

Interview: Daina Klepone – Managing Director, Enterprise Lithuania



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Daina Klepone, managing director at Enterprise Lithuania, explains the opportunities Lithuania can offer to healthcare businesses and how their organization can help them enter the market. Moreover, she introduces the “Life Sciences Baltics” event, and its key role to promote the industry in the Baltic region.

Could you please start by introducing the mandate and scope of Enterprise Lithuania?

Enterprise Lithuania is a non-profit agency established under the Ministry of Economy with a mission to promote entrepreneurship, support business development and foster exports. We are a recognized facilitator of the startup community and ecosystem within the country, essentially acting as a reliable adviser and enabler for the launch, growth and export of national businesses, especially SMEs.

We service around 10 different client groups delivering up a broad range of services including training, consultancy, market analysis, and business-partner search and liaison. At the same time, we function as a one-stop-shop for entrepreneurs across EU providing local market information on regulations, requirements and licenses. Much of our day-to-day work comprises participation in international trade fairs and exhibitions, the organization of trade missions and the provision of direct assistance to small and mid-sized businesses.

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Our analytical and research team has created a valuable informational resource on national macroeconomic trends and developments, including but not limited to ongoing sector analysis,

export prognosis and bilateral trade relations. As such we are well placed to identify the best and most reliable suppliers of products, services and technologies in Lithuania, as well as able to properly evaluate the needs and interests of foreign clients.

What share of your activity relates to promotion of the life sciences sector?

Our activities with the life sciences sector currently comprise only a small portion of our overall workload, but that is not to downplay the importance we attribute to this industry segment. Life sciences related goods and services may not yet account for a big percentage of total national exports, but this is nonetheless a sector in high growth mode. In fact, Lithuania's life sciences sector revenue is the fastest growing in Europe with 25% growth every year. Despite the rapid growth, the market is ready to accommodate more players in pharma, medtech or biotech. Moreover, life science exports tend to be high tech and involve substantial added value and, as such, are one of our designated priority areas.

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How would you assess Lithuania's current business attractiveness in terms of investor sentiment, competitiveness and export performance?

In the five years from 2012 to 2017 Lithuania, as a country, has registered decisive progress. Our ranking for ease of doing business has improved a full ten places from 26th to 16th. We are also now up to 41st for global competitiveness and 16th for the economic freedom index. Meanwhile, we have become notably more orientated towards the West in terms of the business winds and investment dynamics.

Lithuania is making its way internationally as a flexible trading partner and our export sector is doing remarkably well. We have been experiencing double digit growth figures both for general exports and Lithuanian origin products. Importantly, we have simultaneously been noticing a positive upswing in the ratio of high value added goods and services so it is not just a question of volume, but also quality. This, in turn, has been a big factor in boosting the performance of our national economy. With a GDP growth rate of 3.9 percent for 2017, Eurostat calculations rate us as one of the stronger performers across the EU.

How are these successes reflected more specifically within the life sciences sector?

Our life sciences industry has more than doubled in the period 2010 to 2016 reaching an annual value of in excess of 500 million euros. We nowadays boast more than 300 manufacturers for this particular industry segment. The local talent pool also raises eyebrows with some 2,400 fresh life sciences graduates and another 10,000 enrolled in relevant degrees such as biology, chemistry, medicine, diagnostics and so on. Beyond that, there are a number of local success stories that I can point to that demonstrate how life sciences are flourishing in Lithuania: Intersurgical for respiratory systems, Thermo Fischer for reagents, Biotechpharma for recombinant proteins, and entities like Hollister and MOOG for medical devices.

What would you say gives Lithuania its competitive edge in life sciences?

