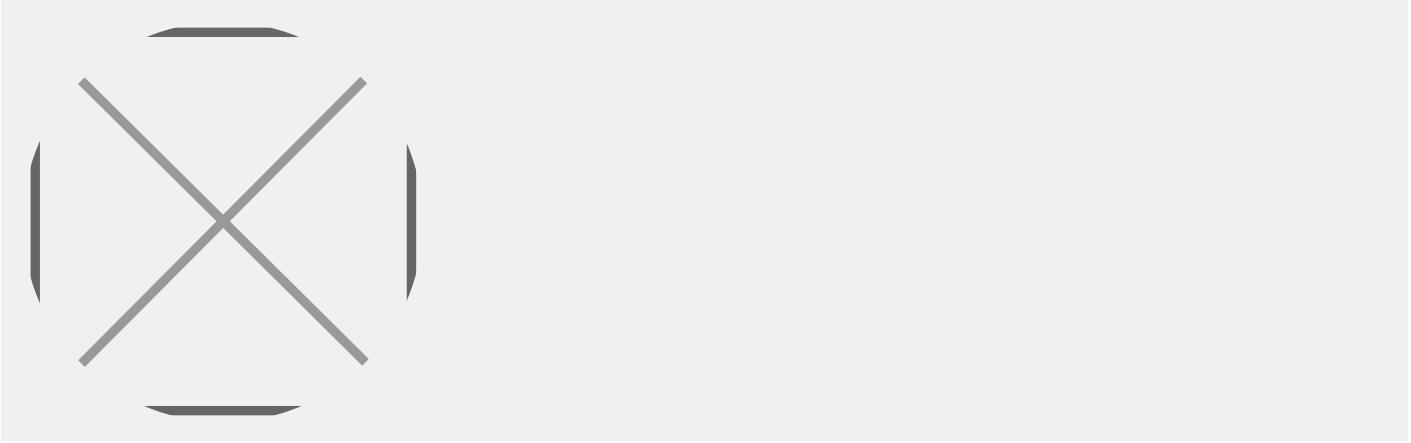
Interview with Simranjit Singh, Chairman, BioSingapore



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In addition to being the director of strategic planning at Quintiles you are also the Chairman of BioSingapore. In this context, can you please introduce BioSingapore and describe its main objectives?

BioSingapore was created in 2004 by the Singapore Economic Development Board (EDB) to create an interactive platform for the biopharmaceutical industry in Singapore. The main objectives were to create industry linkages that would provide support for local companies as well as for MNCs (multi-national companies) to facilitate discussion and networking amongst professionals within these companies. Beyond that, it is also our aim to spur new start-ups and bio entrepreneurship ventures in Singapore.

Our overall aim is to enhance the biotechnology industry and create a platform where the industry can come together and address some of the challenges it faces. I took over as Chairman this year and have been in the Council for the last 5 years.

Since then, what have been your priorities?

In the years that I have been part of BioSingapore we have seen some good developments. However there have also been some challenges particularly for the local biotech industry. Therefore, when I took over we re-analyzed our strategy and established 3 main areas of focus. Which are developing talent and financing pipelines are the most important areas. There is a gap in financing, since there are not many venture capital groups in Singapore that support the life sciences industry. There is major government support in terms of seed funding; however, getting beyond the USD$500,000 benchmark is quite difficult. Therefore many of the biotech companies

find difficulties to progress and without venture support it is difficult for them to sustain growth.

Regarding the talent issue, there is a lack of scientific capacity. A*STAR (Agency for Science, Technology and Research) has been addressing this concern and in the past few years they have been very aggressive in identifying and training local talent. They have also established PhD programs to create a strong scientific pool of researchers. However, as this has taken place in the past couple of years there is still a lack of experience and exposure to business environment, as well as being part of SMEs (small and medium enterprises) or creating new business ideas because many of these individuals have only be schooled in research institutes. We noticed that there was a talent gap and companies who were seeking for a specific kind of talent could not find it in Singapore, therefore this is an area in which we wish to improve.

The second goal is to nurture life science companies that are already in Singapore. In order to propagate this, we have focused on promoting the successes of local companies since the world knows that Singapore is a R&D hub in the region and that there is ample support from the government. Nevertheless, there is little knowledge about local companies and the work they are doing. Hence, we are trying to profile some of these success stories.

What are some examples of such success stories?

