

# Partnerships and Alliances to Drive Biotech Startup Growth

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**Isaac Stoner**

Chief Executive Officer



[stoner@octagontx.com](mailto:stoner@octagontx.com)



[www.octagontherapeutics.com](http://www.octagontherapeutics.com)

# Personal Background

## Early stage operator



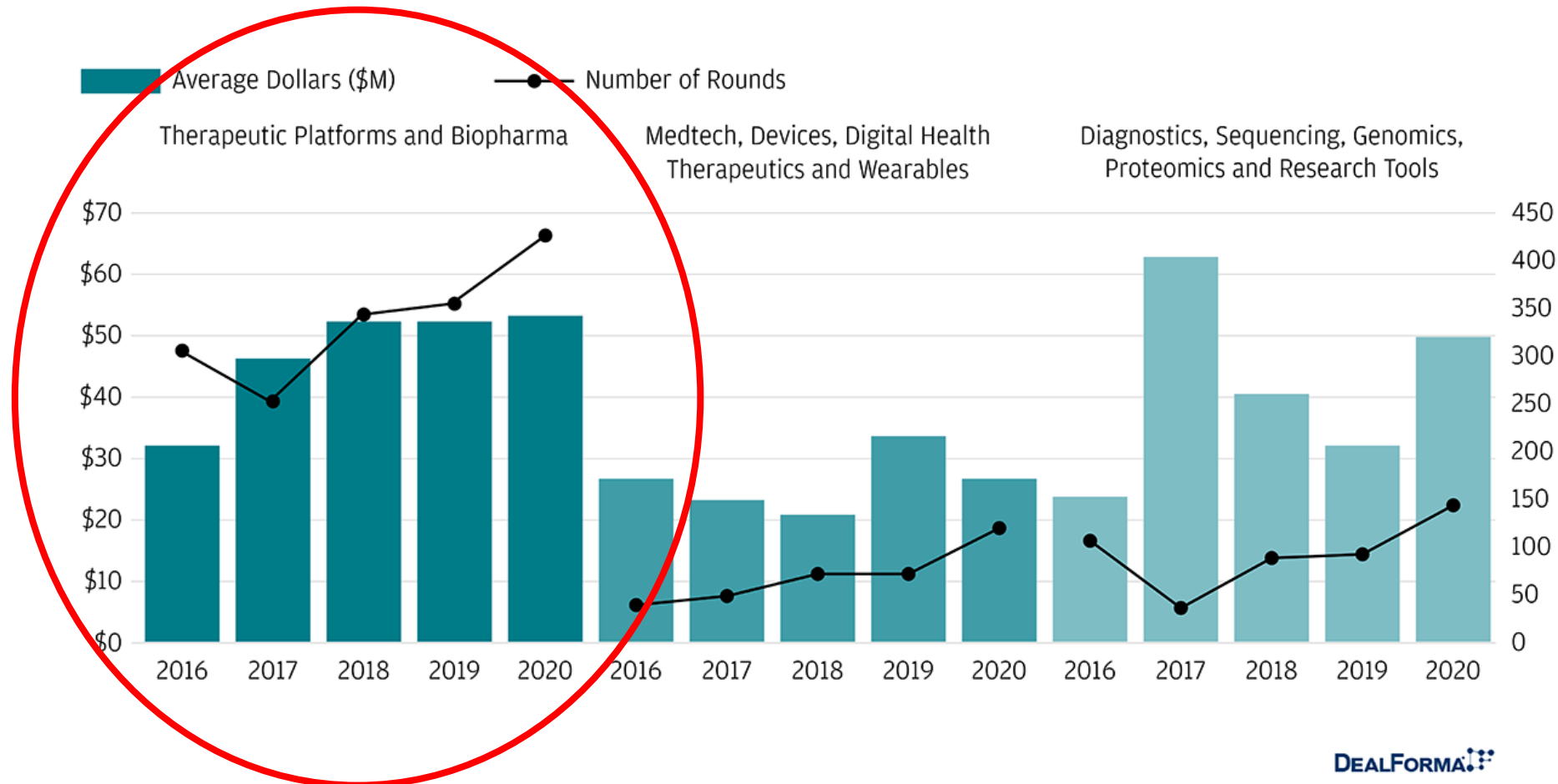
**Genome Corp.**

## Investor



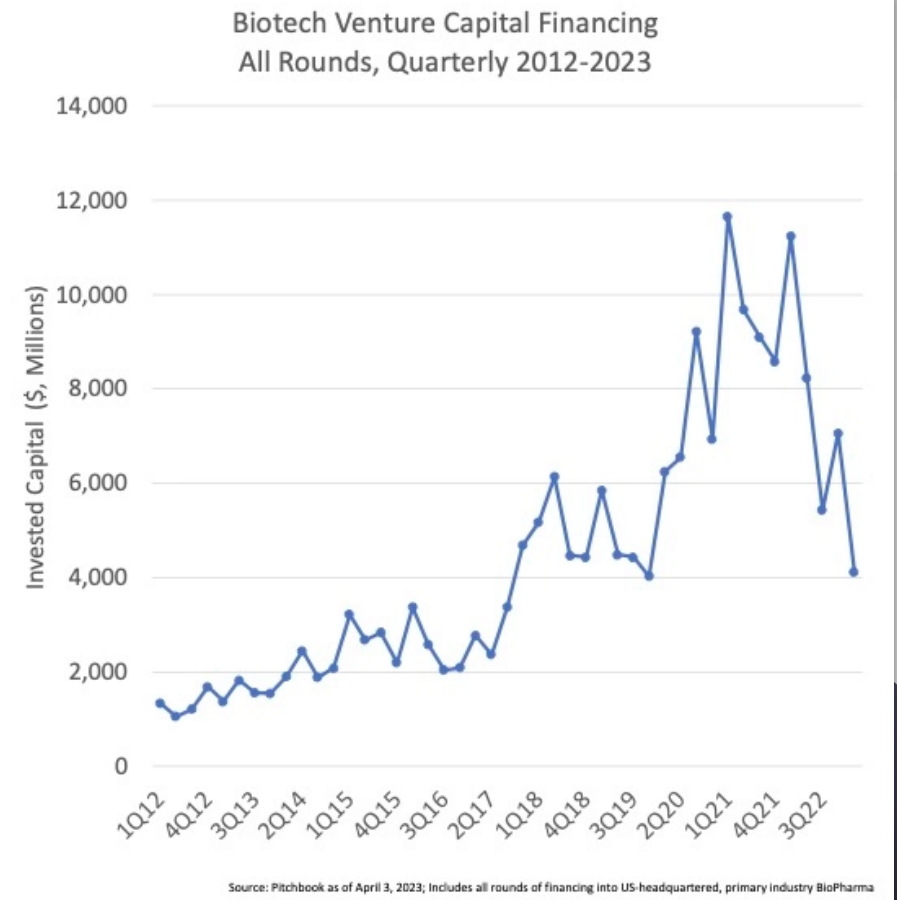
# There Are Multiple Ways to Fund Your Biotech

- Larger biopharma companies are sitting on unprecedented levels of cash
- R&D productivity has been declining for years (return on invested R&D spend)
- Startups are viewed as important and valuable source of pipeline



# First, Some Context: Times are Tough

- Biotechs continue to face a historically poor fundraising environment, the data lags current market realities
- Large funds are waiting on the sidelines and continue to be focused on backstopping existing portfolio companies
- Increasing level of partnering/business development activity provides an alternative to venture financing



# Partnering Considerations Depend on Your Company Thesis

## Platform-centric startups

- Partner dollars can be put to work “building the airplane”
- Use partnerships to expand into new areas (targets, diseases, verticals)
- As cost of capital increases, these platform deals can be used for higher risk exploration
- Make sure partner doesn't have visibility into your cost structure...

## Asset-centric startups

- Company value is often entirely contained in lead program/product
- A good deal could be equivalent to a structured acquisition
- If not...make sure you know “what's next”
