

“Biotech is our passion”

BIOTECH AUSTRIA In April, the members of Biotech Austria elected a new board during its official founding event. Within the last five months, Biotech Austria expanded its number of members to more than 50. European Biotechnology spoke to founding President and CEO of Apeiron Biologics, Peter Llewellyn-Davies, about the association's goals for the coming months, challenges for Austrian biotech companies and new communication approaches for that industry.

EuroBiotech Mr Llewellyn-Davies, Austria has managed for a long time without its own biotechnology association. What has now led to its foundation?

Llewellyn-Davies I was surprised myself that our industry has not been suitably represented by an association so far. After all, there are more than 150 specialised biotech companies with several thousand employees. Associations for pharmaceutical companies, research organisations and universities already exist, but there was nothing specific for biotechnology as yet. The trigger for founding the association was that we, at Apeiron, were looking for ways to finance our COVID-19 therapy development, either through the public sector or with investors. I looked for an association in Austria that could have given me ideas, contacts or support, similar to the successful BIO Deutschland in Germany or Swiss Biotech in Switzerland. But there was no similar neutral or non-governmental organisation representing Austrian Biotech. Then we discussed the matter amongst colleagues from the sector and all agreed that we need an association to support Austrian biotech. A quick survey amongst other companies in the field also confirmed that there is a very high demand.

EuroBiotech In Switzerland and Germany, such associations have existed for quite a long time. Why has it taken until now to create a national lobby organisation in Austria?

Llewellyn-Davies Innovation is very important in Austria. However, politicians and scientists have not yet recognised that these innovations also come from biotechnology companies, not just phar-



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maceutical corporations and institutes, that is why the sector has fallen behind somewhat in international comparison. You can observe this in Austrian policy initiatives. Drug selling pharma companies and researching universities are included, but the essentially important bio-

tech sector in between – developing a product to market launch – is excluded or only involved to a limited extent. In addition, valuable entrepreneurship does not have the status it needs. We need a new innovation culture in Austria. Young people should identify entrepreneurship as a chance, as something to aspire to. Biotech Austria is committed to improving the framework conditions for business founders.

EuroBiotech How many members did you start with, where do you stand today and what mark do you want to reach by the end of the year?

Llewellyn-Davies Upon foundation last December, we had already gained 30 members, of which 19 are ordinary members (biotech) and 11 sustaining members (sponsors). Today, after about five months, we already have more than 50 members, of which more than 35 are ordinary members. It is finally being recognised in our sector that such an association is important and that there is a high need for it. And of course, we will further increase the number of members during the year. We are open to all biotechnology and biotechnology-related companies, as well as to sponsors that wish to support our goals to have a strong innovative sector in the centre of Europe.

EuroBiotech The EU Foreign Trade and Payments Regulation and the corresponding Austrian Foreign Trade and Payments Act were also an impetus for the foundation. What are the main barriers with this for Austrian biotech companies?

Llewellyn-Davies Very high amounts are needed in growth financing for biotech

companies. Investors in Austria and most of Central Europe are rather-risk averse. When a biotech company looks for investors, we often have to go outside of the EU, mostly to the UK, the US or even Asia. This new European law requires state approval for many foreign investors to participate in funding rounds. This law discourages investors and increases the obstacles we face in developing our projects. We do not understand the need for such a law. It is not about takeovers and selling off acumen abroad. It is about financing – this creates jobs and lures experts to live in Austria which strengthens purchasing power. It strengthens the location of biotech in Austria and promotes innovation.

EuroBiotech_ What should change with regard to the law and how does Biotech Austria want to achieve this?

Llewellyn-Davies_ There needs to be a new understanding of where innovation comes from. There needs to be a discussion about exempting our industry from this law. And we also need to be put in a position to get enough funding from Austrian investors so that we don't have to look abroad for capital.

EuroBiotech_ Besides: What are other hurdles in politics that biotech companies have encountered?

