

# What's your advice for people investing in startups in this sector?

**Hall T. Martin:** [00:00:00] Today we are back with our How to invest series and we'll expand on biotech and life science subject. Today we'll be revisiting our guest answers to a different question. What's your advice on people investing in startups in this sector? Our first guest is Dennis Coleman of Life Science Angels. Life Science Angels is a not for profit angel group based in Sunnyvale, California.

They're the nation's premier healthcare [00:00:20] focused angel investment organization. They have established two separate committees to review medical technology. and biotechnology investment opportunities. Members make their own investment decisions, but the investments are made through a single LLC. Typical investments range from 200, 000 to 600, 000, with syndicated financings ranging from 2 million to 3 million.

Let's hear [00:00:40] how he answered this question.

## Denis Coleman

**Denis Coleman:** Um, say goodbye so,

You should sort of think of how much money do you wanna commit to this and, and figure that you're never gonna see that money again. and let's say that's X dollars and then you should invest that [00:01:00] X dollars in a minimum of four startups because they're not all gonna hit. Matter of fact, most of them are gonna miss.

and you're not gonna get that portfolio effect risk reduction if you don't do several of them. And that's why an angel group is really important, [00:01:20] because in our group here, I can't remember what our number is for individual. We have to get \$200,000 dollars, from among all of us. Before we'll invest, but you can invest.

I don't know whether it's five or \$10,000. so you can invest in several where if you're out on your own, you're just not gonna get people's attention until, unless [00:01:40] you invest 25 or more. So for people getting started, that means you got one investment and that just is not a good idea. you also, you should join a group because you need people to talk to.

you know, I find it very valuable and I learned so much from the technical leaders in the various areas in our field. , and when you're going after [00:02:00] a, an antibody for covid and you're going after, after a device to embolize tumors. It's totally different people you're talking to because nobody can understand everything about the area.

And I also, I get a lot talking about people who are just good investors and, you know, they ask me good business [00:02:20] questions and reading the characters of the, um, of the people who are, who are often technical who come in to present. So, so I guess my advice is, join a group, make several investments and learn from people.

That's sort of part of the whole thing, and that's sort of why you do it here. , you know, the people, you know, the interesting [00:02:40] entrepreneurs you meet. Anyway, for me, that's a big part of it. And when I say, you know, keep an idea of your budget here, what you're gonna invest, You know what I have to do?

I have to limit myself. I see so many things I like, I gotta say, Dennis, no. know, you gotta keep investing at a reasonable rate here, but don't get too excited one [00:03:00] year. I mean, and you won't have as much for next year.

**Hall T. Martin:** Our next guest is Ipshida Mandel Johnson. founding partner and CEO at Global BioFund. GBF is a value capital fund with a gender smart lens investing in bio sectors including digital health. They invest in scale women led bio ventures at early and growth stages, especially those based in the US, UK [00:03:20] Australasia, And selected high growth emerging markets. They have created G B X A network that consists of a diverse and experienced group of investors, entrepreneurs, scientists, experts, and organizations that support women led bio ventures that are growth and impact oriented. What is her advice for people investing in startups in this sector?

Let's find out.

## Ipshita

**Ipshita:** I think a lot of the [00:03:40] backgrounds of investors I've seen and worked with or raised capital from as well. I think we've, we've got a very structured, very high professional backgrounds coming from finance sector or consulting or banking and, which is great because at the end of the day we are making money.

however I feel. [00:04:00] Having grown startups, and I think that's a benefit. Georgia and I've both had, as we've built companies before, we see there's a lot more than the numbers and the business plan, there's a lot more to, you are investing in people. Business is about people, and startups is about people.

So when we look at teams, And I think that's the advice to investors [00:04:20] is not looking for me toos. We are not looking for people who just look like us and behave like us. and that's where that diversity of entrepreneurs, not just the, the CEO or the founder, you're really looking for the team That I think is what's quite important.

And we find when there's more gender balance in teams, you [00:04:40] do see more. Better ideas, more creativity and better risk analysis coming through. So fo investors, focusing beyond the finance and the business plan, you're investing in people. So that is probably the biggest, advice or tip or a flag that would.

Suggest to other [00:05:00] investors. .

**Hall T. Martin:** Our next guest is Mark Groper, President and CEO at Orion Biotechnology. Orion Biotechnology is a clinical stage biopharmaceutical company focused on discovering and developing best in class immunotherapeutics based on novel recombinant chemokine analogs. Their goal is to significantly improve the health outcomes of populations [00:05:20] affected by serious disease in the area of oncology, neuroinflammatory disorders, inflammatory bowel disease, HIV, and others.

