Startup Development Program

National Council of Entrepreneurial Tech Transfer

August 2017
TODAY’S SPEAKERS

Tony Stano, JD, LL.M.
NCET2 Executive Director
Former U.S. Securities and Exchange Commission Senior Attorney

Glenn Vonk, PhD
NCET2 Startup Development Officer
Former Director of Advanced Technology, BD

Michael Blaustein, PhD
NCET2 Startup Development Officer
Former Director of Corporate Venture Capital, DuPont

Faz Bashi, MD
NCET2 Startup Development Officer
Chair of the Angel Capital Association’s Life Sciences Syndication group
FIRST SPEAKER:

Glenn Vonk, PhD
Startup Development Program

• Certified Startups Development Officers (SDOs) help university faculty, researchers, and students create, develop and fund market aligned university startups to IPO markets and Corporate Business Units.
Benefits

• Startups/Faculty/Researchers/Students
  – Access to professional SDO talent to help align IP and startups to IPO markets and corporate exits/strategic partnerships

• Universities
  – Moving IP to market for significant market impacts
  – Graduating students into startups and working with Fortune 500

• Fortune 500 Corporates
  – De-risked products and startups aligned to technology and business strategy needs for business units

• Angel and VC Investors
  – Better ROI with aligned exits and strategic partnerships with corporates
Benefits

Startups Development Officers (SDOs):

- Portfolios of promising startups with significant upside
- Working with faculty, researchers, students and universities to create $100million+ companies and products
- Equity for sitting on boards of directors or advisers (joint equity pool with all other SDOs in cohort)
- Working with Fortune 500 corporate members to develop university and federal lab IP via University Startups to business units
- Unparalleled national double vetted dealflow
  - Best coming from universities across U.S.
  - Best of Best selected by Fortune 500 corporate members in University Startup Demo Day
Commercialization Model Timeline

Congress seeks to understand commercialization of $B137 annual R&D in Fed Labs / Universities

2015
- NCET2 Congressional Commercialization Summit – Corporate Sub-committee Formed
- Model Vetting Roadshows: CA; PA; NY
- First Model Proposed

2016
- Congressional Briefs
- (Pilot) First Demo Day

2017
- Second Demo Day
- Startup Development Officers Pgm Announced
- IP2 Startup Pgm Announced
- Startup Development Officers Pgm Announced

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CORPORATE COMMERCIALIZATION CENTER (CCC)

FEDERALLY FUNDED R&D AT UNIVERSITIES ($37 Billion)
FEDERALLY FUNDED R&D AT FEDERAL LABS ($93 Billion)
OUTBOUND CORPORATE R&D

RESEARCHER-ENTREPRENEURS (UNIVERSITY STARTUP CREATION)

GLOBAL 1000 CORPORATE COMMERCIALIZATION COUNCIL (NCET2 CORPORATE MEMBERS) (COORDINATION CENTER)

UNIVERSITY STARTUP PROGRAMS
STARTUP DEV'T OFFICERS

GAP FUNDING
SBIR FUNDING
STARTUP R&D TAX CREDITS

PRIVATE FUNDING
UNIVERSITY MENTORING-ANGELS
CVCs
ANGELS
VCs

IPO / CORPORATE BUSINESS UNITS

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## Commercialization Readiness Levels

<table>
<thead>
<tr>
<th>CRL</th>
<th>Technical Milestones</th>
<th>Business Milestones</th>
<th>Funding Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Research Validated</td>
<td>Opportunity Validated; corp. license if applicable</td>
<td>Public Research Grants</td>
</tr>
<tr>
<td>1</td>
<td>Startup and Technology development plan</td>
<td>Startup created, management team. IP licenses, Legal issues settled</td>
<td>Public / Private</td>
</tr>
<tr>
<td>2</td>
<td>Market and Technical feasibility established</td>
<td>Business plan validated at level 1 (accelerator) and level 2 (CCC)</td>
<td>Public: SBIR / STTR Ph 1; other public sources / University Mentor-Angels</td>
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<tr>
<td>3</td>
<td>“Works-Like” laboratory Proof of Concept</td>
<td>Key corporate advisors in hand; pharma target validated</td>
<td>Public; Ph 2 SBIR / STTR, other / University Mentor-Angels</td>
</tr>
<tr>
<td>4</td>
<td>“Works-like” operational Prototype</td>
<td>Commercialization plan updated incl. competitive update; tech landscape; preclinical validation and safety profile</td>
<td>Public; Ph 2 SBIR / STTR, other / University Mentor-Angels</td>
</tr>
<tr>
<td>5</td>
<td>Operational Product Development and Launch</td>
<td>Funding for manufacturing/organizational development; human clinical validation</td>
<td>Public; Ph 2B SBIR / STTR, other; Angel. Pharma: corp./VC/Angel</td>
</tr>
<tr>
<td>6</td>
<td>Sales/Service / support/Scaling</td>
<td>SSGNA in place $0-1 million Revenues</td>
<td>Angel / VC / Corp</td>
</tr>
<tr>
<td>7</td>
<td>Sales/Service / support/Scaling</td>
<td>$1-5 million Revenues</td>
<td>Angel - VC / Corp</td>
</tr>
<tr>
<td>8</td>
<td>Sales/Service / support/Scaling</td>
<td>$5-10 million Revenues</td>
<td>VC / Corp</td>
</tr>
<tr>
<td>9</td>
<td>Sales/Service / support/Scaling</td>
<td>$10-100 million Revenues</td>
<td>VC/Corp</td>
</tr>
<tr>
<td>10</td>
<td>Sales/Service / support/Scaling</td>
<td>&gt;$100 million Revenues</td>
<td>Exit / IPO</td>
</tr>
</tbody>
</table>
Significant Sustainable Market (Annual) Events

