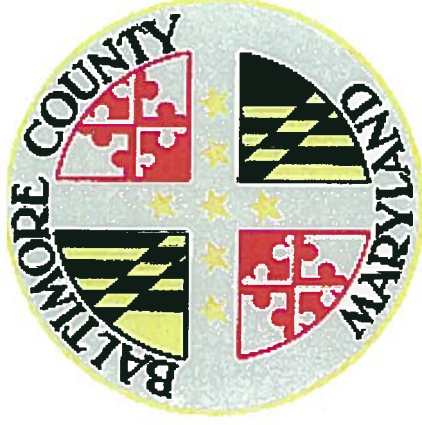


Agenda Item # 3

**Montgomery County Bio-Health Intermediary Initiative
– Attachment**

AMERICA'S BioHealth INTERMEDIARY (ABHI) REGIONAL CLUSTER STRATEGY



**Prepared by:
Richard A. Bendis
President and CEO
Innovation America
July 26, 2011**



ABHI Key Objectives

- **Grow** healthcare companies and commercialize BioHealth innovations through business formation, recruitment, and venture acceleration;
- **Significantly increase** the flow of private and public early stage capital to businesses, entrepreneurs and scientists in the Region;
- **Connect** the Federal Labs, University, and Industry Research and Technology Transfer Offices to an ABHI managed network of entrepreneurs, investors, and experienced managers;
- **Leverage** Federal, Private, University, Foundation, and International Funding Resources to support and grow regional healthcare and biotech companies
- **Create** global public awareness of the Region’s world class BioHealth and technology assets through effective branding, marketing, market research and public relations
- **Connect** all Regional innovation and commercialization human, technical and financial resources through an integrated physical and electronic network
- **Engage** with educators and workforce development organizations to ensure the region has an adequate supply of knowledge workers to support the BioHealth regional growth.



BioHealths Literature Review – Summary of Conclusions

• ***Establish a Regional Innovation Intermediary***

- Support Programs to Train, Mentor and Grow BioHealth Entrepreneurs
- Organize an Early-Stage Access to Capital Strategy for BioHealth Cluster
- Develop A Platform for Exchange of Knowledge Among International Clusters
- Develop a Global Marketing and Branding Strategy to Market and Commercialize the Translational Research Opportunities
- Broaden The County’s Cluster Definition of the BioHealth Industry for the BioHealth Strategy and for Measuring Performance (Health IT, Cyber Security, Biomanufacturing)
- Implement and Leverage A BioHealth Talent Identification and Growth Strategy
- Exploit The Significant Presence of Federal Laboratories in the Region through Formal Linkages and Partnerships to Generate Greater Business Opportunities in Cluster.
- Create a more Robust Portfolio of Business and Regulatory Programs for New and Existing Companies

