

BIOTECH STARTUPS: HOW TO SUCCEED IN A COVID-19 WORLD

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“There are very few asset classes that are making any money at the moment, so venture capital is seen as attractive right now, and life sciences a safer bet than many. It’s never easy to raise money, but it’s no more difficult at the moment.”

Kevin Johnson
General Partner,
Medicxi Ventures

INTRODUCTION

2020 is the year that no one could really have predicted. On New Year's Eve, 2019, China told the World Health Organization (WHO) about a handful of cases of a flu-like illness in Wuhan. By January 21, 2020, the virus, later known as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), had spread to the US, it reached Europe within the following week, and by the end of the month the WHO declared a global emergency.

Society, and the workplace, has been in lockdown to differing degrees around the world, in an effort to slow the spread of the virus and ensure that healthcare providers can cope with the influx of patients requiring care, including breathing support. Despite the easing of restrictions, it is likely that people will be working more from home, and traveling less, over the medium- and even into the long-term. The future for startups could therefore be virtual, or a hybrid model, with some people in brick and mortar offices, and others working remotely.

This shift could make life challenging, particularly for biopharma startups in the planning stages or that are looking to expand their teams, seek funding and create partnerships—all steps that have traditionally relied on face-to-face meetings or attendance at partnering forums.

Three years ago, the Startup Manual looked at the seven areas that are pivotal to forming a new biotech. Last year, we updated it to create the Startup Sourcebook to dig deeper into five of the unforeseen hurdles to biotech success. In this iteration, Biotech Startups: How to Succeed in a COVID-19 World has taken a look at the drive towards digital and virtual that had already begun in the biotech arena, but has been accelerated under the global pandemic. We have gathered information from industry sources and biotech entrepreneurs to help you to navigate your route to a successful life sciences startup, even when you can't always meet face-to-face. Where possible, we have provided a list of resources for each area (the lists are not meant to be comprehensive, but reflect conversations with sources):

- Creating and closing a financing strategy
- Running a startup virtually
- Assembling a team (even if you can't meet in person)
- Partnering: Whether and when
- Network, network, network



Creating and Closing a Financing Strategy

The world has entered an economic recession, dubbed the coronavirus recession or the Great Shutdown, as a result of the COVID-19 pandemic. The US economy has seen its sharpest contraction since records began, shrinking by an annual rate of 33% between April and June 2020. The life sciences sector, however, seems to have escaped the hit.

In life sciences, the public markets and private equity, including venture capital remain robust. According to RSM, the life sciences industry saw a year-over-year increase in invested capital of 34% between January to May 2020. During the same period, the rest of the market fell by 26%.

“This is a health crisis, not an economic crisis. It is the first time in history that the market has been disconnected from the economy,” said Stuart Chaffee, Chief Business Officer at Praxis Precision Medicines, a clinical-stage genetic neuroscience company that develops therapies for complex and debilitating brain disorders. “Investors have the money because the economy has been healthy for a number of years.”

There has been a shift in investment focus towards the science and tech sectors since the 2007–2009 recession. This is perhaps explained by the timelines of R&D-focused companies, where their products are often years away from the market. In a time of economic turmoil, being a company that doesn’t sell anything can be a positive. In a period that has seen a decline in publicly traded companies, life sciences have made up around 30% of US IPOs since the beginning of 2019.

“There are very few asset classes that are making any money at the moment, so venture capital is seen as attractive right now, and life sciences a safer bet than many. It’s never easy to raise money, but it’s no more difficult at the moment,” said Kevin Johnson, General Partner, Medicxi Ventures, a life sciences-focused investment firm.

According to Max Herrmann, Managing Director, Stifel Financial, in the public markets there has been more money raised in biotech IPOs so far this year than ever before: “I haven’t seen a fall in funding in the public markets, or in VC funding. The pandemic has put healthcare in the spotlight. The sector has benefited from this, with more funding available for companies both with and without a COVID-19 focus.” Stifel Financial is an independent investment bank and financial services company.

The pharma sector has also seen a degree of redemption of public opinion during the pandemic, with people realizing its value to society. This is likely to be sustained if an effective vaccine becomes available, but may be hit if a vaccine is delayed or proves ineffective.

Fundraising in 2020

The postponement or cancellation of networking, partnering, and funding events has made it harder to meet investors, and this is a challenge for people setting up a startup. According to Johnson, the highest conversion rate for deals is where people have been referred by someone from his trusted network, known as a warm referral. Funding someone who has cold-called is very rare.

“The best way in is oblique—to contact a venture partner and ask for the best way to proceed. This invites engagement,” said Johnson. “Having a relationship in place can work as a proxy for quality. The initial sheltering in place, until researchers were deemed to be essential workers, and the challenges of carrying out clinical trials, has extended the time taken to reach current development milestones and made it harder to predict future timelines, and as a result some funding has been delayed. In the early days of the pandemic, some funds focused on existing investment, and others became more concerned about exit value.”

“Some VCs took a defensive position to conserve cash for their portfolio companies,” said Oded Ben-Joseph,

Managing Director, Outcome Capital, a specialized life science and technology advisory and investment banking firm.

For companies developing products in orphan diseases, or in the less ‘fashionable’ areas, funding from charities and foundations can be a lifeline. ReNetX Bio is developing therapeutics for people with spinal cord injuries, and gets its core funding from the not-for-profit spinal cord research foundation, Wings for Life.

Nonprofits rely on fundraising, but so many events, such as the Wings for Life Annual World Run, have been canceled this year. A survey from the Charities Aid Foundation of America carried out in March 2020 found that 68% of respondents had seen a drop in contributions, and 42% anticipated a drop of at least 21% over the following 12 months. Major events were cancelled by 88% of the respondents.

“Foundations are working diligently to find more options, but fundraising is their life blood. COVID-19 will have a long-range impact, and the loss of funds from foundations could make it harder for some people to get started,” said Erika Smith, CEO at ReNetX Bio.

