

Interview with Leonardo Vingiani, General Director, Assobiotec

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Biotechnologies have a significant role to play bringing Italy towards a more knowledge-based economy. What is the economic contribution of the sector today?

According to the last Blossom Associati-Assobiotec report dedicated to biotechnologies in Italy, the sector's turnover reaches approximately 5 billion Euros and represents 0,6% of the global Italian turnover. Our biotech market is still very young, with more than 50% of the companies created in the last few years, but it is growing faster and faster, getting stronger and stronger. Looking at the pipeline, Italy now has 84 products in clinical phase. Such a result is impressive compared to the state of the industry two years ago, with only 30 products in the pipeline. Italy's very young biotech sector experienced an impressive 50% growth since 2001.

What will be the strategy in order to maintain such a level of growth?

In order to keep growing, it is essential for Italian entrepreneurs to improve their ability to translate knowledge into business, and research into companies. Such a tradition is lacking in Italy, despite the good quality of research in the country, and we need to work on this issue. Another important topic is related to the need for more business angels and venture capitals to sustain the biotech sector. Italy's financial scheme includes some really good investors for traditional technologies, but regarding innovative technologies there has not been an efficient strategy to foster innovation and get financial capital. So there is an opportunity for big countries such as Canada and USA, as well as European countries like UK, Germany and France. These markets have a lot of specialized investors but are lacking of good projects to finance at the moment. Italy can offer them good projects to finance.

What makes Italy a significant market to attract international investment?

Italy's first competitive advantage lies in its extensive and solid research, which deserves to be translated into business. Furthermore, the Italian environment offers a very good cost / effectiveness ratio. Italian researchers earn less than in Northern Europe and USA and therefore, it appears profitable to invest in the country on Italian researchers, and bet on Italian research. It is also worth highlighting that, despite Italy being one of the last countries in the North of the world having understood the opportunities of biotechnologies, now politicians, both at national and regional level, take into account the biotech sector. In addition, while Italian people are still not very convinced about Green Biotech, they are big supporters of the Red Biotech sector. As a consequence, there is a good general commitment and investors can now find in Italy interesting opportunities in a favourable climate.

What is your assessment of the Government's contribution to the biotechnology sector through support and incentives, and where stands potential room for improvements?

The Government's actions are currently evolving. An important initiative has been the recent adoption of new measures such as a tax credit for R&D activities (10% of investment) and for R&D investment in partnership with Universities (increased from 15% to 40%). Another important step forward has been taken with the last Financial Law that introduced new tax incentives especially directed to young innovative companies. A decree from the Ministry of Industry is expected in the next few weeks in order to set how these incentives will be realized. So the Government is currently creating the right environment and the good climate that can attract people willing to look at Italy and improve the conditions for doing business in biotechnology in the country.

Are you confident that there will be enough law continuity for these new policies to be efficient in the long term?

Here again, things are changing. Whereas the Government used to make all the decisions regarding the Biotech sector in the past, the new tax credits now allows a greater independence. Companies don't need politicians to think for them anymore.

As Italy is having difficulties to convert research into business, how active is the country in conducting Public-Private Partnerships?

Until five or six years ago, the Italian Government used to finance universities, despite the growing public debt. This approach has been abolished and since then the only funds available for them are competitive grants, especially from the European Union. As a consequence, there is now a good understanding at University level of the necessity to collaborate with the Private sector in order to be able to carry on with research activities. Researchers had to learn how to create the opportunities to fund their projects. Therefore, whereas five years ago the only spin-off companies in Italy were created from private research centres, there is now a significant number of spin-off companies from Universities, which is very encouraging.

Which role does Assobiotec plays in encouraging and enhancing the growth and globalization of Italian biotech companies?

The aim of Assobiotec as the Italian national association for the development of biotechnologies is to improve the environment for Italian biotechs and start-ups, a commitment in which we invest a lot of time and resources. The association creates opportunities to inform financial actors, institutions and the population of the role that biotechnologies can play in regenerating the Italian economy. In fact, betting on biotechnology can help improving the country's manufacturing and innovation capacities and therefore may allow the whole economy to remain competitive. Assobiotec is also committed to create the right opportunities to foster the growth of start-ups and spin-offs. This is not easy at all, because these companies really have to be at the edge of innovation, which requires adequate funds. That is why the association organized last April 2008 the first edition of "BioInItaly", an event presenting 15 proposals from companies to an audience of national and international investors looking for good projects to finance. This event was very successful and the second Edition will take place, again in Milan, on May the 4th and 5th 2009.

How interesting are Italian biotechs for big pharmaceutical companies eager to improve their pipeline?

I do believe that Italian companies' attractiveness for big pharmaceutical companies is significant. Most of them understood the need of biotech companies for their pipeline, and they can find a lot in Singapore, in Korea as well as in more traditional countries in America and Europe. But

since a couple of years a lot of them also understand the importance to go scouting in Italy where they can find interesting projects. As a consequence, there are currently a lot of agreements with Italian companies like for instance between Roche and NicOx, and more recently Genentech and Nerviano Medical Sciences.

How would you describe the Italian biotech sector compared to other European ones?

The Italian biotech sector is the youngest in Europe. Therefore, it has a lot to learn and a lot to improve, but there are also a lot of opportunities for upgrading. The international biotech community can now look at Italy with interest because the country has more to offer than just good food and great cultural heritage. You have been at the head of Assobiotec for 10 years.

Over this long period of time, what have been the association's main achievements?

When I entered the association 10 years ago only a couple of people believed that one day the Italian biotech sector could reach a level that would be worth talking about. Most of people did not really see a future for a biotech, and even for a pharmaceutical industry in Italy. I believe that Assobiotec played an important role in the process that led to the current situation, with 228 biotech companies and Institutions that are aware of biotech's potential to help the entire economy to regenerate itself.

What is the best lesson that you have learned from your work with Assobiotec?

The most important thing to make the industry succeed, is to be able to look at the long term, knowing that technology drives economy and economy drives politics. 10 years ago, one could have doubted of the opportunities to create business technology from R&D in Italy and of a future for research in the country. But I had the feeling that in the long term some opportunities would create the right framework for economy and politics. And now, politicians understood that finance must help real economy and real economy must rely on research, innovation and knowledge. Final Message of Leonardo Vingiani to the readers of Pharmaceutical Executive When Assobiotec's current President was elected four years ago, he started his speech considering that Italian biotech sector was out of the radar screen of big multinational pharmaceutical companies as well as biotech companies in the world. Nowadays, Italy's presence in the field is undeniable. Of course the country still occupies a side position in the global biotech world, but now is on that screen and Assobiotec is confident that this position will get more and more central.

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