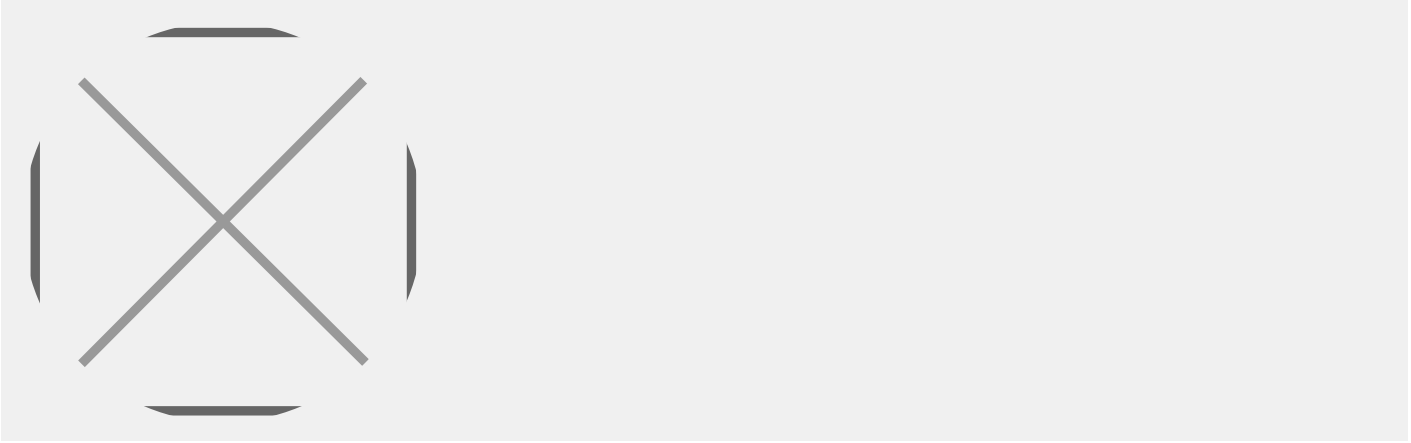
Interview: T C Lin, Chairman & CEO, General Biologicals Corp., Taiwan



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Tags: GCB, General Biological Corp., healthcare, R&D, Innovation

Mr. Lin, you enjoyed a decades-long career in the ICT industry before making the transition to healthcare. What can you tell our readers about the evolution of General Biologics Corp. under your leadership?

GBC was established in 1984. Government shareholders held 70 percent ownership, with the remaining 30 percent distributed among a number of investors from the tech industry. It was one of two companies established to support the state's Hepatitis B prevention program, and its original purpose was to offer Hepatitis B diagnostic testing services. A sister company, Safeguard, was set up to produce vaccines to combat the virus.

GBC's first chairman came from Abbott. In its very first year of operation, Abbott sued GBC and its chairman because he had violated a two-year non-competition clause in his former contract by taking the helm at GBC. By 1989, the lawsuit had dragged on for five years. The president of Mega Bank, one of GBC's government shareholders, called me and invited me to take over.

The Mega Bank president and I knew each other because he was a board director at my company at the time, Megamedia Corporation. Megamedia was engaged in the production of data storage products. I told the president that I knew nothing about biotech, but he replied that the bank didn't know much more than I did! He told me that I simply needed to do two things to fulfill my mandate successfully: help to resolve the lawsuit with Abbott, and prevent the company from going under.

Safeguard, by 1989, had closed its doors: its technology was outdated. Mega Bank didn't want GBC to suffer the same fate.

I decided to try my best, and accepted the position. After six-eight months of negotiations with Abbott's Asian VP, I resolved our differences with the company. GBC had already paid over 500,000 USD to Abbott over the course of the lawsuit, and final the resolution cost us another 125,000. We wound up in a very difficult financial position. I offered Abbott the chance to simply buy the company, and take on its total debts of 150 million TWD. My asking price was only one dollar! But I was turned down.

And then you found yourself running a biotech company. What were some of your biggest obstacles and how did you overcome them?

That's right! Although, I was still involved in Megamedia to an extent and, again, I knew little about the biotech business. I hired a general manager to help me with day-to-day activities. This arrangement continued until his retirement five or six years ago. It was then that I came onboard full-time as chief executive officer.

Over the last 30 years, GBC has accumulated a strong portfolio of technologies. Our sales volume was never particularly large, but our innovation has never stopped. We have continuously updated our capabilities, year after year. We began to produce our own raw materials: monoclonal antibodies, antigens, and etc. We developed an integrated in-house supply chain.

