JW Pharmaceutical Lands First-Of-Its-Kind Deal with Leading Venture Firm Amidst U.S. Biotech Advancement Efforts

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J.W. Pharmaceutical, one of the largest pharmaceutical companies in South Korea, signed an R&D partnership with ARCH Venture Partners on July 13, 2022, for novel drug exploration. ARCH is one of the top three biggest venture capital firms in the U.S. market.

The deal is a first of its kind. Maeil Business News Korea reported that this marks the first time a South Korean pharma has partnered with a U.S. bio-healthcare V.C. for the research venture. ARCH has set a new goal to increase its open innovation strategies by partnering with global bio companies.

The agreement specifies multiple areas of research exploration, including medical and device diagnostic, modality, data science, low-molecular synthetic drugs, and nutrition. The partnership between J.W. Pharmaceutical and ARCH offers a unique, timely case for South Korean life science, biotechnology, and pharmaceutical developers to notice.

Leading U.S. players seek to collaborate more with global players at earlier stages of development.

J.W. Pharmaceutical may be the first, but there will be other South Korean companies to land a partnership as such. With rapidly changing U.S. infrastructure changes anticipated in the next few years, J.W. Pharmaceutical is a crucial example of how South Korean developers can expand their market share in the U.S. through new types of opportunities available.

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Background on South Korea's Growing Role in U.S. Infrastructure Advancements

Since President Joe Biden was sworn into office in January 2021, U.S. efforts have shifted towards accelerating local manufacturing efforts. In his first week, President Biden signed an Executive Order called Ensuring the Future is Made in America by All of America's Workers. The order is intended to revamp the American manufacturing industry through federal procurement.

Months after J.W. Pharmaceutical's announcement, on September 12, 2022, the White House released another Executive Order entitled Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and Secure American Bioeconomy to accelerate America's economy. The U.S. is set to ramp up U.S.-based manufacturing, particularly in biotechnology. Beyond expanding local manufacturing facilities, the U.S. is pursuing new innovative approaches and indications in the biotech sphere.

Based on new industry demands and rankings, it is no surprise that major market players like ARCH are expanding their portfolios with South Korean companies. Last year, South Korea was named #1 for global innovation in the annual Bloomberg Innovation Index. The U.S. ranked #11.

South Korea's innovative discoveries and methodologies are an attractive differentiating point for U.S. audiences. When approaching U.S. players, consider each company's individual goals and how your approach can help reach them.

In J.W. Pharmaceuticals' case, the developer has successfully showcased a key component of collaboration often missed by South Korean companies: the opportunity to collaborate at an early stage.

As biotech R&D and subsequent manufacturing rise in the U.S., local players seek to get involved earlier. These parties represent some of the first of their kind in the expanding trend. In turn, many players will want to join forces on ventures to make it a collaborative process rather than getting involved in late-stage developments fully formed in South Korea.

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Exploring Cross-Country Biotechnology Collaborations Beyond J.W. Pharmaceuticals

J.W. Pharmaceuticals is one of many leading players expanding U.S.-based manufacturing and development. S.K. Group, South Korea's second-largest conglomerate, has unveiled multiple updates in 2022 on forming a U.S. corporate entity. Perhaps most notable, S.K. Group has invested $22B in U.S. manufacturing following Biden's substantial shift toward reviving the U.S. supply chain.

The conglomerate also recently shared plans to create a U.S.-based corporate entity. Named SK Bioscience USA, Inc., the U.S. entity is set to be established early next year and will be headquartered in Boston, Massachusetts. The October 21 press release, featuring business development updates, specifies that S.K. is focused on building U.S.-based "bio-clusters" of partners for novel and innovative technologies.

In addition, on May 20, 2022, another South Korean conglomerate, Lotte, announced a $160M plan to acquire Bristol Myers Squibb's U.S.-based facility in East Syracuse, New York. The site has been established as Lotte's primary North American designation for manufacturing and biologics contract development. Five months later, on October 28, 2022, South Korean developer Huon's Global signed an agreement with Lotte to manufacture and produce investigational biopharmaceuticals at the facility.

Leading South Korean players may be the first to act, but smaller biotech companies should be encouraged to seek expansion opportunities. The U.S. is still in the early stages of this new wave, presenting a bounty of potential for those that decide to act strategically.

When locating potential partners in the U.S. market, South Korean companies should consider new, never-before-seen ventures. The U.S. is still in the early stages of accelerating the biotechnology industry post-COVID. With new opportunities stems several potential avenues for expansion. Look for blue ocean opportunities with industry players that still need to join the next-level collaboration trend.

Creating a unique offering that aligns with a company's global goals can be the basis for new deals. Ensure that your proposal aligns with the individual entity's U.S.-centric collaboration desires. Start planning now to stay caught up in the race.

- Content by the BDMT Global Team

If you are interested in potential partnerships and long-term relationships with the companies mentioned in this article or others in the U.S. and/or S. Korea, contact Suzy at sim@bdmtglobal.com.

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As the head of BDMT Global in Boston, Im focuses on accelerating the innovative transformation of global companies. She is a Professor of Marketing and a member of the Advisory Board at Emerson College. Im is also co-founder of Sponsors of the Future, a non-profit organization that leads corporate social responsibility, promoting neurodiversity and inclusion. As a well-known business developer and marketing strategist in the global field for over 20 years, Im merged the two critical global business functions of Business Development (BD) and Marketing Transformation (MT) for the first time. She was recognized for her innovative business model and contribution and received five consecutive awards in the U.S. including the North American Business Awards and TITAN Business Award 2022 in Biotechnology.