

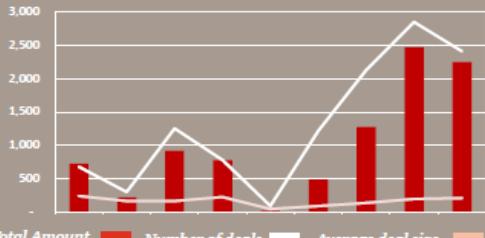
Building a medical start up

Claudio Yarza,
Pharma & Life Sciences Leader

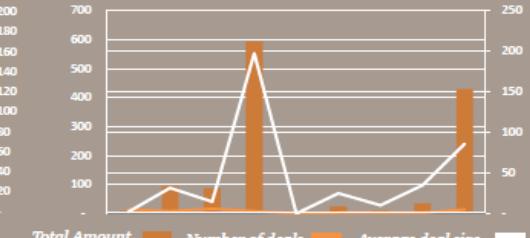
January 2016

PwC Israel Exit Report

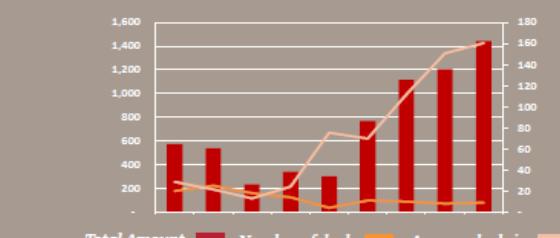
Life Sciences



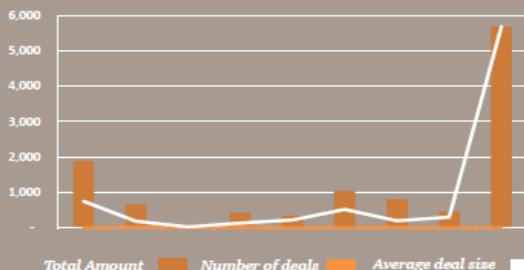
CleanTech



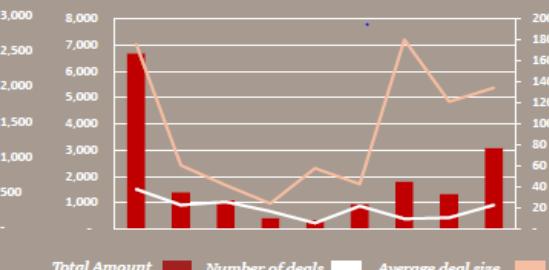
Communication



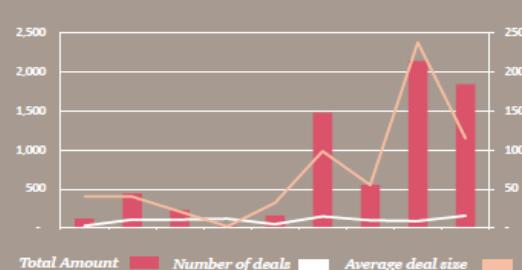
Semiconductors



IT & Enterprise Software



Internet

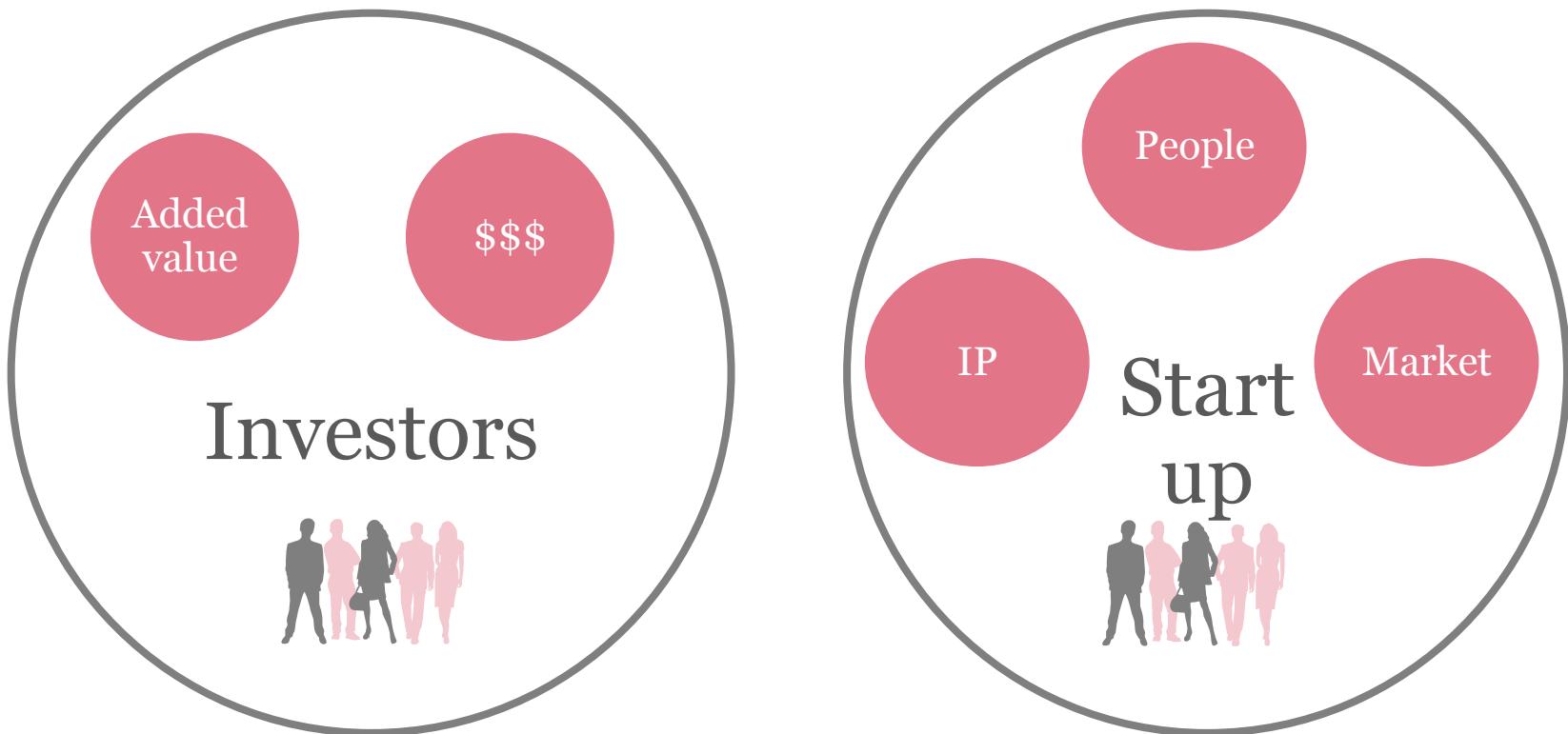


*Total Amount and Average deal size in \$M

Lets start with the macro questions

- Does the global atmosphere make it easier to build a successful medical start up?
- Is the Israeli entrepreneur in a better starting point nowadays?
- What do we lack?

Match making between Start ups and Investors

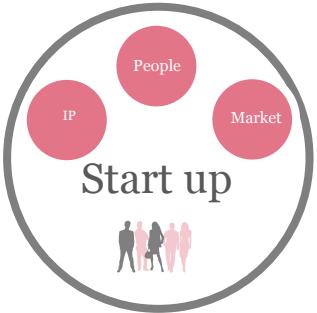


Sources of funding



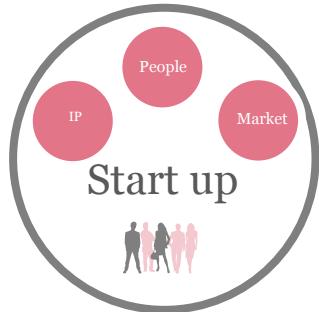
- Friends and Family (FFF)
- Angels – local and foreign
- Incubators
- Accelerators
- Local and foreign VCs
- Governmental, bi-national, European funds
- Multinational companies (“strategic investors”)
- Mezzanine / bridge
- Loans – venture lending, corporate bonds
- Capital markets (TASE/NASDAQ/Other)
- Cooperation agreements

