**MedTech Chat Podcast**

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**Respondent: Scott Nelson**

**Welcome to MedTech Chat where we discover the latest healthcare tools, device technology, as well as research approaches.  We’ll be talking to designers, insight professionals, and other executives to better understand how MedTech is helping patients and those caring for them now and in the future.**

**Today, I'm very excited to be talking to Scott Nelson. He is a self-described medical device and health technology enthusiast and has held various commercial leadership roles for some of the largest healthcare companies in the world, including Medtronic, Covidien, Boston Scientific, and C. R. Bard. Since 2015, he's been involved in a number of startups, head of partnerships at Touch Surgery acquired by Medtronic, cofounder of JOOVV, a high growth direct to consumer medical technology company, and founding partner and managing director at Big Sky Biomedical. an interventional device incubator. In mid 2021, Scott helped Fast Wave Medical close on an investment plus milestone based acquisition agreement within six months of forming the company and now leads a small team as the CEO. Thanks for joining me today, Scott.**

Tom, thanks for the introduction.

**Maybe you can start telling us about what you've been up to these days.**

Yeah. Well, you did a nice job summarizing that in the intro. I'll go back in time. Hopefully that'll be most valuable for your listeners here, but I'll go back in time a little bit and then kind of fast forward to the future. I've spent most of my professional career in traditional med tech, primarily the cardiovascular arena with some of the companies that you mentioned, right? Bard Peripheral Vascular, which was acquired by Becton Dickinson, Boston Scientific, and then spent -- gosh, six, seven years -- maybe it was a little bit longer than that, with Covidien, and then Medtronic, and then after I left Medtronic in 2015, the entrepreneurial kind of bug bit me, right? There was a good opportunity to join the Touch Surgery team, which is a London based digital health startup. Spent a short tenure there. They were eventually acquired by Medtronic. Made a nice exit, and then around that same time frame, I on a whim kind of fell into the light therapy space with JOOVV, the direct to consumer kind of med tech company that you referenced in the intro, and red light therapy is technically referred to as photobiomodulation. It's actually a subspecialty of medicine. There's conferences where Ph.D.’s, academics, clinicians present on stage the latest clinical data when it comes to using light energy to deliver certain clinical results. Anyway, that company, JOOVV, ended up -- we ended up doing extremely well with that. Within four years, we went from zero to 20 million dollars in top line revenue with really strong [inaudible 00:03:16], and entirely bootstrapped, right? Didn't ever have to raise a round of capital, so that opportunity with JOOVV really gave me some interesting insights, which we can certainly get into, around these kind of blending worlds of traditional med tech and consumer driven health. Yeah, that was a fun ride at JOOVV, and then in early 2020, made the decision to pursue some other projects. Joined up with a team of engineers and a couple other folks that I know well in Minneapolis to formalize this incubator which you referenced, called Big Sky Biomedical. It's more of an accelerator versus incubator. In two of our companies, one was a spin out that was formed by Big Sky Partners, called FastWave Medical. The other one is Crossfire Medical, but Fast Wave is where I'm spending most of my time these days as the CEO, leading a small team, developing products in the endovascular space. FastWave was a bit of a unique deal because we formed the company and then closed on an acquisition or an investment plus acquisition agreement with development and regulatory milestones within about six months. Extremely fast for the world of medical devices, so yeah, spending most of my time with FastWave these days.

**That's very impressive. That's pretty quick. I'm wondering. You did mention this overlap between traditional med tech and consumer driven health. I'm wondering if you could kind of tell us more about that and how companies should be thinking more about their direct to consumer initiatives.**

Sure. Yeah. We've seen over the last, what, decade or so -- we've seen pharma allocate -- big pharma allocate a lot of resources towards direct to consumer commercialization, direct to consumer marketing. Obviously, they're promoting medications and drugs versus medical devices, but any more there's kind of a renewed interest that I'm seeing specifically with traditional medical device strategics -- Medtronic, Boston Scientific, etc., to engage the consumer audiences with what appear to be more traditional medical devices. I think that trend is only going to continue moving forward. In fact, through my experiences with JOOVV, it's been very, very clear that there's a huge burgeoning interest within the broader kind of consumer population to invest in their health without the need for insurance, consumers willing to pay a lot of money, cash, for certain devices. I think that trend will only continue, and the onus is really on medical device companies to really rethink who their audiences are. Not to say that physicians won't be their primary audiences or payers won't be their key stakeholders, but forgetting the consumer or not keeping the consumer in mind is going to be a mistake. In fact, we're recording this here in late 2021, and I think Geoff Martha at Medtronic -- there was a recent -- I think he was recently stated in a press release that they're going through a rebranding initiative that's more consumer oriented to keep up with Apple and Google and these much bigger companies that are getting into the healthcare space. I think addressing this burgeoning consumer driven health kind of trend is going to be key for medical device companies in the future.

