



Repromedix
HELPING DOCTORS HELP COUPLES

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HOW REPRROMEDIX SECURED THE FIRST INVESTMENT ROUND

Central Medical Lab Service offering proprietary, esoteric, rare, and complex tests for infertility and reproductive disorders

- **Develop and grow new sales territories – USA -10 to 42**
- **Provide medical education-medical advisory board**
- **License or introduce new proprietary reproductive tests**
- **perform clinical studies**
- **Monitor smaller competitors for Acquisition opportunities**



THE PLAN

- SEED CAPITAL \$
- ESTABLISH LAB
- STATE APPROVAL
- SELL TO KNOWN CLIENTS
- SURVIVE
- REINVEST IN SALES
- REINVEST IN NEW TESTS
- HIRE MANAGEMENT
- TEST THE INVESTMENT MARKETS
- NEVER UNDERVALUE

BUILT THE COMPANY WITHOUT VENTURE CAPITAL

- FRIENDS-FAMILY-FOUNDER-SHAREHOLDERS
- FOUNDER TOOK THE INITIAL RISK
- BUILD IT ON THE CHEAP SIDE AT FIRST
- SEED CAPITAL 10 YEARS



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CASH FLOW MOVING ASAP

- INITIATED SALES
- LOW PAYROLL
- LOW OVERHEAD
- LOW DEBT
- MANAGED AP AND CASH TIGHTLY
- SURVIVED AND PENETRATED THE MARKET



11 Year History

- Founded 1994-seed capital of \$325,000
- In trouble 1995- no \$.
- Profitable in 1996 @ 40% net
- Expanded test services 1996-2005 to 75 tests
- Bank Financing \$200,000 to \$2,500,000 1997-2004
- Hired sales professionals – 1998
- **Average 42% compounded revenue growth – 1996-2004**
- \$3,200,000 Series A rounds- Brook VC and Ironwood Equity-2004
- \$500,000 in Sub-debt from Mass Business-2004



DEMONSTRATED FISCAL CONTROL



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- BEST - A LARGE PROFIT-1 YEAR
- BETTER- ANY PROFIT-4 YEARS
- GOOD-BREAKEVEN-2 YEARS
- ACCEPTABLE- SMALL LOSS- 2 YEARS
- CONCERN-LARGE LOSSES- 0 YEARS

FOUNDER'S) SALARY

- NO SALARY
- MINIMAL WAGE
- LIVE ABLE WAGE
- RESPECTABLE SALARY
- CEO OR SR EXECUTIVE WAGE
- SELL THE COMPANY
- BECOME A VENTURE CAPITALIST



REVENUE AND CASH FLOW

- EARLY REVENUE- 2nd Year
- FAILED PLAN FOR A REVENUE GUARANTEE-1st Year
- NEW CLIENTS IN YEAR 1
- SOURCES FOR MORE CLIENTS

BANK FINANCING

- BANK FINANCED EQUIPMENT
- BANK FINANCED AR
- BADLY NEEDED CASH SOURCE @LOW INTEREST
- PERSONAL GUARANTEED
- COURAGE

REDUCED THE RISK

- FALLBACK- SCALE BACK –MAKE \$
- WORST CASE-INVESTMENT IS SAFE
- WORST CASE NO GROWTH
- WORST CASE-\$ RETURNED TO INVESTOR

PROVE A LARGE MARKET



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- LARGE MARKET \$400,000,000
UNTAPPED
- SMALL PENETRATION < 2%
- LARGE POTENTIAL FOR GROWTH
- 15% OF MARKET IS 7X RETURN



