Interview with Ulrich Behrendt, President, VBU

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Tags: VBU

Could you briefly present the Association of German Biotechnology Companies (VBU) and DECHEMA e.V. to our readers and describe their importance to the German biotechnology industry?

VBU is a non profit association part of DECHEMA e.V., which is a long-standing association for the German chemical engineering and biotechnology industry. The VBU is a life science industrial organization that covers the whole spectrum of biotechnology. It has approximately 220 members that are also members of DECHEMA e.V..DECHEMA e.V. has about 5000 personal and company members. Many of its personal members are from academia and research institutes. The organization promotes the interface between academia and the industry, and it does not lobby as it is a non-profit association.Every three years, DECHEMA organizes one of the biggest worldwide exhibition for chemical engineering and biotechnology called ACHEMA. It took place in May of 2009 in Frankfurt. It had approximately 3700 exhibitors from more then fifty countries and 173,000 visitors. More than 25% of the visitors as well as 50% of the exhibitors came from abroad.DECHEMA mainly organizes conferences, workshops, and web seminars to promote and facilitate the technology transference between research institutes and the industry. It also supports the government with scientific studies in order to optimize new financial and funding programs for the chemical and biotechnology industry. VBU has a wide scope of members such as Red, White, and Green biotechnology companies as well as service providers.

How does VBU’s membership reflect the overall structure of the German biotechnology industry?

VBU’s current membership is a result of the many transformations that occurred in the representative institutions from the German biotechnology industry. VBU was created in 1996 to become the first organization to represent German biotechnology companies. Later on, the VCI (Association for the Chemical Industry) founded a subgroup called DIB (German Biotechnology Industry). In 2001, the former chairman of VBU, Dr. Heinrich, founded BioDeutschland as lobbying and industry organization, which is now located in Berlin. VBU is a non-profit organization, and it cannot lobby for the industry.VBU and BioDeutschland have approximately the same amount of members that sometimes are represented by both or even by the three associations. Even though the majority of VBU’s members are Red biotechnology firms, the whole spectrum of the biotechnology industry is represented, including White and Green biotechnology as well as service providers.Regarding the overall structure of the German biotechnology industry, it is important to highlight that the country boasts some big multinational companies with important operations in biotechnology, including Roche Diagnostic GmbH, Sanofi-Aventis Germany GmbH, Bayer AG, E. Merck KGaA – Darmstadt, and others. Additionally, Germany has a series of small and medium start-up companies with a large amount of phase two and three products, and the numbers of these products are increasing.

In your opinion, what are the main challenges and bottlenecks that the German biotechnology industry is facing right now?

The Red biotechnology sector is facing a lack of capital due to the current financial crisis, which will last at least three or four more years. Since 1996, Germany has had a boom of biotechnology start-ups thanks partially to federal incentive programs, such as the BioRegio. This moment of crisis should be a time to consolidate and merge different players. Still, many start-ups believe in the dream to be the next AMGEN or Genentech, but the odds to do so without using uniting forces is very small.Many supporters of further health care reforms defend that the next objective of the German government should be to lower the large spread of innovative drugs in order to have a more sustainable health care system.

How has VBU responded to those critics?

It is true that biotechnology products are expansive when compared to other pharmaceutical products. However, this is something natural in the beginning of a new era and it is bound to last for awhile. For instance, the same situation happened with enzymes fifty to 60 years ago. The first enzyme drugs were very rare and expensive, but with the technological advances and free competition, the industry raised the production yields and considerably increased the accessibility of these new drugs. The same process is happening with biopharmaceuticals, where the industry

will soon the able to produce higher yields at lower costs.Reforms that would cut the profitability of the industry will only slow down this natural process and therefore have the opposite effect of what those reformers want. For instance, five to ten years ago, the processes for the production of monoclonal antibodies that are currently in the market had an average yield of 700 milligrams to one gram per liter, but the target for the coming years is to reach five to seven grams per liter. Besides, the current system strongly incentivizes the use of generics, but if you look at biotechnology generics, called biosimilars, the price reduction of those products is not higher than 20%. Since these are not identical products, patients and doctors are reluctant to switch to them.Germany is the second biggest issuer of biotechnology patents worldwide and its biotechnology industry is still growing considerably.

What competitive advantages explain the German lead in life science technology?

Germany has very high quality standards and a very good educational system that provides the industry with a skilled workforce and cutting-edge research institutes. Additionally, the country has a very well established manufacturing tradition. For instance, Germany has Europe’s biggest contract manufacturer for products based on the cultivation of animal cells, Boehringer Ingelheim GmbH. Our unique infrastructure and a privileged position in the center of Europe are other important advantages over other countries.Another reason for Germany’s success in biotechnology has been the long term support of the German federal government in nurturing start-ups and in establishing public and private partnerships (PPPs) with the biotechnology industry and research institutes. This support is especially helpful because the biotechnology industry can be very profitable, but it offers high risks. A product may take twelve to fifteen years to enter the market and may cost hundreds of millions of Euros in research. The governmental support and PPPs have advanced the maturity of biotechnology products and have made many important discoveries viable.In the past years, the German biotechnology industry grew considerably. It reached a turnover of more than €2 billion and had €1 billion in research and development.

How has the VBU helped the German biotechnology industry to better collaborate with those research institutes?

The VBU organizes scientific conferences, partnering events, seminars, and produces reports about different countries. The DECHEMA e.V. and the VBU as part of them has a number of working groups where academia and the industry come together to discuss common problems and divulge the scientific conclusions to the government. The VBU also works as a bridge between students and the industry, creating a very interesting network where the best companies can reach the best talent available in the country.The VBU also assists the German biotechnology industry in

establishing contacts with international counterparts through international trade missions and conferences.

What are the most promising markets for the German biotechnology industry?

Regarding research and development collaborations, Germany’s main partners are mature countries, such as Japan, that face the same health issues of an aging population similar to Germany. Since biotechnology research is very complex and expensive, there is a lot of potential for partnerships with countries such as Canada, South Korea, Japan and others.From a market perspective, emerging markets like India and China are also very interesting partners. Even though those countries frequently cannot afford general access to expensive drugs, they have a huge population with a considerable growth potential for the German biotechnology companies.

What are your main expectations regarding the future of VBU and its future role in the German biotechnology industry?

VBU wants to keep supporting the German biotechnology industry and help it to increase the number of employees in the industry, to increase the number of participants in our events and conferences, and to increase the number of students in biotechnology related areas.The strategy for success can be summarized with several Cs – Communication, Conferences, and Collaboration. After all, the biotechnology industry is a one world Community. E.: office@v-b-u.orgwww.v-b-u.orgwww.dechema.de

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