Interview with Xander Bos, General Manager, Boehringer Ingelheim B.V.

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While already having worked for Boehringer Ingelheim for quite some time, the end of 2010 marked the completion of your first full year as general manager of this Dutch affiliate. What were some of the highlights of the past year and the main lessons that you look forward to carrying into next year?

Before this general manager role I worked for 12 years as the head of prescription medicines at Boehringer Ingelheim in the Netherlands. Some things have changed in my duties but as prescription medicines head I was already leading a large and important department for our affiliate’s operations. Over the past year our affiliate has been working closely with Belgium while still maintaining separate offices in Brussels and Alkmaar. The two offices have been looking for synergies as much as possible, which is difficult from a market perspective since both countries are very different. The synergies however, can be found for example in clinical research, drug safety, finance and ICT. Several internal procedures can also be combined and we have created one leadership team for Benelux.

Belgium and the Netherlands are indeed quite different markets based on all of the accounts of your managing director counterparts in the industry. What, if any, are the synergies that you can build from a product line perspective?

We have a global medical and marketing organization and global strategies for products which of course have to be translated to local situations. Some of the strategic product placements done by our marketing departments can be combined. But this first year was particularly a year of looking for “quick wins” in efficiencies and lowering costs, such as consolidating team leadership positions between the two countries. Prescription medicines positions, however, remain in both Belgium and the Netherlands because of their importance to the local market. Prescription heads are now also in charge of general management which was not previously part of affiliates’ structure; so for me, the first year was mainly about adapting to new responsibilities in organisational, legal and financial affairs.

What is the strategic importance of the Netherlands for Boehringer Ingelheim globally and the unique Dutch approach for this market?

In the Netherlands we have a health care system which has similarities to the UK, Canada, Australia, and the Nordic countries in terms of the market structure, the role of government and medicinal guidelines and reimbursements. The Netherlands health care system is asking for a specific policy. Our approach in the Netherlands today is very different from what it was 10 years ago. Back then we heavily promoted blockbusters, steadily increased our sales teams’ representatives, and were driven by share of voice. Our approach dictated that the larger the share of voice, the more market success – of course backed by the best products.
Today we have several products in the market but share of voice is not central in our approach anymore. Having said that, of course we still have a focus on promotional activities because visibility remains important in the market. But just putting more reps in the market is not enough anymore.
The size of our organization is still the same as it was five years ago, but over the past years we have decreased the number of our sales representatives. Instead, we now have other people working in the market with more focus on account management activities. Boehringer Ingelheim is proud to have a strong R&D pipeline but in addition to product innovation, we take an innovative approach towards helping the care market to solve problems. Problems mainly revolve around the provision of care in the Netherlands. People who play an important role around the patient – the nurses, specialists, GPs, pharmacists, physiotherapists and dieticians – have to work close together; but in reality we see that they in fact are not working together in a way which is optimal for the patient. There is a sincere need in the Dutch market for improvements and innovations in care concepts.
Furthermore, we have to look at opportunities in market regulation. Regulations are changing and the government is active in cost-containment here in the Netherlands, for example, with the

significantly increased power of insurance companies since 2006. In the past, insurance companies paid for all services but they are now referring patients to hospitals within their network of contracts or advising on certain medicines because they fall within the guidelines and are the most cost-efficient for insurers to pay for.

You are describing Boehringer Ingelheim’s opportunities for engagement and interaction with stakeholders in patient support, which certainly is important. But from a regulatory perspective, what is the extent of your changing interactions with the insurers to communicate the benefits of your products?

A key criterion to launch a product is market access which goes beyond approval from the European Medical Association to encompass the local reimbursement authorities. In the Netherlands that goes through the Ministry of Health and with an increasing role of the insurance companies, the latter of which is indeed a new concept. Whereas several years ago we were not required to submit pharmaco-economic dossiers to the authorities, today we would not get reimbursement approval without them; this has been a major change over the past five years in the Netherlands. In the case of a new product which already has some alternative products in the same category, the reimbursement process is rather simple because there is a certain reference price already set which your product will fetch. But if you come with a new innovative product, then you have to fight for a new, premium price for your cutting edge R&D. Furthermore, you have to demonstrate the product’s quality, potential profits, hospital costs, and the benefits of other associated costs.

In 2009 prescription medicines for this affiliate grew by 7% from the previous year compared to the rest of the prescription market which went down by 1%. What was the recipe for success to beat the market by such a wide margin?

In the Netherlands we have a medical, marketing and sales organization, but do not have any production or manufacturing operations. We do a lot of clinical research in medical centers because the atmosphere for research is quite excellent and there are many high quality institutes which produce fantastic results.
Regarding the prescription market, our growth is in sales and we are performing quite well. Our market share increased from 2.8% to 3.0% this year and from 2.6% to 2.8% the previous. The increase in our market share is only partly due to the decrease in the prices of generics. Our market share will naturally grow since we have strong prescription medicines. We indeed have some leading products in our market segments. Very positive study results came out which led to better guidelines for some products in chronic obstructive pulmonary disease (COPD), stroke

