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The Philadelphia Metro Area Life Science Angel Scene

August 4, 2011

Jeff Nicholas, Partner Fox Rothschild LLP

Lori F. Reiner, Partner EisnerAmper LLP

Everyone needs an angel - and Philadelphia's emerging businesses do not need to look far. The Philadelphia metropolitan area is fortunate to count itself among the few areas in the country with a robust network of angel investors. These angel investors provide valuable assistance to emerging businesses in the Philadelphia area, by supplying the capital necessary for these businesses to grow organically and to attract outside investment. Delaware Crossing Investor Group, the Mid-Atlantic Angel Group, Robin Hood Ventures, and Jump Start New Jersey Angel Network are amongst the leading groups of angel investors based in the Philadelphia area.

Several of the principals of these four angel groups recently spoke at a panel presentation on July 22 in Plymouth Meeting, presented by BioStrategy Partners, a virtual life sciences incubator. The panel included Jeff Nicholas, a partner at Fox Rothschild LLP and the Managing Director of Delaware Crossing, Ellen Edelman Weber, the Executive Director of

Robin Hood Ventures, J. David Owens, an investor in the Mid-Atlantic Angel Group, Katherine O'Neill, the Executive Director of Jump Start, and Jeff Snellenburg, a member of Delaware Crossing, and Lori F. Reiner, an audit partner with EisnerAmper LLP, who moderated the panel.

The panel discussed the role of angel groups in funding emerging life sciences companies. The panelists detailed their respective groups' life sciences investments over the past five years, collectively totaling investment in 23 life sciences companies [\[1\]](#), including companies operating in the therapeutics, diagnostics, medical devices and support fields. Indeed, the panel utilized their experiences with these investments to offer practical advice on angel investments in life sciences companies.

Two topics received significant attention during the discussion. The first standout topic was syndication - the process by which angels pool investments. Angel groups commonly work together (e.g., syndicate) to fund companies that require more capital than each group would be willing to invest alone. The second standout topic was the criteria angel groups use to evaluate life sciences companies for potential investment. In particular, the panelists discussed the screening criteria of Robin Hood Ventures, which is representative of the criteria of other angel groups. Robin Hood's life sciences screening guidelines include: the unmet clinical and/or professional need; the plausibility or attractiveness of the technology or product; the acceptance of the technology or product in clinical development; the likelihood that valid proof of concept is achievable; the size and growth of the addressable market; the attractiveness of the business model and potential for sustainable competitive advantage; the challenges of the regulatory/reimbursement environment; the capabilities of the management team; and the financial

feasibility of deal terms. It is critical for companies to know and appreciate the screening criteria, and the screening process itself, when seeking angel funding. And many companies often overlook this aspect of the funding process to their detriment.

On the whole, the panel discussed a broad range of topics, including the strategies for life sciences entrepreneurs to approach angel groups, the attractiveness of emerging life sciences companies to angel groups, and the importance of working with accounting and legal professionals who understand the nuances of angel investing. For more information concerning angel investments in life sciences companies or angel investments in general, please contact Jeff Nicholas of Fox Rothschild LLP at jnicholas@foxrothschild.com or 215.918.3639, Alex Tablin-Wolf of Fox Rothschild LLP at atablin-wolf@foxrothschild.com or 215.918.3635, or Lori Reiner of EisnerAmper LLP at lori.reiner@eisneramper.com or 215.881.8853.

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Delaware Crossing Investor Group (www.delawarecrossing.org) is a network of former and current executives and entrepreneurs who provide counsel and capital to early-stage and other growth-oriented companies. Through a combination of their diverse business experience and contacts, members fund and aid the development of companies principally in Pennsylvania, New Jersey and Delaware, but also New York, Maryland and Connecticut. DCIG seeks early-stage, high-growth businesses with high investment return potential which require funding of approximately \$250,000 to \$1,000,000 to reach the "next level". DCIG frequently collaborates with other angel groups and early-stage venture capital funds in its investments. DCIG has two chapters - one headquartered in Bucks County, Pennsylvania and one in Princeton, New Jersey. For more information, contact Loren Danzis at or 215.918.3561.

Robin Hood Ventures (www.robinhoodventures.com) is a group of angel investors, focused on early-stage, high-growth companies in the Greater Philadelphia region. We help entrepreneurs build great companies, providing capital, mentoring, expertise and connections to help companies reach their potential. Robin Hood generally invests \$250k to \$500k, and collaborates with angels, institutions and VCs in our network. We invest as a single entity in businesses we know and understand, in a way that gets deals done. Since 1999, we have invested over \$11M in over 30 companies in industries including software, medical devices, biotech, internet and financial technology. For more information, contact Ellen Edelman Weber at 215.966.6220.

The Mid-Atlantic Angel Group Funds I & II, LP (MAG I & II) (www.magfund.com) were created to bridge the gap between angel funding and institutional venture capital funding serving the Greater Philadelphia Region. These member-managed funds provide investors with an opportunity for active involvement in diversified venture capital investments throughout Pennsylvania, New Jersey, Delaware, New York, and Maryland. The funds seek to leverage various public and private funding resources and networks by providing equity capital to seed and early-stage, technology-based, high-growth companies. Fund members include experienced entrepreneurs, high net worth individuals, institutions, and other accredited investors interested in realizing a high return on invested capital in Regional technology companies and being a key part of Regional growth. Modeled after the best practices of other successful angel funds operating around the country, MAG I & II are the first formally structured angel capital venture funds in the Greater Philadelphia Region and seek to intelligently leverage Regional and statewide funding and other public and private partnership opportunities. For more information, contact Karen Griffith Gryga at 215.972.6700 x3061.

Jump Start New Jersey Angel Network (www.jumpstartnj.com) is a private, member-lead, angel group that invests in early-stage technology companies in the Mid-Atlantic region. Jumpstart members include many successful entrepreneurs, business executives and venture capitalists in the region. Jumpstart was formed in November of 2002 with the active support of New Jersey Technology Council (NJTC) and New Jersey Economic Development Authority (EDA). At that time, the CEO's of the NJTC and the EDA met with successful entrepreneurs and professional investors to encourage the formation an angel investor network to help early-stage companies. Shortly after this meeting, Jumpstart was born. Since its formation, Jumpstart has developed a strong

relationship with the venture capital community. This relationship along with ties to the EDA and the NJTC allows Jumpstart to take full advantage of local resources to help early-stage companies. For more information, contact Katherine O'Neill at 856.813.1440.

The Pennsylvania Angel Network (PAN) provides resources and support to the angel community throughout Pennsylvania. PAN's mission is to improve the overall investment environment for investors, increase the number of investors and increase investment dollars in Pennsylvania and surrounding areas. PAN fosters an open eco-system for the angel community through best practices, collaboration, due diligence support, networking, deal flow, etc. which therefore enriches the ability to fund seed & early stage companies. By linking state and regional networks together it allows for better coordination and cooperation between the groups, as well as economic development organizations, technology transfer, venture firms and strategic sponsors. For more information, contact Mike Gildea at 814.451.1151.

[1] Delaware Crossing has invested in Novira, Prescient Medical, Saldaz, Sensigen, and Starr Life Sciences. Robin Hood Ventures has invested in Novira , Protez, QR Pharma, Molecular Detect, Glucolight, UltraTouch, Power Medical Paradigm Spine, Bioconnect, and Core Essence. Mid-Atlantic Angel Group has invested in Novira, Protez, Melio Discovery, Yaupon, Molecular Detect, Starr Life Sciences and Bipoticon. Jump Start has invested in Sword Diagnostics, Andrew, and VectraCor.