MEDSIDER

VOLUME I

MEDSIDER MENTORS

LEARN FROM THE FOUNDERS AND CEOs OF HEALTHQUEST CAPITAL, IONIQ SCIENCES, EYEVENSYS, & MORE

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Introduction

As someone who is fascinated by medical and health technology, it's been a pleasure speaking to so many people who are making a real, tangible impact.. They care deeply about the work they're doing and the patients they're helping.

For this inaugural volume of Medsider Mentors — the first of many — I've chosen to highlight seven of the guests I've had the privilege of interviewing for the Medsider podcast.

I've compiled the best advice and insights from these conversations, although if you haven't listened or read them in their entirety, I can promise there is a lot more that I couldn't include here.

Here's a teaser of what to expect in Medsider Mentors, Volume I:

Garheng Kong on Pitching Your Medtech Startup

Managing partner of private asset firm HealthQuest Capital, Garheng Kong has a long history of healthcare investing. He outlines what startup leaders need to show potential investors in their pitches — and the pitfalls to avoid. (Hint: Do not copy and paste that introductory letter.)

Nic Anderson on Getting in with Insurers

If you've been spending your marketing budget schmoozing hospital administrators, stop right now. Healthcare economist Nic Anderson explains why the very first party you need to impress are the insurers — and how to write a dossier that will get you in their good graces.

Bart Bandy on Building the Right Hype

As COO of Inamed, Bart Bandy gained first-hand experience of what's needed to take a medical startup from idea to acquisition — and he's doing it all again as CEO of ReShape Lifesciences. Bart explains how to build a presentation that will sell potential investors or new hires on your company, even if you're not in the room.

Patricia Zilliox on What You Need to Know About Clinical Trials

Patricia Zilliox spent three decades managing clinical development programs for eyecare giant Alcon, and is now CEO of Eyevensys, a startup developing new treatments for age-related macular degeneration (AMD). Patricia shares her invaluable insights into one of the most daunting challenges of operating a healthcare startup: planning clinical trials. Plus, the gory details of fundraising.

Steve Anderson on Attracting Startup Advisors

Having started his career at Medtronic, one of the giants of medtech, Steve Anderson went on to hold leadership positions at multiple large organizations. In 2011, inspired by a genuine eureka moment, he co-founded Preceptis Medical, creating pioneering pediatric ear surgery technology. Steve explains why it's so important to find advisors who have been there, done that, and the scars to prove it.

Peter Vranes on Winning Publicity

After a successful exit from skincare company Biocore Technologies in 2013, Peter Vranes went on to co-found Nutromics, makers of innovative wearable medtech. He explains why publicity isn't a dirty word: Getting people speaking about your company generates interest and sparks conversations with potential investors.

Jared Bauer on Avoiding Obstacles

Jared Bauer is CEO of IONIQ Sciences, working on a device for early detection of lung cancer. He's also the medtech startup whisperer, having guided multiple struggling startups out of the woods and down the road to success. He shares the two obstacles that can grind a startup to a halt — and why he's always looking at least five years ahead.

As you probably know, I spend most of my professional time leading a team at FastWave Medical and advising other Big Sky Biomedical portfolio companies. These conversations have been eye-opening and helpful for me, and I hope for you too. I appreciate your support of Medsider, whether you've been with us since the start or are just now discovering all the wisdom our guests have to offer.

Enjoy reading these stories, and as always, let us know who you'd like to hear from in the next edition of Medsider Mentors

Best wishes,

Scott Nelson

Founder of Medsider

Founding Partner and Managing Director of Big Sky Biomedical

Co-Founder and CEO of FastWave Medical

Garheng Kong on How to Woo Healthcare Investors

Garheng Kong worked at GlaxoSmithKline, McKinsey and TherOx before transitioning into the world of healthcare investing with Intersouth Partners and Sofinnova. Twelve years ago, he founded private asset firm HealthQuest Capital, where he currently serves as managing partner.

Preparing to Pitch With the Investor in Mind

How does a startup's executive summary or pitch deck get onto the desk of someone like Garheng? It's not luck: It's careful strategy and planning.

Garheng Kong
Founder, HealthQuest Capital

Getting Noticed is All About Your Introduction

Tapping your network and forming authentic connections with potential investors is essential for anyone seeking funding.

