

**Healthcare Business Summit
Porto, Portugal
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**„Key Elements for a successful inception
and seed milestones –
what investors like to see“**

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Disclaimer

„This presentation and the following represent my personal opinions and views and do not represent an official statement or the opinions and views of Vesalius Biocapital“

Dr. Christian Schneider

Topics

- **Intro Vesalius**
- **How to create value in the seed phase**
- **Role of an investor**
- **Dos and Don'ts & No-Gos**
- **Q & A**

Intro Vesalius

Intro: Vesalius' funds

- European life sciences venture capital investor, together with legacy funds managing EUR 280m.
- Experienced Managing Partners, combining more than 90 years of relevant experience.
- Vesalius Biocapital III targets European later-stage venture companies in drug development, medical devices & diagnostics and digital health.
- Fund size EUR 120m.
- Five investments made (of 10 or 11).

Balanced VBC III team with a successful joint track record



Guy Geldhof

Managing Partner (Brussels)

- 25 years relevant experience
- Arthur Andersen healthcare practice
 - Founder Value4Growth
- Secretary General of Belgian VC Association
 - Partner VBC I & VBC II



Marc Lohrmann

Managing Partner (Munich)

- 19 years relevant experience
- Founder of nine life sciences start-ups, e.g. Reverse Med sold to Covidien for \$150 million
 - Corporate Development Bayer
 - Corporate Finance advisor
- Venture Partner of VBC I & VBC II



Dr. Christian Schneider

Managing Partner (Munich)

- 25 years relevant experience
- Boehringer Mannheim / Roche; Centocor / J&J
- Managing Partner PolyTechnos Venture Partners (several trade sales and IPOs)
 - Managing Partner VBC I & VBC II



Stéphane Verdood

Managing Partner (Brussels)

- 27 years relevant experience.
- Partner Arthur Andersen Consulting, focus on healthcare
 - Founder Value4Growth
- Managing Partner VBC I & VBC II



Dr. Cees Wortel

Venture Partner (Boston)

- 30 years relevant experience
 - Medical Doctor
- Chief Medical Officer of several biotech companies
- Founder of ClinQuest CRO (recently sold)



Dr. David Braga Malta

Venture Partner (Paris & Lisbon)

- 10 years relevant experience
- Degree in biological engineering & PhD in Bioengineering
- Founder of several life sciences start-ups



Dr. Fei Tian

Principal

- 11 years relevant experience. Medical Doctor from Tongji University (China)
 - PhD work at LMU Munich
- Oncologist / specialty lung cancer
- 5 years with Vesalius Biocapital

