Mann Foundation’s New Tack to Hatch Firms

**BIOTECH:** Incubator already has startup companies on board.

By AMY STULICK Staff Reporter

The Alfred Mann Foundation plans to take a new strategy to develop companies in the life science industry.

The Valencia nonprofit, started by late billionaire Al Mann and now run by Executive Chairman Dr. Robert Greenberg, is organizing an incubator, and already has five companies signed up to participate. Companies may or may not utilize space at the industrial park in Valencia where the foundation has offices. Either way, the goal is to get medical developments to market.

"There’s way too much technology that’s not moving; that’s sitting on a shelf," Mark Chamberlain, chief operating office at the foundation, told the Business Journal. "The incubator allows the foundation to reach more patients in a wider variety of technologies. We have the background, the knowledge and the equipment to help support those sorts of companies."

How Data Drive Sales for Dealers

**AUTOMOTIVE:** Software makers partner to reach wider market.

By MICHAEL AUSENHEK Staff Reporter

MarketScan, a Camarillo producer of automotive financing software, has forged an alliance with Dallas counterpart StoneEagle to parlry their respective strengths into improving their services.

The two companies, which announced their joint venture on Jan. 22, have combined a variety of services to provide "one-stop shopping" to their automotive dealer customers. The combined company will be based in Dallas and will operate under the StoneEagle name.

Coverage for Cyber Threats?

**LIST:** Hackers or ex-employees can compromise data security.

By AMY STULICK Staff Reporter

Valley insurance agencies face the task of managing client risk in the emerging field of cybersecurity. A study by Ernst & Young found that 77 percent of organizations have limited cybersecurity, and 87 percent lack adequate coverage.

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Flights will take passengers from the Valley airfield to Las Vegas, a major hub for the low-cost carrier.
By AMY STULICK
Staff Reporter

The Alfred Mann Foundation, which has developed its own breakthroughs in medical technology for the last 35 years, wants to expand its helping outside companies as part of a new business incubator. The Valencia-based foundation has been making connections for the past year to launch the project, and already has five companies under contract. Two confirmed companies are Biocure and Perceusense, while the other three are fledgling companies that the foundation is not ready to name publicly yet.

Texas-based Biocure, which does most of its engineering in Orange County, has been working on a total artificial heart for more than 10 years but has not gotten to a first human trial yet. The foundation aims to get the company to that point.

"It's a challenging project," said Dr. Robert Greenberg, executive chairman at the foundation and former chief executive at Second Sight Medical Products Inc., in Sybram, a company spun off from technology at the foundation. "It's a lot like our artificial vision project, which is a 20-year process from concept to market. It would be a mechanical heart that would initially replace someone's heart while they're waiting for a transplant, but ultimately could be a permanent replacement."

Perceusense, which is developing medical devices to monitor and diagnose disease in the body, is still in its early stages.

Virtual incubation

Roughly 15 more companies are in talks with the foundation about participating in the incubator program, which could include space at the foundation's offices in Valencia. "In the case of Biocure, they've been remote. With Perceusense, they actually needed a place to live locally," Greenberg explained. "One of our goals is to build up the L.A. region, and to get more of these companies locating and creating more jobs locally, but virtual is OK too. The ultimate goal is to get products to patients. If we can do that virtually, we'll do that.

The foundation expects to have a two-arm system in five years, one devoted to the incubator and the other a more traditional furthering of the foundation's own technology.

Greenberg and Mark Chamberlain, chief operating officer for the foundation, will continue to be selective with prospective companies for the incubator, ensuring that the product or technology developed aligns with the foundation's mission. "I think we can certainly have more, but we're finding it pretty thoughtfully and have just a few to test the model," said Greenberg.

"There's way too much technology that's not moving, that's sitting on a shelf and not getting out to patients," added Chamberlain. "The key is, the incubator allows the foundation to reach more patients in a wider variety of technologies. We have the background, the knowledge and the equipment to help support those sorts of companies."

Chamberlain has worked on several foundation projects during his 27 years with the organization, including Biosense.

The incubator will serve as a steady source of income for the foundation, to cover the potentially volatile growth pattern of internal developments, Greenberg said.

The foundation would be freed up to focus more on long-range projects with a steady cash flow from its incubator.

"We could take on more moon-shot-style projects because a lot of the basics would be covered by the incubator, some of the financial basics and shared infrastructure," said Chamberlain.

The Southern California Innovation Park in Valencia, which houses the foundation and was once owned by the late Alfred Mann, currently has plenty of space for companies to set up shop. Currently, there are 17 buildings totaling 612,075 square feet. The entire park covers 169 acres.

"An incubator can go from a desk to a three-story building in this park," said Chamberlain.

"If this was located in the city, you couldn't do that. The space is just not available," added Greenberg.

For incubators, especially those in the medical field, space and equipment are valuable. "They may need lab space, they may need to do their prototyping, they may need 3D printer capabilities," said Emily Brackstone, shareholder and vice chairperson of law firm Baker Donelson's Emerging Companies Team in Memphis, Tenn. "Getting (companies) the resources and facility they need to run their business at that early stage, that can be a huge benefit to an incubator."

Regulatory help

Assistance with the Food and Drug Administration's approval process can also be a huge incentive for a startup to join an incubator. Access to programs like ZeroTo500, which Brackstone offers to her clients, helps medical device companies shorten that runway, one of the major pitfalls of most development.

Currently, the foundation is determining the best business model for its incubator. A model centered around participation and membership is likely, where investors would pay a fee to be part of the incubator which then distributes funds to fledgling companies. "They're not locked into funding, they can put in a small amount upfront to get to play, and they still get to make the decisions, but that would still give us a little bit of seed capital to fund some of the smaller, earlier companies as well," said Greenberg.

Incubator members would have first right to invest in future rounds, Greenberg added.

Company contracts are still in flux too, depending on what prospective companies need from the foundation. With Biocure, for example, the company already has its own equipment and sub-vendors established, leaving the foundation to fill in the gaps.

"We would be helping them physically with troubleshooting. We bring their equipment up here and we work on it, but we don’t expect them to have a physical presence," Greenberg said.

Once a business model is selected, the foundation aims to move forward with marketing initiatives and establishing a venture capital fund.

"It will probably be established funds, that will probably be the kickoff. We’ve talked to a few people that I know, we haven’t formally put out a proposal to see what firms might be interested," added Greenberg.

The incubator expects to announce more companies as well as the marketing initiatives and VC fund later this year.

Word of mouth

Because the foundation has such a wide-ranging incubator currently, representatives are having a hard time determining how to distinguish it amongst other burgeoning incubators in the San Fernando Valley, like Ventura BioCenter in Thousand Oaks and Pasadena Bioscience Collaborative.

"Some people need engineering help, other people need everything; some people want nothing to do with us but want to get to a piece of equipment that’s very unique and would cost $35,000 to $45,000 to put together," Chamberlain said.

A focus on medical is clear, but beyond that the foundation does not want to limit itself, or prospective companies, with other restrictions.

Organizations like the Southern California Biomedical Council, where Greenberg serves as chairman, will help get the word out about the incubator. Initial discussions about even starting an incubator took off through the council.

"It’s like-minded people thinking alike at the same time. It was also an idea that was circulating as part of promoting different segments of the industry around L.A. County," said Ahmed Enany, chief executive at SoCalBio.

The organization will act as a support for the incubator, opening doors to certain connections and resources in the region, Enany said. SoCalBio will introduce policy makers and economic development professionals to the incubator, and direct prospective resources to foundation representatives.