

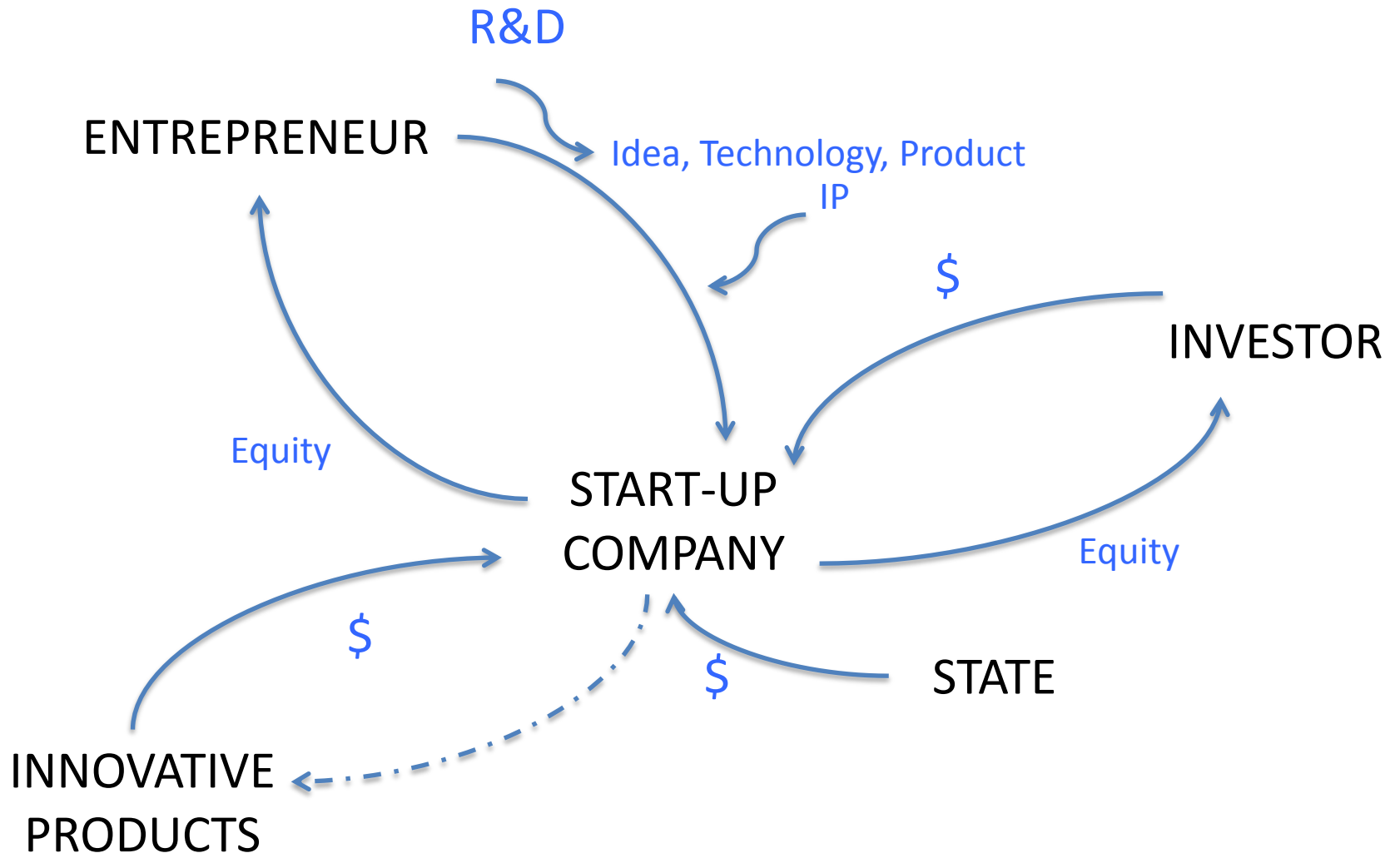


# “Project maturation and company incubation”

**Buenos Aires, October 6, 2011**

**Manuel Vega**

# The Start up classical model...



## From the Government / Society perspective

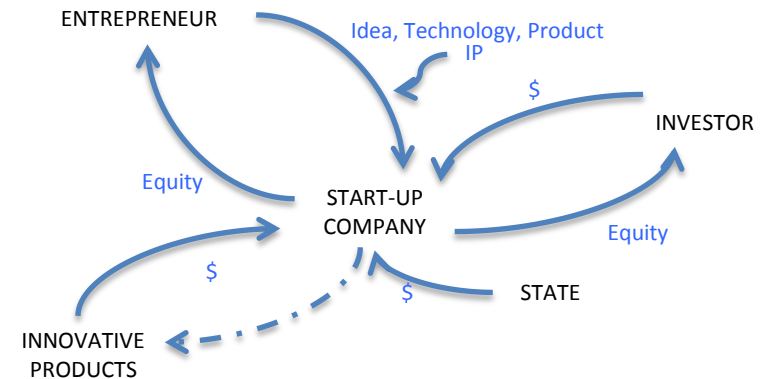
- Capitalize on the investments in R&D and academics
- Create wealth for all parties involved
- Improve the quality of life with new products and services
- Promote innovation, productivity and social development

....

## From the Government / Society perspective

The model does not work spontaneously

An exemplary case is not enough



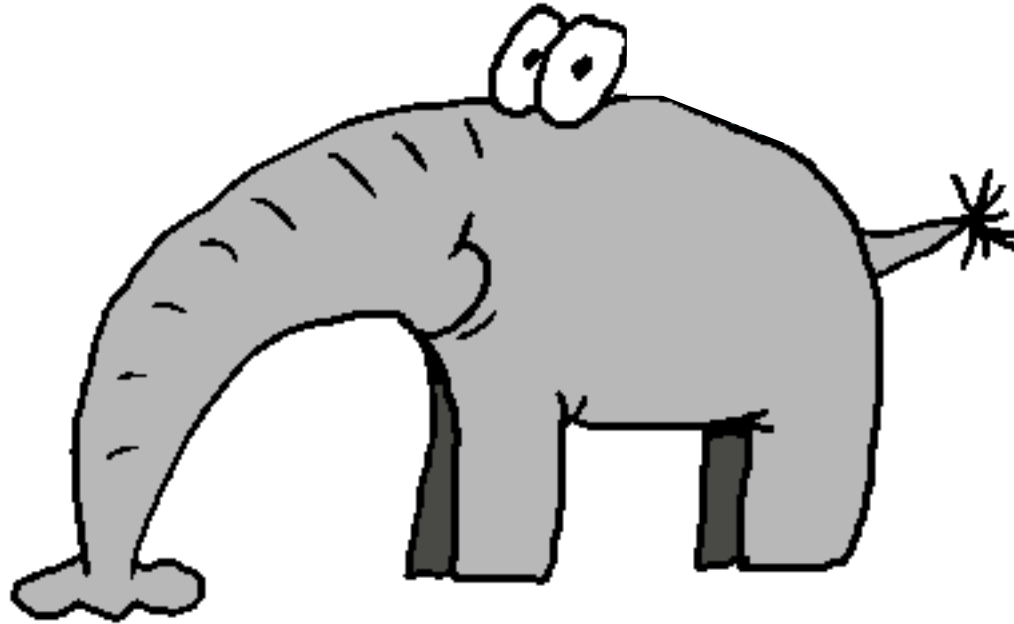
...To create and run a system that delivers  
efficiently and systematically,  
rather than randomly

## Three messages...

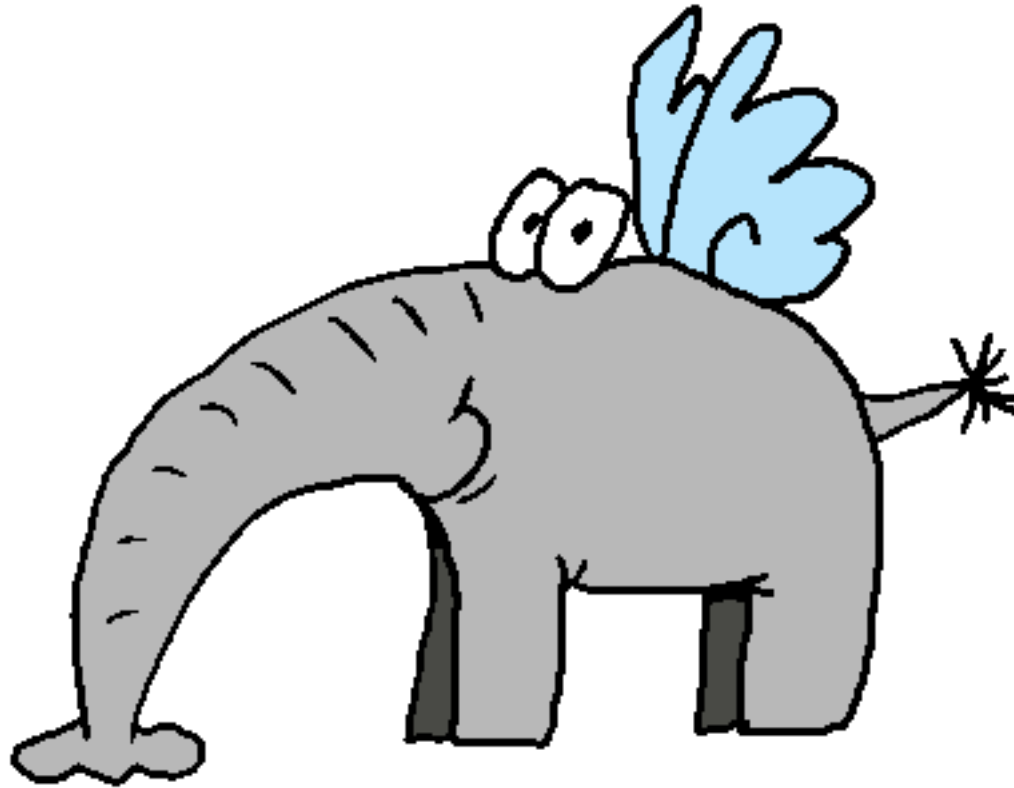
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1 – Governments got to create and operate integrated supportive systems (*eco-systems*)

