

Innovation to Funding: What Startups Need to Know

Q What factors should startups emphasize when touting their competitive advantage?

Jeremy Halpern: Educating investors and customers on where your particular solution fits within the competitive landscape helps to shine a light on its intrinsic potential and value. Startups should be able to answer questions such as: how is the solution better, faster or cheaper than existing solutions? It's important to remember that "different" doesn't automatically equal better, so the ability to quantify the value proposition is powerful. Startups should use data to support the premise that there is a clear market need and that their solution is meaningful to the relevant parties—that it will increase revenue, drive customer acquisition, lower costs, decrease risk, or provide better outcomes compared to current options.

Q What additional considerations must life sciences startups weigh?

JH: Like most high growth companies, life science entrepreneurs need cutting edge innovation supported by strong intellectual property rights to commercialize their products and services. However, unlike many other kinds of startups, life science companies cannot just build products that improve the outcomes for end-user patients, but must also satisfy the competing priorities of care providers and payors, all while complying with a strict regulatory regime. Additionally, early in their development pathway, many life science companies will require complex strategic relationships with distributors or co-developers in order to achieve their goals.

Q What are the elements of a successful pitch?

JH: There are three key pieces to any successful pitch. The first is the advance planning, thinking, and preparation that goes into a presentation. This involves identifying and testing the 50 to 150 hypothesis that make up the business plan. The second is to remember that the entrepreneur (not a deck or a summary or a document), is the pitch—the materials are just visual aids for telling a story. This means that the entrepreneur needs to be impressive and practiced in the delivery of the pitch. Rehearsal is key—it will help to hone the delivery and refine the story so that only the strongest, most essential points make the final cut.

Third, the pitch is the beginning of a relationship with a potential investor. It needs to be inspiring, enticing and to motivate investors to lean-in: to want to know more about both the entrepreneur and the business. It has to have the right combination of credibility and authenticity while at the same time showing the opportunity for outsized returns and for making a market impact. This is akin to saying, "there is a huge unmet need, and we, tiny startup that we are, are going to solve it, and here's how." And the pitch needs to do all this while addressing and alleviating the fear and cynicism of professional investors about the risks of every startup business.

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