



Global University Venturing



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A Healthy Venture in New Jersey

New Jersey Health Foundation and the University of Medicine and Dentistry of New Jersey collaborate on new venture model to commercialise university IPs.

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New Jersey Health Foundation and the University of Medicine and Dentistry of New Jersey (UMDNJ) have developed a rare venture model to foster the commercialisation of university intellectual property (IP).

Foundation Venture Capital Group (FVCG), LLC, a not-for-profit venture fund, was established in 2006 by the board of its parent company, New Jersey Health Foundation, which recognized that ideas generated by scientists at the university were too early stage for other venture capital firms to invest in. Former banker, management consultant and entrepreneur James Golubieski (pictured above) is President of both New Jersey Health Foundation and Foundation Venture Capital Group.

“We started the fund with \$5M from New Jersey Health and have invested up to \$500,000 in each of eight pre-seed companies,” Mr. Golubieski said.

The University licenses intellectual property and covers some initial costs, such as patent applications, while the Foundation Venture Capital Group supplies not only funding but also business skills to manage

the company while the founders develop their ideas in the University. The entrepreneurs retain 51% to 60% of their companies but do not take salaries as they are employed by the University. They typically spend 10% of their time working on the company.

The remainder of equity is split between the venture fund and the University. “If the company works out, that’s great for everyone. If it doesn’t, well, we consider the money to be an investment in the research mission of our organizations,” said Mr. Golubieski. “We will provide the resources available to get the company to a certain level, get the IP in a good position, get the technology a little further, and then when we need more serious funding we can partner with other interested parties like VC funds or pharmaceutical companies.”

The first company to exit from the fund was Longevica, which was sold to Russian investment firm Rostock International Ltd in 2009. The founders of Longevica were Russian and already known to Rostock. Longevica’s technology has potential uses in medicine such as protecting healthy cells in patients undergoing radiotherapy and chemotherapy treatments.

“One of the exit strategies of FVCG is to sell our shares in the company in which we have invested to a corporation or other venture capital group that would provide resources to advance research,” Mr. Golubieski explained. “Rostock has the ability to commit and invest additional capital to support Longevica research that can take several million dollars to perform the necessary pharmacological and toxicity studies necessary to file an Investigational New Drug Application with the FDA.”

The Foundation’s current seven portfolio companies are up to 6 years old and the science ranges from a blood test for Alzheimer’s disease to improving the quality of life for spinal injury patients through stem cell therapy.

Tatiana Litvin-Vechnyak, Associate Director of the University’s technology transfer office said, “Inventors at UMDNJ are extremely grateful for having the opportunity to work with FVCG. The Fund provides the necessary support to the University’s inventions and ultimately benefits not only the specific projects it funds, but on a more global scale, contributes the entrepreneurial ecosystem UMDNJ is working hard to create among its faculty and staff and its neighbouring institutions.”

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