Interview: Stéphanie Murphy, Project Manager, Investissement Québec, Canada

28.10.2013

Tags: Investissement Québec, Life Sciences, R&D, Biotech, Innovation

Investissement Québec is a public corporation whose mission is to contribute to Québec's economic development.

Investissement Québec's project manager, Stéphanie Murphy, discusses the role and contribution of pharmaceutical companies to Quebec's economic landscape and the challenges associated with promoting Quebec as an attractive place for FDI.

What are some of the challenges associated with promoting Quebec as an attractive place for FDI?

We are less challenged than other areas in North America because Québec's lifescience cluster remains active and continues to offer, even recently increased, tax incentives for conducting biopharma research here. Thanks to a long standing synergy among players, Quebec may be adapting more easily to changes in the industry than elsewhere. We occasionally run into questions about language when promoting Quebec to foreign companies. Quebec business and research institutes are fully functional in English. Investissement Québec accepts business plans in English; our Directors work in English, and other languages, across the US, Europe and Asia. Many companies welcome French, and benefit from Quebec's rich cultural mix. The province has been successfully attracting leading companies from around the world in a wide range of sectors for decades.

As for attracting FDI in pharma, like in the rest of the world, multinationals here have quit or reduced in-house research. Limited resources and the shift toward oursourcing R&D presents Quebec's biotechs and research institutions opportunities to offer products and their R&D capabilities. And the case to conduct that research in Quebec is a strong one: Top notch research teams and the best tax credit package in the country. You'd be crazy not to do your research in Quebec.

What is the role and contribution of pharmaceutical companies to Quebec's economic landscape?

Pharmaceutical companies fund research to develop and commercialize technologies. They support a big slice of the 25,000 lifescience workers. A number of multinationals in Quebec support platforms facilitating matches between Research institutes and big pharma interests. GSK, Merck, Boehringer Ingelheim, Lilly, Pfizer, Novartis, and AZ contribute to the CQDM, the Centre Québecois du Developpement du Medicament for example, an open innovation model which funds research projects carried out in partnership between private and public organisations.

Pharmas have taken on wider prospecting roles. They are tapping into opportunities and are forging more partnerships with universities and research consortia. Their commitment goes beyond the labs, actively contributing to Quebec based VC funds: Lumira-Merck, TVM Eli-Lilly, GSK Canada Innovation Fund.

Quebec-based Valeant, Endoceutics, and Hema Quebec, as well as GSK are expanding their activities and attracting foreign partnerships. The mix of companies emerging, their source, their evolving needs and solutions will make for more partnerships in wider ranges. Companies need international solutions; and we think more foreign companies will make deals in Quebec.

Why doesn't Canada promote itself more aggressively, and what can IQ do to help?

Maybe we should get out more. Companies are solicited by a myriad of regions. We will need to better match Quebec's expertise to solutions sought in potential investors' hefty pipelines. We will need to go beyond promoting financial incentives and areas of expertise, and become familiar with what's not necessarily on radars; and work more closely with the research institutions and their KOLs, the province's research funds, and partnership hubs.

Promoting Canada more aggressively would mean a Tax Credit for R&D Salary for Biopharmaceutical Activities : an eligible biopharmaceutical corporation can qualify for a Tax Credit for R&D Salary equal to 27.5 percent of its eligible R&D expenditures.

Lastly, our 12 offices overseas promote the sector, as do the teams in Montreal. We plan to increase our presence at lifescience events.

Where do you see the majority of life science investments coming from, and are there trends in terms of investor types?

Traditionally, investments have come from the US and Europe, though there is still much untapped for us in some European countries. We will also gain interest from Asia and perhaps Brazil in the near future. There will be smaller companies looking to land in a supported environment, and more large and medium sized companies will be looking for partnerships and opportunities to invest while minimizing risk.

What examples are there of foreign businesses that have come to Quebec and invested in its resources and services to create a successful, thriving business here?

Servier announced in September 2013 a $16.3 million investment for a center of excellence for clinical research. Medtronic invested $50 million in their St Laurent facilities. Valeant has moved their headquarters to Montreal. Pfizer invested $32 in new facilities as well. Pharmascience has also invested heavily in Montreal. GSK invested $300 million into the purchase of Angiochem. In the evolving model of abandoning R&D, AstraZeneca contributed their facilities to NEOMED.

