



# “Bottlenecks in the Establishment and Development of Biotechs”

**Buenos Aires, October 5, 2011**

**Manuel Vega**

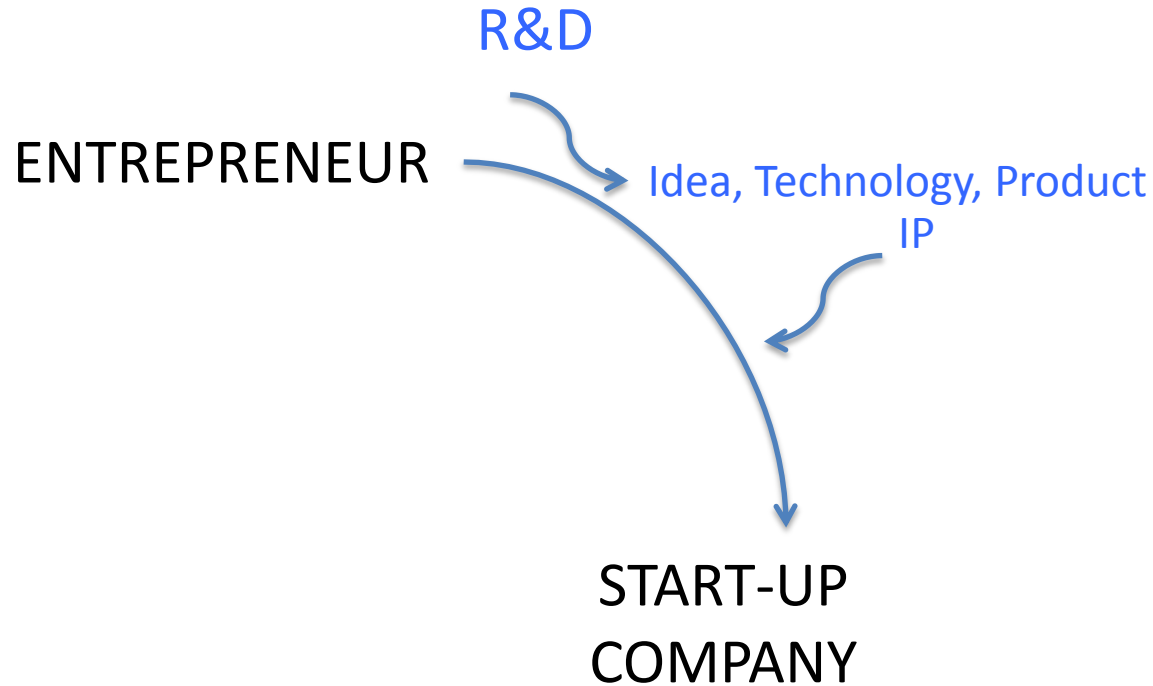
Workshop ICGEB – Mincyt , October 2011, Buenos Aires

# The Start up classical system...

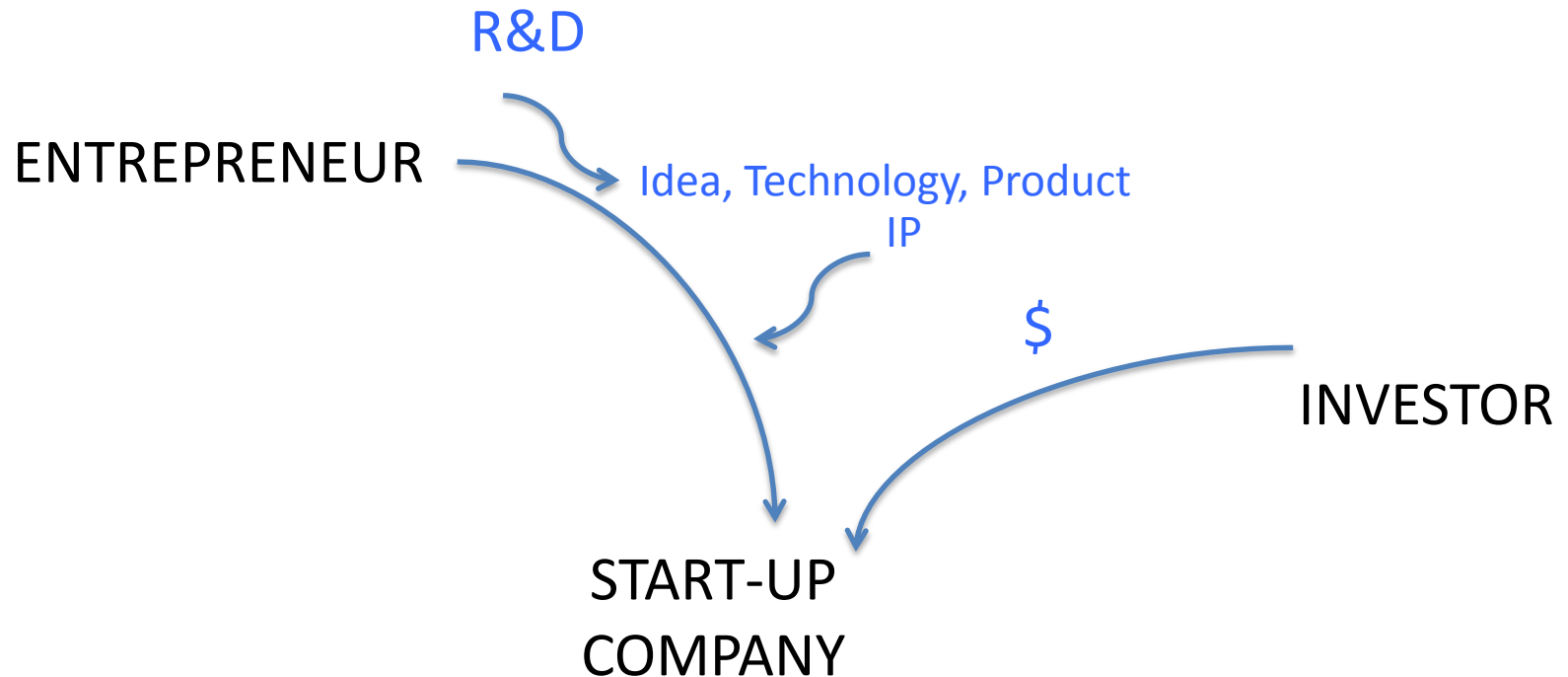
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ENTREPRENEUR

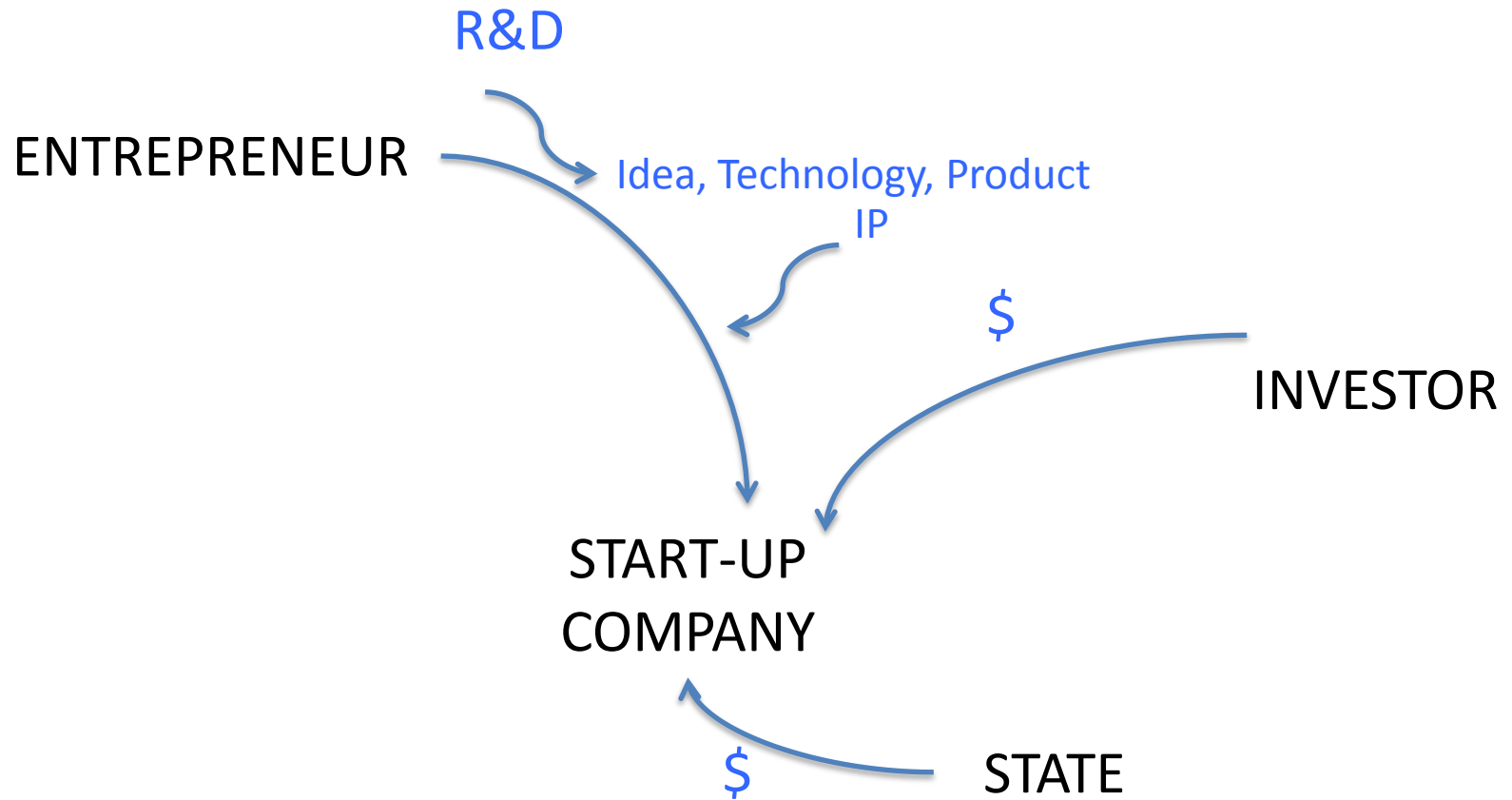
## The Start up classical system...



