How to prepare a winning Eurostars application

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6TH MAY 2015, ZAGREB, CROATIA
Gartner’s Hype Cycle of Emerging Technologies

Time

Technology Trigger
Peak of Inflated Expectations
Trough of Disillusionment
Slope of Enlightenment
Plateau of Productivity

Visibility
RM Market: On 2nd Half of the Gartner Curve

Visibility
- 2001: 3300 jobs, 73 firms, mkt cap > $2.5B
- 2000 Time Magazine: TE No. 1 job
- 1999 First FDA approved TE product (Apligraf)
- 1998 SyStemix founded
- 1986 ATS & Organogenesis founded
- 1980 Early TE research (MIT)

Peak of Inflated Expectations
- 2001 Ortec FDA approved
- 2001 Dermagraft FDA approved
- 2002 ISSCR Founded
- 2002 ATS + Organogenesis file Chapter 11
- 2003 UK Stem Cell Bank Formed

Trough of Disillusionment
- 2001 Bush "partial ban" on HESCs
- 2002 CIRM Founded

Slope of Enlightenment
- 2007 IPS Technology Developed

Plateau of Productivity
- 2009 Obama Ends Ban on hESCs
- 2007 800 FDA Clinical Trials Ongoing
- 2007 $1.5B RM Product Revenues
- 2007 1.2M+ Patients Treated
- 2007 Apligraf - 200,000 Patients Treated
- 2006 Cartile - 10,000 Patients Treated
- 2008 hESI's Derived From Blastomeres
Relay Model Is Broken: Fundamental Shift in Biotech Economics

A VC Perspective on the RM Market

Gregory A. Bonfiglio
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Success Factors for Eurostars Applications*

- **Be available:** allow time for necessary preparation (partner search, project proposal, consortium agreement…)

- **Build up a « win-win » cooperation:** show complementarities and added value of trans-national partnership during and after the project

- **Show partnership’s ability to meet its commitments:** demonstrate each party’s management, scientific and technical skills as well as its available financial resources for the project

- **Put the application in the context of the “project”:** Focus on the project methodology (objectives, means, results)

*ref.: [http://eurostars.dlr.de/_media/](http://eurostars.dlr.de/_media/)
Success Factors for Eurostars Applications cont.

- Be technologically ambitious while remaining realistic: define a methodical approach in line with partnership, budget and time limit set for the completion of the project and the marketing of its results.

- Point out the innovative nature of the proposal submitted: present new industrial applications and their impact on the industry sector and relevant markets.

- Set clear, measurable and verifiable objectives: define success indicators for technological performance as well as the commercial and financial targets to achieve.

- Demonstrate clearly why the projects should be financed: highlight the risks and the strategic character of the project in terms of expected commercial and financial impact on a European scale.

- Fill in the project application carefully and ensure it is clear: promote the key elements the evaluators are looking for and ask an objective party to read it.
From an IEP member perspective: What happened in COD1 (example):

- Number of accepted projects:
- In Eurostars 2-COD1 roughly 82 out of 158 above threshold.
- First 70 out of 82 have been funded
- In any case, intended project must rank within first 50, whatever the number of project submitted,
- If a project fails the first time, you can resubmit. However, from past experience, it is seen that a resubmission receive + - same ranking,
- If a resubmission, change the product scope as well as the consortium partnerships (totally new submission may have a better ranking opportunity).
Funding

- The funding of partners is based on the national funding rules. **Project partners must demonstrate good financial health. Otherwise project is „killed“**. The content has then no real value at all.

- The funding of projects is following the ranking list until national budget exhaustion. **If project is medium quality (ranking between 50-80), then partner countries (countries which can fund all proposals) must be carefully selected.**
Eurostars2: try to cooperate with No.1’s SME’s (and institutions) in their respective countries:

- Allows the combination of the best institutions of each country: try to cooperate with an SME with
  - Links to top research institutions AND
  - Companies with already strong market presence and good market access
- Past: good research **background, already** patented excellent technology,
- Present: **excellent pre-applications** of patented idea, **healthy financial** structure,
- Future: excellent **product marketing** plan.
Basic Assessment - Quality and efficiency of the implementation - 1

1. At least 2 participants that are Eurostars members. Well balanced partnership (no country responsible for more than 75% of the project costs).

2. Consortium Leader must be an R&D-performing SME. The managerial capacity of the project coordinator should be clearly outlined. The coordinator must have a clear track record of international project management.

3. The consortium must be extremely well balanced. The innovation is embedded within the leading SME + there a high tech research institution backing the technological idea + there is a company already well rooted in the market willing to exploit and/or market the new product.
4. There must be Added Value through cooperation.
   - Cooperation of similar companies should be avoided.
   - Technologically complementary institutions should form the consortium.
   - Companies already present in the market should be chosen.

5. Methodology and Planning should be detailed.
   - Risks and contingency plans must be clearly described.

6. Milestones and deliverables should be detailed.
   - The work share of the partners in the consortium should be evenly distributed.
7. Cost and Financing Structure should be detailed.
   - The cost and project financial share and benefits of the partners in the consortium should be evenly distributed. The R&D performing SMEs are undertaking at least 50% of total R&D cost.
   - IP protection is usually not well addressed.

8. Financial Commitment of each partner should be detailed.
Product development level must be already mature at time of application

- Project duration is less than 3 years
- **Time to Market**: Market introduction is foreseen within 2 years after project completion.
Technology and Innovation – Excellence -1

- Degree of Innovation should be very high. **New IP should be well documented.**
- Degree of technical maturity should be low. **Not a conglomeration of existing technologies,**
- Technological **risks could be very high**, but **must be properly addressed,**
Technology and Innovation – Excellence -2

- Technological achievements should be detailed,
- Technological progress for SMEs should be clearly stated,
- Geographical or sectorial impact should be very wide.
Market and Commercialization – Impact -1

1. Market and Commercialisation is most often neglected in project proposal. Actually it is the most important part of the proposal.
   - What is the added value of the proposed product?
   - What are its strength and weaknesses?
   - How to correct the weaknesses.
2. Market Size should not be overrealistic.
   - Usually it is described larger than reality.
   - No major already established player should be in the targeted market.
   - Market share should be described.
3. Market access barrier should be low.
4. Return On Investment (ROI) should be correctly calculated.
   - E.g.: return on investment = (gain from investment – cost of investment) / cost of investment (expected 3-10).
   - Input parameters and assumptions should be detailed and calculation steps should be presented.
5. Market potential for SME should be analysed

6. Time to Market should be short (around 2 years) (problem in medicine, pharmacy, biotech)

7. Strategic importance of the new product should be detailed. This will affect market share.

8. Enhanced capabilities/visibility. Strength of the product, presence in the market and market planning should be detailed.
2-step evaluation

1. Technical Assessment by 3 experts + NPC cover note

2. Evaluation and Ranking by Independent Evaluation Panel. Very strong statistical data and impartial expert analysis making ranking close to perfect (continued legacy of Eurostars 1)

What is evaluated: be the devils advocate in writing the proposal:

- Basic Assessment. Proposal should not only focus on setting up a good consortium. **Timely product idea and how to achieve it should be underlined.**

- Technology and Innovation. **Risky technology is good but risks must be assessed very well. This part of the proposal should be written very clear.**

- Market and Competitiveness. **Time and efforts should be dedicated to write marketing of the new product. An excellent consortium helps the MC as well.**
Thanks and good bye!