2 - Pre-company project maturation may be a suitable way to improve the creation of successful start ups in biotech



Workshop ICGEB – Mincyt , October 2011, Buenos Aires



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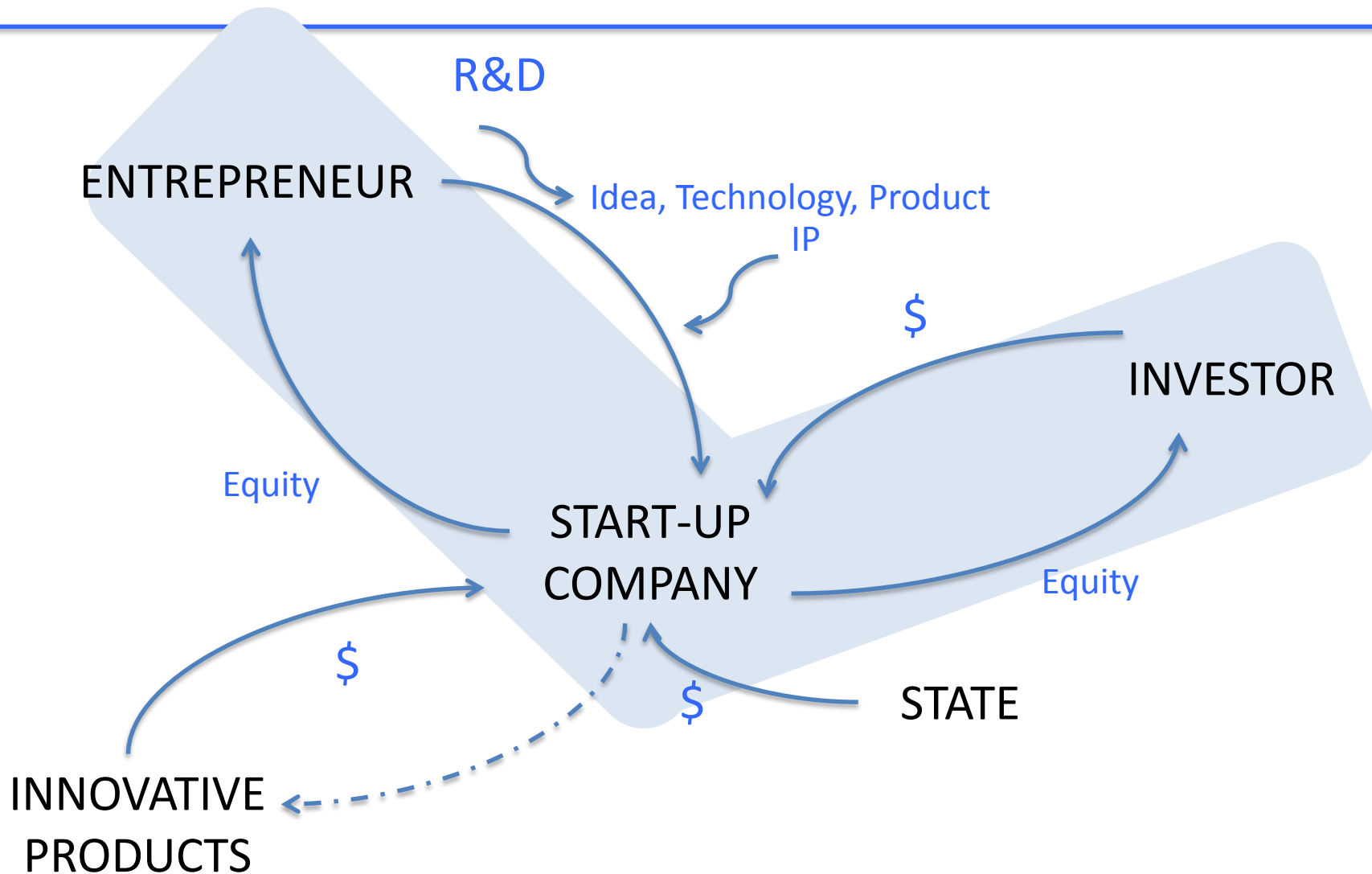
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# How to improve the *efficiency* and the *productivity* of the model ?

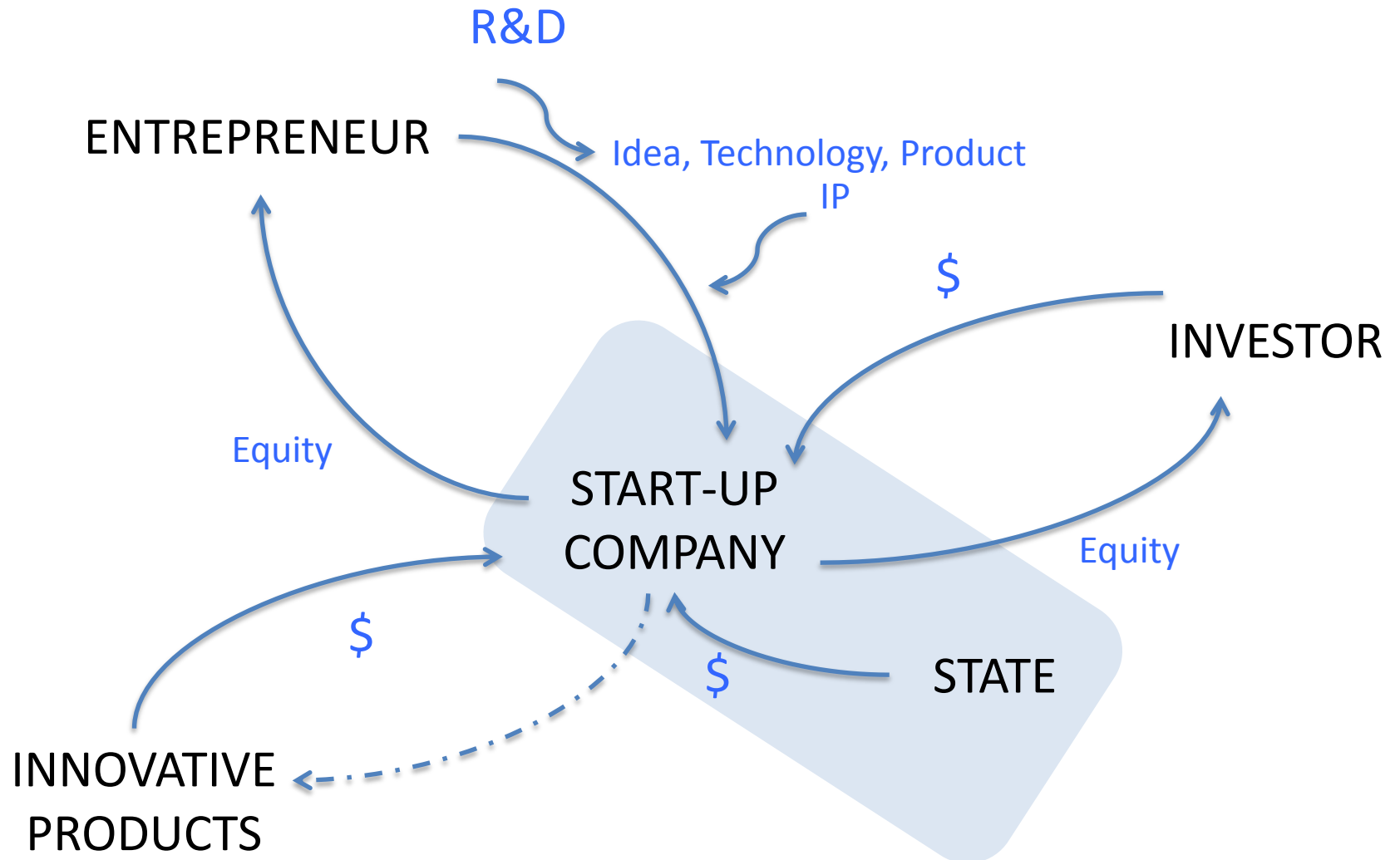
Governments got to create and operate integrated supportive  
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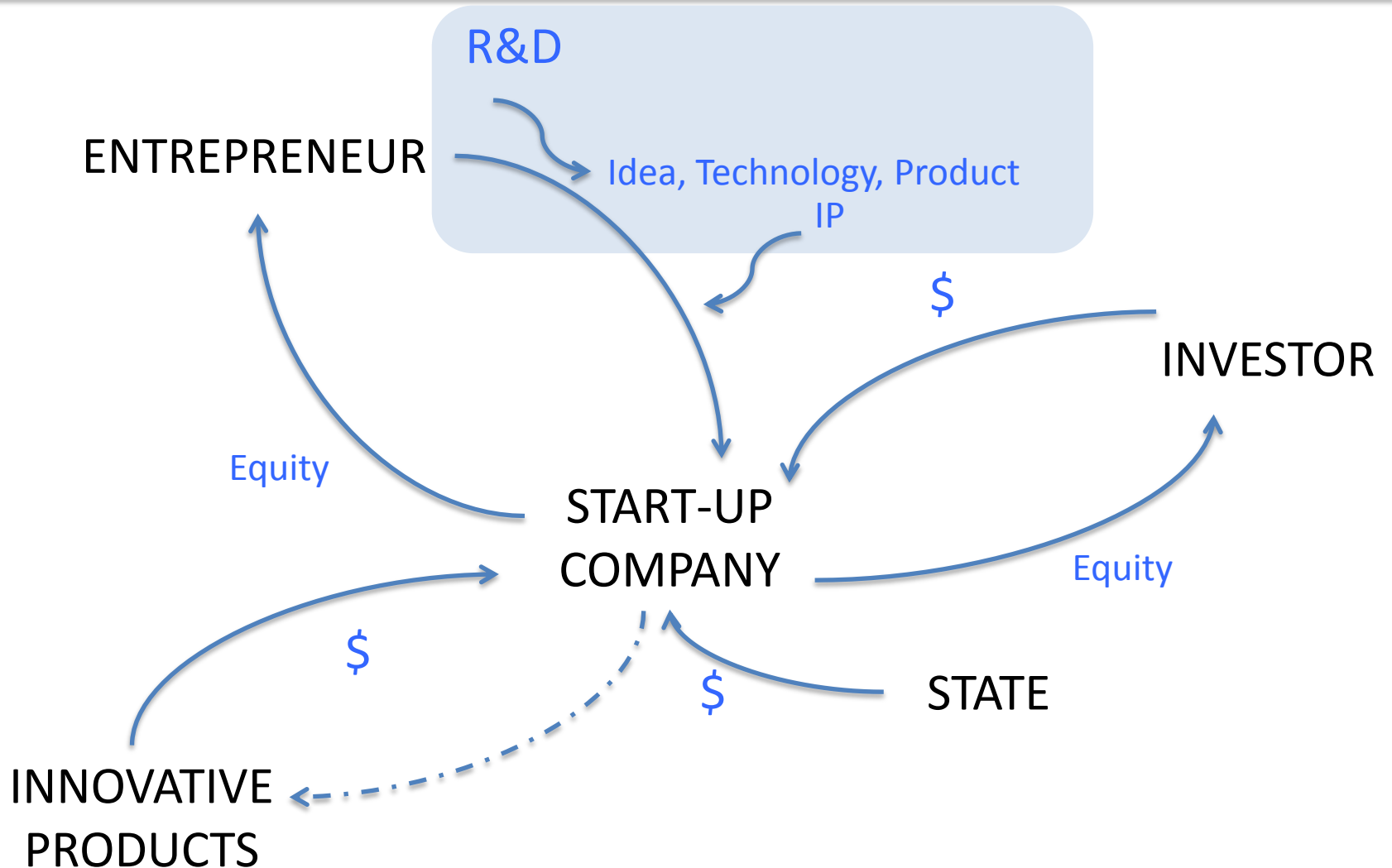
# Key components of the System...