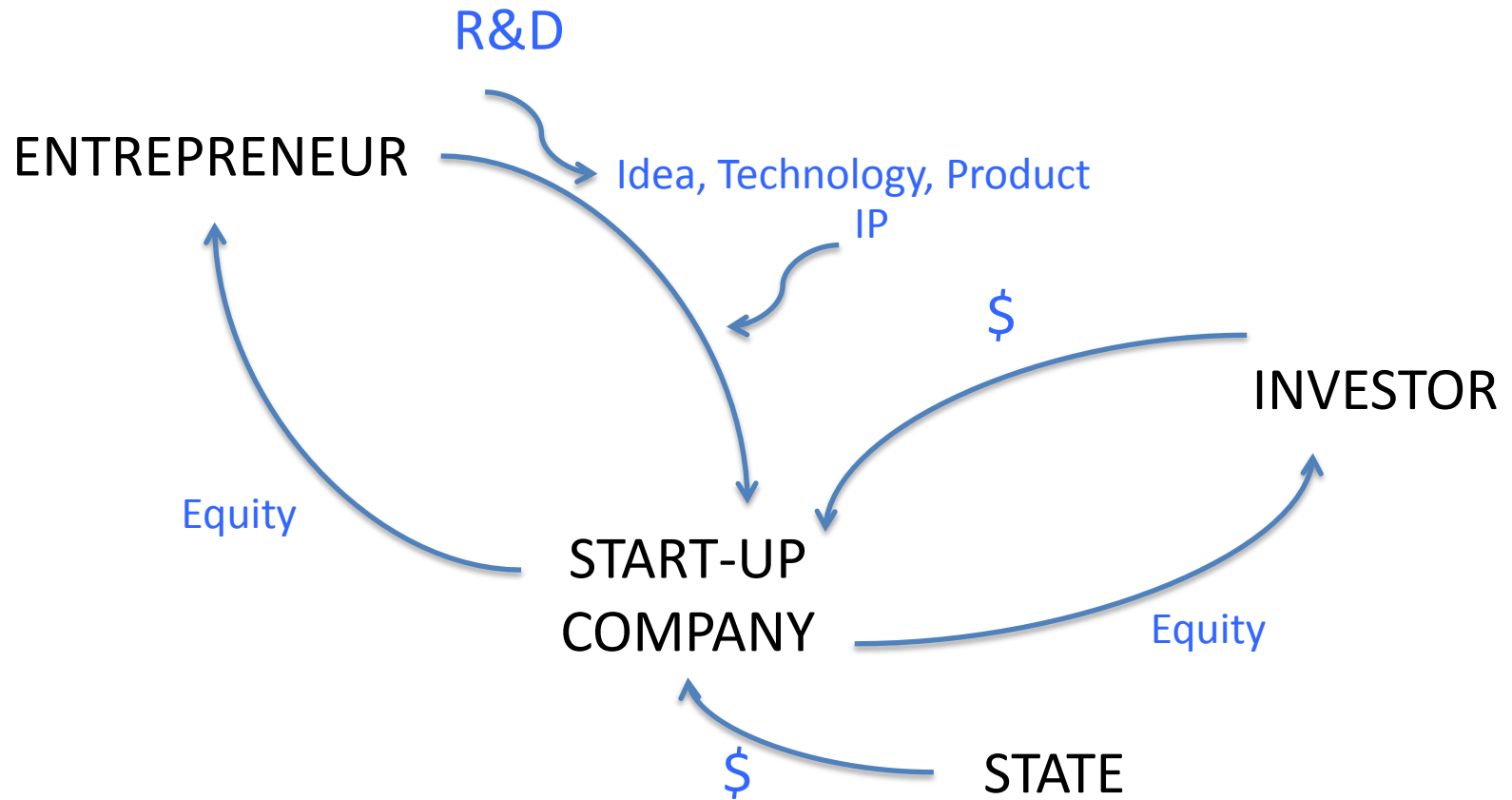
# The Start up classical system...



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## Basic needs of a Start up...

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START-UP

needs

Business potential  
(Product / Service /Technology...)

