Lingshi Tan â?? Founder, Chairman and CEO, dMed, China

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Dr Lingshi Tan, chairman and CEO of dMed, shares his strategic insights into the new era of Chinese biotech innovation and how it motivated him to leave Pfizer to establish dMed; the mission of dMed as â??more than a CROâ?? to support the growth of the Chinese biotech industry; their clinical development capabilities and how they are a partner of choice not only for Chinese companies looking to go global but also global companies looking to come to China; and his insights into current challenges and opportunities of the Chinese clinical development ecosystem.

Lingshi, you established dMed as a CRO in 2016 following an extensive and successful career with Pfizer internationally and in China. What was the main reason for you to leave Pfizer?

It was sufficiently clear to me around that time that China was at the dawn of a new era characterized by a leap towards innovative products and global standards. An R&D-based biopharmaceutical industry was emerging â?? moving from the lab and into the clinic. People like me, who have spent many years in the field, know well how difficult it is to develop a novel drug or therapy. Chinese biopharma innovators have launched journeys that last typically more than a decade long and cost billions. I was excited about this turning point but also concerned about the challenges Chinese biotech firms face. Their biggest challenges lie in clinical development and this is exactly the development stage where I have more than 25 yearsâ?? experience. I simply could not resist this once-a-lifetime opportunity to help build an industry.

When people talk about R&D, it conjures up the common image of drug breakthroughs miraculously emerging from laboratories. However, so much of the heavy lifting comes after that, during the clinical phase. In the past few years, we have seen many overseas returnees bring their global experience back to China. This is fantastic. For those returnees focused on the science and research side, once they return, over 90 percent of their value and talent return to China with them.

But clinical development involves an additional dimension of complexity that goes beyond science. Clinical development represents a social activity that cannot be accomplished by a drug company alone. Much of the â??valueâ?? of clinical development expertise comes from systems, processes and infrastructure. But it is the well-orchestrated collaboration â?? of doctors, patients, regulators, clinical centers, CROs and even payors â?? that determines the quality of clinical development. Chinese medical practice, the local standard of care and the entire Chinese clinical ecosystem are fundamentally different from the American or European systems. As a result, achieving global quality in a complex â??socialâ?• collaboration conducted within a unique cultural environment and a distinctive medical system is not easy.

To succeed, emerging Chinese biotech companies must have access to world-class clinical development core competencies in the form of experts with extensive clinical development experience who can work as an integrated team. They need to generate original ideas, help shape product strategies, plans and study protocols, navigate the clinical ecosystem in China and deliver to global standards. While China has made tremendous efforts in developing scientists in discovery and pre-clinical development, we still suffer from a serious shortage of locally-savvy clinical talent of global caliber.

Most of your peers with similar Big Pharma backgrounds have chosen to start their own biotech companies. Was it a difficult choice for you to make, between starting a biotech

company and a CRO?

Indeed, I debated the options for quite a while following my retirement from Pfizer. My passion has always been innovative drug development. Nothing can replace the satisfaction of launching a new innovative drug!

But I decided to establish a CRO for a few reasons. As I mentioned, the local industry faces a critical gap in clinical development. This is an area where I build my career both at global level and in China. What role would allow me to make the most impact on an industry in its infancy? A clinical CRO designed to serve a wide range of innovative firms seemed a much more effective way to contribute compared to working with a small portfolio of products of my own. This was the first reason.

Secondly, I did not think existing CROs, whether local or global, could adequately meet the changing emerging demands I have outlined â?? simply because this demand did not exist a few years ago! I was determined to build a China-based global CRO designed to help Chinese innovators go global as well as bring novel foreign products to China, leveraging the new development and regulatory paradigm that was beginning to emerge.

It is very difficult for an early stage biotech company to build a complete clinical team of its own. Assembling qualified clinical development professionals under a CRO allows these resources to be shared by many clients. This is precisely why it is imperative for dMed to hire experienced professionals with expertise in novel drug development, such as clinical physicians, clinical pharmacologists, data scientists, drug safety and risk management experts, as well as regulatory scientists for global and local product registration.

As a CRO, we support so many companies and projects that it may be easier to recruit top talent and build a community of experienced professionals across the different disciplines that can interact with and rely on each other. Ultimately this helps us support our clients and the local Chinese industry in the best way possible. A responsible CRO in China must be able to execute critical tasks but also be capable of performing â??brain functionsâ?• that, in mature markets, normally reside in the sponsors. Even dMedâ??s pool of experts will not be sufficient relative to a rapid increasing demand. Therefore, we are building linkages between local needs and great minds around the world so that decades of experience can effectively help this young generation of drug innovators in China.

With recruitment being so challenging, dMed is competing not only with other CROs but also your clients and partners for top talent. How have you dealt with these challenges as a new company?

As a clinical CRO, the basic fact is that we need a lot of people and resources. In 2.5 years, we have grown dMed to 330 people. Our current growth target is to double that to around 600 people by end-2019 and then another increase to 1,000 by end-2020. This is a significant management challenge â?? not just because of the pace of growth, but because we are looking for unique capabilities in a resource-scarce environment.