prevention, cardiovasculair risk prevention and Parkinson's disease where we are specialized.
We have a new product coming to the market in 2011 which was launched already in the US and Canada after fast approval by the FDA. Pradaxa is a medicine used for stroke prevention for people with arterial fibrillation – abnormal heart rhythms – which can cause clotting and therefore strokes. Naturally, the most common patients are the elderly who have been using treatment medicine that is 50 years old. Patients suffering from this occurrence typically have to visit the hospital once every three weeks to have their blood checked. Our new product has a better efficacy/safety ratio and eliminates the need for that periodic hospital visit. But most importantly it lowers the risk of strokes.
Again, an important aspect of our market approach which is very typical of Boehringer Ingelheim is to go away from the share of voice story and shift more towards working with groups and parties in the market to "co-create" activities in order to improve patient care.
We typically do that in areas where we have products and in which we have a specific know-how. We have a strong collective corporate knowledge with majority of our people coming from quality educational backgrounds with the ability to communicate well and execute good project management.
Also contributing to our success is the long-term thinking that is engrained in our mentality, rather than being driven by short-term results. It is part of our family-owned company culture and as a matter of fact Boehringer Ingelheim celebrates its 125 years existence this year and looks to the future with confidence. We do not necessarily have to see results in one or two years with some initiatives. We are able to start projects we believe in and sometimes you'll have to wait for a few years before the positive outcome is guaranteed. Some companies just focus on costs for a short-time span, not knowing if it is worth investing their funds. We have the possibility of taking a few more risks by adopting a long-term vision.

Boehringer Ingelheim has active communication lines with general practitioners and nurses. But at the end of the day it is a patient industry. What is the extent of your activities with patient organizations and outreach groups to get the best sense of the pulse of the industry?

Patient organizations and other networks are also part of our collaborative working. We have a very long term project called PICASSO in COPD which we started eight years ago to bring together all stakeholders in COPD care – GPs, patients, specialists, lung nurses, pharmacists, physiotherapists, and dieticians – to set up investigations to increase quality of care.
In 2001 the treatment of the COPD patients got stuck. The syndrome was focused on the negative image by patients and caretakers because of the nihilism 'it is the patient's own fault because they smoke'. PICASSO helped changing the perspective of by bringing together all stakeholders and

supported scientific research to find solutions and prove for a new approach in COPD care.
To reach this goal PICASSO initiates activities within 4 main areas:

• Make the quality of care measurable, for optimization it is necessary to measure the quality outcomes of care and the disease burden of the COPD patient. PICASSO contributes by defining the most important outcome parameters.

• Scientific research to collect proof for interventions to optimize the care.

• Support the local innovative interventions and implement this in the daily practice.

• Increase COPD awareness.

It was not just about simple services, but much like a clinical trial, researching how changing our behavior and care for patients can improve their lives. PICASSO has reached a lot of useful results. Already 12 scientific studies have been completed and 15 daily practices are supported with optimizing their care. PICASSO has become a respected partner in the Dutch healthcare which resulted in a close partnership with ZonMw and LAN.

General information or monthly phone calls from pharmacists are one thing, but there are certain steps that you can do in communicating amongst specialists, doctors, and nurses that really prove that by taking action, a better result is achieved. We were not sure if it would turn out successfully when we began, but we believe in the concept that our medicine – in this case Spiriva, one of the base products in COPD treatment – will give better results when the complete care environment for patients improves. Since 2004 PICASSO has supported 15 projects to optimize the care for the COPD patients.But the best proof is that we really can make a difference for the COPD patient by helping in care optimization!

PICASSO for COPD is an initiative of Boehringer Ingelheim, Pfizer and Caphri, School for Public Health and Primary Care, but this is the type of creative and innovative approach, like talking with patients and other relevant parties, that is typical of Boehringer Ingelheim and has been a major driver of our good results over the past several years.

Creative market approaches not only require a lot of financial investment in projects, but also investment in the quality of our people. We have a specific department here to develop employees in various corporate functions. We place more than average attention on increasing the knowledge and quality of our people in order to bring them to a higher level and have them become professional spokespersons in the market with a distinct industry expertise. We constantly assess who are the best people to work in a care-driven approach and preferably hire people who have care backgrounds. This as well has contributed to our above-average market performance.

In terms of personnel, this is one of the larger corporate affiliates of a pharmaceutical multinational company in the Netherlands. With over 250 employees here, how do you sustain a “family

company feeling” amongst such a large staff?

The most important thing is that we work closely together. We do not have a strong hierarchy here as in France or the US for example. The Dutch Boehringer Ingelheim corporate culture distinguishes us in several areas. People are encouraged to take initiatives within the organisation and come with proposals for new approaches. We always have an open door policy for people to express their ideas. At the end of the day this will give the most benefit in developing the competencies of our employees. The strong educational and professional background of our staff provides many people here with positive energy and eager ambitions. We therefore have to give people freedom and trust in what they do. It is valuable to empower and motivate people; our staff has broad responsibilities and above-average freedom to do their job, while still abiding by regulations.

We have met with several other German pharmaceutical companies so far for this report. Merck is the oldest pharmaceutical company in the industry dating back to 1668. Bayer is well diversified across pharmaceuticals and chemicals. What is Boehringer Ingelheim’s superlative?

Our image is that we are trustworthy, knowledgeable, and reliable; a people-company. We are increasing in our rankings. We are currently #10 in the Netherlands and I believe that in five years time we can be #5 or #6. We are an international and innovative company and will continue, after 125 successful years, researching, developing and marketing innovative medicines for humans and animals.

What would be your final message to our readers about Boehringer Ingelheim in the Netherlands?

In Dutch we say “Mensen maken mensen beter” – “people make people better.” The words people and better can be interpreted in two ways; since ‘people’ refers both to our employees as to the patients but better refers to employee improvement and to cure. We really believe that our 250+ personnel who work here make the difference. Innovative medicines are necessary, but can only be realised when you work with the best people and the best team approach. Then all outcomes will be higher in the end.

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