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Medical Device Mergers & Acquisitions Conference

August 25-26, 2008
Palo Alto, CA

ADDRESSING OPERATIONAL CHALLENGES,
RESOURCE ALLOCATION AND FINANCIAL CONCERNS
PRE & POST MERGERS AND
ACQUISITIONS OF MEDICAL DEVICE COMPANIES.

Conference Overview:

Industry leaders tracked over 400 Merger & Acquisition transactions within the Medical Device Industry in 2007 alone. Throughout a product's lifecycle, there are myriad of challenges which arise in planning strategies whether the company is interested in selling their technology or buying another.

The resumes of the C-Suite executives in today's device companies demonstrate the diverse experience in mergers and acquisitions, not only within Device market but in Fortune 500 commercial markets. Corporate consolidation is as unique as the product and the individuals involved. Whether device founders have intentions of bringing their novel device and subsequent products to market or positioning their technology as an attractive addition to another's offering; today's emerging device companies begin with an exit strategy in mind. Legal issues, accounting practices, and deal-making trials and tribulations have and continue to be concerns of top-level device companies. Only adding to the challenge is the ever-changing economy, dynamic human resource implications and increasing competition within every therapeutic area; new and established.

Distinguished Speakers Include:

Gordon Bigler
President & CEO
Viking Analytics LLC
Formerly VP of Finance for
Alphatec Spine

Rob C. Helfrich
Director of Business Development
Welch Allyn, Inc.

Maria Maccacchini, PhD
Robin Hood Ventures and Mid-Atlantic Angel Group Fund

Brian McPherson
Vice President of Operations;
President,
Neovasc Surgical
Neovasc Inc.

Charles H. Troe
Senior Managing Director
West Ridge Associates LLC

Anne Devlin
Founder, Partner
DEWEY DEVLIN METZ & KING LLC

John Vajda
Vice President of Manufacturing
WorldHeart Corporation

Brian Frenzel
Member
Band of Angels

William N. Starling
Chief Executive Officer
Synecor, LLC

Frank Ahmann
Chief Operating Officer
Symphony Medical

Mudit Jain, PhD
Principal
Synergy Life Science Partners

Kahlil Reid
Managing Director
West Ridge Associates LLC

John Metz
Partner
DEWEY DEVLIN METZ & KING LLC

Robert McNamara
Senior Vice President,
Chief Financial Officer
Accuray

Marta L. Villarraga, Ph.D.
Principal
Exponent, Inc.

Nader Kameli
Chief Operating Officer,
Neurobionix Division
Victhom Human Bionics

Jeffrey J. Totten
Vice President,
Head of Lifescience Practices
Dean & Company

Richard M. Ferrari
Managing Director
De Novo Ventures

Ann Ladd
Shareholder
Fredrikson & Byron, P.A.

Venue Information:

Four Seasons Hotel- Silicon Valley at East Palo Alto

2050 University Avenue,
East Palo Alto, California 94303
Phone: 650.566.1200

Four Seasons brings the high-touch appeal of its legendary service and luxury to the innovative capital of high tech. In the hub of Silicon Valley, ten minutes from Stanford University, this intimate hotel is the centerpiece of the new University Circle complex, and the gateway to Palo Alto's most exclusive residential area.

Attendee Profile:

Those individuals who will find this program of greatest applicability will include:

- Chief Executive Officers
- Chief Operations Officers
- Chief Financial Officers
- General Counsel & Corporate Strategy
- VP of Marketing and Sales
- Business Development
- Investor Relations
- Human Resources

8:00 Registration & Continental Breakfast

8:45 Chairperson's Opening Remarks & Conference Welcome

9:00 Buyer's Strategy: Implementing a Systematic Framework for Expansion

In the past decade, investors and inventors alike have seen the medical device business grow to rival such industries as software and internet, pharmaceuticals and biotech. While investment opportunities have certainly increased, these decisions do not come without risk. Regulatory hold-ups, difficult market acceptance, and integration pitfalls prove to be just a few areas of risk buyers look at closely and often shy away from. A business development executive with positions at companies like Guidant and Boston Scientific shares his methods and strategy on:

- Encouraging a purposeful, not accidental approach to business development
 - Developing a strategy for short term and long term growth
 - What is your company looking to accomplish?
 - Internal alignment
 - Determination of risk level
- Mechanisms of engagement
 - In licensing
 - Collaboration
 - Joint Venture
 - Acquisition (outright, or milestone based)
- Structure and Organization
 - Who is on the team
 - Interactions with other groups
 - Roles and responsibilities
- Approval Process
 - Who are the decision makers
 - When do each stakeholder gets involved
 - Why some stakeholders should not be decision-makers
 - Presenting the case to the Board

