Where’s the Action?

**Biotech.** This market is on fire. There were more biotech IPOs in 2013 than any year since 1999. Challenges: early-stage biotech takes a long time, a great deal of capital, and is risky. Still, panelists are bullish.

**Health IT & Services.** Health care is transforming, out of necessity. Facing enormous pressures to change the delivery system, create different payment models, manage population health, control costs, and eliminate waste, IT and services will be solutions.

**Medtech.** The current environment is not so attractive, with high R&D costs, regulatory and reimbursement challenges, less M&A, and less upside.

**Corporate.** There has been a funding shift from VC to more corporate investments.

Definitions

**Venture Capital (VC)** Early-stage investments in ideas and people. Help entrepreneurs launch, prove, scale concepts.

**Private Equity (PE)** Covers a wide range of investors. Typically invest in growing or mature companies, add value to board, improve company’s performance, and sell.

**Investment Management** Investors of large pools of capital typically in equities of public companies—small caps, midcaps, and large caps; pharma, device, and biotech companies—with goal of beating industry benchmarks.

**Business Development (Bus Dev)** Meaning differs based on a company’s size/stage. Usually includes strategic investments, partnerships, and M&A. Can also mean making pitches to drive sales.

HBS alumni with experience in health care investing shared insights from working in venture capital (VC), private equity (PE), investment management, and business development (Bus Dev). Collectively, the panelists have worked or currently work in all these roles, and have worked in operating roles at Startups, Small Companies, and Fortune 50 companies.
Delivery System Innovation. Health care innovation has historically been about drugs and devices, but it is shifting to care delivery, including population health, accountable care, payment delivery, care management, chronic care, patient engagement, health IT, big data, analytics, informatics, and telemedicine.

Regulatory Offshoots. Some industry players complain about the Affordable Care Act and increasing regulation, but investors see opportunities. Any time there is new regulation, service and technology businesses will arise.

Job Myths

#1 Health care investing requires an advanced science degree. Some firms prefer PhDs and MDs, but most don’t. Scientific credentials can be beneficial in early-stage biotech but generally aren’t necessary in health care IT, services, and investment management.

#2 Health care investors need operating experience. Not necessarily. Operating experience is extremely helpful, yet many successful health investors don’t have it. Panelists with operating experience say it provides a tremendous feeling of impact.

Career Advice

Don’t stress. You will change jobs many times. So, don’t stress about your job post-HBS; focus on learning experiences.

Pursue passion. Find what makes you excited to go to work each day.

It’s the people. Find mentors and look for great teams. People and culture matter most.

Look for growth. To improve the odds of success, pursue fast-growing segments and companies.