

# Bernard Vogel of Endeavour Vision

**Hall T Martin:** [00:02:27] Well, hello, this is Hall Martin with Investor Connect. Today, we're here with Bernard Vogel, Managing Partner at Endeavour Vision. Endeavor Vision is a leading private equity firm exclusively investing in medical technology. This singular focus requires deep sector knowledge and experience, so the team is made up of industry veterans and investment professionals who are experts in the MedTech sector. Their specialties include accelerating company growth and product launches with a proven track record of successful exits. They invest in growth-stage companies with world-class technology and products. These innovations address an unmet clinical need and hold the potential to significantly improve and extend the lives of patients around the world. Bernard, thank you for joining us.

**Bernard Vogel:** [00:03:07] Thank you. It's a pleasure to join your show.

**Hall T Martin:** [00:03:10] Great, thanks. So, what was your background before investing in early-stage companies?

**Bernard Vogel:** [00:03:16] So, I've always been very passionate about technologies in general, and as a kid I was programming games on an Apple II computer, or rebuilding and tuning engines of motorbikes and doing things like that. So, when I decided what I wanted to study, I went for mechanical engineering. I found it very interesting but was more intrigued by the business of technology, rather than developing new products. So, I went to work for McKinsey as a management consultant and during that time my closest friend from engineering school, Damien Tappy, set up an incubator for our Institute of Technology where we studied, and we came together with the idea of launching a new venture fund, that's how we started Endeavor in 2000. Over the years, the company has evolved from being a general venture firm to be more specialized on MedTech and digital health.

**Hall T Martin:** [00:04:08] And so, what excites you right now?

**Bernard Vogel:** [00:04:11] Look, it's a very exciting time to be in healthcare. We are at a unique point of time where several factors are converging to create very interesting

opportunities and I think we are very fortunate to be here now. Firstly, we have kind of exponential advances in technology from next-generation genome sequencing, and artificial intelligence, and many others, but at the same time, we have stretched and challenged the healthcare system with ever-increasing complexity. And when we see what's happening with the COVID crisis, it's really putting even more stress on these systems. And what we've seen in the last few weeks or months or since the beginning of the year, is that basically there is a transformation of the sector that is accelerating. So, sector, hospitals, systems, in general, are adopting technology at a much faster rate than they were before. They're really changing the way they work, they're really trying to rethink their system and their approach, and this is very exciting.

**Hall T Martin:** [00:05:17] Well, great. So, you deal a lot with early-stage companies in the MedTech sector, what's your advice for people investing in startups in that sector?

**Bernard Vogel:** [00:05:26] Yeah, so experience and deep knowledge of sector is always important when investing in a new area, but I think it's even more so in healthcare due to the many hurdles that need to be overcome to get a product to market. This is a complicated sector, you need to have a lot of stakeholders aligned, and you need to really know how to navigate regulators, payers, doctors, etc. So my advice would be first to favor repeat entrepreneurs. There's really some people who have seen the movie a few times who will navigate that much better than other ones. The second one, I would really try to invest together with healthcare specialists or try to be the syndicate where you have healthcare specialists who have the knowledge and the network to make the right assessments. And the last one would probably be valid for all sectors, but especially in healthcare, because it's a slow, evolving sector in general, is to keep adequate reserves. So, if you invest, make sure you have some reserves to continue investing after your initial investments.

**Hall T Martin:** [00:06:35] And so on the other side of that table, what's your advice for people running startups in the healthcare sector?

**Bernard Vogel:** [00:06:40] Yeah. So first of all, I have tremendous respect for entrepreneurs in general, but especially in the healthcare sector, these are the modern heroes for me and they are the guys who are improving our world. So, my advice to them would be first - and it's a little bit linked to what I said before - is really consider all

the stakeholders in the healthcare system, make sure all the planets are aligned - if you want - because you need to convince the patients, but you need to convince the medical personnel, you need to convince the hospital, you need to convince the health insurances. They all need to understand the value you bring and you need to think about that from the start. The second thing is make sure you build a team of pros. All too often we see great innovation, great ideas, but some essential expertise is lacking and is killing the project, maybe not at the beginning, but later, and this is something you cannot compromise on, so, go out and find the best person you can with the right qualifications and the right experience. And maybe the last point is this is a sector that is sometimes slow. You need so many things to align and to be done, so I would expect delays, you know. Make sure that, you know, you plan for delays, you raise more money, and you are careful how you spend it. It's really a marathon, it's not a sprint in that sector.

**Hall T Martin:** [00:08:01] And so, how do you see the industry evolving today? What changes do you see coming up?

**Bernard Vogel:** [00:08:06] Yes, so first there are, I would say two dimensions, although they are interdependent if you want. One is the healthcare system and the other one is kind of the healthcare industry of which MedTech and digital innovations are key components. Firstly, the healthcare system was already growing in transformation, but this has been accelerated by the pandemic. We will see more kind of holistic approach on how patients are managed and treated and the entire clear pathway, this is starting with digitalization of their health records which allow to kind of digitalize the whole process. Digital solutions that will connect and virtualize element of this pathway, while incorporating more and more data and records will help create more efficiency and a better solution for patients. So, I think this is really an important process.

