



Models for Innovation

Moderator:

Larry Stofko, EVP

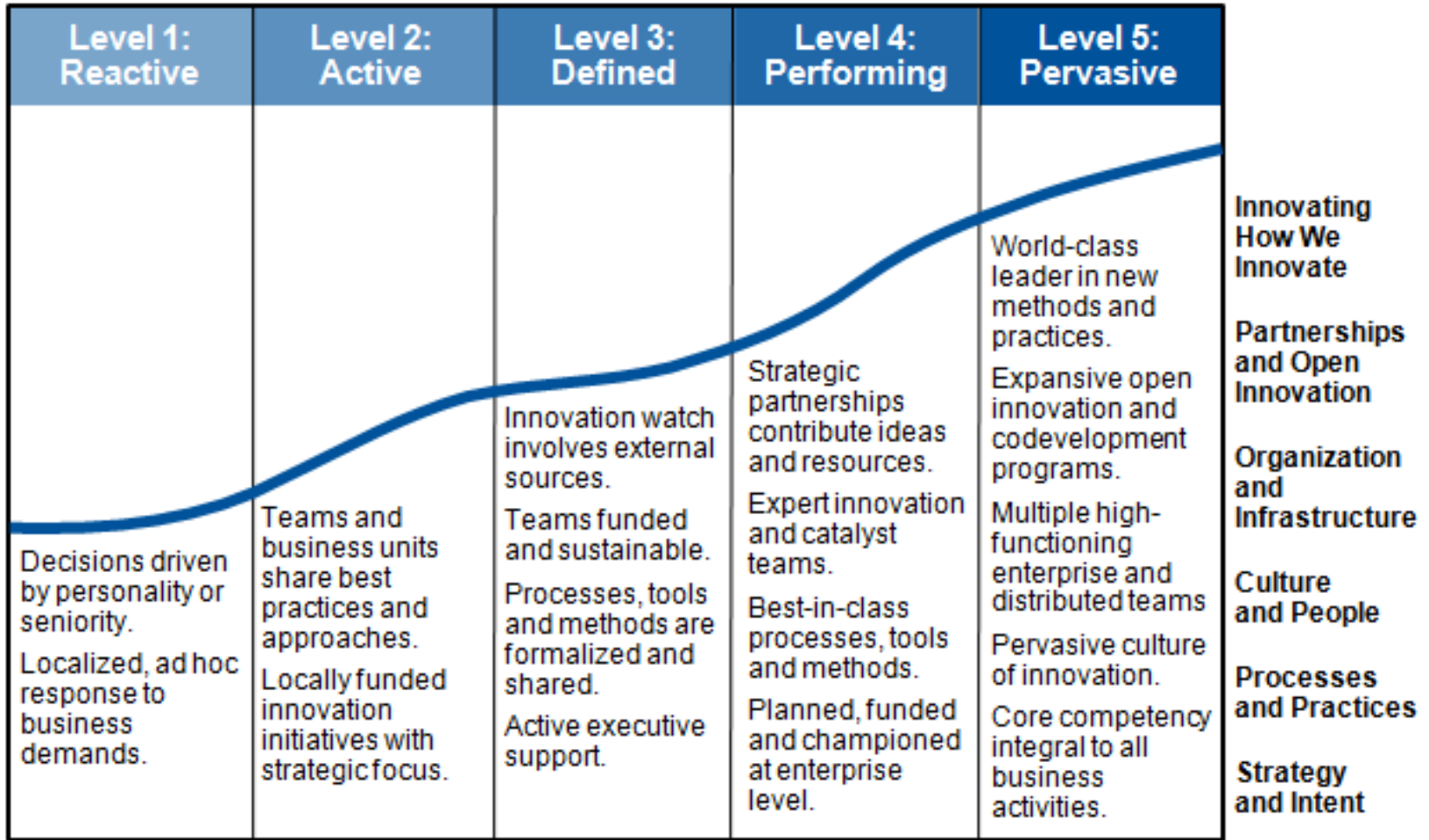
The Innovation Institute

HimSS
SOUTHERN CALIFORNIA *Chapter*

Session Overview

- Welcome
- Setting the Stage
- Presentation of The Models
- Discussion and Questions

Maturity Model for Innovation



The Innovation Institute Business Model



OUR MEMBER OWNER NETWORK

- \$8.3 Billion in Revenues
- 46,000 Employees
- Located in 9 states, 5 regions
- Highly Diverse Demographics



**MEMBERS
COMMITTEE**



- 36 Hospitals
- 10,000 Physicians
- 80 Outpatient Clinics
- 55 Specialty Centers

