Scott Li – Deputy Manager, H Spectrum, Taiwan



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Scott Li, deputy director of H Spectrum, a biotech and talent incubator within the Foxconn group, explains the organization's history and unique role in supporting Foxconn's transition into healthcare. Li also shares his insights on the top challenges facing Taiwan's innovation and entrepreneurial landscape.

What was the need for the establishment of H Spectrum and what is the current mission of the accelerator?

H Spectrum is a healthcare/life science company incubator powered by Foxconn Healthcare Technology Group. We work with inventors to rapidly transform their concepts into companies by providing an incomparable combination of leadership, an experienced, multi-disciplinary team, a state-of-the-art facility, and an extensive funding network.

H Spectrum was founded in 2015 at a moment when many of the big pharma companies were slowing down in their growth and looking for new opportunities to bring them into a new stage of development. For example, MSD has its Global Health Innovation Fund (GHI) and GE established its venture capital subsidiarity GE Ventures around the same time. Taking inspiration from initiatives like the Stanford Biodesign Innovation Fellowship, H Spectrum operated as an accelerator for its first two years. However, we are now changing our strategy.

Through a period of trial and error, we have been analyzing whether or not the biotech companies we incubated are really meeting unmet needs in the clinical market, and the answer is no. One and a half years ago, we realized that it is not enough to just incubate an idea, but it is essential to work with big players like pharmaceutical companies, international hospital systems, and insurance companies to truly understand the market needs. Today, we do not see ourselves as an accelerator investing in random projects. H Spectrum is now positioned more like a corporate incubator which is helping startups build their operations with the ultimate goal of M&A within five to ten years.

As the world's largest contract electronics manufacturer and primary producer of Apple products, why is Foxconn interested in the biomedical and healthcare space?

Our parent company Foxconn, like many IT players such as Google, Amazon, and Apple, is looking at opportunities for entering the healthcare space. The reason Foxconn is interested in healthcare is that the growth of IT manufacturing is declining as the industry becomes more commoditized. However, the healthcare and medical device industries are on the rise. Over the past five years, we have been analyzing the market to better understand the landscape and figure out the best way we can adapt to fit into this emerging trend.

Under the business group, we are currently focused on R&D in three areas: digital health, medical device, and AI innovation. Our digital health is aimed primarily at the US market to integrate IT into hospital structures. This will also fit with medical devices with IoT capabilities and AI imaging which are the major trends we see in this emerging wave of smart healthcare.

As a platform supported by the Yongling Health Foundation, how does H Spectrum fit into the organizational structure of Foxconn Health Technology Group?

H Spectrum is entirely funded by the YongLin Healthcare Foundation which was established by Foxconn's founder Terry Gou. The foundation is dedicated to cultivating innovation and talent within life sciences for the betterment of society.

Most incubators have three main factors: bio talent, bio ventures, and bio labs. H Spectrum is more focused on the cultivation of bio talent. Having manufacturing capabilities and merging ICT with biotechnology is the easiest part of the new biotech revolution. The biggest challenge we face in Taiwan is that many entrepreneurs do not know how to effectively brand and market themselves. Taiwanese education teaches us to work hard not work smart. Our culture makes it difficult to sell a

concept – we are too humble and hesitant to begin creating value for a concept without having all the pieces. Therefore, H Spectrum is highly focused on cultivating Taiwan's entrepreneurial talent to ensure they can be well equipped with a strong business sense which is necessary to evolve their innovation into a fully realized venture.

What role does H Spectrum play is supporting Foxconn's goal of developing and integrating digital and artificial technologies within the framework of healthcare?

Looking into the long-term future, Foxconn is interested in building its capabilities, particularly in medical technology, for which acquisition of technology and IP can be an interesting option. However, in the short term, we are more focused on conducting our own market research through H Spectrum to better understand the trends and technology shaping smart healthcare. At the same moment, some of the talent we develop in biotechnology is onboard to support Foxconn's transition into the space, while the majority we dedicated to giving back to society to build Taiwan's biotech industry.

What strategy do you implement in selecting start-ups and what is the acceptance criteria to join H Spectrum's training program?

Rather than working with many startups at the same time which might not yet be ready to enter their next stages of development, H Spectrum has changed its approach to a narrower scope, focusing on very promising biotechs which are prepared to grow. This is why we have entered into our collaboration with Merck Innovation Lab. Together, we are focusing on liquid biopsy, patient journey optimization, biosensors, precision medications. This cooperation will also focus on how to improve patient experience and precision medicine.

Our requirement for the program is "Taiwan technology, Taiwan team", as we are hoping to push Taiwan's new medical doctors to the international arena. Now through the cooperation between H Spectrum and Merck, we are encouraging startups to obtain domestic patent regulations and market information while building their medical institution networks and interacting consultants and business developers.

What is your assessment of Taiwan's innovation landscape?

Taiwan is very good at cultivating doctors and engineers, but in the current generation, there is still a large room for improvement when it comes to producing entrepreneurs in biotechnology and medical device. I believe that for the next few years, Taiwan does not have a chance of being seen in the international biomedical innovation community in the same way as markets like the US for example. However, Taiwan's industry is in a period of evolution and looking forward, biomedical innovation has a very impressive growth potential here.

In the meantime, I see three major hurdles which are being faced by Taiwan's innovation environment. The capital market for biotechnology in Taiwan is currently very barren. Most angel investors still only chose to invest in traditional industries like ICT and manufacturing which has already seen success. Additionally, our doctors and engineers while very good individually do not know how to communicate. This is a crucial missing link in merging the biomedical and medical device industries with ICT to fully realize the digital health movement. Lastly, because Taiwan has yet to have a great biotech success story, is it difficult to find a role model for the industry that can share their experience and set a precedent for Taiwan's industry.

Taiwanese investors have a very low tolerance for failure and since OBI's infamous failed clinical trial in 2016, the biotech capital market has failed to fully recover. Do you feel that Taiwan's investors are educated enough about the industry to properly support biotech?

Taiwan's talent pool and biomedical stakeholders do not know how to communicate with Taiwan's stakeholders. The previous generation of entrepreneurs has bee very successful in building investments like Foxconn, TSMC, and Quanta for example. Investors are looking for similar companies to put their money into. H Spectrum is trying to build this confidence for the industry and help late-stage venture capitalists to better understand biotech. One way we are approaching this task is to organize the yearly TRANS Biomedical Innovation Forum. The event brings together international venture capitalists, entrepreneurs in the biomedical world, and the Forbes keynote speakers to share ideas, build discussions, and exchange experiences with new teams and audiences.

What strategic objectives do H Spectrum and Foxconn have for developing their presence in the healthcare sector within the upcoming five years?

Looking forward, Foxconn sees the most potential for involvement in three major areas: smart hospital, genetic editing, and AI imaging. Thanks to its capabilities in ICT and manufacturing, Foxconn will be well-positioned to build comprehensive IoT packages for smart hospital transformation. In gene editing, Foxconn has already established R&D labs and is scouting for innovative startups to explore possibilities in this area, particularly for genomic sequencing and personalized medicine. Finally, Foxconn already has high-performance computing centers. As an infrastructure provider, Foxconn can support AI startups to develop their technologies. We are most interested in applying AI to the fields of oncology, cardiology, and radiology.

Overall, we are focused on providing solutions for the patient journey. Foxconn is dedicated to creating digital healthcare tools that will be able to support doctors, reduce costs, and improve efficiency.

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