

Interview: Carl Firth, CEO, ASLAN Pharmaceuticals, Taiwan



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The CEO of ASLAN Pharmaceuticals discusses the fundamental changes that need to occur in the treatment of serious illnesses, the advantages of building a second branch in Taiwan, and the key differences between the industry in Taiwan and Singapore.

ASLAN is busy setting up a subsidiary in Taiwan. What attracted you to this market?

When we started ASLAN in 2010, we decided to base the organization in Singapore. However, it was always our intention for other Asian countries to play a significant role in our ongoing evolution as a virtual drug development company.

We recognize that in Taiwan, the clinical capabilities are extremely strong. If we look at the early clinical environment in Asia-Pacific (APAC), Korea, Singapore, and perhaps Australia jump out in terms of the numbers and in terms of experience conducting Phase I and small Phase IIA trials. But if we look further down the chain at the larger studies, Taiwan features very prominently.

I think that over the last two or three years, as the local biotech landscape has developed and as multinationals have made more robust commitments to the country, there has been ever-increasing competence among Taiwan's regulators, investigators, and Clinical Research Organizations (CROs). Taiwan is now one of the top markets in all of APAC to run both early phase trials, and especially larger trials like Phase IIB and Phase III.

Taiwan not only produces high quality data, but its regulators also have great confidence in supporting truly innovative compounds. In many APAC countries, regulators lack that confidence, and tend to act very conservatively. This is an important point for ASLAN, because innovation is what we do. As a company, we try to come up with more creative ways to bring drugs to the market.

What are some of the challenges ASLAN currently faces and what are the strategies to overcome these challenges?

The way that pharmaceutical companies have approached drug development hasn't changed much over the last ten or 15 years. There are of course a few bright spots out there, but generally speaking, the industry has stagnated—and certainly, that is one of the reasons we've seen great challenges in funding and approvals.

ASLAN has set out to try to change the model. In order to do that, we need partners that share our vision. We find that in Taiwan, when we meet with investigators, regulators, and other stakeholders, they are genuinely excited about what we're doing. They are genuinely excited about our portfolio and our strategies for development. They look forward to working closely with us, and that is absolutely fantastic—because, as I've noted, their experience and capability can offer a lot of value to a company like ours.

For too long, this industry has been happy to produce incremental change. It has been happy to, say, give a cancer patient a drug that offers them another couple of weeks to live. We believe that is not good enough. We want to bring about *fundamental* changes in the way today's most serious illnesses are treated. For instance, we think that chemotherapy is an ineffective option for many cancer sufferers. Look at gastric cancer: chemotherapy offers limited results, and huge negative side effects. We need to think about displacing approaches like chemotherapy, and to do so, we need forward thinkers by our side. We find that Taiwan is full of forward thinkers.

Is Taiwan really conducive to that kind of breakthrough innovation, when many of the local companies feeding into the clinical trial ecosystem seem to be focused on 'me-better' products?

Would I say Taiwan is *the* most progressive environment in the world? I wouldn't. I think the country has struck a good balance between what the local market needs now and what will be needed in the coming years.

With that said, the direction is certainly positive, and from what I have seen thus far, there are several local companies that are already bucking that ‘me-better’ trend. Taiwan doesn’t have a huge number of such companies—indeed, Taiwan is a relatively small country—but their quality is superb. Their people, thinking, strategy, and approach to clinical studies are world-class. As recently as three or four years ago, I would have agreed that this was a market concerned principally with incremental change, but increasingly I see people shooting higher.

As ASLAN, we are perhaps aiming further still, but we feel Taiwan is well equipped to take that journey with us. If we look at the number of viable innovative compounds that Taiwan Inc. has in late-phase studies today, and compare that with neighbors such as China, Taiwan really holds its own. China has many great companies, and has been doing some great early-stage work, but its later-stage pipeline is relatively unremarkable at this point.

This goes to show that in terms of an end-to-end value chain, Taiwan has a great deal to offer, and that it has been pushing strong ideas out of the lab and into the clinic in a significant way. We all hope that in the coming few years, some of those drugs will make it to market, and some of them will be first-in-class. And even some of those ‘me-better’ companies seem to be coming up with products that are truly, significantly, better.

How would you compare Taiwan to Singapore?

Singapore is a small country, but over the last ten years, it has invested a significant amount of money into biotech. What they have to show for it is a very strong research-based infrastructure that brings together academia and business, and a number of exciting innovations that are coming through the pipe.

There are not many drug development players headquartered in Singapore—certainly not as many as in Taiwan. But what we do have in Singapore is an environment that is very conducive to early-stage R&D. For us, Singapore is a great place to run early-phase studies that make the transition from the lab into man. That translational step has been a great area of focus for the country over the last few years.

