

# Interview with Jan Wisse, Managing Director, Niaba

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The Netherlands is famous throughout Europe and the global pharmaceutical community for its research infrastructure – institutes, university hospitals, and public private partnerships. Given this foundation and the size of the country relative to larger biotech neighbors such as the UK, France, and Germany, how would you assess the strength of biotech in the Netherlands? Does the Netherlands pack a strong punch in biotech for a small country?

We do have a very good knowledge infrastructure with a lot of academic hospitals and we have been building on many public-private partnerships. We are quite an open industry. A typical and more traditional Dutch strength that comes from being a small country is to be very internationally oriented with an inclination for going all over the world. We are also a highly educated workforce and have a prevalent English speaking culture, all of which mix to produce quite a lively biotech infrastructure.

As a small country, the distances are minimal so it is easy to do business amongst members. Also important to note is that we are not just strong in red biotech. We have very robust sectors in white biotech, plant breeding, and chemicals. There are technology platforms and knowledge players that easily jump between these sectors, which all enhance each other.

The new government has recently identified life sciences as a key area for further economic development. How has this classification of life sciences as a high priority field changed your priorities? What is now on your agenda to take advantage of this and strengthen the lobbying case for biotech?

From the plans that we have read there will be less subsidies and more tax credit systems which industry players are generally fine with. We also feel that there should be more specific initiatives much like BioPartner or the Life Science and Health initiative. We will try to come up with something new, knowing that there must be some kind of new initiative driven by industry. Any new initiatives must cover a broad range of actions; so not only subsidies, but regulatory affairs, international cooperation, and public private partnerships of course since we are very strong with them. It should be a box of all sorts of innovation tools, which the government claims that they will do. This means that some of the activities which were part of other Ministries such as the Ministry of Financial Affairs will be moved to the Ministry of Economic Affairs. We will see how this all unfolds, but our aim is to be in the drivers seat with the government.

The success of biotech in the Netherlands has been driven by fruitful partnerships between the scientific community, the government, and venture capitalists. During the peak years of the financial crisis when you would expect funding to go down, the red biotech sector in the Netherlands saw an

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upswing in venture capital investment. In 2008, the number of private investments made by venture capitalists in companies quoted on the stock exchange increased by no less than 21%. How do you explain this trend?

That was also a very surprising trend for us as an association. I have been in this job for two years. I assumed this position in the middle of the financial crisis and there were big troubles throughout many industrial sectors across the economy. This building that we are in is full of many chemical companies whose sales revenues dropped to almost zero on certain moments during the crisis years. That was not the case in the biotech area being that investments continued unharmed. Of course the nature of most biotech companies is not that they make money, but that they work off of investments. I think that with the BioPartner program starting in 2000 we had the luck of a few companies being in the right growth and development timeframe which proved interesting for investors. Crucell, which is now a potential target for takeover, is an example of a company hitting the right growth at the right time. They are in certain phases of development which are of interest for many of the big pharmaceutical companies or investors.

So there was a big upswing in biotech while the rest of the economy was going down. On the other end, some companies had and still have difficulties. But we do have some nice product developments in the pipeline that paid off.

How do you view Johnson & Johnson's acquisition attempt of Crucell – a testament to strong, homegrown, local biotech? Or a purely strategic move in response to globalization and the challenges facing multinational companies' growth? Or both?

This is a debate in the Netherlands at this moment. From an industry point of view we think that this is very natural and not necessarily something to worry about. I think that in the Netherlands we need to learn a new type of game – how to interact with multinationals and how to succeed in creating good footholds for them in this country with strong research facilities. Many times they come in and then disappear, which is hard time for those directly involved; just look at everyone that will be probably laid off in Oss. On the other hand, Crucell is growing quite rapidly and is very successful. There is a consolidation process going on but the question is, how do we interact with them in a smart way? At the same time we see many Dutch companies growing who will either enter phases in which they are eventually taken over, or face the difficult path of bringing products to market on their own. This is all part of a very natural development. The point for the Netherlands is that it would be very nice if multinationals' R&D facilities and other operations remain here in country. If Crucell moved out of the country it would be a disaster for Leiden.

There are many tangible synergies between both – big pharma – and small & medium sized local biotech companies. Given the prevalence of both in the market, do you think the future interaction between the two will be defined by acquisitions?

Yes, they both need each other which is very clear. . It is a very difficult and expensive process to bring products to market and we will not succeed in changing regulation in the next several years, meaning, it will not get any cheaper.

On the top level the mergers are still going on. This process has not ended yet. There will be a continuous development of growing biotech companies who will inevitably enter the phase of being taken over. But if we do it right then there will be new companies emerging. The big question at the moment concerns will stay in the Netherlands and what will disappear. It will be very hard to predict because companies and their research facilities merge to try to reorganize.