**That's great. Yeah, in fact in line to that, our company Branding Science -- we try to keep the patient front and center, so while we're helping our clients, we always think about the patients that they're serving. That's one of our noble purposes, so that's great to hear that. It's interesting. As you say that, I think about some of the clients I've worked with, and the think about their strategy of what they're going to be doing in a space and whether it's going to be a direct to consumer versus, as you say, kind of going through maybe -- I don't know -- with providers or through payers, and I wonder if part of it is that it's simply an easier task versus maybe something that's more complicated but long term more profitable. I don't know if you have any insights into the different pathways someone might take and why one might be a better direction.**

Yeah, definitely, and I think in fact that's probably a great example of what I mentioned previously, where most of -- in the medical device world, most of us think about direct to consumer or direct to patient. We think about keeping the patient in mind, of course, and front and center. That's 100% correct, but the implications are a bit wider. When you think about a device that could be commercialized over the counter as an example, at maybe a higher price point, but without maybe a CPT code or a HCPCS code and without sort of payer support. The normal response would be, "well, we need insurance companies to not only cover this but reimburse for it in order to see commercial success." I would argue that is not necessarily the case. Consumer are, in fact -- if positioned correctly, consumers are, in fact, willing to pay out of pocket, a lot of money out of pocket for a product if it's going to positively impact their health. I think those types of questions addressed earlier on in the sort of R&D or development process are pretty crucial, and I would -- one of the biggest things I would probably drive home for the listeners that are interested in this topic is just keep that in mind. Don't be afraid of going direct to consumer, direct to patient over the counter, even if you have to sell at a higher ASP. There’s a market. There's a big demand for that if you're able to position your products appropriately.

**Would you say it's also in some ways easier because you don't have to do as much things with the regulatory?**

It depends on sort of the regulatory pathways, for sure. If it's a 510(k) pathway but with an OTC sort of -- you're not forced to -- regulatory bodies don't force you to require some sort of physician prescription. Yeah, I think it can be easier. I would say the more clear, straightforward path is the ability to just be in direct contact with your eventual end users, right? There’s a lot of power in that. One good example I had. Rohan Dixit is the founder of Lief, which is a wearable device. I had him on my podcast, Medsider, probably a couple of months ago, and we talked about this very same thing. They took a, I think, very strategic, a very smart approach with their device in the sense that their first one that they marketed was -- they marketed it as just a general health and wellness product, right? In that scenario, there was really not much regulatory oversight at all, and they did that because it allowed them to get to market extremely quick. They had to be -- they couldn’t be as aggressive maybe with their claims and their positioning, but it allowed them to ship quickly and really get feedback, get direct feedback from their end users, and they used a lot of that to formulate a kind of a more med tech version of their product, right? A more traditional, which ended up being a little bit more of a traditional regulatory pathway and commercial pathway. I think that's an extremely smart approach because you're able to ship devices quickly, get them in the hands of your end users, and learn a lot. The feedback loop is just that much faster. If there's a path -- for anyone listening, if there's a path to do that with your device or your product, I would encourage you to look at that, to evaluate that, because it could be a very smart play.

**Thank you. That sounds like a fascinating way to go about it. As you were talking about your background, I'm wondering if you could tell us more about the model you have with Big Sky Biomedical and about how large med tech companies are outsourcing R&D.**

Yeah. This is an interesting topic. Accelerators or incubators aren't -- it's not a new model at all within medical device, but very few really work [inaudible 00:12:15] sustaining power, so one of our four thesis at Big Sky is the direct connection to deal flow and a contract manufacturer. Our partners at Big Sky own and operate one of the -- a very fast growing contract manufacturer in Minneapolis, which sees a lot of deal flow, right? They see a lot of ideas and concepts from engineers, from physicians, so they see a lot, but then because they're directly incentivized to turning these ideas into reality, we're able to move extremely fast and go from zero to one extremely fast because of the connection to the contract manufacturer. That's kind of crucial to our model at Big Sky where you have kind of a core cross functional team. They're all kind of aligned around the same incentives of taking ideas and going from zero to one. That's really powerful because most big strategics anymore -- their internal capabilities from an R&D perspective are -- even though there's extremely smart people that work in these R&D departments across the board, it's very difficult to get anything done in a fast timeline, so these R&D projects end up being five, seven, 10 years in the making, when they could be outsourced through an accelerator like Big Sky that maybe at a less sort of valuation than a traditional startup, but we can move extremely fast. Your typical PDP at a large strategic may be three to five years. We could get it done in 18 to 24 months. This trend of kind of like -- large strategics sort of outsourcing these smaller R&D projects -- that's happening, right? CSI has done -- Cardiovascular Systems has done a number of these deals. We're starting to see that more and more, and it's just an opportunity for large strategics to leverage their balance sheet, right? And move extremely quickly with some of these smaller scale projects.

