

Sharon Chan - Head, JLABS @ Shanghai, China



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Dr Sharon Chan, head of JLABS @ Shanghai - the first JLABS presence in Asia-Pacific as well as the largest globally - shares how Johnson & Johnson is investing in the innovation ecosystem in China and the APAC region; some of the key milestones over the past year; and her aspirations and hopes for their resident companies.

Sharon, with your extensive and international background in the healthcare industry, including a number of years at Baxter in Asia-Pacific and the tuberculosis biotech Aeras, what motivated you to head up JLABS @ Shanghai?

I have been involved in the healthcare industry for 22 years. My love of science drove me to pursue degrees in molecular and cellular biochemistry, as well as a PhD in cardiovascular medicine. My education exposed me to different areas of disease, including neurology, renal, oncology, medical devices, vaccines and infectious diseases like TB.

My first job out of university was with a start-up. It was there that I first came to understand the challenges early-stage innovators need to overcome to succeed. Prior to joining Johnson & Johnson China, I had initially served as Head of China at Aeras, a nonprofit biotech dedicated to the development of effective vaccines and biologics for tuberculosis launched in partnership with the Bill and Melinda Gates Foundation, before being promoted to Head of Asia. My role at Aeras was quite an entrepreneurial one: to build a presence for the organization in China based in Beijing.

After five years or so with the organization, during which I worked with governments, academics, patients, clinicians, other non-profits and even high-net worth individuals, I came to realize that if we were ever to launch a product against tuberculosis – if we really wanted to make medicines more affordable and accessible, and save lives – we needed a partner in the industry.

This is what brought me back to a Big Pharma organization like Johnson & Johnson and why I decided to accept the position to become Head of JLABS @ Shanghai.

JLABS @ Shanghai opened its doors in June 2019. What have been some of the key milestones over the past ten months?

JLABS @ Shanghai is a no-strings-attached incubator, which means entrepreneurs are free to develop their science while holding on to their intellectual property – providing a cost-efficient and capital-efficient platform for entrepreneurs aimed to turn their ideas of today into the breakthrough potential solutions of tomorrow. Our goal is to build a network of world-class incubators globally.

We have 13 JLABS worldwide, with JLABS @ Shanghai being the largest globally, as well as the first in Asia-Pacific. The expansion of JLABS into Asia-Pacific helps further the mission of Johnson & Johnson Innovation to discover and advance the best science in the world so innovators can deliver their game-changing science to patients and consumers in need.

In the first ten months, we have seen tremendous progress towards this goal. We have cumulatively admitted 40 resident companies, with 35 current and five alumni companies. By sector, 23 are in pharmaceuticals, 14 are in medical devices, and four are in consumer health. Three of them are awardees of the 2019 Johnson & Johnson Lung Cancer Innovation Quickfire Challenge.

By location 56 percent of our residents come from mainland China; seven are from Hong Kong; five are from Taiwan; 10 percent from other parts of Asia like South Korea and Singapore; 14 percent from North America; 5 percent from Australia; and one company from Belgium. One of our resident companies has since IPOed on KOSDAQ in South Korea.

73 percent of our residents are first-time entrepreneurs, while the rest are serial entrepreneurs. What is also positive is that 15 percent of our resident companies are led by women.

We were also the first JLABS impacted by the COVID-19 pandemic. I am proud that our team in Shanghai has responded quickly and efficiently with the aim to ensure business continuity for our

company residents, despite having to contend with a fast-moving environment filled with uncertainty and ambiguity. I would say we have certainly matured from this experience.

We continue to look forward to working with many of the enterprising companies in the region to help them turn their cutting-edge science into tangible commercial products. In doing so, we also aim to expand our reach and impact within the community to nurture the growth of the local ecosystems and accelerate the next generation of healthcare breakthroughs.

How did JLABS @ Shanghai adapt the JLABS model to Shanghai?

We take pride in the fact that our JLABS model is a model that we 'rinse and repeat' globally. JLABS @ Shanghai works on the exact same model as our other JLABS sites globally, though of course, we have adapted as necessary to local regulations. The resources and services we provide are exactly the same throughout our global network, including the infrastructure, the laboratory equipment, operation systems, billing processes and so on.

