

Securing Non-Dilutive Source Funding for Life Science Industry Companies

Healthcare Funding

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Ram May-Ron
Managing Partner

BIO:

For the past 10 years Ram May-Ron has been a leading figure within FreeMind. Initially leading FreeMind's Professional Services Department and later becoming a partner and part owner of FreeMind and taking upon himself the full responsibilities of both FreeMind's marketing and business development efforts, as well as the overall management of FreeMind's professional services activities.

Mr. May-Ron has more than 15 years of experience as a leading strategic analyst, both in the business and political sectors. He has led a strategic consulting firm and has served as a top strategy advisor to several international organizations and elected politi-

cal officials. Mr. May-Ron serves on the board of directors for several companies and has a wide range of experience in marketing and business development.

Mr. May-Ron holds an MEI (Master of Entrepreneurship and Innovation, International Business Management) from Australia's Swinburne University of Technology. He also holds a Masters degree in International Relations, focusing on strategic decision-making processes from the Hebrew University of Jerusalem, winning the International Relations Department's academic excellence scholarship.

About FreeMind Group, LLC

FreeMind is a consulting group whose goal is to assist in maximizing potential to receive funding from non-dilutive sources. Established in 1999, FreeMind is the largest consulting group of its kind with over 400 active clients, academics and Industry alike. FreeMind's proven long-term strategic approach has garnered its clients over 1.5 billion dollars to date.

Our expertise in applying for grants and contracts extends throughout every government mechanism open to funding the life sciences including all NIH institutes, DoD, NSF, FDA, CDC, BARDA, etc., as well as private foundations such as Michael J Fox, Bill and Melinda Gates and Susan G Komen.

FreeMind's knowledgeable and experienced team of Analysts and Project Managers are dedicated to guiding non-dilutive funding efforts from identification of the most suitable opportunity through to submission and subsequent award. Our team of experts will assist in making non-dilutive funding a

key tool in a long-term financial strategy.

FreeMind's professional staff has assisted in attaining funding from all available sources and mechanisms including:

- o LARGE SCALE FUNDING OPPORTUNITIES Multidisciplinary/multi-PI grants and contracts, complex budgets, multiple projects and scientific teams which require an added understanding and effort to consolidate several projects into one coherent, scientifically sound application. These funding opportunities are available for clinical stage research with budgets of \$10M - \$150M+ per project;

- o TARGETED SOLICITATIONS U01s, BAAs, RFPs implemented science and developmental awards with budgets of \$3 million - \$7 million per project;

- o BASIC RESEARCH, PRECLINICAL, AND UNSOLICITED GRANTS such as R21s, and R01s. These grants focus on early-stage research and can be budgeted \$1 million - \$3 million per project;

- o SBIR/STTR GRANTS Small Business Research and Development grants can be budgeted \$150,000 for SBIR/STTR Phase I awards and up to \$2,000,000 for SBIR/STTR Phase II awards.

The FreeMind Group turns non-dilutive funding into a strategic source of funding for life science organizations.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. May-Ron, what is the vision and concept at FreeMind Group?

Mr. May-Ron: What we are trying to do is just one thing. Within the life science industry there are three main sources of funding globally as well as the US. One is private investments, the VC (Venture Capital) community and Angel investors. Then there is the public market with the IPOs. However, the largest source of funding available to support research in the life sciences are really the non-dilutive sources. That would be the government to a great extent, with about \$50 billion awarded every year in the United States from non-dilutive sources to support Research and Development. The truth is that this world is a bit misunderstood. Companies, Universities, Researchers and CEOs do not really know what is available. They do not even know how to approach and effectively get funding that they could win. It is completely non-dilutive, they pay nothing for it, no shares and that is exactly what we are trying to do. We want to help our clients get as much money as possible to support the research and development in the life sciences from such non-dilutive sources.

CEOCFO: What are some of the more simple concepts in how you go about getting funding and what might be a couple of things that FreeMind Group understands that others might not?