Otherwise, the process of raising money hasn’t been very different, except with people talking via video rather than flying to meetings. This has a number of benefits—it cuts travel and entertainment costs, frees up time that would otherwise be spent in airports, and has a beneficial impact on the environment.

“Many people are finding video conference calls more convenient. The video calls can also provide a better-quality interaction than a simple phone call,” said Herrmann.

Some of the stages of the funding process have taken longer, too, for example getting a feel for how the company works.

“For investors, assessing the leadership team takes a bit longer compared with spending a day in the startup’s office,” said Daniel Fero, Managing Director at OMX Ventures, which focuses on investing in companies at the convergence of biology and computing. “It’s easy to see when a team works well together, has a common vision and is motivated when you meet them in their office or lab. It’s harder on a video call.”

Some companies and investors are taking an outside-the-box approach to this. To demonstrate a workflow, and show how the researchers work together, the company could connect a number of smartphones to a videocall and put them around the lab. Investors could use soft reference checks to get a feel about the leadership team from colleagues and mentors. And management teams, wanting to know how investor board members interact, could talk to companies with the same investors.

From a practical perspective, getting ahold of investors has become easier because people aren't traveling for meetings, but rather having them via videoconferences. This has resulted in increased availability, more time to talk and less of a rush, as well as allowing the flexibility to pull people from different locations into the same meeting. It may also benefit people in underrepresented groups, as it creates conversations based more on merit. The challenge of this increased availability, however, is less downtime.

"I have actually been busier during this period. Because I'm not traveling, I'm more accessible," said Johnson.

Video conferencing has also been beneficial for companies wanting to keep in touch with their shareholders.

"We had between 300 and 400 people on our shareholder update. People had more time in lockdown, and we took the opportunity to keep people informed," said Mind Medicine Co-CEO JR Rahn. Mind Medicine discovers and develops psychedelic-inspired therapeutics.

To attract and hold an investor's attention in a busy and competitive field, a startup needs to convince the listener, convey enthusiasm, tell its story compellingly, and bring its audience into the patient journey to show them why it is important. Honesty is also important.

"We are mission-driven, and unite behind the patients—this gives us a narrative. We understand that biotech is a risky investment. We need to define what the outcome will be if everything goes right, and be transparent about what could go wrong," said Rahn.

What investors need to know

Before investing in a startup, investors need to know answers to some key questions:

- Do you have a compelling scientific and commercial case?
- Does the project meet an unmet need, or is it going to be a substantial improvement on standard-of-care?
- How much investment and time will it take to reach milestones such as preclinical or clinical data, partnering, acquisition or the market?
- Who are the potential partners?
- What are the key value drivers?
- What is the relationship between the amount of money sought and the time taken to reach milestones?
- Is it a low-risk project? If not, do you have ways to limit the risk?

"We have a 100% focus on drug discovery and drug development. What is compelling to us is a validated target, rather than something where we have to wait until we get into the clinic. The target can be more important than the molecule, as drug discovery can be contracted out. We also need to know about whether there is a need for the intervention, where it will fit in the competitive landscape, and whether there is IP," said Johnson. "I am looking for something that will change the landscape, and that will keep people out of doctor's offices or move from hospital to outpatient care. Accessibility is also important—will the drug be available to all?"

Funders also need to be confident that the right management team is in place, and that the strategy is aligned with the market.



SUCCESSFUL FUNDRAISING IN LOCKDOWN

"We started our Series C funding in November 2019, with an aim to raise around \$44 million, and intended to close it in March. Because of the uncertainty, we decided to extend it, to raise an additional \$10 million. We received feedback that there was further money available, and announced in July that we had raised \$110 million. We are planning an IPO in 2020." Stuart Chaffee, Chief Business Officer at Praxis Precision Medicines

Mind Medicine closed a financing round in the middle of the COVID-19 outbreak, raising \$24 million in a pre-IPO round and becoming the first psychedelics pharmaceutical company to go public. "Anxiety levels were higher. But we didn't see any real negative consequences." Stephen Hurst, Executive Chair & Co-CEO, Mind Medicine

"We are closing a financing round. We were scheduled to present on St. Patrick's Day, and the lockdowns slowed things down for four to six weeks. There was an acclimatization period for the VC community and then things got back to normal on a virtual basis. Adaptation was fast." Rich Shea, CEO at Basking Biosciences

Advice for the new CEO: Funding

- If you have an idea with value that will affect people's lives, don't let people discourage you.
- Don't expect it to be easy.
- Know the market landscape.

Running a Startup Virtually

If the decisions made by some of the big technology companies are anything to go by, working remotely under pandemic conditions may be here for a while. A number of tech firms have announced that they are keeping employees working from home in the long term, with Google extending its global voluntary work from home option through until the end of June 2021.

“We closed down at the beginning of March, and we have chosen not to bring people back in yet. Our priority is to keep our team safe, and we haven’t seen a hit on productivity,” said Ben-Joseph.

Working virtually has been seen as a necessary evil by some, but for others it’s been part of their business plan from the beginning.

“There are two kinds of virtual companies. Those like us, which are product-centric with a small management team that focuses on outsourcing, partnerships, and alliances, and stays small. And those like Amazon, which are services based and have a large number of employees. I believe we are going to see a dramatic increase in interest in virtual companies,” said Stephen Naylor, CEO, ReNeuroGen, a virtual pharmaceutical company developing systems pharmacology therapies with a focus on neurological and pulmonary disease.

“We were fortunate in that we were virtual from the beginning, and we have staff and collaborators around the world,” said Hurst. “Contracting out to contract research and manufacturing organizations allowed us to start up very quickly. Having the right people and the right outsourcing partners is critical for the science and makes management of the projects straightforward.”



