

Interview with Bill Guo, Chairman and Founder, Venturepharm

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Venturepharm is the most diversified company we've seen, throughout many verticals, taking a full-service plus model from venture capital, merchant banking, CRO, CMO, CSO, compound partnering to royalty sharing. That's quite broad; what exactly is Venturepharm?

The company is centred around our flagship CRO/CMO/CSO, and our positioning is similar to IBM, in that we offer both services and products. Lately, we have raised over USD \$100 million from the world leader Private equity firm CVC and world most respected healthcare VC Excess woodland. Clients and investors are very appreciative of our growth, and right now we count 4,000 employees, 900 of which are in R&D, and we have built up the largest engine in terms of R&D. Venturepharm has maintained its position as the number one company in terms of new drug development in the past 11 years, in filing and new drug approval in China. It's very important for pharmaceuticals to grow in this country in a durable and sustainable way. Like an iPhone, you must introduce new products to the country. Venturepharm's strategy is focused on "me-better" and first-to-market drugs, meaning new proprietary technology. First-to-market means you're the first mover and you take some advantage. However, although we do sell products to third parties, we also keep products for our own commercial arm to sell. It's quite interesting; Venturepharm has the largest R&D engine, with a fully-integrated CRO arm from discovery to registration, something that no other company in this country - not WuXi, not FMD - can claim. The end result is that we have maintained the leading position for 11 years in China. Venturepharm is also an innovative company, and we have developed a new commercial model, called VDM, which is a model that has been awarded as one of the best commercial models in the country. In fact, Venturepharm has innovated many new business models. Venturepharm's R&D arm, for example, has re-invented a new R&D and commercial model - and that's the franchise sales model.

Usually, a franchise model is based around stores. But in Venturepharm's it's based around every territory. For example, in Beijing, 10-20% of hospitals are targeted by our own sales and marketing team, and the remainder are penetrated through a franchise strategy.

What are the most important milestones and achievements you'd like to highlight to the international community since we last met you in 2009?

Since that time, as I mentioned Venturepharm has maintained its leading position in terms of new drug filings in China and raised over \$100 million from private equity financing, in addition to building new R&D facilities in Tianjin and Guangzhou - and we are about to open another, which we will call our "New Innovation Centre" in Jinan, where the Deputy Mayor of Jinan will soon come to sign the agreement.

Venturepharm's vision to create the most admired enterprise in the country. How close are you to achieving this goal?

We are on our way, and on the right track, and approaching very fast. Venturepharm has created a model to re-invent and bring affordable, reliable drugs to this country. We come with a strong moral purpose, and create a Venturepharm family, with the best working place for our employees which means the best salaries and most enjoyable jobs. Venturepharm also wants to be admired for creating exceptional shareholder value. Our pharma (product) company is expected to go IPO in the next 1-3 years and will be looking for USD \$5 billion market capitalization; that brings the best return to shareholders. With respect to patients, to improve the quality of life is always our mission. Again, it's not just about making money, but about a strong moral purpose to help patients and improve their quality of life.

What does this approach imply about Venturepharm's view on collaboration?

Venturepharm's strategy is to grow through partnership, and we have partnered with many MNCs, such as J&J, Novartis, Wyeth, GSK, and Ranbaxy, among many others. Right now, we can do everything from help MNCs to get new drugs registered in China to API and formulation business and development. Now we can even help MNCs commercially, to build up a very strong commercial machine (arm). The development of this capability is one very significant milestone. We have also created a new model on post-marketing surveillance and outcome research, and in this way we can help KOLs in hospitals to recognize the advantages of each drug and product.

Despite such partnerships and successful investments and market positioning, what are Venturepharm's biggest challenges?

Venturepharm's challenges come from two parts. The company's growing very fast, and has a strong pipeline, and there are always concerns about whether our talent pipeline can match our growth. It's always tough to hire the right employee. We just got a VP from J&J China, and a Regional Head of Novartis China to join our sales and marketing team. And whether they can adapt themselves to Venture's culture and high-growth environment is also a challenge!

The second challenge is ensuring the quality of the product. Venturepharm is so fast-growing, and right now we have seven manufacturing facilities and we have third-party partners also producing products, and we must ensure that they continue to deliver high quality with zero compromises. In China, it's not just your own manufacturing, it's a matter of the whole supply chain management; it's not just yours but it's the whole line! You need QA and QC people to manage your whole system.

If we came back here in five years, what would you hope we would find here at Venturepharm?

I would hope our employees still view us as the best working environment, because when the company grows, they grow. Their salaries grow very fast, as does their talent and management skill and happiness. Venturepharm is not just trying to make lots of money, but to bring happiness and satisfaction to every employee. We believe our investors will say that's one of the best investments in the country. We believe a lot of patients will be happy when we can provide many affordable, high quality products to them. China is not like the West; still, in the countryside, many people can't afford high quality drugs.

What do Pharmaceutical Executive readers need to know about Venturepharm?

Venturepharm is a very innovative pharmaceutical company. We innovate and re-invent our business models, our products, our culture, and our workplace. We keep changing and re-inventing to adapt ourselves to a changing environment, especially in the Asian and emerging markets where it's essential to reset your mindset and skillset; it's a whole different world.

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