

Venture Capital and Nutrition: *Where Does the Money Come From and Where Does it Go?*

Dr Robert Harwood
CEO, CPL Business Consultants & CPL Executive Search

Prepared by:

CPL Business Consultants
Innovation Centre, 99 Park Drive,
Abingdon, Oxfordshire, OX14 4RY
Tel: +44 1865 257 252,
info@cplconsult.com,
www.cplconsult.com



Rubens Room, 2:00pm, 14 June 2017

“Telling people what they need to know rather than what they would like to hear”

Dr Robert Harwood

Agenda

- Introduction to CPL Business Consultants & CPL Executive Search
- VC Funds
- Where does the money come from?
- Where does the money go?
- How does it work?
- What are they looking for?
- Issues for Nutritional Products – Personal Observations

Supporting VC funds and companies which are seeking investment (as well as large strategics, PE funds and investment banks). Specialised in nutrition (ingredients), biotechnology, agriculture and related areas.

Technology strategy

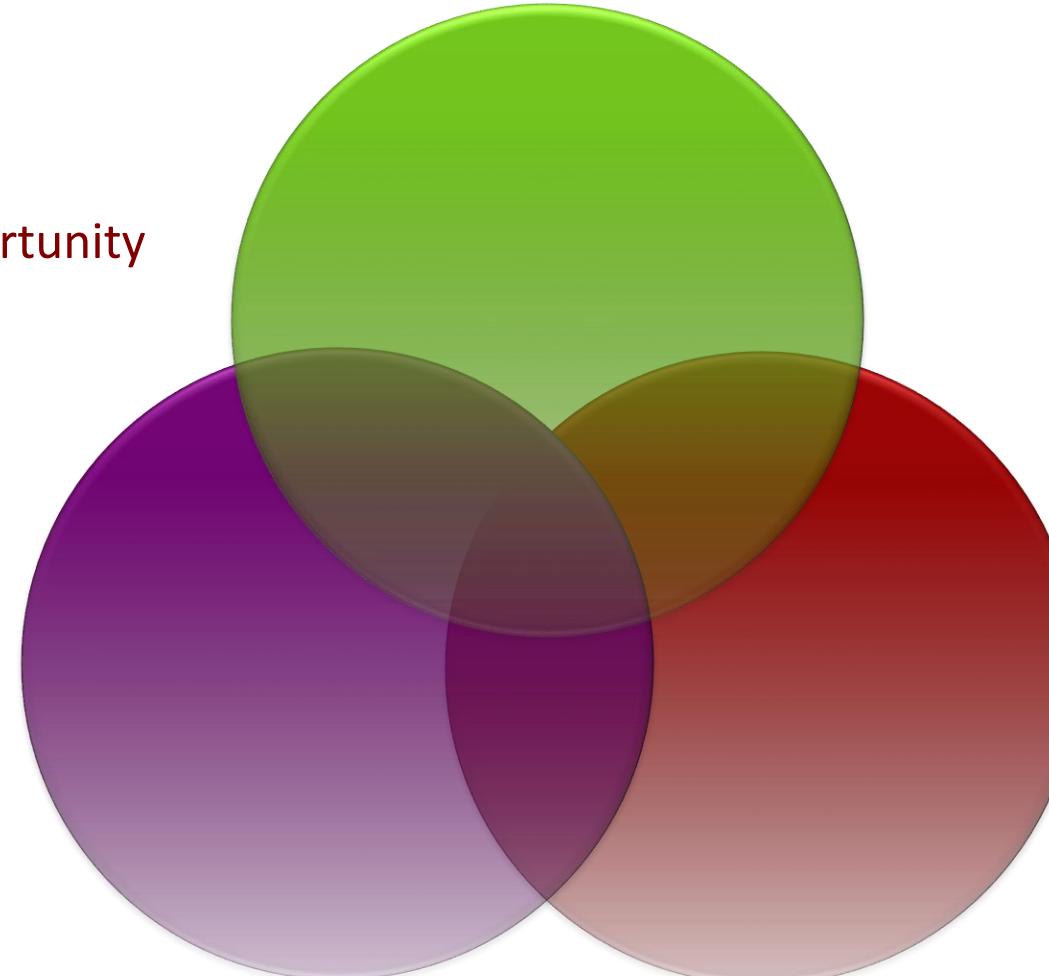
e.g. technology analysis, technology transfer, IP, opportunity scouting & analysis

