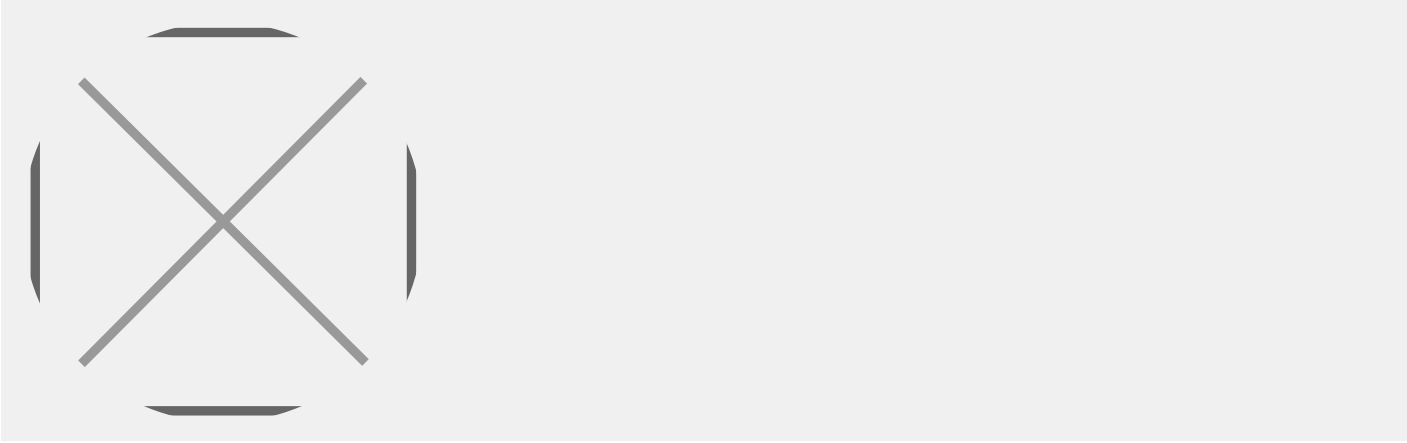
Interview with Wolf Kupatt, Managing Director, Baxter Germany



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This year Baxter will celebrate its 50th anniversary in Germany. In the context of its celebration, what would you highlight as the main achievements of the company especially since you took the reigns of the German operations?

Baxter Germany has grown steadily in the German market primarily thanks to its organic growth, acquisitions and substantial restructurings in the last two years.

In 2008 Baxter realized the importance of concentrating its operations under one roof and moved its main activities to Munich. The transfer of business activities which have been in Heidelberg due to a former acquisition to the Munich offices required a great reallocation effort but rendered big gains in productivity. This move has considerably influenced Baxter's business in the German market in the last two years. Baxter also has some logistic activities close to Nuremberg and an important plant in Halle, Westphalia. Getting most of our once fragmented operations under one roof was the most challenging and relevant accomplishment since I took responsibility for Baxter Germany in August 2007. From now on, my aim is to further enhance the efficiency derived from the centralization of Baxter's activities and create a sole culture for the group in Germany.

When Pharmaceutical Executive had the opportunity to meet with Mr. Marcelo Rozas from Baxter Argentina and Mr. Silvio Gherardi from Baxter Italy, they highlighted how their affiliates managed to adapt to the specificities of those markets. Regarding Germany – as Mr. Fahrenkamp from the BPI said – there are big challenges to be faced, such as an over-regulated and over-competitive environment. Thus, how does Baxter manage to adapt and

overcome those challenges and gain space in the German market?

One of our key strategies in Germany is to focus on our costumers' individual needs. Baxter is a company that operates in much defined market niches of high medical necessity and it offers products that are life saving or give comfort to patients with very serious diseases. Therefore, we are not a lifestyle company and our claims are taken more seriously by policy-makers.

This means that the company is looking closely at the specific needs of patients with very serious conditions and this helps us to absorb the impact of factors such as over-regulation. In order to do so, Baxter has a number of people that are specialized in market access and reimbursement issues that can talk directly to healthcare decision-makers with technical arguments; thus finding solutions that benefit all of our patients and the healthcare system as a whole.

Baxter Germany wants to make sure that all its patients get the right treatment, medication and technical equipment – such as dialysis machines and solutions – that they need. Our approach is to be close, specialized and in constant dialogue with decision makers and patients.

This strategy has rendered considerable results with revenues of more than 600 million dollars in 2008 only in the German market. What have been the main growth drivers of such figures and what are your expectations for 2009 in terms of growth and revenues?

The biggest growth driver in recent years for the German market has been the factor products for people with hemophilia A and B. The second biggest growth driver has been the vaccine business, where Germany differs from other Western European countries because it has a high incidence of tick-borne encephalitis, a virus disease transmitted by ticks from small spider animals very common in Germany and other Central European countries. A third growth driver has been the parenteral nutritional business – specifically for highly sick patients in their end-stage of cancer that cannot eat and swallow anymore, thus needing parenteral nutrition. This section is known as homecare since patients can carry the treatment at home.

For 2009, Baxter expects a growth at the high single-digit level and it looks the future with confidence in areas such as nutrition, homecare, hemophilia, as well as other areas like plasma protein, which hold a great unfold potential in the German market.

