

Innovation Participation Platform

A New Financial Product to Accelerate Biotechnology Innovation

Geoffrey W. Smith & Samuel Waxman

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EXECUTIVE SUMMARY

Biomedical research at leading academic institutions continues to generate discoveries with significant therapeutic and commercial potential. However, many of these discoveries emerge from laboratories before they are ready for traditional venture financing, pharmaceutical partnering, or company formation. The result is a persistent translational funding gap: promising innovations often require meaningful pre-clinical validation, manufacturability work, regulatory planning, toxicology, and other de-risking activities before they can attract conventional commercial capital.

The Innovation Participation Platform ("IPP") is designed to address this challenge. The IPP is a novel financial platform through which participants provide capital to support selected translational research programs in exchange for revenue participation interests tied to future commercialization outcomes. By financing innovation at the intellectual property level rather than through traditional equity investments, the platform provides a sustainable source of non-dilutive translational funding while preserving institutional independence, commercialization flexibility, and the public mission of participating research institutions.

By connecting private capital directly to scientific innovation, the IPP has the potential to accelerate biotechnology development, strengthen faculty recruitment and retention, improve commercialization outcomes, and expand the pool of capital available to support breakthrough research. At the same time, it creates a new framework for engaging participants who may not otherwise support academic research through traditional grants or philanthropy, while establishing a sustainable model in which successful commercialization outcomes can help finance future generations of scientific discovery.

THE CAPITAL GAP BETWEEN DISCOVERY AND COMMERCIAL READINESS

One of the most significant challenges facing biotechnology innovation is the substantial capital required to transform a promising academic discovery into a development-stage asset capable of attracting pharmaceutical partners, strategic acquirers, or institutional investors. While the ultimate cost of bringing a therapeutic product to market may exceed hundreds of millions of dollars, the most acute funding challenge often occurs much earlier—during the period between laboratory discovery and Investigational New Drug ("**IND**") readiness.

For many academic technologies, this stage requires a combination of lead optimization, efficacy studies, translational validation, manufacturing process development, toxicology studies, regulatory preparation, and IND-enabling activities. These activities are generally not well supported by traditional research grants, yet they frequently remain too early for conventional venture capital financing. Industry experience suggests that advancing a therapeutic program from

validated academic discovery to IND readiness typically requires between approximately \$5 million and \$25 million of capital. Small molecule programs may often be advanced within the lower end of this range, while biologics, cell therapies, gene therapies, and other advanced modalities can require substantially greater investment. Even a modest portfolio of high-potential programs will therefore require significant dedicated translational capital. For example, a portfolio of eight to twelve translational programs would likely require aggregate funding of approximately \$100 million over a five to seven-year development period.

The Innovation Participation Platform is designed specifically to fill this capital need. By providing milestone-based funding at the program level, the platform enables academic researchers to generate the data, validation, and development milestones necessary to unlock substantially greater downstream value. Importantly, this capital is not intended to replace existing grants, philanthropy, industry partnerships, or venture financing. Rather, it is intended to complement these sources by funding the critical translational activities that connect scientific discovery to commercial opportunity.

IPP: PARTICIPANT ACCESS AND CAPITAL STRUCTURE

Innovation Participants

Participants would be expected to be university alumni, philanthropic supporters, family offices, charitable foundations, and other stakeholders who wish to play a formative role in establishing a new model for biotechnology commercialization at the applicable institution. Participants would provide the cornerstone capital necessary to launch the IPP and establish a sustainable source of translational funding for future generations of academic researchers. In addition to potentially attractive long-term economic returns, these investors would participate in advancing the institution's research mission, and accelerating the development of therapies and technologies that improve patient outcomes.

To recognize their role in creating the platform, participants would receive enhanced engagement opportunities, including participation in annual innovation forums, direct interaction with researchers and institution leadership, early access to portfolio updates, invitations to showcase events, and recognition as founding supporters of the IPP. These benefits are intended to strengthen engagement with the institution's innovation ecosystem while maintaining economic alignment across all investor classes.