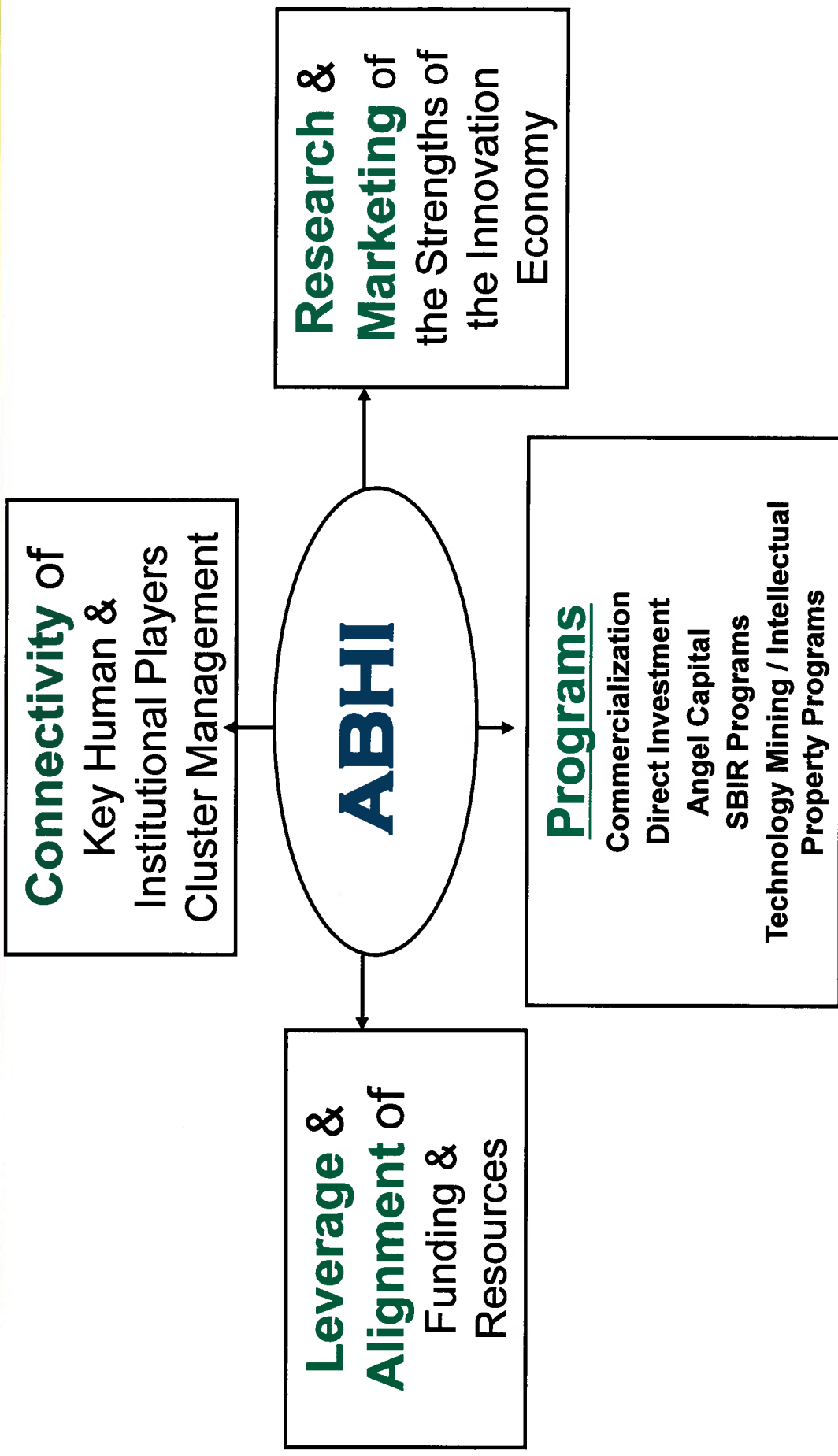


Preliminary Stakeholder Recommendations

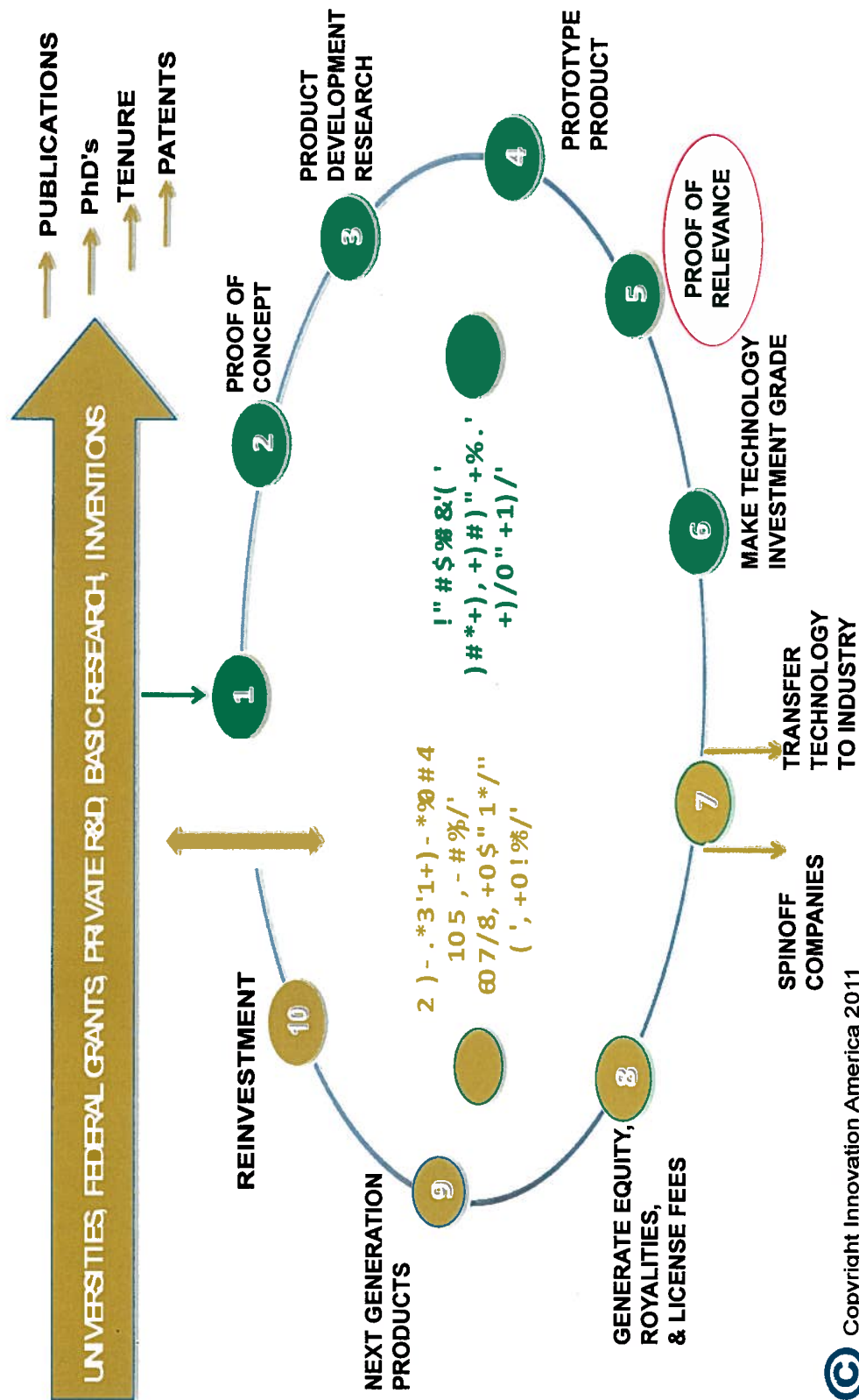
- *Identify private sector BioHealth leader/champion*
- *Create a private/public regional partnership Innovation Intermediary*
- *Encourage greater collaboration between county, state and regional economic development organizations*
- Address COI policy at NIH
- The Region and the State need to be more business friendly and responsive
- Create a pipeline of angel and early-stage capital
- Convert some county incubators to BioHealth accelerators
- Develop integrated BioHealth and transit strategy
- Shift university and federal lab research from basic to translational
- Develop a globally recognized brand for the ABHI
- Proactively recognize business success stories (County)
- Improve or create more competitive tax incentive programs
- Develop a vibrant entrepreneurial leadership mentor network



21st Century Innovation Intermediary



ABHI Commercialization Model



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Commercializing Regional BioHealth Research

Six Key Opportunities To Be Addressed:

1. Connectivity to Source Discoveries in Federal & University BioHealth Labs
2. Identify Prospects to determine if a Discovery can meet both Proof of Concept and Proof of Relevance tests