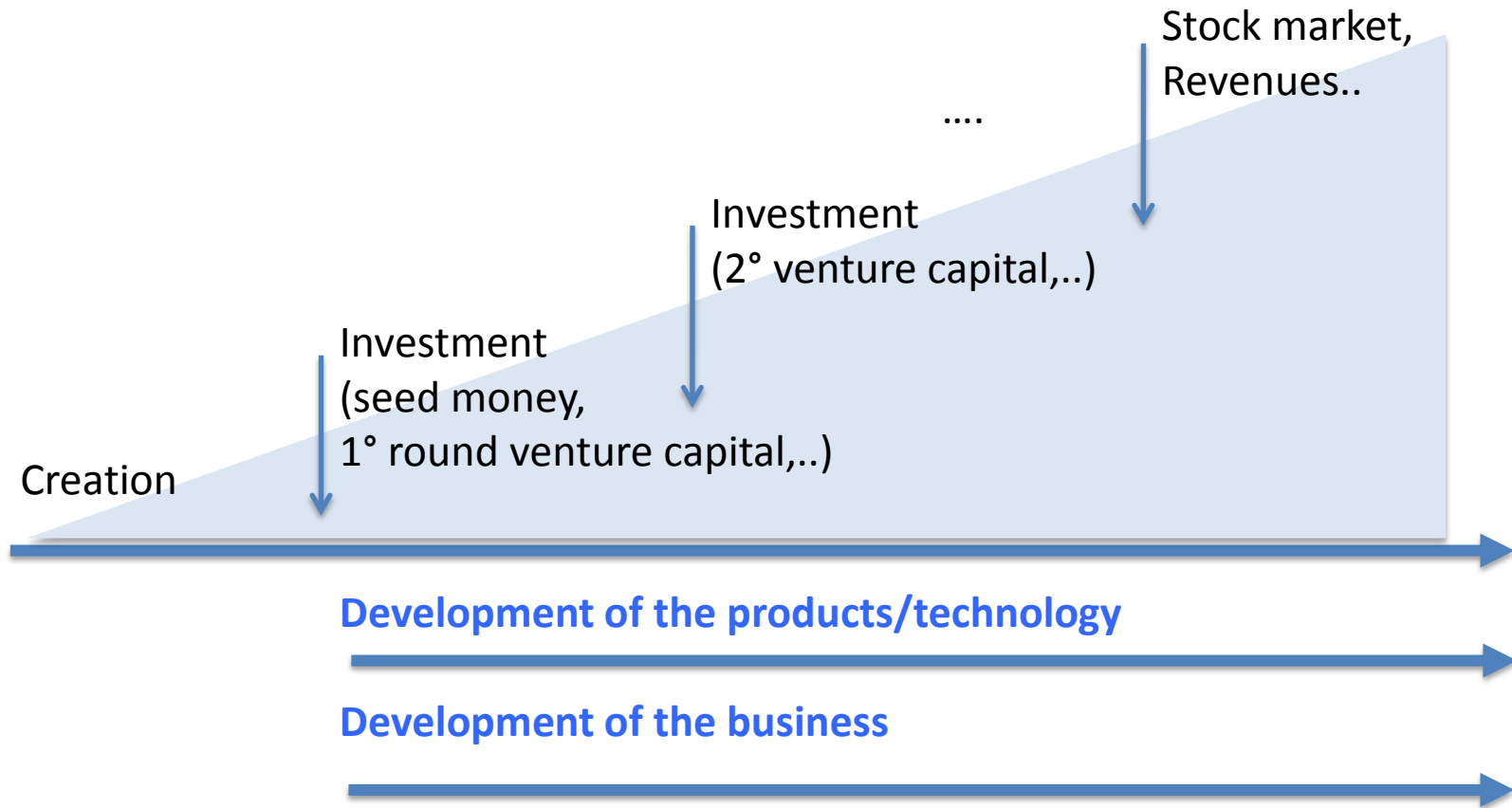
Entrepreneur

Management

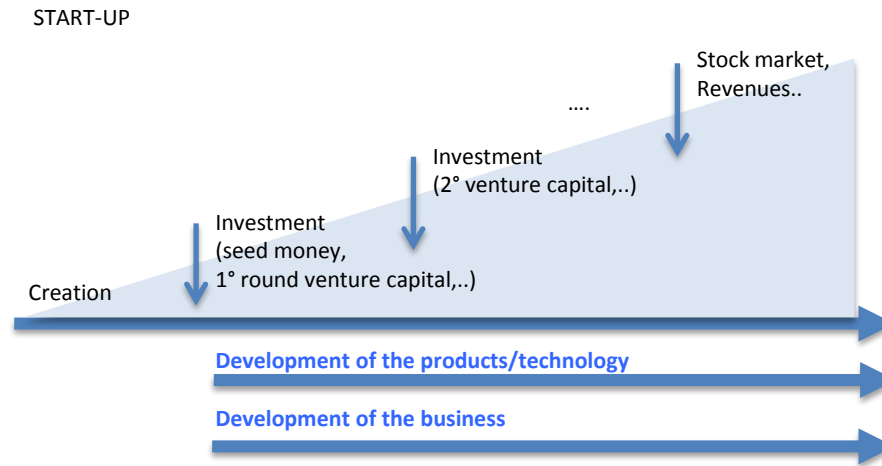
Capital

# Development model - 1

START-UP



# Development model - 1



**HIGHLY DILUTIVE**

**GENEROUS CASH FLOWS**

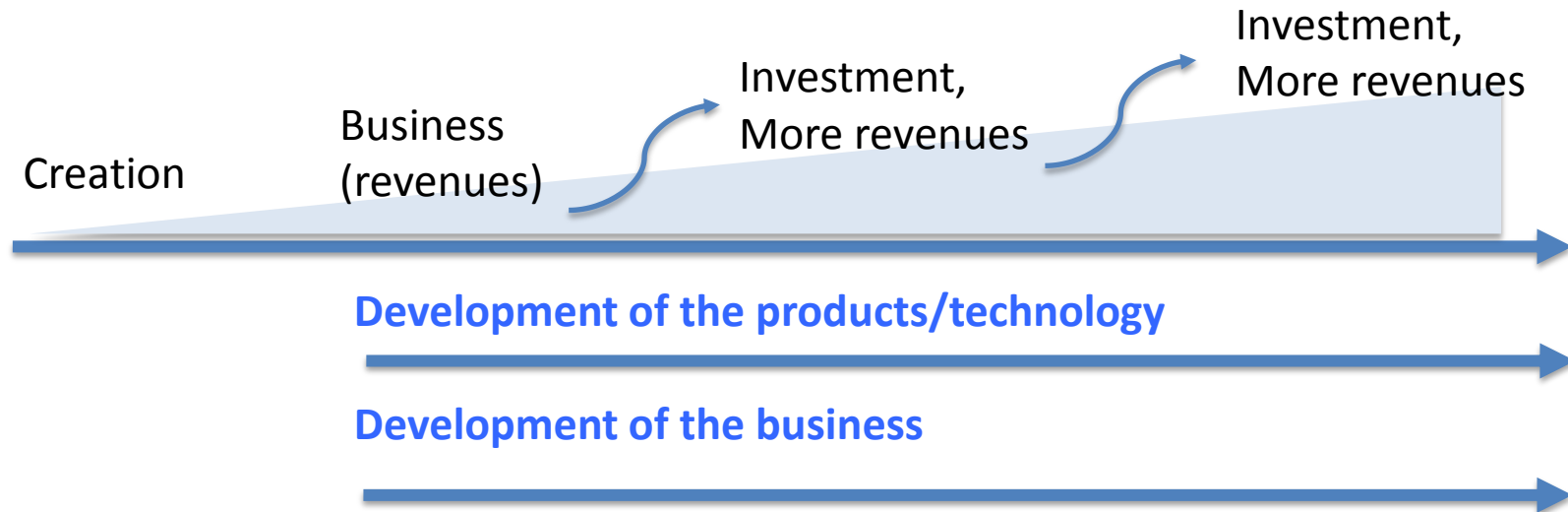
**LESS CONTROL**

**FAST GROWTH**

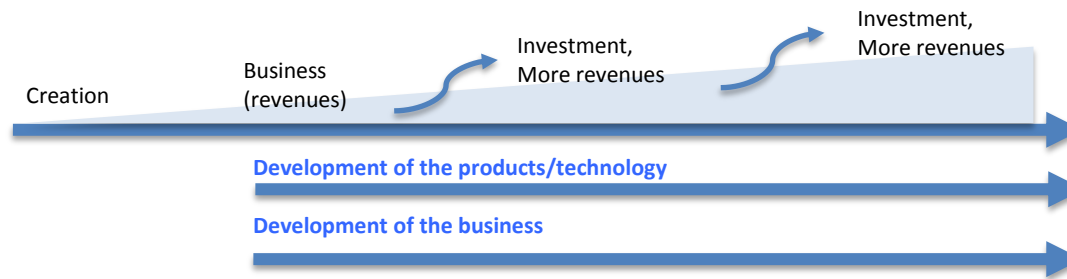
**WELL FINANCED**

## Development model - 2

START-UP



## Development model - 2



**SLOW GROWTH**

**LESS COMPETITIVE**

**POORLY FINANCED**

**LESS DILUTIVE**

**LIMITING CASH FLOWS**

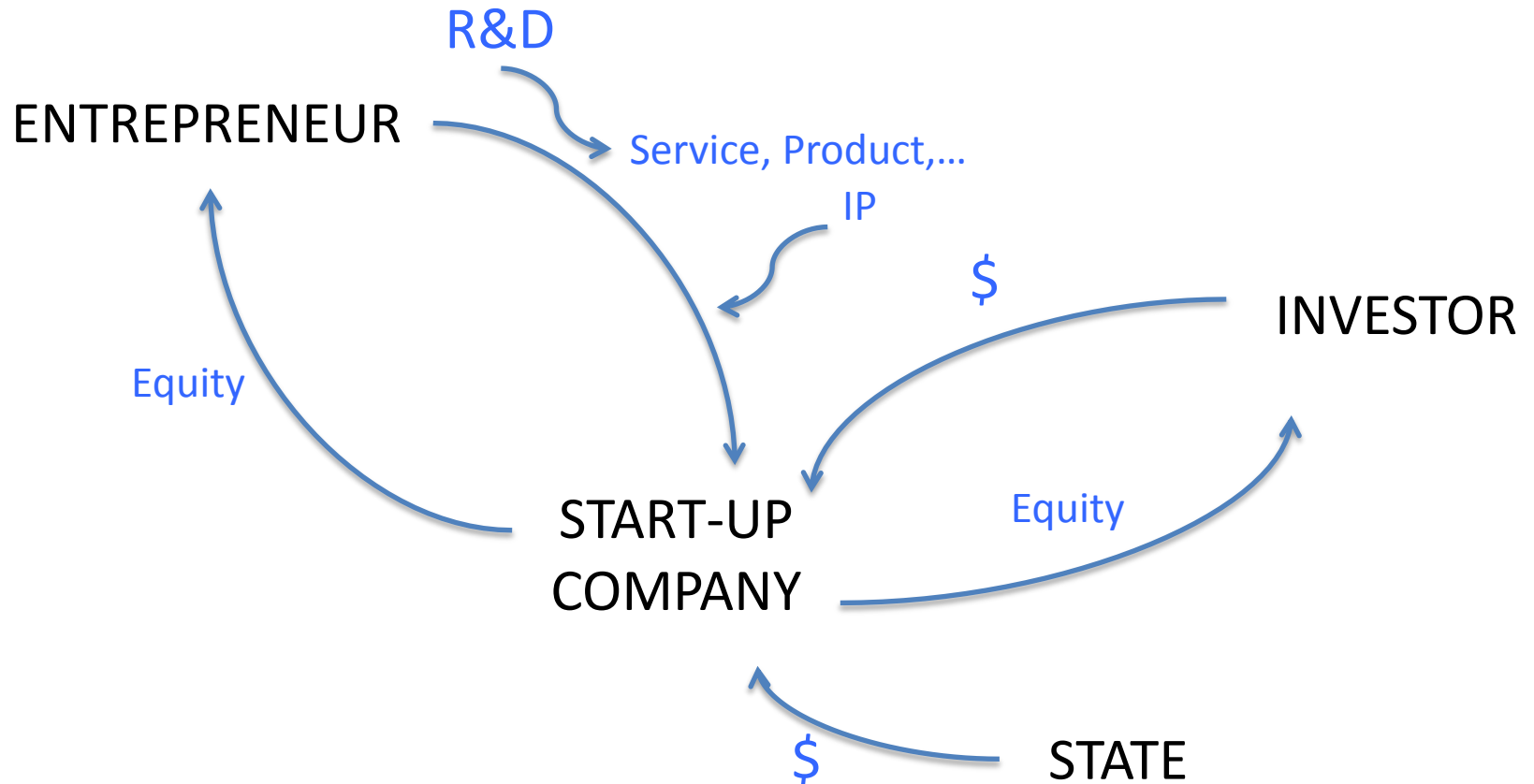
