Chuan Lin – Chairman, TTY Biopharm, Taiwan



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Chuan Lin, chairman of TTY Biopharm, one of Taiwan's leading domestic biomedical players, highlights his ambition to lead the local success story onto the global stage. Chuan goes on to share the company's transition strategy to leverage their innovative development platforms and manufacturing capabilities to be a partner of choice to the industry and patients worldwide.

You took a very interesting route to end up in TTY Biopharm; could you tell us about your shift from the government sector to running one of Taiwan's biggest biotech groups?

Prior to taking up the position of chairman at TTY, I was a member of the company's board of directors from June 2011 to May 2016 and from January 2018 until now. I am very familiar with TTY's operations.

What have been your initial priorities upon taking the role of chairman?

TTY Biopharm is a domestic market leader and one of the biggest pharmaceutical companies in Taiwan, but globally we are still small. Therefore, globalization and going international is one of the top priorities for TTY today. To reach this goal, there are a number of steps that must first be taken, the first of which is to establish a strategic business model for TTY. Next, we need to create a

positive structure to represent Taiwan which will emphasize CSR values. As a health company, it is our duty to help as best we can Taiwan's people as well as patients worldwide.

In 2017, the company reached sales of USD 138.39 million, an 8.8 percent growth. After your first full year as chairman, how did TTY perform last year?

Last year, our global sales were similar to 2017, net income increased by 8.7 percent. When looking at a company, you cannot only examine growth year by year. This should be done looking at five years or ten years to truly understand how a company has developed over the years. Achieving double-digit growth is our goal and although we faced a few obstacles last year, we will continue on this trajectory. TTY is still generating healthy profits which we are investing in international development, R&D activities, and upgrading our manufacturing facilities.

TTY has a unique business model which includes operations such as licensing, CDMO, and distribution services, along with the marketing of its own product portfolio. How do these activities fit into TTY's strategy to expand its global presence?

This is TTY's current business model, but our operations are flexible, and we are continuously evolving as a company. Currently, TTY has a niche positioning in the market which is driven by our sales and market team. I am proud to say that we have one of the best sales teams in Taiwan and our hospital coverage is very strong. Our three business units: TIT Intensive Care, TOT Oncology, and THT healthcare all have their own sales network. In addition, we are also expanding out of Taiwan into East Asia and Central-South America.

The rationale behind targeting East Asia and Central-South America first is that they are emerging markets which have mostly been ignored by big pharma. The way that business is done in these countries is different than business strategy in more mature markets like the US. By entering these markets, TTY will gain experience and become an industry leader in the penetration of emerging countries.

Due to Taiwan's small market size, it is not enough to only sell TTY's products. For this reason, we engage in in-licensing activities. However, even for in-licensing, if we only sell these products in Taiwan, we face the same challenge for market size. Having a stronger presence in Asia and expanding to Central-South America will give TTY a larger footprint making us more competitive to license in products.

How is TTY integrating advanced technologies into its service offering?

In Taiwan, most pharmaceutical companies are either CDMOs or generic pharmaceutical companies. TTY is different in this case because although we do manufacture generic drugs, we also have R&D capabilities to create new drugs. We want to take both of these operations and combine them into our manufacturing. We have two manufacturing sites in Chungli and Lioudu which not only comply with Taiwan PIC/S GMP manufacturing regulations but have also received factory inspection certifications from multiple countries around the world.

In addition to our main products, we also produce products with high technology barriers of manufacturing such as liposomal drugs. This gives TTY an additional competitive edge as the only Taiwanese company with this capability. Taiwan's labor force is very skilled and our CMO capacity is one of the best in the world, perhaps even better than Japan. TTY can produce very high-quality products at a reasonable price mark.

Our most important activity is TTY's new drug development. As of now, our products are Taiwan designed, Taiwan produced and marketed worldwide. When it comes to liposomes and microspheres, not many companies can produce these products and TTY is one of the top five companies in the world for this area. Furthermore, we have already built up a manufacturing facility strong enough to supply on a worldwide level, which will attract large multinationals to partner with us. With our liposomal platform, our partners will be able to distribute TTY's products on a global scale which will help to expand our presence globally as well.