Corporate strategy & Transactions

e.g. Buy and sell-side due diligence, acquisition targeting, partnerships, business plans, value chain positioning

Market strategy

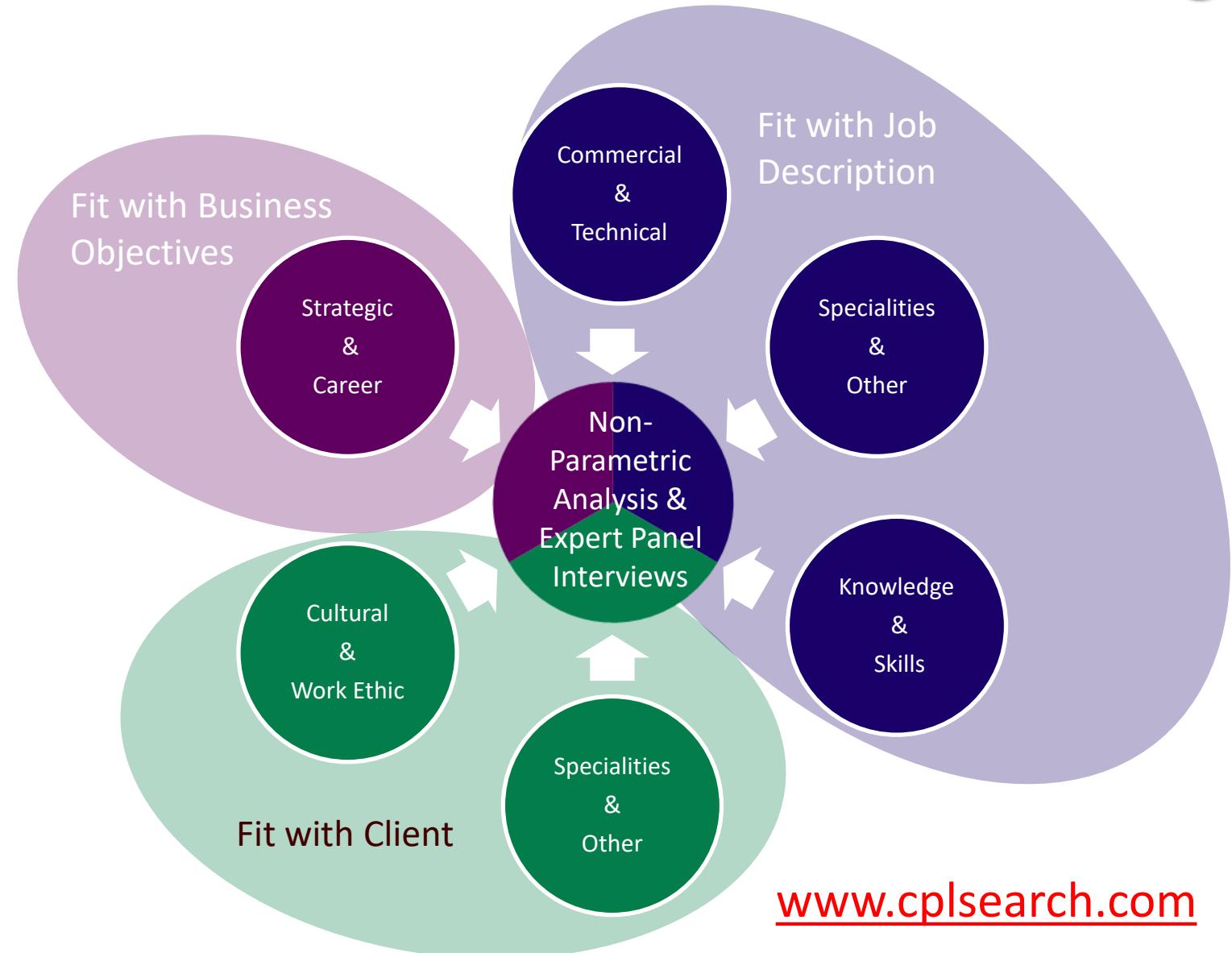
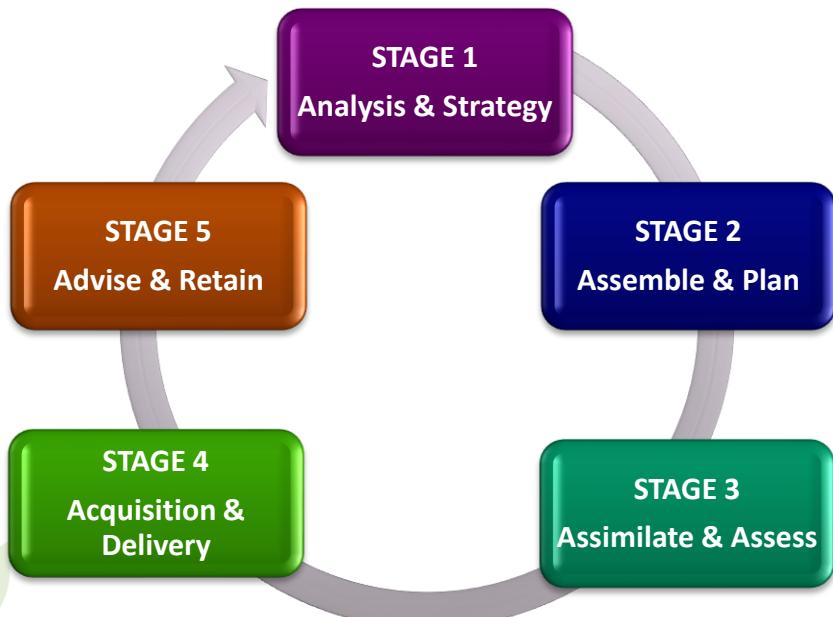
e.g. market analysis, volumes and values, KSF, BtE, market entry, marketing plans, product strategy, competitor analyses, regulatory & IP issues