Nader Kameli
Chief Operating Officer, Neurobionix Division
Victhom Human Bionics

10:40 Coffee & Networking Break

11:00 Seller's Strategy: Locating Suitable Buyers with Realistic and Positive End Goals

For some business owners, selling their company or proprietary technology is a once in a lifetime event. Other serial entrepreneurs are more familiar with this exit strategy and are rather sophisticated and knowledgeable of the process that goes into selling their business. In either case, negotiations over financials, contracts and management structure must be approached by informed sellers. If the exit strategy is to sell; finding suitable buyers with realistic and positive end goals in mind is integral.

- Choosing partners to consult on legal matters
- The role of investment banking to facilitate transactions
- Sarbanes-Oxley Act: Section 404
- How to prove market potential without adequate reported revenue
- What to divulge to potential investors when
- Closing the deal

Brian Frenzel
Member
Band of Angels

11:50 Due Diligence: Evaluation Methodologies that Mitigate Risk

Due diligence is by no means a novel method for evaluating companies and has been used by investors, buyers and auditing teams to mitigate risk for decades. Regulatory aspects and potential issues are highlighted in medical device companies because of the nature of the business, but accounting, financial, business planning, and proprietary technologies are just as critical. When due diligence occurs both companies involved must allocate time and resources to prepare and complete this audit. This co-presentation explains:

- Prioritizing the audit checklist; How in-depth can you get?
- The challenges of working with less than cooperative partners
- Products in R&D stages
- Timelines and resources needed for completion of future projects
- Regulatory concerns and pitfalls avoided
 - Approvals for products
 - Manufacturing processes, packaging and labeling
 - Complaint and Quality systems
 - Previous adverse events and warning letters

Jeffrey J. Totten
Vice President, Head of Lifescience Practices
Dean & Company

Marta L. Villarraga, Ph.D.
Principal
Exponent, Inc.

12:40 Luncheon for All Attendees, Speakers & Sponsors

2:00 Deciding When to Sell: The Strategy Behind "Holding or Folding"

For medical device start-ups whose exit strategy has been M&A from the beginning; knowing when to negotiate a deal to sell the company or hold out for a better offer is paramount. How do you know when to wait or if the best deal passed you by. Pushing development can increase valuation potential but if limited funding is available, the company could sink before catching the eye of potential buyers. An industry executive relates company development and operations to an M&A exit strategy.

Charles H. Troe
Senior Managing Director
West Ridge Associates LLC

Kahlil Reid
Managing Director
West Ridge Associates LLC

2:50 Panel Discussion: Best Practices for Executives in M&A

The M&A environment, like the medical device industry is constantly changing. This roundtable discussion will bring together executives with notable experience in the medical device industry and beyond. They have had numerous successes and consequent failures; working with investors, selling and buying companies, and starting all over again. Questions posed to our panelists:

- How were their companies started and sold?
- What lessons were learned the hard way?
- What would they have done differently?
- Advice for the future?

Brian Frenzel
Member
Band of Angels

John Metz
Partner
DEWEY DEVLIN METZ & KING LLC.

Richard M. Ferrari
Managing Director
De Novo Ventures

3:40 Coffee & Networking Break

4:00 Avoid Integration Failure by Gaining an Appreciation for Unique Company Culture

Throughout M&A deal-making, a large emphasis is placed upon the financial gains of the transaction. In order to come to realization, employees and the workforce as a whole must be successfully integrated or serious problems and losses will emerge. Mergers tests the flexibility of both companies and places a spotlight on innate personality traits and work habits. Studies conducted by Harvard Business School show that company revenues saw a seven hundred percent increase when implementing strategies to manage company culture. Hear how medical device's top executives "manage" their company's culture by:

- Assessing of cultural integration during due diligence
- Adding cultural criteria into "checklist"
- Collecting data in surveys and interviews
- Identifying potential issues early on
- What are the expectations of employees?
 - Revenue and benefits
 - Holidays and work time
- Issues that occur when a foreign company is acquired/merged
 - Language
 - Attitudes and company organization
 - Cultural differences

John Vajda
Vice President of Manufacturing
WorldHeart Corporation

4:50 Buyer's Strategy: What Medical Device Companies Find Attractive When Looking to Purchase

There are as many companies looking for new technology to add to their product lines as the result of acquisitions as there are companies looking to exit in an M&A. The sell-side needs to understand what must be done to catch the attention of the large industry players in a market nearly saturated with competition. The bottom-line is key, but when evaluating companies to buy potential sales revenue is only one of the many factors which come into play. A leading medical device executive explains how their company views potential acquisitions and how they:

- Prove efficacy in clinical and marketplace
- Differentiating the technology from competition
- Listening to market analysts, sales executives and internal departments.
- Proven clinical acceptance and rate of usage

Rob C. Helfrich
Director of Business Development
Welch Allyn, Inc.