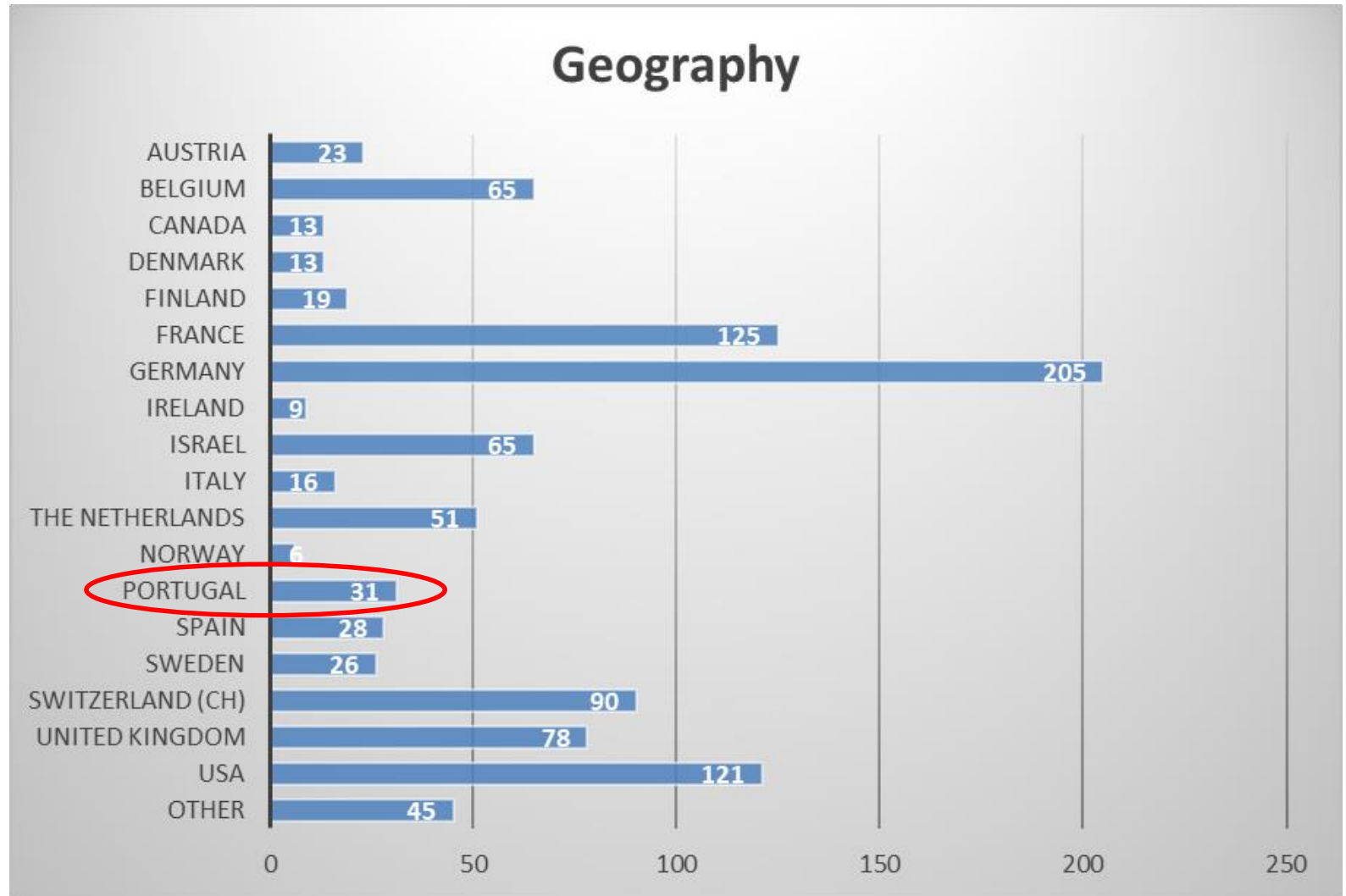


Dr. Fabienne Roussel

Analyst

- 22 years relevant experience.
- Ph.D. in Pharmacology-Toxicology
- Pfizer Central Research, research in drug metabolism in US
 - Patent expert

Deal Flow VBC III

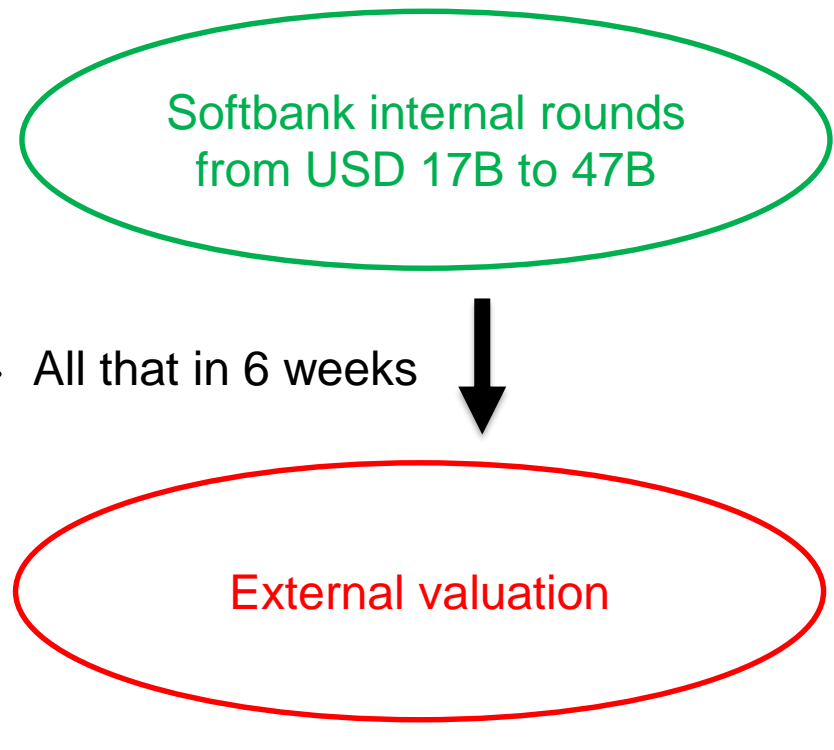


All nice, but:

We need to create value!