**HIGHER CONTROL**

## Business model: Products vs Services

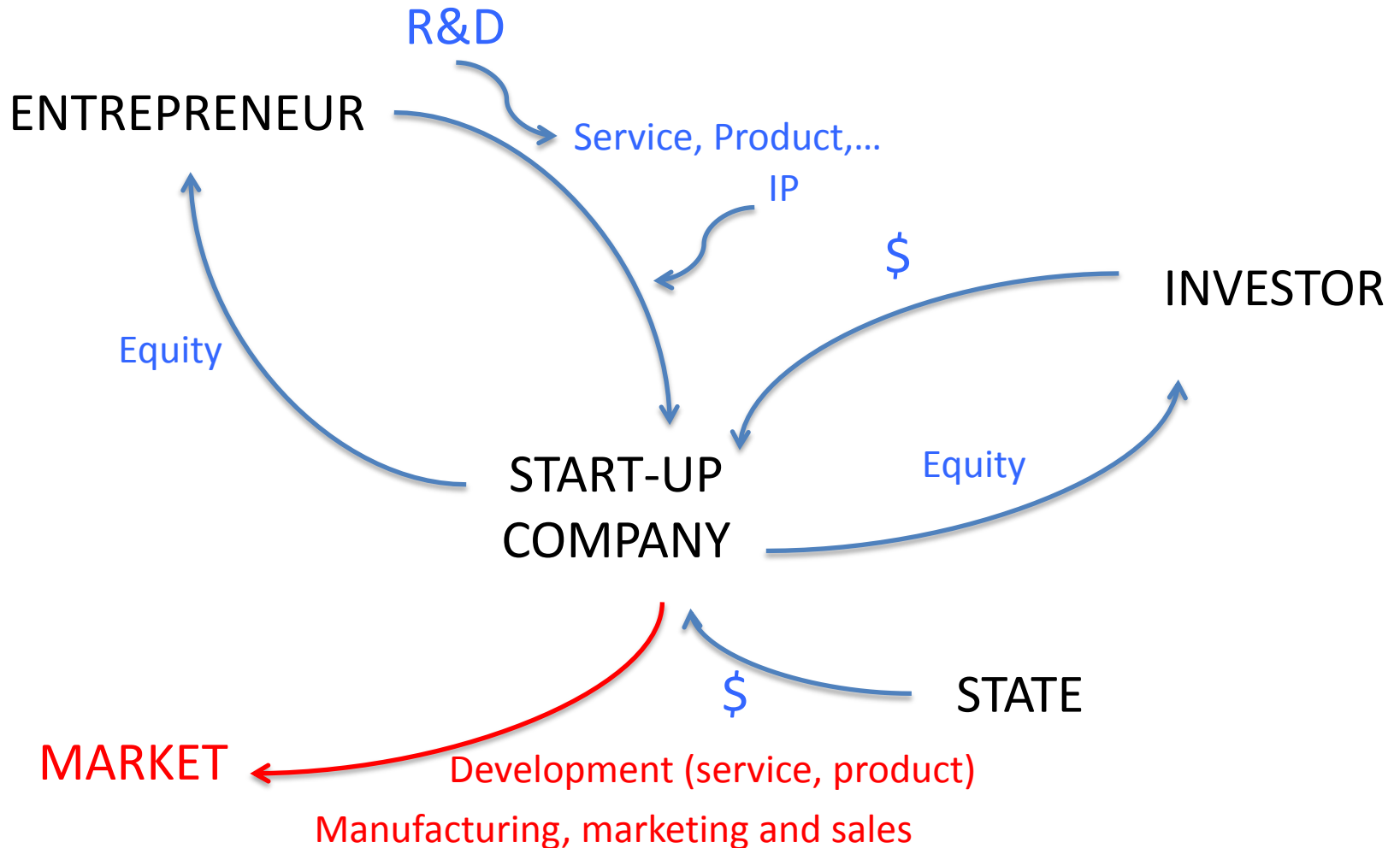
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	SERVICES	PRODUCTS	MIXT
Capital need	lower	higher	
Regulatory burden	lower	higher	
Timelines	shorter	longer	
Intellectual property	(-)	(+)	
Equity dilution	lower	higher	
\$ return	lower	higher	

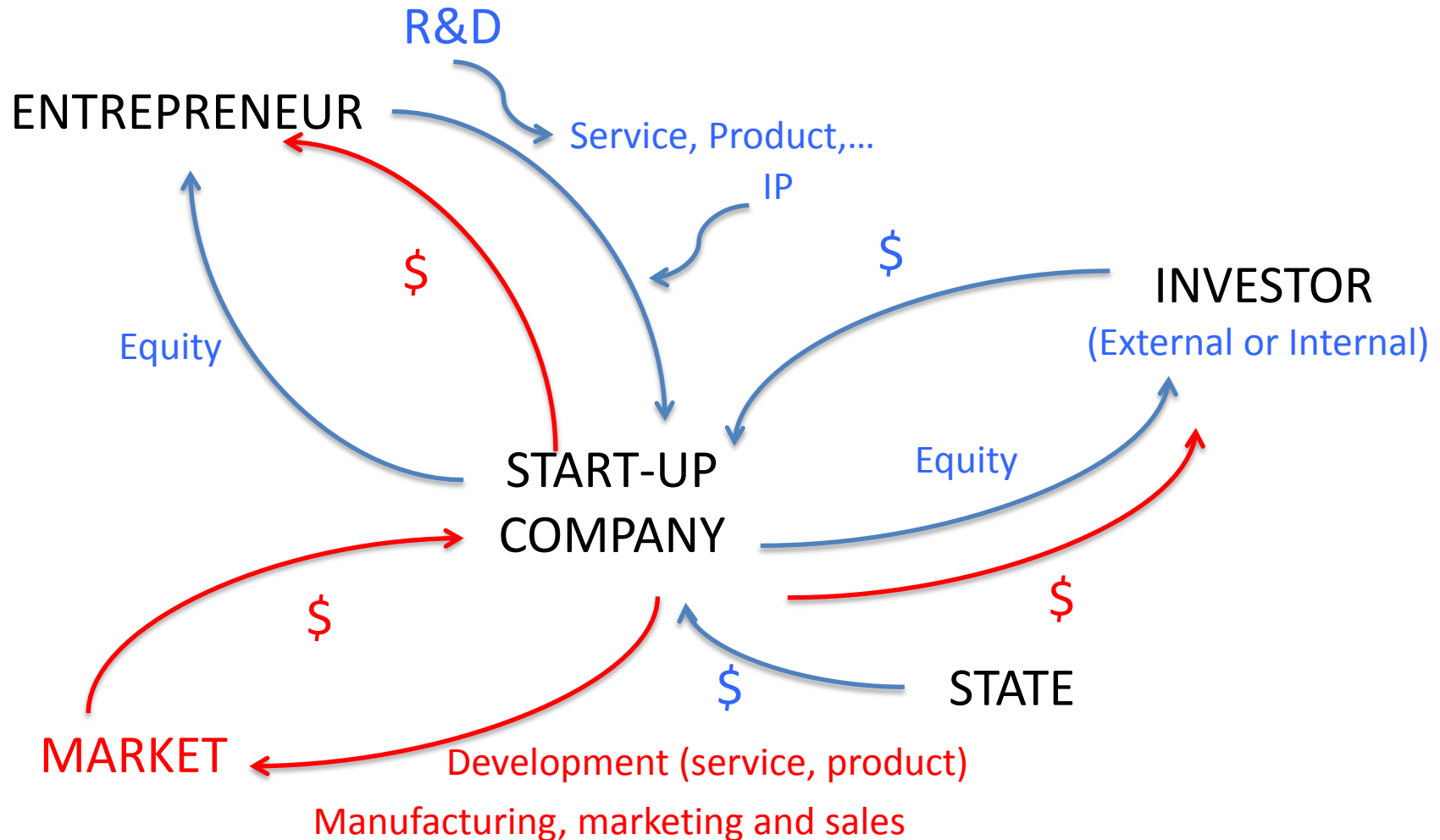
## Key elements of the System...



