Interview: Hans Schikan – Health Holland, The Netherlands



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Hans Schikan offers insights into the flourishing Dutch life sciences sector and the attractiveness of the local eco-system, citing a combination of the right science and the right attitude of people as the key formula for success.



In 2014/2015, three Dutch biotechs (UniQure, ProQR, Galapagos) went public on Nasdaq, and there has been a wave of M&A activity locally. What elements account for this strong showing?

The strong recent interest in the Dutch biotech scene can be attributed to a variety of factors. Firstly, the Netherlands ranks very highly in terms of its academic institutions and scientific output. Basic science in the Netherlands is carried out at a top level globally, and a substantive number of high quality academic institutions are located at a close distance, favoring ties between

researchers. Secondly, the Dutch are open to entrepreneurship, and our life sciences community includes outstanding talent and open minded people. This combination of top science and people is further enhanced by the Dutch collaborative spirit. For centuries, people living in the *Low Countries* have been struggling against the sea, and collaboration has always been necessary, leading to the Dutch cooperative or polder model. Working together is now in the Dutch DNA, and, in the life sciences, Public Private Partnerships (PPPs) are high on the agenda.

The Netherlands indeed possesses a strong research base. However, there seems to exist a bottleneck when it comes to translating this knowledge into successful business models and marketable products. What is your assessment of the situation and how do you think this can be improved?

Many in our industry do evoke a gap between the strong science present in the Netherlands and the valorization of this science into applications that can help patients in society at large. Many efforts are been undertaken now to bridge this gap. One strong example are our PPPs. Indeed, the Netherlands was one of the frontrunners in introducing life science PPPs on a global level, and the Dutch government has provided strong support for academic institutions and companies to foster increased collaboration. The goal is to ensure that more of the science generated at universities can find its way to patients. Our Top Institute Pharma (TI Pharma), for example, has played a strong role in fostering life science collaborations. Unfortunately, much government funding for these initiatives has stopped, but a variety of actors in the life science community continue to collaborate.

One initiative fostering such growth is the Top Sector Life Sciences and Health. The Netherlands Ministry of Economic Affairs has identified nine sectors of particular relevance for the Dutch economy and with global implications, and the life sciences and health were selected as one focus area. Through our Life Sciences and Health Top Sector efforts, since branded Health-Holland, we are also able to help encourage translational medicine, foster PPPs, and contribute overall to strong growth in the Dutch life sciences.

Funding is very much an issue for life science start-ups. How do you assess the current funding climate, both from public and private sources, and what changes can be made to foster more Dutch life science success stories?

The funding for PPPs from the governmental end, as well as direct subsidies to life sciences companies, have unfortunately decreased since the crisis. However, financial help is still available from a variety of governmental schemes, including for PPPs via the so-called TKI system. Moreover,

life science start-ups can benefit from innovation credits, which are soft loans for research and development. In one particular tax incentive, companies may spend less on human resources in R&D because of the WBSO. The RDA, which previously focused on companies' already making profits, has recently been combined with the WBSO and been extended to life science start-ups to help them reach the next stage of growth. As a final example, the Mibiton initiative is helping companies to purchase expensive equipment in a manner that allows them to amortize such expenses over a long period

However, it is important to keep in mind that most of the funding for life sciences does not come from the government. Instead, the private sector plays a major role, and the Netherlands is lucky to have a flourishing venture capital community, with some of the largest VC funds in Europe based in the Netherlands. Thanks to a number of successful exits and good results in these funds, we now are in a position to re-invest these assets from the life sciences, in the Netherlands and abroad.

Foreign investment has also been key and has been encouraged by a favorable investment climate in the Netherlands. As one example, our innovation box initiative ensures that the Netherlands remains attractive for foreign investors, as R&D expenses from IP generated in the Netherlands can be deducted from tax payments.

In this sense, how attractive is the Netherlands as a destination for international life science companies?

Given both the business climate that fosters innovation, a solid infrastructure, and the strong academic community locally, the Netherlands is an ideal location for life sciences investors, and such companies have also taken a variety of investment paths locally. Some companies have taken an interest in Dutch biotech start-ups and then used the infrastructure behind these companies to expand globally in Europe, while other companies have taken more of a grass-roots approach looking to set up a base in the Netherlands near academic institutions with strong innovation programs. Finally, large pharma companies are also scouting opportunities locally, in terms of acquisitions and collaborations. Astellas, Genzyme, Kite Pharma, and Raptor Pharmaceuticals all have European headquarters in the Netherlands. Amgen boasts a major production facility and recently acquired Dezima, while Pfizer has partnered with AM-Pharma, among various other examples.