Keeping the communications lines open

Clear communications are even more important when people are socially distanced. The management team needs to communicate clearly and transparently both within itself and with other members of staff, and be able to adapt to circumstances. This includes regular formal meetings to discuss science and business, as well as keeping in touch with employees.

“Working fully remotely needs clear communications of what the mission of the company is, and what it is trying to do,” said Justin Frick, Executive Search Associate, Biotechnology and Pharmaceuticals at global organizational consulting firm Korn Ferry.

People used to working in close collaboration on site can feel isolated, whether that’s because they are working at home, working as part of a smaller-than-normal team in the offices and labs, or are working to staggered schedules. Liz O’Day, CEO at Olaris, which uses metabolomics and machine learning to develop in vitro diagnostics, manages this by calling in to say hello, and arranging socially distanced lunches. In startups, it can be the exchanges between people that provides the energy, and it may be hard to replicate this virtually.

“It’s important to retain the interactions, but it’s also important not to overschedule things. There needs to be a balance between staying connected but it not becoming a chore,” said Frick.

Virtual meetings can be formal, or can be smaller, more relaxed catchups, allowing people to vent, talk about challenges, or discuss work outside of specific project meetings. Scheduled meetups without a specific agenda

can support the organic conversations that lead to great ideas.

Managing over distances

One of the positive outcomes of the pandemic appears to be that companies are learning that many jobs can be done remotely, with no impact on people’s effectiveness. Remote working has financial benefits for both employers and employees, with lower overheads for the company, and savings in commuting time and costs for staff.

For O’Day, the pandemic made her change her view on working from home: “I felt that working on site in a startup was important, with the culture reliant on people working together and forming relationships. We will now keep the working from home culture, and give staff the flexibility.”

However, working from home can be hard for some. Younger workers may have moved for work, and may feel isolated because they are away from their families and haven’t yet built up a friendship network. They have lost the opportunities for mentoring and social interaction at work. And they are also more likely to be living in shared accommodation, where they don’t have their own space for an office, and may have to work out of a bedroom. Parents who are having to homeschool, or don’t have access to their usual childcare will find it hard to work without distractions, and may need to time-shift their working hours. This can add to the pressure for working women.

To support working from home, companies need to put in place a robust and secure intranet to provide a space for information, communication, and dialogue, as well as for work, and to ask their teams what they need. This could include guidance in managing time when working remotely, or help to create an office space if they are going to work

THE BENEFITS OF A VIRTUAL COMPANY

- Quicker decision-making processes, including go/no-go decisions for projects
- Greater flexibility
- Reduced overheads

THE DOWNSIDES

- A smaller critical mass for discussions (crowd thinking)
- Overburdening the management team with too many different tasks

from home long term. They also need to put into place reasonable adjustments for disabled people and people who are struggling with mental illness under lockdown.

“Empower people—it’s not about the time they spend at their desk, but the work they do,” said Kimberly Kraemer, CEO and Chief Brand Strategist at Waterhouse Brands, a healthcare integrated marketing firm. “Set clear expectations and goals, give people the tools they need and support them on the way.”

During this period, many people are working harder, and are worried about the future. Working virtually has its difficulties, and everyone has been getting tired. O’Day realized this, and put in place a company-wide one-week vacation. Because everyone was off at the same time, no one felt that they were delaying projects by being away.

“People came back refreshed, relaxed and renewed, and it gave me time for reflection,” said O’Day.

Foster a sense of community

With their independence, innovation, and younger teams, the biotechnology and technology industries gave birth to a community-based company culture. Camaraderie and connection are going to be harder to create and maintain in a world where many people are working remotely. The leadership team can play a really important role here, by staying visible and keeping in touch, but by being flexible as well.

“Connecting and staying together is important. As a CEO, don’t make people adjust to you—you need to figure out how to adapt to them. You need them,” said Richard Andrews, President and CEO, Azitra.



In a world where it's not possible to have a coffee together or go for a meal after work, the leadership team needs to find ways to keep the team talking and socializing together.

"I have focused a lot of attention on keeping the company culture," said O'Day. "We have a meeting every morning where everyone checks in, sets goals, and holds each other accountable. I also watch people's body language, and take note of how they feel."

Social events could involve a quiz, a health or fitness challenge, listening to a speaker, or having a meal or drinks kit delivered to people's houses and then people cooking and

eating or drinking together via a video conference. Different people could create a virtual social event in turn, but care should be taken that these events don't exclude people, for example those who don't drink alcohol. It's also important to be aware that some people may not want to be involved in a virtual social, and they should not be penalized, and may need additional management support so that they do not become isolated.

"Before lockdown, establishing strong interpersonal relationships was about talking, for example over breakfast or lunch, as well as in meetings. When working virtually it's not as easy, but even a telephone call is better than nothing," said Naylor.

SUPPORTING PEOPLE WORKING REMOTELY

- Be aware that people are tired.
- Understand what practical support people need.
- People need emotional and social support as well.
- Childcare may be a challenge—be patient.
- Check in regularly, but be sensitive to how often this should be, and remember that constant communications can be tiring—for some people contact may need to be once a week, for others a number of times a day.
- Be open to genuine two-way communication, not just providing information.

Building the science

Science is by its very nature a collaborative affair. Working and discussing together is an important thing for scientists to gain feedback in real time—it's where they check whether they are going in the right direction, or perhaps missing something. The leadership team need to ensure that researchers can continue to communicate freely.

"My biggest concern is that science is creative and inspirational. We have lost the serendipity of chance conversations in corridors," said Andrews. "Conversations by email are less spontaneous, and people can get too involved in evaluating the idea, rather than building on it."

Researchers should be encouraged to continue to attend conferences remotely, and maintain their scientific networks through social media, phone, and video calling.