## Key elements of the System...



## Key elements of the System...



# Target Market...

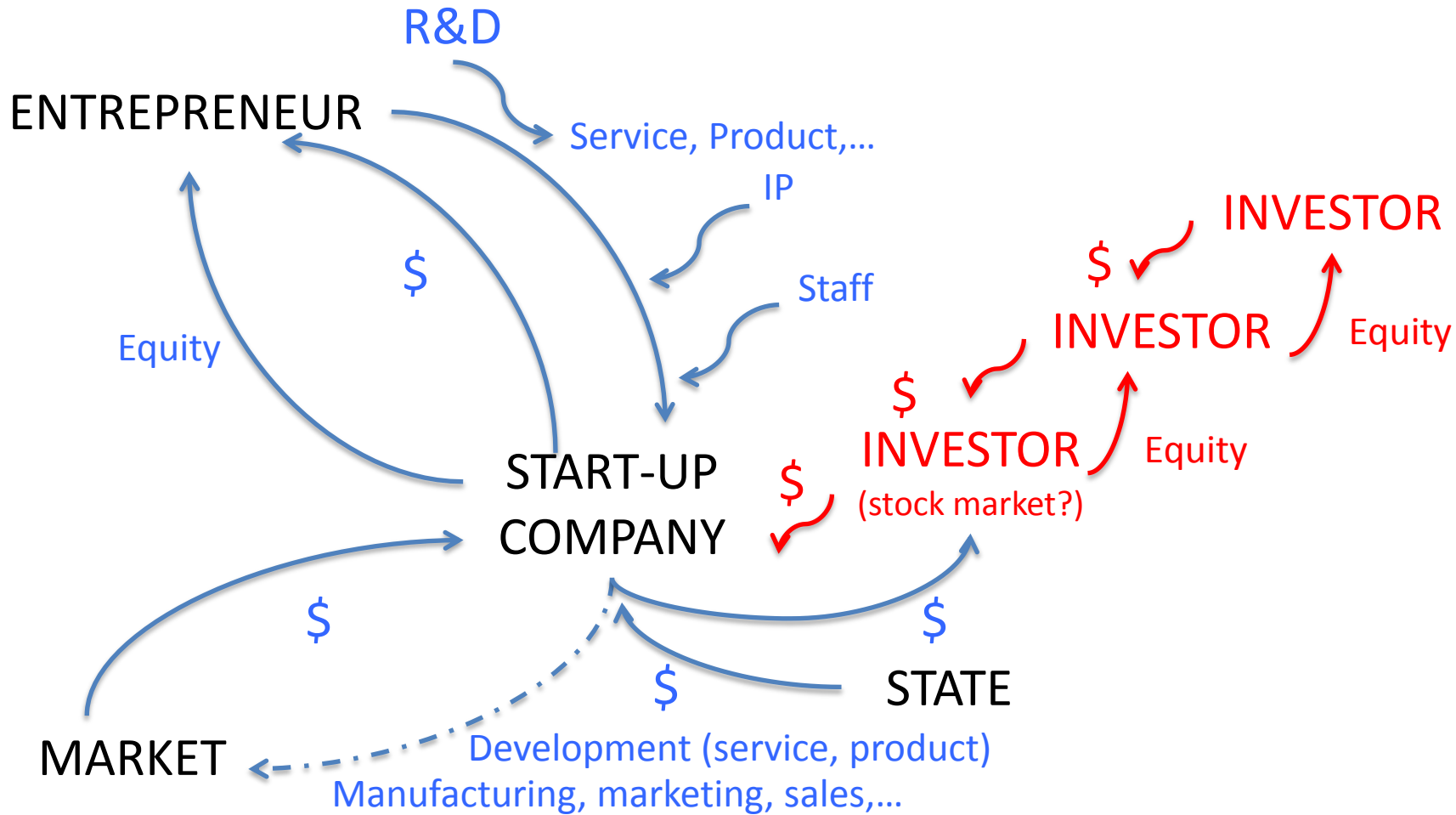
MARKET



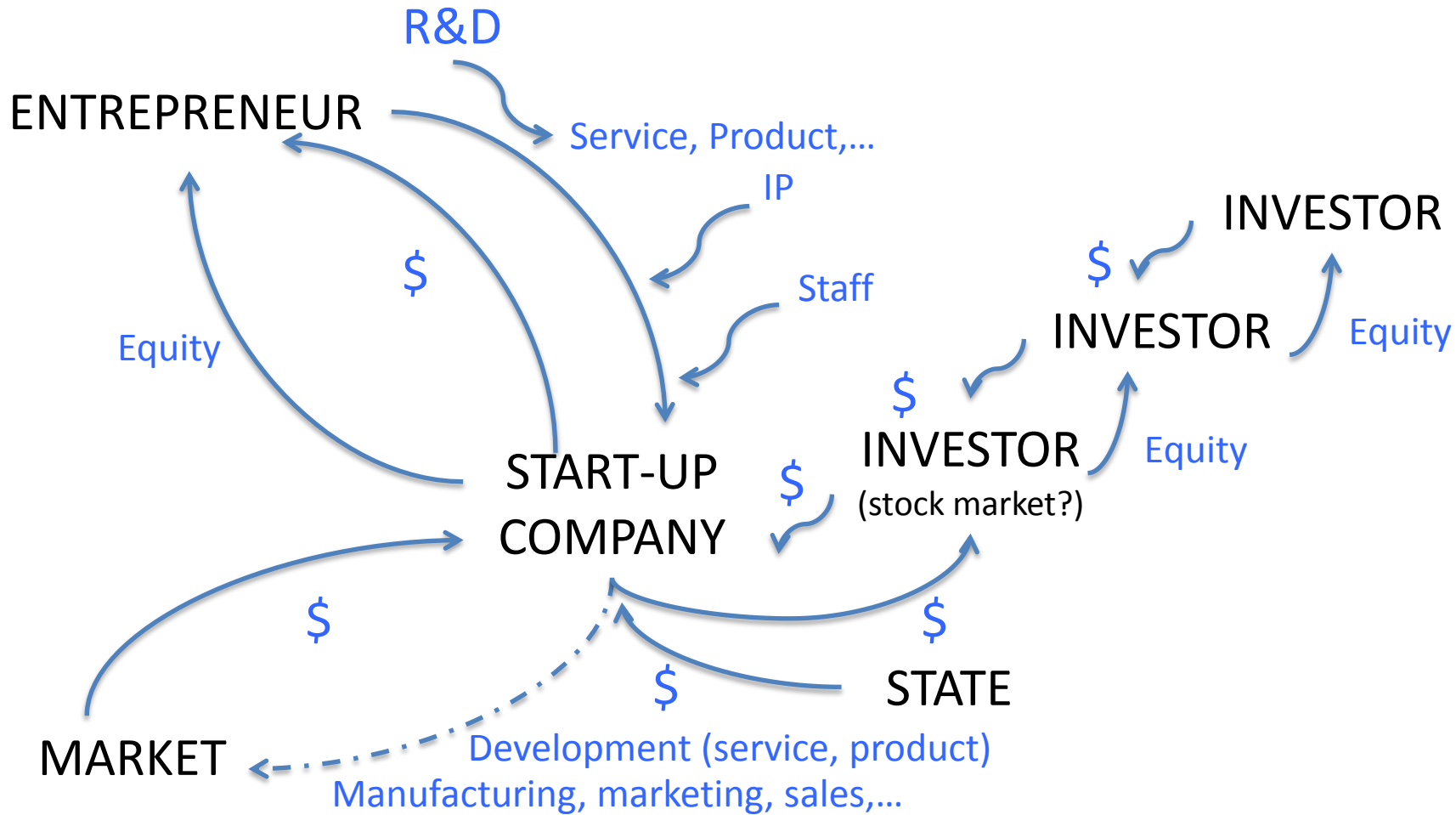
# Target Market...



