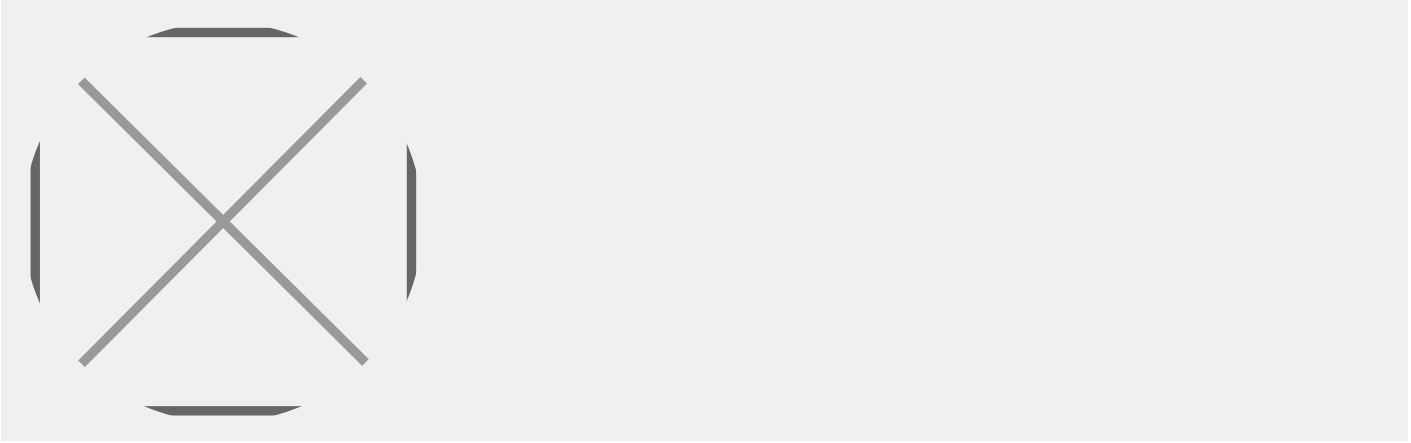
Interview: Whaijen Soo Managing, Director, Supra Integration and Incubation Center (Si2C), Taiwan



29.10.2013

Tags: R&D, Venture Capital, Biotech, Supra Integration and Incubation Center (Si2C)

Whaijen Soo, Managing Director of Supra Integration and Incubation Center (Si2C) speaks about Taiwan's biotech industry, emphasizing the need for risk tolerance and understanding investing rationale in propelling Taiwan's industry to the global forefront.

Taiwan Supra Integration and Incubation Center (Si2C), was launched in November 2011 with the intention of supporting a number of the Taiwanese government's strategic biotech objectives. What are some of these strategic purposes in Taiwan's biotech and pharmaceutical ecosystem?

Firstly, the government wants the industry to be recognized as a regional leader and global player, yet its potential has been inhibited because of its fragmented structure. To elevate Taiwan's biotech reputation to a regional platform, SI^2C seeks to help integrate and help build the capability of the biotech value chain.

Secondly, one of the government's top priorities is to engineer the transition of the biotech industry and wider economy, from being predominantly an outsourcing player towards a regional innovative hub. Si^2C is striving to facilitate that objective through being a change agent: supporting the development of new drug and medical device R&D in Taiwan. However, we are careful not to cast the net too wide and as such are selective with the diseases we target. We need to ensure they provide the right business opportunity, and align with both our human resources and research

capability.

In addition, in 2011 there was a marked divide between the investor's view of the biotech industry and the reality. Biotech is a sector with intrinsic high risk, and it is a long-term gamble. There are no guarantees in this industry and if the biotech industry wants to be an international success story, we must change the investor thought process. As such, one of our objectives is to help industries, investors and the Taiwanese people implant risk tolerance and understand investing rationale.

Our strategy is to offer counseling, business planning, decision support and investment to the biotech sector, helping to build successful new start-ups and promote biotechnology business opportunities and industry development. Our ultimate aim is to propel Taiwan's biotech industry towards the global stage through becoming one of Asia's most eminent biotechnology and venture capital hubs.

Taiwan has invested in biotech since the 1990s and today it is one of six key strategic sectors of the economy. How has the industry evolved over the last couple of decades and can Taiwan claim to have a successful biotech sector?

From the 1990s, to 2010, the development of the biotechnology environment barely changed. In particular, no great strides were made on a global scale. However, since 2010 the biotech environment has not only evolved, but has also accelerated at remarkable pace. Furthermore, a range of government initiatives and industry directives have catalyzed the transformation of the industry.

Firstly, from a value chain perspective, we have screened a range of diseases from therapeutic areas to match medical need, business opportunities and Taiwan's competitive advantages. Subsequently, if we can integrate and build the selected diseases value chain capability, these solutions will be well positioned to make the leap to regional recognition. This does not mean we have shunned other diseases, but we have honed in on diseases that are more business opportunistic and attuned to our existing ICT capability. Individual efforts on other diseases are still encouraged.

