

Waiting for Lightning to Strike

A venture capitalist's perspective on how to recognize a good idea.

BY CHARLES M. WARDEN, MBA

At Versant Ventures, we actively seek new ideas around which to build great companies. In our portfolio, we have been fortunate to witness breakthrough innovations lead to solutions for large numbers of patients. The common foundation of each successful example is a great idea, yet actually finding an innovative concept can feel like waiting for lightning to strike—a precarious way to go about building a business. In my colleagues' and my experience, the reality for successful innovators can be different and much more methodical. To explore how “the next big thing” is discovered, some obvious questions might be: where do good ideas come from, how can they be advanced, and where does one start?

WHERE DO GOOD IDEAS COME FROM?

Innovation, in our experience, seems to take one of the following forms (my partner Ross Jaffe generated this list several years ago):

- solving an unmet clinical need that has no answer. The implantable retina chip from Second Sight Medical Products, Inc., is an example; it helps blind patients to see
- building around a new insight into the physiology of a disease, much like Glaukos Corporation is doing with an implantable shunt for glaucoma
- gaining fresh insight into diagnostic or therapeutic approaches. As an example, some companies are pursuing technologies to monitor fluctuations in diurnal IOP now that their role in glaucomatous progression is better understood
- improving on existing diagnostic or therapeutic approaches such as drug delivery through punctal plugs as an alternative to eye drops
- changing diagnostic or therapeutic

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approaches as a result of alterations in the health care system, for example, the importance of revised rules of reimbursement in the premium IOL market

In the aforementioned list are paths that a new medical idea might take, but the concept alone ultimately is not enough to ensure that an innovation creates an impact. For an innovation to reach the population, a sustainable and growing business needs to be built around the idea. For that to occur, a patient who requires the innovation clinically is needed, as are providers willing to deliver the solution, payers willing to pay for it, and teams willing and able to marshal the necessary resources to deliver the solution to the marketplace profitably. The market for the idea must be large and important, intellectual property must be in place or achievable, and a practical plan is required for navigating the FDA and other hurdles to commercialization.

HOW ARE IDEAS ADVANCED?

Moving an idea from its spark to a full-blown commercial enterprise is a daunting challenge. Fortunately, all of the necessary resources do not have to be obtained at once. In fact, in the early stages, the initial prototyping, planning, and testing can be accomplished using modest resources. Often, informal access to expertise can speed the development of an idea that is in its infancy. Increasingly, corporate players

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are willing to fund or partner with companies at the earlier stages when the larger company can access technology in an economical fashion and then use its own expertise to conduct large-scale clinical and commercialization efforts. Venture capital can be a patient source of expertise and capital, when it makes sense to build a standalone business for the longer term rather than partner the idea early.

WHERE TO START?

The energy and effort to build a company begin with an idea. The general perception is that this creativity is the province of a lucky few, yet in our experience, innovation is less about lightning and luck and more about fundamental, hard work. Time and again, we have seen individuals become inventors by systematically analyzing the problems they routinely encoun-

ter and brainstorming new approaches to address those challenges. Where to start? We have seen innovators take the following approaches to finding the next great idea:

- discussing important unmet clinical issues with clinicians and caregivers
- seeking out a fresh assessment by nonclinicians of what is needed to meet the clinical need
- reviewing what has failed in the past and looking for new insights into why prior attempts were unsuccessful
- brainstorming with creative clinicians and engineers what new technology can be applied to clinical issues
- following basic scientific and clinical thinking in the field by reading the literature, attending meetings, or tracking the emerging concepts of physiology or disease

CONCLUSION

The goal of everyone involved in medicine—clinicians, entrepreneurs, or managers—is to find the best solutions and help them reach patients who need them. Those who witness or participate in the delivery of care to patients, those who are most knowledgeable in the current ways of providing this care, can be best positioned to change it fundamentally. In other words, the source of innovation is very often physicians themselves. ■

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