This is important because globally we have had a very successful track record across the more than 600 companies we have incubated. A fifth of those have gone on to do deals with Johnson & Johnson. Another fifth has gone on to do deals with other companies. In the past seven years, there have been a total of 26 IPOs. Overall, over USD 27 billion have been raised by our resident companies globally. The model has been shown to be tremendously successful in the U.S., and for this reason, we are even more excited to have brought JLABS to Shanghai.

What is JLABS @ Shanghai looking for during the selection of resident companies?

Our current selection process is global and occurs all year round, starting with an online application. Companies specify which of our 13 sites they are interested in. As the site head for JLABS @ Shanghai, I receive the applications from the companies interested in Shanghai, at which point I set up a meeting with them if I have not already met them. During this first meeting, I invite them to the JLABS @ Shanghai campus and try to get to know the team and the business model better.

After the online application round, there is an internal review by three to five relevant experts within the Johnson & Johnson organization. If that review is promising, the application advances to a selection committee to discuss the applicant company in more depth. We target a turnaround

time of around two to three weeks to reply to each applicant company from the time they submit the online application, which is incredibly fast.

Broadly speaking, our selection criteria has four parts. Firstly, we want to see if the company is doing transformational science. Secondly, is the company addressing significant unmet medical needs? Thirdly, how strong is the management team? Finally, how much strategic alignment is there between the company and Johnson & Johnson?

Could you highlight some of the main services and support JLABS can offer resident companies?

Once a company comes to JLABS, we provide them with many different resources. For instance, through our Investor Hub, our resident companies can access VC firms and other investors on a regular basis. Already, over 35 VC firms have signed up to join the Investor Hub at JLABS @ Shanghai. We also have a Resource Hub where we are able to offer services and products at preferential pricing, including 10 suppliers from China. We also offer educational and training programs aimed at helping our residents grow their businesses and connect across the industry.

Another important part of our support includes our JLABS mentor program called JPALS. Every start-up receives a mentor or a JPAL when they join JLABS, who is a technical expert within Johnson & Johnson in a particular domain. They have the necessary expertise and aim to help that particular start-up grow.

We also look at our portfolio of resident companies as a global portfolio. While the start-up ecosystem in China is incredibly vibrant and there is huge potential here, there also exists a tremendous amount of opportunities for collaboration regionally and globally, which our resident companies at any JLABS site, including Shanghai, can take advantage of. For instance, we have four Innovation Centers globally in London, San Francisco, Boston and Shanghai. Our resident companies have access to the experts and deal teams that sit there. Within Johnson & Johnson Innovation, we also have Johnson & Johnson Innovation - JJDC, our VC arm that provides venture capital to eligible companies. We also have Business Development teams to evaluate medium- to late-stage collaborations and potential acquisitions.

I feel JLABS really stands out from other incubators with this unique open innovation model. Our resident companies have access to a global community of likeminded individuals as well as a rich global ecosystem of technical experts, investors and deal teams that aim to understand what

innovators are trying to achieve and are always looking for the best and brightest talent working on potentially the most disruptive and game-changing science.

How does Shanghai fit within the global JLABS network of locations?

We chose Shanghai as our location in recognition of its strong reputation as an innovation-driven city and a major global entrepreneurial hub. Shanghai has the highest concentration of medical and R&D resources in China, including science parks, universities, medical schools and other institutions like accelerators and incubators. It is also home to significant R&D talent, ranking top in terms of the number of biotech jobs outside the U.S., as well as a high concentration of potential industry partners. In addition to the presence of exciting research in new areas like genomic medicine and the microbiome, the overall industry also receives significant government subsidies to incentivize both R&D and manufacturing in healthcare.

Shanghai is also a global hotspot for technical innovation, adept at embracing and incorporating the latest technology like AI, robotics and cloud-based computing into different industries, including healthcare but also consumer care and beauty.