Garheng believes the healthcare industry is so intertwined that by deploying some creative research, most startup leaders can identify a key contact within one degree of separation from the investor they hope to solicit.

Making those personal connections is important because it adds credibility to your company.

Garheng also points out that investors can see past the "copy and paste" form letters that often accompany cold calls. It doesn't take much time to personalize these initial points of contact — and it's worth the effort.

It isn't just about making the investor feel valued. It also serves as a filter for identifying startups that will go the extra mile.

"It's a proxy for how they operate," Garheng explains. He believes you can learn a lot about how a startup will operate by simply looking at how they approach the fundraising process.

Properly Prepare Your Materials

Given the overwhelming number of startups seeking funding in the healthcare space, it's not uncommon for executive summaries to go overlooked. Instead, Garheng prefers a clean, concise, and easy-to-browse pitch deck.

Garheng's take on executive summaries: "In this day and age — and I don't know if it speaks to patience, or lack thereof — but a typed-out, two-page executive summary is probably less effective than a short deck people can click through and get a sense of."

When Garheng reviews a pitch deck, he's looking to answer three key questions:

1. Are the team members or board members credible professionals with experience?
2. What is the overall opportunity for financial gains?
3. Is the product or technology differentiated in the market and proprietary in nature?

What Investors Want to See in Your Pitch

Garheng is always looking for entrepreneurs to address why the company is uniquely positioned to succeed in the market. Companies are competing with multiple players andGarheng wants to understand why the entrepreneur in front of him will be the one to rise to the top.

Garheng and other investors understand that startup leaders are going to have an inherent bias towards their product — but sometimes, it's too much. As a result, investors tend to scale back the company's projections.

If an entrepreneur is too optimistic, they lose credibility. If they're too focused on the challenges, they undersell themselves. For Garheng, it's about striking a balance.

More from Garheng's Medsider interview: How startups can use syndicated deals and when they shouldn't, and how COVID-19 has changed the calculation for healthcare investors.

Nic Anderson on Building Your Strategy Around the Healthcare Payer From the Start

Health economist Nic Anderson spent seven years at Intermountain Healthcare on the payer side. He learned first-hand what evidence insurers need to cover a new medical device or healthcare technology. After co-founding a biotech company, Nic turned his experience as a payer into an in-demand consultancy.

Know Who You're Really Selling To: The Insurance Payer

- Physicians may be the ones who will ultimately use your device, but they won't get their hands on it unless you can convince the insurance payers — your true customers — to cover it.
- Nic says that one of the major mistakes he sees executives at medical device companies make is focusing too much on selling to physicians and hospitals, instead of the people holding the wallet.
- Even the makeup of company boards reflects this miscalculation.

Nic Anderson
Healthcare Economist

> "CEOs will be like, We have the chief of surgery from this big institution on our board of directors — we're gonna' nail it," Nic says. "And you go, **You don't have anybody from Cigna [for example] on your board — you probably should. Those are the guys who write the checks, not the doctors."**

This payer-first approach is different for innovative technology versus commoditized products. Payers don't need or want to investigate every single new type of gauze that comes out, for example. Doctors and hospitals get to make those decisions.

But when you're selling something completely novel, the payer absolutely wants to know that it's cost-effective.

Nic's advice on how to write a dossier a payer will actually read: "Good dossiers are maybe 100 pages long with four tabs: analytical validity, clinical validity, clinical utility, and health economics. Have maybe a one-page sheet between each of those," and include, "peer-reviewed studies that you've printed out and hole-punched."

More from Nic's Medsider interview: The value of bringing a health economics and market access (HEMA) sales team on board early, and why acquiring a unique CPT or HCPCS code is not the milestone it's often made out to be.

Bart Bandy on Delivering a Killer Presentation

Barty Bandy became COO of laparoscopic weight loss startup Inamed in 1999, and helped manage the company's $3.5 billion acquisition by Allergan in 2006. He went on to work in the aesthetics, wellness, and ophthalmology markets. In 2019, Bart became CEO and President of another laparoscopic weight loss startup, ReShape Lifesciences, which had just acquired the Lap-Band, previously owned by Inamed.