**BOARD OF
MANAGERS**

**INDUSTRY
PARTNERS**

**PRIVATE
INVESTORS**

501(c)(3)
**FOUNDATION/
DEVELOPMENT CO.**

SERVICES



**INNOVATION
LAB**



**ENTERPRISE
DEVELOPMENT
GROUP**

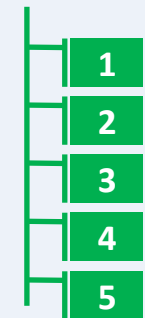


**GROWTH
FUND**

DONORS



PETRA TCS Construction Management	TKA Clinical Engineering
HPA Real Estate	HCCS Medical Coding
THE Equipment Dealership	FWSS Staffing
HDC General Contractor	[NEW COMPANIES]



Your “Real Models of Innovation”



Katherine Steinberg
Director of Programs
Institute for Innovation in Health
UCLA Health



Ryan Kelly, PhD
Senior Commercialization Officer
Cleveland Clinic Innovations



Brant Heise
Senior Managing Director
Summation Health Ventures



Casie Kelly, PhD
Senior Licensing Officer
Life Sciences
UC Irvine

UCLA Institute for Innovation in Health

SoCal HIMSS Annual Healthcare IT Conference

March 4, 2015

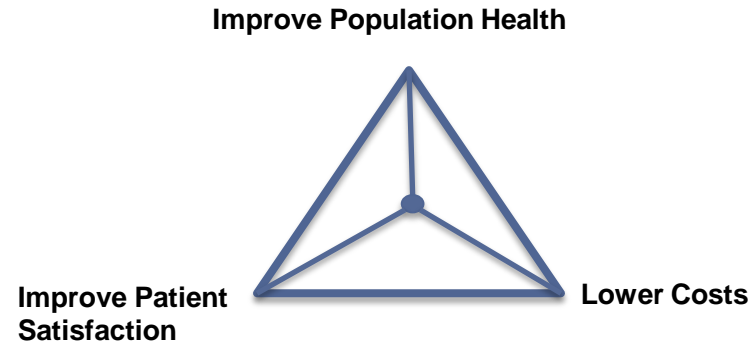
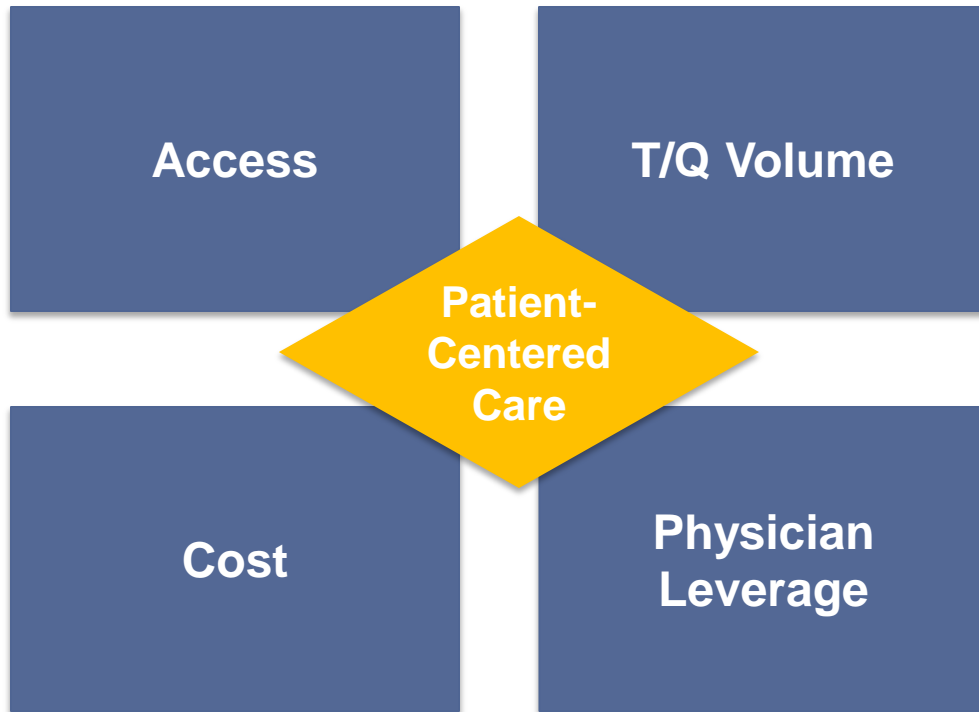
Katherine Steinberg, MBA, MPP

Director, UCLA Institute for Innovation in Health

UCLA Health Institute For Innovation: Mission

**Our mission is to identify, pilot and deploy
high-value innovations that deliver
better health and greater value
to more people.**

