Interview with Karl Hübler, CEO, Eucodis Bioscience

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Previously you worked for a pharmaceutical company, before moving to head up Eucodis Bioscience. What was your main motivation for switching from the pharmaceutical to the industrial biotech industry?

The main motivation was the portfolio of the company and that it is in biotech. Austria is not a big country and thus has fewer pharmaceutical companies compared to Germany or Switzerland and especially in the biotech area there is a limited number of possibilities.

Please can you introduce Eucodis Bioscience to our readers; the origins of the company, and the focus of the company's engineering?

Eucodis was founded nine years ago as a biotech company working in both pharmaceuticals and chemical biotechnology. Around five years ago it was decided that only chemical biotechnology would be pursued, so the pharma branch was disbanded. Eucodis mainly produces and develops enzymes, like our beta-lactamases, which are used in the pharmaceutical industry and for environmental monitoring. Eucodis also produces lipases, which are used in chemical industry, cosmetics, food, and in the synthesis of certain substances in the pharmaceutical industry. Eucodis is also providing customized protein synthesis as a service for third parties.

One of the flagship products, LacBuster, is for environmental monitoring. Could you describe this product in a little more detail and what you see as the market potential of this product?

LacBuster is Eucodis' first and oldest product; however it is no longer the most important. Potential for the product is relatively limited by industries that are producing, filling or packaging antibiotics. For LacBuster there are only a few potential clients in Europe, a few more in the Asia-Pacific region and the United States. So this is a limited market.

Today our Service business is more important and it accounts for 65 percent of our turnover. Furthermore we have a new product in the pipeline to be released to the market by the middle of 2013. This is a new and unique technology for linking antibodies to other substances, like in the antibody drug complex (ADC) technology. It will be the new blockbuster product of Eucodis, when it is ready.

Looking into 2013, what do you see as the main growth drivers for the company?

Eucodis is placing a heavy focus on lipases at the moment. The company has a kit of twenty specific lipases that are being offered to the industry, who can test this kit and pick out the best lipase for the specific reaction needs. This can be used very broadly in the pharmaceutical, cosmetics, food industry and related areas. These lipases and also the protein production service I mentioned before, are Eucodis' new focus.

Where are your customers located?

At the moment Eucodis is mainly focused on Europe. We have affiliates in Germany and the UK, and there are still enough opportunities inside Europe. We have looked also at the United States, but for the moment, this is not our principal focus.

How do you go about finding new clients in Europe? What do you look for in a business partner, and how do you convince them of yourself?

Eucodis pre-selects potential customers, and then approach them directly. We also go to international fairs, such as BioEurope, CPhI, and so on. The pre-selection depends very much on what Eucodis can offer. We analyze the company and determine whether they can use Eucodis' products and be a potential partner. In terms of our offering, Eucodis is a high-quality, flexible, fast-reacting company. We can offer unique technologies and services to the industry, particularly custom-made services from development to refinement to first lab processes, up-scaling, etc.

Will you be looking at other markets besides the US, such as Canada, Middle East, or Southeast Asia?

I do not see so much potential in the Middle East for Eucodis products, but India certainly has potential as the second biggest API producer in the world. This would be an interesting market. Given the differences in culture, language, and distance we would need a representative there to be successful, particularly for LacBuster since there are a couple of antibiotic-producing companies in India.

You said you would be approaching big pharma companies in the coming years. Many biotech companies find it difficult to get big pharma on board because they want to see successful phase II clinical data, that many of these companies have not yet attained. What more could be done to attract big pharma at an earlier stage?

It depends on what you are offering. If a new technology or product provides really groundbreaking news, big pharmaceutical companies will accept it even in a preclinical phase. If you are the, let´s say tenth provider of a comparative technology, then big pharma will want a ready-to-market product before they talk to you. This has been difficult particularly for Austrian biotech companies. Eucodis cannot partner up with a mid-sized Austrian company that would co-develop a product with us, and then commercialize it within Europe, because there are no such Austrian companies. If we want to partner with a bigger company we have to go to other countries in Europe or even outside Europe. It also depends on what you are offering, and with Eucodis' new ADC-technology, I am confident that we have something in hand that is better than everything else on the market. This will be recognized by big pharma and biotech.

What do you think this means for Austria? Is Vienna losing its status as the gateway hub for such companies, with cheaper clinical trials being done in Eastern Europe?

Before the fall of the Iron Curtain, Vienna was at the border of the western world and a hub into Eastern Europe. After Eastern Europe opened up, cities like Prague and Budapest made great effort to attract companies. Some companies went there, but then eventually came back because of quality of life, accessibility, laws, trust, and so on. Austria has been a Western European country since the Second World War, whereas Hungary, the Czech Republic, or Slovakia only really became Western countries a few years ago. Thus, they have not yet reached the Austrian standard of law or infrastructure. Setting up a business in a city like Prague is actually quite complicated. Despite cheaper labor costs, it is easier to set up a company in Vienna and attract people from here. In this sense, Vienna never really lost its status as a hub for companies for Central and Eastern Europe .

Additionally, the government is providing lots of support as well?

This is another benefit. Austria still has the economic power and wealth that allows the government to set up and support funding programs. In Eastern Europe, companies pay smaller salaries but the government does not provide as much funding or other benefits for new companies.
There are many great institutes set up in Vienna with many students enrolled in life sciences. Yet many companies struggle to find real talent. Why is this?

I cannot tell you this, simply because I have lived fifteen years outside of Austria. A lot happened during this time. We probably do not train enough people inside Austria. But: the employment of of highly trained and skilled foreigners will enrich Austria and its culture. Eucodis employs twenty people, the majority of whom are not Austrians. It becomes very attractive for people to live here in Vienna given the excellent quality of life. Despite having salary averages a little bit lower than Germany, for the money you earn here, you can definitely live better.

What advice would you give to a young entrepreneur looking to start his own similar company?

If he is Austrian, the entrepreneur should be familiar already with all the support offered: know-how, management, funding, financing, and so on. For foreign entrepreneurs, Vienna is a great place to start and grow because of the support you get in building up a company and because of the quality of life you find here.

How would you say your experience in Latin America compares with coming back to Austria?

In Brazil, people think more like entrepreneurs. People in the Americas in general are very hungry for success and growth, and creating their own fortune whereas Europeans think more in terms of security. On the other hand, in Europe life is generally safer in terms of personal and work life.

Has working fifteen years outside of Austria changed your management style?

In general, living outside a country opens up your mind. If you have your whole career in a relatively small country with a very limited market, you will also be limited by this restricted experience and market. And this will influence also your thought process. When you work abroad, you experience different cultures, approaches and ideas, which to me is the most valuable aspect. If my management style is different because of my international experience, , I would not be able to tell.

You arrived in December to Eucodis; if we came back to Austria in three to four years, what would you like to have achieved with Eucodis, and where will we find you?

Eucodis will definitely be an important player of white biotech in Europe. With the company’s new ADC-technology, Eucodis should be recognized worldwide, and we will be partnering with big

pharma and biotech. And the success for the other enzymes and our service business will be comparable. And of course I hope to still be here.

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