We use two simple selection criteria at a senior level: we want people who are experienced in delivering services to global quality standards, while at the same time, can take full ownership of the clientsâ?? goals.

We have positioned dMed in line with global quality and standards because our clients â?? Western or Chinese â?? focus on *global* innovation. Our employees therefore need to be familiar and comfortable with global standards.

As a result, our senior management team comes almost exclusively from MNCs. I was actually advised to be careful about hiring from MNCs because it can be difficult for ex-pharma executives to make the transition from the sponsor side to the service side of clinical development.

This is where the â??ownershipâ?• mindset becomes important. Rather than â??training pharma executives to be â??serviceâ?? peopleâ??, I wanted to leverage their previous experience of having deep attachment to the success of a product. Now, their goal is to share in the ownership of the sponsorâ??s product and the sponsorâ??s success. Our clients are like young parents of a new baby. They are reluctant to hand their baby off to someone who sees their childâ??s growth and development as a â??jobâ??. They want a grandparent or a partner with the same dedication to success that they intrinsically possess as parents.

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Great service does not come from treating the customer as God. It comes from feeling that you have as much at stake as the customer does in the outcome.

At dMed, we could check all the boxes and tell customers they got what they asked for. But what they would not be getting is that fresh idea â?? or pushback on one of theirs â?? that leads to 90 percent of our business coming from repeat clients.

How do we compete in terms of talent? We offer a unique culture that demands a high level of professionalism and personal dedication. Every action you take impacts the product and the outcome matters to you â?? personally. The right people seek us out â?? and they stay. For the past 2.5 years, our annual turnover rate has been around 5 percent.

We focus on attracting talented and entrepreneurial individuals, who see the difference in terms of what they could achieve in an MNC versus what they could achieve in dMed. MNCs have entrenched systems while a new CRO like dMed offers the space for individuals to realize their talents in different ways. We offer much stronger ownership in terms of decision-making and participation, which is also very attractive. These are also people who understand the long-term potential of the company. The risks may be higher compared to working in a MNC but the rewards are substantially higher too! We are all committed to working towards that success.

dMed defines itself as â??more than a CROâ??. Can you share what that has meant for the company and the work you are doing with your clients in the past 2.5 years?

We see this in two dimensions: both at the industry level and the client level.

The CRO industry in China is growing much faster than the global industry. China joining ICH in 2017 has certainly spurred growth further. A critical part of dMedâ??s mission is to contribute to this development. Our teamâ??s expertise is well-recognized. We are part of the ICH expert working group in China and we also represent China globally at ICH. We advise Chinese regulators on implementation of ICH guidelines and provide training. We are working with the China Pharmaceutical Industry Research and Development Association (PhIRDA) to establish standards across the various services that meet the needs of biotech in China. We have established programs with universities to train the future clinical development talent that our industry needs.

At the client level, we have adopted a uniquely flexible definition of our role from the outset. Given the early stage of development of the Chinese biotech industry and clinical development in particular, we do not simply â??do studiesâ??. Much of our work is better define as building the sponsorâ??s capabilities. We help emerging companies establish the framework for a new function; we help facilitate communication between the US licensor and the China licensee to instill confidence in the US partner that critical areas such as safety and pharmacovigilance (PV) are being managed to global standards. We second our people to head key functions within client firms until they have their own leadership in place, which we help develop. In short, we supply the â??brain functionâ?• in areas of core competence, including sitting on internal committees, until the client has fully developed these capabilities in-house.

Today, we are in the process of building a unique set of services for Western biotechs that understand Chinaâ??s pivotal role as part of a clinical and regulatory strategy as well as a source of capital and as a future market.

This is what makes us more than a CRO: we are able to support our clients in all the ways they need, right down to designing processes and putting clinical development and regulatory infrastructure in place. This is a very unique value proposition and is only possible because of the trust our clients have in us.

Looking forward, what are your priorities for dMed in 2019?

My top priority this year is to formalize the management of company. In a short time, we have expanded dramatically and will continue on a rapid growth path. We need to ensure the platform we create this year will sustain our growth.

Closely allied to my first priority is continuing to recruit and retain the best people. Maintaining exceptionally low turnover rates becomes increasingly difficult as firms grow, and we need to ensure that our success continues.

We have made the development of our relationships with Western biotechs a priority for 2019 and are developing novel ways to help bring them to China.

With Chinese biotechs â?? our largest customer base â?? our goals remain clear: deepen our level of trust with existing partners, expand the services tailored to meet their needs, with particular emphasis on supporting their global expansion. We continue to meet new customers and experience a familiar pattern: after initial project, they trust us and know the type of quality and value we can provide.

With your experience and industry perspective, it is clear that today China is on the path towards innovative drug development. How long will we have to wait to see the next Chinese-developed drug on the global market?

We are seeing Chinese drugs come to the global market already. Today dMed works with more than 20 companies (about 1/3 of our client base) on innovative drugs targeting global market. As you know, China is rapidly building strong capabilities in cutting-edge therapies. Here, dMed is already working with six CAR-T companies, for example. The next wave of new products is coming sooner than most people think.

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