

Interview with Peter Halkjaer-Knudsen, Executive Director, ChemPartner Europe

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After establishing the operations of ChemPartner in 2009, can you tell our readers why Denmark?

ChemPartner is a leading contract research laboratory within drug discovery. When ChemPartner was openly reviewing a number of locations throughout Europe, we chose Denmark since we were looking for good infrastructure, proximity to an international airport, and we needed to be able to set up the company quickly and efficiently; Denmark offers all of that. Our business is global, so other locations across Europe were also considered.

Furthermore, we were looking to outsource a few administrative services and we needed to find a country that allowed us to do so in an efficient way. Setting up a company in Denmark takes a few days and the time it takes to establish contracts for supply, rental, phones, banking etc. is typically relatively short and with few penalties if they are prematurely terminated.

These conditions were great for ChemPartner because back in 2009, when we established in Europe, we were testing the market. Setting up the European operations was a kind of an experiment, so we had a few key reservations. How much would it cost us to enter the market? What would be the cost of shutting down?

Both costs were attractive, so this made it easy for our Chinese HQ to make the decision to start in Denmark. The knowledge of an easy exit was reassuring. Fortunately, we have been successful so there has been no desire to leave again.

Since you started green field operations, what was the most challenging part of setting up ChemPartner in Europe?

There weren't really any big challenges. I have done it before and to be honest it was simple, since setting up an operation here is just a matter of work. There is no government red tape, rather there is support from the government, tax authorities, customs, and every single person we encountered in the process was eager to help.

Furthermore, there are also independent consultants who are basically senior professionals from public services who are now in private enterprises, and they can be consulted relatively inexpensively. It is a small country so an advantage is that you can actually go and talk to the governing body in charge of whatever issues you might have. Try that in any other country and you would probably find it challenging.

I calculated that it took me less than 20 man-days to set up ChemPartner Europe, that was all. Setting up a business that quickly is priceless for a SME. Note that this was for a fully operational business unit with everything from phone and fax to banking and accounting and of course good quality offices.

You are describing Denmark as a competitive, small, efficient and cost effective country; the Chinese HQ should be very happy.

Yes, and they are. Our CPA looked at our costs of operations and found them to be some of the lowest costs of operation internationally that he had seen in Europe.

Since you have started, how have the operations grown and which will be the interesting projects that you have in the pipeline?

What has changed over the years is that China has moved from a purely low-cost manufacturing country to a more knowledge-based economy where more research is conducted. Hence at ChemPartner, we are supplying both manufacturing, "simple chemistry", biologicals, medicinal chemistry, pharmacology. We also do "Integrated Services" where we do full or partial drug discovery projects for pharma companies. We run the gamut of research from the earliest stage up to clinical research.

As China evolves from a manufacturing hub to a country generating novel IP, intellectual property has also become one of our major products although it wasn't just a decade ago.

What would you say are the synergies that have been built up between operations here and those in China?

The operations in China are now able to follow much better what is happening in Europe because we are both eyes and ears in China for Europe, and we are eyes and ears in Europe for our Chinese facility. We're listening to what the clients would like to see developed and we make sure it happens at ChemPartner.

One of our main tasks is also to guarantee and promote in Europe what China can offer because many Europeans don't quite believe how fast things really can happen in China. When you show it to them, you have to demonstrate and prove it because they are skeptical about the speed of development in Asia.

Why is that? China is booming and proving it. Would you say there's still a stigma?

One of the stigmas with China is that IP is not safe; the Chinese companies do generate IP. In 2013 that is an absolutely wrong perception. IP is safe. We're repeatedly generating IP for western pharma companies and they are completely comfortable with the IP, we deliver.

Another stigma is that the Chinese companies do not innovate. The mere thought that new ideas must come from the west is absolutely not true. Great innovation is taking place in China; and we are capable of generating and delivering innovative solutions. What happened in our company is one very good example; we have gone from supplying compounds and simple services 10 years ago to supplying solutions and to conduct complex drug discovery alongside our sponsors.

The company has grown since your arrival and now you offer a myriad of services and you have over 2000 employees in China. What do you think has been the key to ChemPartner's success?

Customer focus, efficiency and availability would be key words. You may say we are a very complete pharma company with no products of our own. So, if you want to compare us, we are a discovery lab with 2000 people, who are ready to work on behalf of a client, providing a highly flexible resource.

We have pharmacology, formulation, DMPK, synthesis, medchem, discovery units, screening. Every piece of what you would expect in a western pharma company exists internally at ChemPartner and is available for our clients. The trend that we have seen is that our clients start to work with us for one particular topic but after getting to know our capabilities, they increase their business with us and that is how we achieve a lot of growth today.

In your opinion, in light of the recent competition from Asia (not only now does Asia have the talent, but most importantly they also have money,) what does Europe still have to offer?

Europe has a lot of experience in the drug discovery process. We have excellent people in China but building experience takes time. One shortcut for us has been to hire scientists from the West. For example at ChemPartner we currently have almost 200 senior scientists with a PhD from the West, and more than 10 years of experience at Big Pharma and biotech companies in Europe/US.

Europeans are very productive when working in teams. Therefore teams in Europe generate lots of exciting new ideas. In the current economic situation sadly only few of these teams are sufficiently funded to generate start-up companies and new biotech around their discoveries and ideas.

One emerging role for our company has been to be the "incubator" where highly professional scientists can test ideas quickly and relatively inexpensively. This provides a test of the concepts without requiring high investments in infrastructure. If the concept is viable, there is a good case for further funding, and if the project has no traction, the cost of finding out has been quite low.

What is the role of companies like ChemPartner to help biotech companies not only in Europe, but worldwide?

When a biotech company knows that it has results of value, we can support them with science to encourage more investment and subsequently help them to grow. Companies like ours have a concentration of high-end scientists. If you're a small biotech company, you cannot afford to attract and hire such experts, hence small companies can access them with us. We supply staffing and the associated infrastructure and instrumentation. When the biotech company gets to a point where they know that the project has merit, they can start hiring locally, expand their organization and "backsource" the project to themselves. But before that stage of project maturation, we carry the personnel-related risk of project failure - we have the critical mass to absorb the project team and redeploy it for another project.

Today we can support the most complex projects at a low burn rate for a young company while it is aiming to prove that an idea has traction, and simultaneously build its investor base.

While still working a lot for Big Pharma, a substantial volume of our turnover now comes from such small biotechs whom we are supporting in an upwards spiral.

What would you like to be your final message for our readers?

The final word would be for the international readers - It is important to be represented in Europe and I think Denmark has been a great place to start for us. Denmark has a very good scientific environment with world-class pharmaceutical companies and biotech; we have open universities where you can easily get to talk to both the scientists and the tech transfer personnel, providing high accessibility to both academia and pharma.

In a more personal way, I understand that you grew up travelling because your father was in the United Nations, and now you travel for this job as well. So, what have you learned from this international exposure?

Personally I think it has been a real advantage for me that I have been working within many business cultures both in the US and in Europe, and now the great opportunity to work inside a Chinese corporation. In spite of many similarities, I also see the little things that can make international collaborations go sour and learn to avoid those. It has been very rewarding for my own learning.

My key learning is an awareness of the importance of the cultural differences and how much such differences means for the outcome of a deal or a collaboration. I have also come to realize how much I do not know, scary at times, but I do tend to see more and more opportunities where a lot of people merely see problems.

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