Interview: Thomas Yuan – CEO, TFBS Bioscience, Taiwan



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Thomas Yuan, the CEO of TFBS Bioscience, documents the tailored added-value that this fast-growing product testing company strives to bring to emerging pharmaceutical and biotech companies in the Asia Pacific region, while TFBS already stands out as the only service provider of its kind in Taiwan and one of the industry frontrunners in Asia.

TFBS was founded in 2009. What has been the main market needs driving the development of the company over the past years?

Overall, our fundamental mission is to assess the quality and safety of new drugs under development, while we are essentially focused on biological products and also handle small and chemical molecules. Our service offering notably comprises cell bank characterization, viral clearance, clearance test of reusable medical device, lot release assay, clinical specimen testing, and assay development. We recently enriched our offering by providing product specific assays for clinical trials, a service that has been tremendously gaining in importance within our portfolio.

Seven years ago, the Testing Facility for Biological Safety (TFBS) started its operations as a research program incubated within the government-backed Development Center for Biotechnology (DCB). The Asia Pacific region still remains largely underserved by international providers of testing services, to an extent that it can be challenging for local and emerging companies to access the services they need to bring their treatments to the global market. As a consequence, Taiwan's government initially decided to found and support our research program in order to meet the needs of Taiwan's burgeoning biotech industry. From 2012 to 2015, our revenues increased more

than 10 times and we are on tracks to display again an interesting growth rate in 2016. TFBS had then to adopt a proper business model, which means we could no longer operate as a research organization backed by public founding, while we needed to increasingly integrate business considerations into the development of our organization.

In 2016, I successfully acquired the technical platform and operation rights from the Development Center for Biotechnology (DCB) with the ambition to establish a leading brand of drug testing in Asia. While we started to operate as a commercially independent entity on October, 1st 2016, we now proudly stand as the first and only company in this field in Taiwan, and above all as one of the industry frontrunners in all Asia.

You hold an extensive experience in drug development, forged by working for world-class research centers and some of the most innovative pharmaceutical companies. What kind of added value you want to bring to your clients now that you are heading a service company?

A large share of Taiwanese biotech companies are still relatively small organizations which do not display a long-standing experience in drug development. This specificity usually entails a more abrupt decision-making process than for established, multinational companies, which traditionally are the most important customers of international service providers. Furthermore, international service providers are not used to the “experience asymmetry” that working with emerging companies usually implies, which can lead them to underestimate these customers’ needs. On the other hand, TFBS Bioscience is a small, local service provider that holds the flexibility, in time and service, required to truly meet the needs of these innovative, fast-growing, Asia-based companies.

I also identify that these companies would be interested in building partnerships that would encompass a more value-driven approach and truly propel their development. A company like TFBS Bioscience can for example offer them consultation services – in addition to our testing offering- that would help them better tailor their drug development process, become more efficient in their resources allocation and significantly reduce their risk exposure.

What do you identify as your main growth drivers for the upcoming years?

First, we want to increase our markets share in our domestic market. So far, we only make up 20 percent of Taiwan’s market, which means we still hold substantial and promising areas for improvement in our country.

Furthermore, we already conduct fifteen percent of our business overseas and we expect to see international operations becoming the majority over the next few years. In terms of key targets, we notably want to increase our market share in Japan, Korea, and China. In Japan, a market we have already entered, our business has been growing rapidly over the past few months. As a result, I am particularly confident we will be able to tremendously expand our international reach in the upcoming years, while we are one of the only service providers of this kind in the entire APAC region. Although international companies seem to be increasingly interested in developing their activities in the region, their turnaround is not satisfactory and they still fail to truly tailor their offering to the local needs of Asian sponsors, which further strengthen our competitive advantage.

Third, we plan to significantly expand our testing capacity in order to support our international ambitions. While diversifying and enriching our portfolio is one of our main priorities, we are about to upgrade our current laboratory to become a frontrunner in terms of *in vivo* testing. Given the rapid development of stem cell therapies in Asia, we also plan to develop specific testing capacity for these products.

Nevertheless, we are still a young company, which means we still lack of track records and credentials- this undoubtedly stands as one of the main challenges we will have to overcome to reach our growth targets. If being a pioneer undoubtedly is a competitive advantage, our lack of international recognition also means we will have to be patient and allocate enough time to build and strengthen mutual trust with sponsors and clients. In this regard, we also need to establish a clear market target and stick to it, in order to better optimize our resource allocation and shorten the time needed before reaping the rewards of our market commitment. As part of this strategy, we will first focus on the second and third tier of Taiwanese, Korean and Japanese companies, which are the companies that will fully value the feedback and guidance we can provide them with.

There is no innovative pharmaceutical eco-system without world-class and pioneering service providers. How can the government contribute to accelerate the development of companies like TFBS Bioscience?

Taiwan joins the global biotech industry at a rather late stage, which means our eco-system still displays some important frailties and has to catch up on many aspects in comparison the most advanced biotech countries in the world. In this regards, I believe we still have a lot to learn form Western countries.

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When comparing Asian countries' competitiveness in biotech R&D and drug development, each country displays its own pros and cos. For example, Korea's industry is mainly driven by large domestic groups like Samsung, while Singapore's main focus is to attract investments from Big Pharma companies. China's context is significantly different because the country holds an unrivalled market depth, which means local companies can afford exclusively to concentrate their efforts on the Chinese market in the first place – before looking overseas at a later stage of their development.

Taiwan's market is way too small to really support the rise of our biotech industry, as it accounts for around 0.2 percent of the global pharmaceutical sales. Taiwanese R&D driven companies have then to integrate international markets' entry in the early conception of drug development strategies. Over the past three years, three innovative, locally developed drugs were approved by key regulatory agencies around the world, like Japan PMDA and US FDA. This stands as an historical milestone for our local industry. Historically, Japan has been the only country in Asia able to continuously bring innovative, life-changing drugs to the global market. Taiwan undeniably holds the potential to become the next country in the region to reach this goal. As Taiwanese companies have already reached an important first step, our industry's next development goal should be to bring to the global market a real game-changing treatment.

Most Asian countries, especially the so-called Tigers and Dragons, have been able to tremendously increase their industry level thanks to government planned economic strategies. The rise of our semi-conductor industry, which is behind "Taiwan's economic miracle", has been largely supported and coordinated by our government at the beginning in order to offset our lack of resources vis-à-vis Western countries. There is no doubt the ongoing development of our pharmaceutical and biopharmaceutical sector will require the same effort from our government, especially with regards to the strengthening of our fundamental research capacity. Furthermore, further increasing direct research funding would also allow emerging company to reduce the risk taken in drug development. In the meantime, upgrading and/or loosening the regulations that still prevent our industry to be competitive from a global standpoint should also be a priority. Looking at product testing in particular, Taiwan still displays particularly constraining regulations for the import and export of biological materials, even in comparison to our Asian neighbors.

In this regard, companies like TFBS do not need heavy or direct support from the government: we need our government to bring to the table what our country's biopharmaceutical companies need to reach the next step of their development stategies. TFBS Bioscience and other service providers will then grow alongside the overall expansion of Taiwan's biotech sector.

What do you want to have achieved over the next four years?

In our development plan, we do not exclude the opportunity to favor inorganic growth and acquire companies in Taiwan or overseas, while our overall objective is to gain market share in Taiwan and other strategic markets of the region: Japan, Korea, and China. In the grand scheme of things, we want to become an Asia-focused testing service provider whose excellence is recognized beyond Taiwan’s borders.

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