

Interview with MassVentures Managing Director Vinit Nijhawan



Vinit Nijhawan
Managing Director
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Q1: What is your current work in Boston? And how did you start doing this work?

Let me start from the beginning. I started my first company as an engineering student and subsequently my startups were acquired by Boeing, Motorola, Qualcomm, and Mitel – focused on aerospace and telecom industries. Then 15 years ago, I decided I did not want to run companies but instead help other entrepreneurs with their startups. That took me in two directions. One was teaching at Boston University. And the second was becoming an investor. I was at an investor firm called Key Ventures. They had actually led my series C round at the last company I ran. The teaching led to running the Office of Technology Development at Boston University for six years. We launched 8 venture-backed companies that have raised over \$350 million to date and generated record licensing revenue. That experience at Boston University also allowed me to learn life sciences because many of those companies were life sciences companies. After that, I figured if the model works at Boston University, it should work with other Massachusetts academic research institutes. So, I took over a quasi-public state agency called the Mass Tech Transfer Center (MTTC) that had been founded 14 years ago. And then in July, we merged MTTC with MassVentures, another quasi-public state agency that was founded 43 years ago in 1978. At Mass Ventures, we focus on deep tech investing with an additional focus on academic spinouts.

Q2: What is your impression of Boston as an ecosystem for startups?

I move to Boston 33 years ago. At the time, Boston was a key center of entrepreneurship in the US. Frankly, Boston was an equal to Silicon Valley. In that subsequent period of time, one could say that Boston has lost its primacy to Silicon Valley particularly in computing but that Boston has recently gained back its leadership position in life sciences. Boston is a great place to start a company in almost any field but particularly in deep tech and life sciences.

Q3: How was your experience judging the final cohort of 10 Japanese startups from the JETRO Innovation Program bootcamp at the February 11th pitch event?

I have been doing business in Japan for 40 years. So I am familiar with Japanese business culture, though I have not had much recent experience doing business in Japan. Based on that experience I would say the biggest surprise for me was how well prepared the startups were in their pitches. It is easy to look at a book and prepare that way but it was pretty clear that those companies had all had some real-life experience raising money and actually getting a company off the ground. I feel like that is very different from Japanese business culture that I was used to, which frankly was not that much of a startup culture. I was very impressed by the startups.

Q4: What was your impression of the Japanese startups who pitched?

I was surprised by how much funding some of them had already raised, particularly non-dilutive funding. It seems like the Japanese government has some good grant programs. In the US, NIH and NSF grant to universities and to companies through the SBIR program but there is not that much non-dilutive funding available to companies. Startups in the US really have to go get private capital earlier. Whereas, some of these companies that were presenting from Japan were pretty far along without having needed to raise private capital. Especially in life sciences, I think that's good because private capital tends to like to see the key science risk taken out before they consider investing. To the extent that the government can address that and help the startups take the science risk out, then it is more likely that private capital will follow.

Q5: As an investor, what do you see as the challenges facing Japanese startups who are seeking funding in the Boston area?

That is a challenge for *anybody* outside of Boston. I was speaking to a materials company that spun out of University of Texas in Dallas. They were hoping to raise money in Boston. And I said, "it is going to be hard." First of all, there are just so many good opportunities right here in Boston that investors do not really need to look at companies outside Boston. Secondly, I think the pandemic has changed things a bit, so that investors are more accepting now of remote teams. However, I still think having a local presence is going to be important. Third, I would also say that there is a major push happening now in Boston and other parts of the US to fund diverse founders. Of all the companies that participated in the Japan pitch event, only one was woman-led. I think that is going to becoming an issue in Boston for life sciences and tech companies. You are going to see a big push for investing in diverse founders.

Q6: Do you have any advice for Japanese startups who are looking to expand in the Boston area?

The US market for life sciences companies is about half the worldwide market. So having a business function in the US would be valuable for life sciences companies. It is like the early

days where car companies and consumer electronics companies from Japan realized that the Japanese market is really too small and had to expand. When setting up a local presence, most European and Asian companies feel comfortable sending their own people to the US. I think that is a mistake. The way that US works is very professional. If you hire a VP of Sales & Marketing or a VP of Business Development here, they are going to be very loyal to you. That is just the way the business culture works here in the US. The local people are going to understand the market here. I would strongly encourage these startups to find someone local on the US side.

Q7: Anything else you want to add?

Japan has one huge advantage. In a way, it is a laboratory for developing products and services for an ageing population. For example, one of the Japanese startups who pitched was developing an ultrasound device to check if your bladder is full. I think that the same needs will happen all over the world as those populations also age. Ageing related startups in Japan should really consider entering the US market.