Smaller companies are quite innovative, which the bigger companies might struggle with. You see that not just with pharmaceutical companies but also in chemistry and plant breeding. A high priority

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is to organize research and create the right environment for it. I think the Netherlands is excellent at that. We have a lot of smart people with strong opinions.

The Netherlands, already oriented towards cost-containment policies in the pharmaceutical industry, now finds itself in an environment of fiscal austerity. Deep budget cuts, particularly in the health sector, are expected. What do you believe will be the impact on the red biotech sector?

Our point of view is that we need more and more biotech innovations. I recently read an article about brain diseases in the Netherlands. There are two ways to treat it. Either you have a lot of people in hospitals cared for by nurses and practitioners, which costs an enormous amount of money. Or we can try to innovate medicines for it. With the new government there will be a new tendency to invest in nurses and hands-on care. But we should also invest in medication to prevent and treat those types of sicknesses. The same applies for heart diseases and diabetes. I think these will be real drivers for innovation, not just in the pharmaceutical area but with medical devices as well.

What do you think is lacking in the Netherlands that inhibits it from climbing further up EU innovation rankings?

I certainly believe that we need more innovation, but do not necessarily think that innovation to come is guaranteed. There is a lot of reluctance towards taking innovation to market. We have quite a complicated insurance system which has recently transitioned into a more private system. And we are not necessarily fast with new innovations. Several Dutch innovative companies are selling their products in other countries besides the Netherlands because of our discouraging reimbursement schemes and slow approval procedures, which is a shame. But the new government has declared that they will work to improve the situation and we are currently working on a buy-in strategy with them in which they are forced to buy innovative products.

Do you think that there is a glass ceiling on innovation in the Netherlands because of strong organic growth in research, but ultimately poor reimbursement schemes that impede product commercialization?

No, I do not think so because the Dutch market is not that big. Companies that are developing their products here are not solely focused on the Netherlands and its 16 million inhabitants. We have a European legal system so we are an entrance into the European market. Basically, we are very small and in the red biotech I hope that companies are working on a global scale to compete in a global market. Companies should not only invest here because they are focusing on just the Dutch market, at least for the R&D phase of the product innovations.

What are some of the research initiatives or industry developments that you notice are generating the most excitement amongst Niaba companies?

We have several exciting companies in our association. Prosensa is working on gene therapy and Crucell is a very promising company with cell-based platform technology. Galapagos has interesting technology platforms to test lead products in a very fast way. In the field of medical technology, Phillips is quite big and stepping into research. We also have very nice positions in plant breeding.

Also interesting for the industry are the major deals that have been made in Europe over the past 2-3 years which have generated a lot of excitement. Newspapers are full of headlines of small companies striking big deals of hundreds of millions of Euros which generates curiosity and has an effect on the student community; it shapes how they will develop their careers.

As the biotech industry in this country develops, what reputation do you ultimately want the Netherlands to be branded with?

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We would like to be seen as one bio region. We are a small country and should not segment ourselves as Amsterdam or The Hague, but instead as one biotech hotspot with a very strong knowledge base, quality hospitals, and an open atmosphere that facilitates research. I think it is also important that we are strong not just in red biotech but also in green and white biotech. Internationally oriented and highly educated is the image that we strive for.

Does this one bioregion include Belgium and Luxembourg? Or just the Netherlands?

There are always discussions in Europe to think from a country perspective. But you can also advocate cooperating with Belgium, Luxembourg, or the western part of Germany. The European Commission is pressing those types of initiatives. There are particular linkages with Flemish universities where the field of white biotech is quite strong. You see some interesting developments which have to do with chemicals and cooperation in the field of medical biotechnology. It is somewhat foolish to look only at your own country when operating in the European scale.

You joined Niaba in 2008 coming from a public relations consulting position. Why the switch into biotech?

My main job is to lobby for this industry so there are clear linkages with the field of communications and public relations. I also have a background in biotechnology but have worked in the field of communication for eight years. In the Netherlands we like to have a lot of "discussions." We are a scientific frontrunner and many new developments that have originated from the Netherlands or Western Europe have brought a lot of "discussion," particularly with regards to genetic modification. I have always enjoyed the aspect of debate.

What would be your final message to our readers about Niaba and the biotech industry in the Netherlands?

I think we are at the stage where investments from both the government and industry are paying off. We see a lot of companies growing. Admittedly, we are facing hard times with the possible closure of MSD and Abbott sites. But at the same time we have an extremely lively community standing up. Our companies are growing both in quality management and experience which is reflected through their financial performances and technical developments. Overall, there are very positive developments in this industry.

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