# Key components of the System...



# Key components of the System...



# 1 - Technology Transfer Offices

Technology Transfer Offices are key

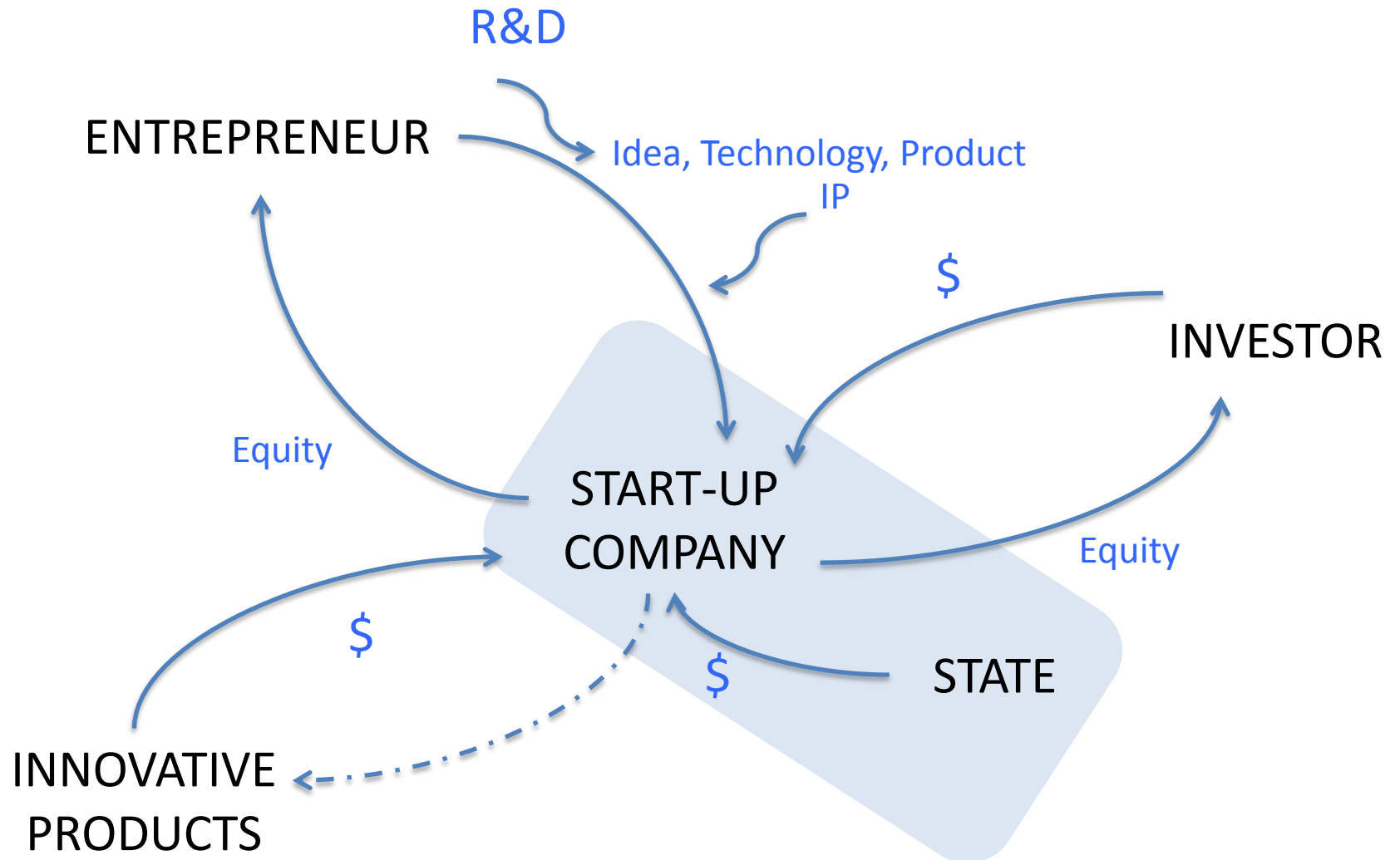
- Secure the very first step in the entire process: IP
- Work together with researchers to protect novelty
  - Create a portfolio of IP
  - Market and value the IP portfolio

# 1 - Technology Transfer Offices

Technology Transfer Offices got to

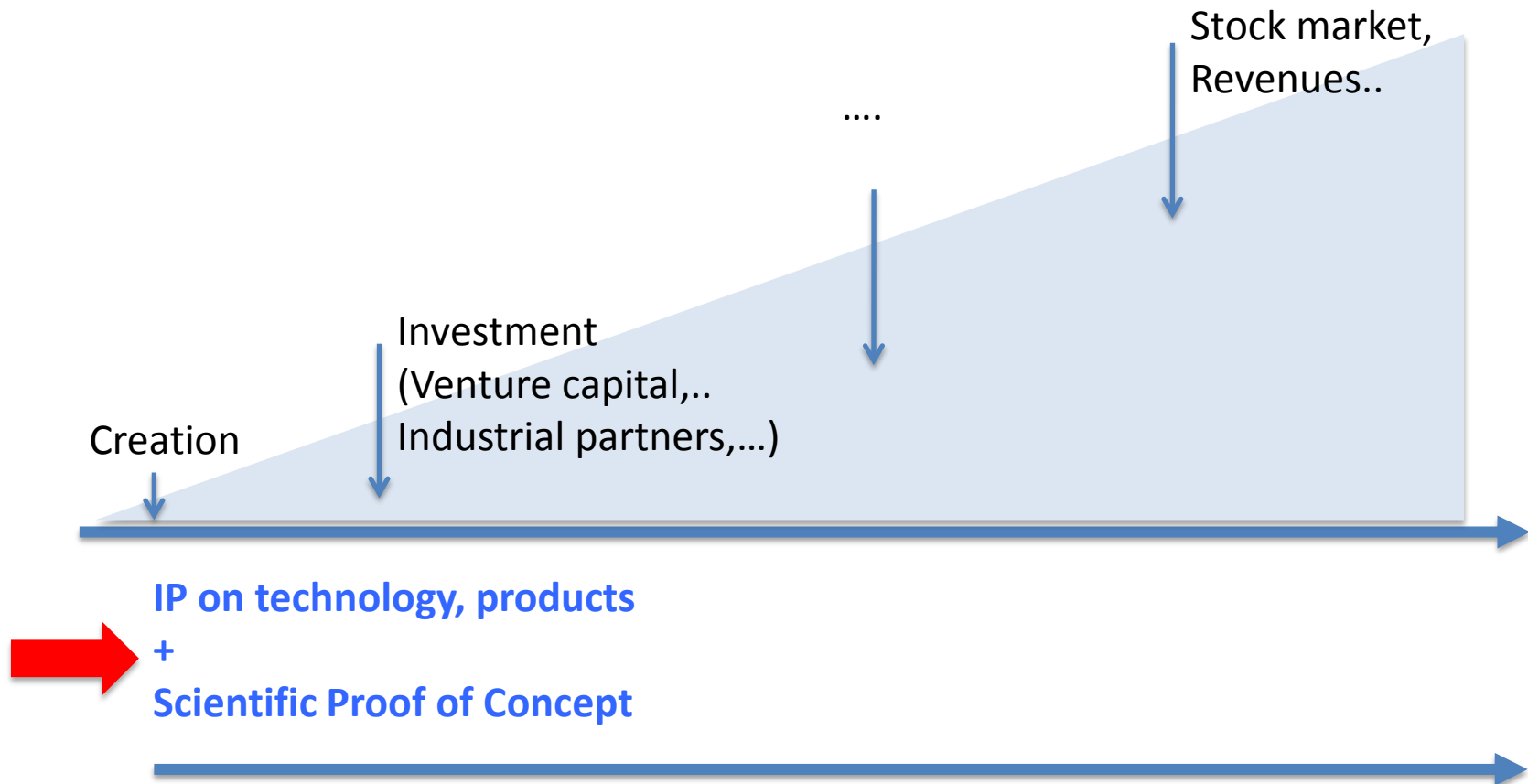
- Work in deep collaboration with researchers and be an insider in the research institutions
  - Scout proactively for inside projects that hold potential value
  - Work together with incubators to promote company creation