Laboratory work is especially challenging in a time of social distancing, with a need to balance personal safety with access to bench space and equipment. This requires teamwork and scheduling, and a focus on safety and quality programs and communication before the return to the bench.

"We have people coming in at different times, to ensure fewer interactions at the lab bench," said Andrews. "We personalized things to give people control over their own safety, for example, each researcher has their own personal space, and they can

opt to have the cleaners come into this area, or they can clean it themselves. People have ownership and freedom over their schedule and interactions, allowing them to feel in control.”

The global pandemic has caused delays in bench research, with issues with supply lines as a result of plant closures early on, before essential workers were allowed back. Companies involved in collaborative projects, for example where clinical data and samples need to come in from hospitals and clinics, have seen delays too where patients haven’t been able to attend, or clinicians have been pulled into COVID-19 patient care.

“We used the delays to expand our portfolio projects, and look at using our platform in other therapeutic areas. We had to be flexible, and it has taught us to build in options where things might be delayed,” said O’Day. “We have had to be honest and transparent about timelines, because sometimes delays can be out of our control.”

Carrying out clinical trials under COVID-19 has also been difficult because of travel restrictions and social distancing. People who are acutely or chronically ill may also have an understandable fear about attending hospitals, clinics, and trial sites. The future of clinical trials is likely to involve more virtual trials or home visits, and fewer interactions with principal investors.

“We will have to collect data in different ways, and this could increase the variability in the results,” said Andrews.

“Trials will need to use more surrogate endpoints and biomarkers to be able to tie the mechanism of action of the disease to the data. In order to meet the in-house and regulatory agency statistical standards, results will need more rigorous data characterization.”

The benefit of changes to clinical trial formats and protocols could make studies more accessible and diverse, and improve patient centricity.

Growing the company virtually

As projects move through development, their management becomes more complex. A company with only a few people will find it harder to juggle the projects, and so even virtual companies that outsource much of their development will need to expand. ReNeuroGen’s lead product is in preclinical trials in multiple sclerosis, brain injury, vasculopathy in sickle cell disease, and bronchopulmonary dysplasia. As the product advances through studies, ReNeuroGen, currently at three people, will hire two more to provide the resources needed for effective project management.

“Virtual pharma do have to grow to cater to the tasks at hand, generally to around 10 or 20 people,” said Naylor.

Growing a company that is going to remain virtual long-term, or at least for the medium term, means recruiting remotely. Bringing new people on board always carries a risk that they won’t fit, and hiring someone that no one has actually met face-to-face can feel like an uncomfortable decision.

INTERVIEWING REMOTELY: TIPS TO FIND THE RIGHT FIT

- It can be harder to establish trust in a remote interview—be prepared to be more open and less formal than in a face-to-face interview.
- Facial expressions and tone of voice are harder to read via video or just voice.
- It can be more difficult to keep a remote interview moving ahead; make sure that questions are clear, and are designed to find out what you need to know.
- Make the interview less about skills, which are on the CV, and more about personality—this may require talking for longer and digging deeper.
- And while it seems obvious, make sure that the candidate has full instructions on how to access the interview, have a back-up plan for outages, let the candidate know whether the interview is audio only, or audio/video, and double-check just beforehand that the technology works.

Rich Shea, CEO at Basking Biosciences suggested that having different people interact with the interviewee, both socially and formally, could provide additional information about the interviewee, and make the team feel more confident about the decision. It will also give the interviewee more information about the team they are joining. Basking Biosciences is a startup developing an anti-thrombotic for ischemic stroke.

“Recruiting via video calls may mean that we have to work harder at ‘socializing’ new people once they come on board,” said Shea.

Advice for the new CEO: Running the company under COVID-19

- Be flexible.
- Clear communication is the most important factor.
- Have the right communications technology in place.
- Stay connected—use video rather than phone calls or email.
- Schedule formal communications.
- The pandemic has taken away control—give it back to people where possible.
- Keep people focused.
- Respect—give people the opportunities to express concerns and come up with ideas.
- Check in on people as regularly as they need.



Assembling a Team (Even If You Can't Meet in Person)

Having the right leaders and advisors in place is one of the most critical steps to creating a successful life sciences startup company.

The leadership team provides the strategy and direction for the company as it grows, the advisors guide the science and the board of directors support the leaders and bring years of experience in both industry and funding. In some ways, creating these teams from a distance isn't so very different. They need to be balanced and well-rounded, bringing on

board the skills that the company needs. However, pulling together the people and meeting in a socially distanced world is bringing some changes.

Creating the leadership team in a socially distanced world

Startup companies are by their very nature small organizations, often with only two or three people working part- or full-time. Working with this small a team, it is critical to make sure that all the people get on well and have the right skills and capabilities.

“Even when companies have amazing science or technology and solid IP, it's still people that drive the company. Having the wrong person on board might not drive the company at all, or drive it in the wrong direction,” said Fero.



The company's needs might be for science, or data analysis, or strategic thinking, and will vary from startup to startup.

"The core members of the ReNeuroGen leadership team all have a scientific background, and this critical mass helps us to generate ideas," said Naylor.

This need for scientists in the core group is supported by Frick who has seen more CEO searches looking for MDs and PhDs with a strong understanding of the science than a year ago. With the advances in communications technology, it's no longer necessary for the team to work together in the same building, or even the same continent. What is important is having the right people and the right skills for the company, and these people may not be local, or even wish to relocate because of partners with jobs, or children in education.

Leadership-level roles are usually found through networking and connections, which reinforces their importance. With more remote working and less travel, it's not as easy to meet or bump into people, or hear things on the grapevine.

"When hiring people for a small collaborative team, try to find people you know, or who have one degree of separation from you. It is really hard to get to know someone and to understand their style and personality when you can't sit down with them and have to rely on video calls," said Chaffee.

What is important, however, is having the same vision and values, even if the members of the team have different opinions on how to get there. Under the uncertain conditions of a global pandemic, shared viewpoints and perspectives may be even more essential than ever before.

