

BMP INSIGHTS

2017 Yields Liquidity to Our Investors and a New BMP IV Partnership Begins

As 2018 begins, Boston Millennia Partners looks forward to a prosperous year and is pleased to look back at our team's achievements in 2017.



Bivarus, Inc. Acquired by Press Ganey

Less than a year after our investment in [Bivarus, Inc.](#), the company was acquired by its main competitor and longtime industry leader, Press Ganey, resulting in a 2.15 X return on our Fund's investment and a 185% IRR. It is a testament to the management at Bivarus that they built an innovative, dynamic consumer feedback platform that quickly became the leading industry solution. The addition of Bivarus's capabilities complements Press Ganey's comprehensive suite of products designed to help clients improve the overall safety, quality and experience of care for patients. "Bivarus shares Press Ganey's passion for capturing direct feedback from patients, consumers and caregivers to improve the quality and delivery of care," said David Levin, CEO of Bivarus and Frank Silva, Principal at Boston Millennia, stated, "It is rewarding to see another BMP portfolio company mature into a healthcare segment leader. Through this combination, Bivarus' solutions will continue to produce a better health care experience and improved outcomes for patients. BMP will continue to seek out investments in the patient satisfaction marketplace given its importance in delivering and measuring value based care".

Odyssey Logistics & Technology Sale Results in a 300% Return

Our portfolio company Odyssey Logistics & Technology, a global logistics provider, was sold in October to a private equity firm in a \$643 million cash transaction. This resulted in a 300% return on invested capital for our partners. Marty Herson, BMP Partner and Odyssey Board member said, "Our investment in Odyssey was centered in BMP's 'sweet spot', a company with no product risk, a strong technology base and an experienced management team delivering solutions to large enterprise scale customers. Industry characteristics allowed us to help Odyssey implement BMP's Core Consolidation Strategy in a highly fragmented market as they acquired 14 companies expanding their product footprint."

Sale of PAREXEL International

In September we applauded the sale of PAREXEL International (NASDAQ-GS: PRXL) to a leading private equity company in a \$5 billion transaction. BMP Partner, Dana Callow, a founding Institutional Investor and Lead Director until the sale, said, "Our team and I have worked with the company's founder and CEO, Josef von Rickenbach for more than 30 years, helping the company grow from a start-up to over 20,000 employees world-wide. The company completed 43 acquisitions during our work with their management team. We are proud that the company was able to advance the state of the art in the clinical trials industry and produce superior solutions for our pharmaceutical and biotechnology clients."

Cota, Inc. Announces Collaboration with Memorial Sloan Kettering Cancer Center to Advance Personalized Cancer Treatment Research

[Cota Healthcare, Inc.](#), grew revenues by over 275% implementing its proprietary precision medicine system at providers, payors and pharmaceutical companies. It is a world leader in value based care analytics and has formed several strategic partnerships with leading digital health companies to implement its program.

In November, Cota announced a multi-year partnership with Memorial Sloan Kettering Cancer Center (MSK), one of the world's most renowned cancer centers.

As part of the collaboration, MSK will provide Cota with anonymized clinical data. Through its unique classification system, the Cota Nodal Address™ (CNA), Cota will construct optimized clinical and genomic datasets from the MSK records. The resulting datasets will also enable Cota to enhance its real-world evidence database with the intention of improving clinical outcomes, reducing total cost of care in the field of oncology and glean actionable insights into advanced cancer treatment discoveries and health outcomes.

"We are excited to partner with Memorial Sloan Kettering and merge its unmatched experience in cancer research and patient care with our innovative approach to data analytics," said John Hervey, Chief Executive Officer. "By combining the precision of our Cota Nodal Address system with Memorial Sloan Kettering's robust datasets, clinical expertise and outstanding record of success, together we will advance how the industry leverages data analytics to improve patient care."

Just as this newsletter went to print, the company closed on a \$40 million funding round with IQVIA, Essex Woodlands, Memorial Sloan Kettering, Horizon BCBS, and BMP.

Market Commentary: What does “Value Based Care” Mean?

2017 is the year that the term “Value Based Care” became almost a household phrase. A daily barrage of communications from industry consultants, providers, and payors fill our collective email inboxes. From the political discussions about repealing the *Affordable Care Act* to the implementation of *The 21st Century Cures Act*, the days of “fee-for-service reimbursement”, while not over, are certainly numbered for most health care services.

[Value-based Programs](#) reward health care providers with incentive payments based on the quality of care they give to their patients, rather than the quantity of care they give as in the fee-for-service models.

The implications of this dramatically modified reimbursement approach are far reaching for all participants in the health care system, including the patient and his or her health consumption behavior. To implement these programs payors and providers require significantly greater amounts of claims and clinical data, in addition to better analytics around the data, to understand the economic and quality risks. More pricing transparency linked to outcomes is also developing as the demand for accountability for cost and quality is increasing by the payor and plan participant.

