Interview: Tian Yaolin – CEO, Shenzhen Govita Medical Laboratory, China



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04.05.2018

Tags: China, Greater Bay Area, Shenzhen Govita, Shenzhen, Healthcare Management, Preventive Medicine

Tian Yaolin, CEO of Shenzhen Govita Medical Laboratory, shares the exciting story of Govita's start-up in the past two years; their robust and innovative business model centered on healthcare management and preventive medicine; and the synergies they are leveraging between their Hong Kong and Shenzhen affiliates.

Yaolin, as the CEO of Shenzhen Govita Medical Laboratory (□□□□□□□□□), could you please introduce Govita Health?

Govita Health is a relatively young company focusing on healthcare management and preventative medicine. I am the CEO of Shenzhen Govita Medical Laboratory, which was established in January 2016. We have a sister company, Govita Laboratory, based in Hong Kong, that was established in June 2015.

However, the development of the company actually goes back a little longer than that. As an investor company, we had previously invested in a similar screening laboratory in Beijing, which was actually the first company in China to focus on vitamin testing and has since successfully IPOed. We decided to establish a similar diagnostics laboratory in Hong Kong in partnership with a well-known industry expert, Dr. Vince Gao, former executive president of BGI, to take advantage of the R&D environment there. We then bring the viable and promising R&D programs into Shenzhen

for commercialization.

As a company, our core business is on healthcare management, preventive medicine and anti-aging. In mainland China, there is a concept called ‘sub-health’ (□□□), which refers to the state between health and disease where a person may not be diagnosed with any particular condition but exhibits some mild symptoms of disequilibrium. We have a team of around 20 multidisciplinary professors, doctors and industry experts working with us in terms of R&D, and around 50 employees in total.

Could you tell us more about the various products and services you offer?

Firstly, we offer laboratory testing services. While third-party testing facilities and services are now rather common across China, we have specialities in a few areas: small molecule testing, including amino acids, carnitine, vitamins, metabolites, etc.; large molecule testing; heavy metals testing, through our ICP-MS system, across many different types.

Based on our expertise in small molecule testing, we also have a specific screening test on the market, the IEMScreen™, for the testing of genetic metabolic disease in newborns.

Under the auspices of Govita Health, we also operate a healthcare management and screening clinic offering health-conscious individuals comprehensive health screenings and assessments, whether in terms of metabolic conditions, diabetes, high cholesterol, high blood pressure and high blood sugar levels, gene testings, and so on. Where the tests fall under our specialty areas, we conduct them in house, but otherwise, we outsource it to third parties, which makes more sense from both the cost and expertise perspectives.

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We are unique, however, because we not only provide the test results, which are after all just reports, but we can also create a personalised treatment and management program based on the individual’s test results. Through this, we can offer one-to-one, personalised services like drug regimen monitoring, food and sleep tracking, and fitness programs. We also provide digital health technology like wearable medical devices. All in all, we are able to provide our clients with an advanced, comprehensive and personalised healthcare management program.

Finally, our fourth business segment is our current collaboration with an American health supplement company, GMP, to produce our own line of health and nutritional supplements. This will be based on our own formulae, our research, and our branding. The US company will be producing and packaging these products for the mainland Chinese market. The reason we are collaborating

with a US company is because the ‘Made in America’ brand is very highly regarded in China. This is due to the stringent food and safety regulations enforced by the US FDA, who conducts pre- and post-production inspections to guarantee product safety and quality. In China, post-production inspection are not done, so while a production facility may have been initially approved for the production of a certain product, there is no guarantee that the finished products actually meet the initial requirements. Meanwhile, as a Shenzhen-based company, we will benefit from lower operation costs compared to products imported directly from the US.

Where do you see the most potential for future growth?

We are currently focusing our development on our screening clinic as well as on commercialising the various technologies, tests and products we have developed. For instance, we have come up with a new antioxidant test that comprises testing for vitamins, heavy metals, hormones and other factors.

We will then complement this by leveraging on our own range of products. For instance, we can offer our own line of antioxidant replenishing supplements to patients concerned about their antioxidant test results.

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We are also focused on developing new markets for existing products. For instance, our IEMScreening™ product for newborns, particularly the heavy metals testing, can also target breastfeeding mothers to analyse the composition of their breast milk. In total, we are able to test for 24 biomarkers.

