Yang Yoon-Sun, President and CEO – Jay Lee, Senior Director of Business Development, MEDIPOST, South Korea

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The founder of MEDIPOST, the producer of the only approved allogenic stem cell product in the world, disucsses their development goals for the coming years and the potential for regenerative medicine to revolutionize a variety of healthcare practices.

Dr. Yang, to begin, could you please introduce yourself and MEDIPOST to our readers around the world?

MEDIPOST was founded in 2000, as a regenerative stem cell company in Korea. Our goal is to develop new drugs from stem cells derived from umbilical cord blood. We already have approval from the Korean MFDS for our first product, Cartistem, and have over 2000 patients have received regenerative knee-cartilage treatment.

MEDIPOST's stated vision is to be the world's leading stem cell and regenerative medicine company; how would you assess MEDIPOST's current position relative to this goal?

There are many companies and research centers working to develop stem cell technologies and treatments, but we are one of a mere handful to have already commercialized a product. In fact there are currently only five approved stem cell products worldwide at the moment, and our

Cartistem is the only one that makes a meaningful sales in the market for treatment of osteoarthritis patients. Not only in Korea, we are conducting clinical trials in the U.S. and other countries for Cartistem to support its approval in other markets. In addition to Cartistem, we have two more products in the clinical pipeline which are Pneumostem and Neurostem at phase two clinical trial for broncho pulmonary displasia and for Alzheimer disease, respectively Moreover, I think we have the expertise and technology needed to be a contender for the “number one stem cell and regenerative medicine company”, including our advanced proprietary technologies for collection and differentiation of umbilical cord blood derived stem cells and optimization of cell functionality and viability.

While your pipeline is very highly innovative with regards to Neurostem and Pneumostem, your first commercialized stem-cell product is Cartistem in Korea. How would you assess Cartistem’s performance so far?

Even though stem cells are a topic of discussion world-wide, successfully launching the product is completely different story. As I mentioned, there are only five approved stem cell products, and Cartistem is only one that is making practical sales in the market currently, and is also the first ‘allogenic’ stem cell therapy product. Since its launch, Cartistem has been used to treat more than 2000 patients, which has helped to verify and reinforce the safty and efficacy claims that were established in clinical trials. Its still early days, but this level of success so far makes me very confident for the future.

This is in part because the market for Cartistem is very large, as there are a lot of degenerative osteoarthritis and cartilage injured patients, and there is not much competition in Korea for this type of product, so we have a lot of potential for domestic growth. As far as potential sales overseas, the doctors in the U.S. have given us very positive responses so far, indicating that our product has exceeded their expectations in clinical trials, so we are confident that once we receive FDA and other foreign approvals our sales will rapidly accelerate.

You also have a nutritional and cosmetics portfolio; how significant is this business to your financial performance at this point in time?

This segment of our business is still quite young, but we are expecting to see strong growth in cosmetic sales soon, as we have a broad base of target customers and the products will be quite unique due to the sophistication of the stem cell technologies we apply. Our goal is to represent ourselves as a friendly and accessible health care company, so we are applying our core technologies to more general consumer needs such as nutritional products and cosmetics.

Raffi Amit, Professor of Business Science at Wharton has said MEDIPOST is a company 'on par with Apple', and 'the best implemented entrepreneurship in Korea'. What do you think he's seen in MEDIPOST that lead him to make these comment?

I am very honoured, and than him for his generous comments. As for what he saw, I cannot say, other than that he is an enthusiatic supporter of the stem cell industry and knows the business quite well. This industry is also quite interesting from an academic point of view, because the pattern for development is somewhat unique; usually, an industry comes alive once the relevant science and technology is developed, however with stem cells the business and technology have developed side by side from nearly the very beginning.

Jay Lee: While I wouldn't say that we 'on par with Apple' at this moment in time, I think we have the potential to be in a sense of driving broader social trends with our products. Apple drove the trend to personal, home computing with the Apple II, and revolutionized the way people organize and listen to music with iTunes and the iPhone; MEDIPOST has the potential to revolutionize the way a broad array of medical conditions are treated with our regenerative products.