What difficulties or bottlenecks do you believe are most impeding growth in the Dutch life sciences sector?

Innovation is an ongoing process from the first idea to a patient delivery, not simply identifying a new antibody or discovering a new lead. It is essential that we keep in mind this process and do our best to streamline the necessary steps and bring innovation more quickly and more efficiently. TI Pharma's Escher project in particular is looking at innovation in terms of shortening pathways to final product approval. Novel regulatory pathways to speed up developments is a major topic of discussion in the Netherlands, Europe, and the US at the moment, and more dialogue between stakeholders, including the regulators, is essential. Overall, we need regulatory to shorten the time from bringing ideas to concrete innovation.

The Netherlands will preside over the European Union in the first half of 2016. How will this Presidency foster life science in the Netherlands?

The Netherlands' Presidency of the European Union offers an ideal opportunity to showcase what we are good at in both private and public sector, in terms of healthcare and life sciences. We can use this political moment as an opportunity to explain why investing in the Netherlands is worthwhile for companies outside the Netherlands. Via the Top Sector initiative, actors from all spheres of the life sciences community locally – big pharma, small and medium-sized enterprises, as well as the academic sector and the government – have been working in collaboration with the Ministry of Economic Affairs and the Ministry of Health, Welfare, and Sport to ensure a coordinated policy agenda.

Furthermore, the sustainability of the current model of drug pricing will be a topic of continuous discussion, which also provides the life sciences community the opportunity to explain that the value of medicines and med-tech opportunities and their usefulness for society. Making a drug or treatment available to a group of patients will often include socio-social benefits that are not reflected on a simple price tag. For example, certain treatments can benefit society in terms of people being able to stay in their working environment, and thus contribute both their expertise and their tax income to our communities. It is an ideal time to have these value versus cost discussions and to assess the overall impact of life science developments.

The Netherlands claims to have the highest concentration of life sciences companies in the world within its small borders, yet, in terms of global recognition, the Netherlands lags behind other European countries. How would you respond to this claim, and what would you sets the Dutch model apart from its neighbors for our international readers?

I think it is sufficient to look at the recent deal flow both in terms of IPOs by Dutch companies on Nasdaq or Euronext and in terms of M&A activity to recognize the strength of the Dutch life

sciences sector. The Dutch system is able to generate innovation in life sciences and health, and any company globally interested in the sector which takes innovation in the life sciences seriously should keep the Netherlands in mind. Perhaps the Dutch are too humble to boast about our achievements, but the proof is in the pudding with our ability to attract major investments from the global life sciences community, through public offerings and collaborations.

Where would you like to see the life sciences sector in the Netherlands in five years time?

In 2015, the Netherlands ranked number four on the Global Innovation Index, up four rankings from number eight. I believe that as a nation we can do even better, and I expect that life sciences and health can play a key role in this. In terms of IPOs and partnerships, the success stories from the past year should only be the beginning, as the Dutch climate for both academic and private innovation is prospering.

On a more personal note, you are obviously very passionate about helping life science start-ups locally and encouraging new innovative treatments. What motivates you?

Firstly, it is great to work in a sector which focuses on collaboration and partnerships between people in academia and companies. It is also exciting to work at the edge of innovation, with groundbreaking technologies. But even more exciting and motivating is the result of this interaction between people and technology. Through our work, we are able to bring innovations to patients that makes a true and meaningful impact on their lives. Taking a company public, partnering with a big pharma company, or being acquired by a bigger player are great, but they pale in comparison to the impact a drug or technology has in improving the lives of patients. In this sense, the life science sector stands out from other innovation domains, as individuals in this industry have the opportunity to see how their innovation concretely improves lives and can make a real difference.

I have also been particularly inspired in my work by patient organizations, especially given my experience at Prosensa, which worked closely together with many patient organizations. Overall, patient organizations are becoming more and more a key player in this setting of innovation, by taking innovation in their own hands – finding medical experts, starting companies, and doing their upmost to bring medicines to the people they represent. Some of most eloquent patient organizations are residing in the Netherlands, and the DMD patient association stands as one of most inspiriting and active I have had the pleasure of collaborating with.

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