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If you compare pharma industry development to a series of gold rushes, the pharma companies are the ones panning for the gold and we are the people by the side selling them the shovels

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Dr Yangzhou Wang, chief operations officer of Crown Bioscience (CrownBio), shares the new era of development for the company following its acquisition by a Japanese industrial conglomerate in December 2017; CrownBio's biology-driven deep expertise in oncology drug discovery and development and how it will continue to drive the company's growth; and his conviction that China will be the next frontier of biopharma innovation in addition to the US.

Dr Wang, following Crown Bioscience's acquisition by JSR Corporation in December 2017, could you share the new strategic direction of the company?

Crown Bioscience (CrownBio) is a discovery-stage CRO that facilitates drug discovery and development through our deep understanding of biology. In contrast to full-spectrum CRO players like WuXi AppTec or IQVIA, for instance, we focus on the pre-clinical stage and we have a very thorough understanding of the biology behind today's cutting-edge medicines.

Our acquisition by JSR Corporation, a Japanese industrial conglomerate with a strong presence in the areas of petrochemicals, semi-conductors and fine materials – all very high-end, high precision material industries – certainly validates the depth of our knowledge and expertise in the area of biology. For both companies, the acquisition represented a significant step forward, and I see many opportunities for synergies and cross-fertilization.

CrownBio is fundamentally a service and technology platform company, while JSR is a product company. I am very excited about the potential for very unique R&D projects leveraging on the strengths that both JSR and CrownBio bring to the table. For instance, recently ion torrenting has become a very hot topic in the area of next-generation sequencing, with companies like Affymetrix developing new biological applications for microchips to advance the areas of healthcare and precision medicine. Along the same principles, our deep understanding of biology is now backed by a company with strong expertise in fine materials and systematic, highly automated processes of generating ionic materials and products. I am confident that this will help us define new applications that will greatly boost our competitive potential within the CRO space.

In addition to this, over the past few years, JSR has looked to build a presence in life sciences with other acquisitions including KBI Biopharma, a global CDMO company headquartered in North Carolina, USA; Selexis, a pioneering Swiss cell line developer; as well as a controlling stake in a Japanese molecular diagnostic laboratory called MBL. Crown Bioscience is perhaps one of their largest life science acquisitions to date and there are a lot of synergies to be exploited together with these other companies.

Looking back over the past couple of decades, the semi-conductor industry has been the darling of industrial development and economic growth in developed countries. That industry is now maturing. So, what is the next big thing? I believe it is healthcare. For the next decade, at the very least, I foresee that there will be a lot of action taking place within the healthcare industry – and that is why, as you can probably tell, I am incredibly excited to be part of this story. It is not just JSR looking to expand into the healthcare space, we are seeing Big Tech companies like Microsoft and Google, as well as other giants like real estate conglomerates, the latter of whom are probably looking at the industry as purely an investment opportunity, while the former, like JSR, are looking to apply their expertise to healthcare challenges and in doing so, experiment with new business and commercial models.

What is the value proposition that CrownBio offers to the pharma industry?

If I can draw an analogy, if you compare pharma industry development to a series of gold rushes, the pharma companies are the ones panning for the gold and we are the people by the side selling them the shovels. That is the role of a CRO. Over the past ten years or even longer, there has been a paradigm shift in the industry. Prior to that time, most, if not all, innovative new drugs came from Big Pharma. Today, most innovations come from small biotech companies or start-ups, that are

subsequently bought by Big Pharma at varying stages of development. It is akin to how the large Hollywood studios act more like distributors, in-licensing movies from independent movie studios!

This means that the number of innovative biotech start-ups or SMEs, even virtual companies, has increased significantly over the past few years. If you go to Kendall Square in Boston, a single office building might have over 50 companies doing cancer research or new drug development in general. These companies typically do not have much in terms of infrastructure or laboratory space because they do not need huge libraries to house animal models – because they outsource their pre-clinical or translational research work to companies like us! This is how we see the industry today. We offer our services and drug development platform to these companies.

