

diffusetap
Virtual Event Series

Healthcare Investment Hustle



Guest Speaker:

Julien L. Pham, MD, MPH

Founder & Managing Partner
3CC | Third Culture Capital

Hosts:



Kenny Estes
CEO and Founder
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DiffuseTap: Healthcare Investment Hustle

In our session featuring **Julien Pham, Founder and Managing Partner at 3CC**, we covered awesome innovations making a splash in healthcare today, and the many investment opportunities that come with it.

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This networking session is part of our weekly virtual events series. Networking (you'll bump into at least a dozen high caliber fund managers) meets purposeful (you'll tap into brand-new sources of ideas) ... straight from your armchair like a boss.

Meet the Speaker



JULIEN PHAM is a founder and serial entrepreneur who takes interest in innovation and disruptive tech in modern medicine. A nephrologist by profession, Julien has helped grow a number of healthcare startups over the last decade. Last year, he founded 3CC, a fund that invests in future healthcare industry leaders worldwide looking to breach the status quo in currently established markets. LinkedIn: [@julienpham](#)

About Diffuse®

We are an alternative fund platform offering differentiated investment products. From digital assets to VC funds and beyond, we identify green field investment opportunities we feel will have market beating returns and turn them into professionally managed funds. For more information, visit www.diffusefunds.com.



KENNY ESTES: Julien, you want to do a 30 second overview on your background?

JULIEN PHAM: Yes, thanks for having me. I've been a member of Diffuse for maybe a couple months now. I'm always learning a lot. So, as a background, I'm a physician by training. I never thought I would ever do what I'm doing today, I wanted to go the noble path of academia, see patients get treated, do some teaching, do some research, and create an impact that way. But being in Boston, it always feels that the grass is always greener on the other side. And so, about 10 years ago, I ventured into the world of startups.

I started first as a founder of a digital health startup. We were VC-backed with some great names backing us. And then, about four or five years ago, I got recruited by a fund to help spin out a gene therapy asset out of MD Anderson. Even though I had some research background and experience under my belt, it was kind of novel for me.

What was even more novel was that as I was mandated to reframe the narrative, spin out the asset, and raise capital, the investors asked that we raise capital through an IPO. And so, here I was, kind of thrown in this world of investment banking, and roadshows. And so, for a year and a half, we did that. We were successful.

After being listed on NASDAQ two years ago, I was asked to stay on and build out some of the functions, including clinical development, clinical operations, regulatory, manufacturing, business development, and all that stuff. And we were lucky to get a fast-track designation from the FDA end of 2019, and were able to raise additional money.

And so, last year, I decided that the next leg of my journey would be to start a healthcare VC fund to bring in all the experience and network that I've built over the years, and approach investment in a slightly different way. So, Third Culture Capital was born. We incorporated in November. We're working with Barbara Fleming at Grasshopper, who spoke last week. (Read more: [Alternative Financing for Funds](#))

And the good news to share is we did our first closing yesterday for an undisclosed amount. So, that's exciting, because now the real work starts. But our thesis is somewhat different. We are fairly sector agnostic, part of it because of my own background as a physician, digital health, and life sciences entrepreneur. We approach investment almost from a clinical standpoint.

So, myself and my network of venture partners, when we screen startups, we ask the question of "can we wrap our heads around what the clinical unmet need is? Can we foresee how this technology or this molecule can somehow have an impact on patients?" And so, we form our investment thesis around what is called the quadruple aim framework. I didn't make that up, it's the IHI's thing, but the quadruple aim is essentially asking the question of, can this improve outcomes for patients? Can this decrease the cost of care delivery? Can this improve the experience of care for patients? And can this improve the experience of care for providers?



And if those companies meet at least two of these criteria, this is something that we would consider. And the way we approach this investment is, we put a group of KOLs or some of the venture partners to be fractional advisors or board members for these companies.

And so, we would invest in life sciences, digital health, and we do early, early stage. We would look at ex-US companies, especially the ones that are doing some soft landing in Boston, because we can truly be helpful from a strategic standpoint. We can help them get going with their clinical trials, etc. So, I'll stop there.

KENNY: That's great, Julien. Thank you for joining us. Great background. So, by the way guys, if you have any questions, chuck them in the chat. Ayla is my partner in crime at Diffuse, and we kind of tag team the fireside chat. Ayla, do you want to kick off with the first question?

AYLA KREMB: Yeah. I think this first question actually relates directly to the amount of time that you spend digging into the details of the industry. What are some of the emerging trends in healthcare technology and Life Sciences? Some that you're currently following and are picking up steam at the moment.