**It sounds kind of like a win-win because you're collaborating across different companies. You're getting things done faster. It gets faster into the end user's hands. What's the reason for getting such great speed when you're outsourcing that way?**

Yeah. When you think about the traditional pathway, at a large strategic, they've got a lot of capital, but it's incredibly hard to get anything done quickly, right? I think that's probably pretty well understood for most of your listeners. But on the flip side, when you think about a normal start up in the device world, you're -- those very early stages, right? Those pre-seed kind of stages -- they're just really tough because you're trying to oftentimes get a -- trying to turn a back of the napkin sort of idea into some sort of concept that you can showcase, and it's expensive to do that. It's not cheap to come up with some of these concepts and prototypes, so it requires some sort of cash up front, but finding angels, finding investors at that early stage is so hard. You have this kind of this interesting dynamic where there's a lot of capital sort of sitting on the sidelines of these large strategics, and they just can't move fast on their R&D projects. Then on the other side of the spectrum, you've got a lot of innovative engineers, physicians, etc., that have great ideas but don't have necessarily the easy access to capital and resources to actually execute against that idea. That's really where we're trying to with Big Sky is we're really trying to solve for that need and blending those two worlds together, so an ideal deal for us is we'll take an idea, right, that we think has legs, evaluate it across a number of different sort of categories if you will, and then what we'll try to do is find, identify a strategic or a couple of strategics very early where it could be a very nice addition to their portfolio, and we'll try to establish these balance sheet funded deals very early, these transactions where a strategic will make an investment, whether it’s in the form of a convertible note or an equity based investment, but also the acquisition milestones are built in from the get go, right? There's a very clear road map, and all sort of stakeholders that are involved in that project are aligned around the timelines, so we feel like that's a very interesting model, and it is kind of your classic definition of a win-win for everyone involved.

**That's great. Thanks for explaining that. The other thing I was wondering about if you could tell us more about Medsider. I know that you've been doing a lot there.**

Yeah. No, thanks for mentioning that. Yeah, Medsider is a podcast that I've had for -- gosh, the better part of a decade. When I was sort of growing up in the medical device space, gosh, back in 2007, 2008 time frame, I was on the road quite a bit, so I really got into consuming a lot of podcasts. This was back before the only -- when the only way to listen to a podcast was using the native app on your iPhone, so podcast was kind of early back then. I learned so much from other entrepreneurs, but most of the content was focused on other verticals, right? [inaudible 00:18:12], ecommerce, etc. There was nothing really specific to med tech, and I was like, "this is interesting. I've gotten so much value from listening to these podcasts with other startup founders, etc., but it would be interesting to do something or to learn more from people in the medical device arena." I started Medsider on kind of a whim back in, gosh, 2009-ish, and sort of been at it ever since then. I typically interview founders or CEOs of smaller companies that either are on a nice trajectory or have recently exited, and we cover topics like best practices for capital fundraising, how to think about regulatory challenges early on in the development process. What are the strategic ways to engage with insurance payers earlier on as you're kind of ideating on your devices? That's where kind of most of the conversations unfold. They're much more sort of startup oriented.

**Excellent. We'll have to all go check that out. Thanks for telling us more about it. As we're kind of wrapping up here, I'm just curious if you'd tell me if you have a historical figure or a fictional character that you relate to or are inspired by.**

That's a great question. Tom, I may have actually missed that when you initially sent that over. In terms of an historical figure, probably someone that comes to mind would be Abraham Lincoln would be kind of a classic historical figure that I find inspiring.

**Excellent. Well, thank you so much. I think you've inspired me and many others today by sharing some of the things you've been up to, so I appreciate that. Obviously, I can post things on my website. Is there any place in particular people should go to find out more?**

Yes. Probably I'll leave everyone with maybe two thoughts. One is if you're interested in hearing from other kind of startup founders, check out Medsider, just medsider.com. M-E-D-S-I-D-E-R, medsider.com, and if you're a physician or an engineer, you've got a great medical device idea that's in the broader cardiovascular space, feel free to check out Big Sky Biomedical. That's kind of the accelerator incubator that we chatted about. That's bigskybiomedical.com.

**Excellent. Well, thank you. I'll make sure to post those on the site, and I appreciate your time today.**

Awesome. Yeah, thanks for having me on, Tom. It was great to catch up.

**​Thank you. Thanks for joining us.  Please check out MedTechChat.com for more podcasts and blogs.  See you there.​**