Institute Focus Based On UCLA Health Strategy

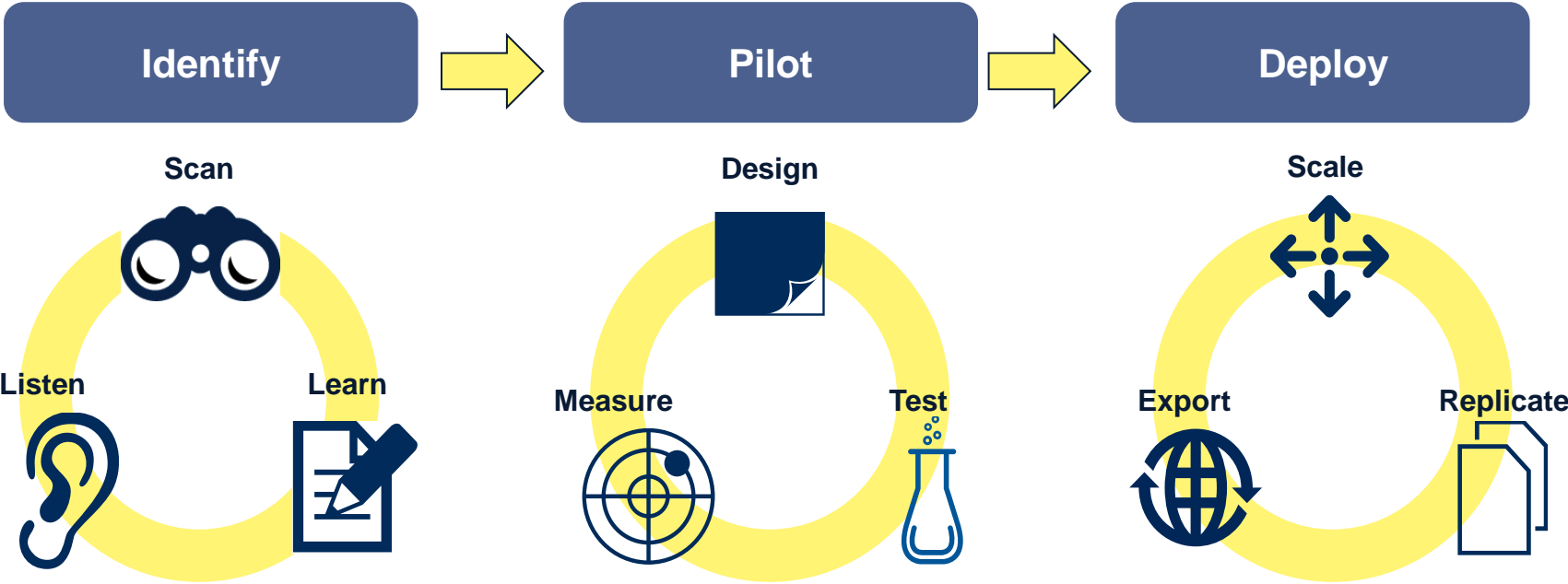


Emphasis on finding partners with products and services to support rapid implementation and results:

Later stage companies with demonstrated results

UCLA Institute for Innovation in Health

Innovation Framework



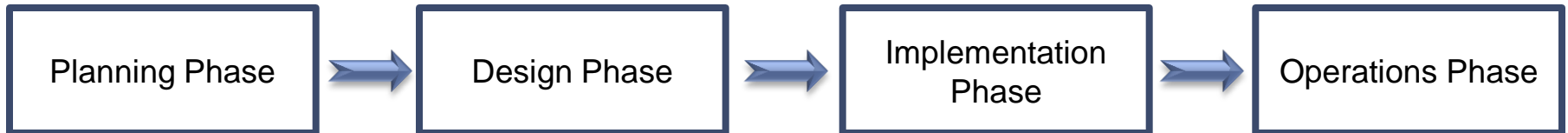
Innovation is Tightly Linked to Transformation



Innovation Life Cycle



TRANSFORMATION



Example:

- PCMH + population health management components
- Five clinics in six months: 33,000 patients
- Rapid replication to 14 clinics: 100,000 patients
- Completed replication 26 clinics 160,000 patients
- Platform for continuous introduction, design, testing and deployment

Approach to Piloting

Expedited process for Executive Team review, fast-track pilots, and rapid failure or deployment at scale

1

IDENTIFY

- Identify opportunity (problem, new product)
- Scan, investigate within UCLA
- Initial search for champion, executive sponsor, pilot sites
- Mini-business plan – formal submission

2

PILOT

- Executive Team review
- Fast-track evaluation process defined
- Pilot launched in partnership with operations
- Rapid cycle evaluation is iterative, ongoing

