Axel Steiger – CEO, Bayer Switzerland



Driving forward digital transformation is one of Bayer's strategic priorities as we believe digitalization in healthcare has the potential to achieve game-changing efficiencies and drive a new form of innovation

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Axel Steiger, CEO and CFO for Bayer Switzerland, outlines the importance of the Swiss operations as one of the key global hubs for Bayer, his leadership and talent management philosophy, the investment and commitment Bayer is making towards becoming a global oncology player, as well as his perspectives on digital transformation within the life science industry.

Axel, you joined Bayer in 1999 and have had a very interesting career trajectory before assuming position as CEO of Bayer Switzerland in January this year. Could you share some of your career highlights with us?

I am a lawyer by background. I started my career at a legal firm, where I worked for a couple of years, before joining Bayer's headquarters in Germany as legal counsel. During that time, I worked on a number of large projects including the development of takeover strategies as well as our listing on the New York Stock Exchange (NYSE). In 2002, I became executive assistant to our newly appointed CEO Werner Wenning. During that time, we underwent the so far most significant restructuring within the company. We saw the acquisition of Roche's OTC business as well as the acquisition of Schering, and also divested our traditional chemical business, among other actions, ultimately reshaping our portfolio to become a pure life science company.

After five years in that role, I moved to Bayer Turkey as general manager in 2006 before returning to HQ to lead our Material Science business as CFO, which was subsequently spun off as an

independent company, Covestro. I was asked to stay with Bayer and became CEO of Benelux until my current position. It was very interesting overseeing the Benelux affiliates over the past five years because following Bayer's acquisition of Monsanto, our Benelux organization saw a turnover in two-thirds of our employees since we had to divest some of our original operations due to antitrust reasons. In addition, a strong part of the Monsanto business was located in the Benelux, amongst others the EMEA HQ of the world's No 1 vegetable seeds business in the Rotterdam region.

About a year ago, I was asked to join Bayer Switzerland as CFO and as of January 2020, I also became the CEO of Bayer Switzerland.

Despite the proximity of Bayer HQ in neighbouring Germany, Bayer has a rather significant presence in Switzerland as well. What value does this bring to the global organization?

Indeed, Bayer has around 1,600 employees across our entire operations in Switzerland. At the country level, across the standard affiliate functions, we have around 300 people sitting in Zurich. This is due to the fact that we have a strong position in pharma locally. Our pharma business is by far our largest local business division, and we are sixth in the overall Swiss market. Looking at research-oriented pharma companies, we are positioned fifth, which is actually one of the best positions we have had so far in any country. In our consumer health business, which is our second-largest, we are positioned first in Switzerland with extremely strong brands, partly inherited through our acquisition of Roche's consumer health portfolio. Our smallest business unit is the agriculture business driven out of Zollikofen (near Bern), where we are ranked second in the local market.

In addition to this, we also have above-country activities, i.e. European and global HQ structures, which comprises 1000 people based in Basel, operating several billions in terms of the overall organization's business, which showcases the exceptional importance of Switzerland to global operations. Setting HQ aside, Switzerland is one of our most important global hubs – and we hope to continue to grow in importance.

Given Bayer's diverse business units across pharmaceuticals, consumer health and crop science, as well as Switzerland's particular positioning as a global hub, would the

profiles of the talents you need here be quite multifaceted and complex? How do you see this?

Absolutely. We need people who are ideally both experts in their specific fields, be it medical expertise for specialty pharma like oncology or be it agronomic expertise for our crop science products, as well as highly competent in relevant functions, such as digital marketing or supply chain expertise in consumer health, for instance. Particularly in countries where all of Bayer's businesses are present, it especially makes sense if experienced managers have transversal competencies and skills to take on cross-divisional or cross-functional roles to increase the agility and efficiency of the organizations.

Personally speaking, I always try to create an environment where everyone can excel. Switzerland is the most important life science hub of Europe and therefore it is the place to be given our portfolio focusing on solutions for health and nutrition. We invest a lot to create a purposeful and attractive culture here for our employees and this is crucial for us as we want to attract the best talents in a quite competitive environment in Switzerland. Part of this has been evident during the pandemic response, as there have been huge efforts from our company and also from our employees to support the COVID-19 response. Many of us volunteered in hospitals and we also had several initiatives helping health institutions with protective material and charity institutions with donations.

Our compelling vision – health for all, hunger for none – is also supported by a challenging and bold sustainability agenda. That provides our compass and purpose on which we build our business here.

In addition, through our regional and global structures in Basel, we can provide opportunities for further growth and development for our talents. And this is demonstrated by our highly diverse employee base with more than 60 different nationalities and a huge variety of educational and cultural backgrounds, which allows us to really live an inclusive way of working. Hence, we are perfectly equipped to address not just local market needs but also to understand the needs of our customers around the world to become an even more important hub within Bayer globally.

Speaking of the pandemic, how has it accelerated the digital transformation of Bayer Switzerland – and moving forward, how much of the 'new ways of working' are you looking to retain?

I would say we were one of the pioneers not just within the Bayer organization but also compared to other companies in Switzerland. We already came up with a new guide for working that is based around more agility and flexibility, and more adapting to employees' needs.

In terms of remote working, for instance, we saw that some people are more productive working at home while others did not like the blurring of lines between work and home. Therefore, instead of implementing a strict policy, we asked our team leads to discuss the best and most productive solutions for their own teams, and many came up with hybrid models.

