

What happens
when Finance
understands
science

PREQUATE

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About when we
changed the model to
generate 10x value

How it began

Altius Limited is a 6 year old company providing biotechnology services with a top-line of over USD 3Mn based out of India. **Prequate** was brought in to help **Altius** build a scalable business model for grant application.

Altius was in a growth stage with idea of raising moneys to step up their research and expand the facility.

Disclaimer: **Altius** started a limited engagement that allowed **Prequate** to develop the renewed business model within the IBM&A offering and strategize investments.



the problem set

Prequate as part of the IB,M&A service was in charge of building the business model and financial model. The expectations from the client were centered on:

- > Valuation of 6 drug combinations at animal POC stage individually and as a whole
- > Developing business and financial model
- > Help with grant application

The breakthrough biotechnology company was founded by reputed scientists and wanted a value based on scientific method and not just industry standards

the approach

Prequate deduced that the fundamental business model was based on the drug combinations and not the platform that determined the drug formulas to test. It meant that the business model needed to address:

- > What is the probability of the success of each combination based on decision tree analysis?
- > How did they pick those 6 combinations to work further on?
- > Are we profiting from the continuing value of the product?

action steps

- > **Detailed business study:** Identify and understand the process and the key variables
- > **Decision tree analysis:** Studying the probability of success of each combination
- > **Perform a scalability assessment:** Identify the key variables that provide sustaining value to the business
- > **Redesign the revenue model :** Developing continuing revenue model based on sale of formulas as against combinations

The results

Prequate redesigned the business model that

- > was centered on the platform that generated the drug formulas and not the drug combinations at animal POC stage themselves
- > was based on decision tree analysis method to derive each combinations' value and extrapolate the same to the platform (based on the no. of combinations it could predict)
- > was based on selling the drug formulas for sustained revenue as against the drug combinations since the lifecycle for drug testing and market launch is long and probability of success is low

- > Generated a **decision tree based valuation** for evaluation of value of IP
- > **Demerger discussions were closed** upon our advise
- > **Technology was patented and capitalized** upon our advise
- > **Internal funding** and low dependence on grants

impact matters

Need more clarity?

Prequate works with organizations to help them understand their environment and do business in a leaner and smarter way.

By helping businesses interpret their surroundings, Prequate helps amplify the impact of their strategies and executional strengths without worrying too much, or with a lot more clarity, as to how their environment may be respond.

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