Biosensors, BioMers, Health Stats, Veredus Labs for diagnostic, Quattro Vascular, SG Austria to mention some of them. We want to show the international community what Singapore is able to do in the biomedical field and promote regional collaboration for the use of technologies that are being made here. Singapore is a very small market; thus companies need to venture out and make their products known. BioSingapore is pleased to play conduit to help create platforms for partnership and collaborations. Within ASEAN (Association of Southeast Asian Nations), Singapore is very advanced in terms of technology developments, and it will be very interesting take this to the next level by partnering with Taiwanese or South Korean companies to bring new products into the market.

This links us to the third focus, which is regional collaboration; BioSingapore wants to drive a mix of regional collaboration with academic institutions, trade associations in the region, and company-to-company relations.

Earlier you mentioned the challenge of funding, some of the executives that we have interviewed in the biotech sector say that this is indeed one of the most significant challenges they face. Do you agree, and if so, when will Asian investors be ready for these kinds of investments?

I disagree and believe things are changing. The number of deals that are coming out of China, Taiwan and South Korea are phenomenal. For example, South Korea has created a drug

development fund that has around USD 500 million and aims to have 10 innovative Korean drugs by 2012. In China, there are a significant number of venture funds such as Cenova. I do not think that funding is the root cause. The challenge lies in whether the pipeline has enough to support the activities, since most of the investors' interests are short-lived. If they do not see that there are enough opportunities they will not look at the sector.

Do you think that the Korean and Taiwanese models go beyond Singapore?

In both countries the biotech clusters have been very successful, albeit in different ways.

The Taiwanese have decided that they cannot compete in all areas of interest; rather, they look at niches in which they could create value propositions, one of them is biotech. Therefore the government created a Diamond Biotech Fund and divided their scientific agency into three parts. The blue sky research is done by academic institutions, universities and Academia Sinica. Two other agencies do the translation part, so once there is something that can be turned into a product, these agencies Development Center of Biotechnology (DCB) and Industrial Technology Research Institute Taiwan bring it to the clinical setting. In synthesis, these three agencies combined do all the ground work for the research to transfer to development. With this all the research part is covered and they then out license it to local companies to develop the products. This model is great since the cost of the research has been taken care of and the companies just focus on the development part. Furthermore this creates a great dynamic since larger companies will approach these local SMEs to get the intellectual property (IP) and this gives them opportunity to work in partnerships.

To develop this model the Taiwanese government has been very supportive and forward looking since they understand that Taiwan is an island that needs a big market, China, so they sign the cross trade agreement with them and in the 2 years that it has been running, there have been amazing developments in the biotech industry.

As for South Korean model, Chaebol's (large conglomerates) such as SK or Samsung have managed to look into the healthcare and life science industry. Local conglomerates have been able to support the industry and drive it, therefore many of them have been able to build up capabilities. Furthermore, to promote innovation many of the people that are in charge of the innovation and R&D in these companies have a very synergistic relationship with academic institutions and do a sort of a swapping where the head of the research/ innovation centers move for a while to academia and the other way around. They rotate among themselves and in turn it creates a technological development for the industry and gives them the ability to promote more research activities in the field and build up for the next generations.

Given the fact that Singapore doesn't have as many conglomerates as Korea, do you think that model can be replicated here?

We have a few conglomerates but they haven't take life science or pharma as a niche. They have chosen to focus on other opportunities. So the model can't be totally replicated. However there are innovation and R&D centers and we can get our researchers to be more industrially inclined and help with the industry needs. Indeed, A*STAR has a program called Get Up which encourages scientist to spend 6 months in SMEs to become more applied scientist and be more inclined link their research to the commercial aspect. This is great since you get SMEs benefiting from great ideas and researchers putting their ideas into the market.

Do you think that it is late for Singapore to catch up with South Korea or Taiwan?

My way to look at it is that Singapore has great capabilities and A*STAR has done a great job in attracting talent. However there is still room for improvement in making the research activities more commercial oriented and with greater market relevance. Furthermore, the knowledge and know how has to be transferred to the locals; there has been a big gap in this point. Singapore has international senior Nobel laureates that are doing a great job to bring their teams up to speed since the local talent is still new, this is good for the country since it create capabilities, however to further succeed there is a need to develop more local talent and research. In addition, we can learn from the Taiwanese model, to help our local companies to have manageable development costs since the research part is already well covered by A*STAR.