# Key components of the System...

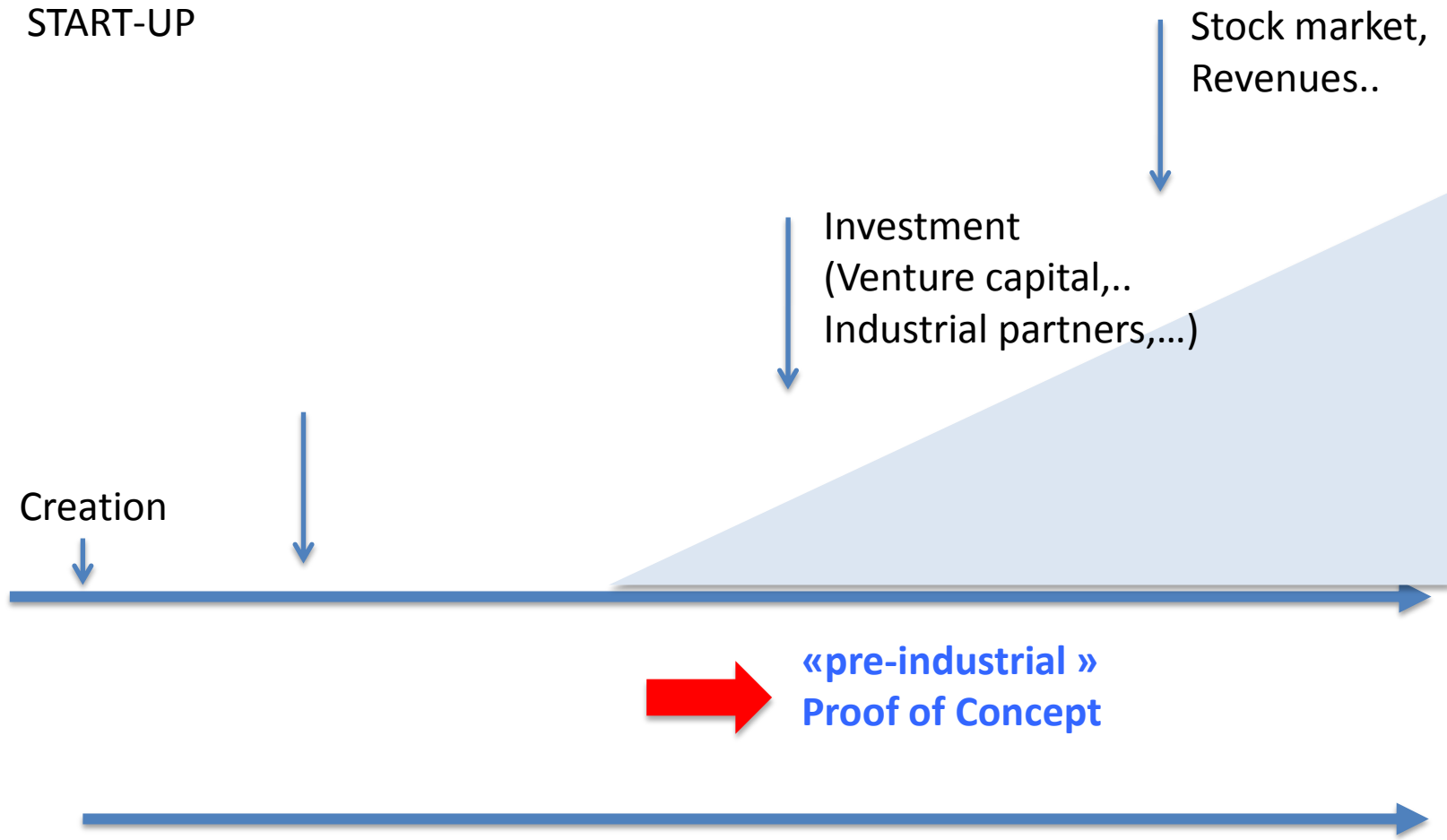


# Private investment comes later and later

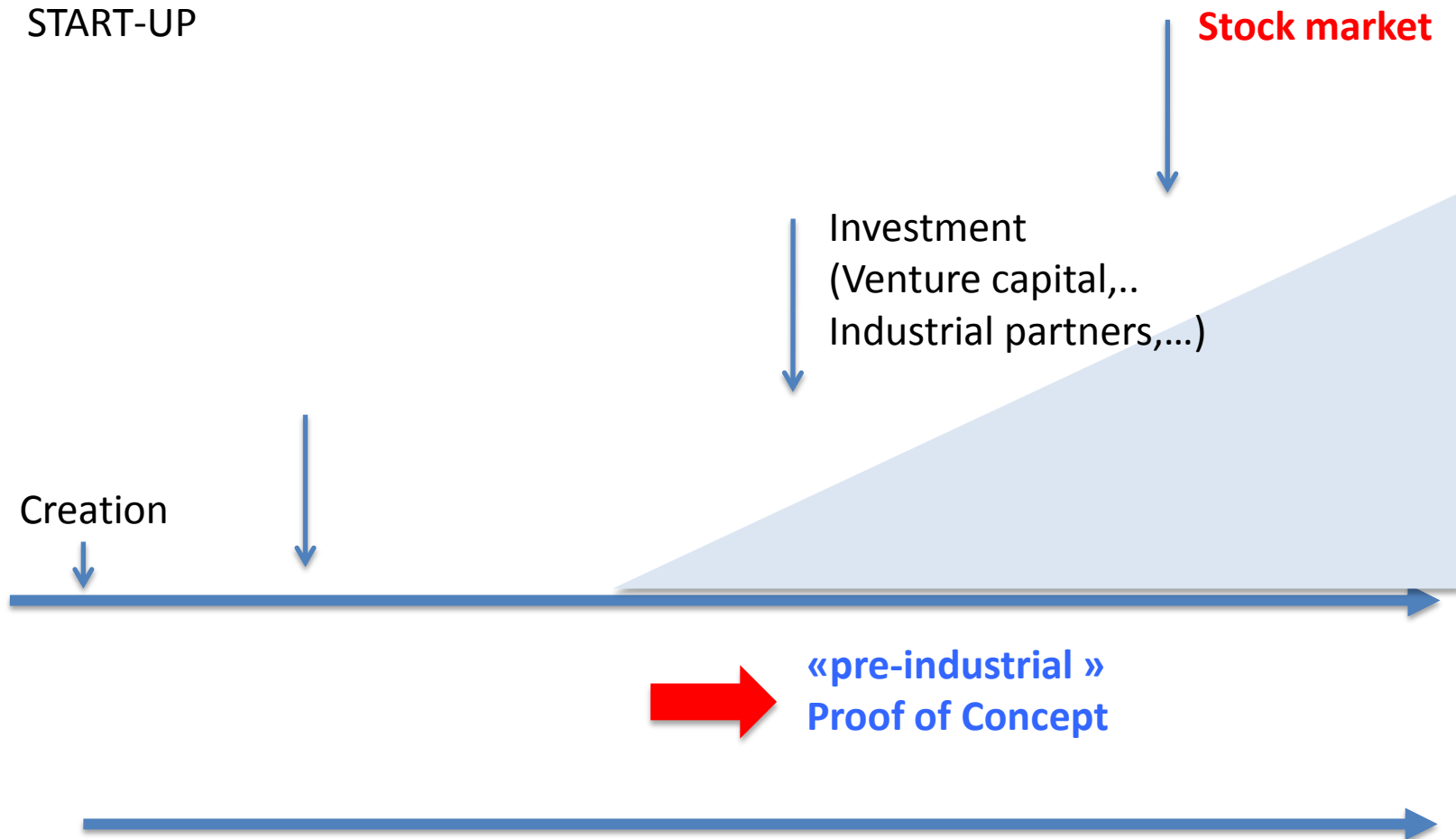
START-UP



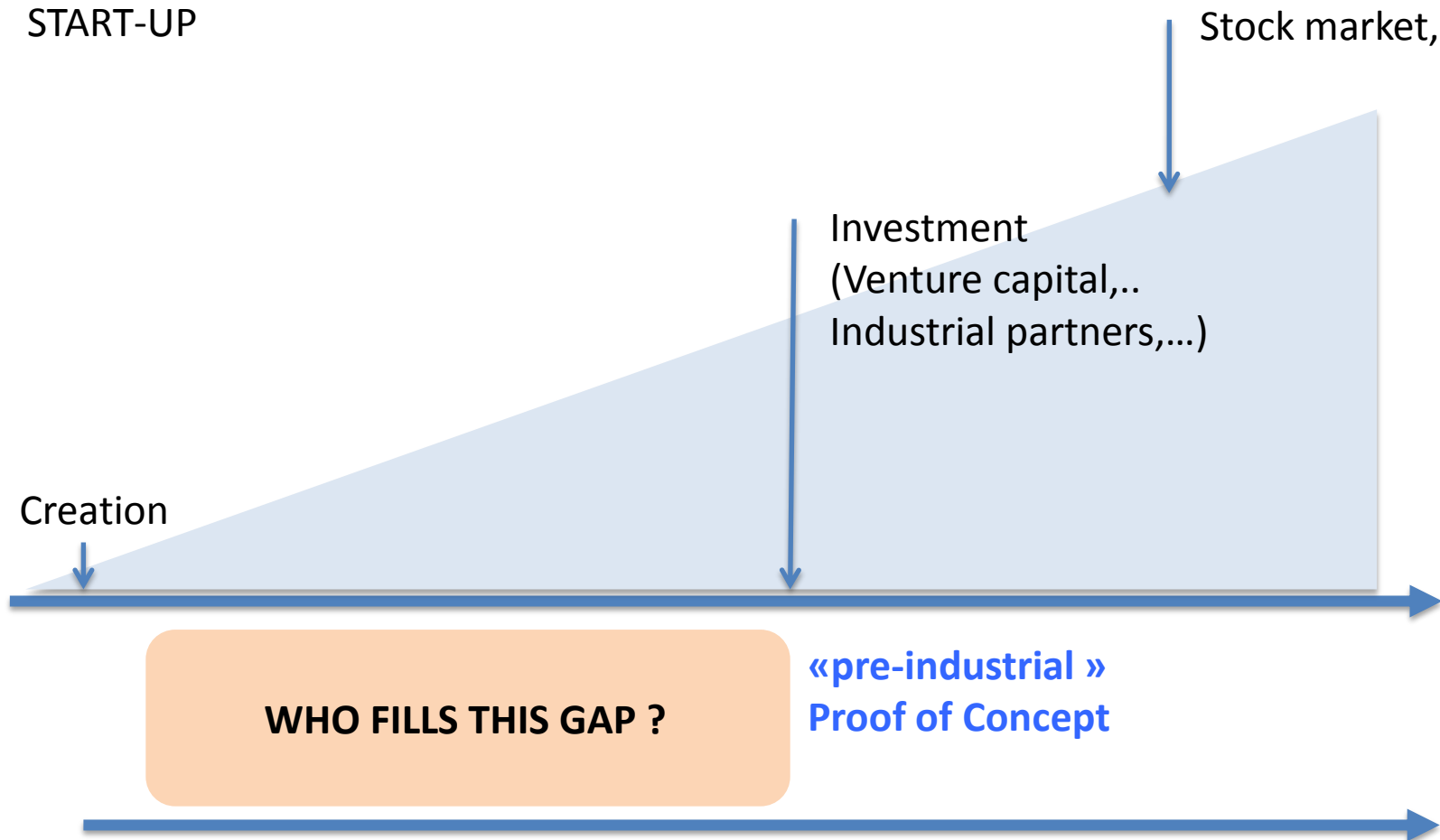
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## 2 – Instruments for public financing

Instruments for public financing are essential

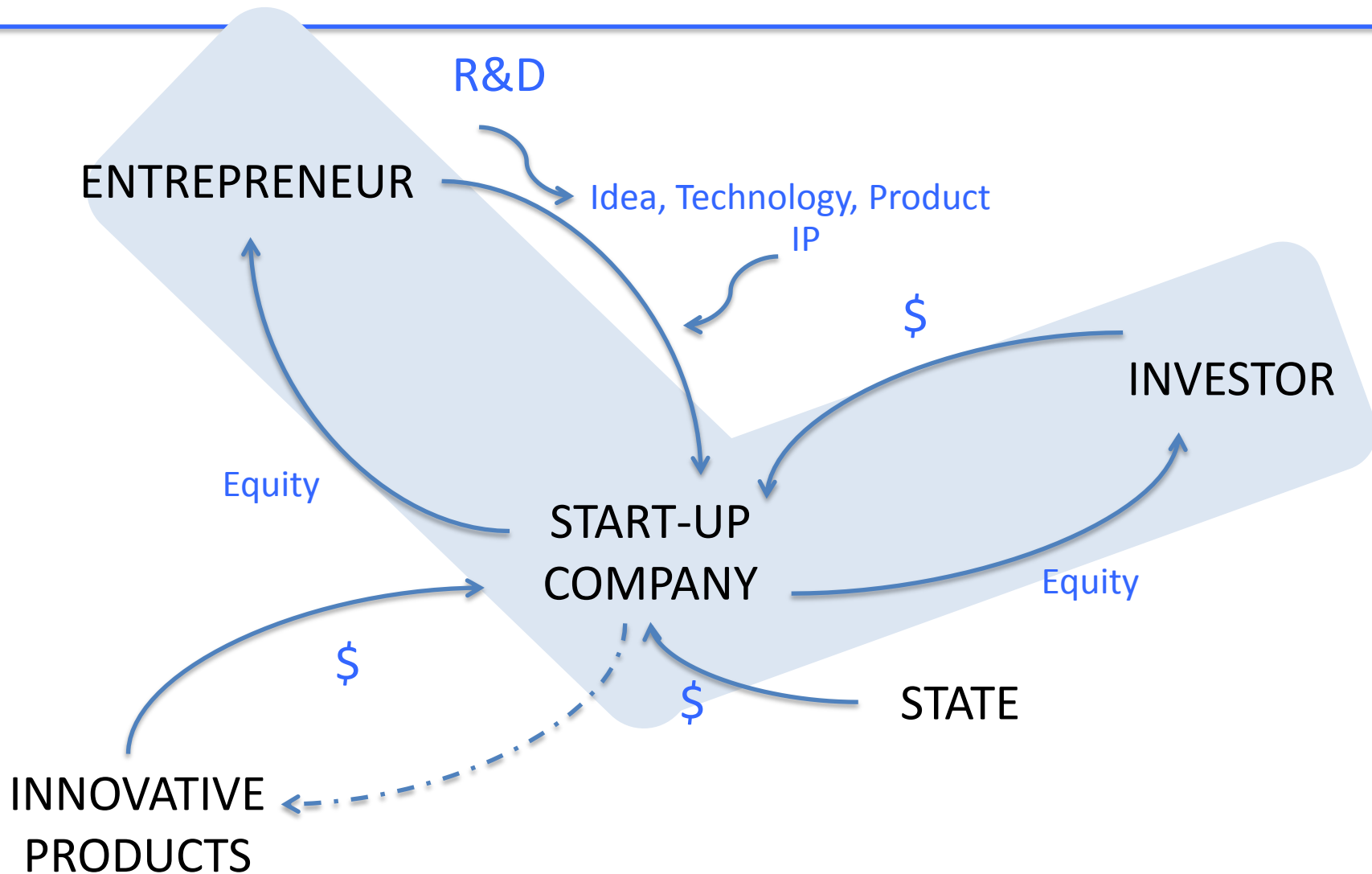
specially because private investment is less prone to enter at early, non-validated, stages

- They got to fill the gap of financing between the 'Scientific POC' and the 'Pre-industrial POC'

## 2 – Instruments for public financing

- Grants (reimbursable ; non reimbursable)
