

Interview: Audrey Tseng, Deputy Chairman, Lily Wong and Andy Chang, Partners, PwC Taiwan



29.10.2013

Tags: [Biosimilars](#), [Life Sciences](#), [PwC Taiwan](#), [Venture Capital](#), [Biotech](#)

Audrey Tseng, Deputy Chairman of PwC Taiwan with PwC Partners Lily Wong and Andy Chang, delve into factors behind the booming pharma and biotech industry in Taiwan, how to prevent a bubble burst, and the crucial next steps in maintaining the momentum to continue growth within the industry.

Please start by introducing us to PwC Taiwan, and explaining how the company's Life Science service line has evolved over time?

Andy Chang: PricewaterhouseCoopers (PwC) Taiwan was established in 1970. Since PwC Taiwan's founding, our firm has grown considerably and now has more than 2,600 distinguished partners and dedicated business professionals. We deliver a full range of business advisory services to leading global, national and local companies, as well as to public entities.

Ling Wong: Providing services to the biotech industry has been PwC Taiwan's focal point for more than ten years. We have established ourselves as the number one advising consultancy for the life sciences sector, obtaining approximately 60 percent of market share. In addition, our strong IPO service line has become extremely prominent in the sector over the last couple of years because of the dramatic ascent of the biotech sector in the stock market.

In the life sciences arena, we have a close-knit network that we can utilize. Leveraging the resources of our global network of member firms, particularly PwC China, Hong Kong and Singapore, allows us to provide extensive expertise on an integrated platform, throughout the value chain. Moreover, our global coverage caters to the smooth transition of our MNC clients, who are increasingly viewing Taiwan as an attractive area to gain a foothold in.

How has Taiwan's pharma and biotech industry changed over the last few years?

Audrey Tseng: Perhaps the most profound change in the industry has been the ascent of biotech companies pursuing an IPO. By pursuing this capital-raising path, many companies have reaped the rewards. As a result of the sector's development and Taiwan's unique stock trading environment, there has been a conspicuous shift in investment capital from the ICT sector and towards the biotech arena.

The market cap of the Taiwanese Pharma and biotech industry has ballooned by 520 percent in four years. What factors are driving this growth?

AT: Over the last decade the government has energetically backed the sector and initiated a variety of positive initiatives. These have matured and have stimulated the growth of the industry. In addition, Taiwan benefits from a strong, international, experienced life science talent pool and that has transferred that knowledge base to Taiwan. Taiwan is also seen as a strategic focal point of Asia and a bridge to China. Such a position in this flourishing economic region has enlarged the attractiveness of Taiwan's broad life sciences industry.

LW: Despite such booming growth, we must be careful to ensure the bubble does not burst. Taiwan does have a range of pharma and biotech companies across the value chain and such competition can help keep the market stable. Yet, this is an industry encapsulated by high return and high risk, obstacles and challenges to overcome, and growth will not be a smooth trajectory. We must strive to educate the investors that tangible biotech growth is a long-term game and consequently, they should have a long-term investment strategy.

The sector has started to strategically target selective growth areas. For instance, Taiwanese companies are spearheading biosimilar expansion and advanced drug delivery system. This model, focused on niche areas, is shrewd and allows Taiwan to leverage its competitive advantages and utilize scarce resources wisely.

Taiwanese biotech companies have successfully raised capital via the stock market, yet for years have found access to venture capital an arduous process. Why is this the

case?

LW: Traditionally, the attitude of Taiwanese venture capitalists toward biotech has been somewhat conservative. They have generally been reluctant to give early start-up companies 'wings' because of their risk averseness to the sector. Nevertheless, with the ascendancy of biotech companies on the stock exchange, this left-field mindset may change.

In 2011, PwC's Taiwan Life Sciences report stated that despite the biotech sector's strong growth, it remained fragmented, comprising mostly of small companies involved in early stage discovery and late stage clinical trials. Do you believe that is still the case today?

LW: Such a structure is still current in the biotech sector and there is still a lack of integration and deal flow across the value chain. The lack of consolidation is partly rooted in the corporate culture of Taiwan. The Taiwanese like to see themselves as entrepreneurs, masters of their fate and as such managing their own businesses, which are predominately small and medium enterprises..

Can Taiwan's biotech and pharma companies project themselves and their products on a global platform?

LW: Taiwanese enterprises are starting to engineer an increasingly international strategy. In contrast to their reluctance towards acquisition, many of Taiwan's biotech and pharma companies are embracing strategic alliances. Collaborating and forging trans-border ties is seen as a diversified approach that abates business risk.

Arguably the economic center of power is shifting from the Atlantic to the Pacific, with Asian economies growing strong, while the West flat lines. How are Taiwanese companies looking to capture this momentum in order to grow?

LW: China and Asia are strong magnets for international companies because of their nascent markets. Yet in the pharma and biotech sector, the West is still at the forefront of new drug discovery and innovation and in many ways, its approach towards quality and standards is similar to Taiwan's. It is important that Taiwanese companies do not silo themselves with one country, but work and collaborate with a global network.

AT: There is a raft of Taiwanese companies such as: Angen, TWI and TLC that are not strictly focused on China. Many Taiwanese biotech and pharma companies still see the engine of the industry in the West, and that it is still the chief market. Moreover it is a mature market, offering companies property rights transparency and the rule of law, which is not necessarily the case in

China.

Does Taiwan's geographical position with China make it a more attractive market for MNCs?

LW: We promote the concept that Taiwan is the gateway to China because in many ways it is. It is a selling point because there is a natural link in geography, culture, language and market familiarity.

AT: In Taiwan, relative to China, there are superior intellectual property rights. MNCs are still concerned by the IPR environment in China and as a result, in the life sciences sector in particular, it does lead to a more tentative approach towards R&D in China. The common approach for international companies is to undertake R&D in Taiwan and use China for market and commercialization purposes.

[See more interviews](#)