VC readiness in Bio-entrepreneurship and its challenges

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Abstract

Early years of the modern life sciences industry and respective venture capital financing transactions date back to the ۱۹۷۰s. Venture capital is a type of private equity, a form of financing that is provided by firms or funds to small, emerging firms that are deemed to have high growth potential, or which have demonstrated high growth. In this article we are going to speak about three entrepreneurial finance elements which are: Business Angles (BAs), Venture Capitals (VCs), and Bank loans, with a special attention to the VCs. A comparison between these three cases will be provided and the emphasize is on VCs. The most important challenges and risk-taking by VCs will be discussed.

Keywords: Entrepreneurial finance, Venture Capital, Bio-entrepreneurship, Co-investment, Trade-off.

۱. Introduction

Bio-market is an increasingly high value market which is in growth and in need of high amount of money, credit, and capital for its early and late stages of formation which will be discussed as different investing rounds in bio/life science-based new firms. According to the Oxford Handbook of Entrepreneurial Finance [۱], entrepreneurial finance is a topic that covers several sources of capital, such as Business Angles (BAs), Venture Capitals (VCs), private equity, hedge funds, microfinance, project finance, Bank loans, and so on [۲]. Investors are essential actors in innovation ecosystem since they provide incentives for innovation, supply information, reduce uncertainty, foster cooperation, and make available mechanisms to handle conflicts [۳]. Herein, we want to analyze three actors of entrepreneurial finance environment: