

## Who invests in Swiss university spin-offs?

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If you are about to start fundraising, your first question will be whom to contact. Institutions that invested in Swiss spin-offs in the past will likely do so in the future. Read on to learn who invests in spin-offs from the largest Swiss universities (ETHZ, EPFL, UZH, UniBa, UniBe, UniGe, UniL) most often. We analyzed the data from the past four years to provide you with a list of investors for Swiss spin-offs in general and specifically for the life sciences.

Interestingly, while university spin-offs make up only 0.15% of newly founded companies in Switzerland (same as in the US), 25% of all registered start-up financing rounds (approximately 40% of amounts invested) concern university spin-offs.

### Swiss investors fund Swiss spin-offs

It is mainly Swiss investors who frequently invest in Swiss university spin-offs, particularly in early phases. Only a few investors regularly invested in the past four years (seven invested  $\geq$  twice per year).

About one third are seed investments, one third series A, and one third later rounds. Business angel communities are often involved, reflecting the growing interest of individual non-institutional investors in supporting spin-offs. In life sciences, all ten most active investors are based in Switzerland, and very few investors regularly invest (four invested  $\geq$  twice per year). When looking exclusively at early-stage funding, the investor list remains quite similar.

### 10 of the most active\* investors in Swiss University life sciences spin-offs

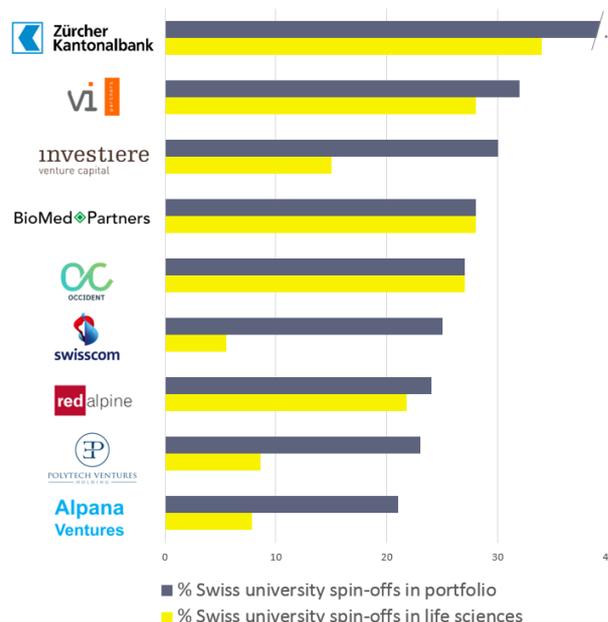
1. ZKB
2. Investiere
3. VI Partners
4. Redalpine
5. BioMedPartners
6. UZH LSF
7. Schroder Adveq
8. GoBeyond
9. Occident
10. Alpana

### Swiss spin-offs represent a limited part of investors' portfolios

VCs who are known to be close to academia have around 25% (ranging from 21-32%) of their current portfolio in Swiss university spin-offs, a majority of them being in the field of life sciences. VCs like Redalpine, VI Partners, BioMed Partners, and Occident have a clear focus on life sciences when they invest in university spin-offs. Business angel communities (e.g. Investiere) show the same trend. ZKB stands out with a high proportion of university spin-offs in their portfolio.

### 10 of the most active\* investors in Swiss University spin-offs

1. ZKB
2. Investiere
3. GoBeyond
4. SICTIC
5. VI Partners
6. Redalpine
7. Btov
8. Swisscom
9. Atomico (UK)
10. Fyrfly (US)



### Box 1: spin-offs or not: does it really matter?

One can argue that if a project is good, it is irrelevant whether it is formally acknowledged as an academic spin-off. However, in deep tech and life sciences, it is valuable to consider this when selecting an investment. Not that spin-offs represent better investments per se (literature shows some indication, but remains contradictory), but because spin-offs have specific strengths to build on and weaknesses to be aware of and address in the future.

What makes a university spin-off attractive is the world-class science behind the project (depending on the institution and the research group that may have demonstrated successful translation of research in the past). There may be a level of innovation and breakthrough that cannot be found anywhere else. Spin-offs with licensed IP (most of the deep tech and life science spin-offs) have had it evaluated, filed, and often paid for by the technology transfer office. Spin-offs also benefit from academic support such as non-dilutive grants (sometimes significant amount which can represent an internal validation), coaching, network, and institutional communication. Finally, early-stage spin-offs represent a less competitive investment and a reasonable valuation (to be clear, not because of the founders' inexperience but because of the early stage and high risk of the project).

As said, there may also be risks specific to university spin-offs. The team may focus on finding an application for their academic technology rather than solving a customer problem or unmet need. Some may push to spin-off for the hype of entrepreneurship or to create a career for themselves. The team will also be relatively junior and have limited business experience, particularly in strategic planning (e.g. premature incorporation or patenting and team formation). Finally, there are cases where some terms of the IP licensing agreement (e.g. milestone payments, royalties), the reluctance to transfer IP rights or lengthy negotiations with the TTO may represent a challenge for university spin-offs as they mature.

### Disclaimer

*Views expressed in this paper are the authors' opinions and may not be considered as an official position of the University of Zurich. As the prevailing wisdom around bioentrepreneurship remains subject to change, we regard these guidelines as a living document. As such, we are keen to hear feedback from readers and will incorporate this as much as possible into further editions. If you would like to comment on these guidelines, please contact us at: [roch.ogier@uzh.ch](mailto:roch.ogier@uzh.ch)*

*\*Note: based on the number of rounds, not on the amount invested, as information on individual contributions is rarely available and because, for early academic ventures, it is primarily important to know who invests (the tickets are usually low). As a result, some institutional investors that invest more substantial amounts (often at a later stage) are not listed here even though they significantly contribute to spin-off funding.*