



france
biotech

biotech|medtech|digital health|AI
ENTREPRENEURS IN HEALTHTECH

bpi**france**

Technology Transfer in Health: state of play, good practices & recommendations

January 2021

kpmg.fr

INTRODUCTION

France Biotech's Technology Transfer working group

OUR GOALS

→ To strengthen the dialogue between French Technology Transfer Offices and innovative healthcare companies

→ To propose concrete solutions to improve technology transfer

OUR MISSION

- Understand the conditions under which technology transfers are carried out
- Provide TTOs feedback from companies
- Identify points of improvement and propose a dynamic for progress
- Be a source of proposals to promote partnerships with French public actors

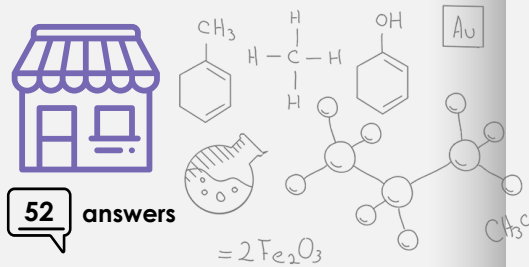
OUR WORK

→ The observatory, 2nd edition in 2020

→ Development of a toolkit via sub-working groups

Our survey presented a set of 80 questions

SME/mid-sized innovative companies in health



52 answers

Typical profile

- Therapeutic Biotechnology
- In preclinical or clinical development
- 18 employees
- Average Age : 7 years

62%
of biotechs
are academic spin-offs

2
Rounds
of
financing

2M€
(median
fundraising)

54%
of biotechs
Have a first-time CEO

Technology Transfer Offices



24 answers

A Technology Transfer Office including an incubator

33%

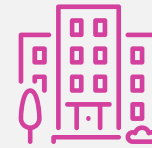
NUMBER OF AGREEMENTS

Total number of agreements: **523**

Total number of health agreements: **290**

Startups created in the health field: **123**

Large Groups (LG)



7 answers Including 5 French companies

Number of employees
33 150
(average)

13 900
(median)

Employees in France
5 867
(average)

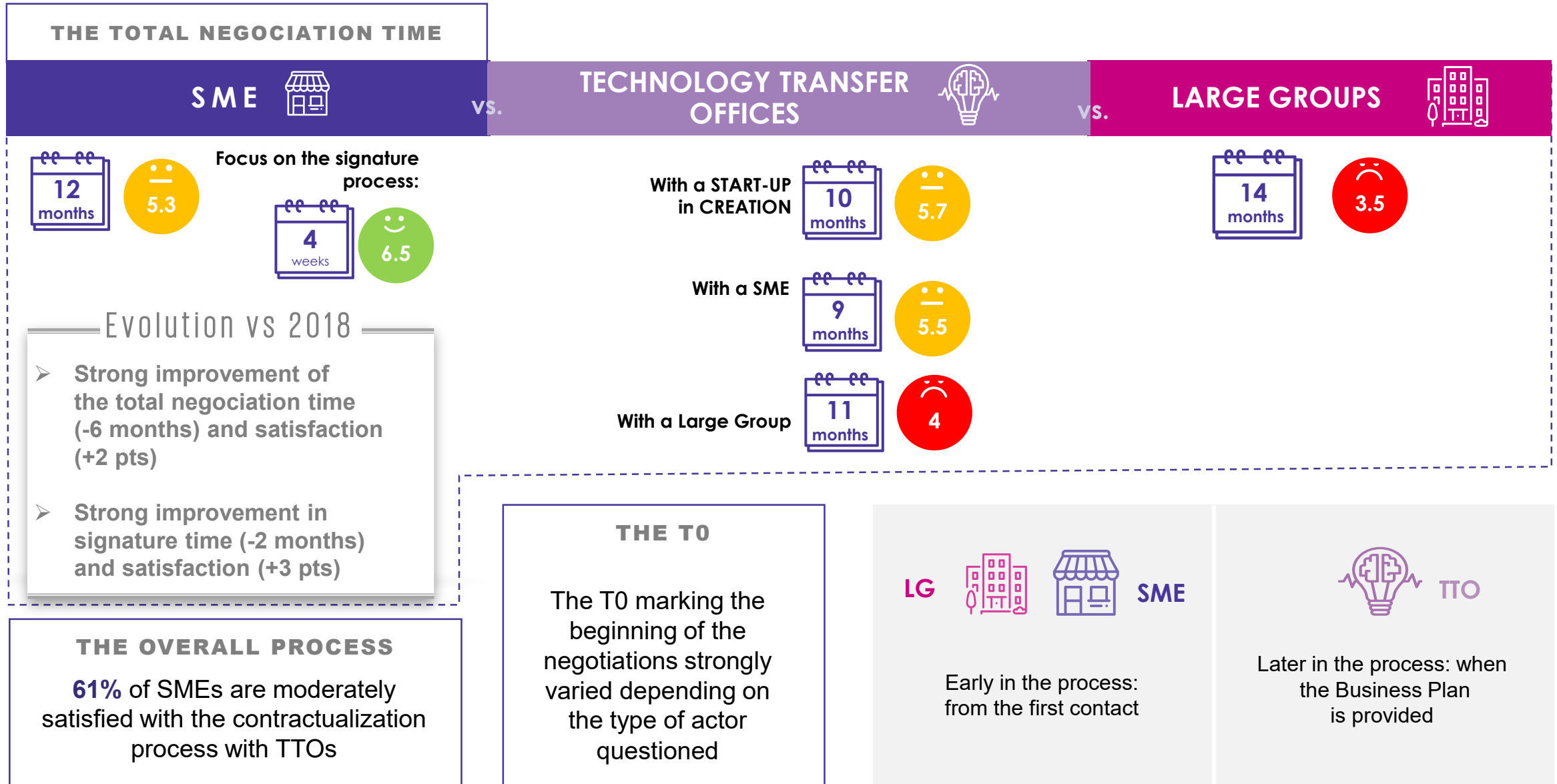
1 850
(median)