The use of digital technology during the pandemic has undoubtedly accelerated the entire digitalization process, and this was met with enthusiasm. As an example, because it was important for me to remain approachable and engage with employees during this time, I started having a 30-minute video call, initially twice a week and now once a week, during which hundreds of employees can connect to speak with me with a completely open agenda. This has allowed for a closer connection with employees and this way of interaction and caring during the pandemic has been appreciated. Therefore, now that I am back in the office, I have continued doing this.

Also, while many appreciated the convenience of working at home in the beginning, people started missing the personal interaction. We also realized that while video conferencing is a very useful tool, nothing can replace the creativity, energy and spontaneity of face-to-face interactions. There is a long-term thinking that can only be done by groups, so moving forward, even as we leverage the convenience and productivity of digital technology more, we also need to find ways to foster bonding and personal interactions.

Another important and related aspect is the importance of interactions between functions and businesses. The team that came up with the new ways of working guide was intentionally a cross-functional and cross-business team that did not know each other before. But together, they were able to use a bottom-up approach that generated results which were quite appreciated across the company.

Currently, 80 percent of our employees are back to work in the office in some form. To prepare for this, we also invested in making the office environment more attractive. We introduced flexible desking with more space for meetings and teamwork. However, with more people working remotely to some extent, we anticipate that we might be able to reduce office space in the future. This also helps with reducing travel costs, which ultimately contributes to our sustainability agenda as well.

Focusing now on the pharmaceutical business, which you mentioned is the largest for Bayer Switzerland, what are some of the most important growth drivers here?

Our biggest growth areas currently are cardiovascular diseases, ophthalmology and cardiology.

Looking at the future, we would certainly like to become one of the top players in oncology. We believe that investing in disruptive technologies such as cell and gene therapy will have the potential to change a cure and we want to become a leader in this field. Driving forward digital transformation is one of Bayer's strategic priorities as we believe digitalization in healthcare has the potential to achieve game-changing efficiencies and drive a new form of innovation.

In Switzerland, we recently launched two products in oncology, as well as a pre-filled syringe for an existing ophthalmology product as part of its lifecycle management.

Our strategy in R&D is not to do everything ourselves, but rather, through open innovation, work with external players when and where it makes sense. For instance, we recently acquired a product in women's health that would be the first of its kind to focus on menopausal symptoms. We have also just teamed up with a US biotech company for an experimental breast cancer drug.

This shows how committed Bayer is to research and development, living our purpose "Science for a better life". Last year, we announced the largest ever R&D spent: EUR 5.3 billion (USD 6.24 billion), for R&D in Pharma EUR 2.75 billion was spent in 2019. R&D investment is critical as the world is changing more quickly than ever and our success is built on the power of innovation. It is like the lottery: the more tickets you buy, the more likely the chance of a win is! It also makes you more attractive as an employer to the best and most talented people. Within our worldwide Pharma pipeline, we are currently advancing around 50 projects through clinical development addressing various indications with high unmet medical need, particularly in the areas of cardiovascular diseases and oncology. In Switzerland, we currently have 17 clinical trials ongoing. Globally, 7.500 of our 110,000 employees work in Pharma R&D (total of 16,000 employees in R&D worldwide covering all three divisions), and in Switzerland, we are investing significantly as well.

We have heard a lot about Switzerland as an excellent global pharma innovation hub but are there any areas for improvement you want to highlight?

Overall, the environment in Switzerland is quite business-friendly and innovative, which is great for all businesses and especially life science businesses.

The biggest concern for us currently is access to innovation for patients. Unfortunately, regulatory processes and timelines are not matched by reimbursement processes. The value of innovation needs to be reflected adequately and in a timely manner. We therefore hope to see early and broad access for patients to innovation to maintain the high quality of the Swiss healthcare system for patients.

That being said, we have always maintained good relationships with the authorities and they do have good insights into the industry.

You have mentioned Bayer's sustainability agenda a lot. Why is this so important to the organization?

Over the last decade, societies have been scrutinizing business models more and more. In Switzerland especially, there are many local initiatives regarding issues like the quality of drinking water and the use of pesticides. As a company like Bayer that focuses on health and nutrition – the basic needs of humanity – we are one of the few companies in the world that can really move the needle on serious challenges like hunger *and* disease. If we want to feed ten billion people in 2050 despite the decreasing amount of arable land and climate change, we have to increase productivity and at the same time become more sustainable. There, as in healthcare, we need disruptive innovation.

As a company, we strongly focus on sustainability and we have ramped up our efforts here significantly over the past years. Particularly following our acquisition of Monsanto and becoming the number one global player in agriculture, we recognize that we face certain expectations and pressures from society. Here, we are stepping up our efforts to engage with society and truly generate impact such that people can recognize the value of what we bring to sustainability, not just by ourselves but also by inspiring our competitors to join our movement. We have well-established targets globally such as reducing our carbon footprint to zero by 2030 and are working hard also in Switzerland to achieve this.

What would you like to be the biggest takeaways from this interview for our audience?

What makes us unique is our focus on health and nutrition, highlighted in our vision "Health for All, hunger for none", and driven by our purpose 'science for a better life'.

In Switzerland, our aspiration is to create value by further growing the business locally and as a hub for Bayer globally, driving the sustainability and digital agenda and herewith providing lots of exciting opportunities for talents to join us.

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