Negative example: WeWork~~2~~ WTF*

- USD 47B last post-money
- IPO S-1 filing
- Expected IPO at USD 60-90B
- Then USD 20-30B
- Then USD 15B
- IPO filing withdrawn
- CEO fired
- Bankruptcy discussions

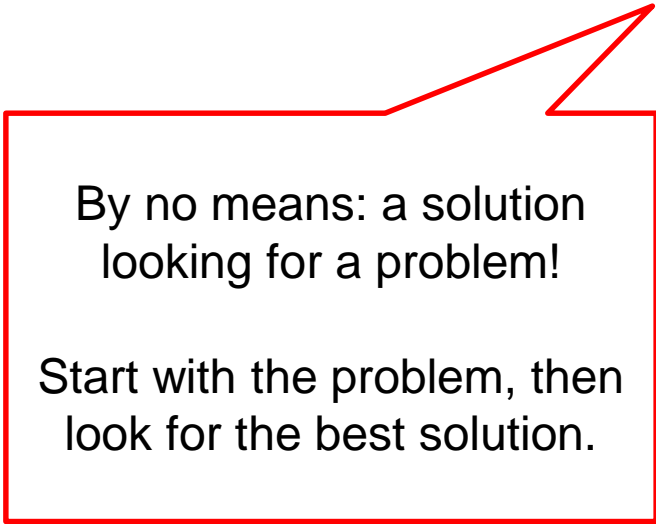


* from the blogs of Scott Galloway, professor of marketing at NYU Stern School of Business

So, which ingredients do you need
to really create value in the early
stages?

Ingredients

- A brilliant idea to solve a problem



By no means: a solution
looking for a problem!

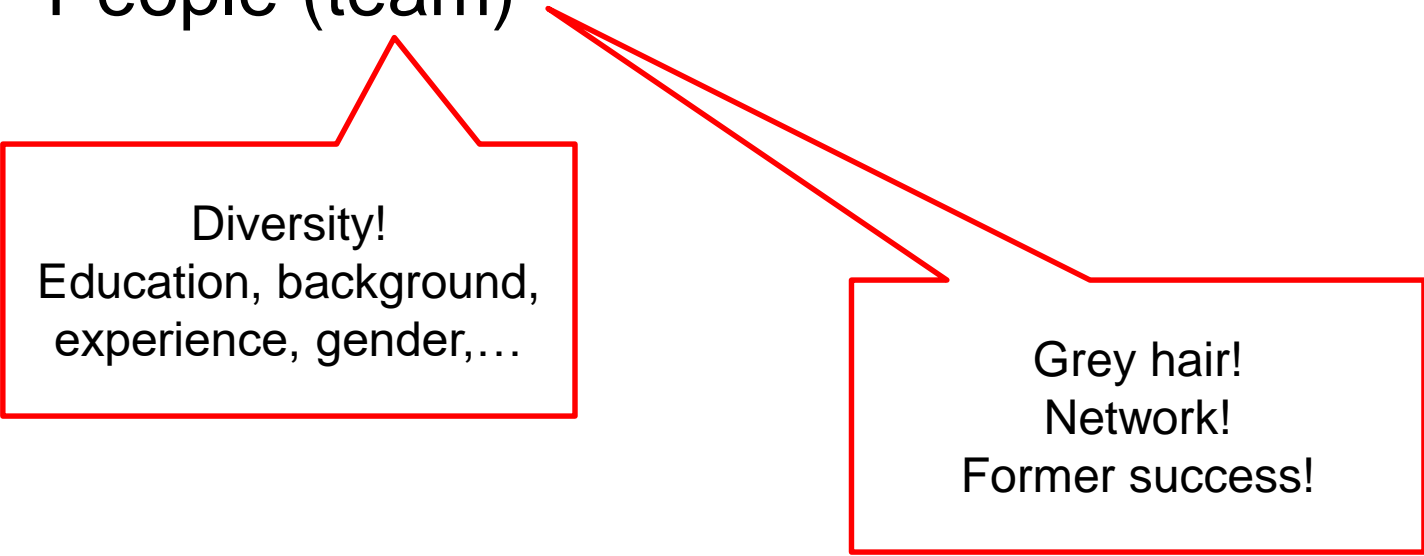
Start with the problem, then
look for the best solution.

Example:

A medtech company started by doctors
is often better off than one started by engineers.

Ingredients

- A brilliant idea to solve a problem
- People (team)



Diversity!
Education, background,
experience, gender,...

Grey hair!
Network!
Former success!

Advise:

As a founder: align, bind, and incentivize them,
i.e. give them shares (with vesting scheme, etc.)

Ingredients

- A brilliant idea to solve a problem
- People (team, advisors)
- Patents

Focus on and show the IP which is relevant for the intended products

Draft a patent strategy: Target, MoA, compound class, compound, production, formulation, administration, etc.

Clarify ownership, licenses, purchase options, defense, etc.

Ingredients

- A brilliant idea to solve a problem
- People (team, advisors)
- Patents
- **Business plan**

No traditional BPs anymore.

PowerPoint of
25 slides + back-up = BP & pitch

... of non-confidential
nature and content, in
English!

2-page teaser: summary in text form

Ingredients

- A brilliant idea to solve a problem
- People (team, advisors)
- Patents
- Business plan

Key question:

“Who is going to sell what to whom, when, why, where, and for how much?”

Answer needs to be EXACT and in DETAIL !!!

