

Jay Cormier of Eyedaptic

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, and many other investors for early stage and growth companies. I hope you enjoy this episode. Investor Connect is a 501 C three nonprofit dedicated to the education of investors and startups for fund raising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the donate button on the Investor Connect org website.

Speaker2: [00:00:38] Hello, this is Hall Martin with Investor Connect Day. I'm here with Jay Cormier, former founder and CEO at Eyedaptic. Eyedaptic is a software technology company addressing the large unmet need in the eye care field of age related macular degeneration. Jay, thank you for joining us.

Speaker3: [00:00:54] Thanks so much for having me.

Speaker2: [00:00:55] Hall Great. So where does this podcast find you today?

Speaker3: [00:00:59] So I'm in Orange County, California. A good place to be for ophthalmology and eye care, but also pretty tech heavy, too. So it's, I think, a good mixture for what we're doing.

Speaker2: [00:01:09] So tell us more about your background. What were you doing before this?

Speaker3: [00:01:13] Well, I have a long history in technology, including semiconductors and software. Was fortunate to have some successful exits, try some partial retirement, which I was fabulously bad at. And my grandmother and great grandmother had macular degeneration. And that's kind of what led me to this.

Speaker2: [00:01:32] So what led you to start work with the AI space and macular degeneration? What put the two together for you?

Speaker3: [00:01:39] Well, so certainly A.I. is something I've been interested in for a long time, but I can't claim to have a heavy background in that. But what became clear to me, the more we work with macular degeneration patients is just like a fingerprint. Retina is different for every person, which means you really want a solution that is customizable and adaptable to that person and to make that possible, but also powerful at the same time. Really, we found the best approach is turning our solution into a thinking machine which is employing artificial intelligence.

Speaker2: [00:02:18] Great. And so what is the actual innovation here, applying AI into that process?

Speaker3: [00:02:24] So so visual aids themselves have not been necessarily anything new, but certainly augmented reality into the visual aid market is new. But again, vision enhancing technology is only part of the solution. The question is how do you adapt that and make it useful for these people? And what we've learned and what really differentiates us is if we can use those artificial intelligence mechanisms and programs and machine learning programs to not only enhance the vision of the person, but what differentiates is that adapts to their habits and environment. Now you really have a product and solution that's not only helping their eyesight, but suitable for how they want to use it.

Speaker2: [00:03:11] Well, great. Well, let's talk about the state of investing in medical devices with AI. How do you see the AI medical device industry evolving from here?

Speaker3: [00:03:20] Well. So that's a great question. And certainly A.I. is a huge investment area by itself. And then, of course, as you look at medical technology, that's another huge investment area. So what I start doing is kind of looking at the overlap now. One, you could call that digital health. Certainly digital health by itself is nearly as big as A.I. investing, each having about 3000 deals per year. But I think A.I. is a very multi dimensional type of area for medical. So I kind of break it into maybe let's call it two or three main areas. Certainly there's a lot of AI in medicine going into diagnostics. So you've probably seen some of the Google DeepMind type stuff that actually can diagnose retina problems, for instance. So that's certainly one area I don't think we fit into that. Another area for AI in medical is drug development. Of course, drug development is very expensive. If you can bring machine learning and improve the efficiency of

drug development, that's huge. And then I think this third area is what I call digital health, and that's certainly a grab bag that covers a lot of different things.

Speaker2: [00:04:38] Right. And so what is the growth rate of AI in this sector?

Speaker3: [00:04:41] Well, we've been seeing digital health investments on the order of 10 billion a quarter, which compares very favorably to AI investments overall, which run about 15 to 20 billion a quarter. So again, huge areas certainly because of the latest downdraft in the economy or the stock market. We have seen those deals decreasing over the last quarter, which I guess is not surprising since both those areas were hitting record investment levels at the end of last year.

Speaker2: [00:05:15] So where are the differences between you and your competitor's products in this space?

Speaker3: [00:05:19] Well, again, I think it's the eye that differentiates us conceptually some of the things we do have been pioneered by Nasser as long as 20 years ago. It's really some concepts that help enhance vision. But again, one size does not fit all. So we can do things like look at what the person is viewing. Our algorithms can analyze the image and then take action on that image for them to enhance their vision. And this is what absolutely sets us apart from the rest of the field.

Speaker2: [00:05:56] And so what's your advice for people investing in the AI medical device space? What do you tell them to do before they write that check?

Speaker3: [00:06:03] Well, I say you better know what you're writing, because there's a lot of how shall I say it, mystery and AI. There's a lot that goes on in that black box. Right. And you really have to know, not necessarily what's going on in the black box, but how is that particular, whether it's an algorithm or whatever it is going to add value to the end customer?

Speaker2: [00:06:28] Great. Well, let's talk more about Eyedaptic. How does it fit into the overall landscape here?

Speaker3: [00:06:33] Well, we've looked at, of course, macular degeneration like we talked about, but really any retinal diseases, when you look at the size of that market, there's 400 million people worldwide with retinal diseases. Almost half of that is macular degeneration. And again, what attracted me to that was my family members who had AMD and I just saw that there was nothing for them and they are basically slowly rob their independence. And when I really dug into it more, I had no idea how large an unmet need that was. So of roughly 170 million people, 90% of those AMD patients have dry AMD. There is no cure, no therapy and even drugs in the pipeline only hope to slow it down.