# The Investors...



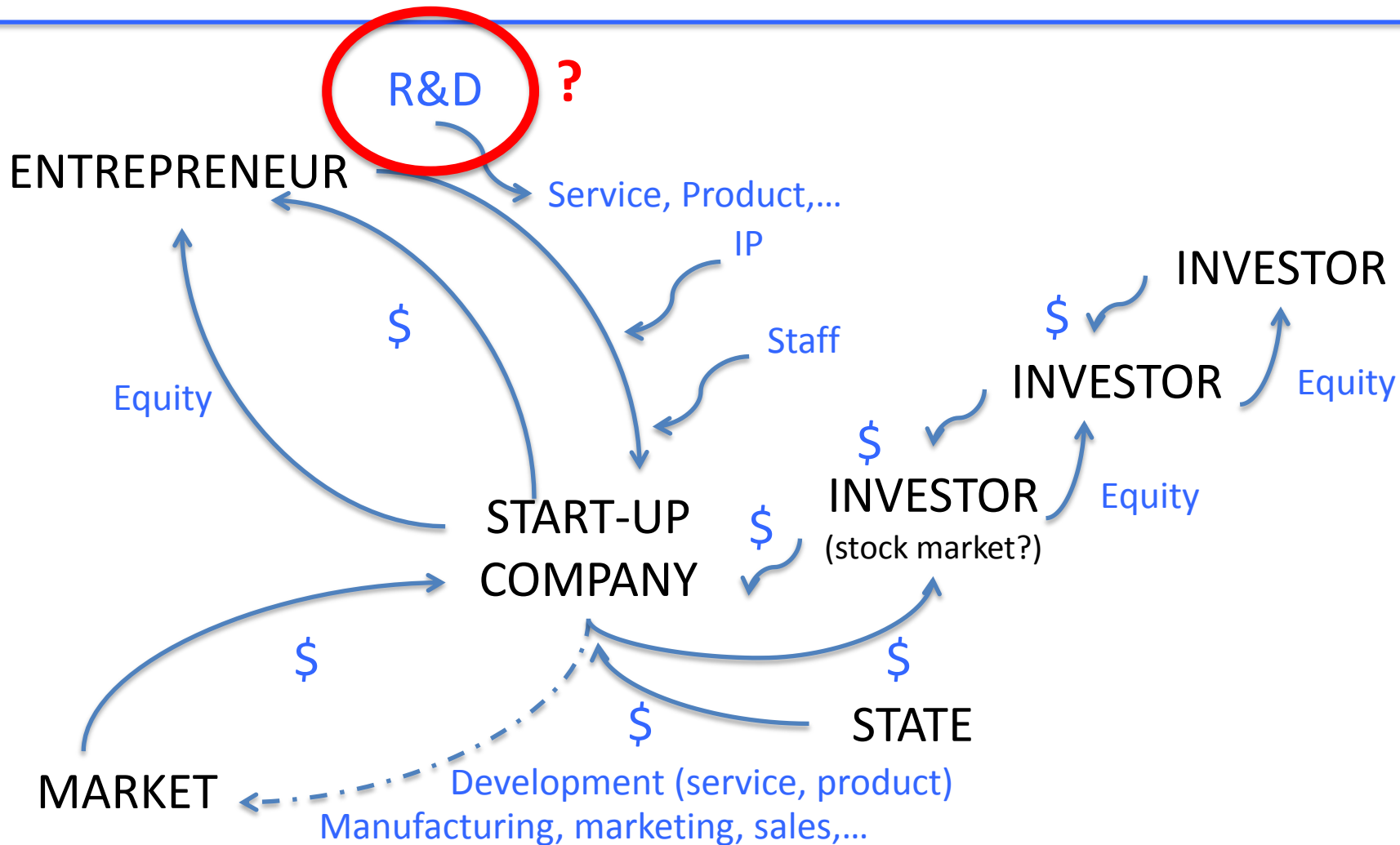
# The system



Workshop :  
Bottlenecks in the Establishment of  
Biotech-Based Companies

**What are the bottlenecks of the system ?**

# What are the bottlenecks of the system ?



## Bottlenecks: R&D ...

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Creative ?

Competitive ?

Innovative ?

...

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Creative ?

Competitive ?

Innovative ?

...

Structured / integrated R&D system ?

Intellectual property culture / discipline ?

...



## Bottlenecks: the Entrepreneur...

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Absence of entrepreneurs... !

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Entrepreneurial culture

Risk sensitivity (personal, family,..)

Legal feasibility (if a researcher) ?

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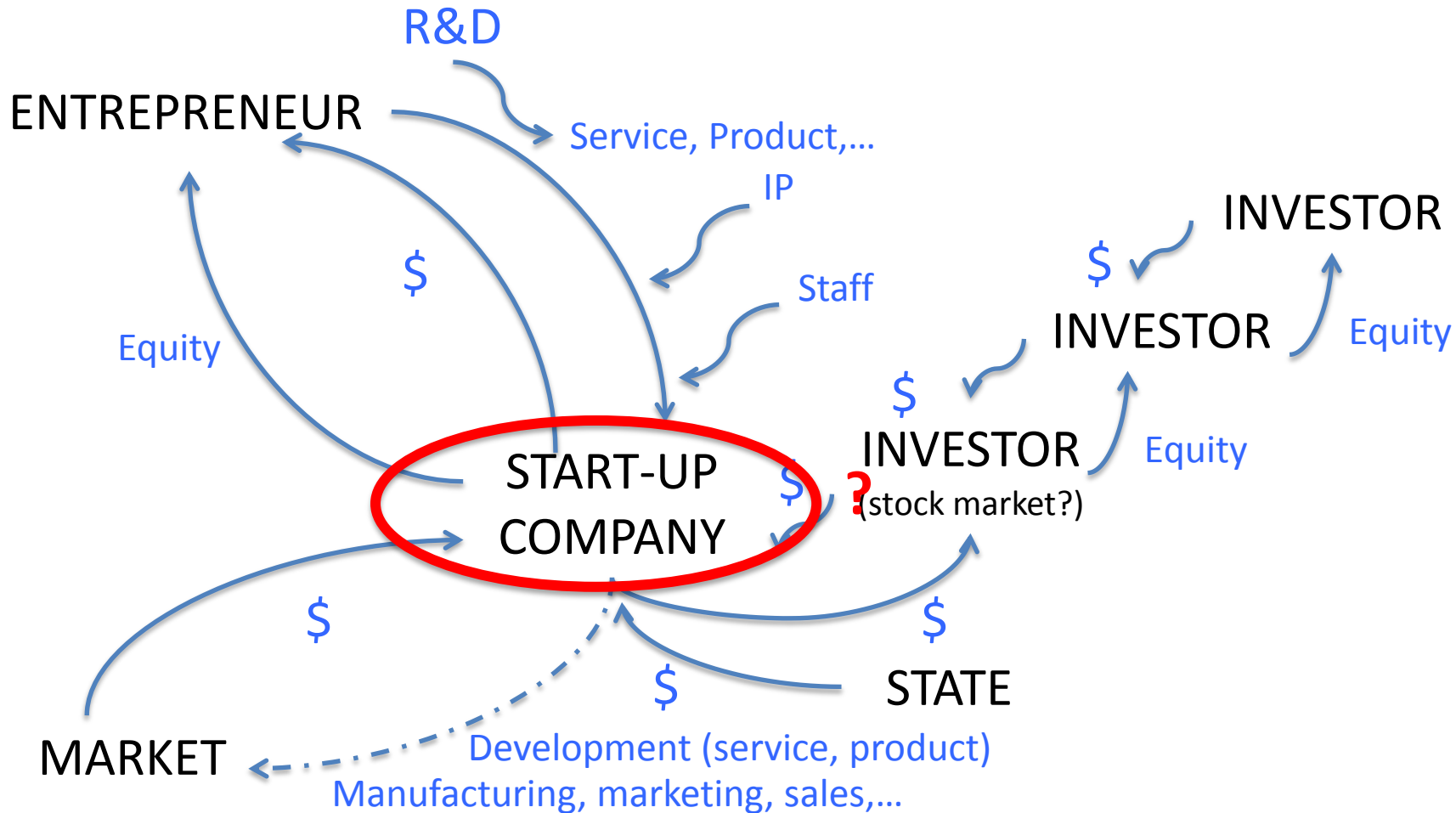
Legal feasibility (if a researcher) ?

