

Globalization of BioPharma R&D

*Report on 2007 Joint Conference of CABS & SAPA-WEST**



A joint conference organized by Chinese American BioPharmaceutical Society (CABS) and SAPA-West was held on May 12th, 2007 at the Crowne Plaza Hotel in Foster City, California. This all-day event brought together over three hundred participants from all functions of biopharmaceutical industry, including R&D, business and development, legal, and governmental agencies. In addition, close to thirty vendors and organizations set up exhibitions at the conference, providing an exciting and productive exchange among the meeting participants.

This year, the theme of the conference is **Globalization of BioPharma R&D**, with topics covering major steps of drug discovery from lead screening to intellectual property protection,

all with a global perspective and a special emphasis on operations spanning between the U.S. and China. Our speakers this year include senior executives from major biotech and pharmaceutical companies; entrepreneurs from successful biopharma startups; as well as leading scientists and professors from local biopharmaceutical companies and academic institutions. And our accomplished speakers came from both the U.S. and China. The invited speeches generated extensive discussion after the presentation and a lot of connections too! Over and over again, the excitement and the energy were quite vivid among the speakers and the audience. Like any other exciting time, such enthusiasm reflects great potentials and opportunities of U.S./China collaborative drug discovery. Our audience came out of the meeting with new knowledge, new ideas and perspectives, meaningful business leads, and certainly a lot of business cards! And that is precisely the goal of our conference: to promote members' interests and their professional pursuit; to stimulate interdisciplinary discussions; to bridge biopharma R&D activities between U.S. and China; and finally to create and nurture business opportunities from every link of the biopharma value chain.

With over 75% PhD and over 50% in managerial and executive positions, our CABS and SAPA-West members represent an able and ambitious body. With our scientific and business background, along with an understanding of both cultures, our members will play an increasingly significant role in new science and new business at this historical juncture. In that regard, the joint conference is not only highly relevant, but also timely for our members and for companies interested in doing business with a China connection. Judging from the active participation and warm reception from our speakers, members, vendors, and a great effort from our CABS and SAPA-West staff, our meeting this year was a great success!

To kick off our conference, our first keynote speaker was Dr. David Lacey, VP of Research at Amgen Corp. After a brief introduction of the history of Amgen and its integrated approaches of research and development, Dr. Lacey focused his talk at Amgen's robust product pipeline and Global R&D Strategy. Amgen's early stage pipeline is both diverse and innovative, while its late stage pipeline focuses primarily on unmet patient needs. Touching upon the theme of meeting, "Globalization of BioPharmaceutical R&D", Dr. Lacey

indicated that Amgen is now a multinational company with global presence. Specifically, he shared with the audience Amgen's plan to expand their clinical development in key area in Asian, which include current operations in Hong Kong and future plan in China. In summary, as a leader of biotechnology, Amgen has evolved into a global biopharmaceutical company, with seamless integrated R&D engine in all modalities.

Our second Keynote speaker was Mr. Xielong Luo, Chairman and CEO of Beijing Pharm Group. With a title of **New Development in China's Biomedical Industry**, Mr. Luo presented an overview of China's biomedical industry. Mr. Luo depicted a rapid growing market in Chinese biomedical industry, with greater than 20% annual growth rate in revenue in the past five years. He also discussed the revenues of the largest five pharmaceutical groups in China's market (Beijing Pharma Group was among one of them). On the cautionary side, he discussed major threats of the industry, including a continuing decrease of profit margin. Mr. Luo also discussed China's national strategies and plans for health care. On top of China's rapid GDP growing, an even larger share of GDP has been channeled into health care. As a result, the public health conditions and life expectancy has been dramatically improved. But problems in health care still persist in areas such as quality of care, cost of care, and uncovered population. In the coming years, a major objective of China's biomedical industry is to develop an internationally competitive R&D platform. The presentation was in Chinese. English translation was simultaneously provided by Dr. Shuang Zhang for non-Chinese speakers in the audience.

