Interview with Bram Bout, Chief Executive Officer, Bioceros B.V.

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Tags: Bioceros B.V.

Bioceros was founded as a service company built on the immunology expertise of its founders. Additional cell line expertise was added when you joined in 2007. What made this combination so successful?

The combination of immunology and early production technology together covers the pre-clinical development of monoclonal antibodies. This combination is rather unique. Most clients come at an early phase when they only have a proof of concept for their product, which requires further development. A cell line developer can in this case develop a cell line. What we can do in addition, is to carefully study the monoclonal antibody. Bioceros has the full expertise to develop these antibodies from a clinical point of view.

Another recent recognition of your expertise is the Eurostars grant within Eureka’s program. Was this a milestone for the company?

It has not been a key milestone per se, but it supports the work that we are doing. We are expanding our technology platform and are very strong in the generation of cell lines. Together with our partners in the grant, we now aim to produce a monoclonal antibody using a Quality by Design approach.

Many biotech companies did quite well last year, despite a challenging economic environment. How satisfied were you with Bioceros’ performance in 2010?

I was satisfied with the performance. Bioceros had a financing round in 2008, intended to build a product pipeline. Refinancing last year was relatively difficult, which is why we decided to first develop the fee-for-service model. This model became particularly successful in the second half of last year and made the company financially independent. This was a major advantage to cope with the challenges of the external environment at that time.

As a small company, you currently have a small customer base. How do you assess the risk of being too dependent on a few customers?

What is quite unique about last year is that all the financial milestones, set together with our customers, were met. I hope to obtain the same for this year. As a fee-for-service company, there is always a financial risk, but both our customer base and the services offered are broad.

Moreover, because of our immunology expertise, we are now also working with the food industry. This has proven to open new opportunities and will be a very interesting area to keep looking into. It exists of completely different partners. While our pharmaceutical portfolio exists of several SMEs, the food niche relates to larger customers.

Do you see a different approach, challenges and opportunities when servicing these companies, or is it a one-size-fits-all approach?

It is very difficult to compare the two approaches. For the food industry we do not develop food ingredients, only assays to test certain food for allergic ingredients for example. For the pharma and biotech industries, the focus lies more on the development and testing of monoclonal antibodies.

You have now been successfully producing monoclonal antibodies, fusion proteins, and so on. What has been driving your growth?

Both areas have grown and have been driving revenue last year, with the majority coming from the biotech niche.

Do you see this changing in the future?

For the next year I see this staying the same. The potential for the food industry is huge, but it is very hard to predict.

Taking a look at the broader biopharmaceutical market, IMS Health has forecasted a growth of 11 to 12 percent in 2011. Do you think the company can grow along or even stronger in this respect?

I believe that in this particular year, our company can grow stronger than those figures. We forecasted an average growth of 15 to 20 percent for next year.

The key success factors to achieve this growth relate to the number of customers that has been increasing last year. When I arrived in 2007, most customers were acquired through personal networks. We have established our technology platform and now deal with customers from all over the world. Such customers demand high quality standards and that is why Bioceros has invested heavily in that.

Safety and quality are two key elements to attract customers. How do you convince these customers that Bioceros works according to the right standards and procedures?

Our processes are controlled by an external quality officer. This person is external to ensure an independent view on the business. They train the personnel, sign off the reports, verify all the certificates, etc. Quality needs to be guaranteed.

With a growing customer base, how have you been able to keep your staffing in line with the growth of the company?

We were able to recruit a number of experienced people, despite them not being easy to find. I have a background with Crucell and am known in the field. The same applies to my colleague.

Some of our interviews point to the transfer of projects from the academic world to commercialization as an issue in the Netherlands. How do you see this, and how do you cope with it?

I fully agree that this is a big issue. Tech transfer officers are often not very flexible and there is, at least last year, a lack of financing. Moreover, the industry really needs new products. The pipelines of the biotech industry are drying up. What you do see for example is that companies are switching to biosimilars, although this market is harder to forecast. However, a company like Bioceros is ideally suited to pick up early products and to bring them one step further.

Utrecht University is a stakeholder in this company. We can collaborate on bringing attractive products further and at least clearly indicate whether it will be useful to further develop the product. Bioceros is commercial and profitable, while located in a university incubator building. We can therefore be a viable alternative that combines the best of both worlds and ensures a smooth transfer.

What makes an attractive early stage product for you?

We look for products within the field of cancer and inflammation. First, we evaluate the scientific data and repeat critical experiments in our lab. Second, the level of IP must be reasonable and clear; therefore we always perform a landscaping analysis.

How do you aim to position the company over time? Is it strictly going to be a service company?

Besides growing the service business, we also aim to develop our own product pipeline. We have a number of early stage monoclonal antibodies under evaluation. If one or more of these meet our criteria, we would like to spin these out from Bioceros and develop these in a separate legal entity.

The exclusive vendor relationship with DSM and Crucell has obviously been very important for the company. What made this partnership so successful and how did you manage to attract their participation?

As inventor, my name is very much associated with PER.C6®. Bioceros generates cell lines that produce the protein that the customer needs. DSM and Crucell were interested in a partner that could make protein producing cell lines for their PER.C6 licensees, so the agreement was interesting for both parties.

To what extent is it possible that these customers increasingly start to take on these services themselves, and how can you protect yourself from such threat?

This is of course possible, but Bioceros has good infrastructure and unique people that do the job on a day-to-day basis. In that respect, our experience and infrastructure will keep Bioceros an attractive partner for companies that want to bring there product in the development phase.

What will you mainly be looking for in future partners?

Bioceros’ strength lies in pre-clinical development. The customers that approach us eventually need to get their product to the market. To do so, we need to collaborate with CMOs such as DSM as well as a number of others.

Many small Dutch biotech companies see themselves, despite their size, as globally connected companies. To what extent is this the case for Bioceros and what are your ambitions at the international level?

Bioceros has at the moment a focus on Europe. In addition to that, Bioceros had one customer from the USA and two from Australia last year, as well as one from Korea this year. Yet, our focus will currently remain on building a reputation in Europe. While we are aspiring to enter the US market, I strongly believe in the organic growth of the company.

Regarding the USA and beyond, how can you reach out to the international community?

We regularly go to conferences and partner meetings. Bioceros now also has a qualified business developer to take the company forward. So far, this has been very successful.

You obviously run this company on a day-to-day basis, while you are also involved with many other companies and still work on scientific papers. How do you manage to find the energy to wear these different hats every day?

When I left Crucell in 2007, I started to work at ProFibrix and Bioceros. As Bioceros grew and required more of my time, I had to shift my focus to this company. Moreover, I have very strong peers here. Having good people around you is very important.

In two years from now, where would you like to have taken the company?

Bioceros will run more customer projects and will have implemented more process development. We will further separate the product and fee-for-service businesses.

Do you have a final message on behalf of Bioceros to the international community?

Bioceros is a company that has the knowledge to develop monoclonal antibodies from the early stage on, and we work against competitive prices. Bioceros gives professional quality-controlled output.
We are also interested in participating in early stage monoclonal antibody products on a risk-sharing basis: Bioceros can add tremendous value by developing the cell line, the right assays and by providing a professional data package to ensure further product development.

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