

OSEM

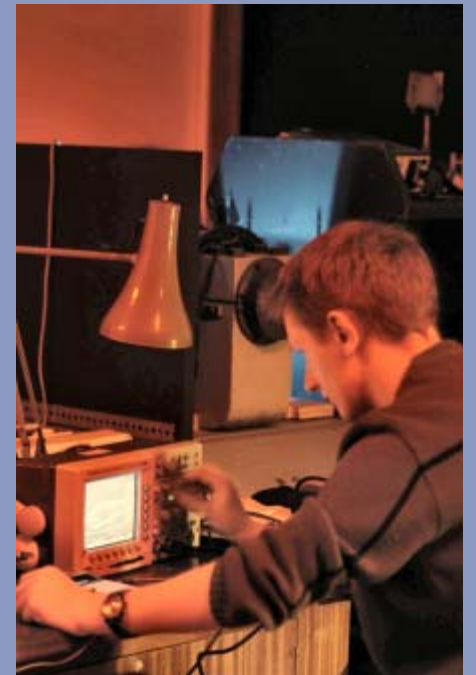
Oxford Spin-out
Equity Management



UNIVERSITY OF
OXFORD

Supporting innovation in a downturn

Dr Chris Towler
February 2009



Oxford Spin-out Equity Management (OSEM)

- > Founded in August 2008
- > Two executives (experience in biopharmaceutical, engineering and financial sectors)
- > A discrete unit within the University
- > Delegated authority from “Chancellor, Masters and Scholars”
- > Remit:
 - > Acting as the shareholder
 - > Investing
 - > Mentoring / advising
 - > Creating access to networks
 - > Supporting exits
- > Works closely with Isis Innovation, the University’s technology transfer vehicle

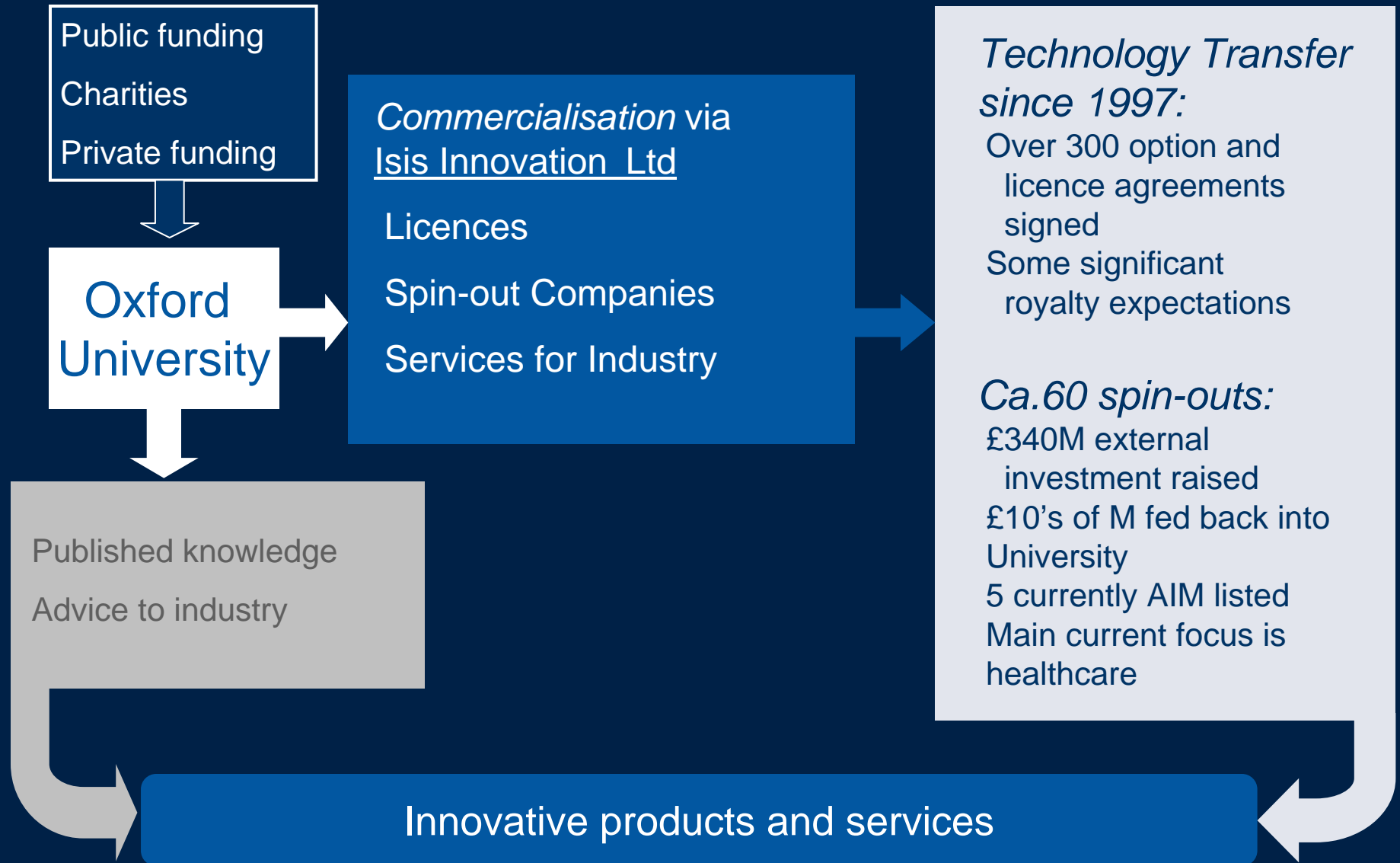
“In the United States we are relying more than ever on universities for the basic research that will ultimately fuel our economy”