What do you think that the country should focus on?

Singapore is a sweet spot in diagnostics because the country has precision engineering capabilities and there is a good understanding of diseases. We can also focus in very particular niches for medical technologies such as ophthalmology, cardiovascular and orthopedic focused in Asian physiology. Besides this we can also look further into diseases that are more prevalent in the Asian population like gastric and liver cancer or diabetes. Targeted diseases groups where Singapore can create a value proposition since we have mixed races. Singapore has different areas in which it can further succeed and there is an enormous political will to make things happen. The future looks promising.

On the other hand, for local businesses Singapore mainly has service companies and distributors; therefore, in order to further succeed we need to look after core companies with technologies and increase the number of them. We need to create a base of researchers tuned more towards commercialization so that they can spin off and keep the industry going. We need to have a mixed bag consisting of more local companies are out there that create a balance. For someone who works for a major MNC, you are very passionate and committed to the local industry. Why is that? For us, as a service organization, local companies are very important because they create opportunities for Quintiles. If you look at the way things are moving in China or Korea, many of our customers engage with local companies who are looking into developing new drugs and devices.

Therefore, if we can help local industries in Singapore and see the foundation for scientific research translated into companies, technologies and products that will be a great business engine for Quintiles.

How has Quintiles been performing in Singapore and the region?

Quintiles has been growing tremendously in Singapore. We have 250 people here, a Central lab and we serve the region from these offices. Singapore in general has been a great platform to penetrate new markets in South East Asia. We have a great presence in Asia, with a workforce consisting between 6,000 to 7,000 people. We offer the full range of clinical development services, plus consulting and capital solutions. As a company, Quintiles is moving towards integrated healthcare. Basically this means adding value across the healthcare spectrum – from drug development to doctors' decision-making to payers' reimbursement policies. We're building systems to give all these stakeholders greater insights and evidence about what adds value and what doesn't when it comes to creating healthier humans. For the consulting piece we built up those operations in USA and we are setting up a very dynamic team in Asia. Indeed, it was set up this year and it already has various successful projects. Apart from management consulting, we also have process consulting, which is a very important business for Quintiles. We also have a capital group, which is our corporate development arm with which we have built some partnerships with companies like Samsung. In contrast to other CROs in Asia, we have managed to tie up very important partnerships like the one I mentioned as well as the one with the Korean National Enterprise for Clinical Trials, where we help support their training and clinical trial infrastructure. We are the leading commercial services provider in Japan and are looking at ways to expand those services to markets elsewhere in Asia, especially China.

Even though Quintiles is a giant, has the emergence of new SMEs and smaller CROs had an impact on the company?

Small CROs continue to grow and make the industry vibrant; however they do not have the footprint. When companies want to do clinical development they are looking at Pan Asia and Asian disease therefore want to work with companies that know the way. SME CRO`s have the product knowledge but they do not have much clinical development knowledge experience. Quintiles has massive experience and works efficiently. The industry perceives Quintiles n terms of quality, ethics and patient safety. That is our value proposition. Companies that are looking to nurture and expand their clinical development come to us, whereas the ones that look for simple studies or small scale will look at small/medium enterprises. Everyone can have a piece of the pie, but we will just always have the bigger piece.

After being in this position for 2 years, what is at the top of your priority list?

In terms of the local market, the strategy of Quintiles is to ensure that the Asian market grows and that we assist in this process. I also look after building up our strategic alliances and government relations. I have also been addressing market trends and competitive landscapes, so we are in tune with what is happening in the market. Asia is 13 different countries, very heterogonous. You need to understand the dynamics in local markets and give “glocal solutions” to fully capture the market potential.

If we returned in five years, what could we expect to see?

Quintiles will be moving to an arena of integrated healthcare that will give us the ability to provide healthcare service as a whole. We will also look at new business lines in which we wish to participate.We are going to expand in Asia and consequently ahead of our partners. We are also going to change the game in terms of promoting more efficiency in health outcomes, ensuring that there is a stronger focus on interventions that have been made either by governments or companies to facilitate more performance measures for a healthier Asia.

What would you like to convey as a final message?

Singapore is a hot spot for biotech and biomedical science in terms of R&D. There is a tremendous amount of government support. If companies are looking to work with local partners, Singapore is a good destination to look at since it has received great support. Research is world class and researchers do not have to worry about IP or lack of visibility. There are many opportunities for success.

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