

Transcript of Ethan Rigel of Gore Range Capital

Hall T. Martin: [00:00:00] Hello, this is Hall Martin with Investor Connect. Today I'm here with Ethan Regal, founder and managing partner at Gore Range Capital. Gore Range Capital is focused on investments in early-stage skin health businesses. Ethan, thank you for joining us.

Ethan Rigel: Thanks for having me. Hall.

Hall T. Martin: So where are you calling from today?

Ethan Rigel: Uh, I'm in South Lake, Texas.

Hall T. Martin: Great. And tell us more about your background. How did you get here?

Ethan Rigel: Yeah, so, uh, my background's got two legs to it. Uh, the first is principal investing. Uh, I've been doing that at a variety of firms, throughout my whole career. started off doing, uh, deep distress turnaround work, and then moved earlier and earlier in the company lifecycle till I found myself, uh, actually taking a break from that, starting my own company, I took through several rounds of financing.

And, upon exiting. Really wanted to get back into principal investing and, you know, wanted to be the kind of investor that, uh, I wish I had at my startup. And, you know, the genesis of Gore was really around this idea that the best way to be a good venture stage investor is to have real knowledge and expertise.[00:01:00]

Of the area that you're making your investments in, which gets to the whole other leg of my experience, which is all in and around, skin health and dermatology. I've learned a little bit through osmosis. Uh, my father's a prominent physician in the space, and we also have built the largest, for-profit, uh, business in the space called Derex Media Group.

we touch about 44,000 healthcare professionals globally through a combination of online and in-person events. everything from, uh, promotional materials to continuing medical education, done under our management company. So we're really excited about that. And, you know, through that, have built a really strong

network in dermatology, plastic surgery, aesthetic medicine, and that's how I know my partner, Umberto Anis.

So Umberto joined the firm with me about, She's about five years ago now. , and you know, Umberto has been in healthcare his entire career, almost all of it in skin health. The biggest chunk of that as CEO of Galderma, uh, which until recently was based in alliance, which is a very long way to say how I ended up in [00:02:00] Southlake, Texas.

Hall T. Martin: so tell us more about starting a business in the area of skin health. What's that like?

Ethan Rigel: So, you know, I really love this space. the , healthcare in general I think is a fantastic place to start a business. It has a really set of fundamentals in terms of making sure that, there's really good technology.

You can feel like you're doing good by doing good. And, um, there's strong science and IP behind it. there are a lot of good investors in the space. I think we are probably the only ones focused, almost exclusively on skin health. And, you know, we like, this space for a few reasons.

the first is, um, skin is your largest organ. skin cancer is the most common form of cancer. Uh, one in four Americans will get skin cancer at some point in their lifetime. One in five have an active skin condition. although most of us have experience at some point in their lifetime. So, skin health is a very relatable part of healthcare.

it's, uh, you're not doing the kind of deep dives that you see in, um, oncology or internal medicine. , you can also [00:03:00] see if the drugs that you're using work, which I think, uh, is a very exciting thing for a lot of people. And you know, it's one of the few areas in medicine where you can actually ethically biopsy.

this creates some really cool dynamics. the first is, um, it's just faster to get through the approval process, or it can be, for, uh, skin health indications. the studies are cheaper. many cases, people with active skin conditions can be considered healthy volunteers from the FDA's perspective.

So that allows you to do earlier studies on people with the conditions that you're looking to treat. and it allows you to, uh, to get through those milestones faster and just creates a better environment for us as investors.

Hall T. Martin: Great. . Well it sounds like a great opportunity there. What's the challenges starting a business

Ethan Rigel: there?

I think the challenge is, um, the main challenge outside of. There's the general stuff of study, starting any business, right? And you know, when we talk to potential founders or potential people that we're investing in, we're looking for people who [00:04:00] are incredibly committed to what they're doing.

Have the horsepower we think to, you know, take the hill and figure out how to get through the challenges of starting a and founding a business. and have the, , wisdom, I would say to realize, you know, what they don't know and how they can think about building a team. When we invest in someone, we really look to partner with them.

So we're never looking for the complete package. when we look at someone, we're looking for someone who's extremely good at what they do. A team that's very accomplished at what they do, where if necessary we can come in and help and support. So, you know, I think there's a lot of challenges generally with starting a business.

I would say specific to skin health. you've got a really good developed market. but you don't see as much a startup, an investor focused activity. There's plenty of startup activity. There isn't as much investor focused activity. And so especially as you start drifting from kind of true medical, when you start looking at aesthetics and we like to say we [00:05:00] invest in healthcare broadly defined, but through the lens of skin.

So we'll do anything from, diagnostics to true medical to aesthetic. you find yourself, you know, especially as you drift towards the aesthetic world, you find yourself kind of in this in between area for finding people to support and invest in you. you've got, you know, if you are a topical, like say you're developing a new Botox like Allergan's product, you've got true medical investors that think it's a consumer product cuz it's a cash pay product and you've got the consumer people who don't wanna go near it cuz it has to go through an FDA process.

