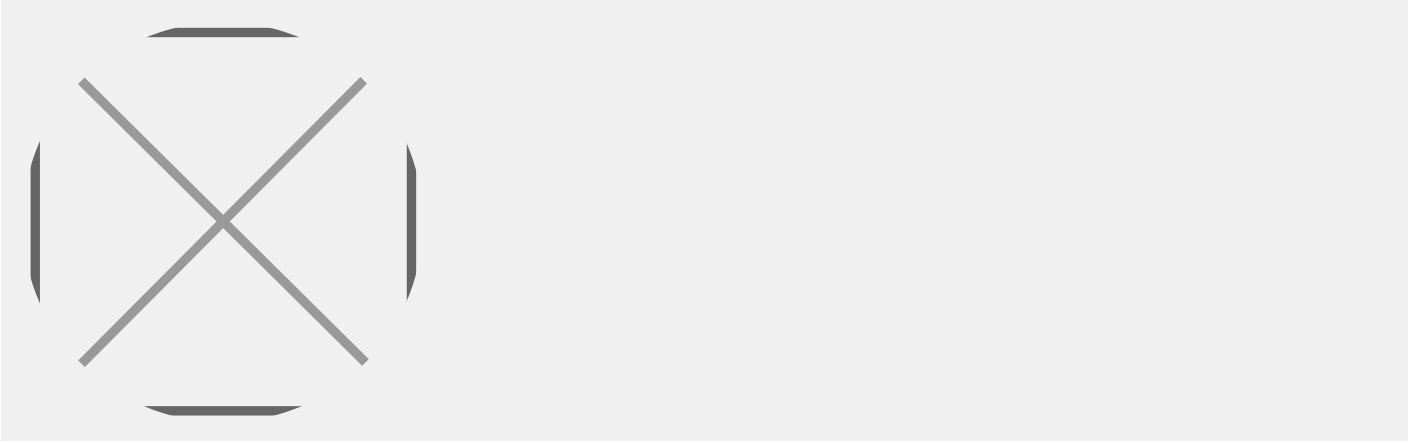
Interview part two: Rongjin Lin, Chairman, TTY Biopharm, Taiwan



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In the second part of this two-part interview, the chairman of TTY looks back at his experiences in the Taiwanese market, and assess what could have been done differently with his company. He also offers advice to the next generation of Taiwanese pharmaceutical companies. To read the first part of this interview, click here.

Has the Taiwan biotech industry, broadly speaking, learned anything from your strategies?

Actually, I frequently give speeches to the industry, but it seems that no one listens! It seems that some of our counterparts in the market are struggling with their current strategies, but they refuse to evolve—and they will never be able to turn back the clock. They are losing time.

My strategy has been mapped out for many years. In 2005, the company was doing very well: we were growing at over 30 percent per year. The National Health Insurance System had recently been implemented, so the market was booming. But I still looked to the future. I knew we had to go global. I knew our cash cow could survive until 2020—so we had to take decisions to look beyond 2020 in 2005.

I tell my counterparts: you either go big with a cost advantage, or you go niche. But even if you play the niche market, you still need mass—either through geographic expansion, or strong portfolio fit. That is the only way to survive for Taiwanese companies! I don’t think this country

needs 100 companies to succeed in biotech. One or two multinationals will be enough.

What is your principal challenge?

I need good people. My biggest challenge is that I am getting too old! If I can lead this business for another 30 years, I think TTY could become a very large global player. But I am not sure that I will be able to do that. I have to now incubate the next generation of leaders—or buy them!

Is the government supporting the industry?

The government can help here and there, but we have to depend on ourselves.

I recall when twenty years ago, an Israeli biotech company's stock crashed. I told the state that it would be a great idea to buy the company at a cheap price, and use it as a platform to bring drugs developed in institutions like Academia Sinica to the international market. But the government didn't listen. They were afraid! Unfortunately, 20 years ago, I did not have the influence I do today—TTY was not as strong then. I could not convince the state that the risk was worth it, despite the abundance of capital they had at the time.

Is this a good country for you to build this company from?

If TTY were a US company with the same strategy, our market cap would be at least NT$10 billion, versus approximately NT$2 billion in Taiwan (counting related businesses like Mycenax and Pharma Engine). I am too old to go to the US now, but if I could do it again, I would build this company from the US—or I would build it from China.

TTY is not just a Taiwan company, but aims for the global marketTaiwan is too small, and accounts for only 50 percent of our income. Next year, that figure will drop to 30, and soon after, 20. The majority of our income will come from China, and the rest will come from overseas markets.

What motivates you personally?

I am a pharmacist by training. At first, I got into the industry to make money to feed my family. But with time, I wanted to do something to help this industry and these people. I have so many people to take care of today. We work very hard for the same goal.

What advice can you offer to the next generation?

Biotech has a great future, but you have to understand if this is something that you really love. You cannot *like* this work. You have to love it. And if you love it, you have to devote yourself to it. Don't be afraid. Entrepreneurship is very important in this country.

Two or three weeks ago, I gave a speech at a local medical university. A PHD student said that he had a great product under development, and asked whether I would like to license it. I said no. He asked me why, and I replied that my feeling was that he was only concerned about his safety, and his salary. He did not want to put any true devotion into his project. I asked him, if he wouldn't devote himself to it, then why should I?

At TTY, we are lucky to have people that truly believe in their work. I always tell our people where we should be in ten years, and the milestones that will get us there—and then we fight for that goal.

According to figures reported by the Taiwan Biotech Industry Association, the market cap of the sector has grown by 520 percent over the last four years alone. Is it time for this industry to celebrate?

Absolutely not! I believe we are looking at a bubble. A number of companies in the market are, say, happy to have finally reached Phase II in their drug development. So what? Out of every 10,000 compounds researched, perhaps five reach the market—and out of every ten products that successfully reach the market, perhaps two make real money. But the public doesn't always realize that. They don't think about whether certain products have the right pharmaco-economics behind them or not. Phase II is a long way from monetization.

During Pharma Engine's IPO announcement, an investor asked me how he should invest in the project. I told him he can never be sure to win! Even a PHD holder cannot be sure. You have to gamble. As for myself, why did I gamble on Pharma Engine? Because it has the right leader, and the right team. Its data is good. After that, I have to roll the dice.

What is your final message to our readers?

Find a cost advantage, or find a niche!

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