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Esperienza di Venture Capital



Giornata dell'economia
Investire in innovazione in Ticino



Giornata dell'economia 2017

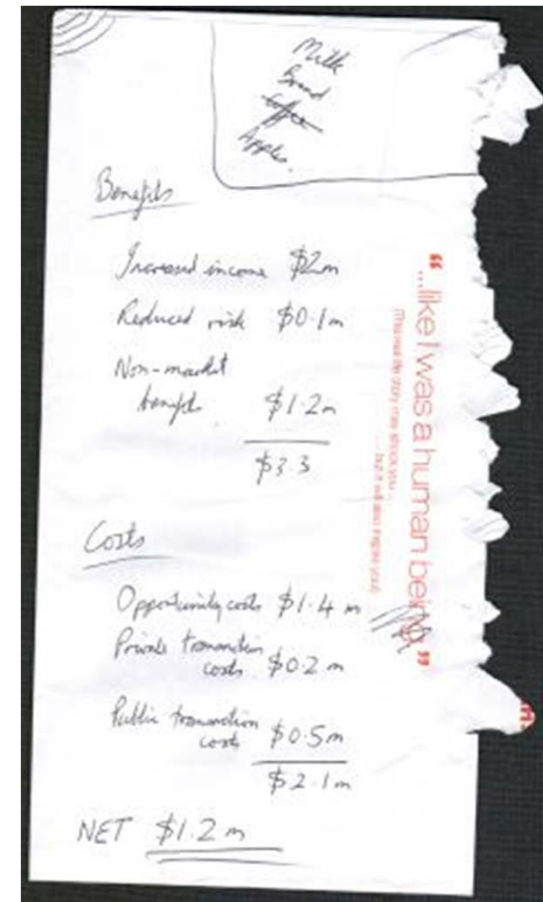
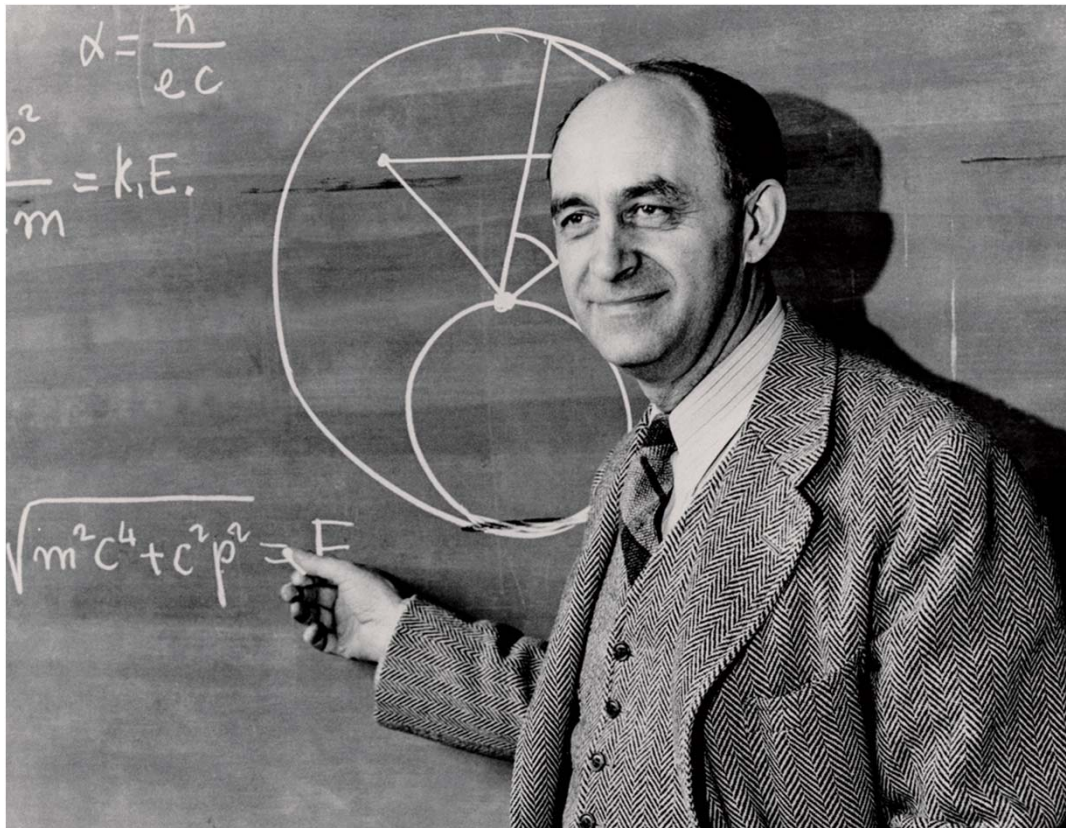
Investire in innovazione in Ticino

