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The Art and Science of Health Industry Entrepreneurship: Take Away

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There is money and business management support available for the commercialization of good ideas in the health industry sector. In the second annual The Autonomous Patient: Entrepreneurs Driving Healthcare II© event held at Automation Alley, industry thought leaders, entrepreneurs with technologies, devices and pharmaceuticals, business incubators, and representatives from private and public financing sources shared their battle-honed perspectives and blunt advice to current and would-be entrepreneurs involved or interested in the burgeoning healthcare space. Rounding out their insight and advice was some practical workshop information on the regulatory environment in which ideas must be turned into action. An engaged audience took away some valuable advice from the keynote remarks, four panel sessions, questions and the networking discussions that took place around them.

The chief operating officer of Automation Alley Pavan Muzamdar was a keynote speaker and identified uncertainty and disruption as opportunities for innovation and change by individuals and organizations to innovate and thrive. Maintain the status quo and organizations die. Leadership systems can be deployed to maximize teamwork, create capital efficiencies, drive results, and most importantly, recognize and leverage human creativity to create goods and services to solve new problems.

Some entrepreneurs are natural born. Others are made. Some work alone on a new idea in a garage or for a start-up. Others work collaboratively in existing companies to create a better product or service for existing or new customers. Attendees were alerted to look over their shoulders for new competitors. The “education, care and feeding” of current and future entrepreneurs is a public policy priority. An entrepreneurial approach to problem identification and solving is actively being cultivated, and is a strategic growth priority, by the State of Michigan and by local governments, business incubators, think

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tanks, private profit initiatives efforts and even educational institutions. Not just the providence of business, the cultivation of innovation and an entrepreneurial approach to problem-solving is attracting action at universities and even high schools and becoming an integral part of the curriculum and the cultivation of critical thinking in the education of students.

Rather than simply Innovation at being wired to do what they are taught, future physicians in training are exposed to Fast Forward Medical at the U-M Medical School, which works to accelerate biomedical innovation and commercialization in diagnostics, therapeutics, devices, and healthcare IT, digital health, genomics, data analytics, advanced technology and social networks. With the ultimate goal of impacting patient health, Fast Forward Medical Innovation invites medical student to engage in the identification and development of new tools and supports research at its inception, collaborates with commercial partners via novel methods, and enhances medical education by fostering innovation and entrepreneurship at all levels at the commencement of the professional educational process.

The Beaumont Research Institute is also actively encouraging and supporting the creative ideas of its clinicians and workforce, developing clinical innovations and enterprises to improve patient care and support service redesign. Programs of applied and clinical research emphasize research with direct application to patient care and include clinical and applied research and clinical trials supported by a wide array of public and private funding sources. Business builders can be nurtured.

"If it were easy, everyone would do it." Panel members threw early rain on the entrepreneurial parade with the reminder that most start-ups fail (for lack of paying customers). To maximize successful ventures, panel members provided some common post mortem results from failed ones. Assess the impact and market potential of an idea. Does it solve a big problem or a little one, or just make a mouse trap better? A highly successful serial entrepreneur in the pharmaceutical development space asked would-be ventures to question: "What is the target?" and to look for ideas with the biggest impact based on a sustained need or a solution to a common problem. Is there enough opportunity to warrant an investment, and if so, by how much? Will the idea be a market maker or a commodity? The development of medical devices and pharmaceuticals is a high risk and protracted process that requires tremendous expertise, time, and an enormous amount capital due to the years, expense, and rigors of the regulatory process: Is there the prospect of a sufficient return on investment to justify this risk? A commitment to financing is likely to be an essential part of the initial test for even the early development of these goods. Questioning the target and testing the viability of potential innovations in these spheres requires much more information and skepticism than ideas, for example, in the area of software development, where potential ventures are often able to test ideas quickly and inexpensively even before a line of code is written, using social media or a test domain sight to see if there is interest, an unmet need or if a similar product or solution is already available in the market. Being a market maker is a plus, but often ventures, such as software, can be successful even if the idea is a commodity, in the sense that it builds on ideas in the market, because the development and marketing costs may be so much less that a sufficient ROI can be realized with less time and risk. With some ideas, a venture can be a lean startup. With others, deep pockets and extensive resources are necessary. Know what your venture will realistically need.