5:40 Closing Discussion and Conference Announcements



Tuesday, August 26th Conference Sessions

8:30 Registration & Continental Breakfast

8:45 Chairperson's Opening Remarks

9:00 Venture Perspective: Setting Up the Strategy from Inception

At each level of investment, all partners must understand how the industry operates especially when it comes to their companies' exit strategies. M&A is the "end of the line" for most medical device startups and their investors. VCs and angel investors can be a wealth of knowledge for entrepreneurs and business owners who may or may not be versed in various aspects of ramping up operations with the goal of catching the eye of potential buyers:

- Understanding the realistic exit options for a company
 - * Depending on a company's size and product line
 - * What are the options for early-stage companies with one product vs. late stage companies with several products and sales force
- Three Options for exit and their implications
 - * IPO
 - * M&A
 - * Reverse-merger
 - * US vs. International exits
 - * Valuations and stages
- Planning a path to liquidity with investors
 - * Ensuring management is in-line with investors
 - * Building the company for growth, not an exit
 - * Developing corporate governance
- Preparing for due diligence

Maria Maccacchini

Robin Hood Ventures & Mid-Atlantic Angel Group

William N. Starling
Chief Executive Officer
Synecor, LLC.

Mudit Jain, PhD
Principal
Synergy Life Science Partners

Anne Devlin
Founder, Partner

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9:50 Coffee & Networking Break

10:10 "Flip This Company": Building Companies and Technologies to Maximize Acquisition Value and Transaction Efficiency

Founders, investors, and managers must consider M&A activity continuously from inception of operations as M&A opportunities may arise at any stage of development. Frequently, these opportunities do not materialize due to omissions, misrepresentations, accidents, delays, and financial distress. Also, investors may have unrealistic expectations that cannot be met in a changing marketplace. However, companies and their programs can be built to minimize glitches, maximize acquisition value, and improve M&A transaction efficiency. A medical device executive with over 20 years experience in the field gives a synopsis of "things to consider" to prepare for successful M&As while building real lasting value for the company and its technology assets:

- Intellectual property
- Technology and systems
- Management
- Outsourcing partners
- Financial and corporate documentation

Frank Ahmann
Chief Operating Officer
Symphony Medical

11:00 Human Resources: An Integral Part of Integration

After the appropriation of fiscal and tangible assets have been squared away with contracts and deals for the merger or acquisition; the talent, knowledge and experience which comes with the human aspect of a company must be carefully and thoughtfully managed in order to bring the merger to successful fruition. The members of a company's C-suite each have their unique roles in the pre and post-transaction activities; HR experts must take responsibility for understanding how the two companies' cultures and styles will engage together:

- Involving HR in due diligence from the beginning
- Effective communication with c-suite and rest of company of what is to come to ensure success.
- Hard/Soft assets: how properly managing talent can sustain assets like manufacturing capabilities, inventory and materials.
- Making certain key employees are tasked with valuable contributions to the integration and maintaining a commitment to the project.

Robert McNamara
Senior Vice President & Chief Financial Officer
Accuray

11:50 Luncheon for All Attendees, Speakers & Sponsors

1:20 Crafting Efficient Integration Plans and Implementation Teams

Depending on the size of company, resources, location and many other variables the actual integration of both companies could take 1-6 months to complete. Top executives plan these last stages of the transaction and incorporate department heads into the team who are responsible for every aspect of the company. The time to forecast facts and figures, translate legal and accounting documents, and deal with intermediaries is over; integration is putting the plan into action and working through the complexities that come when two companies are joined. An industry expert will cover:

- Cost savings and speed of integration
- Identification of key risk factors
- Prioritizing tasks: what can wait and what cannot.
- Crucial timeline for first 90 days

Brian McPherson

VP, Operations; President, Neovasc Surgical
Neovasc Inc.

2:10 Coffee & Networking Break

2:30 Realistic Valuations: What Is a Fair Price and How Do Both Parties Agree?