Business plan: Helpful questions

.... from the



Who	... benefits from this? ... Is this harmful to? ... makes decisions about this? ... Is most directly affected?	... have you also heard discuss this? ... would be the best person to consult? ... will be the key people in this? ... deserves recognition for this?
What	... are the strengths/weaknesses? ... Is another perspective? ... Is another alternative? ... would be a counter-argument?	... Is the best/worst case scenario? ... Is most/least important? ... can we do to make a positive change? ... Is getting in the way of our action?
Where	... would we see this in the real world? ... are there similar concepts/situations? ... Is there the most need for this? ... In the world would this be a problem?	... can we get more information? ... do we go for help with this? ... will this idea take us? ... are the areas for improvement?

Businessplan: Helpful questions

Part 2:

When	... Is this acceptable/unacceptable? ... would this benefit our society? ... would this cause a problem? ... Is the best time to take action?	... will we know we've succeeded? ... has this played a part in our history? ... can we expect this to change? ... should we ask for help with this?
Why	... Is this a problem/challenge? ... Is it relevant to me/others? ... Is this the best/worst scenario? ... are people influenced by this?	... should people know about this? ... has it been this way for so long? ... have we allowed this to happen? ... Is there a need for this today?
How	... Is this similar to _____? ... does this disrupt things? ... do we know the truth about this? ... will we approach this safely?	... does this benefit us/others? ... does this harm us/others? ... do we see this in the future? ... can we change this for our good?

Ingredients

- A brilliant idea to solve a
- People (team, advisors)
- Patents
- Business plan
- Investors & advisors

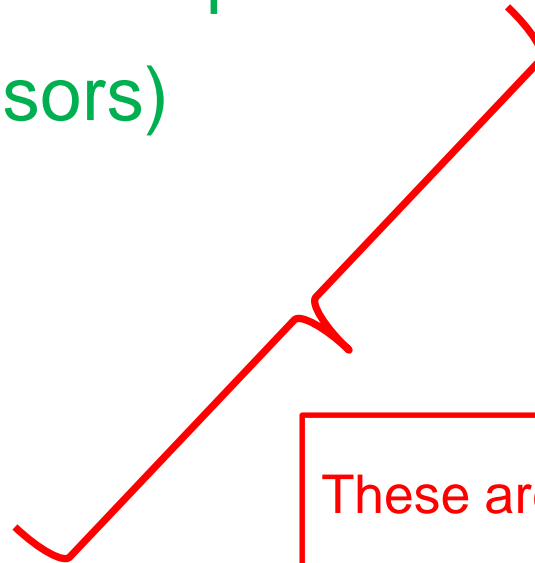


Ingredients

- A brilliant idea to solve a problem
- People (team, advisors)
- Patents
- Business plan
- Investors
- **Milestones?**

Ingredients

- A brilliant idea to solve a problem
- People (team, advisors)
- Patents
- Business plan
- Investors
- Milestones!



These are your milestones!



Role of an investor

Role of an investor

- Financial supporter => co-owner!
- Active supervisory board member
- Corporate development driver
- Corporate governance watcher
- Milestone setter
- Industry expert
- Door opener to relevant network
- Sparring partner / sounding board

Dos & Don'ts / No-Gos

Dos and Don'ts / No-Gos

Have the following numbers readily available when speaking to investors:

- Total money invested (grants & equity, no sweat equity)
- Last post-money valuation
- New pre-money valuation sought and reasoning

Dos and Don'ts / No-Gos

Team composition:

- Assemble & show a complete team
- Show gaps and how you want to fill them (names!)
- Academic founders: be clear who is joining and who is going to stay in academia
- Be open to suggestions for modifications / re-enforcements / replacements

Dos and Don'ts / No-Gos

Attitude of inventors / start-up founders towards competition:

“Our invention revolutionizes and disrupts the whole industry! It leaves the competition in the dust!”

Unspoken attitude:

“There will be no further improvement ever after. There won't be ever any danger to our business!”

Dos and Don'ts / No-Gos

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Unspoken attitude:

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REALLY ? Think twice! Didn't the inventors of the current state of the art product think the same?

Dos and Don'ts / No-Gos

Never, ever use the word “conservative” as in

- ... time line => We will double it
- ... budget => We will double it
- ... exit expectation => We will half it

Dos and Don'ts / No-Gos

Better explain how you got to your

- ... time line
- ... budget
- ... exit expectation

“We obtained quotes from experts and CROs for today's time lines and costs. Since there is inflation and time overruns, we added 25% to those quotes.”

Dos and Don'ts / No-Gos

Syndication

- In today's buyers' market don't try to out-manuever investors => you will lose them!
- Europe – low valuations, US – high valuations => move, if you can!

THE END

We didn't talk about money?

“The money will come by itself !”

- If you do the right things!



Q & A