"The companies that have adapted the best to the situation have been those that are focused on their mission, and use this to unite the team," said Frick.

As well as traditional skillsets, companies working in a pandemic world may need to bring on board leaders with different aptitudes to manage a company that is still socially distancing. This will include less of a focus on presenteeism and 'time is money', with leaders moving more towards omnipresent and distance leadership.

Building the right team of advisors and directors

The scientific advisory board and the board of directors provide the startup company with support. To build the best teams, and to work effectively with them, it's important that the new CEO acknowledges their strengths, weaknesses and gaps in their experience and expertise.

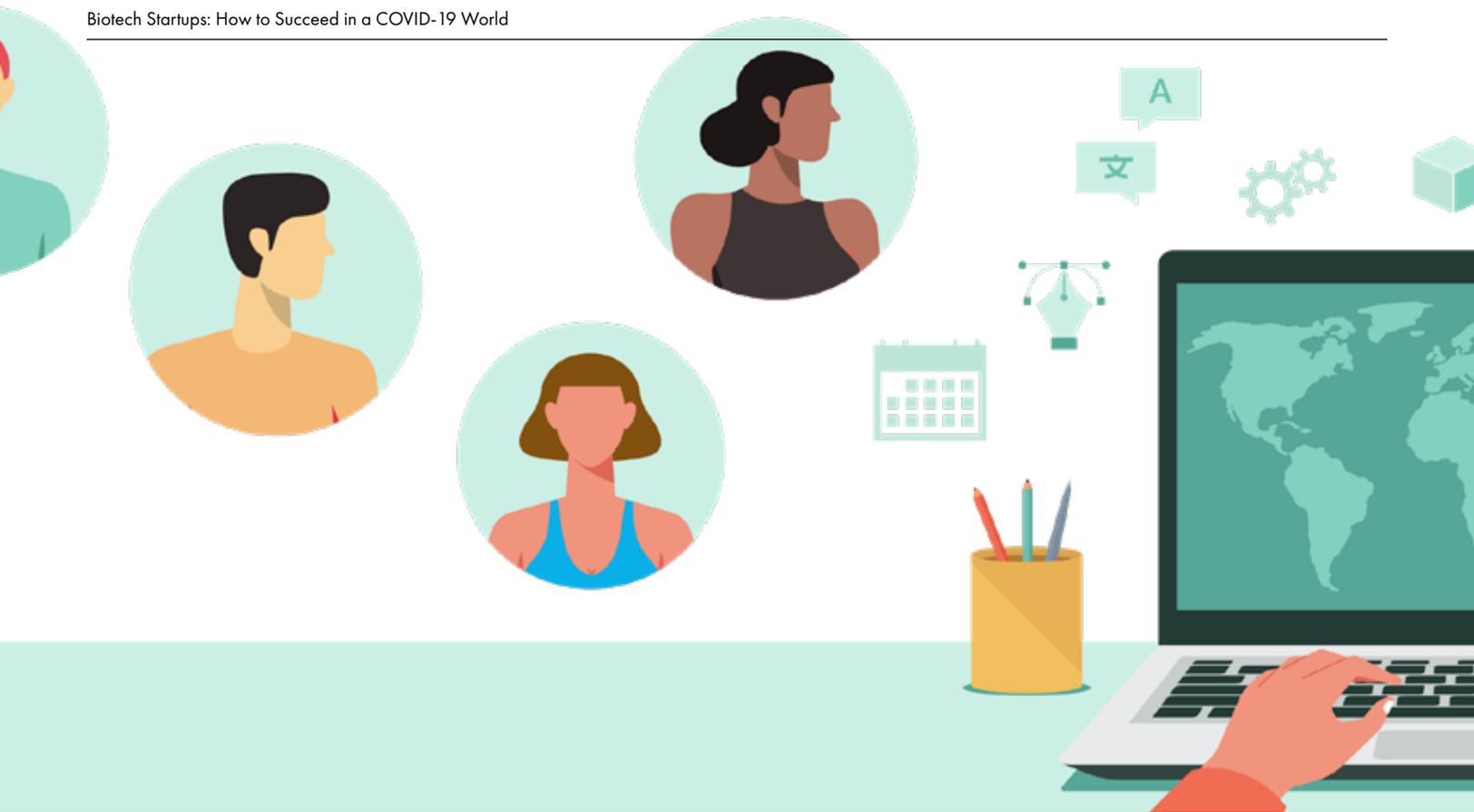
"Surround yourself with people who know the science or the industry, who are credible and who have a good reputation. Be open to advice," said Chaffee.

The makeup of the board is likely to change as the company grows, investors finance the company, and the needs shift with the development of the pipeline. People with industry expertise bring development, commercial and deal experience. In return, they get to stay close to the innovation. Investors will often request (or mandate) a seat on the board. As with the leadership team, the board of directors needs to be balanced.

"The board shouldn't be dominated by investors—they should be represented but the board needs to have independence," said Fero.

While working remotely has made it harder to network, being virtual doesn't mean you can't create a board. Finding a scientific advisory team is often less of a challenge, as startup companies are close to the science. People's accessibility may depend on their therapeutic area—scientists and clinicians in stroke, and in infectious, respiratory, and vascular disease are likely to be busy because of the pandemic, but those in other areas may have more time. During March, at the height of the pandemic, Mind Medicine formed a Technology Evaluation, Acquisition and Scientific Integrity Board Committee to identify and expand the company's clinical trial pipeline and IP portfolio of psychedelics.

"We feel it is important to establish a world class team of experts to advise on the scientific merit and medical capabilities of our future acquisitions and pipeline," said Rahn.



Board meetings

New habits are forming during socially distanced times, with people getting accustomed to using different kinds of technology to keep in touch, and realizing that meeting face-to-face isn't always essential.

