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**HLM Venture Partners, Partech International and Mediphase
Venture Partners Hold Symposium on Health Care Industry**

*Panel of experts discusses industry dynamics and
investment implications*

BOSTON, October 10, 2003 – Two distinguished speakers and presenters from three leading health care venture capital firms headlined a symposium on the health care industry yesterday, before an audience of investors. The event was hosted by venture firms HLM Venture Partners of Boston, Mediphase Venture Partners, also of Boston, and Partech International of San Francisco and Paris.

“Health care is eating 15% of GDP, compounding at a 3 to 4 times GDP growth rate, while costs continue to soar for both active employees and retirees,” said Dr. Arnold Milstein, M.D., M.P.H., the National Health Care Thought Leader for Mercer HR Consulting, and a co-founder of the Leapfrog Group. In his keynote speech, “Health Care Meets Mr. Darwin,” Milstein noted that the top cost challenge faced by Fortune 500 CEOs is neither unions, regulation, taxes nor imports, but rather health care. Defect and waste also contribute to cost pressures, as do accelerating market competition within the industry. He went on to assert that solving this soaring cost problem will require breakthrough innovations in technology and the delivery of care.

One such innovation is the automation of a patient's clinical information – the subject of the next distinguished keynote speaker, Dr. Blackford Middleton, M.D., M.P.H., the Director of Clinical Informatics R&D for Partners Health Care System, and Assistant Professor of Medicine at Harvard Medical School. Dr. Middleton explained that improving IT in the medical field can have a profound impact on improving quality and patient safety and on reining in costs. “By 2011, costs of poor quality are likely to exceed one trillion dollars or six percent of GDP,” he noted. At present, 30 cents of every dollar spend in health care is due to administrative inefficiencies, and overuse, under use and misuse of medical services. Nationwide implementation of advanced systems to automate clinical information could save the U.S. approximately \$44 billion annually, Dr. Middleton concluded.

Peter Grua and Ed Cahill, General Partners with HLM Venture Partners, noted that investment opportunities abound in health care, but that there are few venture capital firms experienced enough to choose the best ones. “The most promising opportunities are technology-driven innovations that address large markets, provide significant cost effectiveness or perceived high value to patients, and innovation along with demonstrated business unit economies,” said Peter Grua. “The next big opportunities in health care,” said Ed Cahill, “are medical devices that combine therapy with drugs; ‘personalized’ therapies, particularly for cancer, central nervous system and other chronic diseases; allied health post-secondary education; and managed care tools for Medicaid or specific patient populations.”

“There is a tremendous need for health care providers to improve information flow, control or reduce costs, and improve clinical quality,” said Tom McKinley, a co-founder of Partech International. “We’re pursuing several investment themes that offer novel ways for physicians to exploit technology to deliver care remotely.”

“Pharma drug development pipelines are thin, and competition is fierce in all segments,” noted Larry Miller, M.D., co-founder of Mediphase Venture Partners. Moreover, he said, the current drug development process is too long (at 10-12-plus years), too expensive (at \$800 million or more), and too uncertain (there is a 95%-plus failure rate for new drugs). “What’s needed are sophisticated technologies to improve drug development and decrease drug development costs.” Mediphase is investigating investment opportunities in pharmaceutical decision support and biopharmaceutical technology.

About HLM Venture Partners

HLM Venture Partners, with \$360 million under management, provides venture capital to emerging health care, business services and technology companies. HLM supports entrepreneurs as they turn innovative ideas into market-leading businesses, offering guidance on financial structuring, resource allocation and deployment, strategic planning, strategic introductions, and recruitment.

Over the past 10 years, HLM’s General Partners have helped more than 30 portfolio companies through initial public offerings, mergers or acquisitions. This investment record includes such leading companies as Healtheon Corporation, The TriZetto Group, Spinal Concepts, Scientific Learning, Exact Laboratories, Aspect Medical Systems, Praecis Pharmaceuticals, Centene Corporation, and Automated Health care. For more information, please visit, www.hlmvp.com.

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