29%

have signed a licensing agreement with the academic sphere over the last 2 years

Deadlines, satisfaction and T0



Success factors and difficulties/ challenges

KEY SUCCESS FACTORS



CHALLENGES

What impacts ?

An increase in negotiation time and difficulties in raising funds



A lack of information by the company on development plans and/or business plans 50%

Significant gap between the two parties on the perception of the asset's value 42%

- Financial conditions 42%
- Interlocutor unfamiliar with licensing agreements and IP



Availability of the other party 68%

Financial conditions 59% *-2018- Idem*

Direct interlocutor with no real negotiation mandate 27%

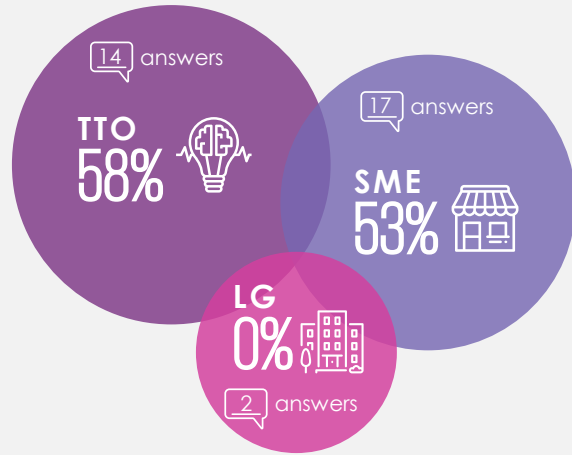
How to overcome them?
Benevolent dialogue and pedagogy



SME

The terms and conditions of negotiation

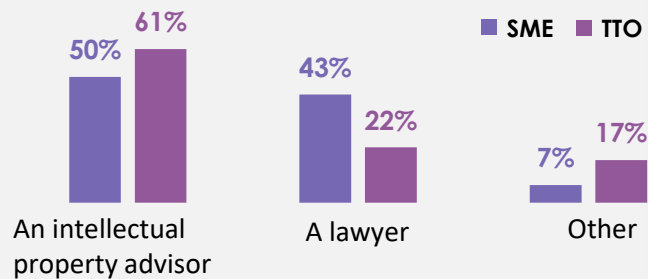
SUPPORT



...were accompanied

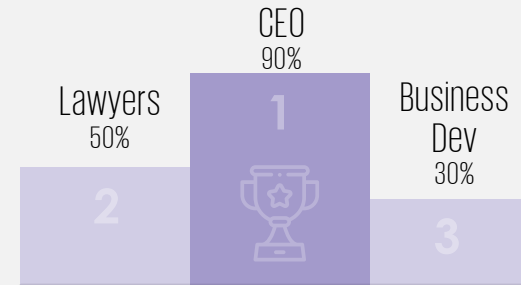
2018
55% of SME

They were accompanied by:

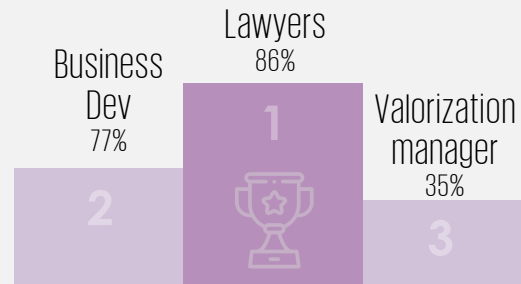


THE INTERLOCUTORS

... of the company:



... of the TTO:



According to the SMEs, in 60% of cases, there was more than one interlocutor on the TTO's side (3 in average).

THE NEGOTIATION MANDATE

Company's mandate



TTOs' perceptions are aligned with the scope of mandate

TTO's Mandate



Perceived by SMEs as narrower than in reality



Elements of negotiation

DUE DILIGENCE

50% of SME and **100% of LG** declare that they have performed due diligence

Top 3 of due diligences performed

SME

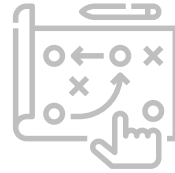
- Study of freedom of use of assets
- Study of the strengths of patent applications
- Audit of the quality of the generated experimental data

LG

- Audit of the quality of the generated experimental data
- Study of patentability/ Study of freedom to use assets
- Study of the strengths of patent applications

THE CONSTITUENT ELEMENTS

Business Plan (BP)



TTOs consider having asked for them in **91%** of cases, while SME consider having provided them in **50%** of cases

Comparables



TTOs report having provided them in **26%** of cases, while SMEs report having received them in none of the cases

SMEs report having provided them in **70%** of cases, while TTOs report having received them in only **13%** of cases

Term-sheet

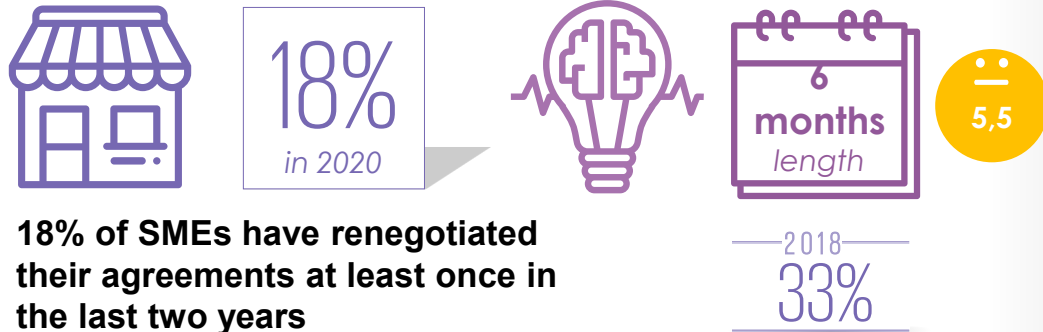


TTOs reported providing them in **66%** of cases, while SMEs reported receiving them in **43%** of cases

— 2018 —
Idem

The renegotiation

FACTS



18% of SMEs have renegotiated their agreements at least once in the last two years

