



How New Technology Leveraged a Successful IPO

CASE STUDY – VLAN1

Services:

Strategic Planning, Management and Implementation.

Client:

Investment Banker for a start-up pharmaceutical company.

Requirement:

Provide client with both proprietary and licensed technology with sufficient credibility to begin public offering process based on the science provided.

Situation:

This start-up had severe difficulty getting its offering off the ground. Semaphore was engaged to help them corner a technology block of nearly 27 patents and a tri-university R&D team of nearly 15 research scientists to position a successful IPO.

Scope:

Staffing: 18 person weeks.
Deliverable: Secured licensing agreement between the parties and negotiated funding for the Universities involved.

Discovery:

The consultant was able to secure a three-way agreement with the Universities involved enabling all the technology developed to be owned by the Client. An integral part of the contract between the parties was to allow the Client to raise the necessary capital. It was determined that significant bridge financing needed to be arranged until the successful capital event.

The major discovery was recognizing the ultimate value of the newly developed technology. This recognition ultimately allowed the Client to proceed with a public offering that raised over \$10 million post an initial \$1 million investment. Semaphore advised the Client to invest \$1 million to sustain the patent so that they could maintain control of the underlying technology, active ingredient manufacturing and nearly all the clinical development plans. In addition, internal processes for transfer of the technology from the Universities to the Client were established.

Outcomes:

1. The decision was made to proceed with the investment. \$1 million was raised to initiate the contract.
2. The Client was able to develop many new processes and novel composition of matter was patented, extending the life of the existing patent while providing alternative therapies and indications not included in the original concept license.
3. The Client enjoyed a successful \$10 million IPO and has subsequently raised an additional \$25 million using the same technology group.
4. The lead products are in Phase 2 clinical development and despite severe market conditions the company maintains a market cap valuation in excess of investment.



The firm is well positioned to secure another round of capital prior to the anticipated drug approval in 2005. All initial and subsequent capital fundraising has been based on the technology discoveries provided during this engagement.