Mr. May-Ron: There are no magic tricks or great knowledge that we possess or special relationships. It has to do with a great deal of work. The one major factor is to understand that this must be taken seriously. Many turn automatically to the SBIR (Small Business Innovation Research) Program, which is a good program, but not necessarily the best one available. It is only 2.5% of the funding available. However, if they would know about the possibility of getting an award from the SBIR program as well as other mechanisms to support some of their research they could

increase relevant sources of funding. Most CEOs take a onetime approach, try to submit a single application and give it a chance. Usually they would not win on the first go because it does take time and an effort, but they must not give up. After fourteen years in business there are things that we have come to know. For example, taking a systematic, multi-submission, strategic approach, where you identify on a regular basis all of the different funding sources. Then make sure to match the strategic scientific needs of the company to those funding opportunities that are relevant to you in every direction that are relevant to you, from every source possible, and you can submit on a regular systematic basis. With that approach, you can increase significantly your chances of success and create a real stream of funding for your organization. A long-term systematic approach will force

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you to look at the Phase 2 while you write the Phase 1, because you understand that it is a longer-term process. You could also take into account other mechanisms such as an RO1 or an Army Award; it really does not matter. You need to understand every possible funding sources available and then allocate resources to get those on a systematic basis.

CEOCFO: When you are matching up people who need money and sources of money, how much is technology or how much is experience? What is the process?

Mr. May-Ron: There are two processes and that reflects the way that we are structured here at FreeMind Group. We have 40 full time employees and we are broken into two groups. A smaller group of Analysts all with PhDs, with great experience writing their own applications. Then a larger group of writers and managers who do not have PhDs, but rather Masters

degrees in Life Science and MBAs, so they possess understanding of science and the tools to express and present science in a specific way. When we start working with any client, whether it is a big pharma or small start-up, large Ivy League University or independent small research institution, we start with a strategic assessment, a series of conference calls or video conferences, aimed at fully understanding our clients' scientific strategies. We want to find out what exactly do they plan on doing and what are the milestones that they want to go through in the next 18 to 24 months. Based on that our analysts will identify every funding opportunity possible, both through the solicited sources, because about 20% to 25% of all awards are solicited and from unsolicited sources. In which case we will approach program officers and ask for their feedback on specific projects. Based on all of that information we can then present our clients with two things. Number one, is a long list of opportunities or a map of different funding sources and opportunities; very specific ones. That would include deadlines, specific dates, how much money they can get out of these specific opportunities, what is the scientific scope that we can do and what is our assessment as to their chances of being successful and awarded. Then they can choose out of these opportunities that fit their strategy. The number two thing that we will give them is a long-term multi-submission strategy. What do our analysts believe should be the path and which application should we submit first. That is the first process. Then at that point we will strategize for each specific application, which mechanism to use, how much money to ask for, what specific aim to focus on, what should be the research design and collaborators. Then we will generate a template for the application, which will be the basis for the interaction between our writing team and our clients. We will write the application together, in a joint writing process, through a ping-pong of write and rewrite. Up to the point of submission we will cover every aspect of it: scientific, clinical, financial, administrative and resources.

Every aspect of the application we will be able to cover and relate both the needs of the funding institute that we discussed earlier and the strategy of the application itself and its focus on the company needs. In this way we are trying to match not only the specific needs but also the presentation of science to the specific opportunity and institute that may give it the funding and to the needs of the company.

CEOCFO: When you are speaking with the CEO of a company; it may be a smaller one where funds may be tight; what is the “aha” moment when they understand that they should be spending dollars to get more potential funding?

Mr. May-Ron: The “aha” moment occurs when you tell them that within the past three years, each and every year NIH and DoD have invested or awarded more money to life science companies, compared to the entire VC community. When you understand that NIH and DoD give more money than the VC community. However, it is just as hard, it is not easy, but it is a very large sum of money that is available. That is the point that they realize that this is something should be taken seriously.

CEOCFO: Why do you think that so many people in the research and development community have not realized this?

Mr. May-Ron: It is a misperception that we have been fighting against for many years. It is derived from their academic backgrounds. Many researchers leave academia not to deal any more with writing grants and applications. There were more easier ways of getting funding, but the atmosphere and market has changed. It is not as easy to get funding from VCs anymore. They do not really present that great opportunity that they used to present. Individual angel investors do not really get there. At the same time, NIH and DoD are taking a huge leap towards industry. Today there is a great deal more money directed towards translational and clinical programs; not only basic research. Therefore, there is a gap of understanding of the needs, purpose

and interests of these funding sources and how they may relate to the company's needs. Many researchers and CEOs that I speak with, when I tell them that they can apply for an RO1, they think that it is just for Universities. However, if you go through the NIH website and look up the numbers you will see that many companies have won RO1s and R21s.

