Workshop

Startups & Fundraising

Or how to get money to market your research results!

Alejandro Fernández-Muñoz
Innovation & Technology Transfer Node
13th March 2023 · Online
Why are you attending this workshop?

“Nothing is as encouraging as when the virtues are visibly embodied in the people around us, when we’re practically showered with them.”

MARCUS AURELIUS
Who we help

Eager to market your results
But don’t know where to start?

In need to exploit your results
And want to explore new ways?

Did you know that Biotech startups’ fundraising reached historical records in 2020?

€15 billion
$72 billion
Discover the possibilities of the startup world with our Startups & Fundraising report

**BENEFITS**

- Clear the noise around the concept of startup
- Get a comprehensive approach to a startup's fundraising stages, agents and instruments
- Take action and explore a list of +100 potential investors
Today’s Index

- Concept of Startup
- Startup fundraising
- Stages
- Agents
- Instruments

How to explore the list of +100 potential investors

Some advice to engage with investors

Your speaker

Alejandro Fernández-Muñoz

Market Analyst
HBP Innovation and Technology Transfer Node

B.Sc. in Physics
M. Res. in Nanophysics
M. Sc. in Innovation Economics and Management

Honorific Mention in Science and Technology
Spain’s National Youth Awards 2022
Concept of Startup

Would you be able to define it?

- Business Model (how a company creates value for itself by provisioning products in return for profit)

A startup is an organization seeking to create, test, validate and improve its business model.

An established company is an organization focused on executing a successful business model.

Main difference: SEARCH vs EXECUTION of a successful business model.
Concept of Startup

= Business Model (how a company creates value for itself by provisioning products in return for profit)
Startup fundraising

Why is it necessary?

1. Startup fundraising takes place in rounds (periods of operation covered by the funding raised at the beginning of each cycle)

2. Round after round, entrepreneurs redefine their startup’s business model, (validating, discarding and discovering new elements)

3. Round after round, entrepreneurs invest the resources available and find themselves in need for more.
Startup fundraising takes place in rounds (periods of operation covered by the funding raised at the beginning of each cycle).

The three first stages are the Pre-seed, Seed, and Series A.

Fundraising stages normally involve a single round.
Main agents that take part in a startup’s fundraising path
Other private funding agents like private equity firms, banks, hedge funds, etc., which usually start investing after series A, are not addressed in this report.

In 2020, European BAs investment rounds involved < €100k (30%) or €0.1-0.5 million (45%)\(^1\)

Access a list of over 120 BAs supported by European public funding in the report!

Other private funding agents like private equity firms, banks, hedge funds, etc., which usually start investing after series A, are not addressed in this report.

Venture capital (VC)

In 2021, VC invested €8.3 billion in early-stage European ventures\(^2\)

List of +90 VC funds included in the report!


Pre-seed: the Pathfinder call (early-stage technology research)

Pathfinder Open (€179.5 million)
TRL 1 - 4 | Grants ≤ €3 million (more if properly justified)

Pathfinder Challenges (€163.5 million)
Responsible electronics & Precision nutrition challenges
TRL 1 - 4 | Grants ≤ €4 million (more if properly justified)

Seed: the Transition call (technology validation and spin-out)

Transition Open (€67.86 million)
TRL 4 - 5 / 6 | Grants ≤ €2,5 million (more if properly justified)

Transition Challenges (€60.5 million)
Micro-Nano-Bio devices for medical research applications & Chip-scale optical frequency combs challenges
Same TRL and grants of the Open mod.

Series A: the Accelerator call (commercialization and scale-up)

Accelerator Open (€612.98 million)
TRL 5 / 6 - 9 | Grants ≤ €2,5 million + €0.5 - 15 million in equity

Accelerator Challenges (€524.73 million)
Novel biomarker-based assays to guide personalized cancer treatment challenge
Single startups and SMEs

Same TRL and grants of the Open mod.

EIC also offers a core set of business acceleration services:
coaching + support to attend business trade fairs, pitch to corporates and public/private innovation procurers, compete in public innovation procurement or find co-investors.

1 Technology Readiness Level, a measurement of a scientific or technological development's maturity. See the HBP TRL Assessment guide for more information.
## Startup fundraising • Agents

### Pre-seed
- EIT Health
  - Bootcamps
  - MedTech
  - Women entrepreneurship
- EIT Digital
  - Innovation Factory
  - Regulatory pathways to market

### Seed
- EIT Health
- EIT Digital
  - Venture Program

### Series A
- EIT Health
- EIT Digital
  - Venture Centre of Excellence
  - BRIDGEHEAD

### Further Series
- European Innovation Council (EIC)
- European Ins. of Innovation and Tech. (EIT) InvestEU
- European Investment Fund (EIF)

### Agents
- Pre-seed
- Seed
- Series A
- Series B
- Series C

### National Agencies

**2023 update!**

EIT Health
- Startup competition (€1.5 million investment)

EIT Digital
- Startup training and competition (prize of €30k)
  - Mentoring and Coaching Network (to scale-up a healthcare product)

Explore InvestEU’s opportunities available in your country through the link provided in the report!
### What are the main differences between accelerators and incubators?