Another point we see is that Singapore is known for its critical mass of MNC investment, whereas Taiwan’s pharma industry is mostly a product of grass-roots, indigenous companies.

That’s a fair observation To a large extent, the focus in Singapore has been on regional multinational offices and on high-end, value-added manufacturing. Singapore has always made

sense from that standpoint, because the business environment is great and the culture is not too much of a shock for people who are not used to Asia. The country will continue to attract that regional presence, although it is losing a few investors to places like China.

The growth of the pharma industry in Taiwan, on the other hand, has sprung from what was already a well-entrenched culture of innovation that carried over from the country's IT industry. People here understand the risk profile—high risk, high returns—of high-tech entrepreneurship. That has now started to translate to the biotech industry, not just in terms of thinking, but also in terms of funding. We see capital funneled to biotech that would have previously been directed to IT, in recognition of the fact that IT has matured in Taiwan and biotech is a growth sector. In fact, I see no other area in this market that has enjoyed that kind of heated attention.

People are looking for the next big thing. In the short term, that can be a bit dangerous, because Taiwan's biotech industry has yet to really prove itself. But in the long term, these investments will prove quite healthy, because at the very least they will educate investors about what 'high risk' in this sector really means. They will come to understand what a burgeoning biotech entrepreneurial environment looks like, and what is needed to fuel the fire. I would say that things have gone well thus far—other countries in the region have been reluctant to put up the capital to commercialize academic research.

Taiwan doesn't have that commercialization gap?

I think every country has that gap, but Taiwan has done a better translational job. Again, I believe that is because they have a cultural understanding of what is required to develop an innovative ecosystem—and critically, what is required to fund it.

Just look at the number of venture funds that exist in Taiwan. There may well be hundreds. Many are now actively looking for a piece of the pie in biotech. At the same time, we have the 'Mom and Pop' investors sitting at home and thinking that they want a bit of risk in their stock portfolio, and don't just want to buy into blue chips. A younger, up and coming, biotech company can look quite appealing in that case. Hopefully, they have an appropriate understanding of the risk; but what is sure is that this is a breed of retail investor that you may not necessarily find in, say, Hong Kong. There, the state-backed blue chips, and few others, do well on the public market.

Finally, we have big corporates that have set up venture funds. YFY—a paper conglomerate that set up YFY Biotech Management Company—is a good example. These funds have an appetite for risk that, again, is quite unique in APAC.

Is Taiwan a good window to China?

Without a doubt, people are looking to leverage Taiwan data in China. The Economic Cooperation Framework Agreement (ECFA) signed in 2010 created a framework that could support that clinical collaboration in the future. However, China has had those agreements with Hong Kong in the past as well, and the mere existence of an agreement doesn't mean leveraging it is straightforward.

Stakeholders still need to explore, and figure out what makes sense. I think progress will take time. But we see movement in the right direction, and I think it is quite safe to say that in the future, it will become easier to use Taiwan data in China. Over the last five years, we have seen China open up to outside data in a significant way, and I think we will continue to see developments there. Clearly, Taiwan, with its ethnic similarity, will be a critical partner for China moving forward.

Is the cross-strait relationship one ASLAN is leveraging at this time?

I think we have to work with partners to understand what is and is not possible. We are opening up a subsidiary in China later this year, so it's our intention to run studies directly in the Mainland.

As I've noted, for us, being in Taiwan is about working with high quality clinical centers and generating strong data, while getting the relevant stakeholders acquainted with our drugs—which are focused on Asia-prevalent diseases like gastric cancer—so when we approach the approval stage people understand our offer. We also welcome any funding opportunities that we may come across in this market.

If there is a chance for us to use some of our Taiwan-generated data in China in the future, we will certainly explore our options—but we don't expect to be first, second, or even third in line when that day comes. In any case, we want to do dedicated work in China. We will not look to use Taiwan as a short circuit to the Chinese market.

Can Asia come to rival the West in terms of drug innovation?

Yes—without a doubt, but in terms of the numbers, it will take quite a while. Some would say the region is already there, but personally I don't believe it is. Again, we have to make the distinction between incremental innovation and true innovation. We see a lot of incremental innovation in Asia, and that's great for the learning curve, but we need to see some bigger steps. What we see in this region is a lot of bright spots, but if we compare it to the innovation volume in a country like the US, there is a lot of catching up to do.

And yet, I must say that I've never viewed drug development as a competition. I believe in a future where the world is a global laboratory. Every country will have its respective strengths. It's not

about how many drugs come out of the US or how many drugs come out of China. It's about making products for the world.

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