How to Make an Excellent Presentation

You only get one chance to make a first impression, and that will typically be in the form of a presentation. Take it seriously, and never settle for good enough, Bart says. He has four specific tips for making your presentation as strong as possible:

Barty Bandy
CEO, ReShape Lifesciences

1. **Make your purpose clear.**
2. **Sell your team.**
3. **Work on your presentation continuously.**
4. **Practice, practice, practice.**

Make your purpose clear.

Potential investors or hires need to be able to understand immediately:

- What your business does
- What your mission is
- Your objectives
- Your value proposition
- What differentiates you from competitors
- The benefits of working with you

This is your big opportunity to convince your audience that you're worth their interest. Don't blow it with a half-hearted effort. **Make sure you've covered everything in a way that doesn't require further explanation.**

Sell your team.

- Explain why the people at your organization are more impressive than the teams at your rivals. Highlight their previous experience, and why it makes them not only great at their jobs, but a safe bet.
- “One of the most crucial things I've seen investors discuss is, If I give you money, who's going to use it? What are they going to do with it?” Bart says. Answer that question for them in your presentation.

Work on your presentation continuously.

- Your presentation can always be better. Yes, really. **Even after you’ve presented it 50 times, keep fine-tuning and improving.**
- After a while, it gets hard to take an objective look at something you’ve created. So bring in people who haven’t heard it yet, to get a fresh perspective.
- Since you’ll be giving your presentation to people with different backgrounds, try to reflect that diversity with your test audiences.
- “We had investors look at it, regulatory people look at it, attorneys look at it, outside mentors,” Bart says. And every time, their comments led to a new and improved version.

Practice, practice, practice.

- You should know your presentation as well as the plot of your favorite movie or the lyrics of your favorite song. Practice it over and over until you can deliver it backward.
- **You have to be able to answer questions without notes, and without going back through your slides, from people with different angles.** Investors, for example, will have a different focus than regulators, who will have different thoughts in comparison to the board of a company you’re trying to acquire.

Bart’s bottom line: “Help people understand exactly what they're trying to find out from you, because remember, they're giving you 15 minutes: You’d better make the best use of it.”

More from Bart’s Medsider interview: How diversifying your offerings can increase your market share — as long as you stay relevant to your core mission. And why moving your manufacturing process to the U.S. might actually save you money.

→ medsider.com/bart-bandy-reshape-lifesciences

Patricia Zilliox on 3 Critical Tips for Planning Clinical Trials

Patricia Zilliox, PharmD, spent three decades managing clinical development programs for eyecare giant Alcon, followed by five years at the Foundation Fighting Blindness. Since 2017 she has been the CEO of Eyevensys, a French biotech startup working on an ophthalmology device that can inject DNA plasmids into the ciliary muscle.

3 Pieces of Advice for Planning Clinical Trials

From experience, here are Patricia's top three pieces of advice for planning clinical trials.

Never forget who your patient is.

- When you're building your target product profile (TPP), **remember that your patient is a person who feels pain, and has opinions about things like needles and delivery mechanisms.** Especially in an area as sensitive as the eye.
- "If you have a treatment that you know is going to work, but [the patient would] have to have an injection in the eye every day, forget about that: it's not going to work," Patricia says.
- A treatment that is highly effective in a lab setting, but cannot be delivered in a tolerable manner, or which has to be used too frequently, won't translate to real patients.

Patricia Zilliox
CEO, Eyevensys

Build a realistic timeline

- Different conditions require you to wait different amounts of time before you can confirm whether your device or drug has been effective. You need to factor this into your timeline, and if possible, **find ways to demonstrate your technology's effectiveness while waiting on the final study results**.
- For example, Eyevensys' priority is to treat dry age-related macular degeneration (AMD). It's the most common form of AMD, affecting approximately 80% of AMD patients, as opposed to 20% who have wet AMD.

- However, it will take one or two years to get the results back on the dry AMD clinical trials, whereas the wet AMD clinical trials produce results in three months. That’s why Eyevensys is studying its technology in both dry and wet AMD.
- You can’t always move up your timeline, but you can find creative ways of maintaining momentum while you wait.

Make sure your data isn’t a fluke.

