2nd Swiss-Chinese Life Sciences Forum

Chinese Pharma Goes Global

瑞中经济协会

The Swiss-Chinese Life Sciences Forum 2018 has delivered insights about the key players in the Chinese Pharma landscape and has identified opportunities for a more intense collaboration between Swiss and Chinese Pharma. The key take-away is:

The Chinese Pharma industry is rapidly upgrading its capabilities, moving from a supplier of basic molecules and generics to becoming a major force in the development of innovative, molecular-targeted treatments and gene-based therapies.

Mr. **Matthias Leuenberger, Country President Switzerland, Novartis**, as the forum's host, welcomed the participants at Novartis Campus in Basel. The Swiss-Chinese Chamber of Commerce, BaselArea.Swiss, represented by Mr. **Gabriel Schweizer, Senior Project Manager Asia**, and the FHNW University of Applied Sciences and Arts Northwestern Switzerland have jointly organized this forum. Dr. **Thomas Christ, Acting President, Swiss-Chinese Chamber of Commerce**, emphasized in his introduction the growth opportunities of the new Chinese and the old Swiss economy.

Prof. **Michael Jeive, Head of the Swiss SME Research Center China, FHNW School of Business**, structured and moderated the first part of the forum.

Dr. **Amber Cai, Head, NIBR Shanghai Operations, Scientific and Business Operations at Novartis R&D Center Shanghai**, was on Live Stream and provided an overview of the Novartis Shanghai Campus and the Novartis Institutes for BioMedical Research (CNIBR), a base and an innovation hub for Novartis in Asia. The focus of CNIBR is on innovation and unmet medical needs. Significant investments have been made over the past ten years, which enabled the development of full capability in Shanghai. Two major drug discovery programs and an epigenetics research platform for innovative drug discovery have been established. Innovative drug discovery is driven by collaboration with research institutes, medical centers and Biotech & CROs.

Although China has become the second largest market in the world, patient access to innovative drugs remains delayed compared to other markets, according to Mr. **Guillaume Vignon, Senior Vice President Business Development, BeiGene**. The reforms of the State Drug Administration (SDA) and the Center for Drug Evaluation (CDE), which embrace access to innovation and harmonization with global development standards, are creating a favourable regulatory environment. Innovation in China is booming: Biopharma is flourishing, 119 innovative programs entered clinical trials in 2017, and innovation is allowing the penetration into the global market. The total partnering deal value catalysed by a more favourable regulatory landscape and by the need to access innovation is expected to reach $15B in 2018.

Mr. **Bruno Delie, General Manager, Luye Supply AG Switzerland**, shared Luye Pharma Group's experience of entering the global market by starting in China. The key growth drivers for the internationalization of the group are: 1) the setup of an international R&D pipeline, 2) the development of international business operations through acquisitions, and 3) to initiate M&A with focus on CNS and Oncology franchises. Challenges for international expansion include differences in perception, approaches and perspectives, as well as labor market restrictions detrimental to efficient problem solving capabilities.

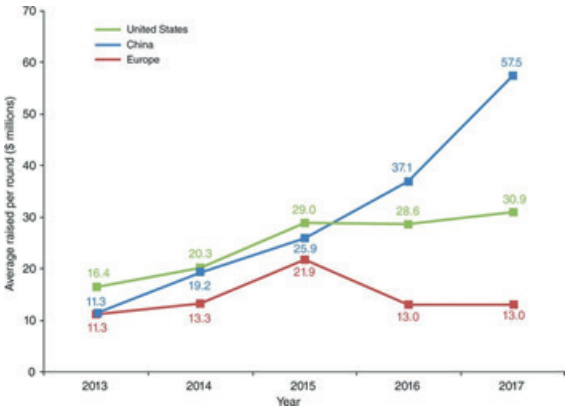
Dr. **Ru-Yi He, Chief Scientist at the Center for Drug Evaluation at the China Food and Drug Administration (CFDA)**, first discussed the purpose of the organization's reform to improve the quality of drugs in China. To achieve this goal, the standards of drug review and approval must improve and the marketed generic drugs must be reevaluated. The key is innovation. To encourage this innovation of drugs in China, the following is required: build expert review teams, accelerate Review Clinical Trial Application (IND) and conditional approvals, improve the Clinical Trial Management, accept overseas clinical trial data, support the development of drugs for rare diseases, and – last but not least – more openness and transparency.

We are witnessing the beginning of a new era with China biopharma innovation reaching new highs, says Mr. **Nigel Sheail, Global Head M&A and BD&L, Novartis International AG**. In the past ten years, we were able to observe positive changes, such as the recent healthcare reform initiatives and the policy support driving the Biotech boom. Investment analyses show that the volume of China Biotech fundraising has significantly increased and almost reaches EU level. The growth of telemedicine is creating new platforms for diagnostics, encouraging the rapid development of the digital healthcare market. The innovation curve is steep, however, regressions are possible at any stage.

Martin Rohrbach, Partner and Sector Head Life Sciences, KPMG Switzerland, described the Chinese-Swiss deal landscape. Chinese companies show interest in acquiring Swiss pharma businesses for their R&D/innovation and brand strength, some pharma investors have recently even opened offices in Switzerland, suggesting future investment interest. On the other hand, there have been no significant M&A deals of Swiss companies in China during the last years. However, the number of strategic partnerships – where the Swiss/Western firm provides the product, and the Chinese firm the sales and marketing expertise and channels – has increased. Challenges in the business activities between Chinese and Swiss companies can mainly be attributed to the language as well as cultural and environmental differences. Working permits and legal issues also play a significant role.

The second part of the forum, dedicated to a panel discussion and Q&A session, was moderated by Dr. **Patrik Frei, Founder and CEO, Venture Valuation AG, Switzerland**. Mr. Patrik Frei asked the panelists, which challenges arise when doing deals between Swiss and Chinese Pharma companies, and what needs to be done to overcome these challenges. Panelists commented that they observe a different perspective regarding how to manage the speed of evaluation. The tendency in China is to go faster, the tendency in Europe is to dive deeper into the processes, what therefore takes more time. Another challenge is the race against bigger Pharma companies. Regarding the question of how to overcome challenges, the view was that it is important to deal with issues in real time, to be present and show commitment, to focus on quality and innovation, and to communicate. On the topic of trust, the consensus among panelists was that it is essential to show that you care about the product, to work pro bono on ideas on how to create drugs, to show that you have great ideas, and to work on the individual relationship with the partner. Clarity and transparency are crucial to show capability and to increase trust. ◀

Average fundraising size per round (by region)



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