

# BIOGENERATION VENTURES

About Venture Capital and What **You** Should Know

Expert Class: funding your Life Sciences start-up

May 20<sup>th</sup> 2016

## Overview

1. Introduction
2. Venture capital
3. Venture capital & Start-up
4. Start-up & Venture Capital
5. Conclusions

# 1 – Introduction

- **Edward van Wezel**

## MSc Biochemistry (Utrecht) and Biochemical Engineering (Delft)

### Pharma

Centocor Inc & Chiron Inc  
Johnson & Johnson Inc (B-US)

Process engineer

CHIRON



Manager *Johnson & Johnson*

### Licensing

### Start-up

Pepscan Systems BV  
Macrozyme BV

Business Developer



CEO



### Fund

ABN-AMRO Capital  
BioGeneration Ventures

Advisor

Managing Partner

### Board (Past)

BioCeros  
NovioGendix  
Acerta Pharma

### Board (Current)

Progentix Orthobiology  
Mucosis  
Cristal Therapeutics  
Surgvision  
Staten Biotechnology  
Synaffix

# 1 – Introduction – BioGeneration Ventures

- Venture Capital Investments in start-ups in the Life Sciences focusing on the Netherlands and Belgium
- € 32 M in assets under management
- 17 portfolio companies in 2 funds