Dr. Ge Li, Chairman and CEO, of Wuxi PharmaTech Group, was our third invited keynote speaker. Dr. Li presented the idea of "Smart Sourcing". In contrast to traditional outsourcing, smart sourcing focuses upon efficiency of outsourcing instead of merely upon cost saving. In his view, previous outsourcing primarily focuses on short-term cost cutting. Smart sourcing, on the other hand, focuses on building core competency and innovation. Smart sourcing aims to gain sustainable efficiency through quality control, productivity gain and effective project management. In the case of Wuxi PharmaTechs, the company has assembled the right talents, know-how on China, and service packages in order to reach the maximum capacity and capability. This is the second time Dr. Li was invited to give speeches at our conferences. When he first spoke in 2002, Wuxi Pharmatechs Company had about 100 employees; now Dr. Li's company is a robust and reputable company with over 2000 employees. His talk and accomplishment served as a great inspiration for our audience.

During the special session of **Investment and Entrepreneurial Opportunities in Suzhou, China**, we were honored and delighted to have two delegations from Suzhou. The first delegation was led by Mr. Yu Xingnan, Mayor of Wuzhong District of the greater Suzhou region. The delegation coming to this year's annual conference had twelve government officials and company executives from Suzhou Wuzhong District. They introduced the business, investment, and cultural environment of Wuzhong as a place to do business. Wuzhong leads China with a development zone for the national pharmaceutical industry, which features world-class facilities and strong capabilities for both R&D and production. Its diverse and powerful portfolio has helped Wuzhong district become China's largest domestic supplier of over-the-counter (OTC) nutritional supplements and the third-generation of cephalosporin antibiotics and intermediates.



Another delegation, led by Ms. Liu Yuwen, Executive Vice President of Suzhou Industrial Park (SIP) BioBay, was also from Suzhou. Ms. Liu is an old friend of SAPA-West and attended the SAPA-West conference last year, when her BioBay was just started for six months. This year's delegation is comprised of five members from China-Singapore Suzhou Industrial Park. And Ms. Liu introduced the latest progress in building the bio-infrastructures conducive for entrepreneurs to start their businesses in Suzhou's BioBay. She also highlighted a comprehensive set of new financial and administrative policies that had been in place to attract entrepreneurs in life sciences from overseas.

As general information, Suzhou is a city located in the Delta Area of the Yangtze River in Eastern coastal region of China. It is about 1.5-hour short-drive from Shanghai. While Suzhou has been famous for its Wu Culture and a number of influential figures during its long history, it strives to build a new reputation as a business-friendly environment in its recent years of modernization. As a result of such concerted efforts, Suzhou is now rated as one of the most favorable cities for foreign investments in China. During the nineties of the last century and the beginning of this century, Suzhou has systematically built up a sophisticated IT industry with foreign and domestic investments. Now it has a new ambition in biotech and the SIP's BioBay aims to establish exactly the kind of the Biopharma R&D hub that can generate new business, knowledge, investment, and jobs for Suzhou. In that regard, our meeting is a perfect venue for both our members and the SIP BioBay. The relationships between CABS and Suzhou will only continue to strengthen and we are all very optimistic about what future holds!

George Koo, Director of Chinese Services Group, Deloitte & Touche, Board member of Committee of 100 gave a presentation entitled **The Advantage of a Bi-culture Background in a Flat World**. Dr. Koo has advised many multinational companies on their strategic approach and implementation plans in China for the last 25 years. He assists in cross-cultural communications and negotiations. He shared several stories emphasizing the importance of understanding on the culture in which one is doing business. He also shared additional advice to the audience, 1) Be more focused on how to deliver our message more effectively instead of correcting our accent; 2) Keep the advantage of the culture of our heritage while adapting to the culture of the U.S.; 3) Sharpen our communication skills by being a good listener; 4) Ready to be proactive and take a stand for a bilateral issue instead of holding a victimized mentality; 5) Contribute more to the society as we become more successful.

The session of **Technology Innovations in China and the US**, was presented by four successful business executives and experts from both US and China.