The pressures that the provider systems are facing are leading to consolidation in their markets across the entire U.S. The total costs of care is also forcing systems to evaluate new ways to share risk with the payors as well as plan subscribers so they can maintain viable operations and reimbursement levels. To be able to consider risk sharing with the other major participants in the market, data must be turned into information that is actionable. Accountability for the claims is moving front and center. In order to reduce the cost of care while maintain acceptable clinical quality, analyzing the disparate data sets with advanced tools and technology is essential. If the last five years was focused on aggregating and organizing “big-data”, then the next five will be focused on better analysis of that data and understanding what it means. We are already seeing that sophisticated outcome analytics and clinical decisions systems, augmented by new AI and NLP technology, are yielding dramatic results. The electronic medical record is advancing beyond its clinical and claims storage and retrieval emphasis to an information resource that when mined by industry experts will deliver better care to patients at lower cost. The BMP team is squarely in the middle of this movement at all three of our fund stages, not only for our BMP IV Growth Fund but also for our early stage Founders Fund and newly formed Fund of Funds. Early results from our company *Cota* has shown significant variability of outcomes in both health care costs as well as health quality outcomes for the patient depending on where and when the patient was diagnosed and subsequently treated. Their rigorous study will be published in [Health Affairs](#) in the spring.

Boston Millennia Advisory Board Spotlight

In the first of a series on the Millennia Advisory Board, we are pleased to profile our longtime Advisor, Jim Sullivan.



Jim Sullivan

Jim began his business career with International Business Machines (IBM) in 1963 where he held a variety of sales and sales management positions. In 1977 Jim joined LaSalle National where he was a founder of and served as Chairman and CEO of LaSalle Street Capital Management which was responsible for institutional investment management services for assets in excess of four billion dollars. Jim was a founding partner of Burnham, Sullivan Andelbradt and & Co. (BSA), a registered investment advisory firm. BSA was sold to the Ziegler Companies in 2005, at which time he became Managing Director of the Zeigler Companies. Jim’s investment experience is concentrated in asset allocation, portfolio management and client education and communication. His responsibilities have included equity and fixed income research as well.

Jim has worked with the managers of Boston Millennia Partners representing institutional investors and as a member of the Advisory Board since 1986. Mr. Sullivan graduated from DePaul University with a BA in Mathematics and was an NDEA fellow at the University of South Carolina where he earned an MS. He has been a member of the John Marshal Law School Board of Trustees since 1984.

Given his past senior leadership roles, Jim appreciates the importance of superior governance in substance and process as well the value of transparency of information. Jim and his wife spend time between homes in Florida and Michigan where they enjoy playing golf and having their four children and ten grandchildren visit.



MedAptus ASSIGNCARE Product Launch

Our revenue cycle and care coordination company, [MedAptus](#), completed the development and commercial launch of *ASSIGN for Physicians and ASSIGN for Nurses*. This new product offering is a rules based patient-provider matching system which improves the efficiency of care as well as the quality of outcomes. Combining the ASSIGNCARE™ product suite with charge management and analytics around data, hospitals now have a complete system that links patient assignments to billing, which addresses value-based care in a more accurate manner.

In addition, MedAptus' deep experience in the oncology sector has resulted in industry-leading, computer-generated infusion coding solutions. Gene Schneider, CEO of MedAptus, states that "blending our award winning charge capture and management software with our new and innovative patient assignment and care coordination products allows MedAptus to provide significant customer value by filling many of the gaps not supported by Electronic Health Record systems".

BMP Founders Fund Invests in Deep6 AI

As a "Feeder Fund" for the BMP Growth Fund, the BMP Founders Fund continues to invest in early stage companies focused on digital health and SaaS based healthcare solutions. [Deep6 AI](#) provides a sophisticated artificial intelligence solution to several healthcare constituents. It allows healthcare professionals to search unstructured clinical information and answer many complex questions. The company has developed a platform that turns cumbersome document-based clinical data stored in reports and databases into rich, unified patient representations. Deep6's approach makes this large amount of data searchable and analyzable. The system is user friendly and allows researchers and clinical trial specialists to rapidly modify their search criteria and requirements to immediately retrieve matching outputs.

CEO, Wout Brusselaers stated, "The system has broad applicability and its initial application is focused on identifying and subsequently recruiting patients for planned or ongoing clinical trials. It also helps select optimum sites, and assists in feasibility design programs. Current customers include Cedars-Sinai, the Mayo Clinic and several CROs, where entire cohorts of patients for complex trials have been searched, retrieved and analyzed in minutes rather than days, weeks or months".

BMP Senior Associate, Ren Roome commented, "Deep6 fits the BMP investment strategy given our experience in the clinical research area. Patient recruitment has been a problem area for as long as we can remember. Deep6 addresses the issues in a sophisticated way. Users are up and running quickly given their systems ease of use and common sense approach. We look forward to assisting Wout and his team to improve the clinical research process and provide better analytics to their customers."