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On the other hand, attendees learned, with enthusiastic telling, that while luck doesn't, generally, have much to do with it, enjoy it when it comes. Attendees realized, however, that instead of pure luck, the entrepreneur was smart enough to know that he would be lucky. At the heart of the "lucky" investment was the application of rationality to facts resulting in an awareness that the telemedicine idea was fundamentally innovative and an efficient and cost-effective solution to a common and recurring need. He was "crazy like a fox."

To accelerate and catalyze great new ideas in the healthcare sector is the mission and goal of a number of Michigan organizations. The constituent members of Automation Alley offer lessons in "lean business," including lean business plans ("lean canvas") designed to promote agility and innovation so that existing businesses can be able to change direction on a dime and lean processes that eliminate time and expense. Medical Main Street is powered by Oakland County to spark the life science, biotechnology, pharmacology, and healthcare industries in Southeast Michigan. Medical Main Street Network is a no-cost network made up of hospitals, universities, medical device, telehealth and biopharma companies, working together to grow the region's life science hub. Its extensive resources are available to startups and existing companies. The Michigan Economic Development Corporation (MDEC) mission is to market Michigan and provide the tools and environment to drive job creation and investment. It is active in the healthcare sector and helps its customers: businesses, entrepreneurs and communities, and a talented workforce that adds value to Michigan businesses to innovate and prosper. These organizations help nascent entrepreneurs gain knowledge from experienced healthcare entrepreneurs and organizations while equipping them with skills and establishing influential contacts for support at all stages of development, testing, production, marketing, leadership, management, funding, and commercialization.

Money makes the world go around. 99 out of 100 pitches for financing are met with a "no." Attendees were made aware of resources available to them to advance the commercialization of new ideas. Diversified sources of funding are usually necessary. Representatives from private finance and the MEDC informed attendees of an array of financing options. Beyond tapping yourself, family and friends to start a business or obtaining traditional bank financing through conventional loans, proactive business builders can look to alternative funding sources to meet virtually any financing need. Some of these include angel investors, business incubators, venture capitalists, factoring/invoice advances, crowdfunding, grants and online lenders. Entrepreneurs need to know the type of financing that best fits their business. Each type of funding source will draw certain types of borrowers. Two presenters were venture capitalists seeking high growth potential in the information technology, communications, and biotechnology sectors. Venture capitalists have criteria they use to evaluate a business and have different conditions and objectives for their investment from other lenders, such as a conventional bank. For example, venture capital firms usually take an equity position in the companies they fund necessitating that a business developer gives up some ownership, equity, and control to an external party. In addition, venture capitalists also expect a certain return on their investment, come into an investment with an exit strategy in mind and often plug for an IPO. The goals and expectations of an investor type, such as a venture capitalist may fundamentally affect the relationship between founders and their startup. Each startup borrow must understand what is extracted from them in exchange for funding. An entrepreneur seeking funding is cautioned to look for

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funding partners who can meet their expectations for keeping or sharing control, influencing business decisions and to also look for partners who bring relevant experience and knowledge to the business. Solid and realistic financials are a must. However, on the more subjective side, the funding representatives said that a business builder making a pitch had to have either a 'Heart, Smarts, Guts, or Luck.' Passion for an idea to have a chance for funding success. Passion and commitment to the idea were essential.

Attendees were given several case studies involving IT, drugs and devices. Two interesting case studies involved service innovation. Entrepreneurial physicians from Allure Medical Spa and Hamzavi Dermatology described how physician practices can operate at the intersection of innovation and commercialization and achieve extraordinary levels of patient service. Each has redesigned their services and adopted the latest advances in treatment and procedures. Patients of all cultures are offered patient-centric experiences and treatments that are both insurance and privately paid in a practice environment redesigned for patient convenience and comfort. Both business builders also addressed the well-being of their clinicians and redesigned their clinical practices with burn out prevention as a goal, innovating in areas of electronic medical records, scheduling, patient flow and physician among other matters of importance in their redesigned practices.

Innovate and survive or stand still and fail. Darwin's survival of the fittest will play out in the healthcare industry sector as with all other sectors. Services, goods, individuals, and organizations in the healthcare space require the ability to adapt and change as new goods and services and payment and delivery system models are developed and implemented. The attendees of The Autonomous Patient: Entrepreneurs Driving Healthcare II© event appreciated the information and sharing generously offered by the thought leaders who presented. We will look forward to next year and the third annual The Autonomous Patient: Entrepreneurs Driving Healthcare© event. We hope to see you there.

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