As one of the key success stories of the Korean biotech sector, and now a company with global profile due to your leadership in allogenic stem cell treatments, what is MEDIPOST's role in building the reputation and prestige of the Korean biotech industry around the world?

I would address this question by first pointing out that because stem cell therapies are such a revolutionary, innovative area of medicine, there is no existing regulatory framework in place for these products except in few conturies in the world; without actual products to consider, it isn't possible to develop suitable regulations. Some existing regulations can be used or adapted, but a new framework must be developed through trial and error, and as such current regulations are still flexible and constantly changing, even for FDA in the U.S.

MEDIPOST is playing a key role in this process in Korea and elsewhere, because we are the one bringing these first products to consider to the regulatory authorities, and the ones asking questions about testing requirements, verifications, approvals, and so on. The requirements for toxicity testing, efficacy evidence and mass production standards for stem cell products have been changed significantly over the last few years, and MEDIPOST has been working closely for these regulatory changes. Futhermore, the MFDS has become a leading regulatory administration in this field, and now serves as a point of reference with regards to stem cell regulatory standards in the world.

Regarding MEDIPOSTs role in building Korean biotech's reputation, we are certainly leaving a mark and impressions by bringing these highly innovative stem cell products to regulators around the world. Beyond that, I feel that we have a responsibility to lay some groundwork for other stem cell companies so they don't have to go through all of the trials and errors that we have so far, plus, we would rather lead the market and help set the standards than follow.

As of this morning, your stock is up more than 66 percent since the start of the month. What has brought on this increased interest in MEDIPOST in the last 15 days?

The biotechnology industry is in general quite unpredictable and fairly risky, as we are working on the edges of scientific knowledge. It's also possible to go from a position of significant debt and negative income to strong sales within just a few years if you launch a good product, or it can take years for a new product to catch on. I point out both of these facts to highlight the fact that substantial volatility in stock price should be expected for public biotech companies like ourselves until the product sales potential is verified by the real performance . As far as why we're in an up swing at the moment, I think that we are succeeding in such verfication in achieving our goals recently that we've earned some faith from our investors.

Jay Lee: I wouldn't call it a sudden increase in value, but rather part of the process of finding the right value. First of all, KOSDAQ has gained some momentum over the last few months, and investors are interested in biotech, so there are some external factors that have pushed our stock price up along with many other Korean companies. As for MEDIPOST specifically, our investors have had some very high, unrealistic hopes when we first launched Cartistem, and when it was clear our sales weren't going to live up to these valuations in the short run, our prices plummeted. Now, two and a half years later, our sales have begun to pick up, we recorded some good growth figures over the last year, and have made consistent progress in our clinical trials, so we may be re-attracting some of our previous investors.

What will be your top priorities for MEDIPOST over the next five years?

First of all, we will continue to foster Cartistem's sales to prove its blockbuster potential in the market. It will come with an increase in sales in other areas of our business cord blood banking and sales of nutritional and cosmetics products, which will stabilize our cash flow. This will allow us to accelerate our stem cell clinical trials more rigourously and shorten the time to reach global market not only for Cartistem but also for Pneumostem and Neurostem. Five years is very short, so this will probably be enough to keep us busy.

Jay Lee: Our target markets for the next five years will be in Asia, and accordingly we have plans to launch Cartistem in Japan, India, and ultimately by 2019, in China. As such, we have just set up a joint venture company in China with Jing Yuan Bio to manufacture and commercialize Cartistem, as well as a partnerhsip with the Indian company Alkem Laboratories Inc. We are also in disscussions with the PMDA in Japan taking advantage of their new regulatory guidelines to expedite the appoval of our stem cell products in Japan. Once we accomplish all of this, we will move forward to advanced markets like the U.S. and Europe.

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