- Partnering an advanced program needs to be transformative deal
- Partners always want to minimize upfront or guaranteed economics

*An ideal partner will bring something to the table besides cash: specific expertise, development or commercial capabilities, etc.*



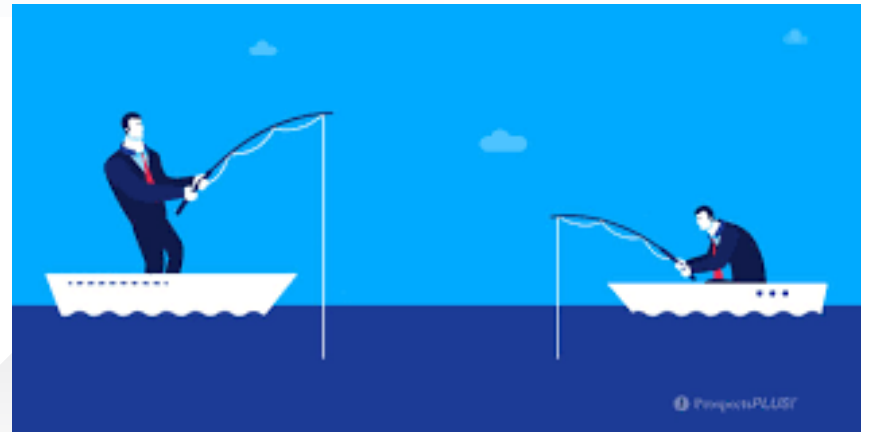
# Find a Target-Rich Environment

## Go to places where deal teams are active

- There are two major events each year: JPM Healthcare and BIO
- Both are designed to facilitate short partnering meetings
- Outside of the formal one-on-ones, *network network network*

## Understand the seasonality of partnering/biz dev

- Like VC financings, partnering activity has an annoying seasonality
- Anticipate things getting really slow from May – September and November – January
- Don't fight gravity.



# Deal Process and Key Pitfalls

## Process

- Getting a structure in place takes a LONG time, even if alignment is perfect (12-18 months)
- Internal champion is incredibly important...few people will take any career exposure
- Within larger companies, Search and Eval., Biz Dev, Transaction, and Contracting may all have separate teams!
- Run a real process (broad outreach, multiple interested parties, etc.)

## Classic blunders

- Lawyers are expensive and will want to get paid even if the deal falls through
- How long is your deal sheet? If less than 50...get external help
- Know your role. Most CEOs should not be directly driving the negotiation.

## ***Know WHY you are doing a research alliance/partnership deal!***

- Need cash?
- External validation?
- Platform company without internal products/programs?

# Thank you!

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