

Krisztina Kárpáti – Managing Director & CFO, Bayer Hungary



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Krisztina Kárpáti, MD of Bayer Hungary, elaborates on the successful development of the affiliate in recent years, making progress in all three business units of pharma, consumer health, and crop science – soon to integrate Monsanto. As a leader with unique experience in finance, Ms Kárpáti offers her insights into the strategies in cooperating with authorities to find mutual solutions for innovation access. Additionally, Dr Zsófia Tarjanyi, market access manager of the pharma business unit, elaborates on the affiliate’s activity in this area.

Please briefly introduce yourself and the operations of Bayer in the Hungarian market.

Krisztina Kárpáti (KK): I am an economist by trade and started working at Bayer over 13 years ago as a chief accountant. In 2012 I moved to the Bayer headquarter in Germany, originally planning to stay for three years, but after 13 months I returned to Hungary with the opportunity to become the affiliate’s CFO. After several months due to movement among our ex-pat colleagues and the increase of Hungarian employees here at Bayer, the opportunity arose for me to become the affiliate’s first Hungarian general manager who originally came from the Hungarian organization.

At Bayer, we have three business divisions: pharma for Rx products, consumer health for OTC products, and crop science. Within the Hungarian organization, we also have two other subdivisions: radiology, that falls under pharma, deals with contrast medicines and diagnostics, while animal

health, which is part of crop science has its own separate organization. As managing director, my role is to coordinate these five divisions and be the face of the entire legacy of Bayer in Hungary. Additionally, as the CFO I am also responsible for the platform operations such as the service organization which supports all business activities within Bayer such as legal, finance, HR, etc.

Furthermore, we are structured within regions in which Hungary belongs to the CEE region which is overseen by the Polish affiliate in Warsaw. Each division has a unique cluster set up, and in pharma, Hungary is grouped with the Alpe-Adria being headed in Slovenia. Consumer Health is a much broader region called CEEC which includes the CEE countries plus Romania, Bulgaria, and Moldova. The cluster division head for consumer health is in Prague and the CCL for the local organization here in Hungary.

Looking back, what key achievements have you been the proudest of since taking on the role of Managing Director?

KK: As I mentioned, historically there had almost always been foreigners as the highest-ranking manager in the Hungarian affiliate. The biggest advantage of having a Hungarian managing director is that it is more natural to understand the culture and people, making it easier to build a strong network among the stakeholders.

When looking at the future development of the company it is difficult to determine a concrete plan as the environment, we work in is continuously changing. At the time that I became managing director, it was already well known that Monsanto will be absorbed into Bayer's organization in crop science. Waiting for the final approval from the authorities for this integration took more time than expected and created uncertainties. So, one of my top priorities was to plan and prepare the affiliate for this eventual integration.

In addition to this, I am also very proud of the initiatives taken by our team outside of just the business activities to have an impact on society through CSR. Furthermore, these collaborations come from across the organization, not restricted within business units, in a bottom-up fashion. While initiatives, of course, come from the top of Bayer, we also understand that our colleagues have ideas as well, so we try to combine these efforts as much as possible.

How would you assess the strategic importance of Hungary for the company within the region?

KK: During my time in Germany, we had begun to move certain activities, particularly in accounting, into the shared service center in Gdansk, Poland. In line with overall business trends, there is increased centralization in Bayer which indicates certain activities are being regionalized and therefore there must be a determination of how to allocate responsibilities.

At this moment, Hungary has an important role in Bayer due to the two production and R&D sites of legacy Monsanto in the country. At this moment, Hungary can become even more important within the CEE cluster and have more focus coming from headquarters.

What is the balance of Bayer's business units – pharma, consumer health, and crop science – within the affiliate's operations?

KK: In terms of turnover, about 50 percent of revenues come from crop science, 30 percent from pharma, and 20 percent from consumer health. It is important to note that Bayer is a life sciences company, therefore these business units are not completely unrelated to one another. With crop sciences, we are helping to create healthy food for society which is important for the well-being of people. Then we are also able to support their health through the innovative medicines of our pharma and consumer health portfolio.

To what extent is Bayer's full product offering represented in Hungary?

Dr Zsofia Tarjanyi (ZT): Most of our products are launched, however with strict reimbursement restrictions in many cases. Within pharma, the key therapeutic areas we are focusing on are oncology, cardiology, ophthalmology, hematology, and women's health. There is a particular strategic focus on the areas of oncology and cardiology where the unmet need and medical burden is high in Hungary. Looking at the planned national health programs in the country, both disease categories are priorities for the government. With Bayer's innovative products we are helping to face the challenges that are putting added pressure on the healthcare system such as aging population and the rise in chronic disease.

ZT: Bayer's portfolio covers key cornerstones of health and is very well known in the country. It is not only enough for us to develop and produce these innovative products, but also, we ensure that they are available and accessible by patients. Currently, the market access procedure in Hungary is quite complicated and lengthy, particularly true innovation such as the solutions developed by Bayer as not only the insurance fund, NEAK, is involved but other stakeholders as well. However, we remain optimistic and will continue to introduce new products in order to contribute to creating a healthier society.

How important are new products launched for the growth of the affiliate?

