

easyband



ENDOART SA:

Un long fleuve tranquille...

EPFL Venture Lab, Lausanne April 18 2008

The cooking analogy




- The purpose of this presentation is to share with you a real life experience, what is going on in the kitchen!
- The recipe from a 3-star Michelin chef does not make a chef of you and is no guarantee for success, you have to practice...
- I have depicted the story in a somewhat oversimplistic manner for presentation purposes...things sometime turn out to be more complex



Summary

1. History
2. Technology and Products
3. Telemetric Gastric band for morbid obesity
4. The acquisition
5. A few facts and thoughts...
6. ...On science and products
7. ...On business
8. ...On finance
9. ...On Investors
10. ...On Board
11. ...On staff
12. ...On the long term
13. Conclusion

Ups and downs...

- 
- 1998** Founded in Lausanne as spin-off from EPFL by 2 founders, originally based on a STENT
 - 1999** First significant round of CHF 13 millions and acquisition of a new technology: FLOWATCH
 - 2003** First CE mark for a niche application of the Flowwatch, lawsuit with a licensee
 - 2004** Cash out, lawsuit lost: € 6 million to be paid
 - 2005** New round CHF 5 mil., CE mark on OBESITY ring, first clinical results
 - 2006** New round of CHF 15 mil. to finance US clinical study. First implant in September in Canada
 - 2007** Acquisition of ENDOART by ALLERGAN

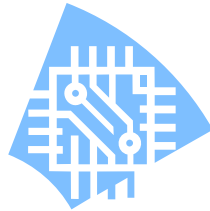
Products and technology...

- STENT...the idea



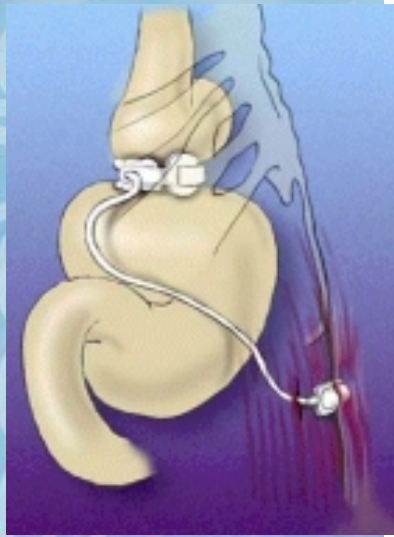
- FLOWATCH...the technology: Telemetry

-Battery free + external control + Implantable



- EASYBAND...the product

- A adjustable gastric band to treat **morbid obesity**



easyband

Telemetrically adjustable Gastric Band for treatment of Morbid Obesity





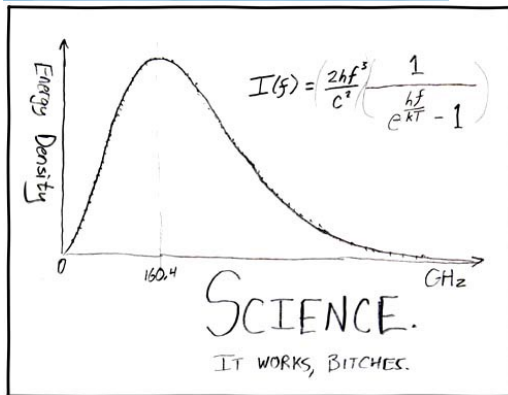
The acquisition

ALLERGAN is a US pharmaceutical company.

- Completed in Feb 22, 2007
- First contact with the buyer: Nov 2004
- 100% of the company for CHF 120 millions
- Endoart stays research center for Allergan, 5 people hired since acquisition
- The first employee (engineer) becomes general manager.
- One year post acquisition...

A few facts and thoughts...

- Time: 9 years
- Technology: start with one and finish with another
- Money: 35 million CHF
- Management: 2 CEOs



...on science and product

Difference between science and product is like between dream and reality...one costs nothing the other a lot...

- Make sure it works....
 - you save money and time
 - build confidence

- Don't underestimate time to market:
 - Regulatory: CE mark, FDA

- Don't talk about thing you don't know,
get the expertise if you don't have it in in-house



Few questions on business

- Is my product bringing **ANY** benefit to the customer (patient)? What? Is it unique? How much is the customer ready to pay for this?
- Understand the dynamic of the market: competition, customer, what size is the market?
- Make a business plan for you.
- Prepare a back-up: things always go wrong...



...on finance

Early stage company finance: first lesson...

Point 1: How much cash do you burn per month?

Point 2: Divide the cash amount (bank account) by the result of Point 1 and you get a number of months

Point 3: if this is below 6 and you don't have either a VC term sheet or an acquisition term sheet, you are in trouble....