- Your high school science teacher was right: **repeatability is the holy grail of scientific experiments.**
- Producing one set of incredible, technology-validating results one time is not enough to prove that your device or drug works.
- “Many biotech companies are created, and cannot repeat the basic science, and then it fails,” Patricia says. “It may still fail if you repeat the data. But don't undermine that: I always say, make sure you can repeat the data.”

Patricia’s fundraising warning: “You can have the best science, the best data, the best team... [But] at the end of the day, you don't know who you have in front of you, why they would invest in you, and why they would not... You don't know the rules of the game. You're in the dark, and it's very frustrating.”

More from Patricia’s Medsider interview: How being strategic in the early stages of development pays off later, and the criteria for finding the experts you need in your camp.

medsider.com/patricia-zilliox-eyevensys

Steve Anderson on Listening to the Voices of Experience

Mechanical engineering graduate Steve Anderson started his career in medical devices with Medtronic. While working as CEO of Acorn Cardiovascular, Steve and a neighbor came up with the idea of creating a device that could help doctors insert a tube in children's ears in the doctor's office instead of the operating room. They founded Preceptis Medical in 2011, and in 2020, their Hummingbird device received clearance from the FDA.

Find Advisors Who Have Done It All Before

- You don't have to rely on a crystal ball to read the minds of different stakeholders — but a medium might be helpful.
- Consult with someone who's succeeded in getting a medical device to market, or who was once on the other side of the desk at the FDA, investment firm, or payer organization. They're the ones who can give you the deep level of detail you need to prove your value to each stakeholder.
- For example, sometimes the FDA will ask a device company to provide metrics that have never been used in clinical trials. Not only could you never have predicted these based on your own research, but you won't know that you're allowed to push back. That's right: You can argue with the FDA — but you have to be strategic.

Steve Anderson
CEO, Preceptis Medical

"It is not the job of companies to develop new clinical endpoints, or to come up with a new evaluation methodology: That is the job of the societies [evaluating devices]," Steve says. The best consultants will know which demands you can push back on, and which ones you have to meet.

Steve's advice on preparing clinical trials: Do your research to find out what regulators are looking for. Review the data collected by companies with devices that have been approved or cleared already in order to get a benchmark. Keep in mind that the FDA often requires more, and higher quality, data now than it did 20 or 25 years ago.

Don't think this means passing all the work off to someone else.

The process of getting a regulatory rubber stamp varies greatly depending on the type of device you're presenting. **Consultants bring knowledge of the system, you bring your knowledge of your device, and you work together to find the path that best fits your particular needs.**

"A collaborative process yields the best results: You have to work together and rely on the expertise of both parties," Steve says.

More from Steve's Medsider interview: Preparing study protocols, and how to identify the varied value propositions different stakeholders are interested in.

Peter Vranes on How Generating Publicity Pays Off

Chemical engineer and serial entrepreneur Peter Vranes is the co-founder and co-CEO of Nutromics, an Australian medtech company that is developing a digitally connected wearable patch to track molecular targets. Previously, Peter founded Biocore Technologies, which developed natural cosmeceutical skincare brands that were distributed in 1,500 retailers throughout Australia. He had a successful exit in 2013.

Publicity Matters — It Helps Growth

You could build the most useful medical device since the stethoscope, and your company will still fail if no one ever hears about it.

Getting name recognition for Nutromics has proved crucial for networking, especially with potential investors. Peter says that LinkedIn is the primary spot for the company's day-to-day publicity efforts, in the form of posts and videos. Nutromics recently joined Twitter as well.

Offline, Nutromics entered the MedTech Innovator Accelerator program partly as a way to promote its products to the medical device industry. In June 2021, the company's participation in the accelerator program was highlighted in an announcement where Nutromics was noted among the top 50 medtech startups.

Peter Vranes
CEO, Nutromics

Peter credits these PR approaches with producing quality inbound leads, from hospital networks and strategic partners, to venture investors.

"It makes it so much easier for us to facilitate these connections, as opposed to Hey, you don't know me, but are you happy to have a Zoom call?" he says.

Putting conscious thought into publicity has been an eye-opening experience. Peter says that even though PR can be expensive — especially if you need to outsource it or hire someone — it’s worth it in the long run.