www.cplconsult.com

Finding Human Capital

A unique and rigorous process, for the 'acquisition of people'



First Beverage Group

khosla ventures

21 Partners

GREAT OAKS
VENTURE CAPITAL

2X Consumer Products
GROWTH PARTNERS

inventages

ALLIANCE
CONSUMER GROWTH

Libations



PEJMAN MAR VENTURES

Next Level
VENTURES

JMK
Consumer
Growth
Partners

WINKLEVOSS
CAPITAL

ROQUETTE
Ventures

AIB
SEED CAPITAL FUND

SHERBROOKE
CAPITAL

L CATTERTON

LION CAPITAL

DuPont
Ventures

DEMETER GROUP

veb

TATE & LYLE
VENTURES

A large number of funds

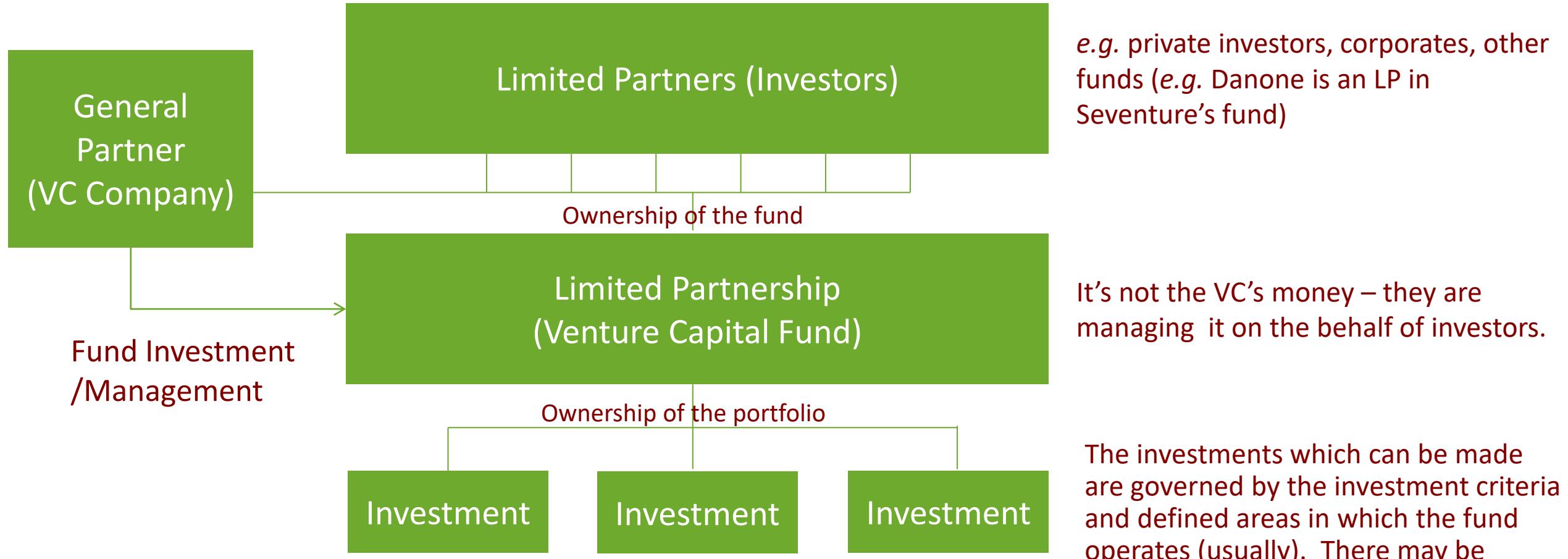
- Generalist and specialists (e.g. Seventure)
- Corporate venturing (e.g. DSM, DuPont, Evonik, Tate & Lyle).
- There are now a lot of corporates, particularly investing in B2C Start-Up Brands
- Areas of focus and investment criteria may differ between funds
- Management approach may differ between funds
- For a company , partnering with the right fund is important