15 anni d'esperienza di Venture
Capital in Svizzera... e in Ticino

Diego Braguglia
GP VI Partners



Back of the envelope





Impact on Swiss Ecosystem

- Since 2002 VI has a significant impact on Swiss Ecosystem
 - Over 1000 jobs created in high value-added industries.
 - Over CHF 1bn attracted from co-investors in VI portfolio companies.
 - VI is a trusted partner for start-ups and co-investors. Long-term thinking appreciated. Excellent collaboration between advisory team and portfolio companies.
 - VI has been the most active investor in early stage companies in CH for the last 15 years.
 - VI and VIP have a meaningful and engaged collaboration with institutions supporting Swiss VC industry (VIP team members are board or jury members of Swiss Start-up Invest, Strategis, de Vigier, Venture.ch, Swiss Entrepreneur Fund, etc.).
 - Good working relationships with leading universities. Over 80% of VI financed companies are university spin-offs or founded by graduates.



Case Study: Endosense

- Founded in Geneva in 2003
- Cardiac ablation catheter company, focused on treating Atrial Fibrillation
- First ablation catheter with Contact Force sensing: TactiCath™
- Acquired August 2013 by St. Jude Medical
 - 3 VC Financing Rounds, tot.> CHF 90m raised
 - 2 CEOs
 - 2 Product Generations
 - 1 Transfer of Manufacturing to low costs region
 - 1 Massive lay-off in Resources
 - 1 Distribution Agreement cancelled
- Tacticath has been established as standard of care
 - It decreases the “within one year” re-operation rates by more than 30%,
 - It shortens the time of radio ablation by 35%,
 - It reduces the overall surgery duration by more than 25%
 - It decreases the necessity of fluoroscopy by more than 30%



Case Study: Endosense



Deal Summary

VIP Responsibility	D. Braguglia
Location	Switzerland
First Investment	Aug. 2009
Exited	Aug. 2013
Max. Ownership	8.2%
Investment Amount	CHF 8.0m
Realized Value	CHF 24.45m
Multiple	3.05x
IRR (gross)	35.6%

Description

- Endosense enabled the broad adoption of catheter ablation for the treatment of cardiac arrhythmias. It pioneered the use of contact force measurement in catheter ablation with the development of the proprietary Touch+™ sensor technology. Endosense's flagship product was the TactiCath™ system, the first force-sensing ablation catheter system to give physicians a real-time, objective measure of contact force during the catheter ablation procedure.

Source

- Direct

VI Partners Value Add

- Co-lead series B round (tot. CHF 39m). Played an important role in restructuring the company, solving yield and COGS problems transferring manufacturing to low labor cost geographies.
- Very active role in gaining shareholders' alignment in the trade sale process.

Company Highlights

- Gained PMA after having shifted to a new force detection system.

Exit

- Sold to St Jude Medical



Main Criteria to Invest

- Identified unmet medical need and solution thereof
- Breakthrough approach, no better “mouse trap”
- Health economics
- Regulatory path and Reimbursement
- Scalability
- Invest in Entrepreneurs, no compromise on highest level of execution
- Solid IP
- “Logic” buyers
- “Time & Money” to exit
- Luck and “gut feeling”



"Before I came here I was confused about this subject. Having listened to your lecture I am still confused. But on a higher level."

Enrico Fermi

NeoMed Background

- Since 1997, NeoMed has raised Funds/investment vehicles with committed capital of CHF 350M
 - Exclusive focus on innovative companies in the international medical products industries.
- NeoMed's venture funds
 - Invested €270M in 44 private companies,
 - 2/3 in Europe, 1/3 in the USA
 - Realisations: 38% post-IPO, 53% secondary sales/M&A, 9% write-offs.
 - Value creation of €215M, with an investment multiple 1,7x and IRR 17%.
- Investor basis
 - International investors (institutional and family offices) – Europe and Middle East.
- Offices/Management (6 investment professionals) in
 - Oslo, Geneva, London, Jersey.
 - Collaboration with Omega Funds (USA) since 2016.
 - www.neomed.net

20 years of experience-Lessons Learned

■ **Balancing risk and potential**

- Few investments per fund (10-12) with diversification across development stages.
- People matter just like science
- Limit downside risk, i.e. «go ugly early»
- Build investment positions over time – set aside reserves
- Invest in syndicates with other specialist funds
- Select companies with products addressing real medical needs with clear reimbursement path
- Target companies with less than a year to the clinic.
- Ca. 50/50 Pharmaceuticals/Medtech – occasionally Diagnostics.
- Single product – platform with several product candidates.