



APEC Bio-Medical Technology Commercialization Training Center (TCTC)

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Special Topic Program

July 8-10, 2015 / Federation of Korean Industries Head Office Building

PROGRAM OUTLINE

As of June 4, 2015

Day 1

8 JULY 2015 (Wednesday)	
08:30 – 09:10	<i>Registration</i>
09:10 – 09:30	Greetings & Welcoming Photo Session Course Introduction
09:30 – 10:45	<u>CREATING VALUE</u> <i>Constructing the license to support the licensee's business plan; diligence terms and how they affect valuation; Royalty basis; conveyed sales; value of license beyond included IP for research sponsors</i>
10:45 – 11:00	<i>Break</i>
11:00 – 13:00	<u>MEASURING VALUE – Part 1</u> <i>Financial modeling and DCF; valuing exclusivity and sublicense rights</i>
13:00 – 14:30	<i>Lunch</i>
14:30 – 16:00	<u>MEASURING VALUE – Part 2</u> <i>Financial modeling and DCF; valuing exclusivity and sublicense rights</i>
16:00 – 16:15	<i>Break</i>
16:15 – 18:00	<u>CAPTURING VALUE</u> <i>Methods for setting royalty and milestone payments, formulas & rates</i>

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Day 2

9 JULY 2015 (Thursday)	
09:00 – 10:30	<u>CAPTURING VALUE : Medical Devices</u> <i>by Dr. Akkharawt Kanjana-Opas</i> <i>Methods for setting royalty and milestone payments, formulas & rates</i>
10:30 – 10:45	<i>Break</i>
10:45 – 12:30	<u>LIFE SCIENCES VALUATION : Estimating the value of a drug in development</u> <i>by Mr. Jeong Hoon Ryu</i> <i>Valuation using rNPV method, Monte Carlo simulation and sensitivity analysis; Value Sharing; Time value and cash flow</i>
12:30 – 14:00	<i>Lunch</i>
14:00 – 15:30	<u>START-UP RELATED ISSUES – Part 1</u> <i>License Option value; Equity & dilution; value of license beyond included IP for startups; exit valuation</i>
15:30 – 15:45	<i>Break</i>
15:45 – 17:30	<u>START-UP RELATED ISSUES – Part 2</u> <i>License Option value; Equity & dilution; value of license beyond included IP for startups; exit valuation</i>
17:30 – 18:00	<u>WRAP-UP</u> <i>Preparing Case Preparation</i>

Day 3

10 JULY 2015 (Friday)	
09:00 – 12:15	<u>VALUATION CASES</u> <i>Attendees work in groups on analyzing, presenting and discussing valuation cases</i>
12:15 – 12:30	<u>CLOSING</u>
12:30 -	<i>Lunch</i>

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SESSION DETAILS

Note: Order and focus of topics in the final presentation may change

Session 1: CREATING VALUE

The keys to creating the maximum value from a license are the choice of licensing strategy, the choice of licensee(s), and the quality of the licensee's business plan for the licensed technology. This module sets valuation in the context of the entire licensing process, and how the licensing process will affect the resulting license value. Topics include the impact on valuation of the stage of development, the portfolio of related technologies, differences in valuing technologies for startups vs. established companies, and the value of intangibles related to the technology. This module also explains how to evaluate the licensee's business plan, setting diligence terms, and determining the royalty basis, conveyed sales, and various levels of exclusivity.

Session 2: MEASURING VALUE

This module reviews the basic financial structure of revenue production, cost, various levels of profitability, and how to model and measure the impact of an IP license on financial projections and results. This module also reviews the principles and techniques of quantifying risk and uncertainty, Discounted Cash Flow (DCF), Net Present Value (NPV), and sensitivity analysis. Participants will go through a financial modeling exercise using an Excel model on their own laptop.

Session 3: CAPTURING VALUE

Value can be captured in various ways in a license, including up-front fees and ongoing maintenance fees, milestone fees, royalties, sublicense fees, research funding, and equity. Furthermore, these various ways of capturing value can be determined using a variety of techniques: cost, income, comparables, added-value allocation, auctions, decision trees etc. This module will survey these various concepts, the factors used to set them, and present examples and instructional cases. We will also discuss the impact on valuation of Exclusivity, Fields of Use and sublicensing rights.

