Interview with Ivan Y. Zhai, CEO and Major Founder, GCP CMIC ClinPlus

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You are the CEO of GCP CMIC ClinPlus in addition to R&G PharmaStudies, and before that you headed a number of companies as well. Could you introduce yourself and all the many moving parts you lead to our readers?

To begin with, I was a physician for 10 years before starting to work in the pharmaceutical industry. My first experience was with RPR, where I began as a CRA, and later became CRA manager. After the merger of RPR with the German company Hoechst into Aventis, I subsequently moved to Quintiles as a PM. Then moved to Covance as a CRM in 1999 and was promoted to director of clinical operations later, and then spent five years as Country Head in charge of the whole business in China. After that, I started working at Pfizer's China R&D centre, as the Head of Global Clincal Data Services. From there, I joined Excel Pharmastudies Inc., the leading CRO in China at that time, before its acquisition by PPD. I started as Vice President, and was later promoted as Senior VP, responsible for global business development and operations. When that acquisition occurred, I realized that my dream was really to bring a domestic company into domestic leadership and ultimately become a global player – which brings us to where I find myself now.

We saw a Joint-Venture last year undertaken to that end; what was your game-plan on your path of bringing a local company into a global player?

After Excel, I thought of how I could make a great company in the future. I decided that there are two ways to do it. One is from scratch, starting from zero with a few experienced players. But that takes time. Another is to leverage resources, and by integrating different resources – such as merging multiple complementary companies into one – to bring that company up to become the largest or strongest CRO in China, and go IPO and enter Western markets and eventually become global. As it stands now, my goal is for the company to become the strongest in China first, and then a leading Clinical Research provider worldwide.

Yesterday at WuXi with Dr. Li we spoke of their open-access platform, and how it enabled him to work with a broad variety of clients and do inexpensive drug development, and that such a platform was their competitive advantage. What's yours?

That's a very good question! I want to make the company grow faster, and the best way is to leverage existing resources. Our company, as you know, was formed more than two years ago by integrating three well-developed companies. One was a CRO called DMS. Another is an SMO, and a third is a medical device CRO company. GCP CMIC ClinPlus has very strong expertise and resources, because all those companies were formed previously by some famous experts who are still in academic fields, or by former Chinese officials. For instance, the medical device CRO company was previously affiliated with the Chinese Association of Medical Devices Industry/CAMDI. In China, we sometimes say relationships are very important, and in addition to relationships, we are proud to have unique resources and expertise. We have a very strong senior management team, with many having worked in the pharmaceutical and/or CRO fields for 20 years or more, and many with overseas working experience. Our management team, whether comparatively to local or global CROs, is very strong. Of course, we have an existing management system, a sound operating system and international standard SOPs – all of which contribute to make us comprehensively strong.

What's the portfolio breakdown between domestic versus international companies?

So far, it's about half and half. In terms of the number of projects, we are getting more and more projects from MNCs with higher value, because they invest much more than domestic companies, so their project value is naturally higher.

You mentioned that one of your focuses is to take a company, leverage its resources, expand it to become the best in China – and eventually a global player. Where on that path are you, and how far along are you to being a leader in China, and going global?

Firstly we have to be the leader in China! Although I am confident that we are already among the top, with over 350 staff in China located in 33 major cities. From a revenue perspective, this year we expect to capture over 1% market share in the China CRO field, as we have been growing at a relatively fast pace, doubling our growth every year since 2010. We have already set up US and European branch offices respectively.

What do you want clients to think of when they think of GCP CMIC ClinPlus?

Of course we need to be thought of as a reliable partner, which means we need to provide international standards of quality with a cost-effective and customized service to them. Otherwise, it's simply too hard for us to compete with global CROs.

Do you have a case study or example to demonstrate to our international readers the kind of reliable, high quality, and cost-effective services that you can provide?

