer and use even more healthcare in return. So what I saw when I was sitting in Turkey was the fact that Europe was becoming more volatile. The volatility is not as immediate and strong as it is in the emerging markets but my ability to cope with changing situations, hopefully, has helped my colleagues here. After living in Turkey where legislation changes on an almost daily basis sometimes, I don't panic easily about anything and I think I'm a lot more patient with change. Lastly, I'm seeing certain mirroring of things that happened in Turkey happening here so I'm hopefully able to bring a different perspective into meetings with my colleagues.

Boehringer Ingelheim is one of the very few family owned companies among the biggest worldwide; how does this still define the corporate culture of the company?

Based on my experience from partnering with other pharmaceutical companies in the past, in general in Boehringer Ingelheim we have less of an immediate concern to provide quarterly results. I still have to deliver results of course, but there's a very different pressure on the business environment since the company can absorb some changes if something doesn't work quite as we thought it would. So it's a much easier environment to work in and we are able think about mid to long term prospects when looking at investments. You have to invest to get returns and that's something that Boehringer Ingelheim always has and, I hope, always will continue to be able to do. Boehringer Ingelheim is a sustainable business: we've been in the world for 125 years, and we

aim to be present for another 125 years, bringing our innovative medicines to the population, whether it's in an emerging market or a mature market.

You've been with Boehringer for 25 years so what motivates you still every day?

We have a good working environment and we are relatively able to command our own destinies especially within such a large corporation. More importantly, I think there is always potential. There's potential to bring innovative new medicines to patients, there is potential because we are developing our business on a continual basis. There is potential to develop staff, to change certain processes, to make things more productive. Whenever you move from one country to another, from one management group to another, there is a different view, there's a change and I've never been bored.

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