Session 4: START-UP RELATED ISSUES

This module will review the unique aspects of valuing a license to a startup company. This module begins with the value of the license in raising funding for the startup, and the use of License Options. We will then discuss taking equity in the startup company as partial consideration for the license, and how to value equity consideration and dilution protection. We will review the equity structure of a startup company, Common and Preferred stock, Stock Options, various forms of dilution, and the various ways a private company achieves liquidity for its investors in successful and unsuccessful exits. Finally we will discuss Exit valuation and valuing royalty buyouts.

Session 5: VALUATION CASES

Attendees work in groups on analyzing, presenting and discussing valuation cases from their own offices.

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SPEAKERS' OUTLINE



Mr. Ken Levin

Technology Transfer Specialist,
US Department of Veterans Affairs

Ken Levin is a technology transfer specialist with the US Department of Veterans Affairs, the world's largest integrated health care system facilitating the commercialization of government owned inventions and negotiating research agreements with private industry. His career began when, after military service, he earned a Ph.D. from the University of California, Santa Barbara, studying the molecular biology of viruses. He then went to the University of Chicago for postdoctoral research studies before earning an MBA from the University Of Chicago Booth School Of Business, with majors in finance and marketing. He then began a long career in the biopharmaceutical industry, including time as a venture capital analyst, and work in technology and product licensing at companies including Pfizer and Johnson and Johnson. In 1999, he joined Harvard Medical School's technology transfer office, managing a portfolio of inventions and negotiating research agreements with industry. In 2007, he joined the VA.



Mr. Christopher Noble

Licensing Officer, MIT

Christopher Noble is MIT's Licensing Officer for energy technology. His responsibilities include the intellectual-property terms of sponsored research, coaching inventors, evaluation and patenting of university inventions, IP marketing, and negotiation of licenses to MIT spinouts and established companies. In his 30+ year career, Mr. Noble first worked in engineering, management and M&A for international energy and technology companies. He was subsequently on the founding teams of two VC-backed startups and is the lead inventor on two issued patents. Before joining MIT, he spent ten years as an independent consultant and investor, raising and negotiating VC financings for early-stage companies, and serving on the Boards of private technology companies and non-profits. Mr. Noble lectures and consults internationally on university IP policy and valuation, industrial sponsorship, recruiting/training of licensing staff, and commercialization through spinout companies. He is a Registered Technology Transfer Professional and a recipient of the Licensing Executive Society Deals of Distinction award. Mr. Noble has a B.Eng. from McGill University and an M.S. in Management from MIT; he has lived and worked in the US, Canada, South America and Europe and is fluent in French and Spanish.



Mr. Andrew J. Mass

Assistant Vice President, LSU

Andrew J. Maas (Andy) joined LSU in June 2014 as the new Assistant Vice President for Research and Director of the Office of Innovation & Technology Commercialization. Andy is an engineer by training with a BS and MS in Civil Engineering from Brigham Young University and the University of Texas at Austin, respectively. He is a licensed professional engineer in the state of Texas where he worked for several years and grew a start-up engineering company from two individuals to 14 employees in 18 months. Andy also has a JD from the University of Akron School of Law, as well as a LLM with a focus on intellectual property. His research focus for his LLM degree was “early stage patent valuation under the new America Invents Act.” He has been published in the Journal of the United States Patent and Trademark Office, as well as in Cement and Concrete Research.



Mr. Jeong Hoon Ryu

President,

Life Science Business Development & Valuation Services

Experience

President / BD LAB – Life Science Business Development & Valuation Services

Head / General Manager, Business Development, Binex Co. Ltd.

Sr. Manager, Office of Research & Business Development, Samsung Medical Center

Sr. Manager, Business Development, Bio Business Unit, Hanwha Chemical Corporation

Sr. Manager, Business Development,

Pharmaceuticals Business Unit, CJ CheilJedang Corporation

Education

Texas Christian University - MBA, Corporate Finance & Investment

Cornell University - MHA, Healthcare Administration

Pusan National University – BA, English Language & Literature