

Interview with Marek Polach, Executive Manager, CzechBio, Czech Republic

08.08.2012

Mr. Polach, can you please begin with an introduction to CzechBio and explicate the association's mission on this market?

CzechBio is an association of Czech biotech companies that started its operations in December 2008. CzechBio's ambition is to create a national platform for the biotech sector in the Czech Republic and to represent the industry when interacting both with domestic and foreign partners.

We also support cooperation in the biotech industry between academia, government and private companies. This includes foreign biotech companies operating in the Czech Republic. Our aim is to accelerate and facilitate the development and commercial activities of biotech organizations across the Czech market. As well we are representing the Czech biotech sector when discussing legislative and policy proposals with representatives of Czech government.

You mentioned that the association is quite young. Does this also reflect the youth of the sector itself? When people think of the Czech Republic they likely think manufacturing, they think Skoda. Perhaps they do not think of biotech. What is your view on this?

During communism era, the biotech activity in the country was somehow limited. Every country in Eastern Europe used to focus on a specific industry—the Czech Republic would traditionally concentrate on different kind of mechanical engineering, producing machinery equipment, transport vehicles etc. The pharmaceutical sector was as well represented in that time Czechoslovakia. In the early nineties we witnessed the privatization process and the arrival of first spin offs. This is when the biotech and biomedicine sector started to develop more rapidly in the country. In a way yes, the sector is young. But the industry today has reached a positive critical level; it is self-supporting.

This critical level was achieved due to the skill of local businessmen, well educated workforce and the support of the government. In January 2004 the government introduced national policy on research and development that specified the government priorities in regard to government funded basic and applied research. Molecular biology and Biotechnology was 1 out of 8 focus sectors that received impetuses from the government to diversify the economy away from manufacturing. Since then the sector is still considered as one of the research priorities.

At the end of last year, Czech Prime Minister Petr Necas officially inaugurated the first of six European Technology Institutes slated to be launched in the Czech Republic with help from European FEDER funds—the Central European Institute of Technology (CEITEC) in Brno. What is your understanding of the vision behind these projects?

The vision is quite clear: these centers of scientific excellence are result of the strategic decision taken by the government to accelerate shift from manufacturing towards innovation-based economy. (However, we should note that not all 6 projects are focused on the biotech industry.) This is perhaps

something unique, in the CEE region you would not find another country that is using available EU funds to invest so heavily in the science and R&D.

Prior to joining CzechBio, you were responsible for the biotech sector at CzechInvest. Coming from within the government, and now heading a lobbying organization for this sector, what other efforts do you see the Czech authorities making to bolster the Czech biotechnology sector?

There is number of initiatives which help not only biotech but as well other innovative sectors. For example establishment of Technology Agency of the Czech Republic that is distributing government funds aimed at applied research. Some other steps are under preparation such as the reform of the higher education system aimed at further improving the quality of university graduates. Finally, technical novelty of the Act n.130 on public funded R&D is on its way with the ambition to decrease the administrative burden for organizations applying for government R&D funds.

Do you believe the government is doing enough?

Other traditional sectors are probably receiving more support, for example already mentioned mechanical engineering. Still as an industry, we cannot be dependent on government impetus. Thus CzechBio is thinking of other strategies to promote the biomedicine sector and is for example preparing project for its own R&D facility in Brno aimed at early clinical testing of immunological preparation. This would be a way to support our members offering them possibility to use this facility at preferential conditions. For CzechBio itself, this would be an additional financial resource.

Beyond government, there are typically three other players in the biotech picture. One is academia; another is smaller biotech companies which, today, produce the majority of innovation, at least in the early stages and, of course, large corporate entities that often enter in the latter stages of these projects and take them to commercialization. Do we see the links being built in the Czech Republic such that ideas can grow from the shelf to a pill that somebody can take when they are sick?

