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In the biotech/agro and foodtech area, Belgium and Flanders are in a very dynamic and positive period and we expect to stay a very attractive region going forward, despite the tough COVID-19 challenges

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Dirk Reyn of Flanders.bio highlights what the Flanders region has to offer the life sciences and biotech industries in terms of research infrastructure, funding opportunities, and inter-industry collaboration.

Please begin by introducing the mission and activities of Flanders.bio.

Flanders.bio is the Association of all the small to midsize players in the area of Life Sciences in Flanders including traditional biotech, agrotech and foodtech companies and service providers. Our vision is for Flanders/Belgium to become a top-three Life Science ecosystem in Europe and top ten in the world. As Flanders.bio we have always viewed ourselves a catalyzer by organizing events, and most importantly, want to become stronger in influencing key drivers which would make our region one of the leading ecosystems in Europe.

In the past Flanders.bio was mostly known as a network organization organizing events like Knowledge for Growth that connects more than 2000 key players in the ecosystem. Today, our priority is to transform into a Flanders.bio 2.0 and be more recognized as a catalyzer of different strategic programs and a centre of know-how regarding Life Sciences/biotechnology for our members and third parties. We aim to become a most respected source of information, expertise, and wisdom for outsider players, like the government, to build partnerships with biotech/life science and stakeholders. Within the association we have strengthened the team to support these

different strategic programs and are launching initiatives to consolidate industry data within Flanders.bio that would allow us to claim that position as the most credible source of information around the life science/biotech scene in Flanders.

In regard to the data on our sector, unfortunately, data is very much dispersed around many different sources, so we work with various partners to identify and make data more actionable and accessible. In particular, we would make information more accessible such as ongoing development projects in universities and small companies, clinical trials and their locations, number of employees, job vacancies, etc.... Pharma.be already does a great job with large pharma but data for SMEs and small biotechs is more difficult to gather – which is where FlanderBio will come in.

In regard to strategic programs we focus on 5 areas being enhancing DISCOVERY in universities and small companies, keeping our region as a leading TEST region, increasing access to FUNDing, EDUCATE and developing more talent and CONNECT key players in the region.

For example under the DISCOVER initiative, we are pursuing to establish more focused subclusters to bring together specific areas of expertise in areas of strength which exist in Flanders. With a number of innovative areas such as vaccines, agro/food tech, personalized medicines and gene therapies, etc. we have some real winners in our region and aim to create more synergies between these companies. This will allow for very content-specific networks for players with common missions to find each other more easily; an important factor to accelerate our ecosystem.

How would you assess the biotechnology landscape in the country today?

Belgium and Flanders are booming in Life sciences and agrotech/biotech/foodtech is in a very dynamic and attractive period right now, despite the COVID-19 crisis. We can see this from different benchmarks data like research and patents being published, companies being created, products in clinical trials, the growth trajectory of existing companies, capital raised in the private and public markets and employment numbers. Currently, there about 1600 open positions as many SMEs are looking for fresh talent to support their growth. Furthermore, the investments at both the private and public level have been increasing each year since 2017.

What would you identify as the strengths of the biotechnology sector in Flanders and Belgium?

The unique strength is the robust strength and capacity we have at each individual step of the product value chain from research and discovery to development and commercialization. All key elements are available in Belgium to achieve success.

Looking at where innovation starts in our region, most innovation comes from Big Pharma/agro companies, small SMEs and universities – which we have all three. There are a number of top tier research universities in Belgium like KU Leuven which is top ten worldwide. Our universities have strong departments with innovation in Life sciences.

Next to universities, the Belgian government has done well to create three knowledge centres around several key disciplines. For example, the Vlaams Instituut voor Biotechnologie (VIB), a life sciences research institute in Flanders, the Interuniversity Microelectronics Centre (Imec), a world-leading hub in nanoelectronics and digital (health) technologies, and VITO, a research organization in the area of cleantech and sustainable development. These knowledge institutes are a very good source of new innovations and more business-driven development towards spin-offs. They have the means financially and experts from a scientific and business perspective to turn science into products.

Furthermore, quick and appropriate testing of these early innovations is fundamental in the life science/biotech sector – areas which are also well developed here. For example, Belgian universities have experienced clinical investigators and the current government has a track record of approving first in man human trials within 15 to 20 days through streamlined processes. There are over 1500 ongoing clinical trials in Belgium between big pharma, universities, and biotech which account for many of these early trials. This well-developed testing environment is a unique success factor for Belgium.

Another key characteristic of any competitive life science ecosystem is of course talent. Like myself, some professionals gained their experience in Big Pharma and then moved to smaller companies. Belgian biotechs today have a good mix of industry veterans and young dynamic researchers and entrepreneurs. This provides a unique balance between deep experience and young enthusiasm.

Is Belgium's financing landscape sufficiently suited for supporting the biotech sector?

Again all the typical tools to finance a company along its growth path are available here. There are several significant grant mechanisms and fiscal legislation in place to minimize the burden for

startups specifically in the life science/biotech sector. We also have a quite professional investment environment in Belgium with many local venture capital players available both in seed and early-stage funds. However, the battle for money is still tough for more mature companies which are scaling up in the next phase of their development. Taking the example of bigger countries like France or Germany, they have more large venture funds and the number of truly growth funds is proportionally lower to Belgium. Luckily many of these growth funds out of France, the UK and now also the US start investing here.

