



Innovation Ventures

Entrepreneur-in-Residence Program

<https://innovation.ucsf.edu/innovation-ventures-entrepreneur-residence-program>



Innovation
Ventures

About the Program

Innovation Ventures has a market driven process to identify and develop market aligned innovation. In doing so, it helps to both maximize the value and the chance of success of a select number of projects that are best placed to benefit from additional support.

A key element in the development path of these projects is to add elements of trust from a market perspective. Sometimes that involves validation, sometimes leadership and sometimes both.

Adding leadership is the goal of our EiR program.

It works like this...



Warm Up Phase

EiR candidates are placed “on the bench” and initially sign a CDA and an EiR MOU to make sure they are aligned with UCSF. It’s important to note, that either party will have the right to terminate an EiR Project engagement without cause immediately upon written notice to the other. This is rarely invoked, but it is important for the success that the new venture is supported by the whole team.

Initiation Phase

If a good match is made with the PIs/founders, EiRs are hired as part time consultants for the University for a 3-6 month commitment, which can be extended (32 hours a month minimum). The aim of the EiR is to build the business model and help seek financing for an ultimate spinoff company. They work closely with OTMA BD Manager and the founder(s) on the opportunity, including defining a business plan, developing the pitch deck, answering commercialization gap questions and pitching to VCs. EiRs are given compensation for their work, including a stipend paid by UCSF and an equity success fee if they achieve an investment milestone in the company. These terms (whilst specific) become more detailed with the specifics of the ultimate finance negotiations.

Realization and CEO Phase

EiR placement is viewed as incubation of the pre-company and consequently when an EiR is placed by Innovation Ventures, the equity component of the license between UCSF and the NewCo is increased by approximately 3% post series A, a portion of which goes to the EiR as part of the success fee. If the EiR joins the management team of NewCo in a leadership role, compensation payable to EiR as part of the management team will be determined solely by the board of the new company.

Here's a case study of how it's worked:



Pat Arensdorf, MBA
Chief Executive Officer at
Exai Bio

An experienced diagnostic EiR, Pat Arensdorf, who's been through a couple of exits as a CEO of diagnostic companies, most recently Steve Quake's liquid biopsy company Bluestar Genomics was hired as a consultant and placed with the Exai Bio next generation liquid biopsy opportunity from Dr. Hani Goodarzi's laboratory. Previously pitches to a few friendly VCs by the OTMA BD manager identified commercialization gaps and questions for the EiR to answer, including defining differentiation in a crowded liquid biopsy space and ways to quickly validate the technology at UCSF.



Hani Goodarzi, PhD
Assistant Professor, Department of Biophysics & Biochemistry, UCSF

The EiR worked closely as a team with the founder, Hani Goodarzi and the OTMA BD Manager on the pre-company. The team perfected the deck, pitched the opportunity to more than 25 VCs, and this culminated in 3 syndicates vying for the opportunity. In September 2021, Exai Bio raised \$67.5M from Section 32, Canaan and Two Sigma Ventures, with Pat leading the company as its CEO. The NewCo initially started at the MBC BioLabs incubator in San Carlos and has now moved to a larger space in Palo Alto. Exai Bio is growing and recently reached an important validation milestone (<https://exai.bio/>). The EiR placement resulted in a significantly increased pre-money valuation for the NewCo and a successful UCSF spinout with great investors backing it up.

See a more detailed description of this success story at the following link: [Exai Bio](#)



Anthony Francis

Executive Director
Office of Technology
Management and
Advancement

“Our EiR program works. By having the new CEO incubate with us before the incorporation enables us to build an aligned and successful team. It allows us to add more things and really be shoulder to shoulder in building the business case. It grows value for everyone.”



Todd Pazdera, PhD

Director,
Business Development,
EOD & Licensing

“We are excited about our new EiR program which ties in well with our strategy of testing the market for and enhancing the value of UCSF assets prior to seeking investment. Working with experienced entrepreneurs allows us to expand these capabilities for select start up opportunities.”