

# Life Sciences Overview

Baird Venture Partners leverages its in-depth sector knowledge, experienced investment team, network of relationships and the global Baird platform to serve as a value-added partner to entrepreneurs. Our investment approach in the Life Sciences sector is based on the following key components:

- Targeting capital-efficient healthcare businesses in large and growing markets
- Partnering with talented management teams and experienced investors
- Providing early- to expansion-stage capital and sector knowledge for product development, regulatory clearance and commercial launch

## Medical Device & Equipment

- Less invasive technologies
- Diagnostic/therapeutic combined devices
- Miniaturized implantables and sensors
- Tissue engineering/ biomaterials
- Drug/device combinations
- Medical capital equipment
- Aesthetic products and equipment

## Tools & Diagnostics

- Cellular analysis
- Therapeutic/outcome-predictive diagnostics
- Rapid diagnostics/ biomarkers
- Arrays, reagents and probes
- Gene analysis
- Protein analysis

## Tech-Enabled Healthcare Services

- Outsourced discovery service
- Research lab automation/ outsourcing
- Technology-enabled clinical services
- Esoteric diagnostic services

# Select BVP Life Sciences Investments

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**Accuri Cytometers Inc.** is a life sciences tools company developing a high-performance benchtop cell analyzer that provides capabilities comparable to industry-leading flow cytometers in a more user-friendly format and at a fraction of the cost of competing systems.



**Aptus Endosystems, Inc.** is a medical technology company developing advanced technology and products for the treatment of endovascular aneurysm repair. The technology provides surgeons with the confidence and control of an open surgical repair with the minimally invasive approach of an endovascular procedure.



**Arbor Surgical Technologies, Inc.** is a development-stage cardiovascular medical device company focused on novel surgical heart valve technology and attachment systems. It is currently developing technologies designed to deliver significant clinical benefits to thousands of heart valve replacement patients worldwide.



**Cellation, Inc.** has developed a proprietary device utilizing therapeutic, non-contact ultrasound technology for the treatment of chronic and recalcitrant dermal wounds. The company's core product offering, the MIST Therapy® System, is designed to impact all critical aspects of the wound healing process.



**CoAxia's** NeuroFlo™ system, currently in clinical testing, is pioneering the use of catheter-based perfusion augmentation systems for the treatment of cerebral ischemia by redistributing blood flow to the brain during an acute ischemic event such as stroke or vasospasm. NeuroFlo has the potential to extend the current treatment window for millions of ischemic stroke patients worldwide.



**Interlace Medical Corporation** develops minimally invasive devices for the gynecological surgeon to enable safe, quick and reliable removal of uterine fibroids and polyps. These devices are designed to improve patient care and physician efficiency while reducing cost.



**NimbleGen's** customized, high-density microarray technology combines photo-deposition chemistry with digital light projection to shorten array fabrication from months to less than three hours. The benefits to functional genomics experiments include extreme flexibility, optimized array design, highly reproducible array fabrication and statistically robust results. [Sold to Roche, August 2007.]



**Palyon Corporation** develops technologies for the treatment of chronic pain, spasticity and other neurological diseases. Up to 20% of chronic pain patients do not respond to conventional treatment and may be candidates for therapies such as Palyon's programmable implantable drug delivery system.



**Pharmedium Healthcare Corporation** is a leading provider of intravenous (IV) admixture services to hospitals and alternate-site pharmacies under the COMPASS Services name. The company's IV admixture services involve mixing prescribed drugs with a base solution, known as IV "compounding," for patient therapy. [Sale/Recapitalization, November 2007.]



**TomoTherapy, Inc.** has developed a medical system that delivers conformal radiation therapy to cancer patients by combining the complex steps of radiotherapy into a single device that targets tumors more effectively than conventional devices. The system verifies dosage delivered and treatment volumes while offering true 3D image guidance, assuring treatment delivery according to plan. [IPO, May 2007.]

# Macro Trends

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On a macro level, overall trends in life sciences are compelling. Population demographics, trends toward longer and more active lifestyles, globalization, healthcare privatization and increases in standard of living all contribute to a massive and ever-growing demand for healthcare products and services throughout the world. Miniaturization of applied technologies is enabling greater functionality of medical technology. Advances in genomics and biology are facilitating higher utility tools for research and the potential to create clinically important diagnostics. However, particular sectors, such as Medical Devices, have been challenging due to increased regulatory and reimbursement hurdles. In addition, the lack of robust IPO and merger and acquisition markets have been and will remain an ongoing concern.

## Other Trends and Issues

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- Individualized medicine/therapies
- FDA in flux, leading to increased regulatory scrutiny
- Evidence-based, cost-effective medicine
- Reimbursement challenges
- Decreasing number of venture investors

## Sub-Sector Trends

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### Medical Technology

- Medical Technology is benefiting from a rapid convergence of material science, IT and chemistry/biology, resulting in the continual growth and evolution of more minimally invasive, “smarter” and more value-added medical devices and equipment that offer meaningful benefits to multiple constituents (e.g., patients, providers and payers).
- Numerous barriers to entry, including R&D expenditures, regulatory approvals, established intellectual property and third-party reimbursement, allow companies to build and realize significant shareholder value.
- Medical Technology, on average, offers an attractive combination of high-potential value creation with relatively less investment capital and shorter holding periods than therapeutics-based healthcare products.

### Tools & Diagnostics

- The fundamental understanding of biology in living organisms has enabled the creation of an entire industry around “discovery tools,” which are employed in both academic and industrial settings. Proprietary technologies or services that increase the efficacy and efficiency of researchers in developing better drug therapies garner considerable value.
- The Tools & Diagnostics industry has historically garnered high valuation multiples and contains a large pool of acquisitive mid- and large-cap strategic players.
- For a variety of reasons, therapeutics are becoming more individualized and often require extensive molecular diagnostic research and companion diagnostic tools.

### Tech-Enabled Healthcare Services

- Complexities and inefficiencies around the delivery of healthcare services are creating the opportunity for value-added clinical outsourcing models. These models take advantage of providing local healthcare markets with the best products/services on a national scale.
- Laboratory outsourcing and clinical trial outsourcing will continue to create opportunities for investment in these areas.

# Investment Criteria

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Baird Venture Partners is focused on investments in early- to expansion-stage companies in the Business Services and Healthcare/Life Sciences sectors. The investment criteria for the Life Sciences group are profiled below:

- Proactive, thesis-driven opportunities in domestic Medical Technology, Tools & Diagnostics and Tech-Enabled Healthcare Services companies
- Early- to expansion-stage equity investments
- Lead investor and/or board members; partner with strong investment syndicates
- Invest up to \$10 million over the life of an investment
- Target companies' post-product development stage

## Baird Venture Partners Overview

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Baird Venture Partners, the U.S.-based venture capital fund of Baird Private Equity, makes venture capital investments in early and expansion stage business services and life sciences companies. Baird Private Equity, the global private equity group of Robert W. Baird & Co. (Baird), makes venture capital, growth equity and buyout investments in smaller, high-potential companies in the United States through Baird Venture Partners and Baird Capital Partners, in China through Baird Capital Partners Asia, and in Europe through Baird Capital Partners Europe. Baird Private Equity and its affiliates have raised and managed more than \$2.7 billion in capital and invested in more than 240 companies since the 1980s.

## Contact Information

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### Baird Venture Partners Life Sciences Team

**Pete Shagory**

312-609-5494

pshagory@rwbaird.com

**Michael Liang, Ph.D.**

312-609-5499

mliang@rwbaird.com

**Momei Qu**

312-609-5486

mqu@rwbaird.com

bairdventurepartners.com