REASONS



RENEGOCIATED TERMS

- 1 Direct operating expenses
- 2 Exclusivity fees
- 3 Scope of operating area

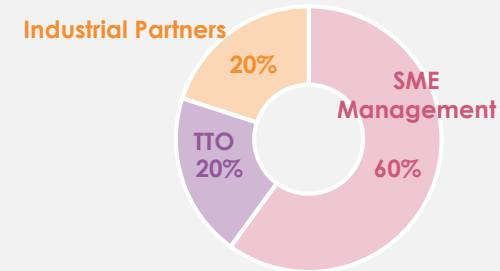
Suspension of negotiations

FACTS

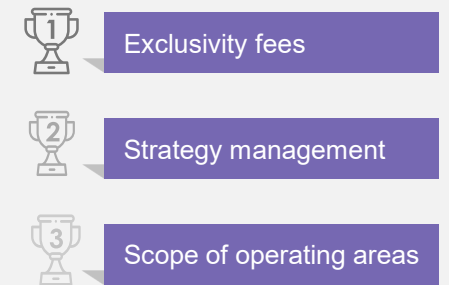


13% of SMEs had to give up before the agreement was put in place

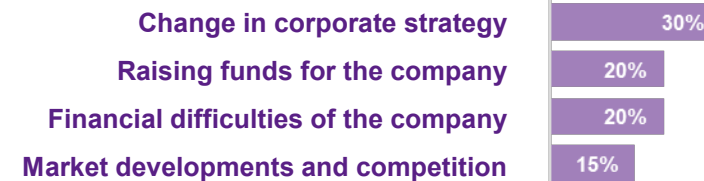
WHO INITIATED SUSPENSION?



TERMS DISCUSSED



REASONS





LICENSE PROFILE

Among the licenses signed over the last 2 years, the proportion between first-time CEOs and CEOs experienced is balanced

TOTAL NEGOTIATION TIME

There is no difference in the total duration of negotiations if the agreement is led by a first-time CEO

BUSINESS PLAN

First-time CEOs provided a Business Plan in only 38% of cases compared to 63% for experienced entrepreneurs

THE SUSPENSION IN NEGOTIATIONS

There is no difference if the CEO has no entrepreneurial experience

THE RENEGOCIATION

The proportion of contracts renegotiated by first-time CEOs is equivalent to that initiated by experienced entrepreneurs

Focus First time - CEOs



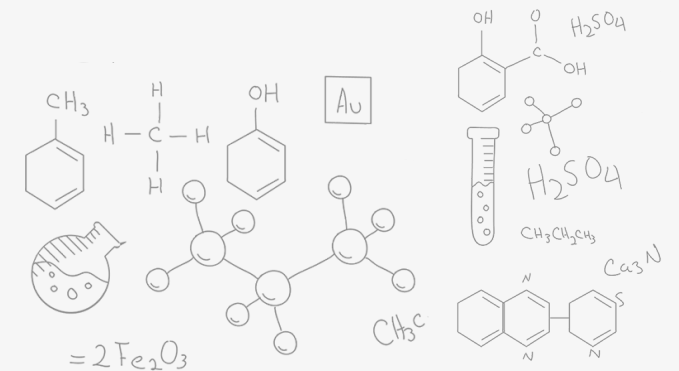
GENERAL SATISFACTION OF TTO



With first-time entrepreneur



With experienced
CEOs



Consortium Agreement

How many agreements ?

SME : Nearly half of the SMEs (**44%**) have concluded a consortium agreement (between **1 and 2** agreements per SME)

LG : In contrast, almost all of the large groups (**86%**) have concluded at least one agreement (between **1 and 2** agreements per LG)

The T0 of the agreement

No common definition of T0 emerges, either by Large Groups or by SMEs

Single representative

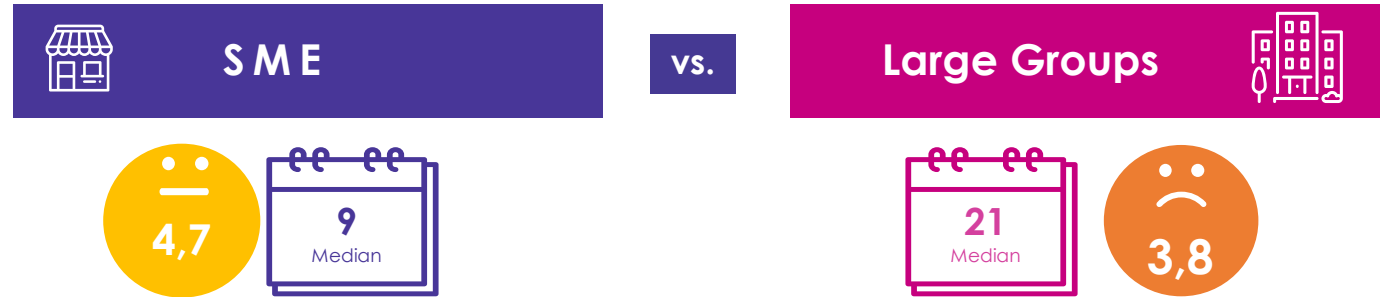
A single representative is present in **50% (LG)** to **65% (SME)** of cases during the negotiation of the consortium agreement

Signing process

The average duration of the signature process is around 1 month, compared with 2 to 3 months for Large Groups