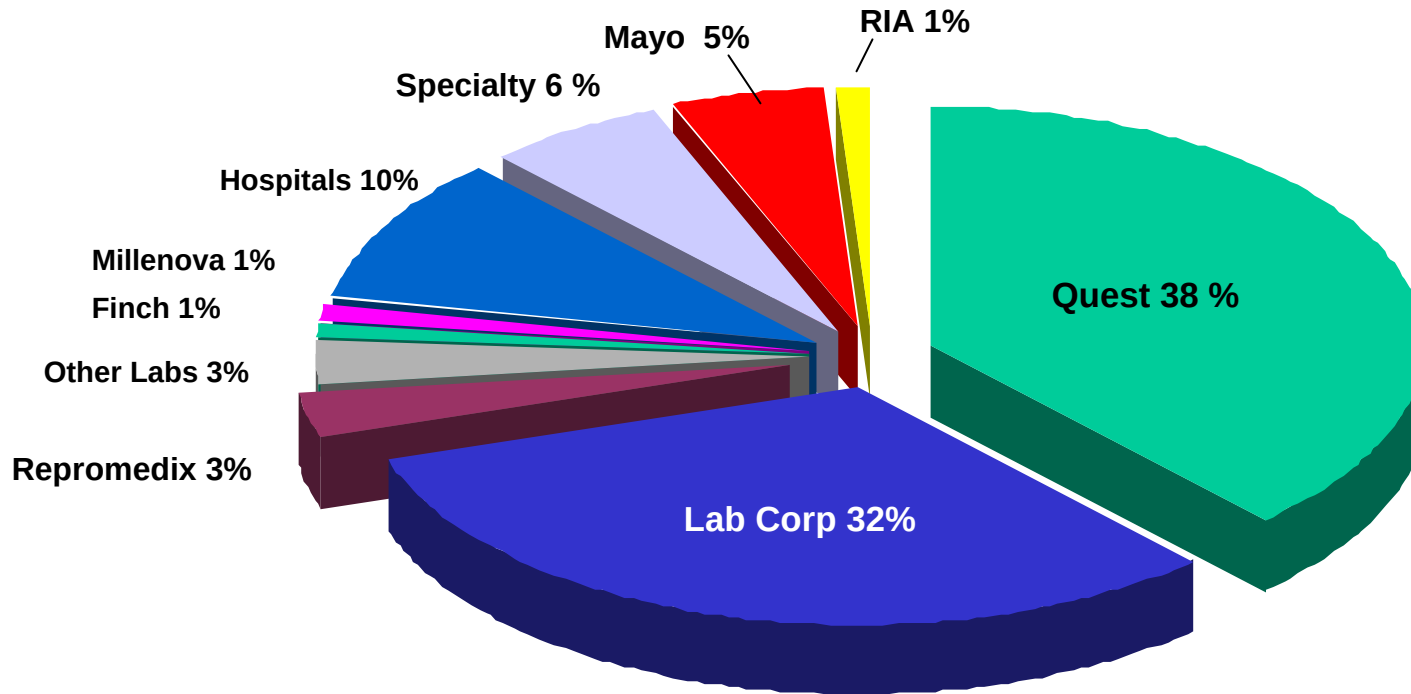
Fertility and Reproduction Market

- 1 of 7 couples with infertility
- 10 million people affected
- Life crisis event
- **500,000 cases of undiagnosed infertility**
- 15-17% Pregnancies are High Risk
- \$7 Billion Healthcare Cost for High Risk Pregnancies
- Repromedix Tests - 5,000- 7,000 estimated live births





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Repromedix Esoteric Lab Test Market 2005



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EARLY ATTEMPTS AT RAISING CAPITAL

- BIOTECH MARKET CRASHED
- \$ WENT TO OTHER SECTORS
- HEALTHCARE SERVICE COMPANY WAS SMALL
- VC INVESTMENTS REDUCED



REJECTIONS

- NOT A SINGLE PRODUCT HOMERUN BUSINESS?
- IPO WHEN?
- STARTUPS NOT FUNDED
- COMPETITION FROM DOTCOMS
- MANAGEMENT TEAM?