- Participation in equity (equity investment)
- Incubation (space, travel, equipment, reports,..); (IP costs)
- Voucher systems
- Loans
- Bank guarantees
- ...

# Key components of the System...



## 3 – Incubation

Incubation is key to  
help, guide and support  
the company Founder and the Entrepreneur  
in the 'initial' steps

Incubation means working together with  
supporting  
being involved  
go hand-by-hand  
advise  
opening doors  
...

## 3 – Incubation

Technical support for

- Business planning
- Market analysis
- IP status
- Competition analysis
- ...

## 3 – Incubation

### Networking with

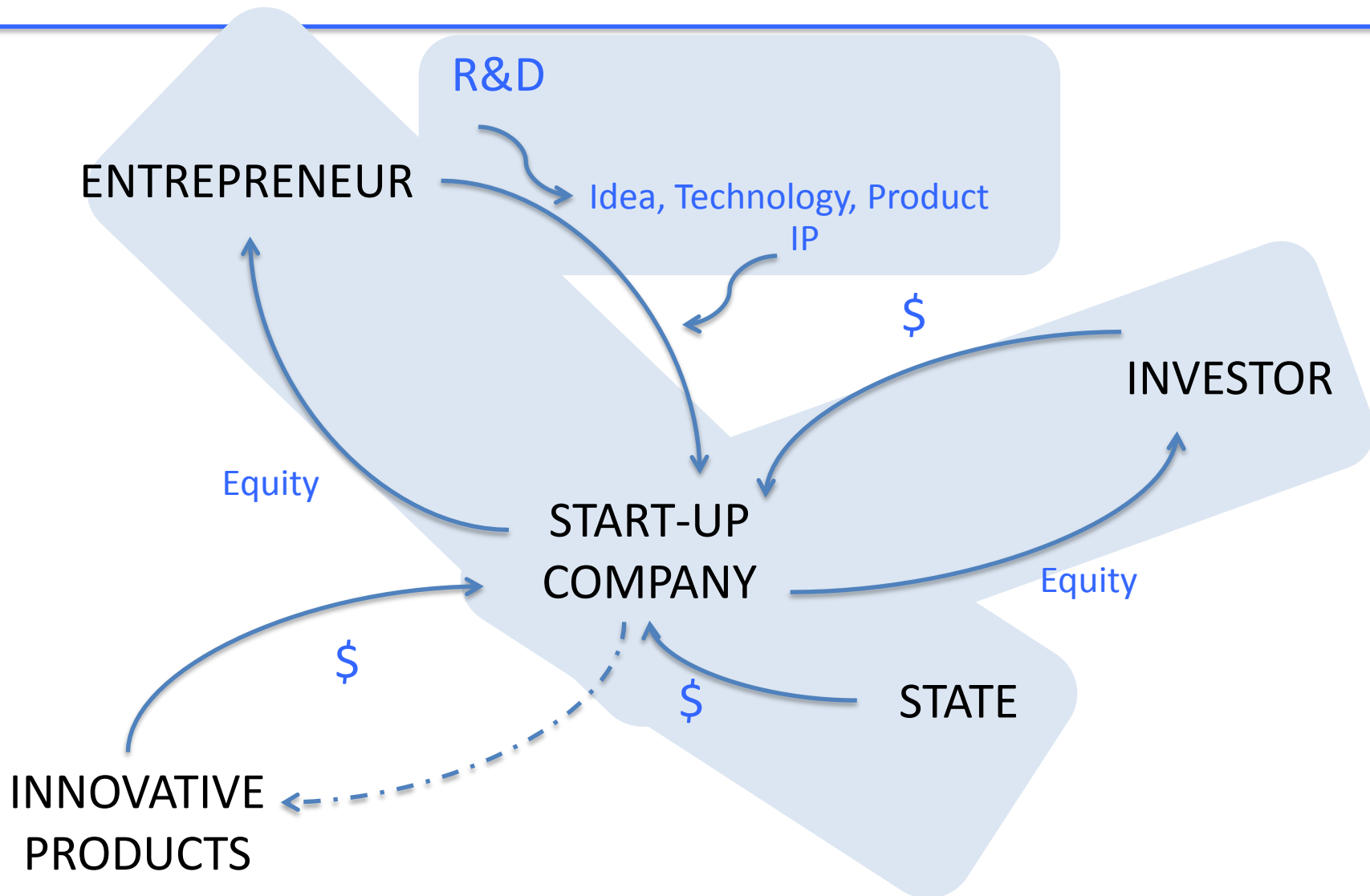
- TTOs
- Agencies
- Private investors
- Service providers
- ...