Our choice of Shanghai was also driven in part by the strong support from the Shanghai Municipal and Pudong New Area Governments, which are our partners alongside Shanghai Pharma Engine Company, Ltd.

Finally, JLABS @ Shanghai is also able to draw on the extensive existing footprint of Johnson & Johnson in the city, including Janssen China Research and Development, the Asia Pacific Innovation Center, our Johnson & Johnson Medical Device R&D team, and our Lung Cancer Initiative. The opening of JLABS @ Shanghai reemphasized our strong commitment to nurturing innovation in China for the benefit of not only the country's 1.4 billion population but also the populations globally in need of better healthcare solutions.

As you highlighted earlier, JLABS @ Shanghai was the first in the global network to deal with the COVID-19 situation. Could you share some learnings?

First and foremost, we focused on safety. It was about staying protected while staying connected. During the Chinese New Year period in late-January, we were able to work with our crisis management team in China to devise a strategic plan for the safety of our employees and

residents. Communication was key to developing a coordinated response across the entire Johnson & Johnson organization. This included providing preventative equipment like masks and temperature sensors, and generally implementing the necessary policies needed so that our resident companies and employees could resume work as safely and as quickly as possible. The first three companies returned at the end of February and to date, many of our residents are back on site. JLABS globally has also been able to support our resident companies through a financial relief program aimed at reducing their financial burden during this difficult period.

At the same time, I feel Johnson & Johnson has done well globally to see how else we could help.

Our team has been working tirelessly since January to accelerate the development of a safe and effective lead vaccine candidate for COVID-19. We expect to initiate human clinical studies of our lead vaccine candidate at the latest by September 2020 and anticipate the first batches of a COVID-19 vaccine could be available for emergency use authorization in early 2021, a substantially accelerated timeframe in comparison to the typical vaccine development process.

At the same time, we're entering into a number of strategic collaboration agreements to accelerate and rapidly scale the Company's manufacturing capacity with the goal of providing global supply of more than one billion doses of a vaccine. We're committed to bringing a safe and effective vaccine to the public on a not-for-profit basis for emergency pandemic use.

We evaluated our portfolios and networks. 45 JLABS resident companies are actively exploring novel technologies to help address the COVID-19 pandemic. Through our Innovation Centers and Business Development teams, across our global innovation network we have been searching and reviewing novel science and technologies to help address the pandemic: since outbreak, we have screened over 100 opportunities related to potential vaccines, antiviral therapeutics and diagnostics/consumer aids. Following these initial assessments, several opportunities are currently under detailed evaluation. Through our strategic corporate venture arm Johnson & Johnson (JJDC), we are currently investing in three external companies running research programs focused on COVID-19 diagnostics and therapeutics.

As part of ongoing collaborations between Johnson & Johnson Innovation - JLABS and BARDA (the U.S. Biomedical Advanced Research and Development Authority, part of the HHS Office of the Assistant Secretary for Preparedness and Response), continued effort has been placed on, education, outreach and other activities to attract, identify and ultimately support the development of companies with prospective solutions and strategies specifically targeted at combatting the COVID-19 crisis. In addition to its QuickFire Challenges, JLABS is also developing a pipeline of

innovator companies to be hosted and mentored at JLABS @ Washington, DC that have a scientific focus in pandemic preparedness and combating emerging infectious diseases, which are areas of mutual interest.

We are also assessing collaborations with healthcare systems and companies that provide data/digital based approaches to inform social distancing, testing guidelines and policies to help manage the pandemic.

Looking forward, what do you hope to achieve for JLABS @ Shanghai in 2020?

Having started the year with COVID-19, the first and foremost priority remains staying safe and staying connected. That is my message for our resident companies and all of those in the Johnson & Johnson Innovation network globally. In particular, I would love to bring the rest of our colleagues, teams and resident companies back on site once travel restrictions lift. In the meantime, we will continue to leverage digital tools to facilitate remote working.

We continue to welcome applications from entrepreneurs and start-ups globally. We still have room at JLABS @ Shanghai! For our resident companies, we want to see them grow and develop to achieve their milestones, be they clinical or commercial. This is our perennial goal for our resident companies.

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