

## HealthiosXchange/CrowdfundConnect – Crowd Finance Portal Serving the Healthcare Industry

### Foundations Exploring New Financing Strategies – Venture Philanthropy

Interest in Venture Philanthropy has risen as a result of Vertex Pharmaceuticals/Cystic Fibrosis Foundation's successful collaboration on the development and approval of KALYDECO, the first medicine to treat the underlying cause of cystic fibrosis.

Vertex initiated its cystic fibrosis (CF) research program in 1998 as part of collaboration with Cystic Fibrosis Foundation Therapeutics, Inc. (CFFT), the nonprofit drug discovery and development affiliate of the Cystic Fibrosis Foundation. In 2000, CFFT made an important investment to support early-stage efforts to discover potential new medicines for CF. Since then, CFFT has committed additional financial and scientific support to help Vertex discover and develop new medicines for CF, including KALYDECO (ivacaftor) and other CFTR modulators that treat the underlying cause of the disease.

This collaboration has paved the way for similar approaches to the development of new medicines in other disease areas. A number of nonprofit/industry collaborations have emerged, among them the Alzheimer's Drug Discovery Foundation, the Multiple Myeloma Research Foundation, the Myelin Repair Foundation and the Michael J. Fox Foundation. In fact, between 2000 and 2007, there was a 10-fold increase in nonprofit organizations investing in biopharmaceutical medicine development.

### Emerging Growth Companies in Search of Non-Dilutive Financing

A recent FierceBiotech Research report highlighted the challenges faced by emerging growth healthcare companies seeking Grants following the Sequester. The article, "*Sequester cuts come down heavy on scientific medical research,*" documents how the \$85 billion in cuts will negatively impact scientific and medical research grants.

<http://www.fiercebiotechresearch.com/story/sequester-cuts-come-down-heavy-scientific-medical-research/2013-03-01>

In response, emerging growth healthcare companies are pursuing alternative non-dilutive financing vehicles including raising capital from Foundations. For more information on Venture Philanthropy including a leading White Paper on the topic, "*Breathing Life Back into Biotech,*" please click on the link below:

<http://hub.am/Y6ASUZ>

### HealthiosXchange's Foundation Place

*HealthiosXchange* is launching *Foundation Place*, a financing Portal serving the interests of Foundations and emerging growth healthcare companies. *Foundation Place* is designed to assist Foundations with conducting due diligence and sourcing deal flow while providing healthcare companies a valued platform for interacting with leading non-dilutive financing sources. By joining a global network of successful executives, thought leaders, entrepreneurs and fellow investors, members of the

HealthiosXchange (“H/X”) become part of an elite group of passionate, intelligent and imaginative individuals searching for both superior returns and a chance to establish a legacy that will have a meaningful impact on the world.

## HealthiosXchange – For Foundations

### Due Diligence

- ✦ **Rigorous Investment Discipline, Governance & Portfolio Management.** The H/X Scoring System applies the most stringent criteria to H/X investments throughout the liquidity horizon.
- ✦ **Disciplined Screening Process.** The proprietary H/X Scoring System is a highly-quantitative screening tool which identifies the best investment opportunities by sequencing 2 million variables of historical performance data against the healthcare industry’s most established success factors. The H/X Scoring System has been perfected over five years and applied to more than 1,700 Emerging Growth healthcare companies, providing our investors with the most transparent, rigorous and consistent foundation from which to make their investment selections.
- ✦ **Predictive Analysis.** HealthiosXchange has developed the premier predictive analysis research tool, *Alphacution*, to assist Foundations with assessing the probability of approval based upon predicting future outcomes (~catalytic events) including, pre/clinical studies, regulatory pathways/approval, legal/IP, and commercial prospects. *Alphacution* in tandem with Healthios’ proprietary scoring system provides Foundations with unparalleled due diligence capabilities. *Alphacution* is a visualization dashboard that combines the use of data visualization techniques and universal data management standards maximizing Foundation’s ability to filter and rank data while simultaneously preserving full access to a broad spectrum of unstructured content, analytics, and metadata.

### Source Deal Flow

- ✦ **Direct Access.** The H/X offers premier access to the broadest range of healthcare investments: from the most innovative start-ups to partnerships with top-tier institutional investors and strategic partners in the most promising late-stage opportunities.
- ✦ **Zero ‘Adverse Selection’.** The H/X offers access to the broadest selection of investment opportunities by employing sophisticated EcoSystem structures and the H/X Scoring System to organize an infinite universe of Emerging Growth healthcare companies. As a benefit, our investors are not subject to traditional selection biases which result from limited company listings, opaque diligence techniques, or from less favorable investment selection.

### Streamline Regulatory filings (~PRI/L3C)

- ✦ **Integrated FINRA Compliance, Transaction Processing & Reporting.** All H/X investments are cleared using Healthios Capital Markets, LLC., the H/X’ own FINRA-registered broker dealer. In

addition, the H/X offers complete transaction processing and reporting capabilities which enable comprehensive portfolio management in a transparent and dynamic manner.

### Attract Follow-on Capital

- ✚ **“No Orphan” Financing Strategy.** The H/X recognizes that the resources of any individual investor are limited, and that the risks of attracting follow-on financing can be equally great as the rewards of the investment, itself. In many cases, further capital will be necessary in order for the inspirations of founders and their angel investors to be realized. The H/X is designed around the complete interests of the healthcare investor throughout the liquidity horizon. From the first dollar invested to the last dollar realized, the H/X presents Emerging Growth healthcare companies and their investors with the broadest range of investment and financing opportunities to achieve their goals.
- ✚ **Proprietary H/X Asset Classes.** In addition to offering direct investments in the most important healthcare opportunities, the H/X permits its investors to participate in transactions being sponsored by the top-quartile venture capital firms, private equity sponsors and strategic partners in their own priority opportunities. In addition, H/X investors will collaborate with leading not-for-profit foundations as they seek to advance the most promising sciences in a compelling, capital efficient manner, and to participate in proprietary asset classes, such as H/X “X.PR.E.S.S”, H/X “InMarket”, and H/X “LiquidEvents”.
- ✚ **Superior Structure, Seniority & Investment Rights.** All investments on the H/X are made with intention of securing the interests of investors and growth companies throughout the liquidity horizon. In H/X investments, ownership is often concentrated in Special Purpose Vehicles (“SPV”), organized by the H/X own FINRA-registered broker dealer to promote consistency, quality and compliance. In later stage transactions, H/X investors participate in a manner “Pari Pasu” to institutional investors and strategic partners, ensuring the highest attribution available in the market for such transactions.

### Easy-to-Use Interface

- ✚ **ePlatforms.** Assist entrepreneurs and investors with leveraging disruptive power of Internet to make it easier for companies to raise capital.
  - ✚ **eLegal** – Online Legal Documents/Electronic Signature
  - ✚ **ePayment** – Online payment capabilities
  - ✚ **eCustodial** – Safeguard capital in secure custodial accounts until investment thresholds are met
  - ✚ **eCompliance** – Electronic on-line reporting with State and Federal Regulatory Agencies
  - ✚ **eReporting** – Intregrated financial statements with investor’s brokerage accounts etc.

**Expand Donor Base**

- ✚ Ability for Foundations to identify and market to H/X's Accredited Investor database (~100,000) including Entrepreneurs, Angels, C-Level Executives, and Venture Capitalists