

Regional Initiatives

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▼ Germany's BioRegions join forces

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Regional biotech industry groups throughout Germany are cooperating with each other to enhance the international competitiveness of the country's biotech sector.

In November, key biotech industry representatives from across Germany will meet to discuss how to present a unified sector to the rest of the world. By highlighting the particular strengths of their biotech companies and clusters across regions, instead of promoting individual regions, German biotech officials hope to attract more investment into the country.

In the mid-1990s, Germany created the BioRegio program to boost its biotech industry. The government doled out monetary awards to different regions across the country to help them start up biotech companies and encourage international investment¹. Although the fiscal details of the program—soft loans, matching funds and government-backed investment guarantees—have arguably led many of the resulting startups to go bankrupt in the past few years², there are currently 28 so-called "BioRegions" across the country that have stable infrastructures for marketing the country's companies³. Now, the BioRegions of Germany are joining forces to enhance the international competitiveness of the country as a biotech location, market the country's biotech industry more effectively and attract scarce venture capital.

Germany's tiny BioRegions have risked confusing international investors by marketing themselves individually at trade fairs in the past, according to Heinrich Cuyper, senior project manager at BioCon Valley, a service company in Greifswald that acts as a coordinator for biotech clusters in a region of northeastern Germany. He believes that closer cooperation among the country's bioregions would result in a "national approach" that would be a significant magnet for international funds. "At the moment there is a tendency for each BioRegion to fight for itself. By working together, we will all benefit," he says.

Verena Trenkner, from BioM AG, a consulting company in Martinsried that acts as a coordinator for the Munich biotech regions, says that the need to raise more venture capital for the country's cash-strapped biotech companies has been a driving force behind closer collaboration. "The BioRegions are all experiencing problems raising venture capital, and in difficult times, people often realize that working together has advantages," she says.

To achieve these goals, the 28 BioRegions joined together to create the German Association of BioRegions in Leipzig in March 2004 and have met four times since then. Dennis Phillips, spokesperson for Commerzbank, a private sector bank with an investment arm based in Frankfurt am Main, expects the new network will boost the country's languishing biotech industry. "The German economy is not in good shape at the moment, and the German banks have also gone through a rough time," he says.

Indeed, only one-third of Germany's venture capital-financed biotech companies have enough cash to last more than 12 months and the



BMBF

Germany's many BioRegions, 24 of which are represented on this map, are beginning to collaborate with each other.

country's biotech industry needs to raise €800 (\$985) million in 2004, according to a recent Ernst & Young report⁴. "Investors will certainly be much more willing to put money into biotech companies if they [the companies] can form bigger entities that can transform knowledge into products that are commercially viable," says Commerzbank's Phillips. The new association aims to do this by strengthening links and networks between companies and clusters across regions, which should promote closer cooperation and technology transfer among companies.

“At the moment there is a tendency for each bioregion to fight for itself.”

The new network will also coordinate regular informal meetings between key biotech officials to discuss a broad range of issues on which all the BioRegions can collaborate, including how to improve the presentation of Germany's biotech at the US Biotechnology Industry Organization's annual conference, which is the largest biotech conference in the world. The group is also planning how to transform the annual BMBF-Biotechnology Days, the most important regional German networking event, into a forum that facilitates and promotes contacts between all the players on the German biotech scene. Association officials have also floated plans for a seed and early-stage funding support initiative with a strong emphasis on academic technology transfer. Moreover, they have begun jointly lobbying the government on regulatory affairs, such as agbiotech legislation.

The creation of a new network that links Germany's BioRegions together holds much promise for the country's biotech industry but some want to go a step further and establish a single agency that would knit together the country's fragmented biotech community. "It makes sense to have one agency that represents the biotech industry's views, one agency that applies for funding, and not to have ten different organizations," says BioCon Valley's Cuypers. He adds that a prototype for this new form of cooperation already exists in ScanBalt, a network of contacts that sits on top of peer-to-peer biotech networks in Scandinavia and northern Europe to handle issues that affect the region's biotech community⁵.

Anthony Coulepis, executive director of Ausbiotech, the industry body representing Australia's biotech sector, sees many parallels between the German and Australian biotech industries. He says that Australia's biotech industry has already begun to see the fruits of closer cooperation between its strongly competitive biotech regions⁶. "One advantage of states and regions working together is that the critical mass around clusters makes [member companies] more attractive for investment from international venture capitalists, based on the [companies'] success resulting from cluster activities," he says.

Web links

BioRegionen in Deutschland

<http://www.bioregio.com/>

Ernst & Young biotech reports

[http://www.ey.com/global/content.nsf/Germany/Branche -
_Health_Sciences_-_Home](http://www.ey.com/global/content.nsf/Germany/Branche_-_Health_Sciences_-_Home)

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