Firstly, there is the competence base and well-educated talent pool that I have just been talking about. Our scientists and researchers have an extensive international experience and are eager to develop world class inventions. Among the top world science stars is Lithuanian professor Virginijus Å ikÅ;nys who discovered how the DNA of organisms can be edited much faster by using CRISPR / Cas9 gene editing tool. He has patented this gene editing technology and last year founded a startup company that aims to develop research activities on the CRISPR based molecular tools. The

achievements and expertise of professor Saulius KlimaÅauskas who received 2,5 million euros grant from the European Research Council for his epigenetics project last year and professor Arminas Ragauskas are widely acknowledged in the international science community as well. What is more, the young talents are very ambitious. In 2017 the team of Vilnius university students surpassed all competitors in the largest international synthetic biology competition iGEM and won the Grand Prize.

Then there is our well-matured research infrastructure concentrated in Vilnius and Kaunas. This encompasses the Santara and Santaka science valleys and includes key institutions such as Vilnius University Hospital, Kaunas University of Technology and the Lithuanian University of Health Sciences. Furthermore, we offer a highly appealing cost-to-quality ratio. We are ranked alongside Ireland, Germany and Switzerland for business environment, but our cost of labour is considerably lower.

Our R&D capabilities are gaining recognition over time. Most of the clinical trials conducted in Lithuania are a part of commercial studies rather than purely academic in nature. As a country, we are increasingly recognized for the value we are delivering in clinical research in specific therapeutic areas such as rheumatology, gastroenterology and oncology.

Finally, Lithuania represents a tremendously welcoming business ecosystem with convenient logistics. It takes only 3 days to establish a life sciences company in our country. 99 percent of the documentation can be submitted online and we are fully integrated with EU legislation and norms. We also offer no fewer than six Free Economic Zones (FEZs) with, for many participants, zero corporation tax within the first six years. On the logistics side, we rank number one in the CEE for our quality of roads, possess three international airports and an ice-free seaport at Klaipeda.

Every couple of years, Enterprise Lithuania takes the lead in organizing Life Sciences Baltics. How has this showcase event evolved over time? And what will be your ambitions for the next one in 2018?

Life Sciences Baltics 2018 is the only international forum of its kind in the Baltics and one of the biggest in the Nordic region. Gathering together some of the very best biotechnology, pharmaceutical and medical devices experts from around the globe, it provides a unique opportunity to explore the new horizons of partnerships, exchange ideas and seek progress through networking. As the main organizer, Enterprise Lithuania seeks to unlock the enormous potential and passion in the field of life sciences in Lithuania and the Baltics.

This event itself takes on an interactive format with a number of distinct activities. We used the forum to host both B2B meetings and business start-up master classes from all three Baltic countries. At the same time, we select companies to place in an incubator program whereby we hook them up with potential investors.

In the past, Life Sciences Baltics, as an event, has witnessed some real tangible achievements and has come to be seen as a great source of value-creation. Just to give couple of examples: in 2014, a local entity called Vittamed was able to attract some 10 million dollarsâ worth of investment and then, in 2016, the Lithuanian Science Council signed a landmark cooperation agreement with Brazilian and American companies. These are the sorts of impacts we are keen to trigger.

Our goal for the 2018 event is to be even more impactful. We will certainly not be resting on our laurels. If our universities managed to conclude 20 deals in 2016 we want to surpass that figure this time round. Already the number of participants in attendance is markedly increasing. Back in 2012 we had some 700 stakeholders participating, but we are predicting as many as 1,500 this year. Meanwhile we are considering extending the program to include speakers from more than 16

different countries. One of our core priorities is actually also to refine the profile of the prospective investors that we will be bringing to the table.

Can you please elaborate further on this last point about luring in the “right investor profile”?

We are seeking out the type of investors that are able and willing to invest directly into the life sciences sector. The life sciences segment presents a rather different ball game to many other industry sectors. The amount of risk involved in drug discovery is very high and the return on the investment can be a long time coming because of the length of time it takes to commercialize and bring a new drug or medical device to market. It’s not uncommon for a novel therapy to take more than a decade to clear the clinical trials process and regulatory hurdles.

What we are looking for is stronger participation from the right kinds of angel investors and venture capitalists that can properly handle a timeframe and risk of this nature. There are specialist hedge funds and other entities out there that are well adapted to this type of task and those are precisely the sorts of actors we are hoping to link up with innovative SMEs from across the Baltics.

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