

Bio-Boom: Academic Trends Fuel Funding for Biotech Startups

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Did you know that mentioning emerging academic trends in your biotech startup's business description can significantly increase the amount of external funding you receive? Here is how.

Funding fiasco

According to a report by [Startup Genome](#), only one out of ten entrepreneurs succeeds. Why do some entrepreneurs succeed while so many others fail? One major reason for failure is insufficient external funding. Entrepreneurs' internal funding from personal sources, including families and friends, is often not enough to sustain the growth of their businesses. Therefore, entrepreneurs are usually in need of funding from external investors. In the context of biotech startups, investors typically have access to significantly less information than entrepreneurs, deterring them from pursuing investments due to the high risks and uncertainties associated with the startups. Increased uncertainties and risks are a consequence of biotech entrepreneurs' reluctance to share discoveries' details, due to the fear of others stealing their unique ideas and knowledge. This is further compounded by the extensive, uncertain timeline for product development, which, in some cases, may culminate in no product at all.

Be “trendy” to attract capital

A recent [study](#) from the University of Amsterdam, published in *Small Business Economics*, shows that there is an effective way to reduce uncertainties for investors and obtain their money without disclosing sensitive information. Based on a sample of 341 biotech startups, the study found that biotech entrepreneurs who mention the name of an emerging academic trend in the business description of their startups obtain higher external investments. Their estimation suggests that when entrepreneurs include the name of an emerging scientific trend in their business description (for example, “generative Artificial Intelligence”), and the trend shows a 10% increase in scientific activity in the year before funding, they subsequently receive a 5.60% boost in funding amount.

Figure 1: An example of a business overview incorporating the trend of generative AI (by ChatGPT)

At the heart of our new company lies generative artificial intelligence, a cutting-edge technology poised to redefine industries and reshape the way we engage with content. With a focus on harnessing the power of AI-driven creativity, we're paving the way for groundbreaking innovations and transformative experiences. From revolutionizing content creation to enhancing customer engagement, our company leverages the capabilities of generative AI to unlock unprecedented possibilities. By combining expertise in machine learning with a passion for innovation, we're committed to pushing the boundaries of what's achievable, setting new standards for excellence in the digital age. Join us as we embark on this exciting journey at the forefront of technological advancement.

Watch out if other startups are founded for the same trend

The study also advises paying attention to whether investors have already funded other startups following those trends. Biotech entrepreneurs who report the name of an academic trend in the business description of their startups and that name has been used by other funded startups, obtain fewer external investments. They explain that initial external investors want to provide financial support to “opportunities that are unlike any others they've seen before, with innovative, disruptive

technologies that may challenge existing ways of thinking”.

Takeaways for biotech entrepreneurs:

1. Be sure to explicitly name the emerging academic trend in your startup's business description when presenting the startup to investors.
2. Tap into research databases to discover emerging trends for your business.
3. Avoid referencing the trend by name if other startups operating within it have already secured funding.

Leveraging emerging academic trends in your business description can be a game changer for securing funding in the biotech landscape. Remember to avoid trends that are already crowded with previously funded startups by your target investors.

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