

the markets that companies are aiming for, so they know the time horizons can be long.” Lead investors also help bring in new business. “We provide very good services and access to capital; typically the lead investor will tell companies to come to us,” says de Vasconcelos.

Crowdfund investors can, in turn, become a source of expertise for investee companies, de Vasconcelos notes. SyndicateRoom is itself crowdfunded and he recently emailed the 400 shareholders asking for introductions. Among the respondents were the CEO of a leading bank, the chair of another and the former prime minister of a European country.

Flattering feedback, if nothing else. But for a small biotech having an army of small shareholders could be a time-consuming distraction, as investors naturally expect progress reports.

That is a “downside” says Ann Kramer, CEO of The Electrospinning Company, a manufacturer of biodegradable nanofiber scaffolds, which raised £400,000 (\$499,300) from its existing and new angel investors and 20 SyndicateRoom members in December 2015.

The administration, however, can be shunted off to third-party nominees. Also, there is a younger demographic that tends to stay in touch, compared with angel investors, who tend to be retirees nurturing their pensions.

Like Kramer, Zografos is “very, very proactive in keeping them informed” and he relishes the fact that they support the objectives of the company. “They understand the amount of time drug discovery takes. What sweetened it was that the money goes to a good cause.”

Indeed, as an illiquid investment, expectations about exits must be managed very carefully. Didcot, UK-based Electrospinning has promised a trade sale. The distinction of being the first biotech to provide crowdfunding investors with an exit is claimed by antibiotics developer Antabio of Labège, France.

The company raised €309,000 (\$331,000) on WiSEED in February 2011, bringing it to the attention of business angel Christophe Ricard, former CEO of the Swiss pharmaceutical company OM Pharma, who bought out the crowdfunded shares in late 2012. Investors received a 70% uplift after less than two years.

Exit pressures apart, another potential issue for life sciences companies is that the perceived unreliable—ignorant even—image of crowdfunding investors will damage their reputations.

Kramer had direct experience of this when a German business conducted due diligence on Electrospinning as a prospective manufacturing partner. “We were regarded as ‘dodgy’, I had to explain about the EIS scheme and how

crowdfunding is a respectable way of raising money in the UK,” she says.

Overall Kramer is positive about the crowdfunding and would have gone back to the platform when raising money at the end of 2016. In the event, the angels rushed in and provided the full £650,000 (\$802,000) she had set out to secure. Around a third of the crowdfund investors in the earlier round took up the option to follow on.

Others that have raised money on SyndicateRoom have gone on to attract larger sums from angels and venture capitalists. One example is TC Biopharm of Motherwell, Scotland, which is developing an autologous T-cell therapy for cancer. After a round of £1.2 (\$1.5) million in May 2016 that included a crowdfunding campaign, the company went on to close a series A round of £6.25 (\$7.7) million in January 2017.

Both Ferguson and de Vasconcelos say that linking the tax incentives of SEIS and EIS with their tailored platforms has made crowdfunding an integrated part of financing for life sciences in the UK. And for Zografos, this source of investment was essential. “If it wasn’t for crowdfunding, we wouldn’t have a company now... and I’d probably have another job.”

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Around the world in a month

UNITED KINGDOM
The government's newly released industrial strategy identifies life sciences as a growth area. The strategy recommends investing in science, research and innovation, and boosting science, technology, engineering and math skills, and pledges £270 (\$211.3) million to establish a network of technology institutes.

GERMANY
The Helmholtz Zentrum München and Leipzig University join together to study the role of fatty tissue in the formation and progression of illnesses. The new Helmholtz Institute for Metabolic, Adiposity and Vascular Research will incorporate translational approaches and the use of biobanks to develop new therapeutic approaches to combat obesity and its secondary conditions, such as diabetes, cardiovascular disease and cancer.

MAURITIUS
Mauritius-based contract development and manufacturing company Biolabex opens a 500-square-meter good-manufacturing-practice-compliant facility in BioPark Mauritius, the first biotech hub in the Indian Ocean. The location allows for opportunities to source active ingredients in one of the world's biodiversity hotspots for Biolabex's cosmetics company clients.

KENYA
The African Agricultural Technology Foundation launches QualiBasic Seed, the first early-generation seed production entity in sub-Saharan Africa, with an initial five-year investment of \$8.4 million from the Bill & Melinda Gates Foundation. Nairobi-based QualiBasic will supply high-quality foundation seed for small and medium-sized seed companies on the continent, with the aim of increasing crop yields.

MOZAMBIQUE
Mozambique begins the first field trial of GM maize in the Chokwe District of Gaza Province. The trial is run by the Mozambican Agricultural Research Institute as part of the Water Efficient Maize for Africa program. The trial will test the tolerance of GM maize to drought and insect pests.

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