## 3 – Incubation

### Operational support

- Application for grants
- Fund raising
- Negotiation
- Business development
- ...

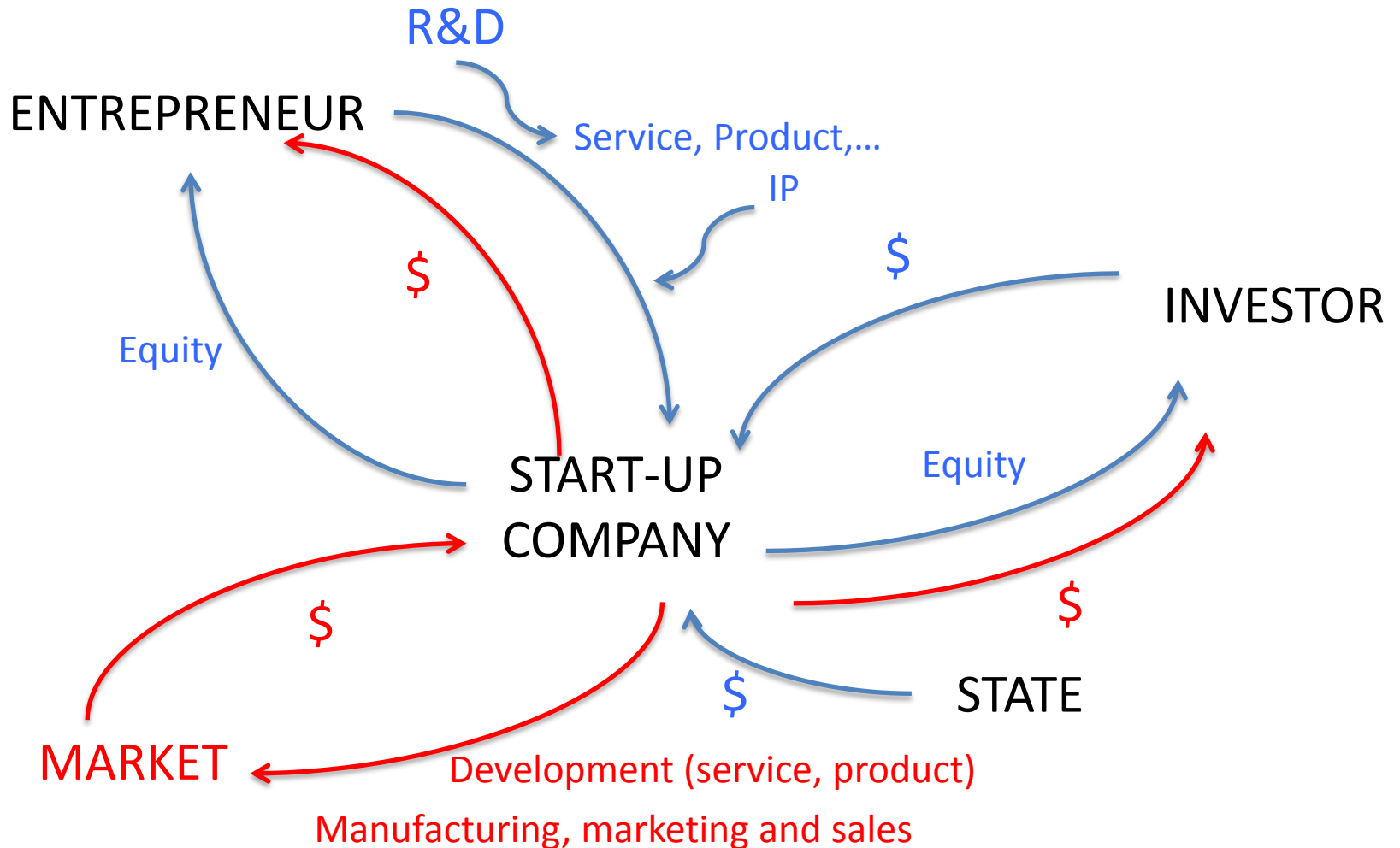
# The System covers all key steps of the model



# How to improve the *efficiency* and the *productivity* of the model ?

*Pre-company project maturation* may be a suitable way to  
improve the creation of successful start ups in biotech

# Key elements of the model...



## Basic needs of a Start up...

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START-UP

needs

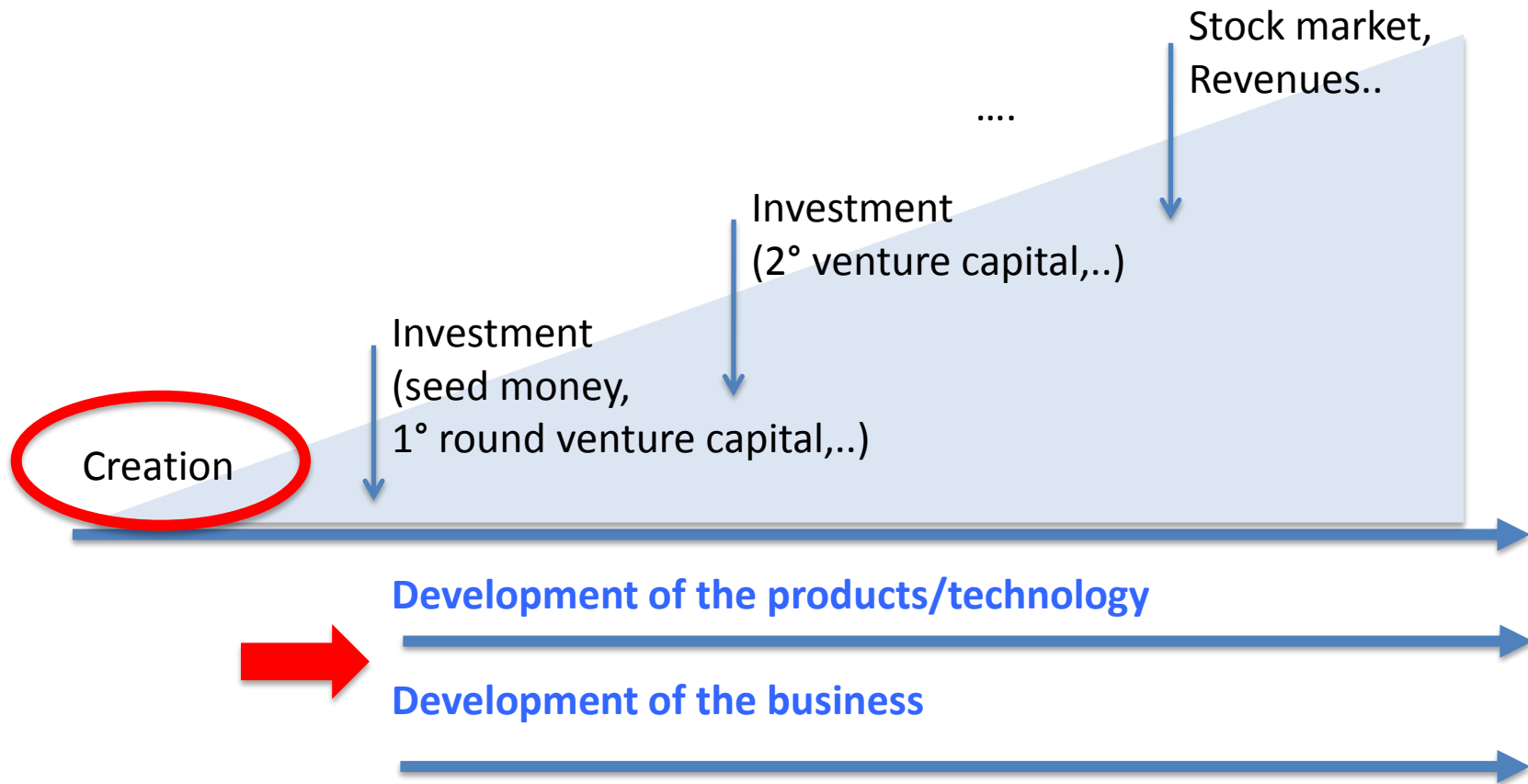
Product / Service /Technology...  
with business potential