During his talk, Dr. Suneel Gupta, Senior VP of Clinical Pharmacology and Experimental Medicine and a member of the Management Board at ALZA, gave an in-depth presentation on drug delivery systems and their clinical values. He showcased several commercial products as examples of how drug delivery technologies can be used to maximize clinical utility and/or effectiveness. Subsequently, Dr. Xian-Ping Lu, CEO and CSO of Shenzhen Chipscreen Biosciences Ltd, discussed strategy to setting up R&D operation in China and shared with the audience his success story of founding Chipscreen Biosciences Ltd in Shenzhen, China.

Dr. William H. Robinson, Assistant Professor of Medicine at Stanford University and Co-Founder of Bayhill Therapeutics, gave an exciting presentation on a new therapeutics called tolerizing DNA vaccines for autoimmune diseases such as Multiple sclerosis (MS). A DNA vaccine called BHT-3009 encoding full-length human myelin basic protein (MBP) was developed by Bayhill Therapeutics and is now in clinical trials for MS.

Finally, Dr. Zhaohui Peng, Founder and President of Sibiono GeneTech Co. Ltd, gave a very exciting presentation on the highly successful gene therapy product, Gendicine, in China. As a well-known gene therapy expert of the world, Dr. Peng led Sibiono GeneTech to develop the first gene therapy product, recombinant human p53 adenoviral injection, trademarked as Gendicine. The success of the Gendicine was extraordinary and was widely reported by media all over the world. Cancer patients from all over the world came to China for their treatment and were rewarded with new life and hope. Gendicine, approved by the State Food and Drug Administration of China, propelled China into a leadership position in using gene therapy to treat terminal cancer patients. Dr. Peng's presentation generated enormous enthusiasm from our audience and stimulated long discussions afterwards.

The joint conference was concluded with an informative and stimulating evening session of **Entrepreneurship in biopharmaceutical industry**. Dr. Tony Chen, partner at the Shanghai office of Jones Day, addressed intellectual property issues that biotech entrepreneurs encounter in the course of drug research and development. He provided an overview of the legal environment in the biotechnology industry in China and discussed the various types of intellectual property protection in China, including patents, trade secrets, and non-competition agreements. Mr. Chen urged that biotech entrepreneurs aiming at the Chinese market should introduce products to China early and obtain patents and trademarks in China without delay. He suggests that biotech entrepreneurs should be more sophisticated in patent strategies, be proactive in monitoring competitors' activities, and be preemptive in preventing competitors from usurping their own intellectual property.

Dr. Frank Kung, founder and managing partner of Vivo Ventures LLC, discussed the major value drivers for a successful biotech company in today's market environment. He provided insights into how biotech entrepreneurs can apply the right business model to capitalize on opportunities. He attributed success of biotech entrepreneurs to their communication skills, enthusiasm, problem-solving abilities, persuasiveness, and excellent executive presence, particularly in front of investors. Dr. Kung indicated that, as the biotech industry grows, new business models, such as short time line products and platform technology, become more attractive. He further identified OEM models, differentiated therapeutic products for domestic market, and improved NCE, biological, or device distribution infrastructure as areas of particular interests in the Chinese market. In addition, Dr. Kung also offered a few words of caution and advised the future entrepreneurs an attitude of prudence.

Overall, the biopharma business opportunities between China and the U.S. are tremendous and compelling. However, it does not necessarily mean that anyone with a Science and Chinese background can automatically win. As in any business, success comes from careful evaluation of market opportunities, good planning and execution. It requires the ability to pull all the necessary resources in place. It requires understanding, courage, and dedication. With that mindset and spirit, our organization will continue to nurture and encourage Chinese scholars and businessmen to take on new challenges during this exciting time. As we advance, our conference and many other activities in the U.S. and China will foster a stronger scientific and business community among members and member companies. And we are confident that collectively; our organization and our members will thrive in the new biotech era.

** The report is assembled and edited by Dr. Yangzhou Wang based on summaries from Conference Session Chairs*