**Hall T Martin:** [00:08:58] Well, great. And so, what is your investment thesis for the sector? What do you look for when you invest?

**Bernard Vogel:** [00:09:03] So, we look for game-changers, so innovations that are really changing, not just slightly improving but are really changing the standard of care for treating a condition or making diagnostics, or innovation that are really reducing the cost of healthcare or of the delivery of healthcare. We usually invest in the

commercialization phase, so we invest when the company has launched the product, but need more resources to build up their sales force, to enter a new market, or to develop second products or manufacturing. And yes, so that's where we invest. We're right now finalizing the raise of a new fund that is exactly investing in such companies.

**Hall T Martin:** [00:09:45] And, have you updated your investment thesis for this sector based on COVID and other activities?

**Bernard Vogel:** [00:09:51] Yes, we've fine-tuned, I would say, our investment thesis. I think what changed, there's a few things that changed. So one is what I said before, the acceleration of the adoption of technology. Secondly, you know, hospitals and systems are really looking for things to be more efficient and save costs, and they are doing that much more aggressively than they were before. So, if you want the growth rate of many of these companies much, much better than it was before, so we're putting more emphasis on that. There's also some sectors which are maybe a little bit suffering, like the big capital investments, like scanners or things like that, that we are clearly de-prioritizing. But I think everything that helps treat patients remotely, that helps simplify operations for hospitals are great areas for the future.

**Hall T Martin:** [00:10:41] And can you talk about one or two startups that fit that thesis?

**Bernard Vogel:** [00:10:45] Yeah, sure, I'll give you an example. In February, we invested in a company based in Boston called IntelyCare, which is addressing the problem of nurse shortage with an online staffing platform. So these days in the U.S., but in many developed countries, there is a chronic shortage of nurses and many hospitals are understaffed, especially when it comes to having some personnel off, or in quarantine, or who just left the hospital. So, usually, they would use staffing agencies, but they don't do a very good job at finding short-term replacements, and usually 20% of the shift are actually filled. So what hospitals do today, they ask their current staff to stay longer and do double shifts and work long hours, and this is not great. So, what IntelyCare has done is basically leveraging the gig economy and they built an online platform that match nurses with clinics and hospitals. So they recruit nurses, they validate their credential, their vaccination, et cetera, and their algorithms provide them or put them in touch with the right opportunity in the area where they live and with the required skills they have. So, they reach about an 80% fill rate for the shift. So, they are

growing very fast, they have been nominated the fastest-growing company in Massachusetts, but this has also, what we also really like, it has opened a large pool of nurses looking for work. Typically, you had some nurses who wanted to work only on the weekend, or who wanted to work only on specific days because maybe they have to take care of their children or things like that, and before, these nurses could not find a job, but with IntelyCare they found a good solution for them, so that's very interesting. And again, with the COVID crisis, basically the crisis has shown that this is a very important problem. There was a shortage of nurses in a lot of hospitals in a lot of states, and IntelyCare's business has been booming. You know, it was doing very well but it has even been booming more during the COVID crisis.

**Hall T Martin:** [00:12:58] And so, in general, what are the challenges in this space for the startup who's launching a healthcare business?

**Bernard Vogel:** [00:13:06] Yeah, I think for somebody launching a new product or a new business, I think there are many hurdles in this business that need to be overcome. You know, from you develop a product, but then you need to build evidence that it's better than what's out there, you cannot just claim it, you need to do clinical trials, or you need to have medical endorsement. Then you will probably need some kind of regulatory approval if it's a device for sure, and more and more this is very important and complicated to get. And then finally, in many cases you need to get reimbursement. So, you need to convince the health insurances that it's beneficial for them and for the system so that you are reducing the cost. So, there's a lot of stakeholders and you need to consider their perspective very early on and you need to have an answer for all of them.

**Hall T Martin:** [00:13:55] And so on the other side, what's the challenge for the investor investing in this space? What should they be looking out for?

**Bernard Vogel:** [00:14:02] I think the big challenge for investors is more about determining or finding out who will be the future winner and what's the right timing for the investment? I mentioned this may take a long time, you need to be mindful of time, and you need to make sure you invest at the right time, and you need to understand early on which company or which project is the critical success factor. This is why Endeavor, we've built a team with a lot of expertise, a lot of senior people who have

been in the industry, I think we combine something like 200 years of relevant experience for that sector because we really want to understand the whole dimension and the whole marketing of these companies. I think it's important also to take your time and understand the trend and the, what I call the movie versus the photo. If you can, you should try to follow the company for a few years and understand what's their trend, what's their momentum, and how they're winning in the market, versus just looking at a picture one day. I think the dynamic is very slow, but the amplitude takes time and you need to understand early on which are the winners, but it's very delicate.

**Hall T Martin:** [00:15:19] Great. And so you see the wide range of applications and sectors in healthcare, do you see any particular sectors or applications that are good, immediate opportunities for investors to pursue today?

**Bernard Vogel:** [00:15:30] So, we like every technology that supports virtual care, so it could be remote monitoring, telehealth, virtual care pathway, etc. I think this is a very important trend. The other trend, and it's really early on, would be around artificial intelligence, but there's also a lot of things happening in devices, like minimally-invasive treatments, or procedures that can be done in kind of an ambulatory walking center as opposed to big hospitals. You know, the whole industry is changing and people do more and more things in kind of day clinics. And also, I think there's another important trend, which is the use of technology to kind of replace pharmacological therapies, which have now been proven in many cases to have bad, long-term side effects. So, these are the trends we like right now.

**Hall T Martin:** [00:16:25] So, to talk again about the COVID impact on these sectors, do you think we'll see any new applications coming up based on COVID and what's happened?

**Bernard Vogel:** [00:16:36] Well, I think the big one we've seen, or a lot of people have seen is in telemedicine, you know, using companies like Teladoc or American Well who are both publicly-listed now, but the use of remote monitoring. So, virtualizing the interaction with the doctor I think is an important one and that will be extended maybe to diagnostics or whatever we can do remotely will be used. I think the other thing where we see I think that is coming up and can be very interesting is what I mentioned before, is the use of artificial intelligence because we have more and more data, and with

COVID that was even more the case. But the more data you have, the more algorithms you can run, and then you can find out things earlier, and you can find out things you would not have seen normally. So, [00:17:23] \_\_\_\_\_ on [00:17:23] population health on diagnostics, these are two big applications.

**Hall T Martin:** [00:17:27] Great. And so, as we saw, you know, COVID's impact on many sectors in the economy, some sectors were positively impacted and some were negatively impacted. Within healthcare, clearly, telehealth was positively impacted, but what was negatively impacted?

**Bernard Vogel:** [00:17:44] So, first of all, there's a lot of hospitals and clinics which are suffering because COVID was moving elective procedures where they usually make more money and finance other activities. So, you know, there's a lot of institutions which are suffering. Now, in general, in terms of medical devices, I would say everything that is kind of capital investments, so, big robot, the big scanner that costs a few million, hospitals will not buy them now, they will delay that one year, two years, three years. What they will go with after is the thing that saves money, but they will not make right now a large investment. So this is typically a sector that I think that will be suffering.

**Hall T Martin:** [00:18:28] OK. And so, you deal with a lot of startups, what does a startup have to do to say, COVID-proof their business, make sure they can run through the next pandemic lockdown or in the situation we're in now?

**Bernard Vogel:** [00:18:40] Yeah, I wish there would be a magic solution. I think it clearly depends a bit where they are in their development plans because the issues are a bit different if you just started, if you're in clinical trials, or if you're in commercial, and also in commercial plans, if you have something that is kind of an elective procedure or if it's urgent care. In general, I would tell them three things. One, assume this crisis will last. You know, personally, I think we are in it for a few years, a couple of years. Make sure you can operate remotely, not just your team, but that you can access doctors and patients remotely. I still see a lot of people who, OK, we do a Zoom call with the doctor, but you need to change completely the way you address the market. You need to use digital tools, you need to use podcasts - maybe like this one - but you need to use new tools and you need to really think about that you will not have access to these people for a while. And then find a way to help hospitals and to cut costs for them and make sure

they don't need to invest. So, find a way to help them financially. I think that's key in the next two or three years.

**Hall T Martin:** [00:19:51] Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

**Bernard Vogel:** [00:19:56] Maybe I'd like, if you allow me to make one additional comment for people who are considering to invest in this sector. I think healthcare, at least for us, is not a sector like the others. When you invest in healthcare innovation, you can do well by doing good. You know, at the end, we invest in a company, in technology, but these innovations are really changing the lives of patients. We've invested in things that would really save the lives of patients, extend it by five years, 10 years, things that improve the quality of life. We all live longer, but we all want to live longer in good shape, let me put it that way. And so, when you invest in healthcare, you get a real purpose, you have a clear impact on your community and that's a very important element for me and certainly for the team at Endeavor, and I think at this time of the COVID crisis, I think it's easy to understand why it's so important and to get motivated by that. So, just remind that to investors considering going into this sector. Thank you.

**Hall T Martin:** [00:20:58] Well, that's good information. So, how best for listeners to get back in touch with you?

**Bernard Vogel:** [00:21:02] Well, I think the best way is by email. My email is [bv@endeavourvision.com](mailto:bv@endeavourvision.com). So, Endeavour with the "O" and "U", the spelling like the NASA Space Shuttle.

**Hall T Martin:** [00:21:17] Well, great. Well, we'll include those in the show notes. I want to thank you for joining us today and hope to have you back for a follow-up soon.

**Bernard Vogel:** [00:21:24] Thank you. Thank you Martin, it was great. Bye bye.