Interview with Yoh Chie Lu, Executive Chairman, Biosensors International Group

14.11.2012

Tags: Biosensors International Group

How did you start this journey of founding your company— why medical devices and why Biosensors?

I have been in the medical devices industry since 1977. Therefore, for these 35 years my career has been focused in this niche. All what I know is medical devices so naturally it was my choice when I decided to establish my company. Furthermore, it is an interesting industry that pursues a good cause— saving lives.

After years of a 50/50 joint-venture with Shandong Weigao, you acquired the remaining 50 percent share in the joint venture last year. Why was this decision taken?

Shandong Weigao is now our biggest shareholder. We have been working together since early 2000. At that time we had a 50/50 joint venture in China where we established a division in which we would develop marketing and be responsible for manufacturing and they would provide all the local facilities and help us assimilate to the particularities of the market.

This partnership was successful for 11 years, so the next natural stage was to see who would own the company. 50/50 sounds very good, but it gets to a stage where it is complicated to make decisions. Therefore, we explored different options and collectively decided that Biosensors should be in charge of growing the business and they would become our shareholders.

Biosensors achieved group revenue growth of 87% to USD $292.1 million in FY 12, ending on March 2012. What were the main growth drivers?

The main growth drivers were China and Japan. In China, the acquisition of JWMS was a great push. As for Japan, our partner Terumo finally received the approval for Nobori, so they started selling the product and it took off very rapidly. Indeed, our partners have declared that they managed to get about 30% of the DES (Drug Eluting Stents) market in Japan, which as a result translated in further growth for Biosensors.

How you will keep up the growth for the coming year?

We will continue to grow, but it won't be possible to maintain the growth rate we enjoyed in 2011. However, as long as the overall market is growing and we are not the market leader, we have opportunities to tackle both avenues.

You have no presence in the biggest market in the world, USA. Why is that and are there any plans to penetrate that market?

Since the beginning we knew that USA was a big market but we learned over the years that is not for everybody. It will always be the number one market but we haven't been able to decide how and when to enter. We have made some attempts in the past but the regulatory process is very long and the cost associated with it has increased tremendously.

Furthermore, we have to look at the reality since given the actual size of our company, we can't really compete with our main competitors who tend to be giant companies like Abbott, Boston Scientific, and Medtronic. We can't do what they do, if we follow their strategy we will die mid- way. Having said that, we made a very strategic approach and decided that for the time being we will leave the USA market aside and focus in non-US markets and so far it has worked for us.

This of course doesn't mean we are not intending to be present in the USA in the future. We are looking for the right moment, right product and possibly the right partner. In China (with Weigao) and Japan (with Terumo) we managed to find great partners so there is no way we can't do the same in USA. We are certain that we can choose someone that has something that we don't have, is attracted to something we have, put it all together in a cost effective way and share the success. USA is obviously a market that we still have to enter in the future and is an exciting venture for us.

Can you please briefly comment on the innovative drugs/products that Biosensors have developed?

We have to come out with a different game plan from all the others who are bigger than us, we have to be unique and that equates to innovation. In our case, we chose to take a risk to develop BioMatrix Flex – our own drug-eluting stent that is proprietary to us – which we own 100 percent of and developed in-house.

With our products, we decided to take an extra risk by choosing a biodegradable polymer that is normally known for its mechanism to control-release the drug. Different from durable polymers, biodegradable polymers will disappear over time. Durable polymers by nature are not supposed to go away, which means a patient implanted with a durable polymer DES will have a polymer which does not need to be there after the drug is completely released. With durable polymers you reap benefits in the beginning but it ends up a ticking time bomb. Whereas Biosensors' biodegradable polymer will co-release as the drug is eluted.

When we started doing this people would ask how we could do such things since it was dangerous, but after years of studies, we managed to bring the our biodegradable polymer drug-eluting stent back to its original bare metal form without leaving any other substance or material in the body.

Till date, four years of clinical results comparing our BioMatrix Flex DES to J&J's Cypher Select (which is coated with durable polymer shows improved long-term clinical outcomes for our stent.

Our clinical studies are proving that our product is spectacular while, as you know, J&J's DES, Cypher Select, is now out of the business. We are very proud of the development that we have had with BioMatrix Flex because certainly we are the first company that challenged and defeated a huge company.

Moreover, the LEADERS trial we are conducting is very refreshing since we did what we called a "real world, all comers" study, meaning we didn't discriminate against any patients; we received anyone that came to the clinic. We enrolled 1,707 patients across 10 centers throughout Europe. The study is so innovative that it was been mentioned twice in The Lancet.

We knew that pursuing BioMatrix Flex could be risky, but we had to take the chance. We believed in our technology and on making a difference and now we are proving that people who receive our stent have fewer chances to die.

This is where innovation comes in and makes a difference but it is a high risk. We are thrilled to have done this new approach with biodegradable polymers since we can save lives whilst making our company successful.

What other innovative products/ drugs are you looking into?