Where does the money come from?

6

BUSINESS CONSULTANTS

CPL



What funds say they will invest in is not always what they will invest in.

Corporates investment in external funds may be declining. If they go direct so they can do what they want.

General funds might be less attractive for corporate investors than specialist funds

Where does the money go?

7

BUSINESS CONSULTANTS

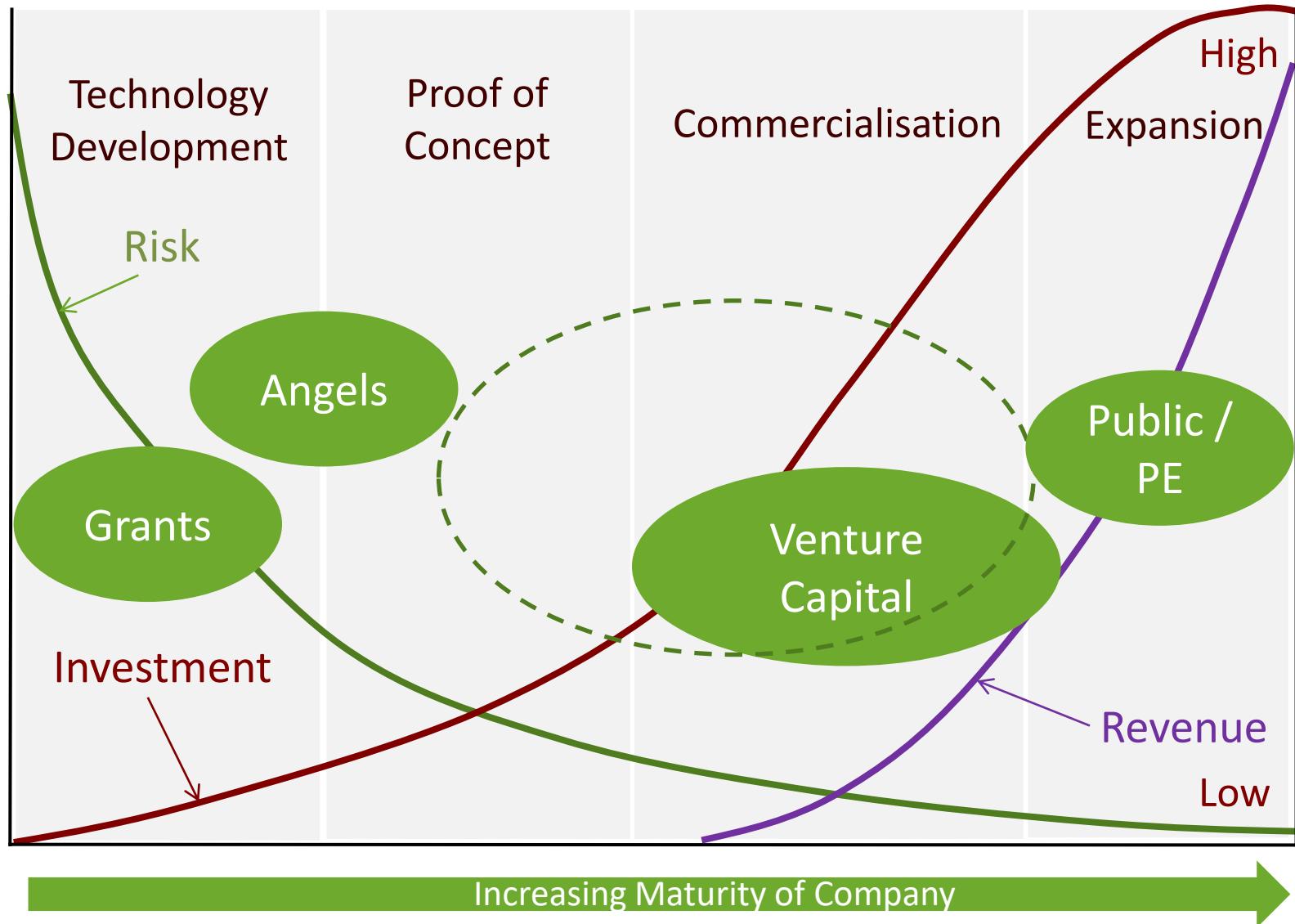
CPL

VC's generally fill the gap between 'Angels and PE'

Some funds are more risk averse than others

Corporate venturing funds will often take on earlier stage investments, filling a gap where funding is limited

VC's are becoming more and more risk averse – going for the latest stages possible



How does it work?

8

BUSINESS CONSULTANTS

CPL

Most funds have a limited timescale.
This determines how long the investment will
be for and the time period within which they
expect to see a return.

The timescales are often more suitable for
FMCG or B2C products rather than B2C
products like functional ingredients.

Poor decisions are most likely to be made at
the start and at the end of a fund!

Commitments by Investors,
Multiple Closings



VC has a shelf life – 10 years

Marketing

Investments need to be commercially
attractive within a short timescale

What are they looking for?

The Technology or Product

- Differentiated – Unique or unusual, clear USPs
 - A unique idea
 - "Proof of concept" of the technological innovation
 - A promising implementation concept
- Protectable
 - Patented or patentable Process, Trials Data or Know-How
- Commercial
 - Is it a viable business proposition?
 - Strong market orientation and customer understanding

The Business

- Demonstrable ROI Potential
 - Is there an attractive return?
 - A strong business model
- **Strong Management**
 - Skilled and highly committed
- **Willingness to Engage**
 - Keen to cooperate

Due Diligence Includes:

- Thorough Technology Review
- Detailed Analysis of the Market Position
- Financial Analysis

The Investment Thesis

- What will the money be spent on?
 - minimum investment amount
- Additional Upsides
 - Pipeline
 - Line extensions
 - Adjacencies)
- Clear Routes for Exit
 - What is the exit proposition?