Let's hear his advice for people investing in startups in the healthcare sector.

## Mark

**Mark:** Well, uh, I think, the key things that our shareholders have found attractive about, uh, Orion's investment opportunity [00:05:40] are, uh, number one, that we have a unique, scientific approach, that, has the potential to open up a very large, and in high demand market.

, so it provides a unique, , value proposition. Uh, they do look, you know, for demonstrated success. So [00:06:00] the fact that we have progressed, for example, our lead candidate through to successful completion of a phase one clinical trial demonstrates that Orion has the ability to successfully execute, clinical studies of this type.

And I think as I mentioned, uh, they also look for risk [00:06:20] mitigation. And, uh, we are very fortunate at Orion to have benefited from, shareholders that are very experienced biotech investors. Uh, so we have some very high profile investment groups, in our shareholder. Base, uh, including, for example, the Wellcome Trust, which is a, a very [00:06:40] large UK based biotech, uh, investment fund.

**Hall T. Martin:** Our next guest is Allison Piper Kimball, Managing Partner at Wave 27 Ventures. Let's hear her thoughts.

## Allison

**Allison Piper:** Oh, that's a that's a big question. You know, it obviously completely depends on the nature of the company and what their financial risk tolerance is for the individual investor. Many of these, you know, [00:07:00] investment groups, you know, angel networks and things do have special purpose vehicles that a first time investor can enter into with, , you know, less capital at risk and participate in reviewing the companies, you know, together with a group.

So if they are. you know, I'm sure about putting a large dollar amount into an investment at [00:07:20] first or wanting to make sure their portfolio is as diversified as possible, sometimes joining into a special purpose vehicle is a good first step, to just understand the process and see how things work and not have to put as much capital at risk.

, but in my experience, it's been wonderful having a very educated group of other [00:07:40] angel investors to be able to look at a deal with so that you've got. Expertise and you know the ability to get questions answered from people who are more knowledgeable than you in their areas

**Hall T. Martin:** Our last guest is Neil Vail, Chief Technology Officer and Co Founder at Progenitive Medical, Inc. Progenitive Medical is a pre commercialization stage [00:08:00] medical device company focused on expanding clinically proven reduced pressure therapy into spinal and orthopedic indications. Their initial clinical application is to significantly improve clinical outcomes and celluloid fashion in patients undergoing spinal fusion procedures, a new annual revenue opportunity of 1.

6 billion in the U. S. market.

# Neal

**Neal:** well, the [00:08:20] first thing I ask them to do is make sure you understand what your risk tolerance is. you know, if you're doing early stage investment, You've got to be able to have a high degree of risk tolerance, because it's highly, you know, there is a possibility that that investment may never resolve itself into something of any value.

once you've understood that, then you also need to [00:08:40] understand, too, that any money that you're going to be putting into an investment is something that should not be Targeted towards anything else that you need to survive on, you already got standing investment capabilities.

You've got to need to live and survive and so forth. And so any kind of money that you think about doing an investment from an angel perspective is something you got to be willing to lose and recognize that it's not going to hurt you in [00:09:00] some way, should you lose it. But that being said, getting into the actual investments themselves.

The things that I look for is is that first and foremost, I got to be able to understand what the opportunity is. Can they describe it to me? And I can grasp it fully and understand how is this product work? What need is it addressing? And is there some way that value can be [00:09:20] realized from that? So, you know, starting off, those are some of the first things that I'm going to be asking myself.

And then Thank you. Most importantly, in some of that, once you have an opportunity, as you're exploring with doing an investment, who's this team and are they the right team to be bringing that forward? Are those, these, the guys, or these, the individuals are going to be able to execute on their plan. They have [00:09:40] market experience.

They understand what is needed to get the product through and so forth onto the market. And are they the right team to be doing? So those are some things that I can consider and my recommendations as well.

**Hall T. Martin:**

# Outro

**Hall T. Martin:** In summary, the key takeaways from the guests from today's episodes are Set a budget and be prepared to potentially lose the invested money. Considering diversification by investing in multiple startups through [00:10:00] an angel group to reduce risk. Focus on investing in the people behind the startups, seeking diverse and capable teams, which can lead to better risk analysis and successful ventures.

Look for startups with the unique scientific approach. Demonstrated success and support from experienced investors to mitigate risk. Understand your risk tolerance and start with lower risk opportunities, like [00:10:20] special purpose vehicles, to learn and gain insight from experienced investors. Assess the investment opportunities carefully, understanding the product's value proposition and the team's capabilities in executing the business plan.

I hope you found the perspectives valuable and applicable to your own venture capital endeavors.