BioGeneration Ventures I (2007) : 11 companies; 6 exits



BioGeneration Ventures II (2012) : 6 companies; 2 exits



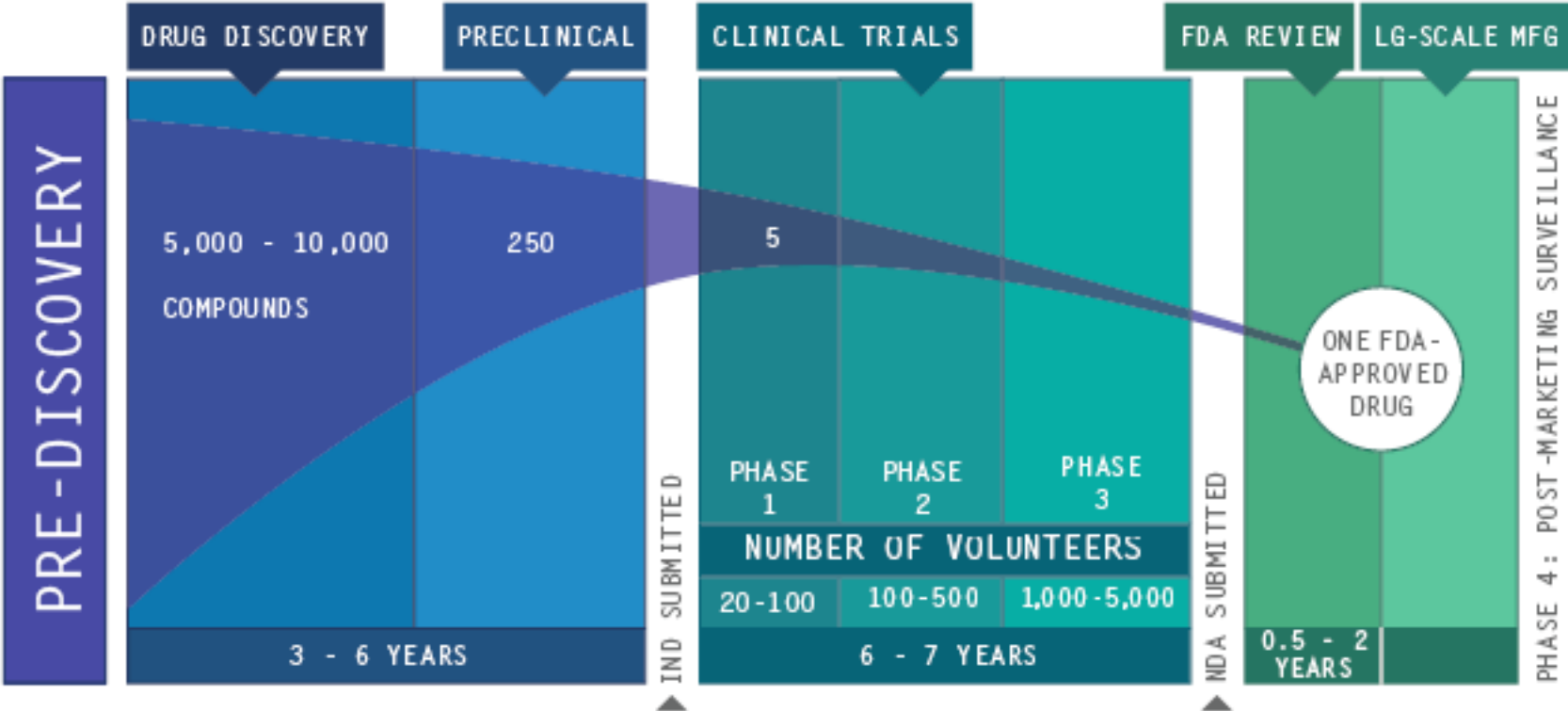
## 2 – Venture Capital



### Definitions and characteristics

- Venture Capital means funds made available for start-up firms and small business with exponential growth potential
- Venture capital is long term risk capital to finance high technology projects which involve risk but at the same time has strong potential for growth
- Early stage financing, Technology driven, Cash consuming

## 2 – Venture capital in Life Sciences : risky business



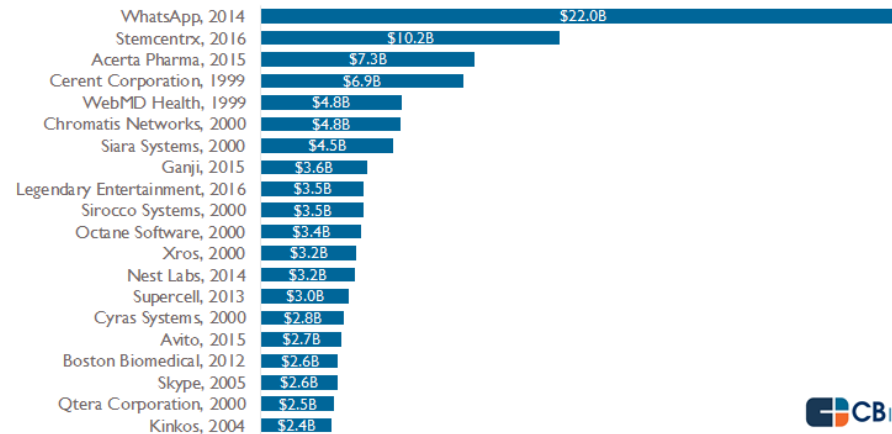
## 2 – Venture Capital – Impact and numbers

### Just some figures

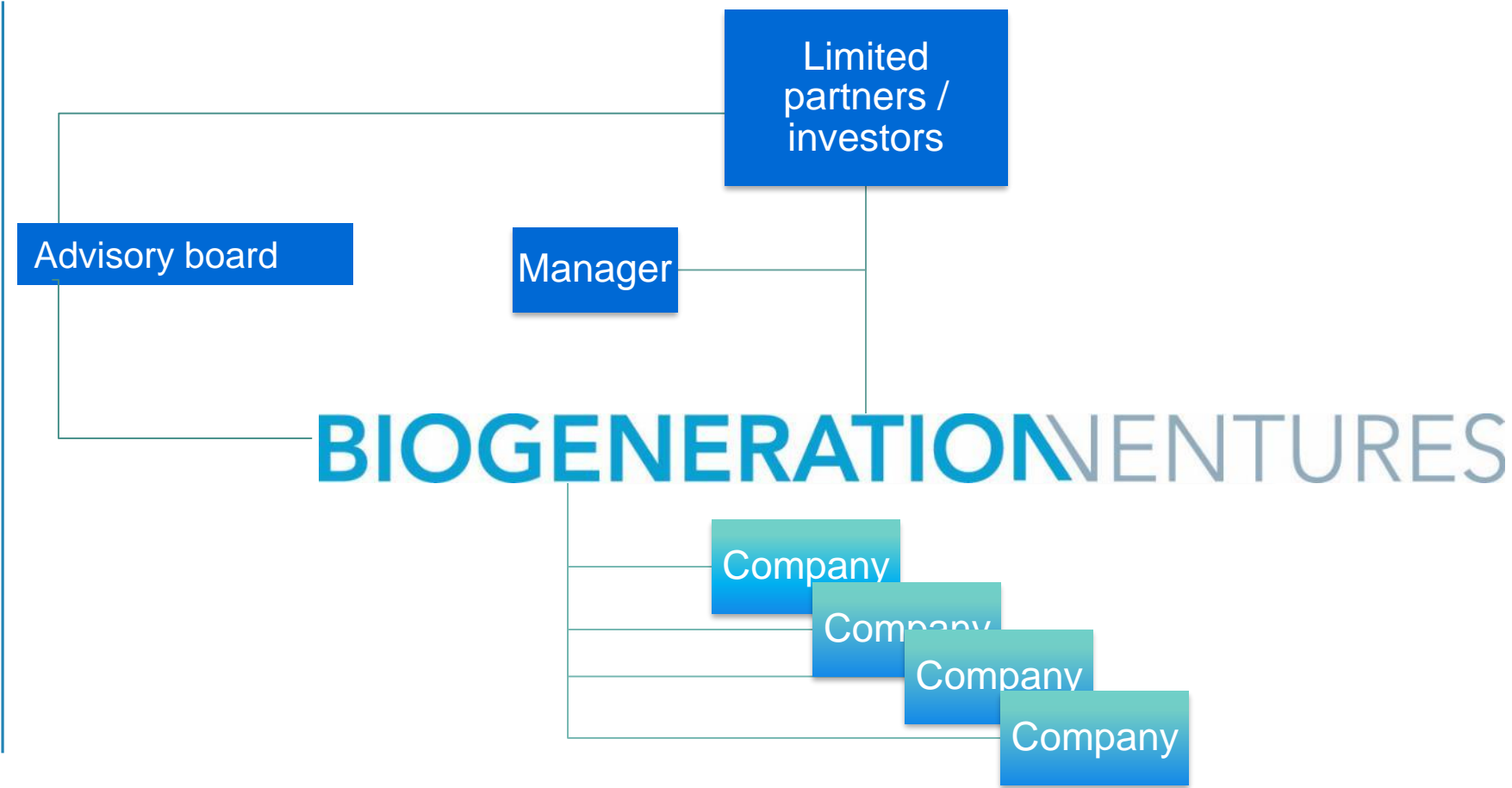
- Dutch starters received a total of € 163 million in venture capital investments
- In 2015, venture capitalists sold their interests in 88 Dutch companies
- About 20% of these cases involved the sale to a strategic party
- Sometimes for billions as in the case of Dezima Pharma and Acerta.

