

Opportunity for Expansion Rises in Far East for Life Sciences Company

San Diego Business Journal

Life Technologies Corp.

CEO: Gregory T. Lucier.

Revenue: \$3.59 billion in 2010; \$3.28 billion in 2009.

Net income: \$378.3 million in 2010; \$144.59 million in 2009.

No. of local employees: 1,700.

Headquarters: Carlsbad.

Year founded: 1987.

Stock symbol and exchange: LIFE on Nasdaq.

Company description: A global biotechnology company focused on improving the human condition. The companys products and services are primarily involved in drug discovery and research with a smaller presence in diagnostics.

Life Technologies Corp. has joined a growing group of local biotech firms continuing to invest in Asia. The Carlsbad company announced that it has opened a 62,300-square-foot distribution center in Singapores Tuas Biomedical Park to serve the emerging Asian market.

Life Technologies ranks No. 4 on the San Diego Business Journals list of largest public companies with \$3.28 billion in revenue in 2009. Though the companys revenue crept up 9 percent to \$3.59 billion in 2010, net income more than doubled to \$378.3 million for the same period.

In 2009, 10 percent of the companys revenue came from the Asia-Pacific market, excluding Japan. It grew 15 percent last year, according to a February news release.

The company did not return calls seeking comment.

"Asia Pacific is our fastest-growing region in the world," said Mark Smedley, president of Asia Pacific for Life Technologies, in the Feb. 28 news release. The companys daily shipments in the region have increased fourfold since the center opened in August.

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Joseph Panetta, president and CEO of Biocom, a life sciences trade association, says more local companies could follow. Life Technologies is a research tools company, which means they're at the forefront of supplying companies just beginning research there.

At the Early Stages

"What we're finding is that we're still at the early stages of biotech companies setting up shop in Asia," he said.

Life Technologies competes in the international DNA sequencing and molecular diagnostic market. An estimated 79 percent of the \$4.7 billion molecular diagnostic market is in the U.S. and Europe, according to Kalorama Information, a New York-based provider of life sciences market research.

"They are positioning themselves for the future as complex tests are demanded by these nations' growing health care systems," said Bruce Carlson, Kalorama's publisher.

And Panetta sees a big opportunity for local life sciences firms.

"Clearly the Chinese are on the cusp of major health care reform," Panetta said. "They have millions and millions of people in rural areas who have no health care at all."

It's unclear how much Life Technologies spent to launch the expansion or how many workers the distribution center employs. However, according to a 10-K filed by the company last month, it "continues to benefit from reduced tax rates in Singapore and Israel." Singapore granted the company a special status through June 2014, for companies that promote economic or technological development in the country.

"The impact of the tax holiday in Singapore decreased Singapore taxes by \$21.2 million, \$20.1 million and \$600,000 for 2010, 2009 and 2008, respectively," according to the 10-K.

Two Biggest Hurdles

The two biggest hurdles in the Asian market are access to capital and intellectual property laws, Panetta said. China has restricted venture capital funding to keep the money with local projects and locally based companies. The Chinese government finally eased restrictions on venture money late last year, Panetta said.

Intellectual property laws are also different in China than the U.S., so some firms have been reluctant to share information with Chinese partners.

"The intellectual property protection hasn't been that adequate," Panetta said.

Life Technologies has one of the largest intellectual property estates in the life sciences industry with more than 4,000 patents and exclusive licenses. Its products

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and consumables can be found at labs in 160 countries.

BioDuro LLC, which was acquired by Pharmaceutical Product Development Inc. in 2009, was one of the first San Diego companies to set up shop in Beijing. The company specializes in drug discovery and now employs more than 600 workers in China. BioDuro has also partnered with San Diego sister company BioAtla LLC for drug research and development across the Pacific.

Huya Bioscience International launched in San Diego in 2004 and now has six offices in China.

The hope for Southern California biotech firms is that the expansion to Asia is a two-way street, Panetta said.

"Most of the companies doing business in China want to see Chinese businesses coming here to Southern California as well," he said. "This provides the opportunity to create more jobs and for us to access technologies theyd introduce to the U.S."

Stephanie Flores is a freelance writer for the San Diego Business Journal.

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