Speaker2: [00:07:23] And so where do you see adapted going in the future?

Speaker3: [00:07:26] Well, so I look at adapting is how do we help those people that aren't being helped? And that certainly, I think is a potential multibillion dollar market. But just because we started with AMD doesn't mean we end there. So right now we just started some clinical studies to see how we can help people with diabetic retinopathy. Certainly diabetes, as we all know, is another huge medical problem. A fair number of those people are affected by diabetic retinopathy. Diabetic retinopathy is another 100 million people worldwide. So our visual aid can also help them as well. We also have foundational patents to help with things called macular scarring, which is a distortion of the vision. So certainly there is no limit to the different eye problems we can help and that's certainly going to keep us busy for many years.

Speaker2: [00:08:23] So is Eyedaptic a platform based technology as opposed to just a simple product.

Speaker3: [00:08:29] Well, it is a platform technology because fundamentally our edge is the software. And right now we use open market are hardware. And we chose very strategically not to invest in our own hardware for two reasons. One, with a thinking as an investor, that's going to be a very expensive endeavor. But the other problem with that is we see are evolving so rapidly. I'm sure you heard just this morning Apple announcing some of their or I should say leaking some of the news on the new AR headsets. These things are improving dramatically every year. So we thought strategically the best way to differentiate is focus on the software. Now is that hardware becomes more and more ubiquitous then we actually move from a

solution company to a software company. And that's really, I think, what's going to hold the edge in the long term.

Speaker2: [00:09:24] Great. Well, let's talk more about the challenges in starting a business in this sector. What do you find is the biggest issue with an AI medical device combo?

Speaker3: [00:09:33] Well, so I think for us at least, we don't necessarily fit cleanly into any one category. You know, we're not a traditional medical device where you go and need FDA approval and go through a long approval process and then a reimbursement pathway. This is like hearing aids. It's very much a direct consumer payable. So you don't cleanly fit into the medical device world and of course, you don't necessarily cleanly fit into the AI world. So the challenge we find is always where exactly do you fit? And we're in, I think, a fairly rarified atmosphere where we're not cleanly any one category but have our feet firmly in two categories.

Speaker2: [00:10:17] You think that's going to become a new category in the near future?

Speaker3: [00:10:22] I certainly think that when we look at the potential of this market, we talked about how many people are afflicted, that the visual aid category can be just as big as, for instance, the hearing aid category. And we know today hearing aids are an \$8 billion market. So we plan to be the leader in that. And I think it is going to be a new category as the products get better and better. But more importantly, the artificial intelligence helps customize it to the person.

Speaker2: [00:10:53] Right. And what online information source you find most helpful in your work today?

Speaker3: [00:10:58] Well, so I use pretty heavily early on a lot of the market research from places like Lancet, which is of course very well known on the medical side. There's certainly plenty of information out there on AI these days. But again, a lot of that is general approaches to AI. And what we're doing is something fairly specific. So I always like to size our market, make sure we're calibrated and aimed at the right targets. And that's why I think some of that medical research and they do a really good job of defining and segmenting the market.

Speaker2: [00:11:36] Great. Well, if you could start a business tomorrow, not this one, but in this space, what would that business be?

Speaker3: [00:11:42] Well, I still think I would be in the AI space if I had my choice and I could muster enough artificial intelligence researchers. I found places like natural language processing to be very interesting. And again, that could even help us here at adapting where someone can talk to their AR glasses now and can interpret what they want to do. So I think NLP is very interesting. I also think that brain machine interface is very interesting. But then again, I think Elon Musk has already done that, so that might be tough.

Speaker2: [00:12:19] So what's one thing your business did that you didn't expect?

Speaker3: [00:12:23] Well, certainly we did not expect the pandemic. I would say our timing in some sense couldn't have been worse or couldn't have been better. We were fortunate to raise a fairly significant round of funding from angel investors. Just before the pandemic, we announced our first product, our Strategic Partnership, on March eight, 2020, and everything went sideways. So the hard part of that was eye care was one of the most impacted medical professions at the beginning of the pandemic. The good news is we had a very clear idea of what our users wanted. Our medical co-founders would bring in their patients on the weekends. We'd try out our latest technology. So we immediately knew what we needed to do for our next products, and that was already on the roadmap. So that did give us the impetus, if you will, to really focus on those next products that we launched at the end of last year. And that's what's helping us scale our revenue now.

Speaker2: [00:13:25] Well, great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Speaker3: [00:13:29] Well, again, I think the thing I would reinforce is the not only the uniqueness of the product, but that market analogy of hearing aids. Right. Where there are products out there that are direct consumer payables, they don't necessarily fit cleanly in any one bucket from a medical approval or reimbursement standpoint, but they can still be multibillion dollar products. And that's certainly what we look at and say there's no reason why we can't do the same thing.

Speaker2: [00:14:01] Well, that's great. So how best listeners get back in touch with you?

Speaker3: [00:14:05] Well, certainly if someone wants to contact me directly, they can just send an email at info at Eidetic or visit our website.

Speaker2: [00:14:12] Great. 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.

Speaker3: [00:14:18] Thanks so much for having me. Hall It's great talking with you.

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