Us. We think that creates wonderful opportunity for us and our investors. , we think the cash pay portion of skin health is another, , wonderful thing that makes this area really exciting an area worth exploring for entrepreneurs.

Hall T. Martin: how competitive is the space? Is there a lot of competition? Is it concentrated or fragmented? How would you describe it?

Ethan Rigel: I think it depends on which aspects you look at. it is a very developed space. There, there are several large established competitors, but one of the nice things I think about [00:06:00] healthcare investing in general, and this holds true in dermatology and in aesthetic medicine, is there is this constant, just kind of constant cycle of companies getting, companies getting bought, people being on the other end of those transactions, then being able to go out and reestablish themselves and find new assets.

And so there's a really natural cycle that even though it could appear that the, you know, people are always getting bought, you would associate that with the concentrating industry. But because of the nature of healthcare, you're constantly getting kind of new seeds that are getting planted to become those trees to, uh, to be acquired.

Hall T. Martin: Great. Well, what advice would you give to someone entering the skin health space? What do you tell them to do before they jump in?

Ethan Rigel: So, you know, the advice I give to any entrepreneur is to, you know, be sure that that's what they wanna do. it is a real commitment. you hear about the overnight successes because they are rare, not because they are typical.

I know with the company I started, uh, we told ourselves we would give it a year, and I think we finally hit our exit [00:07:00] nine years later. with Gore, I told myself I'd give it a year and it's been eight years. it is a long haul. It takes commitment. you know, you need to be focused on what you want to do, and.

have not just a team around you, but also have your family around you and those else, your friends around you that can support you and, and really drive forward.

Hall T. Martin: what about that business, uh, that surprised you or you didn't expect as you got into it? What was unusual about it?

Ethan Rigel: hindsight, there wasn't a tremendous amount, uh, that, you know, was unusual.

But what happens is and this happens in every investment we make. It's, no plan survives contact with the Emmy. you have, I can almost guarantee in every

investment I make, and we will talk to founders about this, when we, when we put our money in, there's gonna be some delay.

I don't know what it is. You don't know what it is or we plan for it, but there's gonna be some delay. you're gonna have some type of bump in the road, whether it's with the FDA or a supplier [00:08:00] or, you know, a co-founder or something that's gonna end up costing more money and more time to fix. And you need to realize that that's just, that is part of the entrepreneurial experience and to, you know, work through it, plan for it.

Try and, you know, raise capital when you can so you can preserve capital for when you need it and do what you can to keep pushing forward.

Hall T. Martin: Great. Well, what online information source do you find most helpful in your work here?

Ethan Rigel: So, you know, we're kind of setting ourselves up to be a really strong source for information for people who are looking at things in skin health.

and if anyone is interested in learning more about the space, uh, I'd recommend that they check out our website, go range capital.com or follow us on LinkedIn. , we are doing a lot of work, putting out white papers, on the space right now on various subsections of the skin health space to help people think about.

You know, interesting opportunities that could eventually become companies which, you know, could eventually become investible.

Hall T. Martin: Right. Well, the trends in the industry that are both [00:09:00] technical or business coming up that would create new opportunities in the space, and if so, what would that business be?

Ethan Rigel: Yeah, so I think there are a couple of interesting trends that are, you know, more, more general, on the aesthetic side of the business. We're seeing, trends towards longer lasting natural looks. and natural products, that natural product shift, we're seeing that across, you know, really across medicine.

So, moving from animal derived to organic, but chemically produced. that I think is gonna create a lot of opportunities as we kind of resource ingredients and look for new things. you know, I'd also say, you know, we are, very much technology focused.

anything that can help drive outcomes for patients. Better decision making by physicians, or significant reductions in costs for payouts from payers. we see that those are trends across healthcare, but are also quite important, in dermatology.

Hall T. Martin: Great. Well, in the last minute that we have [00:10:00] here, what else should we cover that we haven't?

Ethan Rigel: I think what I, I like to get across from our perspective is just how exciting a space, we think that dermatology and skin help is. you know, skin is your largest organ. It is the, uh, physical manifestation of how people experience you, in the world. And, you know, keeping that healthy as we are all living longer and wanting to stay active is really of paramount importance.

And so that general trend, we're all living longer. We wanna stay active, and we want to be able to, you know, look good and feel good while doing it. That is what's really the crux of driving what is the exciting innovation in our space. And we think it's a great opportunity.

Hall T. Martin: Great. Well, how best listeners to get back in touch with you.

Ethan Rigel: So, you know, the easiest thing, would be again, you know, refer to our website. contact info for, for me, my partners on there. And feel free to reach out. We'd love to hear from you.

Hall T. Martin: Great. We'll put that in the show notes. Wanna thank you for joining us today and hope you have you back for a follow up soon.

Ethan Rigel: Thank you. Take [00:11:00] care.