Germany is a main hub for the production of oncology drugs. Could you elaborate on the importance of the German operations for the group and how are local operations integrated with Baxter worldwide?

Baxter's facility in Halle is a highly specialized factory for cytotoxics and its output goes to over 95 percent into export markets worldwide. Therefore, it is an important element in the manufacturing network of the group and Baxter Germany is proud to be home of such important facilities – acknowledging that Halle's business model is designed to serve world.

Many important stakeholders of the German pharmaceutical industry highlighted how Germany lost its position as the Pharmacy of the World. But even so, many of them continue to invest high sums in the country. How would you assess the German competitively as an R&D and manufacturing hub for the pharmaceutical industry?

The more complex a technological process is and the more qualified pharmaceutical workers are needed, the better the opportunities are in Germany. If you have cheap mass production of a simple product or device, it is probably better to move the production to another country. However, when it gets to very sophisticated and highly technological and value added products Germany still has an important role to play, and I'm glad to say that Baxter's view of the German environment has changed.

Some years ago many said that there was not much space for a German manufacturing base and a number of competitors dismantled their production and went to other markets. Nonetheless, in recent years there has been a u-turn in this trend and high value-added technology producers are coming back to Germany, and this will surely continue in the years to come. Baxter is aware of this change and it is taking advantage of the German competitiveness by further strengthening its footprint in the Halle facility.

Even in such a skillful and productive workforce market, we have witnessed many medical device and pharmaceutical companies reshaping their sales force in order to increase their effectiveness and coverage of the German market. How is Baxter answering to those challenges?

How to efficiently structure and lead the sales force is clearly a central issue for all relevant stakeholders in the pharmaceutical and medical device industry. In order to achieve success, a company has to first and foremost guarantee that its sales force organization has the adequate medical and therapeutical knowledge.

This is why Baxter is structured along customer groups where specialization is a key element. The company has specialized reps in all areas where it operates, not having a model where one size fits all. Therefore, we run sales forces in hemophilia, dialysis, parenteral nutrition, anesthesia and biotherapeutics, which are mainly plasma proteins and biosurgery products.

In today's world, therapeutical knowledge is a key element to success but is still not enough. It is necessary to understand your customers beyond the medical element, knowing about their economic and social needs. This means that our reps are people that can satisfy customers beyond the medical value of Baxter's products. For that, Baxter enters into a constant dialogue with its costumer that creates new models and very creative approaches towards the optimization of patient care.

Naturally, the motivation and quality of human resources are central for the success of every company. Thus, how does Baxter manage to attract and retain the best talent inside the company?

Baxter has a strong emphasis on the carrier development of its employees. It is not enough to attract the best talent available in the market – it is paramount to know how to better develop it.

The career development at Baxter is based on our leadership expectations, the company's integrated framework of shared values, competencies and personal attributes that create a common understanding of what is expected of each employee. Our approach to career growth is also based on the company's development philosophy, which emphasizes that professional evolution occurs through a combination of work experiences, feedback, relationships and training.

As a result, Baxter manages to develop its workforce in accordance with its values and expectations. In return, we gain the motivation and recognition by our employees without which our current and future success could never be achieved.

Baxter has a wide spectrum of activities in Germany, with manufacturing, distribution and marketing, among others. What is the importance of partnerships in those areas and how would you portray Baxter as the partner of choice?

Baxter has always shown great openness and preparedness to collaborate with other companies. Be it through license agreements, portfolio additions, joint promotion efforts, research collaborations or other commercial activities, Baxter is a company that has fostered a culture of collaboration and exchange with partners since its foundation more than 75 years ago.

What qualifies Baxter over other players is that it is a large corporation that manages to look beyond its size, and position itself as an equal partner through small, highly mobile and highly qualified units that facilitate our partnerships with smaller companies.

With so many fast and even unpredictable transformations that the German pharmaceutical market has experienced in recent years, what are your main ambitions and expectations for Baxter in the next three to five years?

Baxter's main ambition is to participate actively in the development of the German healthcare system. The company does not want to stand on the sidelines and watch things happen.

We are living in times of difficulty and scarce resources for our main clients and patients. This means that Baxter needs to contribute to find new models of care that deliver economic treatments of higher quality. This applies to all our niche areas, from biosurgery products to parenteral nutrition to dialysis.

Towards the future, there is a clear demographic trend with an increase of diseases such as diabetes. Baxter is looking for ways to contribute in the treatment of those patients without putting too much economic burden on the healthcare system. Few companies are as aware as Baxter that there are important economic constrains in place and that the sustainability of the healthcare system will benefit us all.

Therefore, we need to work closely with other decision makers to explore new healthcare models that serve a growing number of patients under tight financial pressure so that despite the pressure we can still deliver high value individual treatment.

What will be your final message to the main stakeholders of the German healthcare system and to your partners in the German pharmaceutical market?

Let’s have a qualified dialogue among all stakeholders – politicians, insurance providers and the industry – to find solutions and provide sustainable and higher quality care for all patients. Individual actions will never work if they are self-centered and against others. A sustainable healthcare system can only be possible if there is an open and qualified dialogue across our individual areas of responsibility.

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