Personality of the entrepreneur

Vision / ambition balance

Founder vs Entrepreneur...

# What are the bottlenecks of the system ?

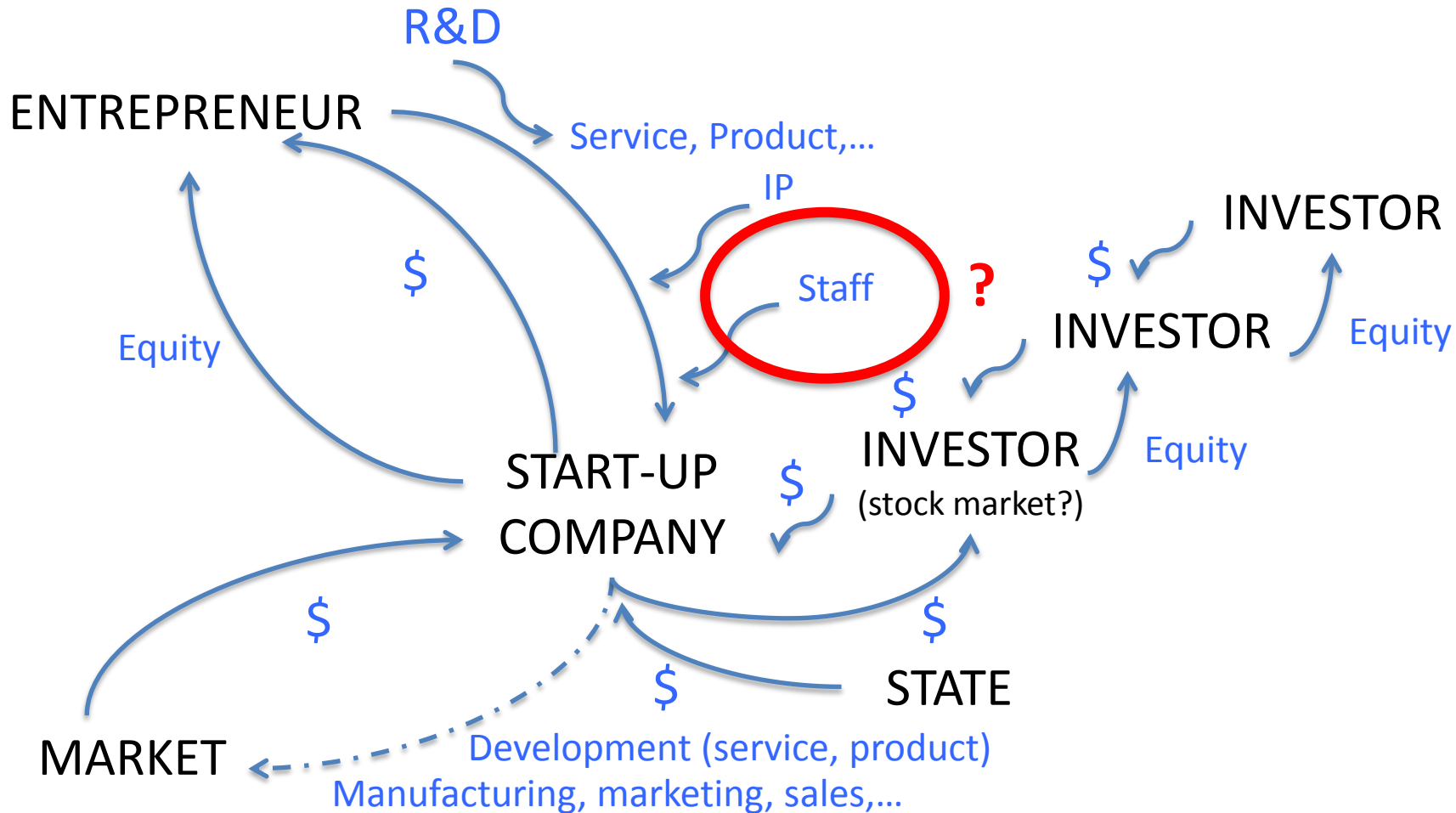


## Bottlenecks: the Creation of the start-up...

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Creating the start up  
is the easiest part of the story

# What are the bottlenecks of the system ?



## Bottlenecks: the Staff...

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| Availability of qualified staff

## Bottlenecks: the Staff...

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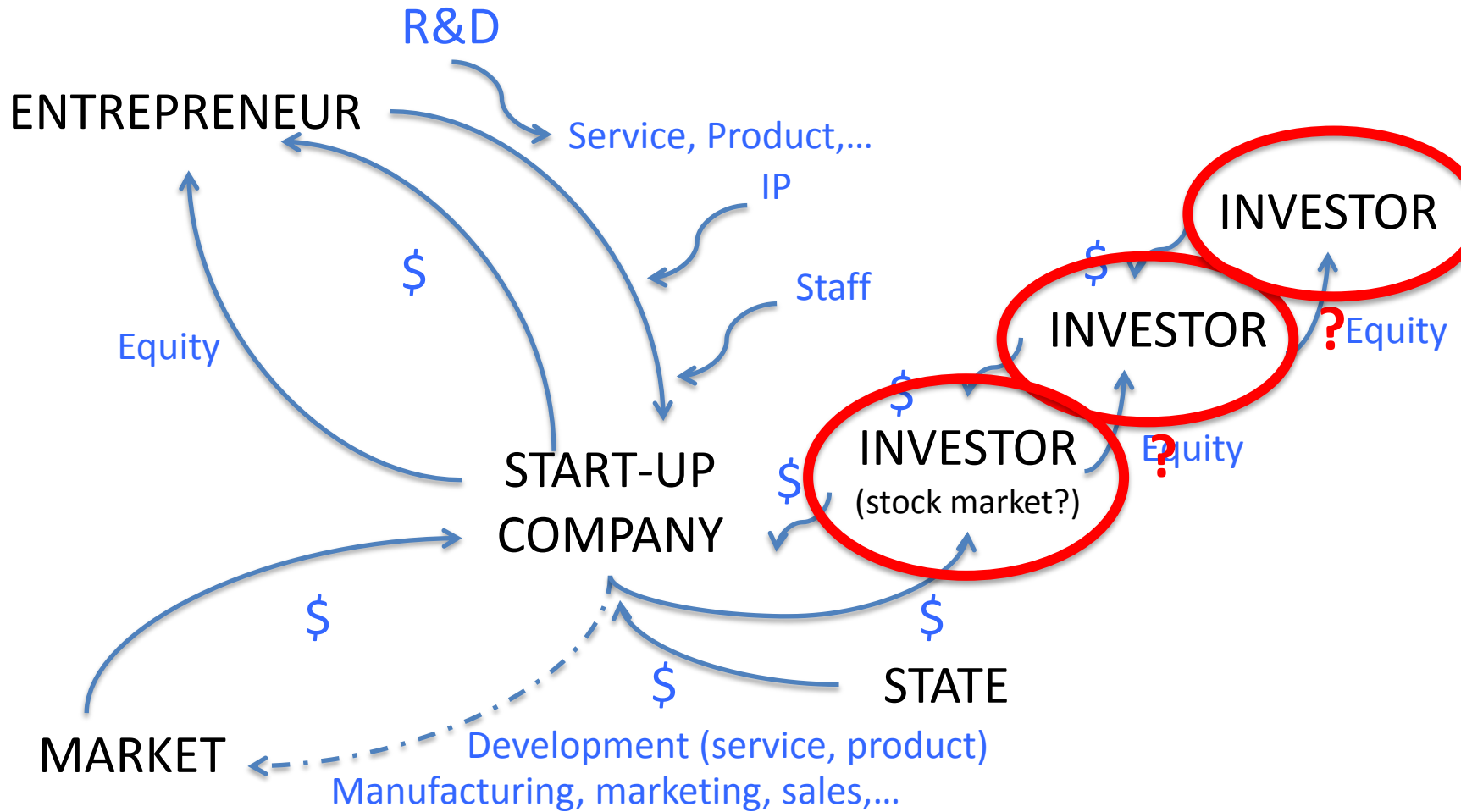
Availability of qualified staff

Risk sensitivity (start ups, lay offs)

Labor or employment law / flexibility

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# What are the bottlenecks of the system ?



