



**Transcript of Speech by Steve West, Chief Operating Officer, MDS Inc.
STS Forum - Japan – October 2009**

CHECK AGAINST DELIVERY

Good morning everyone. Clearly we are getting some very strong themes coming through this morning in terms of the issues facing us. Globalization creates many opportunities for science to improve health and yet it seems that our challenges and issues for global health are proving difficult to resolve. There is an increasing incidence of cancer affecting all economies, an increase in infectious disease and a dramatic increase in chronic disease, a lot of which is driven by lifestyle change.

Probably the greatest challenge of all for health care systems is the exponential increase in cost to deliver satisfactory health care. At the same time, we're seeing concerns that standards of care are diverging. They are diverging between regions, and they are diverging within existing countries. We're moving toward a world of those who can afford to pay and those who can't. Governments are struggling with the costs of their health care systems and frankly we are not meeting expectations for delivering the basic health care rights of patients around the world.

The third issue that's confounding us is a decline in R&D productivity. We have shrinking pipelines, we have products coming off patents and we have increasing R&D costs. We continue to pay for failure because the cost of a drug that reaches a market is actually the cost of the 4,999 drugs that did not get to market and at the same time, our speed to market is slowing down.

I'd like to focus on two ways that we can deal with these issues, namely, through innovation and collaboration. Collaboration is one of the most effective ways to innovate in drug discovery and development. Now bear in mind that more than 80% of innovation in drug discovery takes place in academia or in clinical settings. It requires public sector policies, enormous regulatory oversight, effective reimbursement policies, and effective commercialization and delivery of products. All of that takes a lot of money.

The role of government is critical. Through hospitals, universities, etc., governments provide biomedical infrastructure for research. Governments should see health as an investment not as a cost because investing in health produces economic wealth and creates a better economy and a better world. Governments must also think about how they can incentivize commercialization.

I want to draw on a specific example that I am familiar with. I live in the world of nuclear medicine. In order to try to increase speed to market and decrease costs I'd like to talk about a centre of excellence for molecular imaging, a public-private partnership, between MDS Nordion and the University of Ottawa Heart Institute. Nordion has brought to the table dollars and capital for investment in terms of facilities and equipment. It also hires people and funds the operating costs.

Equally we bring some intellectual property and knowledge of nuclear medicine and radiochemistry, innovation and process management, regulatory and clinical trial design. We also provide expertise on how to develop, scale up and manufacture commercial quantities as well as understanding global markets and how to go to market.

The Heart Institute brings its unique set of capabilities to the centre of excellence. First of all it brings the space and the facilities; it brings its scientists together with Nordion's scientists working alongside. It brings its physicians into the centre and offers an opportunity for translational medical research through access to pre-clinical imaging, to patients, and to the second largest patient database in the world.

We believe that this collaboration through public-private partnership can speed up R&D. It's a more efficient way of doing things and therefore more cost effective.

Since we started, which is just under two years ago, we have collaborated on three joint R&D programs, one of which is imaging cardiac perfusion, a new molecular imaging tracer; imaging apoptosis, which is cell death, very important in cardiology, and also imaging stem cells.

This collaboration has also attracted new funding. It has attracted government funding that neither party would have achieved by itself. It has also attracted new commercial partners who see the centre of excellence and the infrastructure that we've created as a way for them to get leverage in developing their products. Probably the most fundamental aspect of this collaboration is not what can we get out of it, but what can we put into it. In other words not what will it do for me but what can I do for you. That is the fundamental theme of the way we work together. The Centre of Excellence is multidisciplinary, it could work across borders, it exchanges knowledge and it brings people together.

I'd also like to highlight the importance in treating disease through detection. When we think about disease, we think about prevention of disease, treatment and monitoring progression. I don't believe we're doing enough on early detection of disease and diagnosis. We should be able to more effectively leverage translational evidence-based medicine in clinical settings. We should bring together academia and the private sector in structured collaborations. We should create global knowledge transfer and global data, notwithstanding the issues of intellectual property.

In summary, to advance science improving health we need to improve innovation through collaboration. Collaboration for health science works best in the clinical environment for evidence-based, translational research. Governments should invest in biomedical research infrastructure and we should be leveraging personalized molecular medicine to improve early detection of disease.

Thank you.