Entrepreneur

Capital

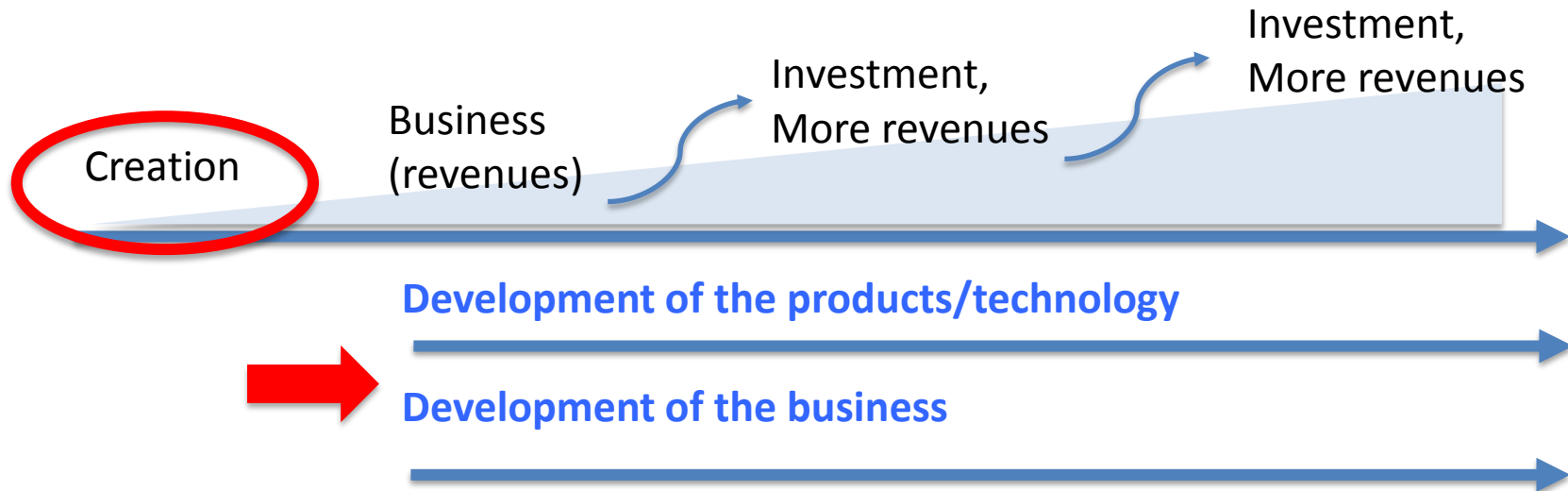
# Development model - 1

START-UP

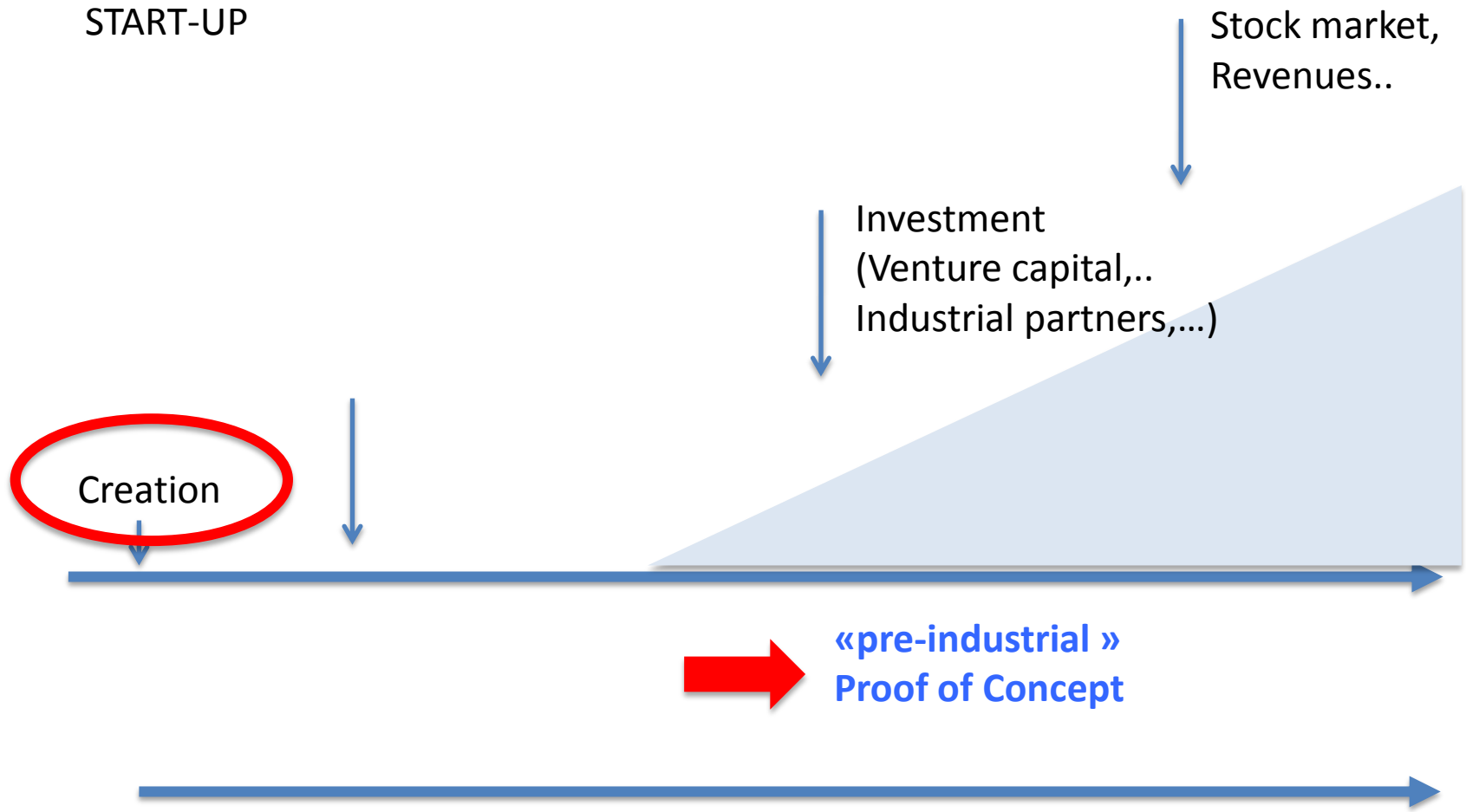


# Development model - 2

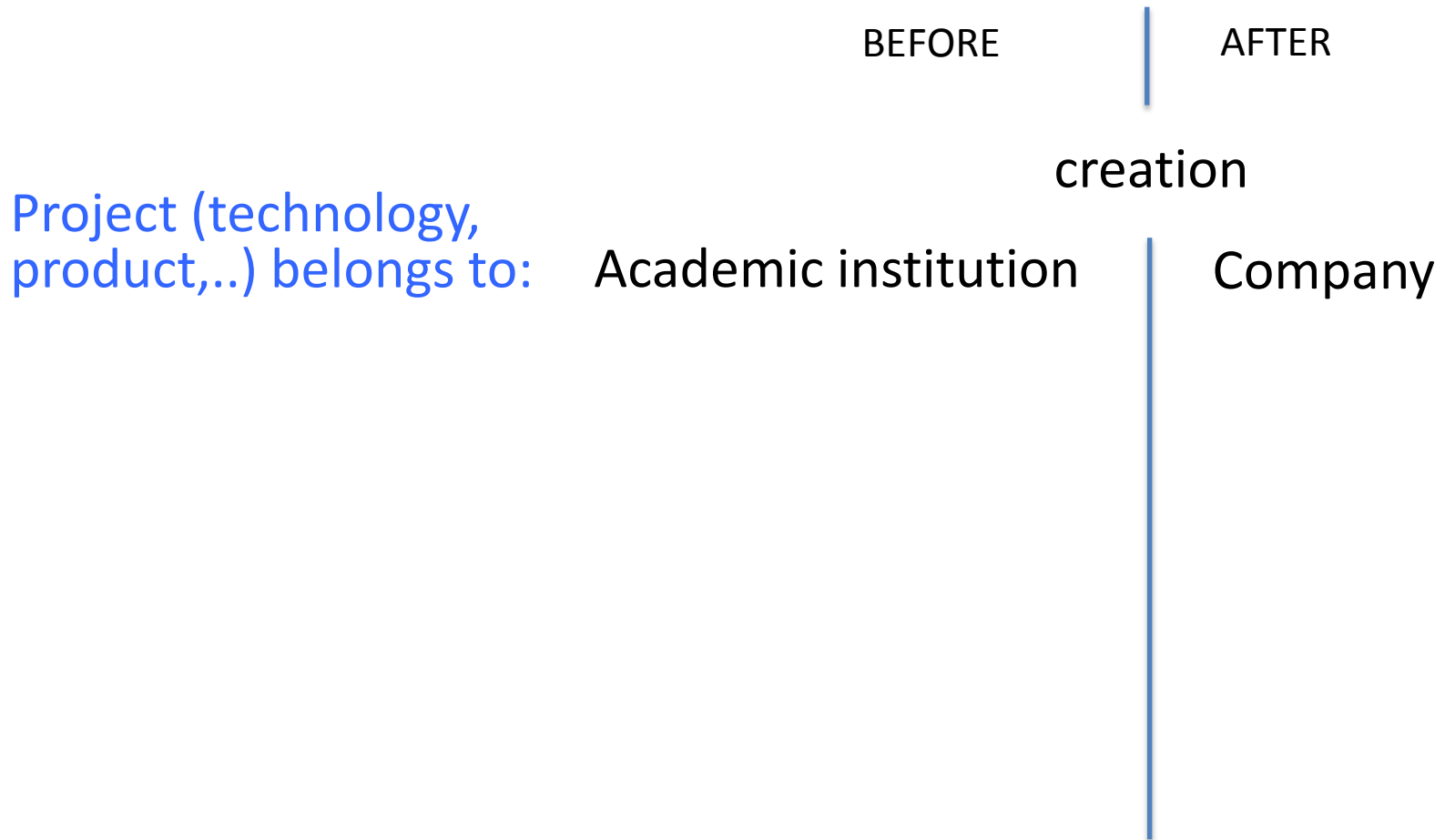
START-UP



# Private investment comes later and later



# Before and After the creation of the Start up...



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	BEFORE	AFTER
		creation
Project (technology, product,..) belongs to:	Academic institution	Company
Source of financing:	Mainly public	Mainly private

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Project (technology, product,..) belongs to:	Academic institution	Company
Source of financing:	Mainly public	Mainly private
Project leader:	Scientist	Entrepreneur

## Why a Start up is created....

The Entrepreneur wants to capitalize on the potential value of a technology or product

The Entrepreneur takes over the project, which becomes his/her own project

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The project (Development of product/service) cannot access public research money

The Development project needs more capital than what can be obtained in the academic environment

## What happens when a Start up is created....

A legal entity with accounting, tax, labor,..., obligations

A desperate countdown to access financing, raise capital, maintain cash flows,...