## Bottlenecks: the Investors...(1)

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Are Investors available ?  
(individuals, institutions, funds,..)

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Are Investors available ?  
(individuals, institutions, funds,..)

Are they familiar with the 'métier' of investing in  
innovative start-ups ?

Are they familiar with the biotech industry ?

Ability / capacity to technically assess a biotech  
project / a biotech company

....

## Bottlenecks: the Investors...(2)

Liquidity ?

Investor 1 → Investor 2 → ... Stock market ?

Exit options ?

Magnitud of the return on investment

...

## Bottlenecks: the Investors...(2)

Liquidity ?

Investor 1 → Investor 2 → ... Stock market ?

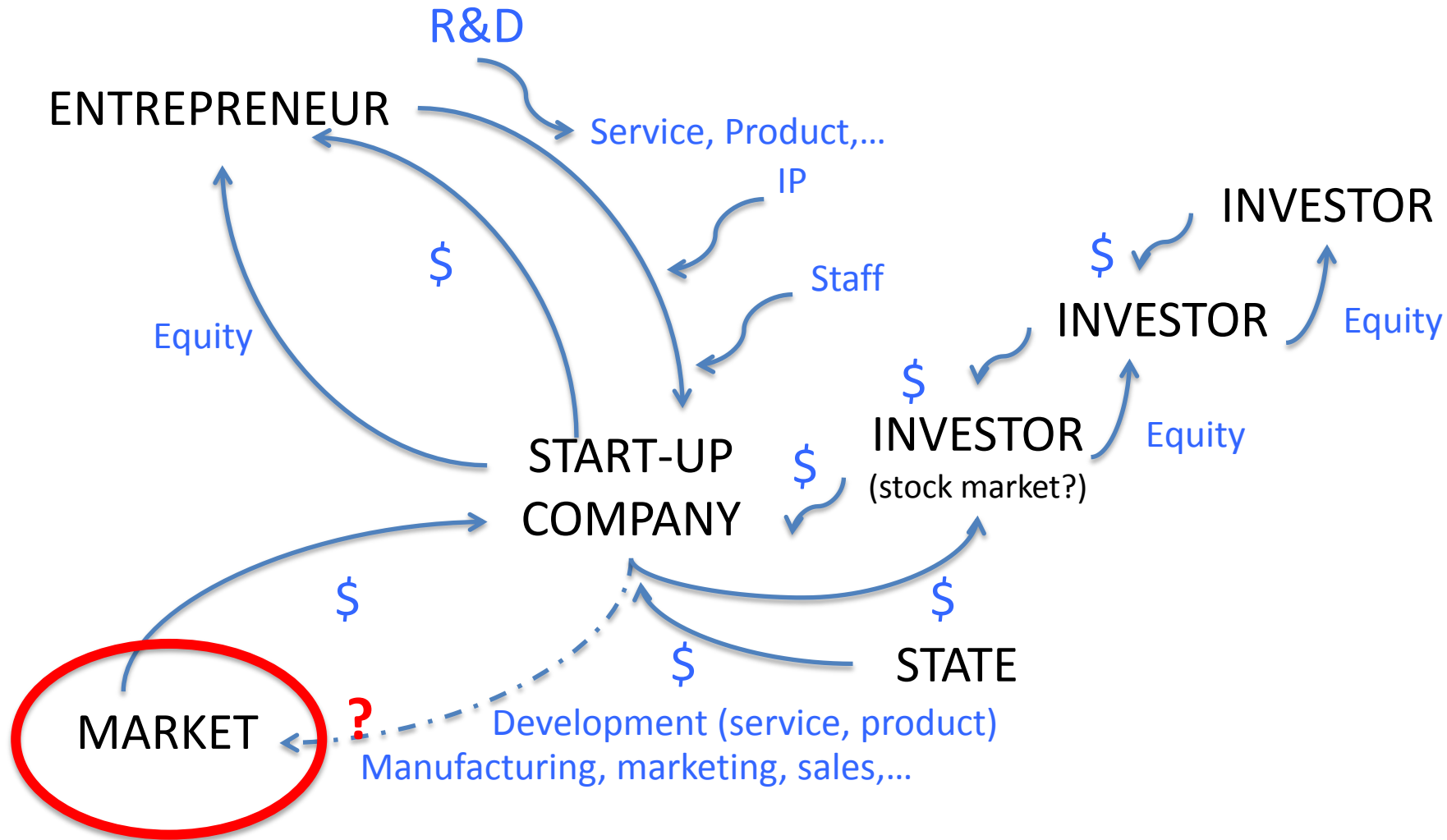
Exit options ?

Magnitud of the return on investment

...

Visibility / mid term stability of the environment  
?(political, legal, financial,...)

# What are the bottlenecks of the system ?



## Bottlenecks: the target Market...(1)

What is the target Market ?

- national ?
- regional / emerging ?
- global / innovative ?

Global / innovative markets

- Intellectual property
- Quality standards
- Stringent regulations
- High level competition
  
- Big size markets
- High return on investment  
(condition the type of investors..)

## Bottlenecks: the target Market...(2)

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Distance (geographical or cultural) to the target markets

Argentina (as well as many other countries) is FAR from the main target markets

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The perception about the key bottlenecks  
is different for each of the three main players in the system:

the Entrepreneur  
the Investors  
and the Government/Society

# Bottlenecks for the Entrepreneur

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Access to financing

Sense of risk

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## Bottlenecks for the Investor

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Size of the investment needed

Risk sharing

Size of the expected financial return

Financial return: when ?  
how much ?  
associated risk ?

## Bottlenecks for the Government / Society

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The 'system' does not work spontaneously

An exemplary case is not enough

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## The challenge for the Government / Society

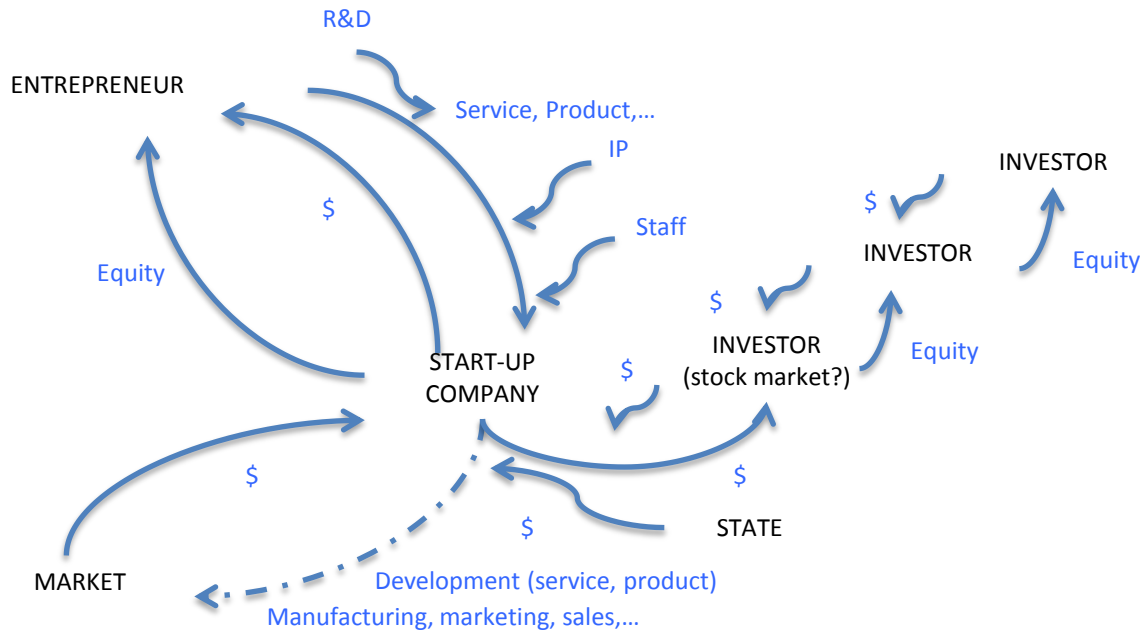
To create and run a system that delivers efficiently and productively, rather than randomly ;

In order to

- Capitalize on the investments in R&D and academics
- Create wealth for all parties involved
- Improve the quality of life with new products and services
- Promote innovation, productivity and social development

# The challenge for the Government / Society

How to improve the *efficiency* and the *productivity* of the system ?



**...Find the answer in tomorrow's Session on: Incubators...**

**THANK YOU !**