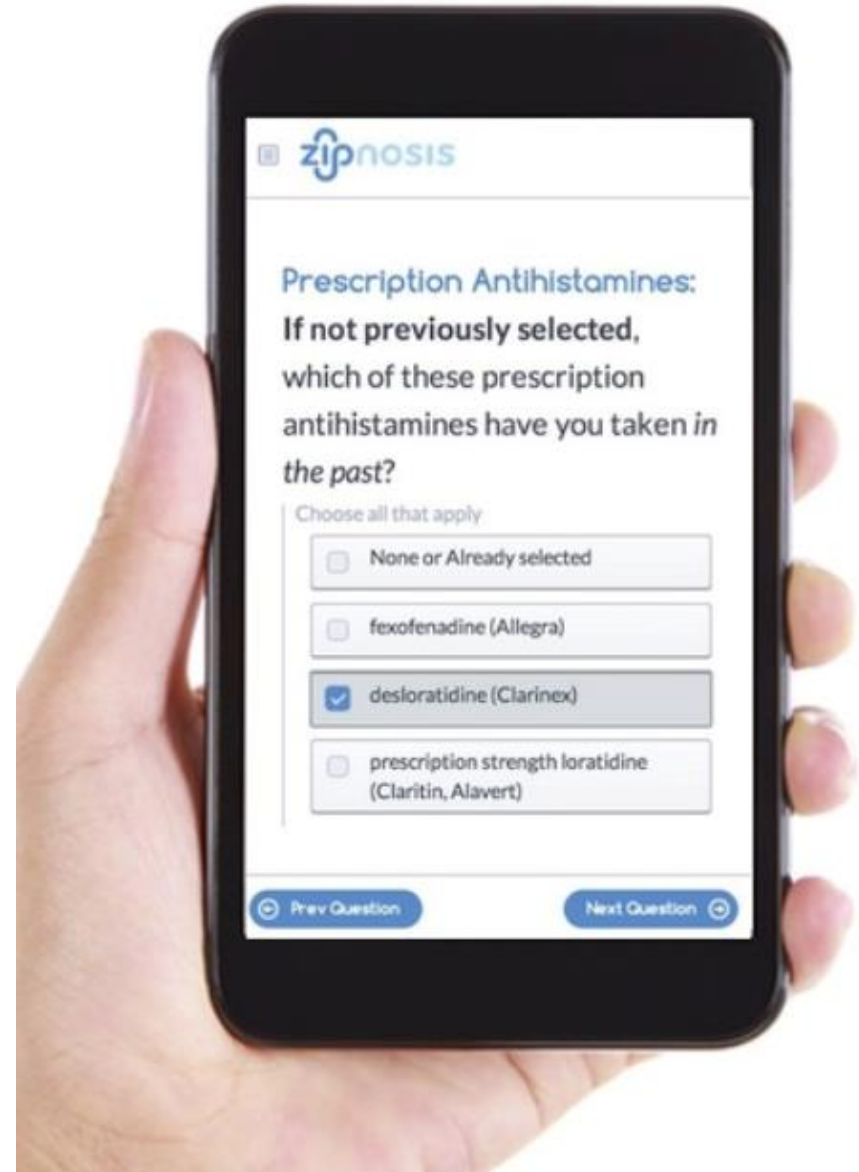
3

DEPLOY

- Success metrics met – leads to deployment at scale
- Or – rapid failure
- Or – revise plans, re-pilot

Case Study: zipnosis

Online diagnosis and treatment service for common medical conditions



Global Lab for Innovation

the innovation exchange

We accelerate innovation:

- Finding high value innovations
- Putting innovations at your fingertips
- Reporting user experiences and results

To meet urgent needs in healthcare.



Contact Information

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Institute Website

www.uclainnovates.org

Global Innovation Lab

www.globallabforhealth.org



**“Bringing world class innovations
to market”**

March 2, 2015

Ryan Kelly, PhD

Senior Commercialization Officer

Cleveland Clinic

- 5.5M Patient Visits
- 43,430 Employee Caregivers
- 27 Institutes providing care in 120 subspecialties
- Facilities in Ohio, Florida, Nevada, Toronto & Abu Dhabi
- Top 4 Hospital by U.S. News & World Report



Cleveland Clinic Innovations

“CCI”