Llewellyn-Davies_ Apart from the Investment Protection Act, there are of course many other issues that we need to work on. For example, entrepreneurship needs to be better taught in Austrian universities, take the US as an example. We need to create a culture where entrepreneurship is a model of success, whether you perhaps fail or not. In the US, if someone does not successfully implement a business model, it is positively recognised as an experience and not branded as a failure. The Austrian research promotion agency FFG and others should be enabled to fund not only research but also development activities. This is currently possible only in very exceptional cases. It is also vital that more attention is paid to activities in biotech in locations outside of the capital Vienna, for example Tyrol

and Styria. We can support regional governments who should also create more availability of laboratory space and the creation of infrastructures for employees. Biotech Austria has therefore expanded its board with honorary representatives from Western, Mid and Southern Austria to better address regional issues. And last but not least, we have to stop the brain drain. Many Austrians with high expertise go abroad and found successful companies or institutes there. That has to be changed – and improving the biotech industry leads to a higher attractiveness for employees, not just to stop experts leaving but also to attract new acumen to this beautiful country.

EuroBiotech_ What are Biotech Austria's plans for the coming months?

Llewellyn-Davies_ One important goal is to improve networking for our members and guest companies, for example through events and task forces. In the first few months, we have already formed task forces for communication, financial topics, patent law, taxes and insurance to improve acumen in biotech companies. Workshops answer questions such as: How can a biotech company best present itself to investors and the public? How does a biotech company obtain funding? What insurance is required for clinical development? In addition, there are networking events, which are currently offered digitally using an innovative online platform. Our opening event was a huge success with over 500 participants.

EuroBiotech_ On the subject of financing: Industry representatives say that in Germany the initial financing of startups works relatively well. Problems occur in the phase of growth. How is the situation in Austria?

Llewellyn-Davies_ It's similar but there are differences. Let's take a glance at Biontech. The founders got start-up funding, the companies were then founded by innovative scientists (one incidentally is from Austria). Then a huge growth capital boost was provided by family offices, e.g. from Andreas and Thomas Strüng-

mann. There is more or less no growth capital from private investors in Austria available. Then when it got exciting in Spring 2020 Biontech got an investment from the German government. Incidentally, the pandemic has also shown an imbalance in investments in vaccines and therapeutics. Again in Germany, the development of vaccines was government-funded with more than €1bn, the development of therapeutics with only €100m. In Austria, it is almost impossible to get growth funding. As mentioned above there is no money for clinical development which is vital for our industry. We, as Biotech Austria, want to convince successful Austrian entrepreneurs – and there are quite a few of them – to participate with the government in a specialist VC fund to enable biotech companies to raise funds and take the next step in their development.

EuroBiotech_ Why is it so difficult for biotech companies to raise money in Europe? And if they do get funding, they are more likely to succeed in the US ...

Llewellyn-Davies_ The reason is the different understanding of risk and reward. In Austria, in Germany, in Central Europe, risk is not generally perceived as a good thing. It is fixed in the culture of these countries that people prefer to get dividends for investments, or to invest in government bonds or put money in savings accounts (if interest is paid). There is a safe return there. However it is changing - there are examples of people taking risks by investing in cryptocurrencies or real estate. Why don't these investors put money in biotechnology? Because it is an unknown field, as most investors have no scientific background. It is difficult for them to assess. That's why it is one of our goals to make our industry and the biotech business model understood better. We want to create awareness that generally health is the highest good. And without biotechnology, there would no solutions to provide good health for many. So an investment brings two advantages, one provides support to an industry that helps mankind in general and has an interesting risk/reward balance.

EuroBiotech_ Should governments provide VC?

Llewellyn-Davies_ *The state should keep the companies' backs free so that they can raise capital, as a VC provider, it should only step in for a limited period. That is not the state's task. But bureaucracy must be reduced. Employees from all countries of the world should be able to work here. It must be made more attractive for investors to get involved. For example in France, if a biotech investment is lost, the investor is able to deduct this loss from his tax bill. In fact, there are virtually no losses as the investors know that their investment also has personal benefits. It would be a highly innovative Austrian government that creates similar models.*

EuroBiotech_ Are there prominent investors like Andreas Strüngmann, Thomas Strüngmann and Dietmar Hopp in Austria as well?

