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*

<table>
<thead>
<tr>
<th>What if we found a disease that was….</th>
<th>Pulmonary Embolism…..</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Common</td>
<td>300K-600K cases per year in the US</td>
</tr>
<tr>
<td>Deadly</td>
<td>10% die within 60 minutes; &gt;15% die within 90 days; 100K-200K deaths per year in the US 4th Leading cause of death in the US</td>
</tr>
<tr>
<td>Biologically and Physiologically Simple (Macroscopic, Mechanical, Endovascular)</td>
<td>A Blood clot which forms in the legs and travels to the heart and lungs; A mechanical problem begging for a mechanical solution</td>
</tr>
<tr>
<td>Where Current Treatments are Modestly Effective versus Complications</td>
<td>Current treatments are open heart surgery or life long treatment with drugs</td>
</tr>
</tbody>
</table>

* 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?