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"State govts need to do more for incubation"

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Dr Premnath also provides leadership for the Intellectual Property Group at NCL - one of India's leading IP management groups based out of research institutions. Dr Premnath is also the director of the Venture Center (trademark of Entrepreneurship Development Center), a technology business incubator on NCL campus. Dr Premnath is also a scientist, Polymer Science & Engineering Division at NCL with an interest in technology development for biomedical products.

Dr Premnath holds a BTech from the Indian Institute of Technology, Bombay and a PhD from the Massachusetts Institute of Technology, USA. He has also been a Chevening Technology Enterprise Fellow with the Center for Scientific Enterprise, London Business School and the University of Cambridge, UK.

Speaking to *BioSpectrum*, he shares opportunities associated with Bioincubation in India and recipe to create biotech incubation boom in India. Excerpts:

How to create a biotech incubation boom in India?
The most important elements of a recipe to create a biotech incubation boom in India are:
1. Early stage POC and technology de-risking funding: This is especially important for creating a pipeline of entrepreneurs and business ideas. (Note: This is especially important in India where most biotech entrepreneurs will be first generation entrepreneurs without strong family funding support and there is often a chasm between knowledge workers and business

people.)
2. Creating incubation facilities and supportive innovation ecosystems for entrepreneurs to get started.
3. Creating mechanisms by which publicly funded R&D institutions can be leveraged for start-up creation and/or supporting startups. (Note: More than 80 percent of research spending in India happens in publicly funded R&D institutions.)
4. Pool of highly motivated potential entrepreneurs and/or experienced entrepreneurs.

What are the key ingredients needed for the success of incubation centers in India?
Based on the experience of incubators who have succeeded in India, key ingredients for success are:
1. Strong and continuous support of a host institution (ex: IITs, NCL), financial backers (ex: ICICI, DBT/BIRAC) or local government (ex: Govt of Kerala, Govt of AP).
2. Motivated and dedicated incubation managers or key mentors.
3. Location which attracts high quality scientists, engineers and entrepreneurs, or a pool of capable and ambitious people to draw from.

How many incubatees are there in Venture Center?
We have around 25 resident incubatees in Venture Center.

What are the expectations of the incubatees from any incubation center?
Different incubatees have different needs depending upon their levels of maturity, previous work experience, stage of technology development and readiness, funding already raised etc.

In my opinion, the first need is often somebody to hear out the business idea without being too negative, assess the technology, provide constructive comments and suggestions and help connect with key resource people and potential team members and funding sources.

Providing funding support or mentoring/referrals to help raise funding is often the next biggest need.

Following this, I would rate access to facilities and other resources as a need of incubatees.

Training and awareness of various aspects of technology advancement, regulatory approvals, IP management, and legal compliances are important needs but often incubatees wake up to these needs only when the need is urgent.

What are the main challenges associated with creating incubation center?
The main challenges:
1. Balancing social goals and public assets vis-a-vis financial sustainability. Lack of stable funding sources for incubators. None or limited local government funding for incubators.
2. Finding good incubation managers.
3. Lack of understanding (and impatience) in many host institutions on the difficulties and time consuming nature of creating vibrant innovation ecosystems and incubation programs.
4. Procedural difficulties and mechanistic hurdles in accessing experts and facilities in R&D institutions.
5. Pockets of funding for early stage inventive entrepreneurs.

How much investment is needed for the same?
There are many different types of incubators. A few specific types are:
1. Business mentoring, branding and funding (ex: IIMA, IIT-B, IKP).
2. Infrastructural and specialised facilities/resources support (ex: C-CAMP, IKP, and Venture Center).
3. Techno-commercial mentoring and POC funding (ex: Accelerators like InnAccel, Venture Center).
4. Others including those who mix models.
Investment needs for type 2 are the highest. Smaller the incubator, the greater the cost per incubatee since overheads are considerable. For rough ball park numbers: A high quality small (under <20,000 sq ft) bio-incubator in a top tier city and central location will need around Rs 4,500-5,000 per sq ft per month as set up costs and Rs 250 per sq ft per month in operational costs assuming that there is no in-kind contributions from the host institution. This does not include costs of specialized equipment and instruments needed for the facility.

Can you share some of the success factors?

Key success factors:
1. Key person setting up and running the incubation program.
2. Support of the host institution (can be academic/research organization).

3. Initial funding support to incubator and entrepreneurs.

Can universities create an eco-system to have 10-15 incubatees in the campus?
Yes. Universities should create and operate an incubator as a strategic program --- an avenue to empower their faculty and students to pursue entrepreneurship and technology commercialization. Currently, DST-NSTEDB, BIRAC and DeitY are supporting setting up incubation centers, and universities can easily leverage these funding sources for creating new incubators. One other thing Universities need to do is to formulate suitable policies and set up institutional mechanisms to support incubation activities.

Is government doing enough to promote Biotech incubation in the country?
Answer to this is Yes and No. BIRAC is doing many things to help incubation for early stage start-ups. For ex, it funds almost Rs 50 lakh for 18 months to early stage start-up via the Biotech Ignition Grant scheme. On the other hand, several other government departments look for immediate success and contribution to economy. In such a situation, turnaround time is faster for IT and Services companies and so they get more attention. Bio-incubators typically take longer time to show the results. State Governments need to do more to support incubation.

Do you think government should look at setting up of a body like STPI (promotes IT) for biotech sector?
It will help biotech sector. IT sector is more export driven and so STPI (with an export focus) produced faster results. In biotech, equivalents of STPI need to focus on creating a longer-term pipeline of companies. We see very few companies like Biocon listing in the financial markets and creating wealth. We need more and more companies to start in this sector and grow.

How do private equity investors and venture capitalists look at biotech sectors?
There is growing interest. We are seeing private equity and VC funding action in Biomed, Diagnostics, and Bio IT sectors in India.