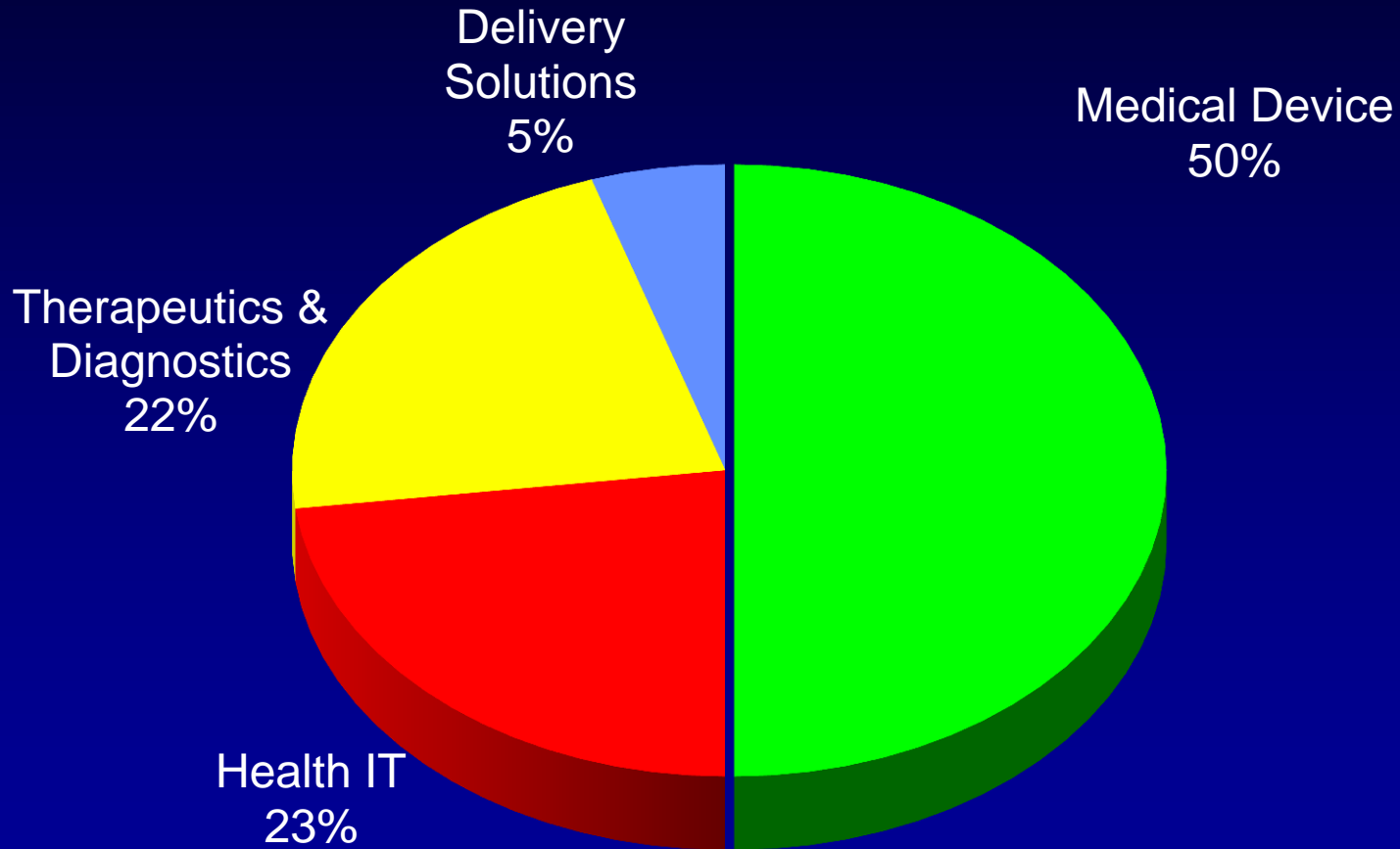
- **Promote innovation**
- **Translate emerging technologies**
- **Focus on commercialization**
- **Optimize financial outcomes**

