Derek Andrew Small
Co-founder, Chairman and CEO, Monument Biosciences, Inc.
Founding CEO, Syndeio Biosciences, Inc.
CEO and Managing Director, Luson Bioventures

Testimony Before the U.S. Senate Committee on Small Business and Entrepreneurship
"Fueling Innovation: The Role of Small Businesses in America's Bioeconomy"
April 7, 2026

Chair Ernst, Senator Young, and Members of the Committee:

Thank you for the opportunity to testify today. I have spent more than 25 years founding and building more than 10 biotechnology companies, advancing over 10 novel drug candidates across cancer, infectious disease, depression, PTSD, and other diseases of high unmet need.

Currently, I am the co-founder, chairman and CEO of Monument Biosciences, an early-stage company headquartered here in Indianapolis, developing next-generation therapies for Alzheimer's disease and related dementias in collaboration with a tremendous scientific founding team from Indiana University School of Medicine, the Indiana Biosciences Research Institute (IBRI), Purdue University and others. I am also currently a co-founder and CEO of Syndeio Biosciences, also based here in Indianapolis, which is developing first-in-class synapse modifiers for Alzheimer's disease and major depressive disorder. These are all companies we have launched from my venture creation firm, Luson Bioventures, which I have led since founding in 2007.

In 2017, I shifted my focus from disease-agnostic biotechnology venture creation entirely to neuroscience. That shift was both professional and personal. I served as a primary caregiver for my father, who passed away that year from complications of early-onset dementia. Behind the six million Americans living with Alzheimer's disease today, and the thirteen million projected by 2050, is a family doing exactly what mine did: watching someone they love disappear and frustrated that medicine cannot move faster. My response has been to build companies designed to answer that question.

The biotechnology sector is not an ordinary small business ecosystem. It is the primary research and development engine for one of the most strategically important industries in the American economy. Roughly 80 percent of the transformative medicines approved in the last two decades have foundational roots in publicly funded basic research. Small companies take that science and do what large pharmaceutical firms structurally cannot: absorb early risk, move fast, and succeed or fail on the merits. One of my companies, Naurex, was acquired by Allergan for more than $500 million after developing a novel approach to treatment-resistant depression, based on NIH-funded science at Northwestern University. Another company I co-founded, Assembly Biosciences, with NIH-funded technology licensed from Indiana University, is now publicly traded on Nasdaq advancing multiple important medicines; and we have many other examples.

Monument and Syndeio are the same kind of investments, at a more scientifically mature moment. The recent approvals of lecanemab and donanemab, medicines targeting an Alzheimer's protein called amyloid from Biogen and Eli Lilly, respectively, have validated that

disease-modifying therapy in Alzheimer's is achievable. However, they are only marginally impacting patient quality of life. What the field needs now is the next generation of mechanisms, rather than just amyloid alone. That science is being developed by small companies, many of them right here in the heartland.

The challenge, in my experience, is not scientific. It is financial.

The gap between a promising preclinical discovery and a clinical proof-of-concept study costs between $10 million and $50 million and takes three to five years. Private venture capital is increasingly concentrated in later-stage assets. The SBIR and STTR programs remain one of the only reliable mechanisms for bridging that gap. The data consistently demonstrate that SBIR awards attract private capital at multiples of three to five times the original grant. That is not a subsidy; it is leverage.

I would offer this Committee three specific observations:

- First, NIH funding is not an expenditure. It is the seed capital for American biotech competitiveness. China has more than tripled its investment in life sciences research and development over the past decade, targeting areas where U.S. academic research has built foundational leads. Sustained investment in NIH is how the United States maintains that advantage. The risk of reducing it is not theoretical: we would be ceding ground in a domain where we currently hold a decisive lead.
- Second, the SBIR and STTR programs work, but they need refinement for capital-intensive sectors like biotherapeutics. Phase I award ceilings of $300,000 are often insufficient for biological proof-of-concept work, which can require $1 million to $3 million in early development activities. A tiered structure with higher ceilings for sectors where generating meaningful scientific evidence is structurally more expensive would improve program impact without changing its fundamental character.
- Third, tax allowances for investors can create meaningful incentives. The qualified small business stock (QSBS) exclusion under Section 1202 of the tax code is one of the most effective and underappreciated tools for directing private capital into early-stage biotech. It changes the calculus for angel investors and smaller family offices during the years when small companies need capital most. Protecting and expanding it should be a bipartisan priority.

Indiana has a genuine competitive advantage here, anchored by Eli Lilly, a growing life sciences corridor, and multiple strong research universities. Monument's and Syndeio's financings are significant and actively advancing; investors are weighing Indiana against coastal alternatives. Federal policy signals matter in that decision.

My father did not benefit from the advances now underway in this field. The opportunity before this Committee is to ensure that future patients and families do, and that the United States remains the leader in delivering those advances.

Thank you. I welcome your questions.