### The Largest Venture-Backed M&A Deals

Private company first exits (in nominal dollars), from 1999 - Pres.



## 2 – Venture Capital : typical structure





## 2 – Venture Capital – operates with syndicates

**FORBION**  
Capital Partners

  
CRÉDIT AGRICOLE

  
THREE ARCH  
PARTNERS

  
KBC

**FRAZIER**  
HEALTHCARE  
GROWTH EQUITY | VENTURE CAPITAL

**NEW  
SCIENCE  
VENTURES**

**LSP**  
Life Sciences Partners

 **OrbiMed**  
Healthcare Fund Management

**Kennis  
Conversie  
Fonds**

MS Ventures

  
ppm oost

**morphosys**

inkef capital

*seventure*

  
MEDSCIENCES CAPITAL  
KEMPEN CAPITAL MANAGEMENT COMPANY

 **aravis**

**LRM**  
Oxygen for growth

**NOM**  
INVESTEREN IN ONTWIKKELING

**NEDERMAAS**  
High Tech Ventures

 **THUJA CAPITAL**  
healthcare investors

 **BOM**

**DE FRIESLAND**  
ZORGVERZEKERAAR

**LIOF**

**KU LEUVEN**

## 2 – Venture Capital : What does Venture Capital want...



### 3- Venture Capital and Start-up : Your presentation



### 3 – Venture capital & Start-up : key issues to be discussed

- Intellectual property
- Scientific data
- Differentiation versus competition
- Technology transfer
- Unmet medical need
- Management (in house or external)
- Time to market
- Market potential

## 4 – Start-up & Venture capital



*"I call my invention 'The Wheel', but so far I've been unable to attract any venture capital."*

## 4 –Start-up & Venture Capital : Thiel's Law

*'a start-up messed up at its foundation cannot be fixed'*

- Think very well about whom you start your company with,
- Make sure you realise who legally owns the company,
- Who runs the company on a day-to-day basis,
- Who governs or controls the company,
- All involved should be 'on the bus',
- A company does better the less it pays the CEO,
- Equity as compensation creates vested interest

(\* Zero to one, Peter Thiel 2014)

## 4 – Start-up & Venture Capital : Thiel's Law Applied

*'A Life Sciences start-up DNA messed up at its foundation cannot be fixed'*

- Unreproducible science
- Incipient founder-itis
- Poor board governance
- Hydra-like founding syndicates
- Cumbersome founding agreements
- Inappropriate capitalization

(\* Bruce Booth: Thiel's Law applied to Biotech)

## 4 – Venture Capital & Start-up : investment process

- Only 2-3% of deal flow per VC gets funding
- Investment takes time
  - 2 months till TS
  - 4 months till finalized DD
  - 6 months to finalize documentation and money in the bank
- Why this much time?
  - Syndication
  - Due diligence
  - Negotiation
- BUT your chances increase with every meeting / presentation to the VC