(Cohen, S. (2013). What Do Accelerators Do?)

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<tr>
<th>Agents</th>
<th>Accelerators</th>
<th>Incubators</th>
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<tr>
<td>Duration</td>
<td>3 months</td>
<td>1 to 5 years</td>
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<tr>
<td>Cohorts</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Business Model (of the program)</td>
<td>Investment, can also be non-profit</td>
<td>Rent, non-profit</td>
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<tr>
<td>Selection</td>
<td>Competitive, cyclical</td>
<td>Non-competitive</td>
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<tr>
<td>Venture Stage</td>
<td>Early</td>
<td>Early or late</td>
</tr>
<tr>
<td>Education</td>
<td>Seminars</td>
<td>Human resources, legal</td>
</tr>
<tr>
<td>Mentorship</td>
<td>Intense, by self and others</td>
<td>Minimal, tactical</td>
</tr>
</tbody>
</table>

**Further Series**

- Series A
- Series B
- Series C

**Agents**

- Incubator
- Accelerator
## Startup fundraising · Instruments

Main instruments that startups use to fundraise

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<td>Quasi-equity &amp; Equity</td>
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<td>Quasi-equity</td>
<td>Crowdfunding</td>
<td>Loans &amp; Guarantees</td>
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<tr>
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</table>
Discover more in the report!
How to explore the list of +100 potential investors

- **Be aware of the location**
  (the further, the less probable the investment; yet note that the European market is cross-border)

- **Development phase of the startup**
  (know the preferred investment stage of the investor you are targeting)

- **Specialization of the investor**
  (investors sometimes specialize in certain industries)

- **Reputation of the investor**
  (ask previously funded startups)

- **Lifetime of the investor**
  (VC funds have a limited lifetime; the younger the VC fund, the more money left to be invested)
Some advice to engage with investors

Know your market, your competitors and what makes you different from them

A “warm” introduction through a common contact is recommended, so that this third person can attest the entrepreneur’s worth and convince the investor to read a short paper describing the startup.

Whether you have a common contact or not, have prepared an elevator pitch when you meet an investor: a succinct description (max. 2min) of what you do, how big the market is, what’s your progress, your unique insight, what’s your business model, who’s on your team and what do you want from the investor.

Most startups would prefer to sign a non-disclosure agreement prior to letting an investor analyze it more deeply, a condition normally refused nowadays.
Questions?

Alejandro Fernández-Muñoz
HBP Innovation & Technology Transfer Node

Download the report!

Icons used designed by Freepik, Umeicon, VectorsMarket15, Ilham Fitrotul Hayat, SmashingStocks
Thank you!

www.humanbrainproject.eu  www.ebrains.eu
## Startup fundraising · Agents

### Pre-seed (early-stage technology research)

- **Pathfinder Open**
  - (€179.5 million)
  - TRL 1 - 4 | Grants ≤ €3 million
  - (more if properly justified)
  - For comparison, in 2022: €183 million, grants ≤ €3 M

- **Pathfinder Challenges**
  - (€163.5 million)
  - Responsible electronics & Precision nutrition challenges
  - TRL 1 - 4 | Grants ≤ €4 million (more if properly justified)
  - For comparison, in 2022: €167 million, same grants, HealthTech challenge

### Seed (technology validation and spin-out)

- **Transition Open**
  - (€67.86 million)
  - TRL 4 - 5 / 6 | Grants ≤ €2.5 million (more if properly justified)
  - For comparison, in 2022: €70.9 million, grants ≤ €2.5 M

- **Transition Challenges**
  - (€60.5 million)
  - Micro-Nano-Bio devices for medical research applications & Chip-scale optical frequency combs challenges
  - Same TRL and grants of the Open mod.
  - For comparison, in 2022: €60.5 million, same grants, RNA-based therapies and diagnostics challenge

### Series A (commercialization and scale-up)

- **Accelerator Open**
  - (€612.98 million)
  - TRL 5 / 6 - 9 | Grants ≤ €2.5 million + €0.5 - 15 million in equity
  - Novel biomarker-based assays to guide personalised cancer treatment challenge
  - Single startups and SMEs

- **Accelerator Challenges**
  - (€524.73 million)
  - For comparison, in 2022: €536.9 million, grants ≤ €2.5 M

### Further Series

- National Agencies
  - European Innovation Council (EIC)
  - European Ins. of Innovation and Tech. (EIT)
  - InvestEU
  - European Investment Fund (EIF)

### 2022-23 Comparison

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