



Why Industry Needs Venture Philanthropy

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The Paradigm Changed...

- § Venture capital played large role in early-stage companies, and chaperoned the development of new compounds and technologies discovered in universities
- § Concerns over company valuations, commercializing the genome and terrorism contributed to a downturn in funding
- § Long timelines and growing costs of drug development increased concerns about exit strategies for early-stage investors

...And the Gap Widened

- § As NIH budget grew, patents kept pace with research funding, but the number of licensed patents flattened or declined
- § Majority of VC funding shifted to companies with Phase II and Phase III clinical trials
- § Growing economic and regulatory hurdles to getting new drugs to market forced companies to de-prioritize programs with smaller targets

Enter Non-Profit Investment

- § Start-up companies struggle for seed and early-stage funding in new environment
- § Non-profit organizations bring access to patients, trial centers, specialists and far deeper understanding of the disease (and patient need), contacts with FDA, and sometimes a political voice
- § Well-positioned to bridge proof-of-concept studies that can catalyze further VC funding

What Does Industry Need?

Clarity: Every deal is different

Value each partner brings to the table

Incentives for partners

Creative thinking

Predictability

Expertise



Areas of Value to Industry

- § No specific public policy
- § Awareness of disease & patient perspective
- § Identify academic research programs for collaboration
- § De-risk research and proof-of-concept studies
- § Address Phase I bottleneck
- § Role in trial design, execution, & recruitment

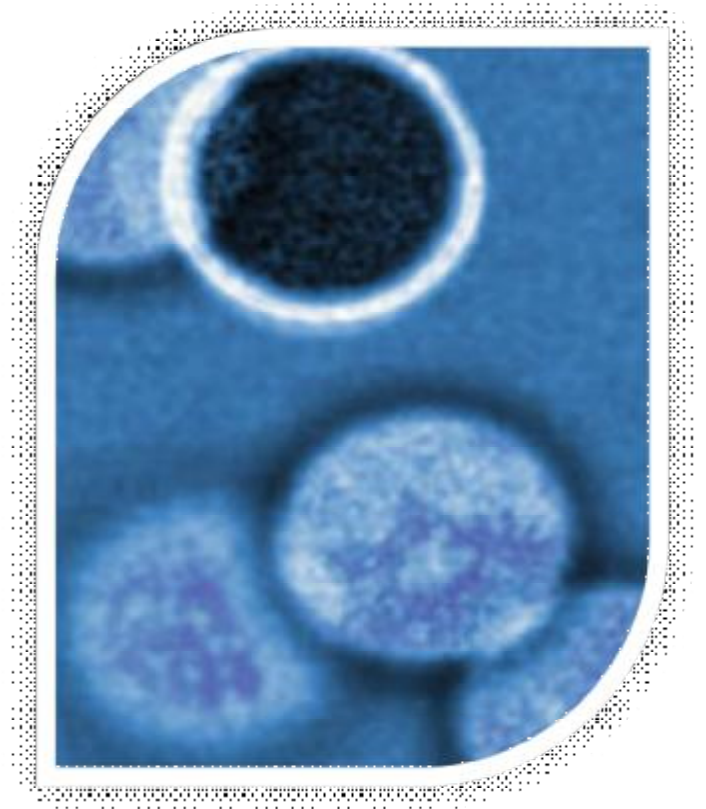
Areas of Value to Industry (cont.)

- § Sit on scientific advisory boards of companies
- § Provide clinical trials database & recruitment tools
- § Work with FDA on approval process
- § Provide medical education courses for doctors
- § Expedite physician uptake & patient use
- § Shared funding burden

The Biomarker Consortia

The partners of The Biomarkers Consortium, a program managed by the Foundation for the National Institutes of Health, are:

- Biotechnology Industry Organization (BIO)
- Centers for Medicare and Medicaid Services (CMS)
- Food and Drug Administration (FDA)
- Foundation for the National Institutes of Health (FNIH)
- National Institutes of Health (NIH)
- Pharmaceutical Research and Manufacturers of America (PhRMA).



Things to Consider

Quick & relatively inexpensive tests can help select viable lead candidate

Begin collaboration early and transition from discovery with end in mind:
early consultation with clinical & regulatory advisors is good investment

Share funding burden: private, disease-focused foundations; biotech & large pharmaceutical companies relying on academic discoveries

Moving Forward

Venture philanthropists don't want to replace VCs;
they seek to work with them

VCs see non-profit involvement as validating

Non-profits' growing role is good news for patients,
the organizations, researchers, businesses and investors



“Finding innovative ways to break down the walls between philanthropists and business in the health care sector is critical. It’s a natural, constructive partnership which advances what all of us want.”

– Howard Fillit, MD, the *Alzheimer’s Drug Discovery Foundation*

For more information, visit bio.org