Interview: Johnsee Lee – Chairman, Taiwan Bio Industry Organization



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Johnsee Lee, a leading figure in the Taiwanese biotech and pharmaceutical sectors and Chairman of Taiwan Bio Industry Organization, the largest and one of the most influential biotechnology associations in Taiwan, shares his vision for the future development of Taiwan's thriving biotech sector and the critical success factors he envisions to truly bring Taiwan's ambitious companies onto the global stage.

Taiwan is definitely undergoing a boom in biotechnology: more and more locally developed drugs are entering late-stage clinical trials, and new companies, service providers, and manufacturing facilities are emerging to fill rapidly evolving industry needs at the global level. Looking at the bigger picture, what do you see as the next step in the local industry's ambitious development path?

Our industry's next stage will be to expand more into the international arena and gain the critical size needed to truly fulfill our global ambitions. In this regard, one strategy that government and industry have been considering is to trigger a phase of mergers and acquisitions – to make smaller companies bigger and to merge with international companies.

How do you explain that – so far – we still see a low level of consolidation within the Taiwanese biotech industry?

Us Taiwanese are not so used to this merger culture because we like to run our own companies. But in fact, most biotech companies around the world either eventually license out their products or merge with another firm. That stands as a very important exit strategy globally, but that has not happened yet to a great degree in Taiwan.

We have suggested, and governments have recently indicated in announcements, that they are setting up dedicated funds to encourage greater expansion. Thanks to these heightened and dedicated resources, my idea would be to help two or three small Taiwanese companies to put their products together within a stronger, consolidated portfolio and look for a foreign company to acquire, while government's commitment would contribute to reduce risk exposure by putting in maybe 10-20 percent of investment.

In this vein, one interesting example of local collaboration relates to several small companies that work on diagnostic molecules and decided to bring together their product portfolios to provide their customers with a heightened added value. As a matter of fact, when hospitals have blood samples to test, they usually want to conduct ten different analyses at the same time. If a given company cannot perform all these analyses, hospitals will have to look for another company to conduct the rest of testing – which is not commercially attractive.

For these aforementioned companies, the first step is then to pool their products together and jointly conduct their marketing strategy. If that works, it could then pave the road for eventually merging together. And because I see a lot of small companies in Taiwan, which do not have the size needed to fulfill their international ambitions, I think that it would eventually be necessary to replicate such approach throughout the industry, at a wider scale.

What would you highlight as the most impactful regulatory upgrades that have happened in Taiwan over the past few years?

The Legislative Yuan recently underwent a revision of Taiwan's Biotech and New Drug Development Act. This is a regulatory update we had been working on for several years, and it is now finally amended. There are two major components to it.

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Previously, there were only two product categories in the Act – new drugs and advanced medical devices – that were being fiscally incentivized through tools such as tax rebates. Now, a third category has been added – new biomedical technology, which covers precision medicine and cell and gene therapy technologies. The set up of this new product category will ensure that a

substantial number of innovative Taiwan-based companies that did not fit into the previous categories, such as gene sequencing companies, will be subsidized and supported. Second, they used to limit the medical devices field to only implantable. The revision of the Pharmaceutical Act struck that out and changed it to devices that require clinical validations, following the industry trend to favor the development of minimally invasive surgeries.

On another note, the recent set up of the “4+4 program” also stands as great step forward in the mutual recognition of Chinese and Taiwanese clinical data and regulatory standards. As part of this program, China’s Food and Drug Administration announced in April 2016 that clinical data from four Taiwanese hospitals could be used when applying for market approval in China, a major improvement that will give Taiwan a leg up in developing into an Asia-Pacific hub for pharmaceutical R&D. Under this agreement, four leading hospitals in Taiwan and in China (two in Beijing and two in Shanghai) will allow the mutual recognition of their clinical trial records, while a roadmap has been implemented to ease and ramp up market approval for trials that are part of this program.

Nevertheless, because of recent political issues, this cooperation has been temporarily suspended. Precisely because official government channels are stalled, private channels and associations like Taiwan Bio Industry organization, which stands as the largest biotechnology organization in Taiwan, need to play a greater role in nurturing this kind of innovation-centered collaboration between China and Taiwan.

As a final message, why should our international readers attend Bio Taiwan 2017, which will take place from June 28 to July 2 in Taipei?

BioTaiwan 2017 is fully packed with five events in one, including the BioBusiness Asia conference for investment, a conference on Greater China Opportunities, company presentations and one-on-one partnering events, seminars, workshops and the BioTaiwan Exhibition with 1,300+ booths from more than 600+ companies.

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Our objective is to display the most recent and eye catching biotech and pharmaceutical breakthroughs under one roof, while, year after year, BioTaiwan Exhibition has managed to establish itself as Asia’s leading integrated bio marketplace, where industry experts from all of the world share their added value perspectives on the most innovative solutions and get unique opportunities to establish global partnerships.

In the grand scheme of things, BioTaiwan's attractiveness is also closely related to the long-standing momentum experienced by our domestic biotech industry. The total market capitalization of local publicly listed biotech companies has soared over the past decade, increasing 700 percent since 2008's capital market crash. Overall, Taiwan definitely holds a set of unique characteristics and strengths that make it an appealing prospect to the global life science community looking for partnership, investment or licensing opportunities.

First, our country boasts a particularly vibrant VC industry and capital market eager to invest in innovative biotech and pharmaceutical companies. In terms of research, Taiwan already stands as a frontrunner in the region, thanks to our world-class clinical trial capability. While many leading biopharmaceutical companies used to come to Taiwan only for phase III trials, we now see more and more phase I trials being conducted in our country. On the other side of the drug development process, Taiwan's transparent legal and business environment and the country's strong IP protection also emerge as remarkable assets in the regional competition to attract R&D-centered investments. Our country's biotech ecosystem is also based on well-established private-public partnerships with deep innovation pipeline, which are bolstered by a highly educated, motivated, and cost-effective workforce, while most of our industry's executives hold overseas training, global view, and prestigious Big Pharma experience.

Finally, Taiwan truly stands as a bridge to China. A significant share of the genomic population of China is near identical to Taiwan. Our data, clinical trials and biomedical research can be used in China; drugs being developed in Taiwan would be beneficial to Chinese patients. So although our country's collaboration and programs such as the "4+4" were temporarily hampered because of political turbulences, I think this collaborative effort will thrive again in the near future thanks to private-to-private cooperation, while a lot of Taiwanese companies hold substantial footprints in China.

In the grand scheme of things, as healthcare is moving from a "one size fits all" model towards a more personalized approach, the exciting opportunity to bring together Taiwan's newest diagnostic tools with ground-breaking, locally-developed precision therapeutics and our country's existing strengths in ICT and device industries means that our country is well placed to excel in the evolving global healthcare ecosystem. I am confident Taiwan's biotech and pharmaceutical ecosystem will further strengthen its regional leadership and global attractiveness over the upcoming years, while Taiwan-based success stories in the most advanced markets in the world will continue to accumulate.

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