Richard C. Atkinson, President, University of California

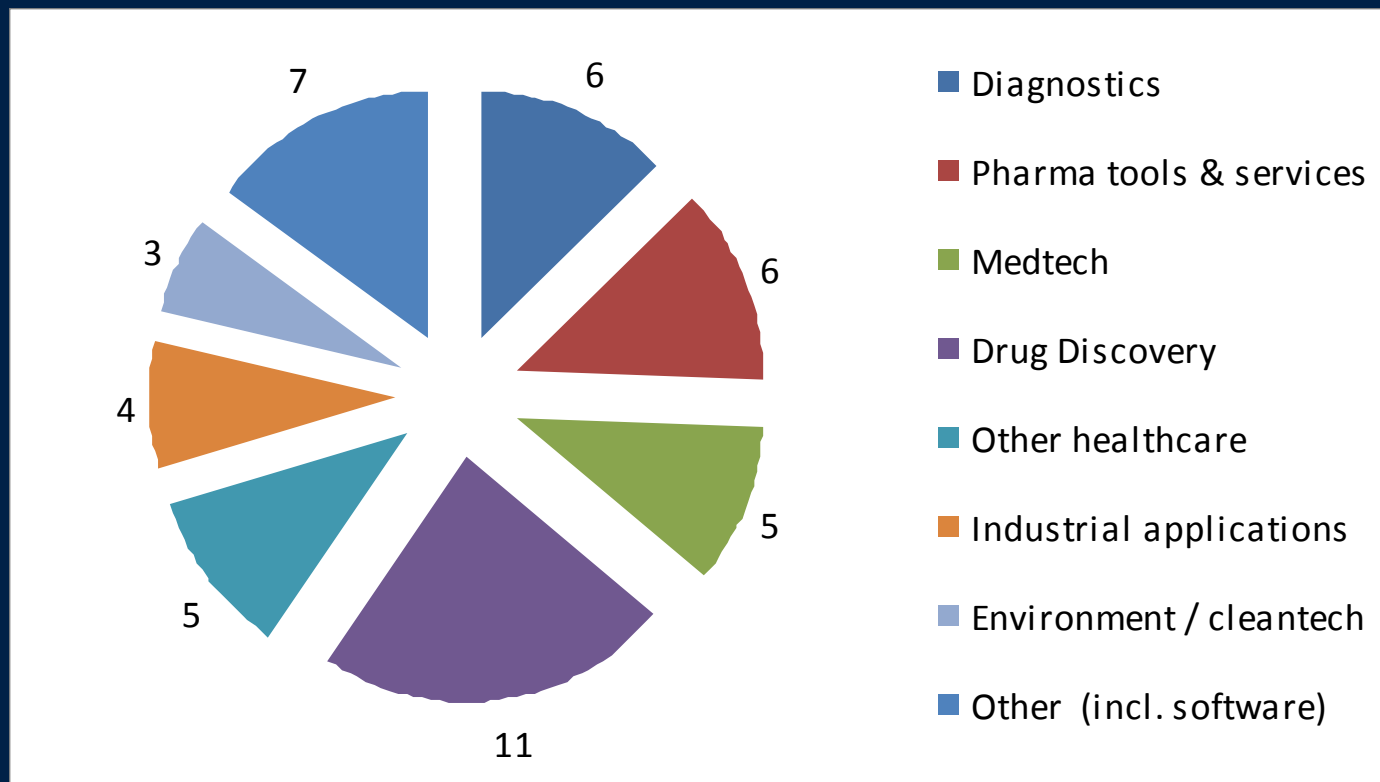
“Fundamental research is best carried out in universities”