Nevertheless, Large Groups are satisfied with this time frame

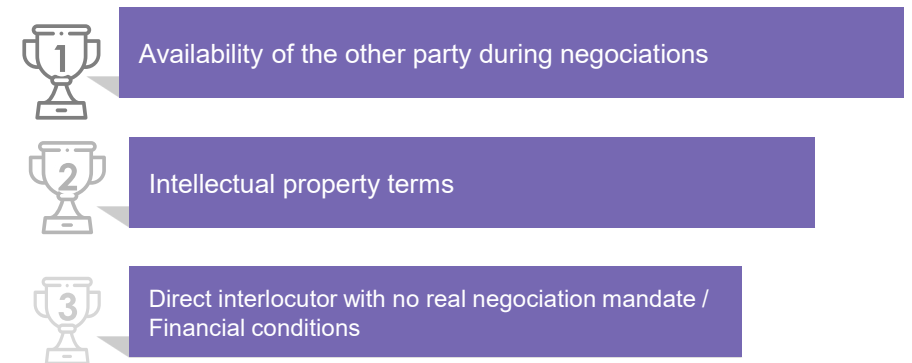
Total negotiation time and satisfaction



The average total duration of negotiations varies greatly, with an average of almost **2 years** of negotiation according to the Large Groups



The main difficulties/ challenges



Good practices and recommendations

1

FACILITATE ACCESS AND EXCHANGE OF INFORMATION

TTO

- Facilitate access to benchmarks, generalize the use of templates on different types of agreements and adapt them
- Setting up and supplying a clear Term-Sheet and sending it out before a contract is drawn up

SME: systematic provision of the Business Plan and an asset development plan

2

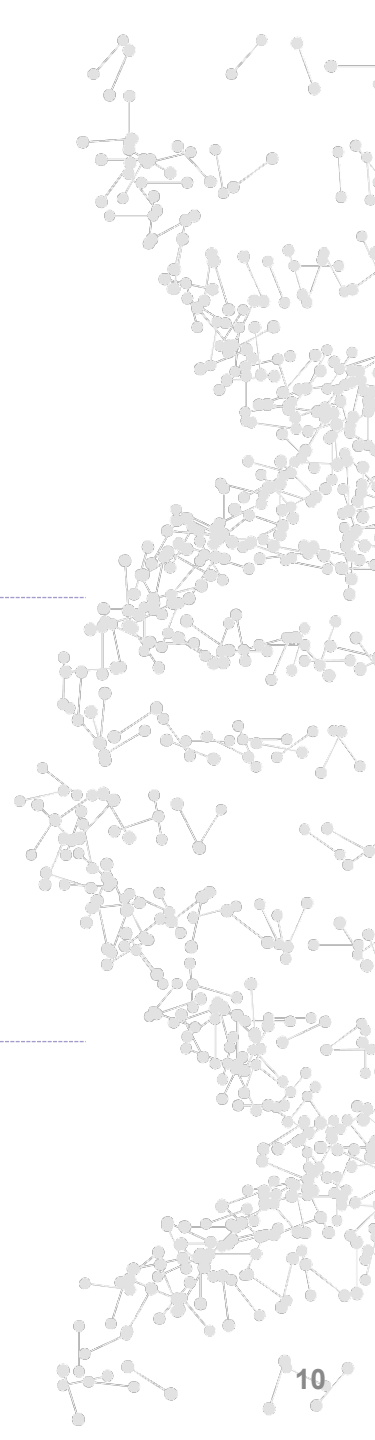
FACILITATE DISCUSSIONS AND INTERACTIONS

- Limit the number of interlocutors, reduce deadlines through more frequent interactions and reduce signatures times
- Evaluate performance in terms of response time and finalization of the agreement
- Dialogue and benevolence during discussions
- Support of entrepreneurs during negotiations (lawyers). Identify competent lawyers to accompany them
- If necessary, bring independent serial entrepreneurs who are experts in the sector

3

TO PROMOTE BETTER KNOWLEDGE OF THE PRACTICES AND CHALLENGES OF EACH SIDE

- Early communication of TTOs practices and standards (licensing policy and track record)
- Setting up training courses for a better understanding of the stakes of each party
- For first-time CEOs: standards for the negotiation of licenses and collaboration agreements, training courses on entrepreneurship and business issues for researchers, setting up mentors for first-time entrepreneurs (experienced CEOs)



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