

## Special Video Report Transcript

Headline: John Goldstein of Imprint Capital Discusses  
Investment in Innovative Health Technology

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John Goldstein, co-founder and managing director of Imprint Capital

"I'm co-founder and managing director of Imprint Capital, and so Imprint is based here in San Francisco and helps foundations, families and institutions create and then manage what are called mission-investing programs, ways to invest their money that have impacts on issues they care about."

"So one of the things that we're seeing broadly is a really strong growth of interest among foundations of all types in using their assets in a way that really advances their issues that they're focused on. Really, the core business of foundations is philanthropy, is having an impact on issues, whether it's health or folks that are focused on community development or education or other issues. And there's been growing awareness over time that grantmaking is a critical tool and is the core one used by foundations. But this question of other ways to use (a) other types of tools, and (b) a larger chunk of a foundation's assets to focus on that core business. Because, traditionally, private-operating foundations give away 5% of their money every year and invest 95% of it, often in things that aren't particularly related to that mission. And the question has been pushed, both, 'Is there a way to provide other kinds of support to grantees that can help them grow, attract other money, leverage the money of a foundation above and beyond what grantmaking can do?' That's one. Two is saying, 'We've got this other pot of 95% of our dollars; is there a way to use that so we can use more of our money to have impacts in ways that may get us in touch with other types of innovators and innovations?' In the commercial world, realizing that in factors like health, a phenomenal amount of innovation coming from and need within our safety net clinics, with the nonprofits, but also a lot that's going on in the commercial world with commercial investors and entrepreneurs. Is there a way to use investment as a tool to tap into those different pots of innovation?"

"One of the very interesting questions around health foundations and mission investing has been how are they going to play relative to emerging technology innovations. And it's been an area, to be frank, a lot of foundations haven't been as comfortable jumping into. These are things that are highly technical, sometimes are early stage, are a little riskier, and aren't necessarily a match with the skill set and focus on the programmatic side of a lot of foundations. Broadly, from a macro perspective, the use of technology, particularly to lower cost and increase quality, is becoming a much more mainstream interest. There's a lot more focus from mainstream venture-capital investors, from large

providers and others, whereas traditionally, health care is a very large investment sector. But if you looked at a lot of health care investment portfolios, it would have large pharmaceutical makers, biotech, medical devices, things that tended to be high-margin products and services that weren't necessarily targeted at the needs of the underserved. However, as potentially Medicaid populations are going to swell, as the push for health IT to drive to really kind of data-driven care is increasing, more commercial investors are starting to say, 'Wait a second; can we look at ways to invest in lower-cost devices and ways to use technology to increase quality and lower costs in ways that actually start getting a little more aligned with what foundations are interested in?' Because for a while, there was a pretty big gulf. Commercial investors had these portfolios of biotech and med devices, and foundations were focused on how to support safety nets in the neediest communities. And they're finding ways where technology can be an interesting bridge between those two approaches."

"There are a couple of interesting ways that foundation capital and foundations broadly can play in investing in these types of enterprises that are different from the way other investors can play. I think one is foundations are able -- which doesn't mean they always do or always should -- but they're able to take more risk on things. If there are earlier-stage innovations that are really important for communities, and they may not have a business model that would attract commercial capital but could be viable and serve a real need, foundations can take those kinds of risks in ways that other types of investors can't. And it's a really important role. It's a really important use for that tool because there are a lot of things that could be really important innovations, but they're orphaned because there's not a natural capital source. There are people that can take that risk on something that may not have the long-term financial payoff of, say, a blockbuster drug, but may have a long-term mission payoff. And I think that's where foundation capital can be a little different. The other thing foundations can do is they have an insight and a level of social capital with folks serving the neediest that are really useful in trying to make sure that a lot of these innovations actually are beneficial to our neediest populations. And so the work they do with safety-net clinics, with public and private Medicaid providers, means that foundations can be that connective tissue to help ... beyond the capital they provide, their networks and social capital can help make sure that those who are most in need of these tools and technologies to increase access, increase quality and lower cost, can actually access those."