Boston Millennia Partners Founders Fund

The BMP Founders Fund continued to grow its portfolio in 2017 with eleven investments including the two most recent additions, Deep6 AI and Phosphorus



Digital Cognition Technologies, Inc. (Boston, MA) develops tests

that detect pre-symptomatic cognitive impairment and aid in tracking cognitive change. Based on patented technology from MIT, DCT can identify subtle cognitive features that may be indicative of impairment, even in people who appear to be functioning normally. All of DCT's tests are easy to administer and are non-invasive. The tests capture and analyze micro-movements of drawing behavior, which reflect memory and thinking processes. DCT's proprietary analysis delivers accurate and objective indicators of cognitive state, all for a fraction of the price of imaging and biomarker analysis.

www.digitalcogtech.com



Deep6 AI (Pasadena, CA) is an artificial intelligence company

that allows healthcare professionals to search unstructured clinical information. At its core, Deep 6 AI has built a platform that turns cumbersome "document-based" clinical data, from electronic health records and other data sources, into rich, unified patient 'graphs.' This allows unstructured clinical data to be searched and analyzed. The first application of the platform is in clinical trial recruitment. Investigators can input clinical trial inclusion and exclusion criteria and the system will search a provider's entire EHR database and identify potential subjects. This allows hospital systems to efficiently identify and enroll patients in clinical trials. The platform has been successfully deployed at Cedars-Sinai Medical Center.

www.deep6.ai



Phosphorus (New York, NY) is a next generation sequencing (NGS) Data Company that enables hospitals to insource genetic testing. Many

hospitals have invested in NGS hardware. However, they do not have the software to efficiently process the data from their sequencers. As a result, testing is being sent to third party labs. Phosphorus has developed out of the box panels and end to end genetic data management that hospitals can license. This empowers hospitals to tap into a new revenue stream using their existing hardware. Phosphorus is a spin-out from Recombine Inc. also led by the same CEO, which was very successfully sold last year to another industry participant.

www.phosphorus.com

Boston Millennia Partners Fund of Funds

The BMP team invests in selected outside private funds to support their own growth fund direct investment program. By investing in and developing relationships with other investment managers, BMP is able to augment its access to quality companies that may fit our criteria. These companies may be earlier stage than required for our affiliated partnerships or we may be able to add specific value by co-investing with these funds in direct opportunities. In effect, the BMP IV Growth fund is placed in the middle of our Founder Fund and this typically later stage expansion funds. The funds described below are representative of our active fund of funds investments.

Great Point Partners

Great Point Partners. (Greenwich, CT) is a private equity firm with \$900M+ AUM that specializes in PIPE, growth capital, leveraged & management buyouts, and corporates. It primarily invests in the health care, information technology, diagnostics, medical devices, and biotechnology sectors within the United States, Canada, and Western Europe. Since its inception in 2003, the firm has made over 100 health care investments totaling \$1+ billion. The BMP managers are invested in its funds and have worked with GPP for over ten years.
www.gppfunds.com

MTS

MTS | Health Investors (New York City, NY) is a private equity firm that invests exclusively in the healthcare services sector within the United States. The company has made over 55 investments and has \$600M+ AUM. The BMP managers have invested in MTS and have worked with their team for over fifteen years.
www.mtspartners.com



BayBoston (Newton, MA) is a private equity firm that provides strategic advice and capital to small and medium-sized community banks and financial services companies. The BMP team has invested in the BayBoston funds and are actively working with their team to identify investment candidates.
www.bayboston.com

W CAPITAL PARTNERS

W Capital Partners (New York City, NY) is a private equity firm that specializes in secondary transactions to provide liquidity to existing investors within the United States. Since 2001, the firm has closed over 90 transactions and deployed upwards of \$2 billion in capital. The BMP managers have worked with W Capital for five years and invested in their partnerships.
www.wcagroup.com

The Importance of Philanthropy

Boston Millennia Partners Gives Back 2017

At BMP we appreciate the importance of philanthropy. BMP has supported over 100 non-profit organizations throughout Boston and Nationally. Giving back to others is not a onetime event, but an ongoing commitment, which takes a modest amount of effort but can have significant impact on those in need.

The many natural disasters in 2017 left so many people in dire situations. We provided a donation to the Rebuild Puerto Rico Fund, organized by Ric Elias, CEO of Red Ventures, with the priority of getting funds as quickly as possible to those with immediate needs and getting relief to the most vulnerable populations.



The Holiday season is a time to reflect on the countless groups working to improve the lives of people around the world. This year, in lieu of sending Holiday cards, we donated to the Make A Wish Foundation. The Make A Wish Foundation is an inspiring organization that grants over 15,000 wishes a year for children with life threatening medical conditions.

The Salvation Army bells are synonymous with the Holidays, and this year BMP was pleased to support their efforts in "Doing the Most Good". By helping to ring bells and organize volunteers, thousands of dollars were raised by collecting spare change donations. The Salvation Army assists more than four and a half million people during Thanksgiving and Christmas.



For further information, go to www.bmpca.com, which provides more detail on our investment approach. To see what topics, trends and interests we are following in the healthcare and tech world you can find us on Twitter under @BostonMillennia or on Facebook for press releases, events that we are attending, as well as updates on our portfolio companies.

We look forward to providing more news on BMP as well as our portfolio companies over the coming months.

Best regards,

Dana Callow, Rob Sherman, Marty Herson, Bruce Tiedemann, David Carney, Clodagh Hoey, Frank Silva, Liz Callow, Ren Roome, Amy Merk