3. Connect Prospects to the Capital Markets, especially Early Stage Capital, Angels, IBED, VCs & Commercial Debt & Equity
4. Connect with both Seasoned BioHealth executives with Product Management Expertise and successful Entrepreneurs to Drive the Commercialization of Market Ready BioHealth emerging BioHealth companies
5. Connect potential exportable BioHealth products to Domestic & Global Markets⁷
6. Brand and market Montgomery County-Baltimore Region as the Leader in Commercializing BioHealth Discoveries

ABHI Commercialization Solution

Regional BioHealth Deal Prospect Sourcing

- Sources of BioHealth Discoveries:
 - NIH, NCI, FDA, NIST, and DOD Tech Transfer and SBIR Recipients
 - Johns Hopkins & U of Maryland Tech Transfer Offices
 - Biotech Industry Sources (MD Bio, Tech Council, BioHealth Firms)
 - Biotech Incubators within the Region
 - Other US and Global Biotech Discovery Sources
- ABHI Resources to Source BioHealth Discoveries:
 - ABHI Deal Source Outreach Team: Senior Managers & Interns will identify and initially screen 150 discovery opportunities per year and 1,500 opportunities over its first ten years

#5: ABHI Work Group Action Items

Generate an initial financial commitment of a minimum of \$1.5 million per year for three years to fund the operations of ABHI.

