



# Bayer Inc.

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## Science for a Better Life

Talking with Phil Blake,  
President, Bayer Inc.,  
HealthCare Representative and  
Head, Pharmaceuticals Division

**Please review your career path to date, leading to your appointment as President of Bayer Inc. and HealthCare Representative and Head of the Pharmaceuticals Division in Canada.**

I began my career in the pharmaceutical industry more than 20 years ago as a sales representative with Bayer upon graduating from Bristol University in the U.K. with a degree in medical microbiology.

Over the years, I was appointed to several commercial positions in the U.K. before moving to Bayer headquarters in Leverkusen, Germany in 1992. During this time, I held many positions, working in product development, marketing, business development and sales management.

With this foundation, I was appointed Executive Vice-President and General Manager of the Healthcare Division in Canada in June 2000. In January 2002, I took on an assignment to lead an international action team tasked with building a new global and regional organizational structure for Bayer.

As Canada is a great home to me and my family, I returned in July 2002 to the positions of President of Bayer Inc. and HealthCare Representative for Bayer HealthCare, Canada. In June 2003, I took on expanded responsibilities as Head of the Pharmaceuticals Division in Canada.

**Can you outline the corporate structure of Bayer and what each unit represents to Bayer Inc. in Canada?**

Bayer Inc. is a Canadian subsidiary of the Bayer Group of companies, headquartered in Leverkusen, Germany. Bayer is a research-based, growth-oriented, global enterprise with core competencies in the fields of health care, nutrition and innovative materials.

Bayer Inc. is headquartered in Toronto and operates the Bayer Group's HealthCare and MaterialScience businesses in Canada. Bayer CropScience Inc., headquartered in Calgary, Alberta, operates Bayer's CropScience business in Canada. Between them, the subgroups play vital roles in improving the quality of life for Canadians by producing products that fight diseases, protecting crops and animals and developing high-performance materials for applications in numerous areas of daily life. The subgroups also supply goods that serve as key components in thousands of products made by other manufacturers.

**What falls under the Bayer HealthCare umbrella?**

Bayer HealthCare is a subgroup of the Bayer Group and is a business of Bayer Inc. in Canada.

Globally, we have more than 34,000 employees worldwide. Bayer HealthCare brings together the global activities of six divisions, including Animal Health, Biological Products, Consumer Care, Diabetes Care, Diagnostics and Pharmaceuticals.

Overall, our work at Bayer HealthCare is to discover and manufacture innovative products for the purpose of improving human and animal health worldwide. With our broad portfolio of products, significant community investment and intensive research and development efforts, Bayer HealthCare is dedicated to finding cures, improving treatments and providing better products and information to enable Canadians and their families to live healthy lives.



Bayer HealthCare, Pharmaceuticals Executive Committee.  
*First row (from left to right):* Greg Ball, Vice-President, Marketing; Phil Blake, President, Bayer Inc.; Nancy Griffin, Head, Business Intelligence  
*Middle:* Doug Grant, Vice-President, Public Policy and Communications; Lida Steduto, Controller  
*Back row:* Sam Bidwell, Vice-President, Human Resources; Thom Segerson, Vice-President, Medical and Scientific Affairs; Michael Alderman, Vice-President, Sales.

**There has been speculation the Pharmaceuticals Division would be sold or merged with another pharma company. Has this changed?**

About two years ago, the Bayer Group began an extensive restructuring project to allow us to focus on our core businesses of health care, crop science and performance materials. By focusing resources on high-growth activities in our areas of core strength, Bayer created a highly favourable environment for ensuring future business growth and development.

As part of this new direction, we worked intensively on developing a long-term, value-enhancing strategy for Bayer's Pharmaceutical Division—a project that included evaluating a variety of partnership alternatives.

However, after exploring this carefully, we concluded the available proposals for partnership with other companies would not be attractive enough to meet our long-term goals.

At the same time, we achieved some critical accomplishments, including the successful market launches of Cipro®XL™, Avelox® IV and Levitra®. We secured new licensing agreements and also experienced promising developments in our product pipeline, especially with regard to BAY 43-9006 and Factor Xa inhibitor.

Considering all these factors, including the strategic redirection of the Bayer Group, at the end of 2003, the Bayer Group elected to retain Pharma as an independent Division and a central element of Bayer and Bayer HealthCare.

Thus, the search for a single partner for our pharmaceuticals business has ended. We are convinced this decision represents the best option for our employees, stockholders and customers.

**What are currently the main areas of focus within the pharma group?**

Bayer is now focusing its strengths on innovation and growth in the areas of health, nutrition and high-tech materials.

In the pharmaceuticals business, we have a rich history that is also leading the way in intensive future-oriented research. To make a contribution toward shaping the future, you need to have your sights set on a clear objective. Our objective is to improve quality of life through our products and services. For us, it comes down to progress, innovation and safeguarding the future. Thus, our scientists are dedicated to transforming science, technology and ideas into an innovative pipeline of promising new drug discoveries.