We are continuing to develop new products. For instance, the Hong Kong laboratory has developed a new genetic testing program for the skin, and we are now looking to commercialize this in our Shenzhen clinic as well. We already collaborate with some luxury medical aesthetics clinic in Hong Kong, but Hong Kong caters more to the Southeast Asian market. We are looking to expand into the mainland Chinese market, and additionally, are also in talks with some Hollywood clinics in LA, USA, for them to outsource the screening and tests to us here.

Furthermore, we are also in collaboration with the Southern University of Science and Technology (SUSTech) to establish a life sciences research institute. We have already agreed with Munich University and will sponsor two R&D programs, one in blood purification and one in stem cell therapy, to then be placed within the clinic.

What are the advantages of having presence in both Shenzhen and Hong Kong?

It is extremely complementary because while Hong Kong has excellent R&D capabilities and expertise, as well as highly skilled professionals, there are also space and market constraints. For instance, our laboratory space there is only around 300 square meters while our total area in Shenzhen, combining our office space, laboratory and clinic, spans over 4,000 square meters. Furthermore, there are restrictions regarding the transport of mainland Chinese blood samples across the border to Hong Kong. Mainland Chinese blood samples can only be sent to mainland Chinese Labs for testing.

Shenzhen's proximity to Hong Kong means that both labs can support each other on various projects and initiatives, and leverage on synergies, versus if we had established our Chinese affiliate further away in Shanghai or Beijing.

With the Chinese government launching a spate of supportive policies within the healthcare and life sciences sector – and Shenzhen itself being extremely supportive as a city – we are confident that we will see extremely dynamic growth and development for both our affiliates in the future.

What do you see as the greatest challenge for the company at the moment?

Healthcare and life sciences development has a very long developmental path, requiring a lot of capital and human resource investment. As a fairly early-stage start-up, we have not yet established a robust profit stream but our R&D programs and products are all absolutely unique. Our priority now is commercialization – because at the end of the day, a company need to be commercially viable and profitable. Products need to have customers. Even though, for instance, the Hong Kong Stock Exchange has now revised their listing rules to enable pre-revenue-stage biotech companies to list, that is just a temporary measure. A company ultimately needs to demonstrate commercial results.

This is why we are using a slightly different business model where we execute both R&D and commercialization programs concurrently. The goal is to have products on the market as soon as possible, which also helps to generate market interest. This will also help the company to secure future investment and funding – since ultimately, investors are looking for a company with a profitable and competitive business model.

At the same time, precisely because our products are so unique, the market for them is still rather new and undeveloped. Many consumers may not be aware of the concept of 'sub-health' or preventative medicine. This means that we need to educate patients and consumers about the benefits of our products and expose them to new concepts. For instance, the majority of the population may not be very health-conscious, and so do not see the need to undergo these health

screenings when they feel perfectly healthy, but they do not understand that sometimes symptoms do not manifest themselves until the illness has already progressed! Fortunately, there is a growing group of typically high-income, highly-educated individuals that is beginning to appreciate the importance of preventative medicine and investing in their health before anything happens. We are seeing a change in mentality.

Where would you like to see Govita Health in five years?

The healthcare and life sciences industry in China is on the cusp of huge growth and development. Partly this stems from the central government's decision to implement certain healthcare reforms that have made it possible for companies to develop and commercialise cutting-edge health technology. For instance, our blood purification research program would not have been possible prior to the health reforms implemented in December 2017. Similarly for stem cell therapy: while the technology is actually rather mature now, stem cell research used to be prohibited under Chinese regulation except for a few provinces.

This is really the ideal opportunity for a company like ours to grow within the mainland Chinese market. Over the next couple of years, we would like to establish laboratory clinics in two more cities, Shanghai and Chengdu. This is important because our blood testing services are still time-sensitive; blood samples need to reach the laboratory within 12 hours in order for results to be accurate, so we need to establish affiliates across the country to tap into other regional markets.

At the end of the day, healthcare is everyone's priority. We are all affected by our environment and genes, and we should use science to improve our health and overall quality of life! This is why our tagline for Govita is "Preserve your youth!"

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