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An Interview With Dr Gunter Festel On 'The Opportunities And Challenges In Emerging Industrial Biotechnology Sector'

Dr Gunter Festel, speaker at this year's EFIB finance track, talks to Joanna Dupont-Inglis about highlights from a new white paper on '**Opportunities and Challenges in the Emerging Industrial Biotechnology Sector - Recommendations for a European Policy**'

The paper was published in March 2015 by Gunter Festel from Festel Capital and Christian Rammer from the Centre for European Economic Research.

How is the industrial biotech market developing?

Gunter Festel: In 2010, the sale volume of biotechnology products was around €92 billion worldwide. Sales increased to around €228 billion in 2015 and will increase to around €515 billion in 2020. This means a market growth of nearly 20% per year. On a sector level, the largest market potential lies in the production of biopolymers and active pharmaceutical ingredients.

Which role does technological change play for the industrial biotech sector?

Gunter Festel: In recent years, industrial biotechnology has gone through a rapid technological development resulting in a high number of basic technologies based on research efforts at universities and research institutions. As in the medical biotechnology area some decades ago, the fast technological development within industrial biotechnology has caused numerous new ventures. These small and young companies contribute primarily to technological development and complement the commercial development which is mainly driven by larger and established companies.

How important are these new ventures for the industrial biotech sector?

Gunter Festel: The technology transfer gap between basic R&D and the commercialisation of the results can be closed by new ventures. After the spin-off process from universities and research institutions, the technology is further developed within the new venture, normally using additional resources from external investors. As soon as the technology reaches a certain grade of maturity, the new venture can co-operate with an established company and work for them as a service provider or be acquired.

How important are private investors such as venture capital?

Gunter Festel: VC has become a major capital source for young industrial biotechnology companies. Since the early 2000s, the global net stock of VC investments in IB companies has continuously increased over the past 12 years and exceeded US\$3.5 billion at the end of 2013. The rising capital contribution into the industrial biotechnology sector indicates that it is seen as an attractive investment opportunity for VC investors.

What are current investment trends?

Analysing the VC investments by segments shows that there is a strong preference for biofuels and biochemicals. The regional breakdown of VC activities shows that the Americas are the leading region followed by Europe. VC investors prefer to finance R&D based companies and especially firms with an established stock of technologies that are protected by patents. As patenting by industrial biotechnology firms in the post-investment periods is falling significantly, this

shows a focus of VC investors on commercialization rather than developing new technology.

Join Dr Gunter Festel at EFIB's 'Financing the European Bioeconomy' track at 8h55 on 29 October in The Square, Brussels. [Secure your ticket today here](#)

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