GCP CMIC ClinPlus provides service to our customers by shortening the study time period with less cost – but of course we never compromise quality. Our SOP is made according to ICH-GCP guidelines, and to be a leading company, we need to compete with all others, no matter whether domestic, foreign, or joint venture. Our differentiated services mean we can shorten the trial period with lower costs, providing services to most of the Top 20 Big Pharma like J&J, GSK, Novartis, BMS and Bayer etc. One example I can give is in patient recruitment, a crucial element for clinical trials. There are many important factors therein, but timeline is particularly important, and GCP CMIC ClinPlus helps clients to shorten patient recruitment time significantly. Before we got involved in one global phase III study in the diabetic field, the company by themselves, after recruiting patients for a half-year, ranked second to last place globally, despite trying their best. Then they asked GCP CMIC ClinPlus to get involved, and within two months we had brought recruitment to second place worldwide!

Indeed, that's a very impressive turnaround! What is it about your approach that made you so much more effective?

We know which sites have appropriate patient pools, and which can really contribute the patients. Secondly, we have resources there to help the investigators recruit their patients. The patients are always there, but it's a matter of whether you can find them, and whether you can help investigators find patients, because they're very busy, and there are many competitive studies. Therefore, you need to find the right site, with the right doctors, and to give them help. Global CROs do things according to contract, number of visits and hours are fixed, and if something is changed, they are not always adaptive, and they may not think outside the box. GCP CMIC ClinPlus

thinks from a client's perspective and acts first; if there's a significant change, we don't wait. We act and satisfy with our service first.

Since 2010 you've been doubling every year in size, which suggests quite a bit more room for growth in China – but you also mentioned international expansion. We know you have capabilities in Korea, Japan, and Taiwan – how important are the international locations, and what are the expansion plans outside of China?

In the past, when I talked to MNCs, they weren't looking only at China, but at Asia Pacific as a region, so that's the reason why I want to have an Asia Pacific presence. I reasoned that the first step in this regard may not be organic growth, so I was thinking that it's perhaps better to have a joint venture. Enter CMIC, the largest CRO in Japan. We talked the joint venture over for about one year, through many discussions and due diligence contract details, etc. and eventually we made it happen in October 2011.

Usually when we think of Chinese companies wanting to expand in Asia Pacific, it's not with a Japanese partner! What about CMIC made it attractive?

For Asia Pacific, many global CROs have a presence throughout many countries, but they don't really know the area or the individual countries very well. The best way may be to find the local or regional CROs, such as the former APEX International, now part of Parexel, which used to be the leading CRO in Asia Pacific. They grew starting from Taiwan and outward to China, Korea, Singapore, and other countries. That's a very good way. They hired local staff and know the local situation well, and culture and habits of the investigators. So the best way might be through a company who knows the region well, in fact better than global competitors.

What are the biggest challenges keeping you up at night or checking your phone on the weekends?

The biggest challenge is the quality of the projects, because although you can shorten timelines, and lower costs, if the quality is not there, you have nothing! That's what I am most concerned about.

If we came back in five years, what could we expect to see from GCP CMIC ClinPlus? Where are you going to bring the company, and how will you bring it there?

I want to bring this company to be a leader, and we are already almost there. We want to be an undisputed leader in China within three years, and from there expand to other Western countries faster. You can expect to see offices and operational teams in the US, Europe, Australia and New

Zealand. Maybe in five years we can be one of the global players, at which point we may not be the best or one of the leading in that category – but I believe that in 10 years we will be there.

Nowadays, MNCs only choose a few limited players globally; however, they may have some specific needs which those global CROs may not satisfy. We need to take that as an opportunity, wherever there is a need to go beyond very expensive global CROs, to work with local or niche CROs for customized, cost-effective services done to international standards. Quality is always the first and most important factor, and GCP CMIC ClinPlus can provide quality because we have sound system and international standard SOPs. On the other hand, we also are very adaptive. Indeed, in China or other Asian countries, you may have to do things differently, and flow like water. GCP CMIC ClinPlus knows exactly how to do that, and in the end this saves our clients money and time.

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