"People have adapted quickly to board meetings over video conferences, and I don't think we have lost anything," said Ben-Joseph.

Working over email, calls or video conferencing has both upsides and downsides. The disadvantage is the loss of nuance—for example, one of the roles of the board is to support the management team, and it is easier to pick up signs of stress when speaking face-to-face. Building relationships is also harder. To get around this, the management team needs to be more open and honest, and actively seek help where needed, and the board of directors need to be conscious of the challenges faced.

"Virtual meetings are easier where there is already rapport, and harder for new teams. It is more difficult to figure out relationships and dynamics virtually," said Fero.

The new way of working has benefits too. Virtual meetings are a lot cheaper for startup companies, and a lot more convenient for people who would otherwise have to travel long distances. According to Hurst, the company saves thousands of dollars by having their discussions with the scientific advisory board over email, rather than having everyone travel to a face-to-face meeting.

Promoting diversity in management teams and boards

According to a survey from the Biotechnology Innovation Organization (BIO), 30% of executives were women, with only 18% of board members and 16% of CEOs. People of color made up 15% of executives, 14% of board members and 12% of CEOs, with the greatest underrepresentation being of Black and Latinx people.

"Less money goes to companies run by women, or by people of color," said O'Day.

Companies are becoming more flexible in their recruitment, according to Frick, allowing people to work from home some or all of the time, and not requiring them to travel as much. This shift could open up leadership teams to greater diversity



because of the increased accessibility implicit in working from home, for example opening the workplace to people with disabilities, and individuals with caring responsibilities.

Having a diverse board has a number of benefits:

- A broader range of experience and perspectives leading to better strategies and solutions
- A better reflection of the general (and therefore the patient) population
- Improved governance
- Greater flexibility and adaptability to change
- Higher returns on equity, according to a McKinsey & Company analysis

“We need to acknowledge the challenges for women and people of color. We have talked a lot about this. We support visas for scientists to come to us, and offer people the opportunity to come and see what it is like to work in a

biotech. If you see it, you can be it,” said O’Day.

BIO’s The Right Mix Matters aims to accelerate gender, racial, ethnic and LGBTQ representation on biotech company boards, in C-suites and in functional leadership positions. This includes The Boardlist, a database of individuals who are board-eligible, and who have industry experience.

“Boards often ask for prior CEO experience, which restricts the pool of women,” said Erika Smith, CEO, ReNetX Bio, a biotech focusing on therapeutics for spinal cord injuries. “Companies need to look harder to find women with executive-level talent.”

The Boardroom Ready program created by Executive Women in Bio (EWIB) provides training, networking, and mentoring, and helps women to network with board members and recruiters.

Advice for the new CEO: Leading the company

- **Define your leadership philosophy from your company’s core values.**
- **Don’t lose hope; this is the century of biology and biologic research.**
- **Be open, honest, and transparent.**
- **Strive for diversity.**



Partnering: Whether and When

Deal activity in the global life sciences and pharma sector remains active. The pandemic has flagged the importance

of biopharma, and there was an early flurry of interest in companies seeing projects related to COVID-19.

The best partnerships happen when a company realizes that it has something to offer, or that it needs something that will complement or support its R&D. These allow both companies to add value. Big pharma relies on biotech and startups to

THE BENEFITS OF DIGITAL PARTNERING EVENTS

- There is no requirement for travel or accommodation, so people can attend from all around the world, and budget for going to more partnering events in a year.
- More meetings are possible in a day, because there is no time wasted by running between sessions and meeting rooms, or by trying to find someone in a crowd of hundreds.
- Meeting hours may be extended to accommodate different time zones, providing more opportunities for meetings, and fewer diary clashes.
- If sessions are recorded, they can be watched at a more convenient time—no anxiety over missing a session because it clashes with a partnering meeting.

maintain its pipelines and bring in innovative science, and biotech needs the bigger companies for cash flow, and help with later stage trials and commercialization. Partnering brings more than just that, though—it brings access to expertise and resources, credibility, third-party validation of the science, and it mitigates risk.

“We have a platform technology that it is empowering our own product development but could also accelerate therapeutic development for biopharma. We offer expertise and added-value to biopharma and in return we look for partnerships that allow us to add value, including monetary compensation and data usage rights so we can continue to improve our platform,” said O’Day.

Finding the partner

The partnering conference is an important way to meet potential licensors, licensees, or collaborators from all around the world. They may be national or international events, for example with a focus on Europe, the US or China, or be based around a particular group of diseases or area in the life sciences.

The advent of the COVID-19 pandemic changed the face of the partnering conference, but not its approach. Before the pandemic, companies would present to groups of attendees, or pre-book one-to-one meetings. This opportunity still exists, but in a virtual form, with partnering event organizers making their meetings virtual. Opportunities include:

- Putting licensing opportunities onto an online portal, and booking virtual videoconference meetings with potential partners
- Pitching the company and assets through a recorded showcase that can be watched on demand before and during the event
- Entering startup competitions, such as the Startup Pitch

Competition at BioPharm America™, where companies submit a pre-recorded pitch, with winning pitches made available through the partneringONE® portal.

Some digital events will also include Q&A panels, presentations, and keynote addresses. These can be watched live, and may also be available for streaming after the event.

Establishing the licensing package

The partnering process is perhaps the area least impacted by the changes of 2020, as companies are already used to partnering all over the world and communicating via digital means.

Startups should ideally start planning for partnering when they have a partnerable asset and a good data package. A company setting out on the route to find a partner needs to ask themselves questions about their asset, according to Lubor Gaal, Senior Vice President, Head of Europe at Locust Walk, a global life science transaction firm. These questions should have been asked at the beginning of the development program, be readdressed regularly as the area evolves, and finally be included in the partnering pitch:

- Why should a company care about this asset?
- What unmet need does this meet?
- How is this different from standard-of-care, or from another asset in development?
- What data do you have and what data do you need?
- If this is an area beset by challenges or failures, why will you not suffer the same fate?
- When will you reach the market?
- What is the duration of your IP?

