

Letter from SEMDA President  
October 2013

Earlier this year, I had the distinct honor and privilege of accepting the role as the SEMDA President for 2013. I am inheriting an organization from my predecessor, Charlie Harrison, that is in excellent condition following our most successful SEMDA Conference this past Spring. We had greater levels of attendance, sponsorship and media coverage than ever before. In addition, our presenting companies were of high caliber, which allowed us to attract the most investors that have ever attended. Add to all of this, programing content that yielded the highest attendee satisfaction survey ratings in our history, it becomes very evident that SEMDA is on the move and high bar has been set!



Fortunately, I am blessed with an outstanding Board of Directors and a professional staff who believe, like me, that SEMDA is at an inflection point and cannot rest. Certainly, we will proceed forward with our goal of producing an outstanding conference in the Spring of 2014. But we believe our charter and mandate to serve the medical device industry in the Southeastern United States requires that we become more than an annual conference. The challenges and opportunities facing our industry have never been more complex and, ironically, exciting. We have headwinds with a regulatory environment that is uncertain, unpredictable and costly. The Accountable Care Act (ACA) has placed an increased tax burden on manufacturers, while reimbursement trends continue to decrease. Venture capital funding for the medical device sector is at historic lows. The effect has been fewer startups that can survive long enough to make it to market launch and customer adoption. But the news is not all bad. The ACA has also allowed our industry to take the initial steps away from an inefficient healthcare system that was built on episodic payment for episodic treatment. This "transactional" form of care delivery did little to incentivize providers to deliver the right treatment, at the right time, in the right venue, and at the right price. Because of the ACA, we are all participating in the historic renovation and overhaul of an approximately \$3 trillion industry.

As a venture capital investor, this feels like an opportunistic moment. One example of why I am optimistic is technological advances in healthcare, such as medical device innovation linking HIT to create technology enabled devices, will be the key driver to improve the quality of care measured by better patient outcomes and lower costs. Further, innovation will be mandated as a function of the aging global population. The US alone is projected to have over 88 million residents over the age of 65 by 2050. These active "Baby Boomers" will continue to motivate the CMS, private payers and employers to seek innovative solutions to drive down cost and improve quality.

As the SEMDA President, my organizational goals for my 2013-2014 term are:

- Continue to expand the regional reach of SEMDA by expanding our relationships with the university research centers in the Southeast. We will have a more active outreach and

presence with these key partners going forward, and will seek to provide assistance as they attempt to mine and vet their innovation reservoirs for innovations that can become local startup companies.

- We desire to develop deeper working relationships with global strategic corporations in order to provide value to them and our Southeastern constituency. One early program we are developing is a corporate sponsorship package extends beyond the annual conference, and allows for a material value proposition to be constructed and defined. We envision having relational depth with strategic corporations to allow for the local leverage of their resources and influence by our Southeastern medical device manufacturers and startup companies.
- We desire to deepen our relationships with the angel and venture capital investors, requesting more input and influence on shaping the conference in order to better link our Southeastern medical device startups with capital. We will also continue to focus on introducing non-dilutive capital sources to our presenting companies.
- We will continue to deliver regionally for our members and constituents by working harder to produce relevant content and programming to support entrepreneurs and other biosciences industry organizations in order to create more leverage, efficiency and shared-value creation lift for our region.
- Finally, we will work tirelessly to produce a conference that our organization and members will be proud of in 2014. It is our committed members and volunteers who give of their time, talents and resources that make SEMDA who we are today and who we will be tomorrow.

I look forward to keeping you apprised of our progress with future columns and thank you for your support of SEMDA.

*Bob*

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