Interview with Cheng Wei, Alliance of Bio-Box Outsourcing China

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Could you please give a brief introduction to the ABO and its history?

ABO was established in 2005. The CRO business emerged in 2000 in China, and provided services for medicine factories; however, these CRO companies were small as individuals. As a result, they were gathered together and ABO was founded. ABO is a domestic innovative service-provision group, with a purpose to unite its members and benefit from the strength of larger scale economy. As you may have known, the industry chain of pharmacy is so long that no company can complete it all by itself. However, after 6 years' development, we have 38 members in total and we provide biological medicine, chemical medicine and all kinds of pre-clinical services. The top 20 MNCs in pharmaceutical industry are all our clients. Last year, half of our orders came from abroad. When we established the ABO, we realized the domestic market is not large enough, and that we should locate ourselves as the service providers for the global innovative medicine factories, not only in Beijing or China, but in the whole world.

In the past 6 years, ABO has grown from 8 to 38 members, and successfully partnered with the top 20 global MNCs. Has this been an uphill battle, or has it all come easily?

Actually, the secretary division has two main tasks, first, it is to build up the cooperating platform; second, it should be to promote and maintain our brand-"ABO". ABO is our trademark and it has been registered in the USA, the EU and Japan, which our members will benefit from and get more orders.

What are some of the most exciting or significant examples of MNCs coming in and successful partnering with ABO members?

Actually, when the ABO was founded, these small companies have barely had opportunities to communicate with the MNCs. At that time, many MNCs were located in Shanghai, so ABO arranged meetings with the MNCs for those small companies. We believe in succeeding as a team. When the ABO was founded, there was a big company named Huntingdon Life Sciences (HLS), which abided by the GLP (Good Laboratory Practice). In 1996, the Beijing Pharma and Biotech Centre was established and partnered with Huntingdon, which subsequently created an opportunity for Huntingdon and Joinn Laboratories, one of ABO's members. These companies have kept their partnership ever since.

Outsourcing can be done for small and temporary project, of long-term and major collaborations. Where does ABO focus its attention?

At first, ABO was focused on small projects and temporary service. But later, many members established long-term relationships with MNCs and provide more services for industry chain. They even have built up common laboratories. For instance, Pharmaron and Merck Serono are long-term partners.

In 2009, when we met with Mr. Ting Lei, he said that ABO's members had evolved the revenue of 500 million yuan that year. What has been the evolution since then, and what would you identify as the biggest and most important companies in your list?

At present ABO counts for revenue of 1.5 billion. Half of this figure comes from foreign orders; this has developed very fast. In terms of the rights and obligations of our members, they are equal, according to the articles of the ABO. But they have different businesses. For instance, Pharmaron, which had annual revenue of 400 million RMB, ranks 3rd in China. Another member named Abmax Biotechnology has only one business, producing protein antibody, but the producing efficiency is really high, ranking 1st within the whole world. To sum up, we have many different kinds of companies with distinct and prominent characteristics.

What is the Competitiveness of Chinese CROs against the CROs of other countries? What are the advantages of Chinese CROs to attract the MNCs when they are in competition with Brazil, India or even the US?

There is a trend recently that multinational companies cut down investments in in-house R&D in favour of outsourcing to China or India, and now, it is more to China. The first reason is the personnel cost China has a very helpful environment of intensive human resources. Second, those MNCs pay attention to Chinese Pharmaceutical Market. And it is much easier for their Chinese partners to communicate with the drug administration system in China when they have a presence with partners here. Third, we have relatively abundant clinical resource. The CROs need to do pre-

clinical tests and also clinical ones. Large cities in China such as Beijing and Shanghai are able to provide abundant resources for those tests based on the high population density. Another important reason is the pre-clinical animal test. In the UK and the US, it is hard to get the approval to do such kind of tests. But in China, it is less strict. However, I didn't mean that we ignore animal welfare. Most of our members have got the approval of AAALAC. But the approval procedures here are not so hard to go through as that in western countries. We have a creed that is "One World One Standard." Only with the unified standard can we provide service to and partner with our foreign clients. In this respect, it is also true that when it comes to the commercial importance of partnering with ABO members, "Our service ability will be your competitiveness."

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