Traditionally, the larger players in the in-vitro diagnostics (IVD) field—names like Abbott and Roche—have practically controlled the market. They have the capital to invest in manufacturing automation and robust sales networks. GBC has never had the money to compete with these companies head-on. We have focused on specialty fields like reagents, or particular niches like liver diseases. And yet, we became very good at what we do: the bigger IVD companies cannot match the depth and range of our offering in an area like liver disease. Our strategy has been to, say, look at a particular organ area, and launch a very complete line of diagnostics in that niche. In this way, we are able to compete: we have become a one-stop, one-solution provider.

What synergies have you built with the drug industry?

In the past, drugs had a one-size-fits-all approach. The same drug was given to all patients. Today, personalized medicine is increasingly gaining traction. Monoclonal antibody drugs are coming to lead the new wave of pharmaceuticals. Because we produce monoclonal antibodies for our diagnostic kits, shifting to antibody production for drugs is a relatively straightforward shift for us.

There are quite a number of monoclonal antibody manufacturers out there, but most of them sell their products largely to the research community. GBC has focused on the clinics. What is the main difference between producing for researchers, and producing for the clinic? Clinicians need consistency. When doctors use diagnostics to detect Hepatitis B, they need a highly standardized product. One-off research projects don't require that kind of homogenization.

GBC's antibodies have been standardized for 30 years. That isn't easy, but we have the technology to do it. Drug production also requires the kind of consistency required by the clinic, and hence we are well positioned to supply drug companies in this respect.

Another important point in personalized medicine is that diagnostic testing is at its core. In order to give a patient the right treatment for their body, we first have to diagnose the right disease. Only then can the drug be prescribed. GBC currently offers companion diagnostics that are used alongside particular pharmaceutical treatments.

What are the major advantages of building this company in Taiwan?

Firstly, the strength of the local healthcare system is a big plus for us. Taiwan is an excellent place to run quality clinical trials.

Secondly, the Taiwan government has greatly supported this industry for a number of years. Institutions like Industrial Technology Research Institute (ITRI), Development Center for Biotechnology (DCB), and the universities have built up a fantastic R&D platform; although, we should note that unfortunately, commercialization has been limited up until this point. As a country, we've focused too much on biotech research, and too little on putting products on the shelf. In that sense, GBC is a flagship company in Taiwan—as I have noted, we have commercialized a wide range of technologies. Furthermore, we have commercial licenses in over 50 countries.

Lastly, Taiwan is also a good place for GBC because of the potential implications of the Economic Cooperation Framework Agreement (ECFA) with China. If ECFA plays out well, then in the future, it may be the case that any license that a pharmaceutical or diagnostics manufacturer is granted in Taiwan will also be recognized in Mainland China. That would obviously be a great opportunity—Mainland China is a huge market. Today, it is not easy to get licenses in China for healthcare products, particularly with the furor surrounding recent Big Pharma scandals in the country. The Taiwan government is pushing for this mutual recognition, and producers on this side of the strait are eagerly anticipating the change.

Are you worried about an influx of Chinese competitors into Taiwan, should mutual recognition occur?

We are not worried. When Taiwan opened up to Japan, many people were concerned, but the impact proved minimal. In China today, labor costs have gone up. Taiwan and China are now nearly neck-and-neck in terms of cost, and while Chinese costs will continue to rise, Taiwanese costs are relatively stable. Meanwhile, our quality and product innovation is often superior.

To what extent is Taiwan parlaying a successful history in ICT to a leadership position in medical technologies?

As you know, I come from the ICT industry. And from my experience, the mindsets required for success in these two fields are drastically different. Only if local investors and managers can change their thinking can Taiwan truly emerge as a medical technology powerhouse.

I remember coming to GBC after 20 years with Megamedia. When I took a look at the quantities we were shipping, I was astonished. Volumes in this industry are extremely small! ICT is a big-volume game whereas med tech is not. Moreover, the number of regulatory hurdles med tech companies have to overcome is huge compared to the ICT business.

There are, of course, similarities between these industries as well. Certain technologies are very similar, as is the emphasis on quality. Gradually, more and more ICT companies in Taiwan are entering the med tech field, because ICT is mature. They have little choice but to look for new ways to grow.

Some people see Taiwan only as a small market, but it has numerous advantages. For instance, in my experience, the flexibility this country offers businesses is comparable only to Japan; in fact, we have surpassed Japan in this respect. Most companies in Taiwan are small and medium enterprises. We are highly nimble and easily linked to Mainland China and the worldwide market.

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