Answering these requires: a thorough understanding of the disease area; an in-depth analysis of the current market

EBD GROUP’S PARTNERING EVENTS

- ChinaBio® Partnering Forum / Digital – August 2020
- BioPharm America™ / Digital – September 2020
- BIO-Europe® / Digital – October 2020
- Rare Disease Innovation and Partnering Summit / Digital – December 2020
- Biotech Showcase™, including the Digital Medicine & Medtech Showcase and China Showcase / Planned for San Francisco, January 11–13, 2021
- BIO-Europe Spring® / Planned for Barcelona, Spain, March 22–24, 2021

landscape; information on prices and market share of competitor drugs; stage of development of drugs in development at other companies; and results from any preclinical and clinical trials. This isn't any different from pre-pandemic times.

At a minimum, partners will be looking for in vivo data, bioavailability, half-life, stability, whether the drug will be oral or parenteral, and an idea of dose.

“A company licensing an asset wants good data rather than just a promise and a story. This is particularly true in areas with a lot of competition, such as oncology,” said Gaal.

“In areas of high unmet need or in rare diseases, the licensee may be willing to take more of a risk, but they still need evidence. It will be different for a company looking to partner a platform technology, but the potential partner will still look for data to support the claims,” he said.

Companies have been using digital data rooms to share documents for due diligence for a while, but these have now come into their own. These provide a secure space for remote viewing of sensitive information, with the documents stored into different folders as required, and indexed for easy searching. The data is protected by security software and tools that watermark documents, restrict viewing, downloading, or printing to specific users, and ensure that documents can be deleted securely.

Perfecting the partnering pitch

The pitch is a startup's shop window. It should be concise, clear, and well-written, and containing just the essential information, as any further information can be provided as follow-up. This also provides a reason to continue the discussion by email.

The pitch must do a number of things:

- Present a strong value proposal and strategic fit with the partner.
- Demonstrate clear and solid data relevant to the objective.
- Indicate a clear relationship between time, money, and de-risking/value-enhancing milestones.
- Show that both the near-term objectives are real and that long-term goals represent value.

The content needs to be tailored to the audience, whether it's a partnering, financial or shareholder's meeting.

“Biotechnology companies often have only one pitch for everyone,” said Gaal. “Investors and partners need different information.”

This means a focus on the product, the science and the data for a partnering audience, and on the return on investment, how the investors will get their money out, and the strengths of the leadership team for a funding pitch.

“Productive partnerships are the result of thoughtful strategic discussions centered on how an asset is better developed through the partnership, for the benefit of both parties,” said Ben-Joseph.

The pitch should be timed so that there is time for introductions at the beginning and for questions, discussions, and next steps at the end. The next steps should include arranging a follow-up meeting if required, and to exchange contact details

Pitching over a distance

Presenting over a video link isn't the same as presenting in person. People are more easily distracted, connections can be shaky, and it's much harder for the presenter to read the room. Consequently, virtual presentations have to be prepared very well, with contingencies in place should anything go wrong.



HINTS AND TIPS FOR A REMOTE FINANCIAL OR PARTNERING PRESENTATION:**Beforehand:**

- Know your audience and ask what focus they want.
- Create the deck to tell a story.
- Make the presentation as long as you need, but remember that concentration spans in video meetings may be shorter.
- Get outside input on your presentation.
- Share your slide deck with the audience before the meeting.
- Have facts and figures close to hand.
- Make sure that you are familiar with the technology.

On the day:

- Make a connection with your audience.
- Make it into a two-way discussion, rather than a one-way pitch.
- Be conscious that the dynamics and interactions are different on video.
- Be aware that there may be technical glitches.
- Be prepared to move to a different technical solution if there are problems.
- Be ready to adapt the presentation if time is lost.

**Advice for the new CEO: Partnering**

- Because there is so much noise about COVID-19, it can be harder to catch people's attention.
- Know what makes your company and asset different.
- Be certain that you are meeting a truly unmet need.
- Understand the fundamental issues in your space.

Network, Network, Network

The US bioscience industry employed 1.87 million people in 2018, according to BIO, and had an economic impact of \$2.6 trillion. Biotech doesn't just have an effect on the economy, though; it is responsible for creating the therapeutics and prophylactics that treat the public and prevent disease.



IMPROVING COMMUNICATION IN VIDEO CALLS, OR WHEN WEARING MASKS

- Use more gestures – head nods, waves, thumbs up
- Confirm understanding
- In a video call:
 - Sit back from the screen so more of your upper body and your hand gestures can be seen.
 - Ensure that your background isn't distracting others.
 - Switch off self-view if it becomes distracting.
 - Record (with other people's permission) and re-watch.

The industry as a whole is dependent on small biotechs that create new and innovative drugs and technologies that feed into the pipelines of larger companies. Between 2017 and 2019, 60% or more of the FDA approvals have originated in small biotechs. These small biotechs have, at some point, been a startup that began as an idea in an entrepreneur's head.

Viewed from the outside, the science and the potential (or actual) product may seem to be the most important part of a life sciences startup. The people and the relationships are, however, far more critical in the startup's eventual success, from creating the teams that run or advise the company, through its day-to-day running, to finding funding and partnerships.

Creating links in lockdown

When the world is working remotely, and there are no face-to-face networking meetings, people with an established network can reach out digitally to existing contacts to find new people to work with, or to discuss funding and partnering. It is, however, much harder to build a new network from scratch at the moment, and people need to be creative.

