

Exclusive Interview: Cristina Garmendia - President, Cotec Foundation, Spain



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Cristina Garmendia, president of the Cotec Foundation, gives an overview of the innovation landscape in Spain and the steps needed to see this grow in the future. Furthermore, she gives advice based on her experiences with Genetrix, a company recently sold to Takeda, and she highlights what is next in her impressive career.

In 2008 you were made the Minister of Science and Innovation, and since then the country has really accelerated in these areas. What policies did you put in place that caused this to happen?

When I took over the position of Minister of Science and Innovation in 2008, the main issue faced by the Spanish scientific sector was that the law ruling the system was from 1986, which was outdated and too old to really allow any substantial growth. The biggest challenge at that moment was to put in place a new law while being in a parliamentary minority, nevertheless, we were able to do this.

The new regulation was different from the old one in various aspects. Firstly, it put science and innovation at the same level, rather than focusing on science only. Furthermore, it highlighted the importance of developing tools to increase the impact of investment in R&D on GDP. Additionally, we substituted the short-term contracts of scientists with actual employment contracts, as it was

done with doctors. Moreover, the new policy promoted the creation of an independent agency to manage the budgets in a more efficient manner.

Finally, we promoted collaboration and communication between the public and the private sectors, and the government's purchase of innovation. It is very hard to develop innovation in a country if the public sector doesn't invest as the public administrations' purchases have an impact of 15 percent of the nation's GDP.

The last aspect addressed by the new law was encouraging and promoting scientific excellence. People often divide science between basic and applied sciences. I disagree with that division: science does not have to be basic or applied, though it must always be excellent. That is the reason why we launched the initiative of the Severo Ochoa research centres, which are accredited by the government and were created through a very strict and rigorous process that evaluates the industry, avoiding any possible conflicts of interest. These centres are free to use the funding received according to their own needs and characteristics, with the only goal to achieve success and excellence. I think the success of this initiative relies on the attraction of international talent, promoted by the same panellists that created them.

How have the needs of the life sciences and innovation sectors within the Spanish ecosystem changed?

The things we needed back then are not the same things we need now. The good news is that almost all of the previous needs have been fulfilled, turning Spain into a well-prepared country against foreign competition. Ten years ago, Spain produced good-quality science, but we did not have the ecosystem and infrastructure required to develop it. Nowadays, our scientific production has a heavier weight than our economy internationally. What we need is that scientific power to drive economic growth. The issue that persists in Europe, particularly in Spain, is the lack of financial institutions to keep up with the fast growth. This is why it is key to expose start-ups to national and international venture capital because a company can't go from public subsidies to bank loans, they need an intermediate system to improve the financial chain.

A clear success is Genetrix, a company I helped set up and grow, and which has recently been sold to Takeda. In fact, the story is very interesting and a symbol of what has happened in Spain. In 2004 I met a Spanish doctor, Damian García, who had proved the use of stem cells from fats to treat complex fistulae. He showed us the case of a 20-year-old girl with a recto-vaginal fistula that prevented her from moving in which his treatment had been successful. The issue was stem cells

were considered a taboo subject and many big pharma companies were not open to this new therapy. Therefore, when looking for financing options we encountered many obstacles. Moreover, we had to design stem cell regulation and processes its with the Spanish and European Medical Products Agencies, all the authorisations to launch on the European and American stock markets.

In fact, in the beginning, we could not even attract venture capital as many investors lacked confidence in the Spanish biotechnology scene. That led me to propose Genetrix to Ysios Capital, a company I am now a partner of and the leading Spanish venture capital fund, and they made the first investment in the company. Clearly, it was a good move, as Takeda made the first licensing agreement in 2016 and a acquired the company in 2018. Furthermore, with Takeda's huge size, they can now make sure this innovative technology can become a commercial success.

What lessons have you learned in the process that you can pass to other companies?

I would give them two recommendations. First, to keep in mind that the projects are never done individually so you must be open to sharing your ideas and to the idea of other investors. You must have a perspective of what you do not know or have and look for help.

Secondly, it is important to know when it is good to continue or close a project. Sometimes, it is better to stop and learn from your mistakes, rather than just bearing with what is happening.

Experience gained from failure is highly valued, and gain the trust of investors, transparent communication is vital

You clearly have an entrepreneurial mindset. Do you think this is the case for Spanish people?

I think it is growing every day. After the crisis, lots of young people have started their own projects due to the high unemployment rates in Spain, which has helped develop the entrepreneurial spirit in Spain. Spain never did not have it, but more lacked the ecosystem to develop this mindset.

How can Spain take the next step in the global biotech market?

I think that there is a great opportunity in the public centres, such as at Severo Ochoa, which are already international and building their own ecosystem. A good example is CNIO, the Spanish

National Research Centre in Oncology, that is now one of the best centres of its type globally. This centre has established a strong relationship with hospitals, venture capitals funds and the pharmaceutical industry that it didn't have before. The elements are there, what is missing are the projects to develop the value chain.

Despite success stories, we still need a stronger interest and investment in a more specific stock market with a free float, though this is a European problem, not just in Spain. In the UK it works quite well but in Germany, for example, it is not working either. I know this because I am also the president of a company based in Frankfurt with a strong valuation, however, when we decide to go to the market, we will have to go to the stronger NASDAQ.

What do you hope to achieve next?

I am strongly committed to the Cotec Institution, a foundation aimed at promoting innovation in Spain, which has every chance of becoming a leading country and we want to help be part of this. We work with all the public administrations because innovation has no political ideology, and we also collaborate both with the private sector. When dialogue is established, objectives can be pursued and that is Cotec's mission, and we are honoured to be led by King Felipe VI.

In another way, I will continue my work at Ysios Capital. Our impact in the Spanish ecosystem is huge and for every euro that Ysios invests in Spain, it attracts three more. Right now, we are fundraising for our third fund, which will be much larger and see larger rounds invested into companies.

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