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What I Learned At Haas Business School's Health Care Conference

There's a lot of entrepreneurial energy in the Bay Area, but I'm always surprised at how much of it is directed towards health care. As *Apothecary* readers surely recognize, if we were to rank sectors where the government lies ready to crush the entrepreneurial spirit, health care and education must lead the list.

So, I was excited to have wrangled an invitation to the UC Berkeley's Haas School of [Business](#)' annual [Business of Health Care Conference](#), a day-long event held last week. This year's conference, the sixth, titled *Entrepreneurial Solutions to Health Care Challenges*, assembled a high-profile group of entrepreneurs, scholars, and investors.

The most informative panel that I attended addressed "Venture Capital – Positioning Health Care Startups for Success," moderated by Rebecca Lynn of [Morgenthaler Ventures](#). The panel comprised Missy Krasner, also of [Morgenthaler Ventures](#) and the former [Google](#) executive who launched the now defunct Google Health; Lisa Suennen, a co-founder of the [Psilos Group](#) (perhaps the longest-standing pure-play healthcare VC); and Jeff Tangney, former president of [Epocrates](#) and founder of [Doximity](#).

Key take-aways from the panel discussion were:

- Digital health is where the opportunity lies, but both healthcare investors and IT investors bring unhelpful biases to this new sector.
- Although the Bay Area crowd is loathe to hear it, some of the best new health IT businesses are in places we'd shun – like Michigan or [Nashville](#).
- Some digital-health entrepreneurs think they have a business, but they only really have a product. Nothing wrong with that, but you've got to sell it, not fund it.
- There's a surplus of consumer-targeted digital innovation. (If I see one more start-up promising to help me count calories on my iPhone or Facebook how many miles I biked today, I'll scream.) VCs are more likely to invest in digital health start-ups that target businesses. (But be ready for a hard slog. Hospital bureaucracies are infamously resistant to new ways of doing business. However long you think it will take you to sell your new product to a hospital, add a year.)

If there's one area where I believe the panel to have been too optimistic, it is the adoption of health-insurance "exchanges," a key feature (or bug) of PPACA. This is something about which I've written a heck of a lot ([here](#)), and the *New York Times*' Robert Pear has a [recent article](#) describing how states are neglecting – or even actively resisting – the federal government's efforts to establish PPACA's health-insurance exchanges. There is no real business opportunity in these exchanges: The likelihood of their being up and running by 2014 is slim to nil. (Private exchanges, like I've written about before, are a different matter.)

Unfortunately, you can't expect consistently excellent presentations at such a packed conference. The low-water market was a panel on "Nurturing Life Science Innovation in Tumultuous Times." I was expecting a heated discussion about lots of issues – including the increasingly sclerotic Food and Drug Administration. There's a boatload of research (the topic of my next article) from different sources, which hold the FDA responsible for much of the recent failure in biopharmaceutical innovation. But the folks on the panel could barely be roused to speak about this – or anything else. It was a lost opportunity, especially as I've heard two of the panellists give excellent presentations at previous conferences.

Always energizing, informative, and entertaining, Daniel Kraft, MD, gave the closing keynote. A physician who flies F-16 jets in his spare time, Dr. Kraft runs a program called [FutureMed at Singularity University](#). If you want to learn about a future handheld deep CT-scanner that a paramedic can use on a person suffering chest pains, then send the image into the cloud for immediate analysis, so that the cardiac surgeon knows where to insert a stent *before the patient arrives at the ER*, you've really got to see Dr. Kraft's presentation.

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