The links are being built but we are still in an early phase. Government R&D schemes are designed in such a way that encourages cooperation between private sector and academia. As well CzechBio is working to help its members to start establish contacts and I believe that we can observe increased cooperation between the two parties. However when it comes to large corporate entities the situation is different. Most of the big pharmaceutical companies opened only administrative and sales offices here in the Czech Republic. Number of institutions is working to highlight the potential of Czech science in order to stimulate establishment of R&D facilities.

Do you believe the global pharmaceutical industry will commit to the Czech market in that way?

I hope they will realize the potential of Czech pharmaceutical/biomedicine research. There are some excellent cases, for example thanks to discoveries of prof. Antonin Holy US biopharmaceutical company Gilead Sciences is producing important antiretroviral drugs used in treatment of HIV and hepatitis B. Approximately 30% of Gilead Sciences product portfolio are based on patents of prof. Holy and his team.

What else is needed?

Talent is our number one issue. There are many talented students but the question is how to turn that talent into real scientific excellence. That is why the government is planning to reform the educational system. Another problem that we are facing is that the salary level in the Czech market

is lower than in Western Europe. As a result, some of the talented people are leaving the country.

Is brain drain a major issue in this country?

No, I would not say that is a major issue. There is movement on the market, and such movement is inevitable. But still, the government should make an effort to keep talent in the country and attract the foreign scientist or Czechs living abroad back to the country.

We can perhaps look to South Korea for a good model. Talented Koreans living in the United States are offered free housing and free schooling for their children in order to return to South Korea.

In South Moravia region, such an initiative is launched. They have created a fund to bring back the most talented Czechs as well as foreign scientist from various sectors.

What is your aim when you attend conferences abroad? Are you looking for investment or partners for your companies?

The Ministry of Trade and the Chamber of Commerce encourages the biomedical and life science sectors companies to take part in international exhibitions. The aim is to introduce Czech companies to the international market. Therefore, it is not only CzechBio, but also its member organizations that are visiting international exhibitions. It is a purely commercial based initiative.

Have you had much success so far?

Well, that depends on how you look at it. The role of CzechBio itself is not to directly market our companies or their products. The role of CzechBio is primarily to highlight the Czech biotech/biomedicine sector on the international stage, secondly we would be working to attract the attention of potential investors and commercial partners for our members.

Do we see international investor interest in Czech enterprises?

The interest of international investors in the Czech biotech is to best of my knowledge somehow limited. There were acquisitions in past carried out namely by Lonza, Baxter, Sanofi Aventis and Teva Pharmaceuticals but recently there wasn't much going on. The biomedicine industry is very conservative one; it will take some time to make a mark on international stage. Still I believe that Czech Republic has much to offer and I hope to see more investments coming soon again.

What do you expect to happen in this sector over the next five years? How will it develop and how will it change?

Scientific centers of excellence that are being built in the Czech republic together with national and EU funds available for the Czech science teams will be definitely one of the drivers of continuing development of Czech biotech sector. Increasingly we can as well observe starting interest of venture capital in carefully chosen biotech projects though traditionally venture capital is more interested in ICT sector here in Czech Republic. I expect to see biotech sector growth in modest 4-5% yearly. I guess that in five years the sector will be less dependent on government funds and schemes and will become more flexible and business driven.

The market in the Czech Republic is quite limited. Thus I expect to see more Czech biotech/biomedicine companies become even more active on foreign markets, looking intensively for their business partners or even establishing their sales offices and distribution networks.

What is your personal motivation behind promoting the biomedicine sector and being so

involved?

I thought this would be a way to do something useful for my country to help it rise back among most economically successful countries in the world as we once were in the interwar period.

What final message will you give our readers?

There is nowadays much going on in the Czech biotech/biomedicine industry. The country can rely on well-educated work force, premium level scientific infrastructure and offer partners in all areas of innovative production cycle. Starting in basic and applied research, towards preclinical, clinical testing and finalizing with fully certified manufacturers, we have all you might be looking for. There is as well a number of domestic established companies that have already made their name in the world. The biomedicine industry in the Czech Republic is definitely worth having a closer look at.

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