Successful networking, whether face-to-face or remote, relies on warm introductions and degrees of separation. Fellow students or tutors from university, or colleagues and supervisors from

post-doctoral research may have links to people in industry. LinkedIn hosts groups that connect people in specific areas, and shows people who are second- or third-degree connections, with mutual connections who can make the introductions. Other ways to create links are through attending webinars, virtual conferences, LinkedIn and Instagram Live events, and reaching out to the speakers.

“Not everybody has embraced digital meetings. It may be because the initial feeling was that it was a temporary change. If working remotely and digitally becomes more permanent, we will need to take the digital events more seriously,” said Gaal.

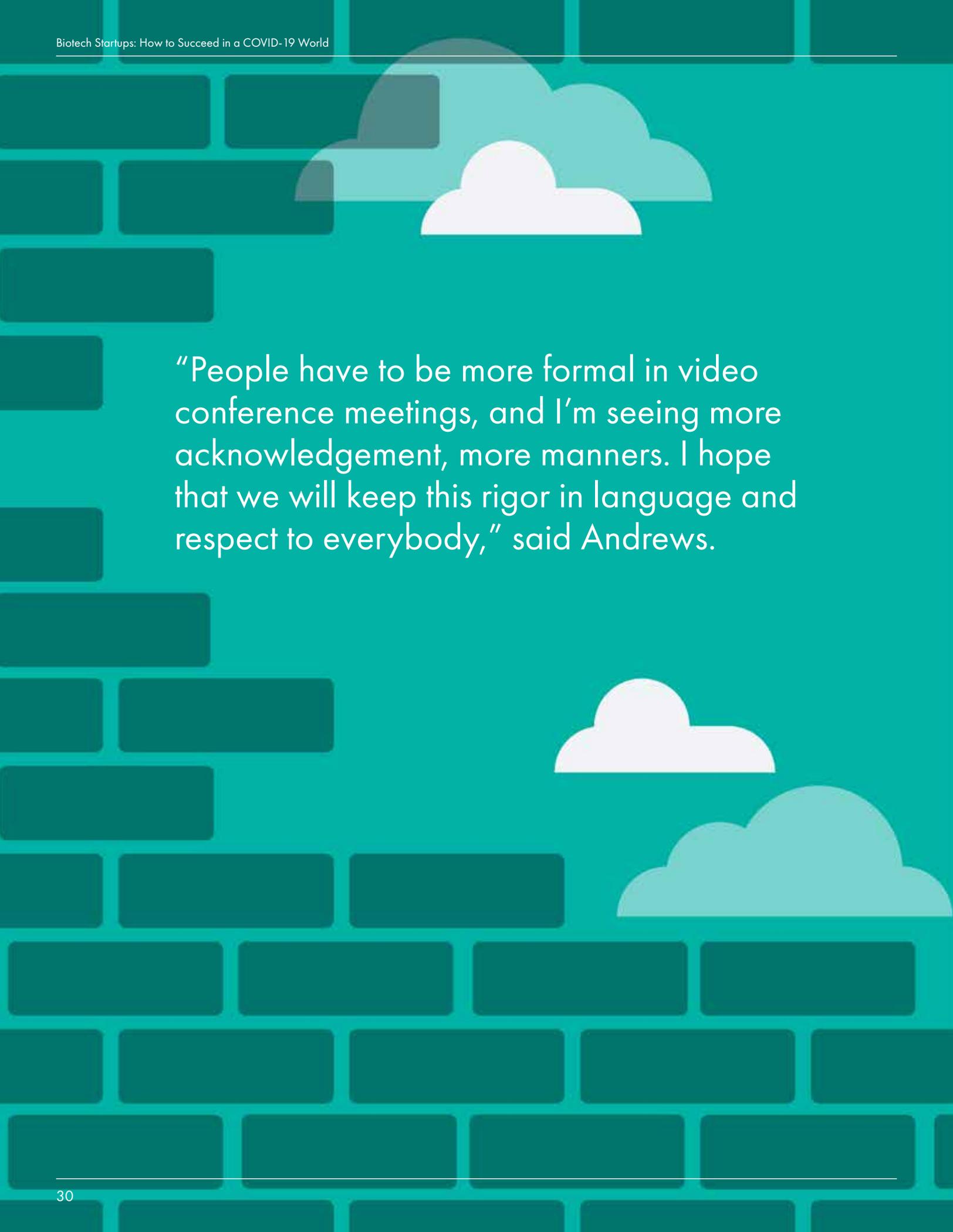
Communicating at a distance

When meeting face-to-face, it isn't just about the words spoken. It's about facial expressions, tone of voice, how people sit and move, how they gesture, and the additional cues of seeing them in three dimensions.

Video conferencing, while it provides more information than voice calls, isn't as subtle as a face-to-face meeting, and picking up visual and voice cues can be hard. Video calls also have a number of built-in distractions, such as seeing yourself on video, or catching sight of other people, children, and pets in participants' backgrounds if they are working from home or in a shared space.

Advice for the new CEO: Networking

- Even though it's harder, you need to get out there and get networking.
- Find someone with a good network, bring them in as a consultant, and use them to introduce you.
- Perfect your slide deck, and think about the needs of a remote presentation.



“People have to be more formal in video conference meetings, and I’m seeing more acknowledgement, more manners. I hope that we will keep this rigor in language and respect to everybody,” said Andrews.

The Silver Lining to the Cloud of Lockdown

- Enhanced and continually improving remote communications technologies
- The rigor that people bring to meetings—people are better prepared and more focused
- Shorter meetings
- Easier to access people
- Less time spent in airports
- Seeing employees as an asset
- People being empowered to work from home
- An opportunity to learn and grow, to make the most of new circumstances
- Less time commuting
- Financial and environmental benefits of fewer people traveling
- Greater utilization of video conferences rather than a 12-hour round trip for one meeting
- More time efficient
- Think harder about travel
- More flexible working
- More control over work-life balance
- More opportunities for sharing of childcare between parents

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