- Assuming an annual operating budget of \$1.5 million, prospective sources of these operating funds would come from:
- 1/3 (\$500,000) from the public sector (i.e. Montgomery County)
- 1/3 (\$500,000) from higher education and private foundations
- 1/3 (\$500,000) from private industry

Note: An additional \$1 million in annual Federal Funds for ABHI operating expenses will be sought during the first year of operation to supplement the \$1.5 million in year one funding noted above for years two and three.

**ABHI Sources and Uses Budget
AMERICA'S BIOHEALTH INTERMEDIARY (ABHI) BUDGET**

(Updated May 23, 2011)

	2011 (1) Start Up/Interim	2012 (2) Projected	2013 Projected
Revenues:			
County	\$500,000	\$500,000	\$500,000
State			
Federal		\$1,000,000	\$1,000,000
Private Sector	\$500,000	\$500,000	\$500,000
University	\$250,000	\$250,000	\$250,000
Foundation	\$250,000	\$250,000	\$250,000
Investment and interest income			
Other			
Total All Revenue Sources	\$1,500,000	\$2,500,000	\$2,500,000
Expenses:			
Program Services:			
Professional Services	\$40,000	\$100,000	\$100,000
Marketing and public relations	\$10,000	\$50,000	\$50,000
Conferences, conventions and meetings	\$25,000	\$50,000	\$50,000
Small business grants	\$-	\$100,000	\$100,000
Printing and publications	\$10,000	\$40,000	\$40,000
Other program expenses	\$15,000	\$30,000	\$30,000
Total Program services expenses	\$100,000	\$370,000	\$370,000
Investments:			
Investments			
Investment management services			
Total investment expenses			
Management and General Administration:			
Payroll and payroll taxes	\$400,000	\$1,200,000	\$1,200,000
Employee benefits	\$120,000	\$360,000	\$360,000
Professional services – consultants	\$200,000	\$200,000	\$200,000
Insurance	\$20,000	\$30,000	\$30,000
Legal	\$20,000	\$30,000	\$30,000
Accounting	\$10,000	\$20,000	\$20,000
Sponsorships and memberships	\$5,000	\$10,000	\$10,000
Rent	\$-	\$125,000	\$125,000
Marketing and public relations	\$30,000	\$100,000	\$100,000
Depreciation and amortization	\$20,000	\$60,000	\$60,000
Technology-related expenses	\$40,000	\$40,000	\$40,000
Transportation, Travel & Entertainment	\$25,000	\$60,000	\$60,000
Printing and publications	\$20,000	\$25,000	\$25,000
Interest	\$-	-	-
Other operating expenses	\$30,000	\$50,000	\$50,000
Total management and general expenses	\$940,000	\$2,310,000	\$2,310,000
Total Expenses	\$1,040,000	\$2,680,000	\$2,680,000
Gain or Loss (000)	\$460,000	\$(180,000)	\$(180,000)

Notes: 1.) Assumes 7/1/2011 start and a 6 month 1st year

2.) Assumes full 2012 FY Jan-Dec 2012

#6: ABHI Work Group Action Items

Define specific metrics and outcome goals and objectives including:

- Operating Dollars Raised
- Investment Dollars attracted and Leveraged
- Number of New Companies Created
- Number of Jobs Created or Retained
- New Life Science Technologies Developed and Commercialized
- Serial Entrepreneurs Recruited into the Region
- New class “A” corporate managers attracted to and grown in the region
- New Businesses Recruited into the Region
- Formal Funding Partnerships or Joint Ventures Formed
- Grant dollars received
- Spinouts from Universities, Federal Labs and existing Bio-Health companies