# Tianyi (Tee) Zhang â?? General Manager, Frontage China; Senior Vice-President, Frontage Holdings

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*Dr Tianyi (Tee) Zhang, GM of Frontage China and SVP of Frontage Holdings, shares the significant growth of the China affiliate over the past four years; their competitive advantages in China with both bio-analytical and clinical services, their close collaborations with key hospitals, and their â??Two Countries, One Systemâ?? philosophy that ensures they maintain the same quality standards as Frontage US to deliver consistent and quality services to their sponsors; and their ambitious growth plans over the next three to five years.*

**Tee, could you share some of the key milestones for Frontage China over the past few years that you have been general manager?**

As general manager for Frontage China, my responsibility and role are to grow our business in China while ensuring that we continue to provide high-quality services to our sponsors, both in China and globally. In China, Frontage established our bio-analytical lab in 2006. Over the past 13 years, we have since expanded into clinical CRO services, especially for clinical trials in phase I clinical centre, as well as bio-equivalence (BE) studies for generics. Currently, in addition to our bio-analytical labs in Shanghai and Suzhou, we also operate a CMC facility in Suzhou. From having 12 employees in China in 2006, I am proud to say that we now have around 350 employees in China, offering bio-analytical, clinical and CMC services to our clients.

Over the past four years in particular, Frontage China has seen significant growth. One of our defining principles has always been our â??Two Countries, One Systemâ?? philosophy. We operate in the US and China under the same quality systems, and this is our unique positioning in China. However, in the past, this was not well-recognized or appreciated due to the industry environment in China as well as the specific needs of the companies here.

However, since July 22, 2015, when then-CFDA implemented their clinical data inspection policy, and also from March 2016, when they launched the generics quality consistency evaluation (GQCE) policy, the situation has changed completely. Both policies revealed significant problems in Chinese clinical studies and data. Many CROs and sponsors had to withdraw their dossiers. However, Frontage was not affected â?? because we had always adhered to the highest international quality standards. This immediately placed the spotlight on us. These changes gave us a tremendous market opportunity and drove the huge growth of our business in China over the past four years.

For instance, prior to 2016, we did not even have a business development team in China because our business here was driven by international clients. Sponsors in China would have only focused on price but not quality. However, with these regulatory changes, quality has become a fundamental concern within the Chinese pharma industry, and Frontage has been able to benefit from this shift precisely because we have always maintained the highest quality standards.

**The regulatory changes you mentioned have also driven the growth of the overall CRO industry in China. How do you assess the current competitive landscape?**

While China is now the second-largest pharmaceutical market, pharma R&D spending is still not as large, particularly compared to the US or Europe. A single Big Pharmaâ??s global R&D investment might be the same as Chinaâ??s total pharma R&D spending! Therefore, we anticipate a significant growth here as both the government and industry invest more efforts into new drug development, especially innovative drug development, which is incredibly resource-intensive. This growth will

propel the growth of the CRO industry. Already, the growth of the Chinese CRO industry has outpaced not only the global CRO industry but also the Chinese pharma industry.

Against this backdrop, Frontageâ??s competitive advantages are clear. Compared to many of the global CROs, most of which are focused on clinical services and therefore do not have their own bio-analytical labs, we can offer bio-analytical and CMC services, in additional to clinical CRO services. Very few CROs in China can do that. The same applies to the local CROs, very few have both clinical and bio-analytical offerings. In addition, while they are learning and developing quickly, they are still playing catch-up, especially in terms of aligning with the new international standards that now apply to China. Even if these companies decide to establish a new clinical or bio-analytical facility, that is not something that can be built overnight. It may take one or two years just to receive â?? and pass â?? regulatory inspections. Frontage is already well-established here.

Furthermore, we have the advantage of operations in two countries with a single quality system. Our value and standards, unique positioning and this â??Two Countries, One Systemâ?? principle have been recognized and accepted by our clients in China, and we have a track record of delivering quality services to our clients over the past 13 years in China.

In addition, in China, we have developed very close collaborations with 18 hospitals. We helped them to develop their Phase â clinical trials units. We supported them through the whole process from scratch, including providing training, our SOPs from our US clinical operations, and even floor plan designs. What is really unique is the fact that we have implemented our own quality systems into our partner hospitals. This means that we have complete assurance that their quality systems are in line with ours â?? since we use the same system! This is something that other CROs may not be able to guarantee in their collaborations with hospitals. This was important for us in terms of building the capabilities within the entire ecosystem and maintaining strong relationships with our partner hospitals and is a huge differentiator that we can offer our sponsors.

**Frontage Holdings recently IPOed on 30 May 2019. How will this continue to drive your growth?**

Our successful IPO has generated more opportunities for us since we no longer have to worry about funding. In China, we plan to expand into new service offerings, including pre-clinical areas like GLP toxicology, DMPK and so on, as well as within the area of biologics drug development. Some of these services are already provided by Frontage US, so we will be able to draw on their expertise.

We currently have two lab buildings in Shanghai, a 40,000 square feet one for small molecules bio-analysis and the other for biologics bio-analysis, which is 15,000 square feet. In Suzhou, there is a 30,000 square feet CMC facility and a 10,000 square feet bio-analytical lab. By the end of this year, we are expected to establish pre-clinical services in Shanghai. We will also have a plan to open an animal facility and a DMPK lab soon.

There are significant needs in both the US and China markets. We hope to capitalize on our existing advantages and network by offering the same portfolio of services and offerings in both the US and China so that we can support our sponsors in their cross-country trials. For instance, the Chinese government has strict regulations surrounding cross-border transfers of human biological samples, which means we need to have the same labs and facilities in China as the US in order to support cross-country trials.

Currently, we are considering both organic build and acquisition opportunities.

Looking even further into the future, we also hope to extend our positioning across the value chain by moving into drug discovery as well as contract manufacturing. This will bring even more opportunities to Frontage.

**With the boom in the CRO industry in China, competition for talent is also very fierce. How has Frontage been affected by this?**

I am proud to say that over the past few years, our turnover rate has been in the single digits â?? probably among the lowest in the CRO industry here. Our rapid growth over the past few years has contributed to this because it has allowed us to offer more financial incentives and professional development opportunities to our employees.

Frontage puts a lot of emphasis on career development and training. We invest a lot in our training system, especially between the US and China offices. We send talented employees with potential to the US for three to six months, and we also send senior-level people from the US to China so that they can understand the Chinese market better and also share their experience with the teams here. For me personally, I started from the bench and worked in the lab for 20 years, so I am familiar with the journey and often will participate in sharing my expertise and experiences as well. This cross-country movement also ensures that we maintain our quality system.

Following our IPO and with our ambitious growth strategy, we have an even better platform for our employees to grow and advance, which is very exciting and motivating.

**Looking ahead, what can we expect from Frontage China over the next three to five years?**

Prior to our IPO, our initial target was to achieve a growth rate well above the industry average every year. But now we have higher expectations and a new strategy to expand our positioning and service offerings. We hope that in all aspects â?? company size, revenues and employee number â?? we will double or even triple our existing scale. For instance, currently, we have around 350 employees, so in three to five years, we might triple that to over a thousand employees.

We hope to generate exponential growth. We already have a great foundation in our existing portfolio of services. As we expand into more areas like our counterpart in the US, I anticipate that our business will grow several times larger. Five years after that, I also hope that we can move both further up the value chain into discovery services and lower down like commercial manufacturing. That would be a whole new ball game for Frontage!

There are huge opportunities ahead for Frontage and I am incredibly excited to see what we can achieve.

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