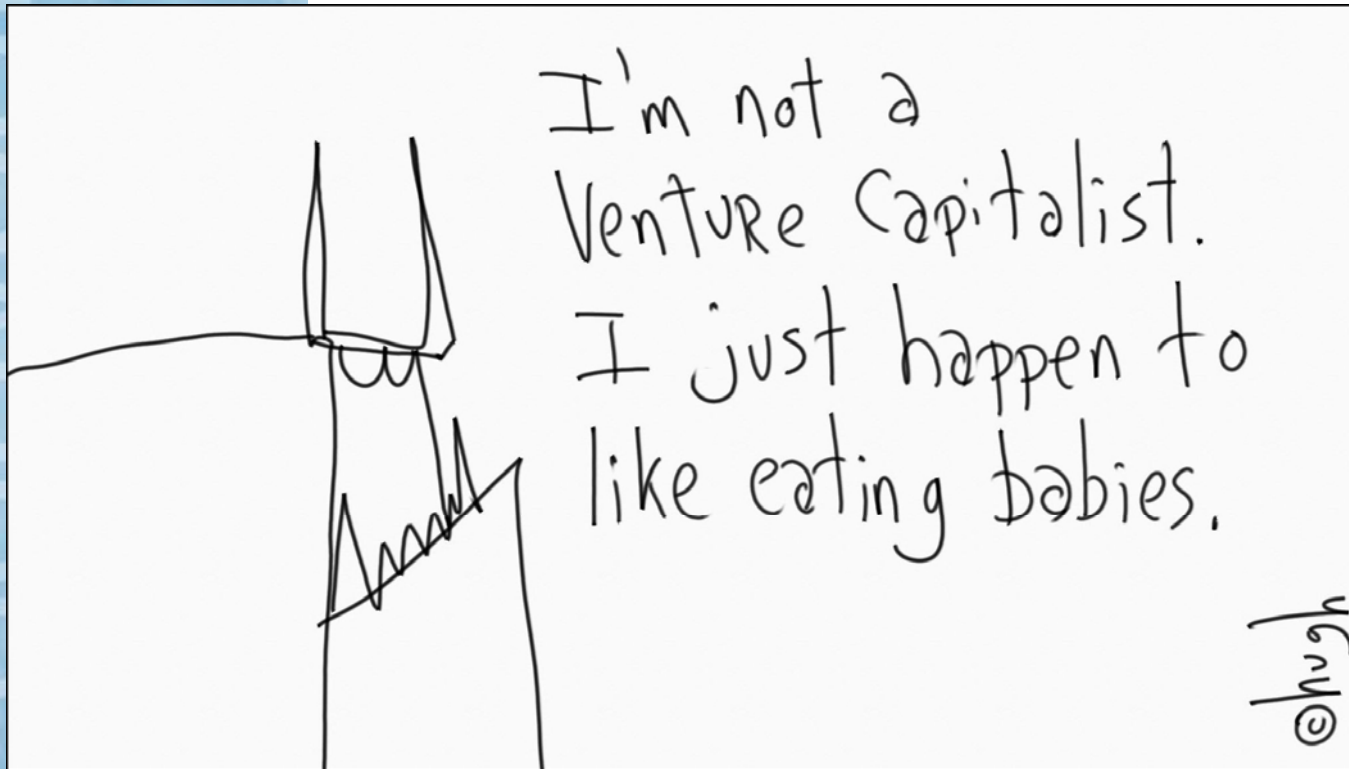
CONCLUSION:

***FOLLOW AND ANTICIPATE YOUR CASH REQUIREMENT
ON A REGULAR BASIS***

...on investors

- Investors are investors, they are NOT friends or entrepreneur
- Return on investment has 2 components:
 - Money returned/money invested
 - Time to get the money back
- Once you have this engraved in you mind, select good investors.
 - Committed
 - Experienced
 - Ethical
- Dilution

...on investors



friends or

select good

- Ethical

- Dilution



...on Board

- Select experienced and committed people
- Don't expect Yesmen, this is not good
- The Board is an official structure, its role is defined
- **Align** everybody's interest: balance VC/non VC
- Keep the Board well informed and prepare decisions
- Keep all Board meetings and decisions well documented
- Take a lawyer on board once you get close to the exit.

...on staff



- Be aware that they will make the success of the company
- Be fair and transparent for good and bad news
- Understand that there are not necessary entrepreneur but they have families and credit to pay so...careful...
- Communicate clearly on the goal and target of the company: everybody should know about what is to be achieved
- Maintain a sense of uncertainty and high expectations



On the long term...



-Reflect on what is ***YOUR*** preferred scenario. If you don't have one, somebody will have it for you...

-Keep fit and optimistic...it's a marathon

- Talk to your family and friends, at the end this is the most important especially if the company fails....



Go for this...

Plan for this...



Conclusion

Be ready for that...