CEOCFO: How do you reach perspective clients?

Mr. May-Ron: We reach perspective clients mainly through the many activities that we do, such as educational work. We just held a weekly summer school. A series of webinars during July and August, where we had about 100 to 200 attendees every week dealing with different aspects of approaching identifying and writing applications. It is all free. We have our annual event that we conduct adjacent to the JP Morgan event in January in San Francisco. This coming January will be the 9th annual event that we hold. Every year we have great speakers and workshops that we conduct free of charge. Beyond that we attend conferences and we meet people. These are standard ways of getting in front of people.

CEOCFO: Is there much competition or any companies that specialize the way that you do?

Mr. May-Ron: There are two different levels. When you talk about academia the main competition is internal, because every university has a grants office. They do not necessarily do what we do, and very few do that, but we work with many universities as well as many academic research institutes. We work together with these grants offices, but in theory they do present a competition. When you go into the industry mainly one can find many individual consultants focusing mainly on the SBIR Program; nothing beyond that and definitely no one our size. Therefore, there is a little bit of competition, but not very significant.

CEOCFO: You have an office in Israel; is the international arena a growing area for you?

Mr. May-Ron: About 15% to 20% of our work today is with non-American clients, such as in Germany, Austria, Spain, France, the UK. All over Europe. In fact, I will be in Vienna in November. We also have clients in Canada and Israel as well as Australia and Singapore. Therefore, we have many international clients and the key issue is the fact that most of the American non-dilutive sources programs are not discriminating against non-Americans winning. Hence, it is just as hard and very competitive. It is difficult to get the funding. Being a non-American company such as a Canadian company is not going to prevent you from winning. The question is going to be scientific. For those companies and universities around the world, this is a great achievement. Not only financially to get funding from the NIH, but also the recognition, approved and awarded by the top researchers and institutes in the world. That is of great significance for the money, but not only the money. With exception to the SBIR Program, these are only for Americans. Most of the other mechanisms will allow non-Americans.

CEOCFO: Are there concerns over funding with the US government crisis looming?

Mr. May-Ron: It is a concern, but it is not a major one. I do not think anything is dramatically different from what we experienced October 2012. There were government shut downs under previous administrations, so there is nothing amazingly new. If we look at the budget itself, it is quite evident that there has not been any major increases in NIH and DoD in life science research budget on the one hand. But on the other hand there has not been any major cutoffs either. For the individual company asking for example a \$2 million award for whatever specific research you need to conduct, whether the NIH will have a budget of \$30.9 billion or \$29.7 billion will not make that much of a difference for the particular application. Therefore, there should not be a direct impact. However, CEOs should not just look into one source of funding; dilutive and non-dilutive funding to complement each other and get as much funding for the organization as they could.

CEO CFO: The VC community tends to be cyclical not just the amounts of money; certain conditions or areas are in favor and other times are not. Do you find the same situation in the grant area?

Mr. May-Ron: They are definitely broader. You have funding going to support anything that is remotely life sciences oriented from healthcare IT to nursing or behavioral research, development new technologies and medical devices to a new treatment for cancer or flu vaccine. Basic research all the way to Phase III. The fact that NIH supports cancer research in over \$6 billion every year is true, but within that great field of cancer research there are specifics and if they have funded seven such projects of a

particular focus last year, they may not fund very many in that area this year. Therefore, you have to be aware of all of these facts. It is harder because while the VCs will shift altogether towards one end, here you would have specific institutes and specific mechanisms that will make those shifts. Sometimes it may go in opposite directions. Therefore, you need to approach these organizations and fully understand their interests and their focus, so that you can address those issues. It is just like any other selling proposition. Without knowing the audience, it is difficult to make a sale.

CEO CFO: What should investors and people in the business community pay

attention to FreeMind Group?
Mr. May-Ron: People should not necessarily pay attention to FreeMind Group. They should pay attention to non-dilutive sources of funding within the life sciences. We submit about 300 applications per year. Yes, we are large, successful and strategic and I definitely believe that we can help every client that we work with, but I am bias. If companies would accept the sources of funding that are crucial to the industry and that are the largest available part of this money, it will help the industry at large. Some will fail and some will succeed, but that is ok. But mainly people need to recognize this amazing and huge source of funding and treat it seriously.