Although our liposomal and microsphere platforms are well recognized worldwide, we will continue to be interested in acquiring new research groups for new drug development. Our strategy is to have a strategic balance with many growth engines, and we are constantly searching for high value-added platforms to add to our capabilities.

Looking at global oncology trends, big pharma is investing in CAR-T and in China, everyone is talking about PD-1 and how to block these proteins that are making immunotherapies therapies ineffective. What space is TTY taking while oncology treatment is becoming more and more fragmented?

Although TTY has made much progress in the healthcare field, there is still a high unmet medical need in disease treatment. I expect there to be a lot of changes in healthcare in the near future.

When new technologies like CAR-T and PD-1 inhibitors surface, they attract large amounts of resources and attention from the industry. However, TTY is still a small company, so we have to consider what kind of products fit well into our portfolio and our own capacities. We are very up to date on the industry trends, but this does not mean we will always invest in the newest areas. That being said, TTY does have a new product which we are licensing for cell therapy, and we are continuing to evaluate if there are other products in this area we would like to invest in.

There are two different roles we are looking to play as we focus on expanding our company globally. In Taiwan, we want to be seen as a company with many quality and affordable cancer drugs. Globally, our vision is for TTY is to be recognized as a leader in microsphere and liposomal technology.

In today's ecosystem, traditional pharmaceutical companies have to question their role in the biomedical industry and reinvent themselves otherwise they will face many challenges. As a company that transformed itself from a pure generics player, can TTY´s model be an example for pharma companies that are feeling lost in this biotech boom?

In Taiwan, each company has its own decision on how it will operate within the ecosystem. Some traditional pharma companies have chosen to remain pure generic players for example and others have chosen to transform as TTY has. However, this does not mean that staying as a traditional pharma company is the wrong choice. TTY made the decision to go globally and therefore a company transition was necessary.

In either instance, finding the right people to do a job is essential. Employees are the most important asset of a company. Therefore, TTY is adamant about investing in our talent and developing their skills within the company while instilling a sense of purpose which is key to a job well done. Additionally, having healthy competition among the industry based on quality is much more important than competition based on cost. So, we hope to see other pharmaceutical companies in Taiwan take initiative to develop the best offering they can and drive patient care in Taiwan forward.

What is your assessment of Taiwan's current biomedical environment?

The government has invested in many areas especially biomedical, but the progress still has not as successful as the ICT or semiconductor industries. The development of the health market takes a

long time to see results, but we can see that many international stakeholders care about Taiwan in this capacity. Many of Taiwan's new drug companies are based on a few projects which is not sustainable for long term development. These small companies need to merge together, or larger companies need to take the lead in order to have more than a single project going on at the same time. By joining together and working on several development projects at the same time, Taiwan's biotech companies can reduce their risk and ensure that their R&D activities can be ongoing long-term. TTY has several business areas in which we can make a profit and continue investing in the R&D of microsphere and liposomal technology.

When it comes to generics companies, prices are very low and price cuts paired with new drugs entering the market make the environment very competitive for a low profit. This puts pressure on companies to have strict costs controls which may cause an issue for quality assurance perceptions from health stakeholders. In Taiwan, nearly 80 percent off the national reimbursement expenditure is for new drugs and only 20 percent is used for generics. However, around 80 percent of drugs being provided to patients are generic products.

What strategic objectives are you aiming to accomplish for TTY within the near future?

Over the next several years, one of the most important objectives is to change the culture of TTY and ensure that all employees follow a standard of operating procedure. Second, we will further enhance a system of talent development in TTY to continuously leverage our strongest assets. Additionally, we want to establish long term partnerships with other industry players around the world.

Further down the line in the next ten years, we still want to achieve double-digit growth in TTY by selling our high-value products worldwide and domestically. My vision is for TTY to be one of the leading pharmaceutical companies in Taiwan and achieve our enterprise vision of "improving the quality of human life with scientific innovation."

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