This aspiration is reflected in our mission statement—*Science For A Better Life*—which emphasizes our willingness to help shape the future and our determination to come up with innovations that benefit humankind.

**Tell us about some of the new products in your pipeline that will drive your future growth.**

In the future, our growth will be driven by research and development in the therapeutic fields of cancer and cardio risk management, including diabetes.

The search for new drugs in the fight against cancer is an area of high priority for Bayer's researchers and is one of the areas where great progress is being made.

We are very excited about BAY 43-9006, a project we are co-developing with Onyx Pharmaceuticals, Inc. This candidate is under investigation across a range of tumour types and is in Phase III trials for the treatment of advanced renal cell carcinoma. It has been granted both Fast Track and Orphan Drug status by the U.S. FDA.

BAY 43-9006 is one of a new class of anticancer therapies. These drugs inhibit key enzymes in tumour growth, the signal transduction inhibitors, which have the unique ability to block not only the signal transmission path regulating tumour cell proliferation, but also mechanisms crucial to the formation of new blood vessels supporting tumour growth. In fact, Canada has been a leading country in clinical trials and we expect to see exceptional growth in this area in the years to come.

To support this exciting and promising new segment, we are establishing a new Global Oncology Business Unit in West Haven, Connecticut, to further our expertise and prepare for the launch of BAY 43-9006.

In addition to BAY 43-9006, our pharmaceutical research pipeline contains other promising candidates. Among them is an innovative oral anticoagulant to prevent and treat thrombosis. This substance directly inhibits Factor Xa, a central element in the coagulation cascade that can lead to thrombosis. It is currently under development for a range of indications and is in Phase II trials.



A member of the Quality Assurance department, an integral part of Bayer Inc.'s commitment to providing safe and effective medicines to Canadians.

**In Canada, Bayer Pharma recently established in-licensing agreements with GW Pharmaceuticals and Auxilium Pharmaceuticals. What are the major benefits of these agreements? Do you foresee other partnerships for Bayer in the future?**

Our collaborations help us discover new therapies smarter and faster. That's why we are always looking to develop new partnerships that enhance our internal capabilities, whether it's through research, licensing or marketing agreements. Two recent examples of partnerships are with GW Pharmaceuticals and Auxilium Pharmaceuticals.

In May 2003, Bayer HealthCare AG obtained exclusive rights from GW Pharmaceuticals to market Sativex®, GW's cannabis-based medicinal extract product, in the U.K. At that time, Bayer also secured an option to negotiate the marketing rights in selected other countries, including Canada.

Subsequently, in October 2003, the Pharmaceuticals Division and GW entered into a marketing agreement to bring Sativex® to the Canadian market for the treatment of neuropathic pain in multiple sclerosis.

Shortly thereafter, in December 2003, we also signed a distribution agreement with Auxilium Pharmaceuticals to market Auxilium's Testim® 1% testosterone gel in Canada.

As we strive to bring innovative therapeutic products to Canadians, we are continually evaluating opportunities for collaborations and partnerships that support our overall growth and business strategy and meet the medical needs of Canadians.

**What role is Bayer playing to improve business ethics in the pharmaceutical industry?**

In the past few years, the business environment has changed considerably—not only in the pharmaceutical industry, but across organizations in general.

More than ever, there is increased scrutiny from the media, government and public on business practices and corporate governance.

As such, I believe we must adapt our practices not only as a company, but as an industry, to reflect our current environment and ensure we are aligned with the expectations of medical bodies, disease groups, academics, pharmacists, nurses, media and consumers.

I believe as good corporate citizens and as members of Rx&D, we must uphold all the responsibilities this entails. At Bayer, we do this by focusing on products that offer people concrete benefits, by advocating

for transparency, openness and ethical practices in dealings with our stakeholders, and by being committed to the community and our environment.

I am firmly committed to fostering a corporate culture where we "do the right thing" and to creating a company employees can be proud of.



Bayer HealthCare, Pharmaceutical Division's leading products in Canada.

**Having had international experience, do you see unique challenges in the Canadian marketplace at the moment?**

One of the unique challenges I feel our industry has in Canada is our investment into research and development and the limitations we have as an industry in bringing innovative new medicines to Canadians.

Pharmaceuticals are taking on an increasingly important role in helping to save resources in our health-care system and to enhancing the quantity and quality of life of Canadians.

Yet, with the changing global environment and its impact on Canada, we are finding it more and more difficult to continue making the same kind of contribution to pharmaceutical innovation as we have in the past.

As a result, Canada is behind our international competitors in research and development. In order to remain competitive and improve the health of Canadians, I believe that we need to work together to encourage and increase investment.

Overall, I think as an industry, we are beginning to make progress to effectively compete with the rest of the world and gain research and development investment. However, I believe much is left to be done.

We must find ways to create an environment that will support innovative research and development efforts and, ultimately, lead to improved health care for all Canadians. [CPM](#)

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