

IMPACT AND FINANCIAL RETURNS: A WINNING COMBINATION

The experts at Lauxera Capital Partners, an independent global asset manager specializing in the healthtech sector, explain how impact investing can be good for patients, increase productivity for providers/doctors/innovators, and reduce costs for healthcare systems.



Pierre Moustial

French, co-founding partner at Lauxera Capital Partners, former CEO of Urgo and former CEO of Fournier Pharma



Alex Slack

American, co-founding partner at Lauxera Capital Partners and based in the US. Healthcare specialist investor who worked previously at Maverick Capital and Jackson Square Partners

into impact metrics using published data and other tangible evidence. For example, for portfolio company Reaplix the team used a gold standard clinical trial, published in the journal Lancet, to translate from the number of regenerative patches sold commercially to treat diabetic foot ulcers to the resulting reduction in the number of limb amputations. Critically, Lauxera's metric for Reaplix only captures incremental amputations prevented above and beyond the standard of care.

"We set multiyear targets for each "Triple Aim" criterion used to monitor the progress of our portfolio companies. Therefore, we're able to measure non-financial returns over our investment period as well as classical financial returns," says Pierre Moustial, co-founding partner of Lauxera Capital Partners.

Generating additional impact in investments

In the healthtech subsector, commercial growth is almost always directly correlated with increased impact. Unlike the biotech sector, which is dedicated to "innovation at any cost," and healthcare services, which magnify cost with minimal innovation, healthtech, Lauxera's field of expertise, must deliver innovation at a sustainable cost. "Our companies only succeed commercially if their products and services positively contribute to the three components of the "Triple Aim" in healthcare. As a result, we're focused on growing their revenue in order to grow scale, value, and impact," says Slack. Proving impact is part of the due diligence process, and high impact innovations are core to the investment thesis for each portfolio company at Lauxera. Lauxera's investment in Lifent (see Testimony below) illustrates this interplay clearly, where the launch of Lifent's high impact Platform offering has been built upon the success of its initial core communication platform.

The challenge of tracking impact

While the impact of Lauxera's portfolio companies is meaningful, these impacts are sometimes indirect and difficult to measure. For example, portfolio company Bio-Lamina develops and produces recombinant human laminins, which are proteins that allow researchers to grow,

While traditional impact investing frameworks like the United Nations' Sustainable Development Goals are specifically tailored to developing nations, developed countries today also face multiple challenges in health care: high costs, labor shortages, and ongoing unmet needs in major therapeutic areas such as neurology, diabetes, cancer, and cardiovascular diseases. "That's why Lauxera has established its own impact framework that requires our investments to contribute to the Institute for Healthcare Improvement's "Triple Aim" of improving patient outcomes, increasing productivity for providers/physicians/innovators, and reducing costs to healthcare systems," said Alex Slack, co-founding partner of Lauxera Capital Partners.

Well-defined impact objectives

Impact investing seeks to generate a positive social and/or environmental improvements hand-in-hand with a financial return. Impact investing goals must also be incremental and quantifiable. "We rigorously measure the impact generated by the companies in which we invest. On a quarterly basis, we compare impact-linked key performance indicators (KPI's) to the objectives we set at the beginning of each investment. When first entering an investment, we choose between one and three of the criteria of the "Triple Aim" against which to measure our companies' direct impact," adds Alex Slack. Lauxera's teams translate business metrics



Maïa Ferrand
Head of External Multimangement
at Candriam

manipulate and modify stem cells and primary cells to treat certain diseases (Parkinson's, type 1 diabetes, etc.). But these recombinant laminins, while crucial, are an input into innovative treatments, not the treatments themselves. To link laminin consumption to end patient impact, Lauxera leverages the company's own knowledge of its customers' activity developing drugs to treat patients both in clinical trials and commercially.

Lauxera's approach to defining its own impact framework has been widely praised by the Limited Partners of its impact-focused Lauxera Growth I fund. "We invite interested Limited Partners to attend our ESG and Impact Committee meetings twice a year, and we regularly receive positive feedback on our impact framework, even though it is not fully aligned with the United Nations Sustainable Development Goals," says Lauxera co-founder Alex Slack. Candriam, which has been invested in ESG funds since 1998 and impact funds since 2018, has been invested and working with Lauxera since 2020. "As a Manager of an impact fund of funds, we need to prove that each fund

we have invested in has a compelling impact mission and measurement framework. We have defined KPI's that are monitored, tracked and proven. With Lauxera, we have built together an innovative approach and methodology, which demonstrates that their investments have an economic, social and societal impact," says Maïa Ferrand, Head of External Multimangement at Candriam.

Commitment to greater impact

All managers and teams at Lauxera's portfolio companies are committed to driving the impact they will produce. Each company is classically "mission-driven," with benefit to patients, their clients, and the healthcare system as a whole in always front and center. "The natural alignment of healthtech companies with this impact mission simplifies their communication about the value of their positioning. And these impact metrics can help our companies craft strong internal and external messaging focused on their added value," says Slack. As a result, Lauxera's portfolio companies actively measure their impact internally and evolve as they use these metrics. LUMICKS, a Lauxera portfolio company, is a leading life science tools company focused on cell analysis and protein research. LUMICKS has measured its direct contributions to scientific research in the past, but only with Lauxera's involvement has begun measuring similar contributions to drug development. All of these metrics are core to Lauxera's own framework. ●



CASE STUDY



Franck Le Ouay
Lifen's
co-founder
and CEO

LIFEN: GENERATING COST SAVINGS WHILE IMPROVING PATIENTS' LIVES AND MEDICAL RESEARCH

Since its founding in 2015, Lifen has commercialized a communication tool that it has rapidly deployed in over 40% of French hospitals. The aim of this core product - Lifen Sending - is to improve the coordination of care through the digitized transfer of medical documents between healthcare professionals. "The impact [of Sending] has been multifaceted: economic for hospitals through the digitization of documents, environmental thanks to a decreased carbon footprint, better productivity for medical teams, and improvement of care for patients," says Lifen's co-founder and CEO, Franck Le Ouay. Building on this initial success, the company then launched Lifen Platform, a tool integrating artificial intelligence, to facilitate the deployment of third-party digital health solutions within hospitals. "Today, we are deploying a whole package of solutions, always focused on productivity by allowing institutions to industrialize and automate all their patients' paper and email data," adds the CEO. The result is improved care and a positive impact on hospital costs. Building on Lifen's increasing presence, the company recently announced a partnership with Gustave Roussy to curate data from large cohorts of patients which will accelerate life sciences research and directly improve the lives of cancer patients.



Dennis Kogan
co-founder
and CEO of
Caresyntax

CARESYNTAX: IMPROVING SURGICAL SAFETY IN OPERATING ROOMS

Surgery is at the heart of every hospital's strategy, patient mission, and financial well-being. Surgeries are also associated with complications at a rate (10-15%) that remains unacceptably high. Unlike other parts of the healthcare system the operating room generates few data to help stakeholders track quality and outcomes for patients. Founded in 2013, Caresyntax's mission is to reduce surgical variability, optimizing the practice of surgery to make it safer. Its core platform collects, tracks, and analyzes data from surgical procedures. These data are accessible both to the medical team and to administrators and care managers outside the operating room. "Our goal is to use technology and artificial intelligence to make operations more precise, less risky, and more predictive of adverse effects," said Dennis Kogan, co-founder and CEO of Caresyntax. The platform has proven its impact across many priority areas, including reducing the rate of surgical complications, reducing waste plastic and energy consumption, and increasing the efficiency of surgical scheduling and resource utilization.