

The Genomia Fund Investment Programme

The primary objective of the Genomia Fund is to make investments in projects with some evidence of commercial potential emerging from the research at each of the Genomia Consortium members so that the prospects for commercial realisation of the research results may be considerably improved. In pursuit of its objectives, the Genomia Fund seeks to invest in technology and business development activities supporting the commercialisation of emerging technologies and tailored to address different stages of need along the research/commercialisation continuum. The programme targets three primary steps in the commercialisation process, as follows:

- **Proof of Principle** - Support under this strand of the Genomia Fund's investment strategy is intended to target the initial assessment of ideas and to support the carrying out of proof of concept studies. This may also cover some initial market assessment work, aimed at identifying niches where a technology might have an advantage and also at considering the scope for IPR protection. Typically, monies available from the Genomia Fund at this point sit in the £10K-15K range, though exceptionally, up to £25K may be approved.
- **Technology & Business Development** - Assuming a successful outcome to the initial assessment phase, further monies may be available for broadening the technology definition or for continuing the development programme towards prototyping. Monies are also available for developing the business case and in particular, for development of full business plans and identifying potential managers for driving forward a project or for investigating additional funding opportunities. The Genomia Fund expects proposals under this heading to be budgeted at £50-100K per year.
- **Technology Transfer and Commercialisation** - Once development is underway, it becomes critical to address the marketing of the technology and matching its presentation to the demand profile. At this stage, proposals are concerned with optimising the exploitation strategies and raising the profile of the technology amongst target groups. Projects are almost fully fledged and ready to engage with providers of much more significant investment to convert them into commercial reality. Normally, up to £50K may be available from the Genomia Fund to support such activities.





A project proposal can be aimed at any one of these individual steps, depending upon its stage of development. It would be common for a project to progress through more than one type of investment before it was sufficiently well developed to be able to attract third party funding. However, the maximum available to any one project from the Genomia Fund, summed over all the investment awards, will be £250K. That said, the number of projects which can expect to receive support up to the upper limit will be very limited.

There is no pre-determined target figure for the relative proportions of each type of investment in the Genomia Fund portfolio.

Each of the stages at which the Genomia Fund will invest can be more fully described as follows:

Proof of Principle

- **Purpose:** Proof of Principle investments are made by the Genomia Fund for the stage where an idea may only exist in the form of a concept and there may yet be ill-defined information on market demand or prospects. The monies are intended to allow proof of concept studies to be undertaken and early stage patent advice taken or initial patent application made. Projects will have the objective of elucidating both the technical development requirements and the commercialisation options. The intention is that, after completion of the work programme, the project should be in a position to be able to demonstrate good commercial prospects and to have a plan framed for the next phase of development, for which funding through a Technology and Business Development Investment may be sought. The broad decision criteria to be applied to such awards will primarily be scientific, technical and commercial potential. In detail, these will include the following, all of which will require to be addressed in proposals:
 - Scientific and technical merit (and comparisons with existing technologies);
 - Indications of the potential economic and commercial benefits of the technologies being promoted, including some views on potential sales;
 - Ability of the team to manage the downstream development programme and a commitment to commercialisation of the technology;
 - Motivations and credibility of the project principal investigator or director
 - Scope for adequate, and sustainable, IPR protection.





- **Use of Funds:** Typically, funds are directed at efforts relating to proof of technical feasibility and/or performing market research. Examples of eligible activity would include:
 - assessment of ideas and proof of concept studies
 - development of mock-ups or working models
 - developing technical specifications
 - initial market assessments and identifying niches where technology would have an advantage
 - assessing scope for IPR protection; framing initial IPR strategies and filing preliminary patent applications
 - supporting efforts to leverage downstream R&D collaborations with external partners
 - drafting of outline business plans
- **Funding Limits:** Project costs are expected to sit in the range £5K-25K and would most often sit about the mid-point of this range.

Technology and Business Development Investments

- **Purpose:** The purpose of Technology & Business Development investments is to provide funding to support :
 - the further development both of the core technology and of the plans for its commercialisation after work funded by a Proof of Principle Investment, has indicated there to be reasonable grounds for optimism regarding market prospects;or
 - for the development of early stage technology demonstrations and formulation of commercialisation strategies where proof of concept has already been demonstrated.

The intention is that, after completion of the work programme, a project should be in a position to seek funding through a Technology Transfer and Commercialisation Investment or be in a position to approach third parties to pursue commercialisation under licensing or joint venture arrangements. As well as using the criteria set out for Proof of





Principle investments, the following additional issues will be considered in evaluating proposals for Development Investments:

- Technical feasibility and design of the development plan;
 - Additional resources require for, and likely time to, commercialisation of the product/process after the completion of the work under the Award;
 - Robustness of the proposed commercialisation plans;
 - Potential for creation of a new company or significant licensing deals;
 - Level of additional support funds secured
 - Potential for local job creation (particularly, where any element of ERDF-sourced funding is made available).
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- **Use of Funds:** Funding may be used to fund on-going R&D programmes directed at refining and improving upon the technology (including personnel costs, consumable and direct costs) and also to contribute towards the collation of market information and preparation of more extensive business plans. Funds may be applied to the purchase of equipment where this is of a specialist nature and which would not normally be available to the applicant, but which would be necessary for pursuing the R&D programme (though allowance may require to be made for the depreciated value at the end of the programme). Costs for developing sales or marketing capabilities will not be considered eligible, though efforts to secure expressions of interest and identifying potential licensees would be eligible. Projects should have the twin objectives of not just developing the technical aspects but also of framing exploitation strategies and seeking opportunities for bringing the developed technologies to the market place. This implies the following activities as being eligible for support:
 - for early stage product/process research
 - for broadening the technology definition after a Discovery Investment.
 - for second stage research work taking technology to pre-production prototyping
 - for pre-clinical trial testing
 - for development of full business plans
 - developing an IPR portfolio
 - for identifying and employing business development managers





- **Funding Limits:** Individual project costs will normally lie in the range £50,000 to £100,000 for any one phase of a work programme. Investments will normally be made in projects of up to twelve months duration. However, a total of three such investments may be made covering evolving development programmes spread over longer periods, always subject to the overall limit of £250K per project. The second and third tranches of the total Technology and Business Development Investment will be conditional on demonstrable success of earlier phases of the work programme and submission of annual report. Such reports will require both to address the technical development and to give an update on market conditions and commercialisation plans.

Technology Transfer and Commercialisation Investments

- **Purpose:** The purpose of Technology Transfer and Commercialisation Investments is to provide funding for implementing product or technology commercialisation plans. Applicants will already have received a Technology & Business Development Investment, or have completed a similarly focussed programme of work funded by a third party, and will have demonstrated the technical and market feasibility. Some progress should have been made towards securing successful commercial exploitation and the remaining steps should be well planned in the Applicant's exploitation strategy. Applications would typically cover extending intellectual property protection, alpha- or beta-testing programmes, securing third party investments or setting up strategic alliances or partnerships to improve the market penetration. It would not be unknown for an investment made under this strand to run in parallel with a Development stage investment, starting at an appropriate point in the development programme. Commercialisation investments are available to support the efforts of a Consortium Member (and its staff) in seeking to commercialise any new technology opportunity, though preference would be given to projects previously supported by Genomia. Investments may also be approved for projects aiming to enhance an existing product or improving the manufacturing process where Genomia had already provided previous support and was effectively following its investment to maintain its value.





- **Use of Funds:** Funding may be used for a wide variety of purposes directly related to the commercialisation phase including professional fees, travel, production of prototypes for testing programmes, attendance at trade shows, etc. Funds may not be applied to the purchase of equipment or solely for the purpose of conducting marketing feasibility studies or preparing marketing plans (these should already have been covered at an earlier stage). Limited development of sales or marketing capabilities would be considered eligible, as would the following:
 - for implementation of marketing programmes for exploitation of emerging technologies
 - for entering market, preparation of marketing materials, attendance at trade shows, etc
 - for development of exploitation strategies for technologies which have already had a previous Award from the Programme
 - for preparations towards partnering negotiations
 - for supporting costs of setting-up spin-off companies
 - strengthening the management, and coverage, of the IPR regime
 - for development of further improvements to technologies arising out of the Programme and already commercialised by spin-off companies
- **Funding Limits:** Where the exploitation strategy expects to pursue a licensing route, project costs would typically lie in the range £5,000 to £10,000, but would be higher for projects involving a company start-up, typically £50,000 and upwards. The Fund will consider favourably applications from start-up companies established to exploit technologies already supported by the Genomia Fund for investments of up to £50K for improving technologies which would improve or preserve the value of the Fund's existing investment.

None of the investments under the Programme will be available to already well-established companies. They will only be made into projects involving Consortium Members. However, the Genomia Fund may accept proposals from early stage companies, which have been established by a Consortium Member to commercialise its technologies, and in which that Member still has a controlling interest, to continue or extend the development and commercialisation of an emerging product, process or technology. All investments in such spin-out companies will be made on





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exactly the same basis and conditions as if they had been made to a Consortium Member. However, such proposals may be subject to more stringent review since it is not the intention that the Genomia Fund be a substitute for conventional venture capital or other company financing routes.

The Fund will encourage joint ventures being established by two or more members of the Consortium. In such cases, one of the members would be required to take the lead in coordinating and submitting a proposal and would be responsible for managing the work to be undertaken using the Genomia Fund's investment monies.

For each type of investment award, there will be limits to the amount of money available to any one project and under normal circumstances; awards will not be approved for a subsequent step in the commercialisation process without satisfactory completion of an earlier stage. Individual projects may receive more than one award covering different aspects of the project development plan. As previously indicated, no project will receive more than a total of £250K in investment funding from the Fund. The Board may elect to vary the conditions of an award, increasing the amount of matching funding it requires to be raised by the project for some of the later investment awards being sought. Apart from spreading risk, this will have the effect of clearly signalling that the Genomia Fund is not a source of research funding. It will have a very commercial focus and will require delivery of very explicit outcomes associated with its funding.

Other forms of pre-investment support packages may be developed as the operations of the Fund develop and financial conditions allow. It is important that a degree of flexibility is incorporated into the investment approach in order that the best form of support is available for any particular case, always, of course, bearing in mind the need for proper commercial rules to obtain, (including attention to state aid restrictions).

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