Lord Alec Broers – BBC Reith Lectures

Research and Technology Transfer at Oxford



OU spin-out portfolio (November 2008)

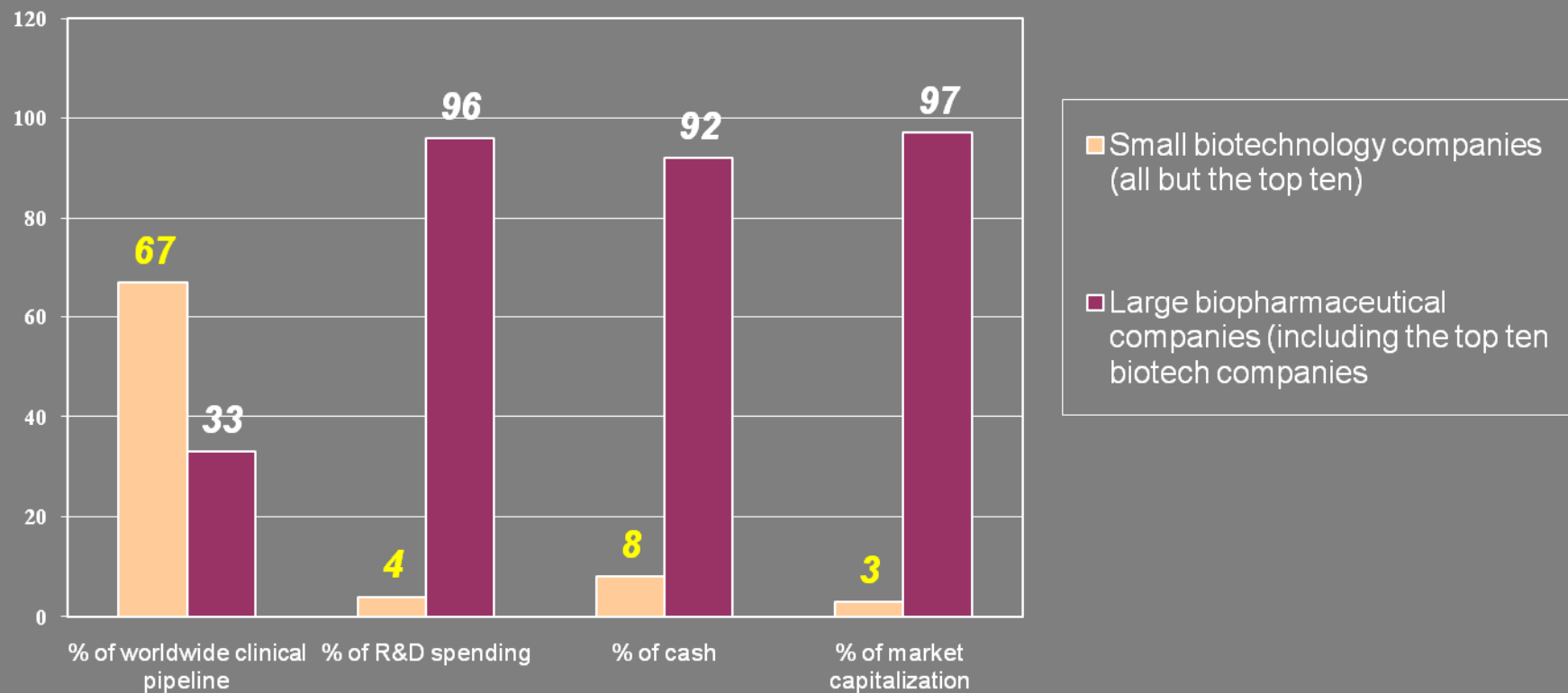


N=47
(5 listed)