The fate of the Project is in the hands of the Entrepreneur:  
a fragile *leaf in the storm* of Entrepreneur's emotions

The Project is caught between  
the vision and the ambition of the Entrepreneur

## The timing for creation...

In the classical model, the creation of the start up by the Entrepreneur is the starting point

The classical model is based upon

- Abundance of capital / easy access to financing
- Automatic thought : « *whatever I do, I do it as a private business* »

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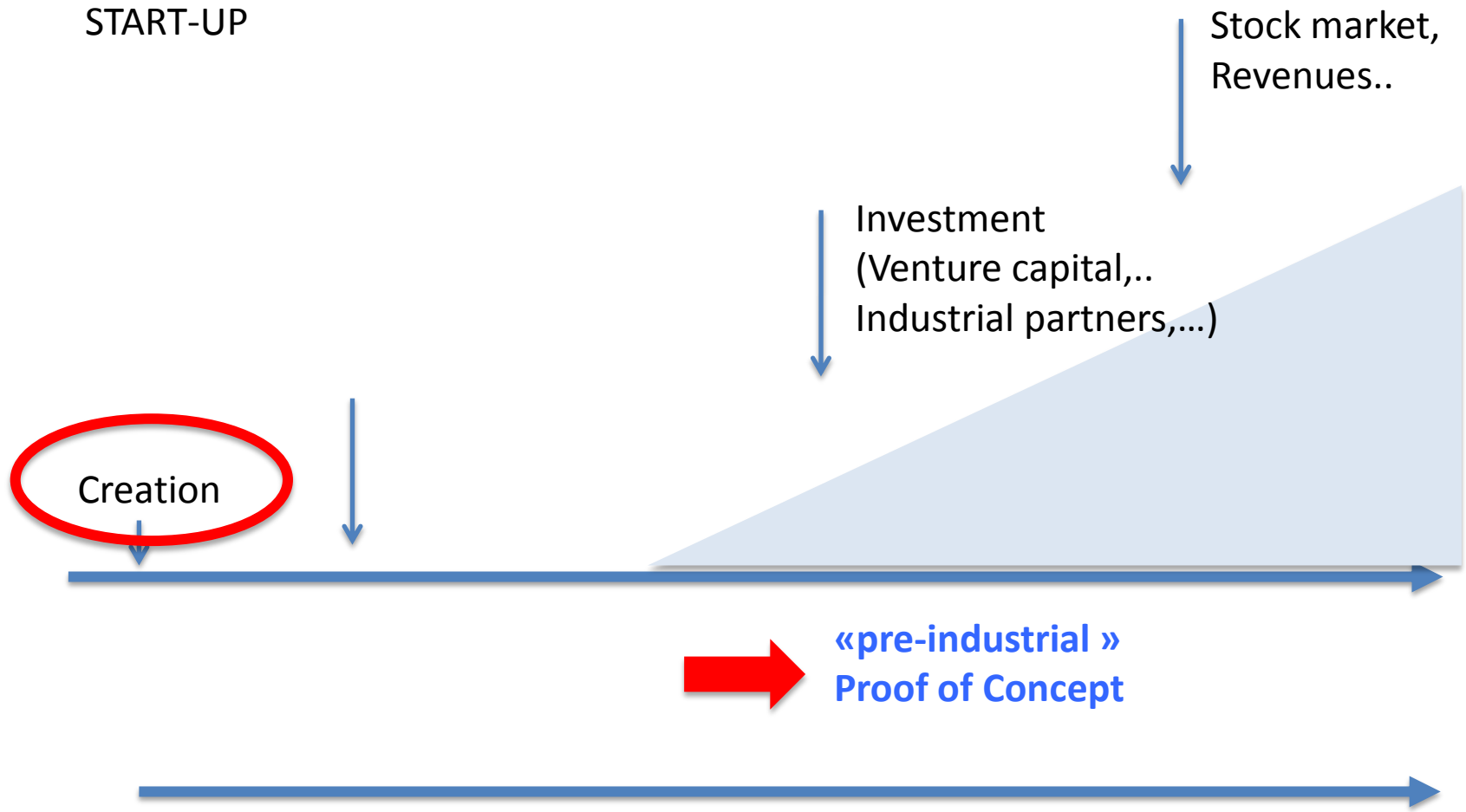
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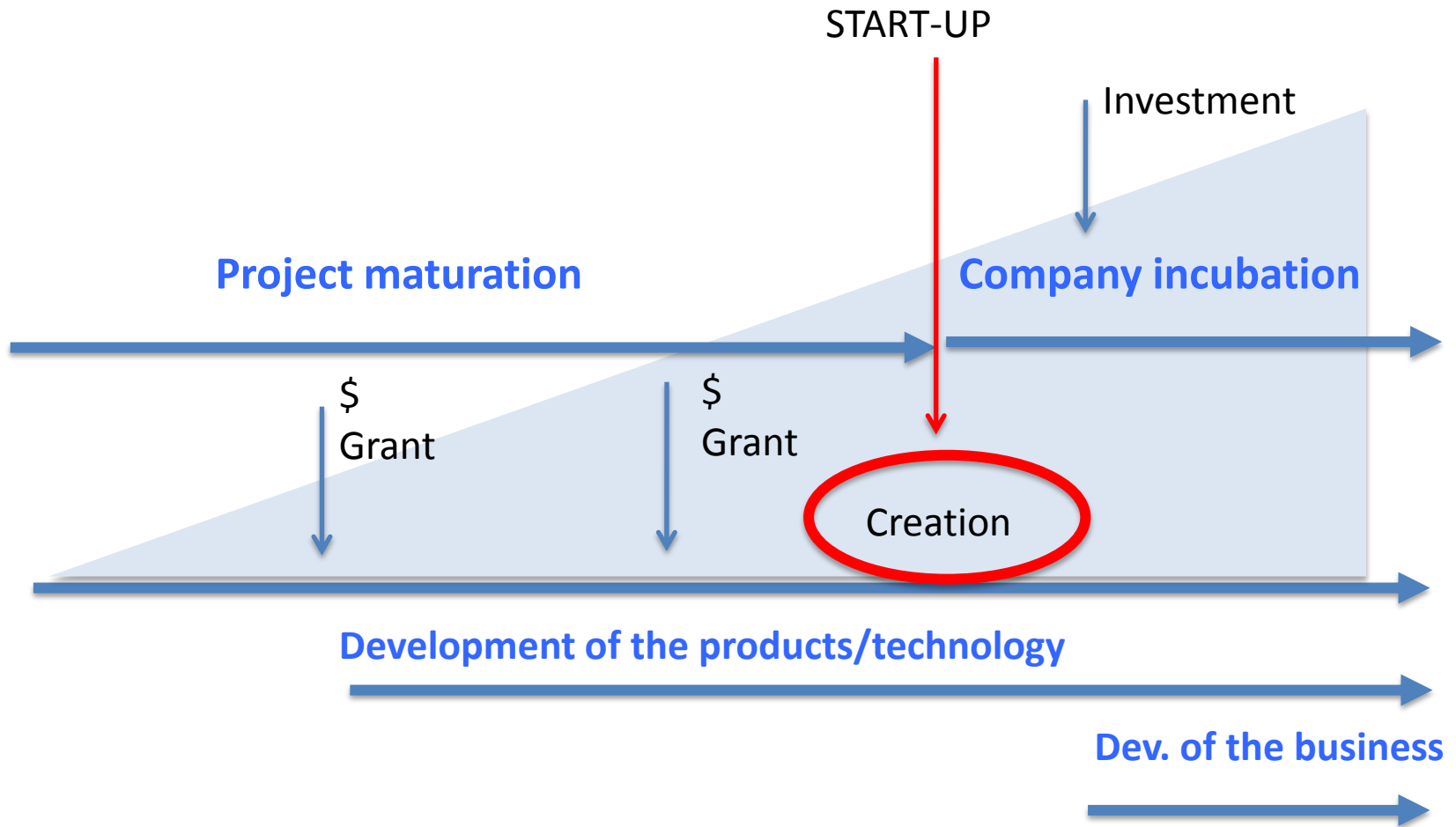
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**In the current (classical) model, Start ups tend to be created too much early**

# Private investment comes later and later



# Pre-company Project maturation



## Pre-company project maturation (1)

Candidate innovative products / technologies with commercial potential are identified

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Development work is outsourced to qualified (academic) groups as much as possible

## Pre-company project maturation (2)

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A start up company is created once the Proof of Concept has been successfully completed

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A start up company is created once the Proof of Concept has been successfully completed

A CEO is recruited to lead the new start up  
(The CEO may be the project manager itself)

The CEO raises money (financing),  
runs the company, develops the plan

## Advantages of pre-company project maturation

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No need for an Entrepreneur (!)

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Big stake of equity available

**THANK YOU !**