ZT: Launching new products is important for the patients, healthcare system and for our organization. Our goal is to contribute to the advancement of medicine and to meet the needs of patients, doctors, healthcare providers, and regulators. Therefore, ensuring that the latest innovations are introduced in Hungary continues to remain a top priority for Bayer here in the country.

In your view, are the benefits of innovative products to the healthcare system being properly valued by the health authorities considering the difficulties when it comes to access?

ZT: Often we indeed face restrictive access compared to the labeling of our products. It is our job as an industry player to demonstrate the value that Bayer's portfolio is bringing to patients. However, because we believe in our products given the high level of quality and innovation that have gone into their development, we are quite optimistic when it comes to reimbursement.

What do you see as the opportunities for establishing solid partnerships with the Hungarian government and healthcare authorities to improve the adoption of innovation in the country?

KK: Coming from the financial side of the organization, I can understand the authorities on the importance of creating a budget. On one hand, there must be a strategic allocation for the most impactful areas in health while maintaining costs, and on the other hand, there is also a demand for new medicines and innovation. Therefore, I believe that not only Bayer, but the entire pharma industry through organizations like the AIPM can be a partner to the health authorities to find the right balance of priorities. Our product portfolio and the government's planned Healthy Hungary strategic program are well aligned with each other.

Cardiovascular disease and oncology are the two major leading cause of death in Hungary. Our medicines have meaningful benefits in clinical therapy and provide added value especially in these two areas. As a partner, we can work together to find how we can bring these products to market as soon as possible, while of course coming up with the right balance and win-win solutions in the financing aspect.

Reimbursement regulation is a key, but at the same time, the authorities should also show openness in being faster and more transparent when it comes to their decision-making process.

To what extent is Bayer investing into the country through clinical research?

KK: We have quite a significantly sized clinical trial team here in Hungary – even larger than our marketing team in fact. At this moment we have over 30 ongoing clinical trials in the country and over the past five years, we have involved more than 3000 patients and 300 health institutions in our trials. Moreover, Bayer continues to have exciting molecules in our pipeline that we will advocate to bring to the country through trials.

Clinical trials are a win-win activity for all health stakeholders because they allow us to develop new innovations, bring important medicines to patients at an early stage, and contribute to the health system by providing these treatments free of charge. On the health professional side, clinical trials allow doctors to receive advanced training from Bayer and learn about the new advancements in disease treatment while also giving them direct experience and familiarity with the drugs so that once they are reimbursed, they can reach patients even faster.

Within Bayer, Hungary is absolutely in the focus of the company when it comes to conducting trials. The quality of our health professionals is very high, and Hungary can even bring deliver results in studies than other nearby countries. Not only doctors select their patient groups with great care, but the entire framework of clinical trials is held to a higher standard than the European average.

When you became GM in 2017, Bayer was awarded as a "Trusted Employer" by the German-Hungarian Chamber of Commerce and Industry (DUIHK). What kind of corporate culture have you envisioned to create for your team?

KK: When the expectations of my colleague and my expectations are well aligned, it is very easy for the affiliate to operate. Intending to further strengthen Bayer's culture of innovation, our headquarter identified four Focus Behaviors: customer focus, collaboration, experimentation, and trust. At Bayer, the health of patients is truly close to our hearts on a personal level and professionally – at some point in everyone's life they or their loved ones are faced with illness and we want to create the best solutions possible. In terms of collaboration, I have learned from my multinational career experience that creating a close network that leverages each team member's unique strength is key to success. Next, at an innovative pharma company like Bayer, without

experimentation we would not be where we are today â?? we must constantly try a new approach and push forward regardless of obstacles. Finally, as a managing director, I feel that there is a sense of trust given to me by my higher-ups which is something I want to reflect upon my colleagues in the affiliate so that we can have a culture of open communication.

What is it that has kept you motivated and loyal to Bayer over the past 13 years since you started in the company?

KK: When I first started at Bayer as a chief accountant, I had the impression that I was someone who loved working with numbers. However, thanks to the fantastic support from my line manager, I was able to develop myself in a way I had never imagined before. From the encouragement I received, I was able to take on new challenges and successes, gaining new knowledge and ambition each time. This is the support I have gotten from working at Bayer and the kind of environment I hope to create for my team in the company today.

On top of this, moving through the organization in the way I have for the past thirteen years has allowed me to think, try new things, and be innovative in my daily tasks. Especially when the opportunities arise to demonstrate what you can do in other areas, therefore making it possible for free flow and advancement within the company. In recent years Bayer has gone through restructuring, divestments, acquisitions, and projects like SAP implementation. While they were challenging, we succeeded in the end while keeping a strong culture of recognition and pride in accomplishing goals within Bayer.

What is your vision for Bayer as a partner of life science in Hungary?

KK: My priority is to complete the mentioned integration of the two legacies here in Hungary. This process has already begun, and we can see that we are headed in the right direction. As a life science company, we will be among the top market leader companies in all our areas of pharma, consumer health, and crop science. Bayerâ??s mission is Science for a Better Life, so we want to ensure a high quality of life for Hungarian people through these 360 approaches. Furthermore, we hope to be a partner to the government to share the roles and responsibilities for meeting the needs of society. By each stakeholder taking a piece of the puzzle and bringing our assets together, we can create a beautiful life picture in Hungary.

What advice can you share with other first-time country managers who are just starting in their role?

KK: Do not be afraid and do what you want â?? it will lead you to success!

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