Positive Perception Grows for S. Korea-Based Biotechs Seeking to Revitalize the Local Economy Through U.S. Startup Deals & Expansion

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Korean biotechnology leaders and emerging players are flocking to the U.S. market to acquire, invest in, and license local biotech startups. The trend has slowly been building since the early 2000s and will accelerate with new U.S. initiatives in 2022. Since then, positive perception has continued to grow for cross-country collaborations due to the local value it brings.

Background: Positive U.S. Perception of Global Partners Expanded Throughout the Early 2000s.

Early discussions of the role of global entities, such as South Korea, in boosting the U.S. startup ecosystem can be dated back to the U.S. House of Representatives Committee on Science and Technology's 2007 hearings on the Globalization of R&D and Innovation. Throughout the hearing, the committee discussed the role of global innovators in supporting the U.S. economy.

Top insights included that U.S. entrepreneurs often experience a more rapid process in creating ventures due to their expertise in the local regulatory environment. However, one main weakness for these entities is garnering early-stage seed-level funding. While overall venture capital and firms have grown in the U.S. since 2007, the priority issue for startups is still prominent today.

Despite more total funding being available, venture capitalists have faced pressure to invest higher capital in later-stage companies, causing gaps in funding for startups.

International businesses can ultimately solve this gap for U.S.-based developers.

The hearing transcript notes that "you can argue that acquisition of a U.S. startup by an offshore company is moving technology out of the U.S.--but if the company reinvests, building more local R&D infrastructure, then it's certainly a net win for the U.S." The message is clear: South Korean companies must reinvest in the local economy to secure positive relations and collaborations with U.S. startups.

When President Joe Biden entered office in 2021, he made it one of his core missions to further these efforts.

Current Status: National and State-Level Governments Seeks to Revamp the Local Manufacturing and Biotechnology Economies.

The 2021 Executive Order entitled Ensuring the Future is Made in America by All of America's Workers was the first effort by the Biden Administration to accelerate the local U.S. manufacturing economy. The federal government is issuing new federal procurements to reduce outsourcing and increase local manufacturing efforts.

Since then, the Biden Administration launched the Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and Secure American Bioeconomy Executive Order, intended to expand several local economies, including focusing on the biotechnology industry. This is good news for Korean biotech companies seeking to expand in the U.S. market right now, as there will be more opportunities to invest in and grow U.S. startup enterprises.

Beyond national administration efforts, state-level government entities are also seeking to boost their local biotech economies. One prime example is the state of Maryland. While most Korean developers set their eyes on top biotech hubs, such as Silicon Valley and Boston, when locating partners, states like Maryland present emerging, yet not-fully tapped opportunities.

On September 20, 2021, the state of Maryland and the Republic of Korea signed a cooperative agreement entitled the Memorandum of Understanding to increase South Korea's presence in the local economy. As a part of the agreement, Maryland is seeking to position itself as a key entryway for Korean developers to expand the U.S. market.

Strategic efforts include a Soft Landing Program to enable foreign players to utilize temporary office space at reduced rates.
Maryland biotechnology companies are not just seeking investments - they are looking for direct involvement from South Korean partners.

Federal and state-level initiatives emphasize a renewed focus on growing the U.S. biotechnology infrastructure with global partners - beyond simple funding. An additional value must be presented in terms of growing the local ecosystem to connect with U.S. entities successfully.

Small and Large South Korean Companies Alike are Shifting Gears to Accelerate the Local U.S. Economy with Hands-On Approach in 2022.

South Korean developers are and can continue to connect to these entities by playing a more hands-on role within the U.S. market. Leading biotech companies, such as SK Group, earlier-stage developers, including D&D Pharmatech and UNDBIO, and startups, like Novelty Nobility Inc, are capitalizing on the plentiful overseas opportunities. Recent examples are as follows.

In January, SK Group invested $20M in U.S. startup, MycoWorks, in their Series C funding round. MycoWorks has created a biotechnology platform that turns mycelium into leather materials, increasing fabric sustainability.

Beyond simply investing in the startup, SK is actively looking to grow the developer's production facilities and sales networks and will collaborate to generate new materials outside leather. The deal will boost local biotechnology manufacturing efforts, with crucial goals for the future to continue expanding both R&D and actual production sites.

UND, a Korean developer, focused on insulin production, launched plans on October 16, 2022, to open U.S. R&D headquarters in Maryland. The developer is partnering with Twinlab, a life science real estate company, to create a U.S.-based lab for insulin production. The move is highly strategic as the company seeks to produce insulin samples for U.S. FDA approval.

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Due to a lack of U.S. studies, Korean developers often need help with roadblocks when seeking FDA approval. UND is solving this problem by launching its U.S. facility, prioritizing U.S.-based research. The move is aiding in revitalizing the U.S. economy by directly bringing new production capabilities and job opportunities to local entities.

Korea-based Parkinson's disease drug developer, D&D Pharmatech, was founded in 2014 and has seen great success expanding in Maryland over the past few years through investments and acquisitions in Neuraly, Therapy Fibrosis, Precision Molecular, P4 Microbiome, and Vaulted Seq. Deals have been secured with the entities-all based out of John Hopkins University. Through acquisitions and investments in these players, D&D Pharmatech is seeking to grow its market share in neurodegenerative disease treatments.

While D&D Pharmatech has benefited from the status of its founder, Lee Seulki, who works at the university as a radiology professor, other Korean entities can seek to secure similar achievements through relationship-building efforts.

Involvement in the local economy also includes forming connections with current researchers in the field. These entities are conducting critical research studies that can accelerate Korean developers' pipelines in the U.S. market. Research institutions like John Hopkins should be considered vital areas for discovering early-stage studies. When conducting outreach, emphasis should be placed on the synergy between Korean developers' research goals and how their collaboration will advance U.S. players' status in the local economy.

Novelty Nobility presents an excellent case for how Korean biotechs can attract attention from U.S.-based startups for collaboration. Korean developers must make themselves visible to U.S. players to secure relationships for business deals. In February, startup Novelty Nobility entered an exclusive licensing agreement with Maryland-based biotech ValenzaBio Inc for clinical studies of monoclonal antibody candidate VB517. In the press release detailing the news, Chief Financial Officer Jin Cho highlighted that Novelty Nobility received "several requests from U.S. firms" to license out their technology.

The proof is in the pudding. Korean developers must create a push-pull effect in which they are not only reaching out to U.S. entities for deals - U.S. players are also directly contacting them. Several approaches can be leveraged, including publishing company news in local media outlets, raising thought leadership efforts through interview opportunities, participating in local biotechnology networking events, and establishing a solid digital presence - in English.

Next Step for Korean Developers to Expand U.S. Market Share

When seeking U.S. partners, Korean biotechnology companies must raise awareness amongst U.S. entities while focusing on plans to expand the local biotechnology infrastructure.

Partnerships should be presented as a win-win situation for U.S. players. In 2022 and beyond, Korean players should seek to serve as avenues of growth for U.S. companies by enabling business development efforts, including expanding local production facilities.

To best raise awareness amongst potential prospects, hone in on emerging markets with strong growth areas, such as Maryland. Local events and media opportunities can be used to land on prospects' radars, creating a push-pull effect.

Overall, emphasize your business's role in accelerating growth in the U.S. economy to achieve the best results.

- 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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