

CABS Business Plan Competition Workshop Report

November 17, 2007, Mountain View, CA

CABS Business Forum 2007-2008 Series presented a workshop on “How to Start a Company from Concepts” at the conference room of Fenwick & West LLP. The workshop, intended to provide an educational opportunity for its members and those in the life science community contemplating entrepreneurship, was the first of two workshops leading up to a Business Plan Competition CABS is organizing, scheduled for early 2008.

A panel of four industry experts gave the audience a primer on legal, financing, intellectual property and other start-up issues that are “must know” for most life science ventures.

Mr. Fred Greguras, an attorney at Fenwick & West who specializes in corporate law, financing, and licensing transactions for startup companies, started the program with an overview of incorporation issues, from choice of legal entity, why and when to incorporate, to capital structure, founders shares allocation and vesting, and stock option plans. Mr. Greguras underlined the importance of making a “clean break” from prior employer to avoid intellectual taint from the outset. He pointed out steps required to complete the incorporation process, which are sometimes missed by founders. He recommended keeping capital structure simple and conventional, issuing founder’s stock early and adopting a stock option plan at the time of incorporation. For founders foreseeing operations offshore, he recommended that they consider incorporating offshore from the start.

The second speaker, Dr. Charles Hsu, is both a venture capitalist and an experienced entrepreneur, having co-founded or directly invested in 20+ life science and healthcare companies. He spoke about the “East-West Fusion” in the biopharmaceutical industry from an investor’s perspective. Dr. Hsu believes that China’s rapidly improving discovery capabilities and continuing cost advantages partly answer the industry’s desperate need for R&D productivity. He sees China capturing more and more primary R&D investment, and at the same time emerging as a more and more significant market. This means high demands for bi-cultural, scientifically trained people, but to attract venture money, it is essen-

tial to have a good idea, a sound plan and a strong team. “Winner takes all” tends to be the pattern, according to Dr. Hsu.

Another attorney on the panel was Ms. Robin Silva, a partner in Morgan Lewis’ Intellectual Property Practice. Ms. Silva focuses on portfolio strategic development and on management and counseling in domestic and international issues, with an emphasis in emerging biotechnology and biopharmaceutical companies. After reviewing the basics of intellectual property, such as patents, inventions and claims, Ms. Silva recommended specific steps for developing, maintaining and defending a successful IP portfolio. According to Ms. Silva, the two main IP concerns for a new startup are whether the invention is patentable, and whether anyone else’s patents would prevent practice of that invention. Ms. Silva spoke at length about “Freedom to Operate”, and advised on the importance of aligning IP strategy with business goals.

The last speaker, Sofie Qiao, provided the audience a real-life startup example of her own. Dr. Qiao is President, COO, Director and Founder of LEAD Therapeutics, Inc., a chemistry-driven small molecule drug discovery company, aiming to develop a continual supply of novel and differentiated high-quality IND candidates in key therapeutic areas where the need for improvement is the greatest. She founded and incorporated LEAD in May 2006, and has recently raised \$17 million in Series A financing. Reflecting on her startup experience so far, Dr. Qiao highlighted passion, willingness to sacrifice and stomach for rejections as key attributes required of an entrepreneur. She stressed several balances an entrepreneur needs to strike: persistence without stubbornness, innovation with pragmatism, and audacity with caution.

After the panel presentations, the attendees approached the speakers and engaged in lively and more intimate discussions.

The second workshop of the Business Forum Series prior to the Business Plan Competition will take place in mid December. It will focus on fund raising and business plan writing.