Most entrepreneurs find it difficult to associate a number with the value of the company they have grown from nearly nothing. Setting aside emotional ties, there are several methods of coming to a valuation for an M&A transaction. To add to the complexity, the industry and economic outlook play a huge role in reaching this price as well as the phase the company has advanced to. Similar to most M&A functions, finding a valuation can be left up to intermediaries or calculated by internal expertise. Some use accounting forms or other consulting services, but industry says the best assessment comes from historical data:

- Utilizing sale multiples
- Similar technology and market prices
- Valuating talent, ideas and other intangible assets
- Sticker shock: how to move forward after an initial valuation

Gordon Bigler

President and CEO
Viking Analytics LLC

3:20 Avoiding IP Oversight: Don't Let Patents Be the Deal-Breaker

Strong intellectual property rights can be one of the most critical aspects in valuation of a medical device company. When an M&A transaction takes place, the buyers or investors will look for assurances of the strength and validity of the intellectual assets acquired. Any medical technology executive who anticipates a sale or investment must be literate and prepared to deal with the intricacies that are associated with intellectual assets such as:

- Internal procedures and policies for protecting company IP
- Rules of engagement and confidentiality during due diligence and negotiations
- Key issues in IP due diligence
- IP reps and warranties in M&A transactions
- Recent changes in patent law that impact patentability and licensing

Ann Ladd

Attorney
Fredrikson & Byron, P.A.

4:10 Closing Remarks and Conference Conclusion

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Upcoming QI Programs



September 29-30, 2008
November 17-18, 2008

In Vitro Diagnostic Regulatory & Reimbursement

Baltimore, Maryland

IVD (in vitro diagnostics) tests are essential to the practice of health care worldwide: reports estimate two thirds of medical decisions involve a diagnostic test. With R&D expenses rising for new methodologies, payer perspectives are of increasing importance. This meeting will discuss health economics and its' role in the value of diagnostics as well as market access issues, reimbursement, opportunities and risks for innovative products.

October 20-21, 2008

Medical Device Trials: Europe

Brussels, Belgium

In an increasingly competitive and global marketplace for medical devices, European companies are making tremendous strides in their clinical, regulatory and reimbursement policies resulting in stronger profits and tremendous growth. The Medical Device Trials Europe conference will focus on trends and challenges in conducting clinical trials, securing regulatory approval and managing reimbursement for companies competing across Europe and around the world. This program is most appropriate for VPs and Directors of Clinical Affairs from European medical device companies.

October 27, 2008 - *Chicago, IL*
November 10, 2008 - *Palo Alto, CA*

Medical Device CEO Meeting: Marketing & Commercialization

The second installment in our Medical Device CEO meeting series will focus on the commercialization considerations that Medical Device CEOs face in bringing their products out to market with successful product launches and marketing plans. Topics for this program will range from the development of internal sales and marketing teams, to the utilization of PR firms in communicating product value as well as leveraging post-marketing clinical data to engage physicians and patients with new technology. In a new, one-day format, CEOs will have the opportunity to engage with regional CEOs in a hands on, full day program that will commence with a panel discussion breakfast and will throughout the day provide an enormous amount of collaboration.

November 10-11, 2008

Medical Device Manufacturing & Packaging

Chicago, IL

Exploring current industry strategies to streamline operations and reduce packaging costs is at the forefront of the executives responsible for the packaging of their Medical Device. Combining feedback from previous conferences addressing challenges in the manufacturing function of the medical device industry and surveys respondents solidifies the need for a strategy-based program exploring these challenges and many more. Unlike a tradeshow or expo, this conference will bring together leading device executives to share their experience through real-life case studies; providing the audiences with valuable "do's and don'ts" and strategies to bring back to their own operations.

November 10-11, 2008

Healthcare Capital Allocation Conference

Chicago, IL

A primary concern within all of today's healthcare institutions are shrinking budgets, skyrocketing costs for patient care, and reduced income from not only CMS but from private payors and individuals alike. The challenges faced by CFOs and Finance Directors often times seem insurmountable as they are tasked with allocating their resources to not only invest in cutting edge therapies that will attract patients, but at the same time maintaining a high level of patient care, all while reducing overall spending. This conference will attract CFOs and Directors of Finance from throughout the country who are interested and in need of sharing best practices in order to most efficiently manage their financial resources.

December 8-9, 2008

Medical Device Trials & Reimbursement

Tucson, AZ

The 2nd Annual, 2-Track Medical Device Clinical Trials and Reimbursement Conference will be presented this year in Chicago. This highly anticipated conference program will be presented with two concurrent conference tracks focusing on best practices in clinical research studies as well as securing CMS and private payor coverage of new and existing medical technologies. A must-attend for any executive bringing a new device to market, this conference will feature over 20 conference sessions lead by VP and C-Level executives with proven, successful track records.