TARGET THE RIGHT INVESTORS

- DID SOME HOMEWORK
- SECTOR-HEALTHCARE SERVICES
- SIZE OF \$\$ INVESTMENT MADE SENSE
- UNDERSTOOD BUSINESS
- EXIT STRATEGIES AGREES

PROFESSIONAL ADVICE



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REVIEWS –CPA FIRM

CORP. ATTORNEY

EXECUTIVE COACH

INVESTMENT BANKER

HOW MUCH \$\$ NEEDED



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- OPERATE WITHOUT IT
- EXPANSION CAPITAL TO BUILD OUT THE SUCCESSFUL MODEL
- PLAN TO USE IT



PREPARE A PRESENTATION

- PLAN MUST BE CLEAR
- TECHNOLOGY SIMPLE
- CLEAR GRAPHS AND CHARTS
- FINANCIAL PROJECTIONS
- MANAGEMENT TEAM
- COMPETITION
- MARKET SIZE



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BUILD THE RIGHT MANAGEMENT TEAM

- RECENT VP/SR MANAGER EXPERIENCE
- COMMUNICATION SKILLS
- LEADERSHIP & ORGANIZATION SKILLS
- SPECIFIC FIT FOR THE BUSINESS
- BIO LOOKS IMPRESSIVE

FOUND COMMON GROUND WITH INVESTORS

- A SPECIFIC LAB TEST BENEFIT
- HEALTHCARE TECHNOLOGY FIELD
- SIZE OF THE INVESTMENT
- MUST GET A LONG

PROMOTING THE BUSINESS

- PROMOTED MY BUSINESS
- ESTABLISHED THE NEED
- BUSINESS PROVIDED THE SOLUTION
- USED MANY EXAMPLES OF SATISFIED CLIENTS –DUE DILIGENCE

PRESENTED WITH CONFIDENCE ENTHUSIASM AND KNOWLEDGE

- ATTRACTED THEIR INTEREST
- WAS EXCITED
- ADOPTED A NEW PERSONA
- OBTAIN FEEDBACK-REHEARSAL

PROJECTIONS

- ATTAINABLE
- CONSISTENT WITH EXISTING FINANCIALS
- LEAD TO HIGH GROWTH AND PROFITS
- A PATH FOR A 5X TO 10X RETURN ON INVESTMENT

ANSWERED REQUESTS



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- FOUNDER KNEW ALL ASPECTS AND ISSUES
- ACCESSED ALL ANSWERS AND DATA
- DUG FOR THE REST
- STAFF ASSIGNED TASKS

VALUATION

- DISCUSS EARLY
- SUPPORT WITH GOOD DATA
- BE FLEXIBLE

WELCOME THE INVESTOR

- WORKED WITH A NEW BOARD
- KEPT INVESTORS INFORMED
- LISTENED TO THE INVESTOR'S ADVICE
- WORKED FOR THE INVESTOR TO MAKE THEM \$ FIRST

WHY WAS THE COMPANY DIFFERENT?



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Features	Repromedix	LabCorp \ Quest	Physician Special Labs
History \ Contracts	+	+++	-
Specimen Processing	+++	+++	-
Total Fertility Tests	+++	+	++
Specialized Test Menu	+++	++	++
Clinical Support	+++	+	+++
Insurance Coverage	++	+++	-
Proprietary Tests	++	-	+
Consultative Sales Force	+++	-	-
Recognized Quality	+++	+	++

DESCRIBED RELATED INVESTMENTS

- EXAMPLES OF OTHER COMPANY EXITS
- EXAMPLES OF OTHER COMPANY SUCCESS STORIES
- REPROMEDIX BUSINESS MODEL ASSUMPTIONS VALIDATED

Exit Strategy –2007 or 2008



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- **IPO – ? years**
- **Acquired by Medical Laboratory, Pharma, Biotech – 5 yr growth plan**
- **MULTIPLE OF SALES,EBITDA + TECHNOLOGY MULTIPLIER**

	<u>2008</u>
Revenue	\$ _____ M
Gross Profit	\$ ____ M
EBITDA	\$ _ M
Value 7X EBITDA	\$ _____ M
Value 2.0 X Revenue	\$ _____ M





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Thank You
from
Craig Sockol
CEO & Founder