Case Study: DuPont Ventures - Nutrition & Health

10

BUSINESS CONSULTANTS

CPL

- “We’re looking for business collaborations that can bring innovative sustainable solutions to market in food ingredients, health and safety.”
- “From specialty ingredients to enabling technologies, we look for investment and partnership opportunities in the following areas:
 - Unique extraction, conversion, and separation approaches
 - Biotechnology based nutrition & health ingredients
 - Specialty ingredients that target health
 - Food Safety and Diagnostics
 - Enabling technologies and services such as formulation, encapsulation, and sensory enhancers”
- “We strongly encourage you to articulate how collaborating with DuPont could create strategic value for both DuPont and your company.”



DANISCO®

DuPont
Ventures

Issues for Nutritional Products – Personal Observations

11

BUSINESS CONSULTANTS

CPL

Getting people interested in investing in health ingredients can be difficult

- Can be difficult for functional ingredients to meet the investment criteria
- Higher returns might be made on B2C foods, but it is more difficult to protect a food than to protect an ingredient

EFSA has made things even more difficult

- What is a food product?
- What is defensible?
- What claims can be made? (e.g. for probiotics)

Interesting areas?

- Food tech. ingredients, branded products, food delivery/distribution systems – clean label, natural, raw etc.
- Alternative proteins: plant proteins, insect proteins – a high risk? will you get a return within 5 years? How do you show this?
- Human microbiome, gut health, pre/probiotics are interesting (although EFSA has caused problems)
- Service based companies (e.g. lab-based diagnostics and testing) - lots of innovation but they are not really the domain of the VC
- Antioxidants haven't really taken off; it is very difficult to prove efficacy
- Beta-glucan was much hyped, but few companies have succeeded in this business

Where is the return?



Dr Robert Harwood

CEO, CPL Business Consultants & CPL Executive Search

www.cplconsult.com
www.ingredientstrategy.com

+44 1865 257 252
robert@cplconsult.com



NutrEvent
LILLE 2017 - FRANCE

WHERE
ALL FOOD CHAIN
ACTORS CONVERGE