

# Catalyst Health Ventures

## ■ Who We Are

- *General Partners: Josh Phillips and Darshana Zaveri*
- *Investing in Healthcare since 2000*

## ■ Our Investment Strategy

- *Early Stage Companies with Solutions for the Healthcare and Life Science Markets*
- *Portfolio includes Medical devices, Diagnostics, Tools and Instrumentation*
- *\$1-2M in first round; \$5-7M through life of company*

## ■ Our Track Record

- *\$75M invested through 2 funds in 15 companies;*
- *7 exits; Investment leveraged app. 6X through syndication*
- *\$35M Fund III; Portfolio commenced*

# Strategic Portfolio Selection

- **Market Need**

*We focus on large, unmet clinical needs. Our companies' have solutions for big, global healthcare problems with products and services that reduce treatment costs and improve outcomes.*

- **Managed Risk**

*We take limited scientific risk; we focus on management or engineering risks that we can control. No binary outcomes.*

- **Scalable Business Models**

*We look for compelling business models that can be grown efficiently so that reasonable exit values can produce excellent results for investors.*

# Market Need and Your Solution

## ■ What is the problem you are solving?

- *First Understand then clearly Define the unmet need*
- *Be prepared to answer every question around market need; Talk to your customers extensively*
- *Images and Examples that people can relate to are powerful tools*

## ■ What is unique and defensible about your solution?

- *What are the current solutions? Who are/ will be your competitors?*
- *Did others try to develop a solution? Why did they fail?*
- *What is your solution? What is defensible about it? What is the stage of development?*
- *What are the enabling factors that make your solution possible right now*

# A Good Example of Market Need\*

What if we found a disease that was....

Very Common

Deadly

Biologically and Physiologically Simple (Macroscopic, Mechanical, Endovascular)

Where Current Treatments are Modestly Effective versus Complications

Pulmonary Embolism.....

*300K-600K cases per year in the US*

*10% die within 60 minutes; >15% die within 90 days; 100K-200K deaths per year in the US  
4<sup>th</sup> Leading cause of death in the US*

*A Blood clot which forms in the legs and travels to the heart and lungs; A mechanical problem begging for a mechanical solution*

*Current treatments are open heart surgery or life long treatment with drugs*

\* Vortex Medical (now Angiodynamics; NASD: ANGO)

# Market Size

- **How Large is the Problem you are Addressing**
  - *Don't dwell on the macro/ generalized market*
  - *What is the relevant market for your solution; Be as specific as possible*
  - *The larger the market the more attractive it is*
    - *How large is the potential customer base?*
    - *How much can you price your solution at?*
  - *What is the near term market opportunity? What is the long term opportunity?*

# Business Model

- **Are you creating a brand new market and new revenue streams?**
  - *Who will be the early adopters; How will you get to them?*
  - *Do you have a “first mover advantage”?*
  - *Have you established any strategic partnerships*
  - *Do you have a team which has done it before?*
- **Or are you replacing an existing product/ procedure?**
  - *Are you competing with other businesses for market share? What differentiates you?*
  - *For Healthcare are there existing codes for reimbursement?*
- **How scalable is your business?**
  - *What is the sales strategy and distribution plan?*
  - *How much will it cost to scale the business?*
  - *Does your financing plan match capital needs of the business?*