

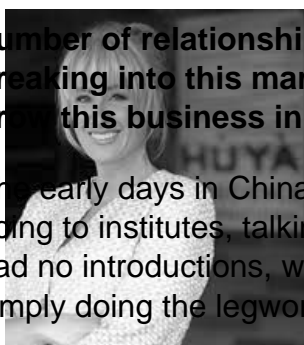
Interview with Mireille Gingras, CEO, HUYA Bioscience International in China

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Such relationship based here in China. You've now established a number of relationships with institutes, universities and companies, but I can imagine that breaking into this market and building those relationships was a challenge. How did you grow this business in the early days?



The early days in China involved hitting the ground, meeting people one-on-one, knocking on doors, going to institutes, talking to scientists and introducing myself and asking them about their work. I had no introductions, with nobody telling me where to go or who to talk to. I began the business by simply doing the legwork and followed the science.

I was always received with a lot of enthusiasm. At first most of the comments were along the lines of, "we didn't think we were going to see you back here again." But they kept seeing me come back and that's one of the things that helped build the trust. I kept returning and that's what built up Huya's reputation.

I made my first major relationship with the Shanghai Institute of Materia Medica. The second compound that I partnered on was produced at the Institute. It's a compound targeting Alzheimer's and my PhD is in Neurobiology, so it made sense as a jumping off point.

I saw that the intellectual property protection wasn't quite there, but the science was extraordinary and it was clear that many opportunities would become available once more attention was paid to IP. Four years later we see that this is truly the case. They have made tremendous progress in this area, including holding off on publishing prior to filing patent applications. The evolution that has occurred over the past four years has been quite striking.

Big Pharma is going through a major transformation at the moment and industry experts are questioning how the R&D ecosystem should change going forward. We see virtual research networks expanding rapidly. But how far will this trend really go and what is Huya's role in this trend?

Our model is focused on reducing the risk, cost and timeline necessary to produce a drug. We are providing a means to help Big Pharma fill its pipeline in a moment when many of these firms are scrambling to overcome the patent cliff. We have great relationships with our multinational partners, which are Abbott, Solvay, and Schering-Plough. Because of the relationships that we have built in China over the past four years, we have been able to create a pool of opportunity. A lot of the opportunities and licensing pool in Europe and the US have been depleted. On the other hand, China is innovative, new, and is really the place to be for drug development.

About ten percent of your candidates come from TCM. This is an area that has a lot of hype in China these days. It's also a challenging area where it's difficult to map out the biomechanical mechanisms of botanical mixtures. We see a few TCM derived products in trials today, but it's still a small number. Do you think TCM will live up to the hype for sourcing leads?

First off, most of the TCM derived compounds we look at are purifications, which means we don't deal with the regulatory and efficacy challenges involved with botanicals. Most of our compounds, while derived from the active ingredients in TCM mixtures, are considered new chemical entities. Oftentimes they are synthetics, and thus can be treated exactly like any other molecule under consideration. It is true that isolating the active ingredients has proved to be a challenge in some cases. However, there are a number of people working on building platforms to overcome this challenge and approach TCM in really exciting new ways. This science is still developing but as the industry continues to expand, and given the resources invested in this area, it's likely just a matter of time until we see these new methodologies emerge and make an impact.

Multinationals are investing significantly in R&D in China. Aren't you concerned that Big Pharma will start cutting out the middle-woman and collaborating directly with institutes and companies in China?

We are very secure in our position and our relationships here in China. It took time to build trust and really solidify the relationships that have yielded over 1,500 compounds. We really do have a first mover advantage, which is an advantage that we continue to build on. This isn't something that can be accomplished overnight, and establishing credibility with individual PIs takes time and is difficult to replicate. We also take the time to nurture these relationships and maintain and expand them over time.

Another important advantage that we have at Huya is that we add value to the companies that we work with and help them reach a number of potential partners. If our partners were to work directly with a single multinational firm they would be limiting their scope.

It's also important to note that we are not a matchmaker or a broker. We invest our own money in our partnerships and take candidates through Phase II clinical trials in the US for our Chinese partners. We take the risk involved in that process, and help take these compounds to a point where they can then get licensed-out to Big Pharma. There is also a large opportunity in using Chinese clinical data. The sheer size of the population means trials can ramp up quickly, and the market potential is quite attractive as well.

How will you maintain the same level of exclusivity as you sign on new multinational partners?

Many multinational pharmaceutical companies are fairly specialized in a few key focus areas. We sign licensing deals with our partners for specific disease categories. For example, our agreement with Solvay is specific to cardiovascular drug candidates. We are careful to ensure that our agreements don't overlap and that we are able to maintain the highest service level for each partner. There's plenty of room for many more agreements, as opportunities in China are so vast and growing at such a rapid pace.

What is your five-year outlook for the Chinese drug discovery sector and for Huya Bioscience International?

The future is now in China. The pharmaceutical R&D sector has incredible dynamism and everyone involved in the field is extremely enthusiastic. The science is excellent, the scale is overwhelming, the speed is breathtaking and the cost is extremely competitive. If you aren't in China you're

really missing the boat and an opportunity to be a part of the next phase in the growth of the industry.

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