CCI Scorecard: 2014

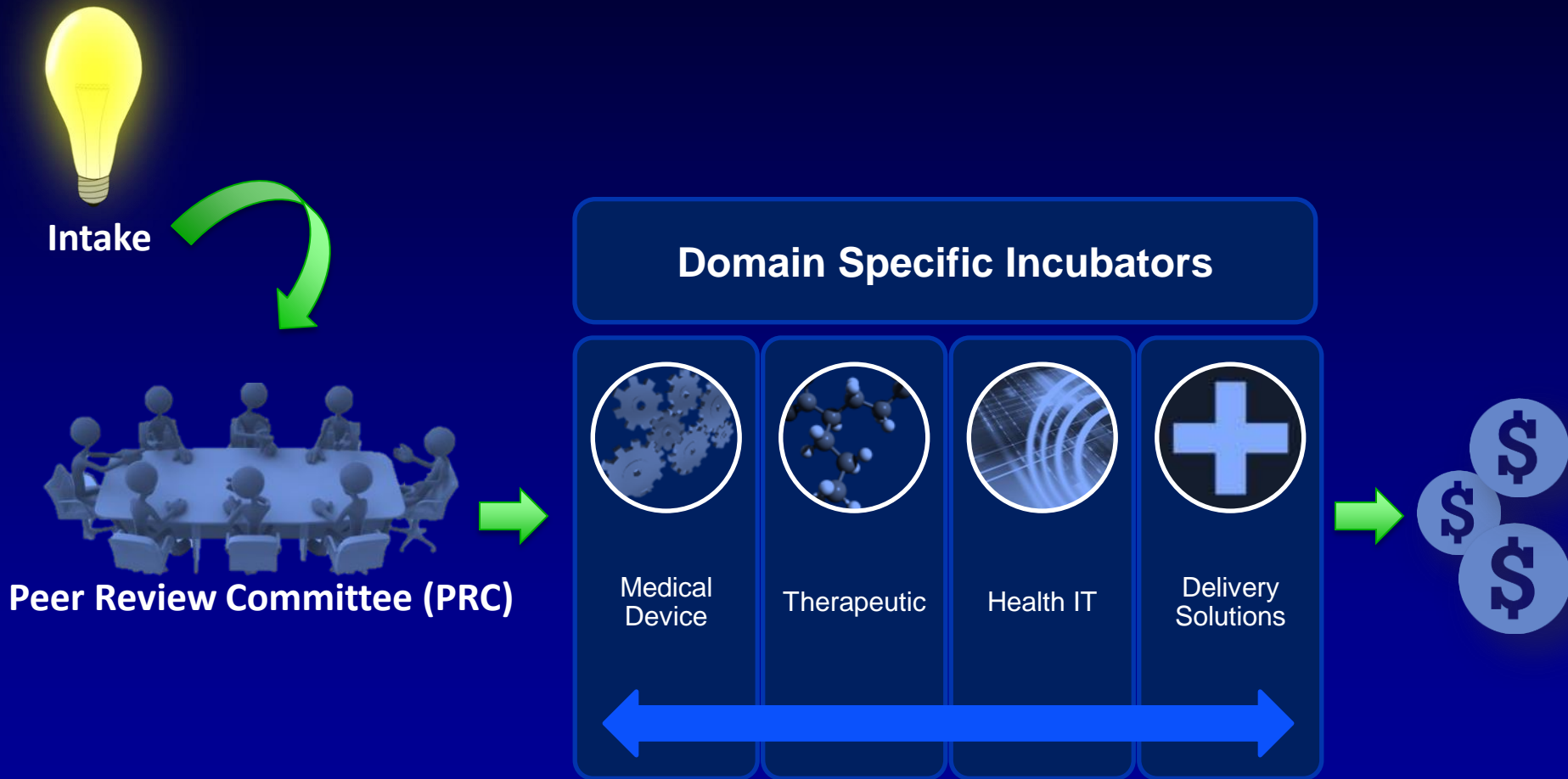
- **2,600 Patent Applications**
- **450 Royalty Licenses**
- **71 Spin-Offs**
- **\$799M in Equity Investments**
- **\$69M to Inventors**
- **\$167M in State & Federal Grants**
- **1,200 Jobs Created**
- **World-Wide Recognition**