JULIEN: Yeah, it's an interesting question. You know, I think my answer may not satisfy some of you, or may confuse some of you, but because of our unique way of thinking of investments, we don't necessarily categorize them in sectors. We're particularly interested in things that are "at the intersection of" technologies. And so, you know, there's things like AI for drug development. It's like, is that AI? Is it pharma? What exactly is it? And we're seeing more and more of this.

So that's part of the answer. But I would say that I think with everything that's happened with the black swan event of COVID-19 last year, it's really put into perspective how we deliver care. And so, if you look at the technology side of healthcare delivery, I was reading some data the other day, but it showed that only 0.7 percent of patients had ever experienced telemedicine prior to this.

And last year, the number of people who have had some kind of experience with telehealth skyrocketed to 70%. I mean, that's an incredible jump. And in the breakout room earlier, I was talking with some folks on here, and we're sharing that some of these constraints have been removed. I think one of the biggest challenges on the provider side was, if you have a license in one state, you could not easily provide care yet in another state. Overnight, that disappeared. So now, almost anyone through some kind of policy is able to provide care for patients in other states. And that's going to be doing so much good for telehealth.

But where I see telehealth heading next is, there's going to be a more holistic need for telehealth. Obviously, virtual care is very different from digitized care. Digitized care is how do you take something, simplify it, and make it completely digital. Now with virtual care, you still need some handholding.



Sometimes you need to listen to the heartbeat. And how do you do that? How do you do a physical exam via telemedicine?

So, some things are better suited for telehealth. Like mental health. I think that's great. Telehealth will really unlock how we provide care in some areas, and I'm really counting on founders to find ways to build technologies to ingest some of the great stuff that we've been seeing in the technology field and adapt them to telehealth so that we can do things better.

I'm a big clubhouse participant. And I think voice is an underutilized sense. Sensory media, I think that's something that will be very interesting. I'm looking at a company right now that's studying a kind of super spectrum from the voice that we can't hear, similar to ultraviolet and infrared in Vision. This particular company is looking at somehow tapping into the human voice to assess patient needs.

So that's kind of on the telehealth front.

When you start moving the needle from tech to biotech/pharma, what excites me is this idea of "delocalization", and for example decentralized clinical trials. Trials have been halted during the early days of COVID, except the vaccine trials. But in order for us to continue to do trials in safe ways, and in ways that should make complete sense, we have to ask, do you need to see every patient every single time in the clinic when you're trying to assess their risk at home? If they have Alzheimer's, and they're falling around, what's the point of bringing them to the clinic and handing them a questionnaire?

So if there's a way to put remote sensors or you know, use various technologies to do decentralized trials or hybrid trials, I think that would be very exciting for pharma. That's something that I'm looking at. And then also at the intersection of biotech, pharma, and technology, all-things AI for drug discovery. AI for clinical trials. We're looking at a few companies that are using some kind of novel AI and a cute robot that engages and interacts with patients and tries to help patients take their meds, and check in on them, etc. And so, that's kind of an interesting piece.

And then, on the pure biotech, formal life sciences field - the "wet technology", I will say, I think diagnostics will probably come back up, especially home diagnostics and remote testing. We'll see. I always thought that the road to diagnostics was paved with many tombstones in the past, but I think that is going to be very different in the next few years, especially with the advent of AI for diagnostics.

And then, you know, the continuation of cell and gene therapy, it is absolutely the next paradigm of care delivery. We are understanding the immune system so much better now, but there's still so much to uncover. But the biggest bottleneck to selling gene therapy is number one, regulation. And number two, manufacturing.

A couple months ago, Arch Ventures and some of the usual big investment folks brought this company from stealth called Resilience. It's a next-generation manufacturing company, and they were handed an



800 million check. That's huge. And so, we'll see a lot of new things in biotech, in terms of supply-demand and manufacturing.

KENNY: That's obviously playing in a lot of different areas there, which is pretty cool. One thing is that the startups you're investing in, some of them are like digital health platforms with really low upfront costs. While some of them, some of the wet technologies, as you say, have very high upfront costs. Obviously, those are different buckets. How do you view them when you're actually doing the underwriting and the valuation? How do you take that into account? Like, pre-seed 20 million valuation, to give them enough money. Like, what are your thoughts on that?

JULIEN: Yeah. I think it's really getting to the heart of the matter. Because pitching to LPs can be a little bit complicated when they're so accustomed to saying, okay, what is your focus? Are you this, are you that? And our approach is we can do a little bit of everything for everyone.

So, from a fund perspective, for us, it would require us to constantly calibrate what we invest in. But it's very clear that with a lower fund size strategy, we'll skew more towards digital health and devices. And with a larger fund, we'll do more therapeutics. And so, specifically for 3CC, our first check could be anywhere from \$250k to 2.5 million.