At the turn of the century, after the fervor surrounding the sequencing of the human genome, protein became the next industry tidal wave, with Genentech and Amgen spearheading the development of protein drugs. Indeed in 2012, the majority of top selling products are a protein drug. Taiwan, with its expertise, is looking to capture the last phase of that growth story.

In addition to participating in the protein growth horizon, Taiwan can pursue a game-changing strategy. It could leverage its development of the carbohydrate vaccine and single glycan monoclonal antibodies as a therapeutic opportunity, as this technology has the capacity to launch Taiwan as a lead global player. Indeed, there are a core group of Taiwanese companies working together to unlock this growth potential.

Ultimately, it is Taiwan's technology platform that can act as the springboard towards the potential growth of the biotech industry, and it remains a competitive advantage that distinguishes us from Singapore, China and South Korea.

The other distinctive development of Taiwan's biotech ecosystem has been the recent influx of investment through the capital market and that is partly due to the unique, relatively relaxed traits of the Taiwanese trading environment. Moreover, the surge in market cap value has had a back domino effect on the venture capital market. When venture capital players see a biotech company capable of raising millions through the capital market to fund late-phase clinical trials, faith is instilled in investment in early stage value chain projects. Today, stock growth presents an attractive exit opportunity for the venture capital player, resulting in an increase in their sector participation.

Is the biotech environment getting too hot?

The environment is starting to overheat. The problem is that this shooting star might have promoted a short-term investment strategy, which is antithetical to the interests of the development of the industry. We need to address this danger.

It is critical that the government, academic institutions and investors reaffirm a stable, long-term investment approach and do not panic and flee at the first sign of difficulty. Staying true to that approach will insert confidence and faith and stability in the system, and in the process, avert a psychologically driven run on the exchange.

How does Si^{2}C stay true to its slogan and promote 'Biotech Taiwan'?

It is critical that Taiwan's biotech players across the value chain both think and operate globally. Si^{2}C can help support the transition towards this new thought process. For instance, Taiwan needs to follow the global R&D path of success and shift its mindset from fixed-period funding, towards incentive driven milestone-based funding. Constructing this funding mechanism to support efficient R&D and technology transfer activities is at the heart of our purpose and strategy.

The second element of our branding plan is to connect to, and collaborate with, global partners. Although identifying promising domestic opportunities is at the forefront of our strategy, we need to accelerate the development of the industry by scouting and sourcing overseas technologies.

Forging links with countries to exploit one another's comparative advantage is a road we are positioning ourselves to take. For instance, in the selective disease areas such as lung and liver cancer we have the R&D platform and relevant expertise across the value chain, to spearhead the development in these areas. As such it makes sense to talk to us, and a number of countries are beginning to; for instance, the US, Korea, Australia, Holland and Israel can all be considered partners.

Taiwan is increasingly becoming a target on a number of countries' radars. Companies and investors are drawn to Taiwan because it is right in the geographical cockpit of the Asian market. In particular it is seen to offer a link with China. Through Taiwan, they understand that the Chinese market can be entered, without necessarily having to establish a heavy foothold in China.

Ultimately, Si^2C is a small organization; we are a tailored promoter and a change agent. We are not looking to overhaul Taiwan's biotech landscape; rather, we want to set a number of strong, positive examples. Once we have built a solid foundation, we hope to connect these companies with global partners, so they can spearhead the global integration of our biotech industry. We also want academia, and government research organizations to follow and initiate their own value chain capability with business and project management support.

How does Si^2C create the link between academia and the biomedical ecosystem?

After a decade of inertia, it is only in the last two years where the industry has truly blossomed. A principle engine of the growth was that many biotech companies found domestic and global sourcing of technology, and from that sourcing they were able to raise funds. Today, many of these rapidly expanding companies are managed human capital that has developed their skills abroad and returned. Such a structure is not sustainable, and Si^2C is maneuvering to alter that balance by providing a production line of internal talent.

Si^2C is emulating a couple models from abroad and one is called SPARK. The SPARK Program was launched in accordance with the biotechnology industry development planning. SPARK Taiwan nurtures future teams and team projects in preparation for new company formation. Part of the program is to provide teams with initial funding. The teams will go through training to learn commercial planning for project development, business development, and product commercialization planning, gaining an international perspective on turning research into products.

Finally, Si^2C are helping the biotech industry by supporting the construction of a specific biotech park. The aim is to establish a suitable biomedical ecosystem, providing all the necessary components required during product development, ultimately promoting commercialization.

What would you like to achieve in five years' time?

If we reach our targets and fulfill our objectives, Si^2C should not exist. We are a change agent and once we have facilitated the necessary changes, our mission will be complete.

See more interviews