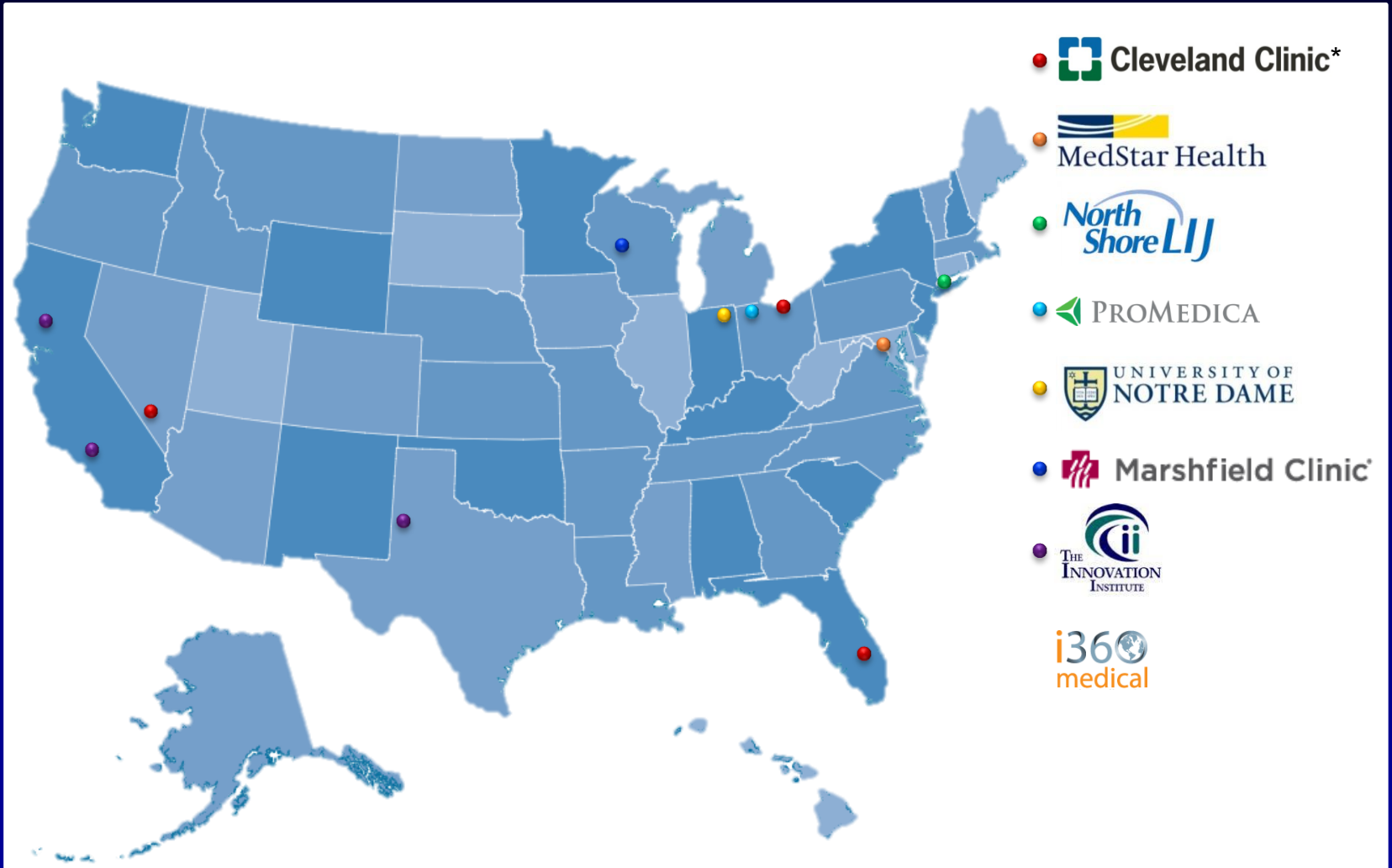
CCI Portfolio Mix: 2014



CCI Commercialization Model



A World Class Model



Digital Center of Excellence

- Accelerates Innovation & Commercialization
- Supports Development, Implementation, & Supportability with Minimal Resources
- Increases Speed to Market
- Hosted products on ADEO marketplace





Cleveland Clinic

Every life deserves world class care.

SummationHealthVentures.io

Brant Heise

Senior Managing Director

ADDING VALUE TO

Health Care Innovation



CEDARS-SINAI

A partnership of



MEMORIALCARE
HEALTH SYSTEM

Excellence in Health Care

What is Summation Health Ventures?

- SHV is a strategic health care investment fund that aims to drive and accelerate health care innovation
- Partnership between Cedars-Sinai and MemorialCare Health System
- Venture Capital model focused on start-up, privately held, early- to mid-stage companies in the areas of information technology, technology enabled services and medical devices
- Goals are to improve quality of care, enhance patient and clinician experience and decrease the cost of care

Summation Health Ventures

Mission Statement

SHV provides strategic investment funding to privately held companies offering innovative products, services and technologies which help healthcare systems significantly improve performance and outcomes.

Guiding Philosophy

A company's strategic relationship and involvement with our General and Limited Partners is as important to us as is the financial investment opportunity. This synergy is what drives the ultimate value and return on investment.

Strategic Investment Focus

<u>Category</u>	<u>Criterion</u>
Stage of company	Product and market acceptance, revenue generating, post-regulatory approval on core business, clear path to break-even, rapid growth
Origin of company	External to involved healthcare systems – companies originating internally among the involved healthcare systems will be referred to tech transfer
Sectors	Healthcare IT, Healthcare Services, Medical Devices (specifically serving the hospital / physician market)
Type of transaction	Preferred stock series A or B strongly desired, but will consider later rounds if individual investment opportunity warrants
Business model	Recurring revenue model, razor-razorblade model, multi-year contracts, customer cost < \$250,000 per year, SaaS, Cloud computing, mitigate gov't reimbursement risk, focus on supporting HC reform direction, strong and "hard" value proposition for customers, etc.
Governance	Institutional investors on board, SHV board seat (or at least board observer rights)
Co-Investors	Prefer VCs, sophisticated Angels, or at least one other investor with > \$1M invested with additional reserves available
Management Team	Prior entrepreneurial success, focus on operational and product success, compatibility with SHV partners and investors

Process/Model

1

Identification of investment opportunities

2

Confirm strategic fit / interest within health care systems

3

Involvement of appropriate experts from health care systems in the diligence and evaluation process

4

Invest and collaborate to enhance value for all parties involved

Value Proposition

Win for Entrepreneur

- Access to capital
- Access to expertise & collaboration
- Access to client / reference site
- Introductions to other healthcare systems and investors
- Add value to company

Win for Health System

- Access / Exposure to early stage innovation
- Seat at the table to guide direction
- Enhanced quality of care / reduction in cost of care
- Engagement of physicians and staff

Win for Investment

- Exceptional diligence ability
- Seat at the table to guide direction
- Participation in upside and enhanced value of company due to involvement (better financial return)

Cultivating Innovation at UC Irvine

Casie Kelly, PhD
Senior Licensing Officer
Life Sciences

OFFICE OF TECHNOLOGY ALLIANCES
UNIVERSITY of CALIFORNIA • IRVINE



University of California

The UC family includes:

- 10 campuses
- More than 200,000 faculty and staff
- More than 11,000 Invention Portfolio
- 1700+ Invention Disclosures per year
- 800 Research Centers & Institutes
- \$4.1 Billion in Research Expenditures
- \$46+ Billion annual economic activity generated for California



