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Startup Advice from a \$1B Investment Firm

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The most successful IT companies usually have solutions built around their software.

This was just one bit of advice doled out to startup managers by David Jahns of Galen Partners during a presentation at the Entrepreneur Center Wednesday. Connecticut-based Galen Partners was recently named the Entrepreneur Center's health care sponsor for 2012. The firm has more than \$1 billion in assets under management and is looking to invest in young Nashville-area health information technology companies earning roughly \$5 million to \$10 million in annual revenue.

Jahns, Galen's managing partner and Nashville point-person, gave his first presentation to an eager audience of about 75 entrepreneurs. Competition is high in health IT services, as hospitals and physician offices race to update their electronic medical records systems.

To stand out, Jahns said, companies should ensure they have not just a piece of software or a platform, but also solution plans to help adapt the model to various systems.

"That allows you to tailor your particular solution to their workflow solutions," said Jahns, adding that a good management team also is essential.

Galen has previously invested in ParadigmHealth, a special care and disease management firm that was sold to Inverness Medical Innovations in December 2007. Michael Burcham, president and CEO of the Entrepreneur Center, was president of ParadigmHealth.

"I can't remember when we didn't have a Michael Burcham or two Michael Burcham's working with us," Jahns said. Galen specializes in business-to-business products, opting to steer away from the business-to-consumer side.

“I prefer B-to-B because we’ve had success doing it,” Jahns said. Galen usually conducts a deal review, a preliminary value assessment and a “deep dive” investment review before committing to company.

Jahns has previously said that one local company was under consideration for an investment but did not disclose specifics on the possible deal.