Moreover, Belgium's public stock market is among one of the most biotech savvy in Europe. Many Belgian biotechs went public pretty early on in their company life and were able to raise capital despite not having clinical or commercialized products. Interestingly, the proportion of retail money (being your local doctor, butcher or baker) that has a stake in biotech is much higher than any other country in Europe. So the common public is well aware of the biotech sector and the sector is widely covered in the press.

The biggest challenge in the public markets is low liquidity. A market like NASDAQ has a much higher liquidity, access to capital and movement while the trade volume in Euronext is much lower. Therefore today, companies tend to start on Euronext, build credibility and valuation, then move when they have obtained a critical mass and a need for more substantial money.

What do you see as the most important areas of changing for improving the funding of biotechnology?

First, one of the areas in which the EU commission and local government is indeed giving support and working with the sector is to provide more accelerators for new GROWTH funds – funds with deeper pockets which help companies that need significant capital injections not covered by the funds that are currently available.

Second, players in the sector always vocalize a need for a stable legislative landscape without major changes. This will be a challenge in the post-COVID-19 era where different needs may spark more uncoordinated actions. For instance, transparent and steady economical, fiscal and regulatory approval legislation are very important criteria for startups. Changing regulations to frequently create disruption and SMEs are much more vulnerable than larger companies.

Furthermore, I believe there must be more tailored access to grants for small life science companies who are just getting started and are not yet profitable. Currently, these grant

applications come with an administrative burden that is not tailored to resources for a small startup and with selection criteria that are sometimes not suited to our sector. Also, there must be a fair balance between how funding is allocated between small and large corporations as these small research stage companies are as important in driving innovation.

What role do large industry players have in aiding promising startups in their growth and development?

The presence of Big Pharma in Belgium plays an important role in supporting the growth of the ecosystem and companies like Janssen or GSK have been very involved in developing the ecosystem. Especially Janssen has a clear vision on innovation by opening up part of its corporate campus to create an environment that is attractive for young startups. Under the JLABS program startups can gain access to certain resources of Janssen to help their development. Big Pharma in Belgium sometimes become an investor in companies or provide incubator space so that these companies then can grow.

How does the life sciences sector of Flanders compare to that of Wallonia?

Life Science is one sector where both regions are quite strong, but each has its own areas of strength. Flanders is very well positioned in the field of small molecule therapeutics, nanobodies technologies, mRNA technologies, agrotech and nanotechnology in health while Wallonia is quite strong in the space of cell therapies and vaccines. However, looking at biotech overall both regions have several successful spinoff companies. Between Flanders.bio and BioWin, our counterpart in Wallonia, we work very closely together. I have put a closer relationship with BioWin high on my agenda as we must work together to raise the biotech profile of both regions within the global landscape to be successful.

How is Belgium able to differentiate itself among other countries like France, Switzerland, and the Netherlands which also are building their biotech scene?

What has put Belgium on the map is clearly the success of our biotech companies in bringing products to the patient and/or creating attractive investor returns. In particular, stories like Galapagos, ArgenX, Mithra, Iteos today or Ablynx, Tibotec, Movetis, Tigenix, Cropdesign,

Multiplicom are well recognized Belgian success story which has come out of the Flanders or Walloon region and all have products on the market or close to the market combined with satisfied investors. These companies have put Belgium in an international spotlight and it is our role as Flanders.bio to help further catalyze such achievements, bolster the country's position, and get products to patients successfully.

Does Belgium have the right entrepreneurial mindset to succeed in biotechnology?

Looking at the young generation, the idea of starting companies is much more appealing today than a decade ago and the entrepreneurial mindset is shifting. The concept of staying your whole career with a large established pharma company and creating a startup near the end of one's career, as I did, is rapidly changing. There is a new entrepreneurial mindset of wanting to have a real personal impact on society and more youngsters struggle with the idea that they can achieve that through large corporations. There is greater attraction to smaller start-up life science companies than in the past.

As an entrepreneur, not everything will go perfectly. I have been involved in the set up of several companies, some of which are quite successful, but I also faced tough challenges. Having experienced the Asian and Anglo-Saxon business environment at different times during my career, I have more and more embraced the idea that from tough times comes learning which can be more valuable than successes for any future venture. However, in Belgium, there is frequently still a mentality that if things do not go well, one gets a failure label and it may be more difficult to start again whereas in the US people get up, get new funds and try again.

How do you expect the biotech ecosystem in Belgium to evolve in the upcoming future?

Soon we will see a number of promising companies starting to commercialize real blockbuster products, mostly through a partner but some of them themselves in certain geographies. Having launched several products myself, working at both Big Pharma and biotech, I can confirm that commercialization is a very different animal than the preclinical or clinical development of a product. These biotech or agrotech development companies will have to make quite significant internal changes as they start walking on a different growth path. In this vein, if the bigger biotech companies that currently drive the perception about the sector can succeed in commercialization, the Belgian biotech scene will have a very prosperous period. If not, capital will become more

expensive and times will be a bit tougher.

What would be your final message to these investors looking at the biotech environment in Belgium?

Belgium is a leading country for Life science innovation. We are much smaller but have clear strength and the fundamentals in our ecosystem are aligned with hubs which are recognized worldwide leaders like the Boston area. The brains, the framework and infrastructure are all here. My encouragement to international investors would be to come and have a look and talk to us. Flanders and Belgium have very promising innovation and much more is to come.

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