UC Irvine at a Glance

- **Portfolio of over 950 inventions managed by 6 licensing officers**
 - **252 of those inventions are licensed (~26%)**
- **120-140 new invention disclosures per year on average**
- **70+ start-ups, more than half still operating or acquired**

Office of Technology Alliances

- **Manage all inventions created by UCI faculty, staff, postdocs, and students**
 - Build relationships with faculty and researchers
 - Manage the patent prosecution process
 - Market the inventions to find a commercial partner
- **Negotiate, sign, and manage all of the licensing agreements with companies**

Objectives of Tech Transfer

- **To bring technology to the marketplace for the public benefit**
- **Receive fair value for technology**
- **Preserve faculty academic freedom**
- **Support faculty in their research endeavors, entrepreneurial efforts and industry interactions**

Catalyzing the Technology Transfer Process

Clearly communicate how to work with the tech transfer office

→ companies know what to expect when working with your office.

Built 2 on-campus incubators (Tech Portal, Tech Portal Orange)

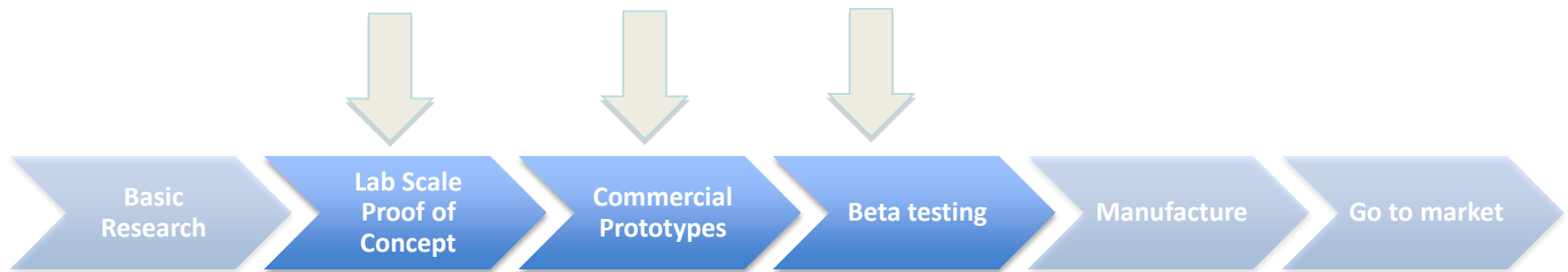
→ startups leverage on-campus research and core facilities to achieve key early R&D milestones.

Developing “proof of concept” fund for UCI technologies

→ will move our technologies through early proof of concept.

Create a hub of entrepreneurial activity around the university (Institute for Innovation)

→ bring the right people together to move technology forward



On the Horizon for UCI...



INSTITUTE FOR INNOVATION

OFFICE OF TECHNOLOGY ALLIANCES
UNIVERSITY of CALIFORNIA • IRVINE

**30,000 Square Feet
of Startup Energy
Opening Spring 2015**

Attract Resources, Build Entrepreneurial Ecosystem

- **Office of Technology Alliances**
- **UCI Student, and Faculty Incubators**
- **UCI Startups – Beckman Laser Institute Startup Lab, Faculty, Students**
- **Investment - Tech Coast Angels, Golden Seeds**
- **Community Mentoring - TriTech (SBDC)**
- **Community Incubators and Accelerators**
- **Community Organizations – CleanTech OC, Startup Weekend**
- **Prototyping - Satellite RapidTech Facility**
- **Event and Seminar Space (150+ people)**

Building Startups

Launch – INCUBATION/ACCELERATION

Incubators
Prototyping

EXPERTISE/ADVICE/COACHING

Industry Experts
Entrepreneurs
Executives
Attorneys
Investors

FUNDING

Commercialization Grants
(UCI)
Seed Fund (OC Cove)
Early Stage Funding
Later Stage Funding
(UC Fund)

SoundCure, Inc

Novel Tinnitus Therapy

- **Tinnitus (ringing in the ears):**
 - Afflicts 262 million worldwide
 - Causes: injury, infection, repeated exposure to loud sounds
 - Internal noise varies by individual in pitch & frequency
- **SoundCure's Acoustic Therapy**
 - Uses a low-pitched sound from a simple MP3 player
 - Unique tones & sounds tuned to a patient's individual noise profile to reduce or eliminate the perception of tinnitus
- **SoundCure – The Company**
 - Funding led by Allied Minds, Inc.
 - Partner with audiologists, MD's and patient advocacy groups
 - Utilized local medical device manufacturer to create prototypes and sell product
 - Selling product *Serenade*



THANK YOU!



OFFICE OF TECHNOLOGY ALLIANCES
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Discussion and Questions

Thank You!