Innovation Participation Units

Participants would access the IPP through professionally managed investment vehicles established to acquire and administer portfolios of revenue participation interests (each, a “***Innovation Participation Unit***”) associated with selected research programs. These vehicles are intended to provide diversified exposure to the institution's innovation ecosystem while aligning the interests of the institution, its researchers, investors, and alumni.

Each IPP vehicle would be capitalized with, as an example, \$100 million of committed capital. The vehicle would seek to support a portfolio of approximately eight to twelve high-potential translational research programs grouped by one or more calendar years (each, a “***Class***”). Capital would be deployed over a five-to-seven-year period and released on a research stage gate-based

basis. Initial funding would support critical translational activities such as target validation, efficacy studies, manufacturing development, toxicology, regulatory preparation, and IND-enabling work. Subsequent capital would be deployed only upon achievement of predefined scientific and operational milestones. This staged funding approach promotes scientific discipline, improves capital efficiency, and allows resources to be concentrated on the programs demonstrating the greatest potential for scientific and commercial success.

Rather than acquiring equity ownership in research programs or spinout companies, the IPP vehicle would receive Innovation Participation Units tied to future commercialization outcomes with respect to the funded research programs.

These participation rights would apply to value realized by the institution through:

- Upfront license payments.
- Development and regulatory milestone payments.
- Sublicensing revenues.
- Commercial royalties received by the institution.
- Strategic partnership consideration.
- Acquisition proceeds.
- Other monetization events arising from commercialization of the funded intellectual property.

An illustrative economic framework for an Innovation Participation Unit could provide that the IPP vehicle receives 20% of commercialization proceeds attributable to research programs within a Class until unitholders have received aggregate distributions equal to three times (3x) invested capital allocated to that Class. The following table shows the potential outcomes for this illustrative model:

Portfolio Commercialization Value	Participant Return	Participant MOIC	Value Retained by Institution
\$500M	\$100M	1.0x	\$400M
\$1.0B	\$200M	2.0x	\$800M
\$1.5B	\$300M	3.0x	\$1.2B
\$5.0B	\$300M	3.0x	\$4.7B

The portfolio-based structure is designed to create a strong alignment of interests between the institution and the participants in the Innovation Participation Platform. Participants have exposure to a diversified portfolio of innovations with the understanding that, as is typical in biotechnology development, many research programs will likely not reach commercialization. Rather than relying on the success of any single technology, the structure is designed so that a limited number of highly successful licensing, partnership, acquisition, or product development outcomes can generate attractive portfolio-level returns.

The attractiveness of the model is further enhanced by several structural advantages. Capital is deployed at an earlier stage of development than is typical for traditional venture capital, providing exposure to innovation before substantial value appreciation has occurred. Participants gain direct exposure to intellectual property assets rather than investing through corporate entities, allowing them to participate at lower entry valuations, prior to future financing dilution, and without dependence on management teams or capital market conditions. In addition, research programs will be selected through a disciplined review process conducted by independent scientific, medical and commercial experts, creating a curated portfolio of opportunities intended to maximize both translational impact and commercialization potential.

Because participant returns are tied directly to successful commercialization outcomes, capital is naturally directed toward advancing the institution's most promising translational research opportunities and accelerating their path to market. At the same time, participant returns are subject to a defined cap, providing sufficient economic incentive to attract long-term private capital while ensuring that extraordinary commercialization outcomes primarily benefit the institution and its innovation ecosystem. This approach allows participants to share in the value created by successful translation without obtaining a disproportionate claim on breakthrough discoveries.

As a result, the substantial majority of long-term economic value generated by innovations remains with the institution, its inventors, and future research initiatives, creating a sustainable cycle in which commercialization success can be reinvested into new scientific discoveries, faculty recruitment, and research infrastructure.

