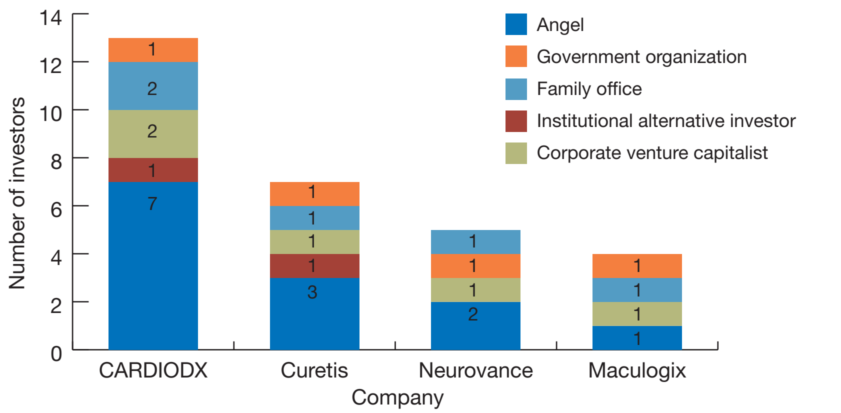


Figure 2 Examples of investor diversity in fundraising for early-stage life science companies. Data from deals closed in the last 12 months.

that match your company will improve your fundraising chances.

Lastly, do not forget geography. Are any investors a walk, car ride or short plane trip away? This may seem an obvious approach from a logistics perspective, but there are multiple reasons to look locally. Investors need to be courted over long periods of time. Proximity makes this easier, particularly when you are engaging with smaller investment groups that have more limited footprints; most angel networks invest only in a particular locality.

It is worth considering not only your present capital needs but also your company's projected future needs. If you are developing a drug or a medical device, your company will need as much as tens of millions of dollars of external funding from several capital raises spread across a span of years before attaining a revenue stream. It is never too soon to think about what your company will need further down the line. Establishing a dialog with later-stage investors early and visiting often streamlines the financing of the organization over time, reducing the amount of effort and resources required for further rounds over the organizational life cycle.

Attempting to identify the appropriate investors to contact now and in the future can be a challenging endeavor, but there are many database services that provide information on the variety of investors available (**Box 3** and **Table 5**). These services can aid you in developing an outreach strategy tailored to your profile, position and objectives.

Conclusions

The fundraising landscape for early-stage life science companies has changed dramatically over the past several years. Venture capitalists may not always be the first, or even the most attractive, category of investor for your company. Entrepreneurs and young companies need to look toward new, emerging categories of investors to provide the funding that was historically provided by venture capital. Corporate venture funds, angels and angel networks, government agencies, foundations, patient advocacy nonprofits, family offices and hybrid funds are all actively investing in this sector.

This pace of change in the investment landscape now requires, more than ever, that entrepreneurs be nimble, informed and flexible. Creating a target list of investors that includes the newly emerging sources of capital, and focusing on those with a clear fit and strong interest in the company's stage and business, will increase the probability of fundraising success.

ACKNOWLEDGEMENTS

The authors are grateful to Maximilian Klietmann, Danielle Silva and Lucy Parkinson of Life Science Nation for research on this article. The authors would also like to thank the following individuals for their time and discussions: Vincent Miles, partner at Abingworth Life Science; Susanna Ling, associate director at the Milken Institute; John Walter, CEO at the Leukemia and Lymphoma Society; Melinda Richter, CEO at Prescience International and head of operations at Janssen Labs; Todd Sherer, CEO at the Michael J. Fox Foundation; and Ram May-Ron, managing partner at FreeMind Group.

COMPETING FINANCIAL INTERESTS

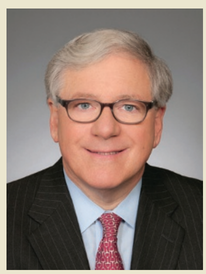
The authors declare no competing financial interests.

1. Mulcahy, D., Weeks, B. & Bradley, H.S. We have met the enemy... and he is us. *Ewing Marion Kauffman Foundation*, http://www.kauffman.org/~/media/kauffman_org/research%20reports%20and%20covers/2012/05/we%20have%20met%20the%20enemy%20and%20he%20is%20us(1).pdf (2012).
2. Ewing Marion Kauffman Foundation. Institutional limited partners must accept blame for poor long-term returns from venture capital, says new Kauffman report. *Ewing Marion Kauffman Foundation*, http://www.kauffman.org/newsroom/2012/07/institutional-limited-partners-must-accept-blame-for-poor-longterm-returns-from-venture-capital-says-new-kauffman-report (2012).
3. PricewaterhouseCoopers. Life sciences venture capital funding drops 14% during 2012, according to the MoneyTree report. *PricewaterhouseCoopers*, http://www.pwc.com/us/en/press-releases/2013/2q-life-sciences-moneytree.jhtml (2013).
4. Timmerman, L. Who's still active among the early-stage biotech VCs? *Xconomy*, http://www.xconomy.com/national/2012/07/02/whos-still-active-among-the-early-stage-biotech-vcs (2012).
5. PitchBook. 4Q 2013 Venture Capital Valuations & Trends Report. *PitchBook*, http://pitchbook.com/4Q2013_VC_Valuations_and_Trends_Report.html (2013).
6. Ledford, H. Biotechnology: the start-up engine. *Nature* **501**, 476–478 (2013).
7. von Krogh, G., Battistini, B., Pachidou, F. & Baschera, P. The changing face of corporate venturing in biotechnology. *Nat. Biotechnol.* **30**, 911–915 (2012).
8. Angel Resource Institute & Silicon Valley Bank. 2012 Halo report: angel group update year in review. *Angel Resource Institute*, http://www.angelresourceinstitute.org/research/halo-report.aspx#2012HaloReport (2013).
9. Beylin, D., Chrisman, C.J. & Weingarten, M. Granting you success. *Nat. Biotechnol.* **29**, 567–570 (2011).
10. US National Institutes of Health. Estimates of funding for various research, condition, and disease categories. *U.S. National Institutes of Health*, http://report.nih.gov/categorical_spending.aspx (2013).
11. Laursen, L. Grant applications: find me the money. *Nature* **486**, 559–561 (2012).
12. Cromwell Schmisseur LLC. Information and observations on state venture capital programs. U.S. Department of the Treasury, http://www.treasury.gov/resource-center/sb-programs/Documents/VC%20Report.pdf (2013).
13. FasterCures. Honest brokers for cures: how venture philanthropy groups are changing biomedical research. *FasterCures*, http://www.fastercures.org/assets/Uploads/PDF/HonestBrokers.pdf (2013).
14. Senior, M. Family offices bolster early-stage financing. *Nat. Biotechnol.* **31**, 473–475 (2013).

Adapted from Ford, D. Outsourcing your fundraising efforts: the conundrum for life science CEOs. Life Science Nation, http://blog.lifesciencenation.com/2013/02/20/outsourcing-your-fundraising-efforts-the-conundrum-for-life-science-ceos/ (2013).

First Rounders Podcast:

Harvey Berger



Berger was the principal founder of Ariad and has served as its chairman and CEO for more than 20 years. Trained initially as a physician, he spent time at Centocor before starting up Ariad out of his home. *Nature Biotechnology* spoke to him about developing Iclusig, the difference between managing a patient's health and running a company, and how a public entity deals with bad news. http://www.nature.com/nbt/podcast/index.html