- Federal University & Lab Research
- 10,000 Grants
- 1,000 SBIR Awardees
- 100 Angel Investments
- 10 VC Investments

$25 to $50M Early EXITS

EXITS

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NEXT SPEAKER:

Tony Stanco, JD, LLM
Startup Development Program

- Congress funds $137 billion of R&D at universities and federal labs each year
  - Wants jobs and economic development
  - 10,000-20,000 startups each year
    - Universities creating about 1,000 per year
  - Proposed 1 - 3% funding for commercialization
Researcher Entrepreneur
Workforce Development

- Develop University Startups with faculty entrepreneurs, researchers and graduating students as early management teams

  - Early management teams of graduating students and faculty with SDO support can take company from CRL 0 to CRL 4 with SBIR, state, university and University Angel funding
    - Business plan, proof-of-concept, prototyping
    - “Commercialization Experiments”
      - De-risk to product and market risk at CRL 5
Startup Development Program

• Serial Entrepreneur SDOs
  – Startup entrepreneurs with significant startup experience from the CEO level provide management level assistance
  – In some cases, Serial Entrepreneur SDOs may become CEOs or other senior executives at startups at Commercialization Readiness Level 5 or 6 (if VCs or angels require it)
Development Milestones and Funding Support

- Market aligned startups from University Startups Demo Day with significant Fortune 500 interest invited into Startup Development Program
- Startup Development Officers will work with startups, universities and corporates to formulate development path for 2-5 years with specific semi-annual milestones and provide funding support from SBIR, angels, VCs and corporate sources
Startup Development Officers

• Startups Development Officers (SDOs) are:
  – Former Fortune 500 open innovation and venturing executives
  – Active angel investors
  – Serial entrepreneurs
Startup Development Officer

• Each of the SDOs sits on board of directors or advisers
SDO Meetings and Reports

- Weekly webex meetings for first couple of months during business plan and milestone development
- Monthly webex meetings to stay on development path
- Quarterly Milestone Reports for Universities, Corporates and Investors
- In-person meetings at University Startups Demo Day and Conference Demo Days
NEXT SPEAKER:

Michael Blaustein, PhD
Startup Development Program

• Strategic SDOs
  • ex-Fortune 500 open innovation and venturing executives assist startup in working with Fortune 500 strategic partners
Startup Development:
Corporate Collaboration and Corporate Venture Capital

• Leverage their “buy side” experience to assist startups to align and work with corporate strategic partners

• Access their corporate networks on behalf of startups to find potential partnerships

• Bring know how to deal structure and execution
Value of Corporate Collaborations to Startups

- Access customers and market insights
- Access to people and facilities
- Access to intellectual property
- Source of revenue for startup through licenses, services, or development agreement
- Source of revenue through product sales
- Source of growth capital (Corporate Venture Capital)
Essentials for Corporate Collaboration and Investment

• Build collaboration and corporate investment into the startup strategic plan

• Determine the types of collaborations and investors that fit

• Screen and select target companies

• Plan and execute successful interactions with corporate business leaders and their Venture Capital arms

• Understand and influence the Corporate decision making process
NEXT SPEAKER:

Faz Bashi, MD
Startup Development Program

• Angel SDOs

  • Active angel investors assist in funding startup from angel investors and VCs through multiple funding rounds
Angel SDO : Value add

- Foster / Encourage Entrepreneurship
- Attraction / Retention of New Businesses
- Creation of Jobs and Wealth; Diversify the Regional Economy
- Broaden the Regional Tax Base; Accelerate the Growth of Businesses within the Region
- Locate and Support Commercialization of Available Technology
- “see around the corner” ...
Angel SDO: Economic reality

- Lean Angel investors w new operations model
- Broad network of connected Angel groups (>300 in US, >50 in Canada)
- Sharing and syndication
- New models of investment (eg. Moleculo)
- Helping startups attract Institutional, Corporate VCs
Angel SDO: Founders aligned

• Currently “Last Money In” (ie. VC) favored
• VCs protect themselves by holding their pro-rata rights with OPM ie. more money

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• Dilution risk for founders is very high
• Faster exits on less capital are good for founders, entrepreneurs and angels (but not good for VCs)
Angel SDO : Startup Sherpa !

- Greater syndication – 67%
- Novel syndication mixtures : FO + AG + HNW
- Novel funds and foundations involved eg MJF
- New innovation support : Incubators, Spinouts, Accelerators, etc. (Breakout, RH)
- New business models (leaner)
- Innovation in technology is NOT enough
- Reverse innovation : Faster, Better, Cheaper
Think Different (new models)!

“If we pull this off, we’ll eat like kings.”

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How do you participate?

• **Startups/Faculty/Researchers/Students**
  – Submit IP and startups for Fortune 500 corporates and SDO review and selection

• **Universities**
  – Submit IP for immediate Fortune 500 licensing or for long-term SDO startup development
  – Submit startups for Fortune 500 corporates and SDO review and selection
  – Come to Demo Day to meet SDOs and Fortune 500 corporates

• **Fortune 500 Corporates**
  – Join Corporate Selection Committee to get to see and review IP and startups for alignment to your business units
  – Come to Demo Day to meet network of SDOs and universities

• **Angel and VC Investors**
  – Come to Demo Day to see what companies to invest in

• **Startups Development Officers (SDOs):**
  – Apply to become an SDO

**CONTACT:** support@ncet2.org for more info or to set-up a call to discuss
Startup Development Program

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