POTENTIAL FOR TAX-EFFICIENT MISSION-ORIENTED PARTICIPATION

The IPP may also create opportunities to explore innovative structures that further align participant support with the institution's research and innovation mission. One concept worthy of further evaluation is whether a participant's commitment could, under appropriate circumstances, be viewed as containing both an investment component and a mission-support component. For example, if a participant contributes capital to the IPP under economic terms that are intentionally designed to prioritize long-term support for innovation rather than maximize financial returns, it is possible that the fair market value of the economic rights received could be less than the amount invested. To the extent supported by applicable tax law, independent valuation, and appropriate legal structuring, the difference between the participant's capital contribution and the fair market value of the economic interest received may create opportunities for charitable contribution treatment with respect to some portion of the commitment.

While the legal and tax implications of any such arrangement would require careful analysis, the concept highlights one of the unique characteristics of the IPP. Unlike traditional investment vehicles, which are designed solely to maximize economic returns, or traditional philanthropy, which generally provides no opportunity for financial participation, the IPP has the potential to occupy a middle ground that combines support for scientific advancement, participation in commercialization outcomes, and the possibility of tax-efficient capital formation. In doing so, the platform may provide a practical framework for aligning investment capital, philanthropic objectives, and long-term support for the institution's research enterprise within a single structure.

PROJECT SELECTION - INDEPENDENT SCIENTIFIC, MEDICAL AND COMMERCIAL OVERSIGHT

A distinguishing feature of the IPP is that investment decisions are not controlled by the institution, individual faculty members, or a traditional investment manager operating under conventional fund deployment pressures. Instead, capital allocation is guided by the independent Technical and Commercial Advisory Board (the “**TCAB**”), whose sole mandate is to evaluate and review research programs with the strongest combination of scientific merit, translational medical potential, and commercial opportunity. This structure creates an objective and merit-based selection process that aligns capital deployment with the long-term interests of the institution rather than the incentives of any particular stakeholder group.

A institution committee chaired by senior institution leadership would propose potential research projects for inclusion in a Class (the “**Proposal Committee**”). The TCAB, consisting of nationally recognized scientific, clinical, regulatory, and industry experts with no affiliation to recipient laboratories would evaluate and approve opportunities based upon both scientific merit and commercial potential.

Scientific evaluation would include assessment of target validation, biological rationale, reproducibility, translational feasibility, and probability of technical success. Commercial evaluation would include review of unmet medical need, intellectual property strength, competitive positioning, regulatory pathways, reimbursement considerations, and strategic partnering potential. This independent review process would provide disciplined underwriting and ensure that capital is allocated to programs with both compelling science and credible commercialization potential.

By separating scientific and commercial evaluation from both institutional politics and traditional fund management economics, the IPP seeks to ensure that funding decisions are driven by the quality of the underlying opportunity rather than by fundraising cycles, portfolio concentration targets, management fee considerations, or internal university priorities. The result is a more flexible and mission-aligned capital allocation framework that can direct resources toward the most promising innovations wherever they emerge within the institution’s research ecosystem. This approach enhances credibility with researchers, investors, and institution leadership alike while reinforcing the platform's core objective of maximizing translational impact and long-term value creation for the institution.

STANDARDIZED PROGRAM FUNDING AND MILESTONE-BASED CAPITAL DEPLOYMENT

Each research program selected for participation in the IPP would be assigned a predetermined funding allocation based upon its therapeutic modality. For example, antibody-based therapeutics, small molecules, gene therapies, and cell therapies would each be assigned standardized funding levels reflecting the typical capital required to achieve defined translational milestones within that modality. This approach promotes consistency, transparency, and fairness across participating programs while simplifying capital planning for both researchers and investors.

Prior to receiving funding, each approved program would be required to develop a detailed work plan outlining the scientific objectives, development activities, budget, expected deliverables, and milestone-based stage gates necessary to advance the technology toward commercialization readiness.

Rather than providing the full funding allocation at inception, capital would be released incrementally as predefined milestones are successfully achieved. Progress against the approved work plan would be reviewed periodically by both the Proposal Committee and the TCAB, each of which would evaluate performance from complementary perspectives. The Proposal Committee would assess execution against the approved research plan and institutional objectives, while the TCAB would evaluate scientific progress, translational readiness, and commercial viability.