It's true that \$250k or \$500k for an early-stage digital health company can take them much further out than for Life Sciences. But I think you can't underestimate the challenges of digital health. They're very different from the binary outcome of life science, and that's why those checks are important. Because now, there's a lot of momentum that needs to be built on things like clinical trials, etc. Compared to the healthtech side, where you have to truly understand, to go to markets, to understand the long cycle of sales with healthtech with health systems and payers, and truly understand adoption. Is this patient-facing, or is this provider-facing? Will providers adopt technology and solve challenges at present? Clearly, capital is deployed very differently in healthtech.

AYLA: We have a good question that links up with provider facing technology. It's from AJ. He's asking, what have you guys seen in terms of practice management technology? Is that picking up a lot of potential in that area? Or is that going on the backburner to make room for checks that go into more revolutionary technologies, that are more patient facing? What has been your experience?

JULIEN: In terms of practice management, I kind of lump a lot of the provider-facing technologies together in some ways. You've got provider-facing technologies for patient care delivery, and you've got provider-facing technology, more for back-office operations and revenue (revenue cycle management).



But the reality is that a lot of these EHR (electronic health records) started off as back-office. They started off by asking "How do we do billing better? and oh, by the way, as you do billing, maybe we can layer in a lot of clinical information in there to talk about patients and to justify why the billing was done a certain way?" And that evolved with timing to the EHR that we know today.

So, it's very cumbersome, and very much not a bottom-up, grassroots way of providing good patient care. I think there needs to be some reinvention of some of that and doing more centering around the patient. We've been seeing this for the past few years. There have been some emerging technologies that are trying to simplify the EHR. But there's also a lot of resistance, because the big players like Epic, Cerner, etc. are there, and will be there to stay. And so, disruptors, it's quite difficult for them to come in.

But in my opinion, there's going to be some kind of consolidation of how some of these technologies are purely provider-facing and can be versatile enough to do both billing and patient care delivery. And they will be clear. Different workflows, but part of the same thing. So, does that mean consolidation? Will the big players consolidate with these disruptors and integrate them into what they do? Or will it be the other way around? And so, it's an evolving market.

KENNY: That's great, really appreciate it. And one last question before we do the breakout rooms, just to get into the companies you mentioned earlier that you invest in. If you're a SaaS tech company, do you need to be in Silicon Valley for the types of companies you're talking about? Where are the hotbeds? Is it still super American, or is there a lot of international opportunity?

JULIEN: Yeah, so the reason why my fund is called Third Cultural Capital is because I'm one of these weird TCKs (Third Culture Kid). I grew up on three continents before the age of 18. From Vietnam, I grew up in Paris, and was sent to the US when I was 14 to study English. I've been here for 30 years, and over the years, I've maintained this relationship to these regions. And these regions have turned into interesting innovation ecosystems.

And so, I have this professional relationship with all these regions, and the deal flow is incredible. I will say that each ecosystem kind of has a different flavor of things. You've got some great engineering and science out of Western Europe, for example.

But at the end of the day, I truly believe that innovation in its most elegant form is universal. There's no reason why there shouldn't be good science coming out of Copenhagen, or Stockholm, or Singapore or wherever. So, with our fund, we want to be able to look at good science, good technology, and be able to help these founders reach their milestones by building a group of credible key opinion leaders around their fields.



So obviously, there is an opportunity for arbitrage. As we all know, some of these companies are kind of undervalued to come to the US. It's a challenge of how you need to understand the ecosystem, wherever it is. That's especially true for healthcare, because healthcare is very local, with the different ways in which reimbursements happen, policies, etc. So, understanding the nuances in each region is important.



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Dennis Chookaszian

Corporate Director, CME Group

DiffuseTap: Institutional Grade Governance

Sharing his decades-long expertise on corporate governance, Dennis discussed how to avoid a co-partnership going sour, the problem with overly idealistic CEOs, and the importance of keeping your board in check. [Read on](#)



Susan Brazer

CEO & Founder, LionShare Media

DiffuseTap: Media Metaverse 2022

Susan talked about the 2020 digital media landscape; the evolution of media distribution; how converging, emerging technology points to the metaverse; and the prospect of having an open, decentralized, and free Web 3.0 marketplace. [Read on](#)



Raj Mukherjee J.D.

VP/Global Head of Tax, Binance.US

DiffuseTap: Crypto Taxes Decoded with Binance.US

Raj explained the complexities of the US crypto tax landscape, how he built a dynamic tax information system for Coinbase and Binance from scratch, and how investors can profit from crypto without getting caught in a taxation mess. [Read on](#)

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