What does IQ do to support local startup biotech companies?

IQ’s domestic division supports local companies through a number of programs. More specifically for start-ups, IQ invested $700 million into various funds and funds of funds, such as AmorChem and Teralys. Through these funds, IQ invests heavily into Quebec startups. IQ also follows local biotech start-ups to match interests from foreign investors.

How much is life science a priority in comparison to IQ’s other industries of focus?

Lifescience is among the top three most important sectors for IQ, along with aerospace and IT/multimedia. International investment is amply present in all three sectors in Quebec. The province’s lifescience industry totals over 25,000 employees, a nucleus the government strives to maintain and grow and Quebec’s incentives package to conduct research here is one of our best tools to attract investment. While IQ is active at several international conferences in lifesciences, Aerospace, IT and multimedia, we are increasing our participation at other lifescience events, such as World Congress on Industrial Biotechnology held in Montreal last May, and may take in Bio-Europe, MedTec Europe in the future. Within IQ’s Europe/Middle East, and Asia/Americas divisions,

each territorial corridor has a strategic plan for life sciences.

What are some of IQ's most important partnerships?

IQ works with a range of regional, provincial, and federal partners. We regularly exchange with industrial associations such as AQT (Quebec Association of Technologies), STIQ (Sous-traitance industriel du Québec, or Industrial Subcontracting Quebec), and centers of local development (CLDs); also with research centres such as C2MI, (Centre de Collaboration en MiQro Innovation) in Bromont, CQDM, NeoMed, CQIB (Centre Québécois d'inovation en biotechnologie), Hydro Quebec's IREQ (Hydro Quebec's research institute). IQ partners with cities and Chambers of Commerce, trade associations, Consulates and Embassies for events and missions.

We welcome potential investors to Québec with the support of Montreal International, Quebec International, Sherbrooke Innopole, Invivo, Genome Québec, CQVB (Centre Québécois de la valorisation de la biomass) and Montreal Technoparc, Laval Technopole, and Campus des Technologies de la Santé. We also work with CNRC (Canadian National Research Council), and CQVB (Centre Québécois de la Valorisation de la Biomass), BDC (Development Bank of Canada) and VCs. Offices of International Research and the technology transfer/commercialization offices are key network poles.

IQ has also initiated partnerships which may lead to investment down the line, such as the recent Medicon Village—Sherbrooke Innopole partnership generated by the Canadian Embassy in Stockholm by IQ's Stockholm office.

What do your offices overseas do in terms of fieldwork?

Directors in the US, Europe, and Asia handle investment enquiries and prospect opportunities across large geographies.They frequently travel for meetings with companies considering a North American expansion to present Quebec's offer. Meetings require a lot of prep work and some are obtained after months of exchange. Our representatives work with embassies, regional technopoles, development agencies, and industry partners and they meet with decision makers in a wide range of sectors. Directors' work and approach vary depending on the territory; some being quite developed, others still requiring marketing and more upstream efforts. Directors work in tandem with IQ's Project Managers in Montreal's International Affairs Division who receive clients for visiting programs, and advance the project on financing, legal, accounting, site selection, and other fronts.

What makes IQ the strategic partner of choice for the life science industry?

Invest Quebec is a financing corporation and Quebec’s leading economic development agency. Over 400 employees in 17 offices across Quebec and 12 abroad, we are the main contact for foreign companies wishing to set up operations and prosper in Quebec. For the year 2011-2012, IQ issued $885 million in approved financing and we supported projects totaling $4.6 billion.

As one of the biggest development capital investors in Quebec, IQ offers loans, loan guarantees, and equity investment. We help companies set up, support their investment, and remain with them via our subsidiaries division, which ensures investors remain aware of programs that enable them to further develop in Quebec on their own or through partnerships. IQ can act as the interface between a company and governments. We focus on business’s long term goals and we share the risk with our clients and their financial institutions.

What is your strategic vision for the next five years?

To adapt and go forward; to become the ideal receptor for a wide range of lifescience companies; to work with our leading institutions to attract partners and make Quebec where investors find, not only what they are looking for, but be introduced to technologies they did not yet know they were looking for. Quebec is in an interesting position, to build on crossovers to the lifescience sector from engineering, aerospace, IT and multimedia sectors. As a leader in these fields, Invest Quebec is poised to reel in promising disruptions.

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