As we are leaders in DES, we will continue to excel in that. We have an upcoming product that is currently in being trialled in humans— BioFreedom, which is a polymer-free, drug-coated stent. We will release the drug without using a polymer. The property of this drug is highly-lipophilic and hydrophobic and as a result the minute you release it, it stays and it doesn't wash away. In addition, between its properties we found that is it anti-inflammatory; it suppresses and doesn't cause any reaction in the system.

BioFreedom's two years results trial also has shown that there is no evidence of stent thrombosis. In short, we will be doing a LEADERS FREE study that will enrol approximately 2,500 patients from 60 sites across Europe, Asia and South America.

Biosensor is the only company in its niche that has gotten listed in the Singapore stock exchange. Why Singapore?

It goes back to the point of being different and unique. When we first decided to be listed in Singapore we were the first in our industry to do so. Doing so had it merits and demerits, but we still chose to be the first and perhaps it is just in our nature to be different.

When we decided to be listed, at the beginning it was difficult for people to accept and understand us because investors have choices and they didn't need to hear my dream and passion, they just wanted money.

It took us a few years before people took us seriously because until we really received our approval and started generating true revenues, they weren't betting on us. However, in our beginning, the Singaporean government and SGX gave us a chance and supported us in our story. Today we have a win-win situation, the government is glad with our results and we really appreciate what they do for us.

Earlier this March you announced an investment of around SGD $82.2 million to develop a new manufacturing, R&D innovation center and operations headquarter in Singapore. Why are you still investing in this country? Does it make sense to do so cost wise? What would you say are still the advantages to manufacture and do R&D activities here vs. China?

If you are purely driven by low costs there is always a different place to go— Vietnam, Myanmar, etc. In our case we are dealing with medical devices and quality is our number one commitment and concern. Singapore is the best place for us to manufacture our products because it offers quality and we are sure that all of our products will be produced in a safe and secure way.

As mentioned, our priority is quality and being safe and secure, cost is not our main driver. Today we are very fortunate that our sales margin is very good, so we are in a position of rather than saving money (maybe this time one will come) we develop new products and improve them. We sell quality.

Coming back to our investment, we had the choice to do it here or in China. We decided to do so in Singapore because China is not as cheap as people tend to think and most of all Singapore offers great tax incentives and the government always tries to encourage the companies. The more you spend, the more they try to motivate you. This creates a win-win situation for Singapore and a company like ours; therefore we are very glad to continue investing here.

Earlier we spoke about how you managed to enter into the Chinese market. For the past 10 years everyone has been talking about China. Today it is part of the main dream markets of a lot of pharma and medical devices companies; however, many of them, including big MNCs have failed in their ambitions. What piece of advice can you give to executives that are looking to succeed in this market?

When you are in Rome, you do what Romans do. Where you are in China, you go their way. You cannot pretend you can teach them; you have to follow their protocol and understand that they speak a different language, eat different food, so if you want to be successful be one of them and don’t pretend you are a foreigner.

In China, it doesn’t matter what color of skin you have, what matters is to open up and make them think you are sincere because nobody likes to feel as if they are being exploited. You have to present your true colors, which should of course be compatible to those of the local needs.

This company is your baby, where will you like to see it what do you think are the new opportunities to explore?

This is the son I never had (I have 3 daughters) and I treat my company as my son. You can know in an instant that we are very good, but there is no guarantee that tomorrow is going to be as good as today therefore we need to capitalize on what we have built, we have to be smart about the money we make, the brand we have created, and we have to be smart about the customer loyalty that we have built since you can never take it for granted.

As for the opportunities, we have meaningful ones to come: we have a drug that should be distributed for other applications as well. We have a market, USA that we haven’t even entered. We are introducing a new product that is more exciting than the one we already have and we have

people that have to take over instead of me. The outlook is that we have many opportunities and challenges ahead but that we are ready to tackle them.

What would you like to be your final message to our international readers?

The message is we are addressing a very exciting market and it is the time people start thinking about how medical devices and pharma can come closer together, sooner or later this has to happen. Pharma companies are running out of ideas, their IP are expiring, they need new products/ drugs. In these days we have to think outside of the box, deliver and not just say all we need is drugs but also deliver them in better and more effective ways.

It is entirely up to the management and the leaders to offer the vision. Biosensors is not a big giant, but I hope that your readers who are the big giants, come to realize that you have to step out of boundaries and offer something new as an opportunity. Of course, you may win or loose but that is a risk that all of us shall take.

What is the best lesson that you learned through your decades of hard work?

Don’t give up. Everyone is experiencing their own challenges; we have a challenge to grow and grow well, although anything too much is not good either. We cannot expect the growth we had recently every year. Therefore, we need to manage our growth, which is something that we can certainly improve.

We also have a challenge of making sure that we continue to provide and meet the expectation of our investors, shareholders and costumers. This of course will require us to continue working very hard and this process never ends.

In a more personal way, what keeps you motivated?

What motivates me is being useful. When I will see myself not contributing is when I know I have to leave. It will sadden me to know I am not useful anymore, so I will keep finding ways to be as useful as possible since I am believe that passion is driven by the self.

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