

Deal Flow and Application Processes

Identifying and Sourcing Projects

In order to source investments opportunities, bring them to a wider investment community and to be aware of market issues which may influence the value of those opportunities, GML has a central office with direct links to locally-based Technology Transfer Offices (TTOs) at each of the member PSREs. This approach allows:

- liaison with the leading researchers at the individual Consortium Members, keeping an active interest in the progress of new and emerging technologies;
- promotion of the Genomia Fund through the commercialisation support networks ensuring that they have access to appropriate information describing application procedures and investment criteria;
- maintenance of close links with the media to ensure that the work of the Genomia Fund is communicated to the business community in a cost effective manner and to raise awareness of the Fund;
- participation in local, and national, business events providing arenas for high growth companies looking to solve strategic issues and for those seeking to raise capital.

While formal decisions by its Board may be made on a quarterly basis, the Genomia Fund has a continuously open call for proposals. Each member of the Consortium has a nominated member of staff at its TTO as a primary contact point for pre-filtering of proposals and for disseminating information about the Fund locally. However, approaches are also expected to be received as a result of the viral marketing process. Typically, the process would involve the following steps:

- TTOs will have first line responsibility for identifying opportunities which appear relevant to the objectives of the Genomia Fund and will liaise with the Fund Manager on the preparation of an appropriate project proposal;
- GML then works with the local TTO and the members of the team behind the proposal to develop and refine it to the point where decisions can be meaningfully taken; this may be an iterative process, which is likely to see proposals dropping out at any stage before they enter the more extensive evaluation phase;





- A formal proposal is submitted, together with the supporting documentation relevant to the type and amount of funding being sought; such proposals will require to be in a standard format setting out the background to the technology, its market prospects and an indication of the situation vis-à-vis intellectual property and the proposed development programme (including details of project milestones); ideally, when submitting proposals, local project officers will be asked to include an objective assessment of the ability and commitment of the team to deliver the programme.

Application Format

To allow for efficient review and evaluation, applications require to be submitted in a standardised format. Although the same forms are used for each type of investment to provide for some uniformity of approach, the relevance or weighting of each section will be different at different stages of development of a project from proof of principle to commercialisation.

Project applicants may submit more than one proposal at any one time provided that each is for a distinct and separate technology development project. Different stages of the development and/or commercialisation of the one project do not count as different project proposals. Applicants are required to show that they would be able to commit sufficient time and resources to be able to manage the work programmes for multiple project investments.

Consistent with the objectives of the Fund, by using the standard application form, project proposers are encouraged to consider and present their projects in a more “commercial” way than would be the case for applications for purely research-oriented funding. Proposers are expected, within the limitations of the available information, to give reasonable evidence that there would be a real commercial opportunity, if the results of their work programmes proved to be as successful as they expect. To mesh with the evaluation processes, the headings to be addressed in any application are as follows:

- **Project description:** a description of the work proposed, with a plan of the issues to be addressed and a series of milestones. This should include an indication of the technical or business background against which the project is based and also to suggest what causes the proposer to believe there is commercial potential. While the description should primarily





address the immediate project, it should be capable of showing that some thought has been given to the next steps in the commercialisation process.

- **Technology Status and Competing Technologies:** a summary of the current state of technological development and the significance investment by the Genomia Fund could make to demonstrating the technology and bringing it closer to commercialisation. Amongst other things, this section should aim to highlight:
 - what competing technologies there are and the weaknesses in them that the new technology would address
 - the extent of any existing patent coverage and details of any patent searches for prior art and an indication of the intellectual property which might arise during the development programme
 - any technical barriers which competitors would need to overcome in order to catch up with the technology
 - the rights (if any) of any third parties in the background to be used in pursuing the technology development.
- **The Market:** an indication of the potential applications and markets for the technology being promoted, potential or target customers and the justification for believing that there would be a demand for a product or service based on the idea(s)? This section should include any available market data, including indication of the relative sizes of the markets, where they are located and how these would be prioritised in terms of their commercial importance and the ease with which they could be addressed. Are there any market-dictated barriers to entry either for your own technology or preventing others from competing?
- **Commercialisation Strategies:** At this stage, has a preferred route to market been identified? Is a start-up company envisaged and would the researchers have a role in the proposed company, its development and management? Have any business plans been prepared (even if just in outline form)? Where they have been identified, brief descriptions should be given of members of the team who would be involved in promoting and developing the technology and an outline of their respective roles in the commercialisation. What skills need to be enhanced in order to maximise the commercial success (e.g. if a company is envisaged, do any of the team members have past experience and where are there skill gaps?)





- **Funding Requirements:** Detailed budget forms will be required, and for proposals for spin-out companies, conventional cash flow, P&L and Balance Sheet financial information will be expected. The budget forms will be required to show the eligible costs for the work for which investment is sought, non-eligible costs and the sources of funds, in addition to the Genomia Fund investment, to be applied to the work. Applicants will also be expected to give an indication of the expenditure profile against the milestones defined in the description of work.
- **Any Other Information:** Any relevant information in support of the proposal and not addressed under the immediately preceding headings will be included under this final heading. Reference may be made to printed documents available elsewhere, but copies of anything particularly pertinent should be appended. At the same time, the application should be able to stand, and be understandable, without having to rely on the additional material.

Proposals will be expected to include enough detail on technical and commercial aspects to allow informed decision on the merits of the proposed project. Given the make up of the Board, applicants will be expected to ensure that their proposals both satisfy the technically competent and are understandable by the informed layman, who may not be fully *au fait* with the intimate details of any particular technology being espoused.

Pre-submission Assistance

Applicants submitting new proposals will be encouraged to contact GML in advance of preparing and submitting proposals, particularly for the first award being sought for a particular technology development. This initial contact will give rise to a first meeting at which the concept may be discussed. The intention behind this approach is to identify proposals which may be eligible for an investment by the Genomia Fund and to prevent the expensive and time-consuming preparation and review of proposals which would be ineligible or which would have to be substantially modified to make them consistent with the requirements of the Fund. The initial review meeting would help to identify, at an early stage, issues (e.g. weaknesses in market information, exploitation strategies, finance, etc) which should be addressed in preparing as strong a proposal as possible and to improve prospects for approval.





Genomia Fund

Funding commercialisation of public sector research in the bio - sciences

Pre-Investment Support for Founders of Spin-outs

The task of promoting a new spin-out can be rather daunting for those not accustomed to the process or the legal frameworks which usually surround investments in them. This is particularly true for the academic or public researcher who may have had little or no previous exposure to the very different commercial disciplines and regulatory environment. So, as part of its support mechanisms, the Fund will provide assistance in guiding would-be entrepreneurs through the minefield. The Fund manager provides the first line of support. However, in addition, the Fund may make available modest finance to allow company founders to access independent, professional support from legal or financial consultants in order to give them comfort on the terms which may be associated with the making of an equity investment by the Genomia Fund. Such monies as may be released under this arrangement will be added to the monies to be invested in the spin-out company to determine the proportion of the equity being allotted, or in determining the amount of any loan funds to be repaid to the Fund. Where this gives rise to an additional allotment or entitlement in favour of the Fund, this will be covered by an appropriate reduction in the proportion which would otherwise have been allotted to the founder(s) rather than through a proportional dilution across all shareholders.

Genomia Management Ltd

Roslin Bio Centre, Wallace Building,
Roslin, EH25 9PP

Tel: 0131 200 6318 Fax: 0131 200 6319

www.genomia.org.uk



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