CrownBio has accumulated decades of knowledge that can be translated into more targeted advice and insights for our pharma clients. We have the largest PDX collection – over 3,000 virtual patients with full genomic sequences and a whole battery of therapies meeting the standards of care conducted on these surrogate human targets. We also have a strong understanding of their sensitivity to classic drugs, and so on. For large pharma companies, they often already have a very defined drug discovery and development program, so we act more as a service provider to conduct their programs more speedily and efficiently. This requires a lot of expertise and experience as well, because these programs are often extremely challenging and involve work with very novel compounds.

For the innovative start-ups I mentioned earlier, which are typically founded by biologists, we act as a fully-fledged partner in terms of guiding them through the entire drug development cycle, from things like nominating the right pre-clinical candidate, designing safety studies and defining the right dosage. These are all critical to helping them find the best candidate to file for their first clinical IND. Our clients also benefit from our strong presence in both the US and China, the top two pharma markets globally.

I live in Orange County, California, so I like to mention the example of Apple. Steve Jobs invented the iPod – that was the first killer product that put Apple back on the map. The iPhone was the second. In the pharma industry as well, you see companies like Gilead who made their name with Sovaldi®, which was also a killer product. You just need to find that one killer product or service to make your mark.

CrownBio is a platform company so we want to find that killer platform. There are many areas – from immuno-oncology to targeted therapies to cell therapies – that we want to, and can, explore, especially now with the material science capabilities from JSR – and it will take some trial and error,

time and probably some failures, but we are scientists at heart so I am confident that we will find that killer platform or platforms soon. Stay tuned!

With operations in the US, China, Taiwan and the UK, and now having been bought by a Japanese conglomerate, how would you define the identity and spirit of the company?

Our identity has always been science-driven. The work we do is not like your average manufacturing operation. CRO projects are highly specialized and very challenging, so we are very focused on our strengths and areas of expertise. We want to retain our DNA of being science-driven and biology-driven while using our business acumen to continue to expand and build on this foundation by acquiring new capabilities. For us, scale is secondary to developing that killer platform. We believe that if we stick to these true principles and our true identity, it will take us to where we want to go.

The nature of the executive management team is very much in line with this as well. We all have this start-up, entrepreneurial identity and we make a conscious effort to maintain this spirit and outlook. JSR is a great company and I think it is one of the most innovative of the large Japanese conglomerates. This is where our competitive edge is and will remain in the future. As we develop, we will continue to stay agile and nimble and make a conscious effort to cut through bureaucracy.

In addition, I find that there is sometimes negative perception of companies with a presence in China. CrownBio is founded in San Francisco, incidentally, and while some of our leadership, including myself, may be ethnically Chinese, we all have a very international and Western outlook. For me personally, this is actually the first time in my career that I am working in China, in fact! We have a strong presence in China in order to benefit from the efficiencies here but we have always had a very international outlook and international clientele. Of course, with the Chinese pharma industry booming nowadays, we expect to see more business from China but at the end of the day, we are a global company with global operations.

As a highly specialized CRO, how do you manage the challenge on the HR side – to recruit and retain highly talented people?

One of the biggest challenges in terms of working in the kind of dynamic, high-growth market like China is that it is so hungry for talent. Competition for people is very fierce, and well-established companies like CrownBio have a good reputation and are sometimes rather unfortunately seen as a

training ground for the industry. If someone has experience working at CrownBio, that is seen as a great asset and it is inevitable that we see some staff turnover every year.

That said, this was a bigger issue towards the beginning of the company. We currently have around 650 employees globally with around 500 in China, 130 in the US and 35 in Europe. We are now more stable and calmer when it comes to HR, and now that we are part of JSR, we are able to leverage on the resources of the group as well.

We are also working on building the institutional knowledge of the company as well as best practices and processes to help us manage the volatility of such personnel movement.

A final message on behalf of Crown Bioscience to our international audience?

China and the US are unquestionably at the forefront of healthcare innovation – especially when it comes to digital health and Internet medicine. The pace of such developments, in my opinion, is even faster in China than it is in the US, and having worked here for several years, I can feel the energy, hunger and drive in the people here. Regardless of the current political uncertainty, the volume, potential and pace of development here is just astounding. This momentum cannot be stopped.

As for CrownBio, I want to tell your audience: expect continued innovation, scientific sophistication, synergies, and an integrated oncology drug discovery and service platform from CrownBio, driven by our recent acquisition by JSR Corporation!

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