



Number of biotech start-ups decreasing

Berne, June 2012 – Eight new companies were rewarded with the CTI Start-up Label during the first quarter of 2012. Particularly the IT sector has recently known a positive development. Yet, in the same time CTI observes a negative trend in the number of biotech start-ups, which is critical in the long run considering the importance of this strategic field for Switzerland's economic future growth.

Decrease of number of biotechnology start-ups

For some time now CTI Start-up has been observing a negative trend in the number of new biotech ventures. While in 2008 twelve companies in the domain of life science (incl. biotechnologies) obtained the CTI Label in 2011 there were only five. The same tendency is noticed with the number of new enrolments for the CTI coaching program, the entry point of tomorrow's entrepreneurial success stories.

Although there are many reasons for this development, the most critical one is doubtless the more difficult research and development conditions. As a matter of fact, investors are reluctant to finance the long lasting, risky and expensive clinical trial phase.

In the aftermath of the economic crisis a native correlation is occurring in the sense that the development of biotech innovations need increasingly time and financial means while at the same time venture capitalists have switched investment strategies away from early stage R & D projects towards supporting later stage products and clinical trial studies.

Peter Harboe-Schmidt, CTI Start-up head coach eastern region and life science coach commented the situation as follows: *„Biotech start-ups have encounter for some time know difficulties to find investors. Entering early stage partnerships with pharmaceutical companies would be an alternative. Unfortunately they too have changed focus and concentrate more on investments in later stage projects. This tendency slows down chances for development and growth of new companies and in the long run will affect the innovation chain, if not even lead to innovation gaps in field of biotech.*

Strong increase of start-ups in Information- & Communication's Technologies (ICT)

On the other hand, CTI Start-up has noticed an opposite trend in the IT- and Communication Technologies (Software, applications for internet, smart phones and services) sector where the number of projects is rapidly increasing. Although this tendency can only be welcomed, a more critical evaluation of ICT innovations points to the fact hat many of them have a very short live expectancy. Moreover ICT companies have to face tougher competitive counter currents and international players. The business models of young companies in this domain are often less innovative and sustainable in the long run.

Founders also frequently overestimate the potential for scaling-up and revenue generation of their new biz idea. On the other hand and in the frame of the actual economic situation the ICT enjoys the general interest of ready-to-go investors and buyers.

“Currently ICT start-ups face more difficulties to secure the needed financial support for product development. As a result they run the risk to be surpassed by the speed of technological progress and changes even before new technology ventures can capitalize on their competitive edge with a successful U.S. market entry”, comments the situation Christoph Heidelberger, CTI Start-up ICT Coach.

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CTI Start-up

The Commission for Technology and Innovation CTI is mandated by the Swiss Confederation to support high-tech projects and sustainable new business ventures by providing training, coaching and access to investors. In keeping with CTI's strategic national mission to foster economic growth, create jobs and international competitiveness that assure Switzerland's future wealth, CTI Start-up supports since 1996 enabling technologies by providing access to a range of training seminars (CTI Entrepreneurship) and tools, methodologies, experts and a tailored, hands-on coaching process in four phases (CTI Start-up). During this 6 to 24 month structured process, a dedicated coach will help to bring the venture's project to maturity so that it can apply for the CTI Start-up Label. The Label is a seal of quality, sustainability, and credibility for investors, and favors a successful market entry.

The coaching is free of charge; all start-ups need to invest is time and effort.

CTI Start-up leverages the expertise, proficiency and networks of over 60 seasoned business coaches in all areas relevant to start-ups: finance, fundraising, venture capital, business, technology, marketing, IP, and law.

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