Starting points



- Is there a real unmet need? Are the present solutions not good enough?
- Does it fit the medical practice?
- Does it make financial sense to the different stakeholders?

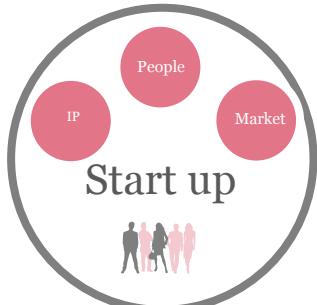
Business planning and presentation



- What is your business strategy/model?
- Why do you believe it will succeed?
- What are your products/inventions? Why is it proprietary?
- What is the market need for your products?
- What is your relevant market size and what is your go to market strategy?
- Important topics to address:
 - regulation
 - reimbursement
 - time to market/exit
 - financing needs
 - financial forecasts

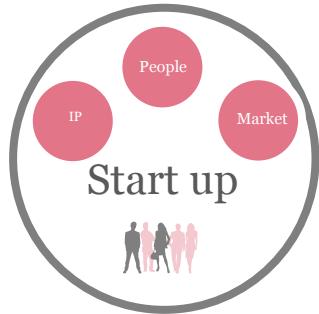
IP/Technology/Products/Innovation

- What is the technology and how will it be developed into a marketable product/service.
- Patentability/protection/enforceability and competition barriers.
- Freedom to operate.
- Required resources – which of them are currently available?
- What are the development milestones? How and when will be achieved?
- Most significant obstacles.
- Lead time over a competitor starting today.
- Probability of obsolescence/irrelevancy.
- Regulatory issues.
- Is the platform relevant for other uses/products?

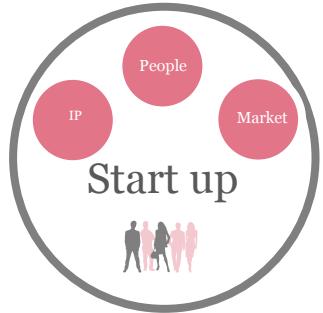


Markets and Marketing

- What is your market and what is your real market size.
- What is your marketing strategy.
- What territories are you targeting
- What is your product/company positioning.
- Who are your primary customer prospects (physician specialists, nurses, technicians).
- How many potential customers are there? What competitive products are they now using? Why? How does your product compare with those of competitors? Identify who are the key opinion leaders.
- How will you sell your product and how much will you charge and why?
- Analyze the effect of global trends (healthcare, demographic, economic). Review areas directly relevant to your business, including reimbursement issues.



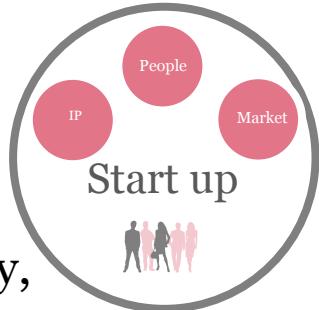
Markets and Marketing - continued



- Does your product provide financial savings or revenue increases to the purchasing institution.
- Will you be able to prove better efficacy and patient care.
- Did you consider market acceptance issues (deviation from established procedures, change of care provider, compatibility with the existing
- Assess demand through contact with potential customers (after properly identifying who is your customer) and your distribution channels.

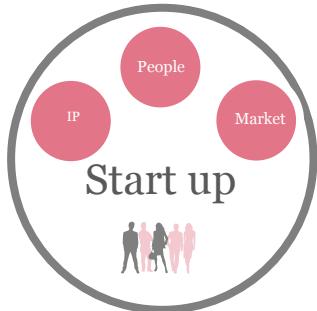
Team

- Is your team strong, experienced and well motivated?
- What are your key team members (R&D, engineering, regulatory, marketing, manufacturing, finance and accounting)?
- What functions will be carried in-house and which will be outsourced?
- Select a top team of experienced advisors, board members, advisory board, KOLs, etc.

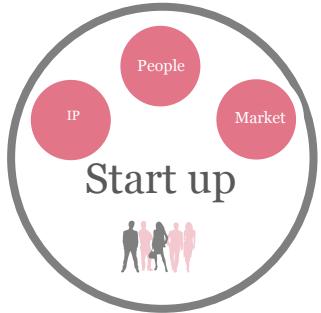


Clinical/Regulatory

- What is your strategy for gaining marketing approval.
- What regulatory authorities will you approach? In what order?
- Do you have full visibility of your regulatory path?
- What are the required preclinical and clinical studies.
- Outline a plan that addresses key clinical questions (number of patients and centers, clinical outcomes or endpoints, follow up period, “competing” trials/treatments, protocols, etc.)

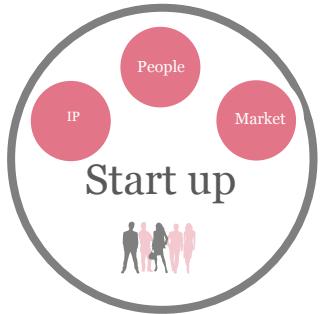


Risks

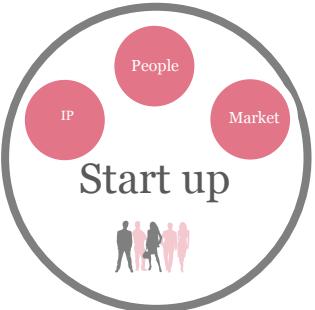


- Make a comprehensive list of all potential risks.
- Have a risks and responses table and keep it updated as the company grows.
- Don't forget: Investors are willing to accept risks but you must give them the confidence that risks are properly managed. Ignored risks are the first indicator of bad risk management.

Financial needs and projections



- Financial forecasts must reflect all assumptions and considerations taken in the business and marketing models.
- Focus on cash flows.
- Don't be too aggressive in your assumptions.
- Don't be too conservative in your assumptions.
- Consider inclusion of a sensitivity analysis. Ensure consistency with the risk assessment.



Good luck !!!

Thank you

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