Peter’s advice on fundraising: Peter and his co-founder planned their business strategy around capital. They plotted out a runway early, and never stopped trying to raise more money. Peter keeps in regular contract with a handful of investors. “We're not waiting six months before we start talking to them: we're talking to them on a regular basis now,” he says. “We're developing that relationship.”

More from Peter’s Medsider interview: The realities of chasing investors, navigating regulatory waters, and addressing different stakeholders’ varying needs.

Jared Bauer on the Two Factors That Can Make or Break a Medtech Startup

Jared Bauer has spent his career turning around struggling medtech companies. He is now CEO of IONIQ Sciences, which is developing a device that can detect cancer as early as stage I or II. It was granted a breakthrough designation by the FDA in 2020.

How to Know Whether You Can Weather the Storms

Medtech companies that have hit a wall typically have issues in one of four areas: intellectual property (IP), governance, regulation, or the core science. Other potential problems, like manufacturing and distribution, are usually secondary to these.

Jared relies on two factors when deciding whether he thinks he can move a company past these issues.

Is the product novel?

- It's easy to understand how products that are designed to do something brand new can run into problems. Trial and error is part of innovation. But if a company is having issues significant enough to require new leadership, and its product doesn't even break new ground, the problems likely run too deep to be worth untangling.
- **Another benefit of using novelty as a yardstick is that it leads you to products that likely have some kind of protected IP, which is valuable in its own right.** "Something truly novel is also patentable, generally speaking," Jared says.

Jared Bauer
CEO, IONIQ Sciences

Is there a market?

- Even if you're excited about a certain device, you need to consider whether anyone else will be — and whether they'll be excited enough to pay for it. "Is anybody ever going to buy this? Is there a need?" Jared says.
- **Whereas a lot of medical devices aim to move the science forward incrementally, Jared looks for companies making products that are five to 10 years ahead of their competitors.** Not only does this increase the odds that it's a disruptive technology, it gives you an opportunity to meet a need no one else is fulfilling.

Jared’s bottom line: In short, most other issues can be overcome, but novelty and market can’t. “You can get through governance problems, regulatory issues, and quality issues,” Jared says. “But if it's not novel; if you can't get IP around it; if there's no market; if you're only making incremental improvements, your likelihood of success is pretty low.”

More from Jared’s Medsider interview: Find partners who will invest emotionally as well as financially: It will help you go the distance. And how direct-to-consumer devices are shaking up the healthcare industry.

About the Author

A self-described medtech and healthtech enthusiast, Scott is a Founding Partner and Managing Director of Big Sky Biomedical, a medical technology incubator focused on designing and developing novel interventional therapies. He currently serves as President and CEO of FastWave Medical, a spin-out company founded by Big Sky Biomedical partners, which successfully closed on an investment plus milestone-based acquisition agreement within 6 months of the company's inception.

Scott is also a Co-Founder and Advisor to Crossfire Medical, a Big Sky Biomedical portfolio company, which has garnered its own share of attention and is focused on the chronic venous insufficiency arena.

He founded Medsider in 2010 with one simple goal: help ambitious doers learn from experienced medtech and healthtech thought leaders. Scott's work with Medsider has been featured in publications like Forbes, Mass Device, MedCity News, and MD +DI.

Scott is also a Co-Founder of Joovv, and since launching their first device in February of 2016, Joovv systems are now used in salons & spas around the world and are trusted by pro sports teams, Olympians, and world-class trainers.

He has participated in highly-popular podcasts with Dave Asprey, Skinny Confidential, Ben Greenfield, Aubrey Marcus, and many others. He's also been featured in media outlets like the New York Times, ESPN, and Men's Journal. In addition, Scott serves as an advisor to the several other health & wellness brands and is a contributor to Forbes and Mass Device.



“Help people understand exactly what they're trying to find out from you, because remember, they're giving you 15 minutes: You’d better make the best use of it.”

– **Bart Bandy,** CEO of ReShape Lifesciences

“You can have the best science, the best data, the best team...But at the end of the day, if you don't know who you have in front of you, why they would invest in you, and why they would not...You don't know the rules of the game. You're in the dark, and it's very frustrating.”

– **Patricia Zilliox,** CEO of Eyevensys

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