



A bio/med private equity investment group



# Topics

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- Background
- LSA Approach
- LSA Organization
- Member Benefits

# Current Situation



- Private equity investment climate improving
  - ◆ VC and fund activity up significantly
  - ◆ Interest in biotechnology and medical devices surging
  - ◆ Technology development accelerating
  - ◆ California considered leader in life sciences
- Limited bio/med angel investment alternatives
  - ◆ Other angel groups not specifically bio/med focused
    - Members lack broad/deep industry expertise
    - Deal flow thin and not well vetted
- Unmet demand for a quality investment vehicle for life science angels

# Solution: Life Science Angels

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The premier angel investment group focused exclusively on seed and early stage biotechnology and medical device companies

# LSA Guiding Principals

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- Focus solely on early stage life science investments
- Simplify investment vehicle for investors and companies
- Perform screening and due diligence in a structured, unbiased manner
- Communicate regularly and openly with companies, investors and members
- Welcome input and guidance from members, sponsors and other constituents

# LSA History



- Incorporated – October 2004
- Launched – January 2005
  - ◆ 50 members, 12 sponsors
- Inaugural Member Meeting – March 2005
  - ◆ 85 attendees, two companies funded
  - ◆ 80 members, 15 sponsors
- 2005 – All seven presenting companies funded
  - ◆ Biotech: Athenagen, CODA Genomics
  - ◆ Device: N Spine, Novasys, Pegasus, PixelOptics Uptake
- 2006 Plans
  - ◆ 100+ members, 15 sponsors
  - ◆ Six investment meetings scheduled
  - ◆ Social events: Golf, Bocce Ball, Christmas Party

# LSA Membership



- Over 100 individuals and 15 VCs/funds
  - ◆ SEC Reg. D accredited individuals and organizations
  - ◆ Executives, entrepreneurs, scientists, engineers from the life science industry
- Active membership contributes to success
  - ◆ Deal flow, due diligence, investment committees, membership committee, social committee
- Minimum investment
  - ◆ \$50k annually, \$15k/deal
- Membership fee
  - ◆ \$1000/yr, \$125/dinner

# Deal Flow



- Strong deal flow, high quality investment opportunities
- Active solicitation from life science industry
  - ◆ Sourced from members, sponsors, VCs, universities, etc.
- Two investment committees - biotech/medical device
  - ◆ Strong initial filter, well vetted
  - ◆ In-depth due diligence
- Each deal championed by an LSA member
- Target investment: \$250,000 to \$1MM
- Ability to syndicate with other angels/VCs

# Investment Meetings



- Calendared member investment meetings every other month at Sharon Heights Country Club (dinner)
- One or two companies present at each meeting
  - ◆ 8-10 companies targeted to present during the year
  - ◆ 2-4 slots to used for educational programs, panels, topics of interest to investors
- Follow-on due diligence sessions
  - ◆ Open to all members
  - ◆ Pre-scheduled to follow dinner presentation
- Targeted close within 4-6 weeks of dinner meeting

# Deal Structure



- Members make their own investment decisions
- Investments structured as an LLC to allow:
  - ◆ Single investor, single check to company
    - Avoids fed/state restrictions on number of investors
    - Reduces logistics and expense issues
    - Simplifies company's investor communications
  - ◆ Increases leverage in terms negotiation
  - ◆ Follow-up information more readily available to investors
  - ◆ Improves likelihood of participation in follow-on rounds
  - ◆ Greater public recognition of LSA participation
  - ◆ Positions LSA to syndicate investment to other groups when needed

# LSA Structure

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- Non-profit corporation
  - ◆ (b)(6) Mutual Benefits Association
- Operations funded by sponsors
  - ◆ No management fees, carry, override, etc.
  - ◆ Only one paid staff member – Managing Director
- Tax-deductible membership dues and fees

# LSA Side Fund



- Fund inaugurated in 2006
- No fees, no carry to LSA members
- Fund invests in every LSA deal that raises >\$250,000 from LSA members
- Fund structure
  - ◆ One calendar year, 6 to 10 deals expected
  - ◆ \$5,000/unit/deal commitment
  - ◆ Members able to purchase multiple units of the fund
  - ◆ Total commitment \$30,000 to \$50,000 per year per unit
  - ◆ Cash calls immediately upon primary LSA investment



- Board of Directors
  - ◆ Nine member board
  - ◆ Executive team, founding sponsors, committee chairs
- Sponsor Advisory Board
- Operations driven by committees populated by members and sponsors:
  - ◆ Operations Committee
  - ◆ Two Investment Screening Committees
    - Biotech and Medical Device
  - ◆ Membership Committee
  - ◆ Social Committee
- Focus on interaction with and involvement of members and sponsors




- Allan W. May – Chairman, CEO, Vascular Architects
  - ◆ Founder/CEO/board member of numerous life science companies
  - ◆ Previously named Biotech Angel of the Year by International Assoc. of Angels
- J. Casey McGlynn – Chairman, Life Sciences Practice, Wilson Sonsini Goodrich & Rosati
  - ◆ Nationally recognized leader in angel and VC fundings
  - ◆ Serves 250 life science clients with organization, funding and corporate representation
- Greg B. Scott – Founder, Centient Consulting, Inc.
  - ◆ Active life science angel; helped launch 12 bio/med companies
  - ◆ Board member/advisor to several life science companies and consultant to VC/investment funds


# LSA Sponsors



## Founding Sponsors

PRICEWATERHOUSECOOPERS 

 **Silicon Valley Bank**

 **Wilson Sonsini Goodrich & Rosati**  
PROFESSIONAL CORPORATION

## Double Helix Sponsors

**Jefferies**  
BROADVIEW 

**Boston  
Scientific**  
*Delivering what's next.™*

# LSA Sponsors



## Corporate Sponsors



[BiotechInvestor.com](http://BiotechInvestor.com)

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# Charity of Choice

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*Cure • Care • Commitment*<sup>®</sup>

[www.diabetes.org](http://www.diabetes.org)

# Member Benefits

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- Improved deal flow
- Collective due diligence
- Better negotiation of terms
- Education in investing, technology, etc.
- Higher potential IRR
- Expanded network
- FUN!



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**Life Science Angels, Inc.**

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