Llewellyn-Davies_ *These particular investors are not that prominent in Austria, but there are definitely interested parties who want to make investments. But I would also like to mention that the German state invested hundreds of millions in Biontech and Curevac. The Austrian state has not done that for biotech, there was no direct government investment. This must improve. We appeal repeatedly to Austrian politicians to take this matter seriously. We are talking about the future and the health of next generations.*

EuroBiotech_ Biotechnology has always had to contend with reservations. Genetic engineering e. g. was and is also a dirty word. How could the importance of biotechnology be anchored with private investors and thus with the general public?

Llewellyn-Davies_ *We have to educate through communication. Each individual company is responsible for communication. When it is said that the Biontech vaccine changes our DNA, it shows how little knowledge there is about this technology. The government and media should also improve education systems*

for the general public and in return not focus on half-facts, as happened in connection with the vaccine from AstraZeneca and the minimal risk of thrombosis. On genetic engineering: As an industry, we are subject to very strict legal requirements. And we fulfil these requirements conscientiously.

EuroBiotech_ Many biotech companies' websites are exclusively in English and in technical language. They primarily address customers and investors. Exciting founder stories are rare. What can the companies do better to get a broader public excited about them?

Llewellyn-Davies_ *That's a good point. For the general public, information should also be available in German. And we should also present the story and the people behind the company with more emotion and in simple language. That will improve communication. But it is just as important that companies explain their technology in a generally understandable way. So simple that any layperson can understand it. And we have to make it clearer: biotech is our passion.*

EuroBiotech_ Most of your members tend to come from the red biotechnology sector. What role does biotechnology play for Biotech Austria in industry and agriculture?

Llewellyn-Davies_ *We indeed started Biotech Austria with a main focus on human biotechnology for the time being. But we are planning to expand our association to include white and green biotechnology as well.*

EuroBiotech_ In which areas of biotechnology is Austria particularly strong?

Llewellyn-Davies_ *Basic research in Austria is excellent. The will for entrepreneurship is there. However, there could be more. There are strong providers in diagnostics, cancer research and the field of infectious diseases. Green and white biotechnology haven't the same issues that we are currently experiencing, it is innovative and well advanced in Austria.*

EuroBiotech_ Prof. Christoph Huber was a prominent guest at your founding event. The native Austrian left his country decades ago. What has to happen so that young talents start up in Austria and build companies there?

Llewellyn-Davies_ *As I mentioned the framework conditions for young entrepreneurs have to be improved. The young entrepreneurs need to be convinced that it is much better to be in Austria than to go abroad. To clarify: of course it is perfectly fine for entrepreneurs to go abroad. But they should be motivated to come back to take their next step here. After all, it is great to gain experience outside of Austria and to bring know-how back to Austria. So we should not only create a good environment for young entrepreneurs in Austria but also make Austria interesting as a country to live and work and want to continue their development here. I myself joined Austrian biotechnology from Germany and the UK.*

EuroBiotech_ Where do Austrian biotech companies stand in international comparison? Are there also flagship companies like Biontech and Curevac in Germany?

Llewellyn-Davies_ *I named Biontech and Curevac because they are currently in the spotlight during the pandemic, this has helped the awareness of biotech in general. I could easily name many other companies that are very successful. There are also many great companies in Austria. I measure success by the fact that a company develops its products professionally and is then either sold like Themis Bioscience, outlicenses its projects successfully like Apeiron Biologics, goes public locally like Marinomed Biotech or is successful on the international trading floor like Hookipa Biotech or Valneva. In addition, there are numerous smaller companies that are on their way there, Biotech Austria will support them by building up acumen and expertise. The holy grail is, of course, to create an attractive exit for investors.* ■

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