Additional funding would be released only upon confirmation by both the Proposal Committee and the TCAB that the relevant stage gate has been achieved and that continued investment remains justified based on the evolving scientific and commercial profile of the program. Programs that demonstrate exceptional progress may advance through subsequent funding stages, while programs that fail to meet critical milestones may be modified, paused, or discontinued, allowing capital to be redirected toward higher-potential opportunities within the portfolio.

This milestone-based approach creates a disciplined capital allocation framework that closely resembles the decision-making processes used by leading biotechnology investors while preserving the academic independence of participating researchers. By linking funding to measurable progress rather than fixed timelines, the IPP encourages rigorous project management, promotes accountability, and ensures that capital is concentrated on the most promising opportunities emerging from the institution's research ecosystem. The result is a dynamic portfolio management process that seeks to maximize translational impact, commercialization success, and long-term value creation for the institution.

STRENGTHENING FACULTY RECRUITMENT AND RETENTION

The ability to recruit and retain leading scientific talent is increasingly tied to an institution's capacity to support translational research. Top faculty candidates today seek more than laboratory space and grant support. They seek environments where discoveries can realistically move from publication to patient impact.

The IPP would create a powerful differentiator for the institution in recruiting entrepreneurial scientists, physician-scientists, and biotechnology innovators.

Faculty would gain access to a unique ecosystem combining:

- World-class academic research resources.
- Manufacturing and clinical development capabilities.
- Access to milestone-based translational funding.
- Commercialization support without requiring immediate company formation.

Few academic institutions can offer this combination. The result would be a stronger recruiting platform, enhanced faculty retention, and increased attraction of research programs capable of generating significant clinical and economic impact.

A MODERN EVOLUTION OF ACADEMIC PHILANTHROPY

For generations, alumni, foundations, and philanthropic supporters have played a critical role in advancing scientific research and medical innovation. The IPP is not intended to replace these efforts, but rather to complement and expand them by introducing a new mechanism for supporting translational research and commercialization.

Traditional philanthropy will continue to be an essential source of funding for early research, education, facilities, scholarships, and other core institution priorities. However, many individuals and institutions who are deeply interested in biomedical innovation are not traditional donors and may be unlikely to support research through grants or charitable contributions alone. The IPP creates a gateway for these participants to engage with the institution's research mission through a structure that combines measurable societal impact with the potential for financial return.

In doing so, the IPP broadens the institution's capital base and creates a new constituency of supporters whose interests are aligned with the successful translation of discoveries into therapies, diagnostics, and other healthcare innovations. Importantly, because the model is designed to recycle capital through successful commercialization outcomes, it has the potential to create a sustainable and scalable source of funding that can support future generations of scientific advancement.

The IPP also provides a practical and meaningful framework for what is often described as "venture philanthropy." While that term is frequently used to describe mission-oriented investing, it is often applied without a clear definition or durable economic structure. The IPP gives tangible form to the concept by combining rigorous scientific and commercial evaluation, milestone-based capital deployment, measurable societal impact, and participation in future commercialization success. Rather than relying solely on periodic donations, the model creates the possibility of a self-replenishing pool of capital that can continuously fund new discoveries while remaining closely aligned with the institution's public mission.

By complementing traditional philanthropy with mission-aligned investment capital, the IPP has the potential to create a long-term innovation ecosystem that expands support for research, accelerates commercialization, and strengthens the institution's ability to translate scientific discovery into patient impact for decades to come.

CONCLUSION

The Innovation Participation Platform would provide a sustainable source of translational capital, enhance faculty recruitment, and improve commercialization outcomes. By connecting participants directly to the success of the institution's scientific discoveries, the institution can create a scalable mechanism that accelerates innovation while preserving academic independence and public purpose. The result would be a differentiated biotechnology ecosystem capable of transforming breakthrough research into therapies, companies, jobs, and patient outcomes for decades to come.