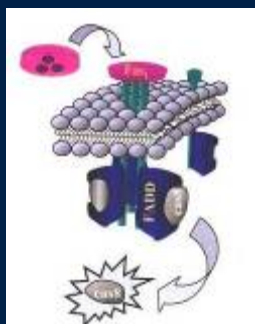
* = Drug / medical related (ca. 70%)

Productivity of small biotech companies

A MISMATCH BETWEEN PIPELINES AND RESOURCES
Boston Consulting Group (2004) "Rising to the Productivity Challenge"



Commercialising Drug Discovery in Universities




New drug target



Significant rewards

- 1) License ----- License what? Low value
- 2) Form Company ----- To add value and then license; sale of company unlikely
- 3) Add value through POC research ----- New options
 - Fund original research group
 - Provide central facility to supply scarce capabilities
 - Central POC fund
 - Central funding for a Shared Drug Discovery facility

Central facility

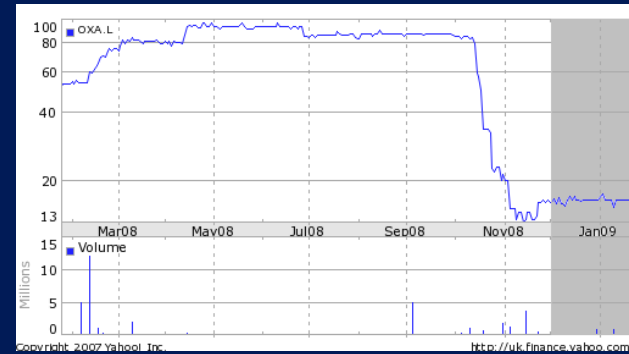
- 
- > Screening
 - > Computational chemistry
 - > Medicinal chemistry
 - > Project management



Paradoxes of the financial climate:

1) Share price is not necessarily a reflection of performance

Oxford Advanced Surfaces plc



Oxford Catalyst Group plc



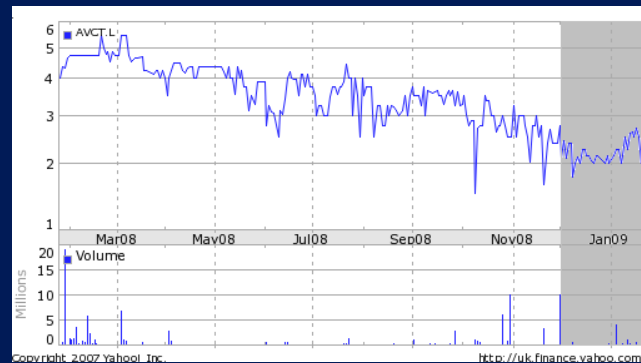
Oxonica plc



Summit plc



Avacta Group plc



Recent experiences at Oxford

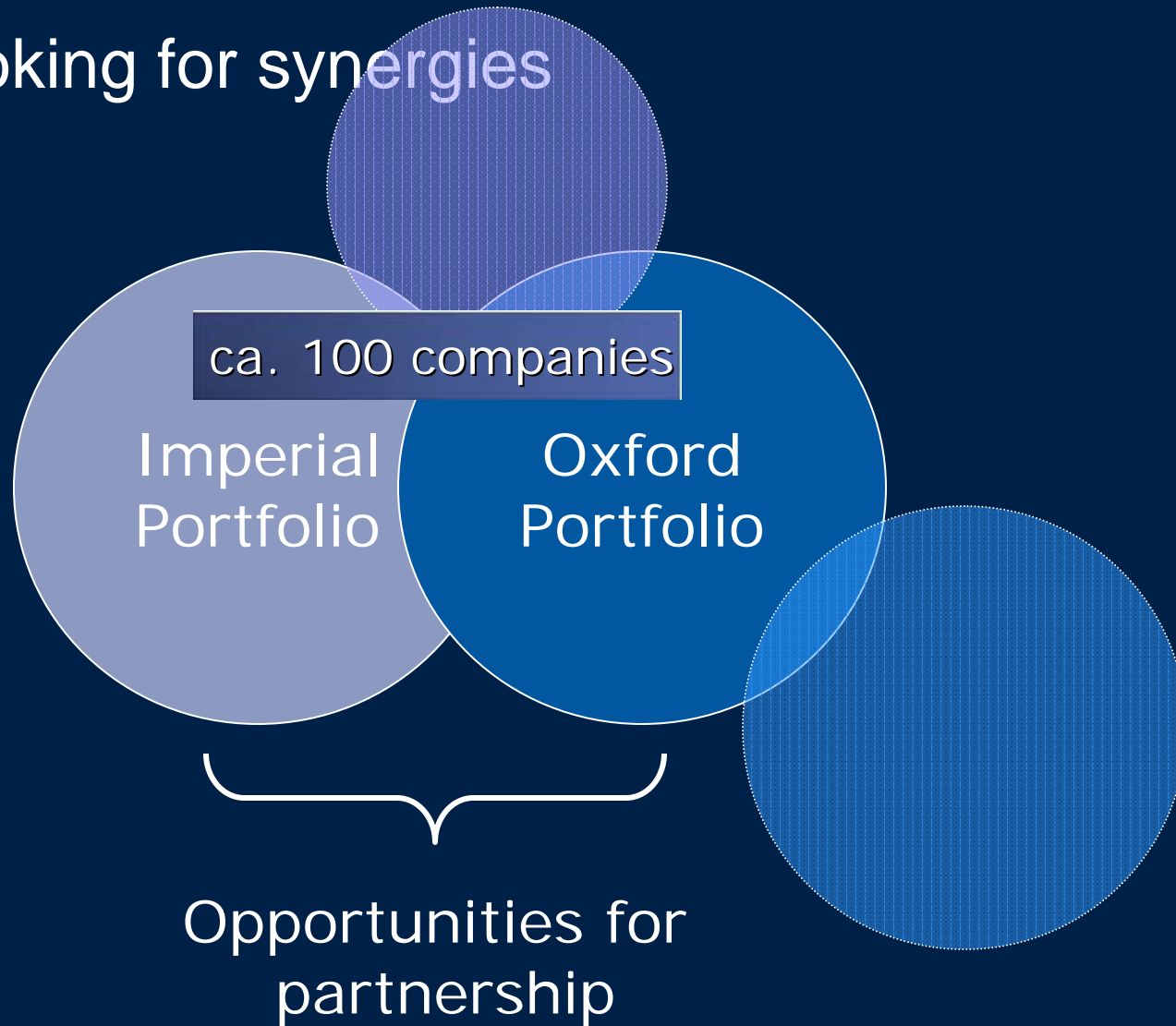
- > Two most recent additions to the portfolio have raised initial funding
 - > Took longer
 - > No compromises made in level of funding sought
 - > Maintained strong belief in strength of value proposition



£900k raised 11/08 in
start-up round

£1.5M (12/08) tranced
against technical milestones

Looking for synergies



How I view the “downturn”

- > Tough / critical / risk-averse
 - > Funding will take longer / may be suboptimal
 - > Gap between start-up and near-market funding will become more pronounced
 - > Will demand strong leadership within companies
-
- > The stimulus to do what we should probably have been doing in past years
 - > Good technologies will still find investors

My current aims

- > Maintain investment fund within university control
- > Continue full support for near-market technologies with real customer pull
- > Keep early, promising, technologies afloat
- > Review others critically
- > Help companies to complete funding rounds
- > Seek synergies within broad spin-out portfolio
- > Consider other models
 - > E.g. In-house drug discovery
- > Counsel companies to keep costs down



This is the year of Darwin's Bicentenary