

Advancing Healthcare

An Interview with James Flynn, Managing Partner, Deerfield

EDITORS' NOTE James Flynn joined Deerfield in 2000 and is responsible for the management of the firm. Under his leadership, Deerfield has built deep healthcare information expertise through the Deerfield Institute; expanded its investment capabilities to include venture and private structured financings; established the Deerfield Foundation to contribute toward the health and welfare of disadvantaged children; created Deerfield Discovery and Development, LLC, which organizes



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Deerfield's discovery research efforts; and founded a healthcare innovation center at 345 Park Avenue South in New York City. Before joining Deerfield, Flynn was a top ranked analyst at Furman Selz, covering pharmaceutical and medical device companies. Prior to that, he served as Vice President of Corporate Development of Alpharma Inc. He began his career in healthcare investing at Kidder, Peabody & Co., where he ultimately served as a senior analyst covering the specialty pharmaceutical industry. Flynn served as the Chairman of the Quality Committee of the Board of Trustees of Continuum Health Partners until its merger in 2013 with Mount Sinai Health System, where he continues to serve on the Board of Trustees. He is Chairman of the Board of Trustees of the New York Academy of Medicine and is a member of the University of Michigan Life Sciences Institute Leadership Council. Flynn holds a BS in cellular and molecular biology and economics from the University of Michigan and an MS in biotechnology from Johns Hopkins University.

FIRM BRIEF Deerfield Management (deerfield.com) is an investment management firm committed to advancing healthcare through investment, information, and philanthropy. The firm works across the healthcare ecosystem to connect people, capital, ideas, and technology in bold, collaborative and inclusive ways.

Will you discuss Deerfield's history and how the firm has evolved?

Deerfield was founded in 1994 by a small, collegial group of very senior people who had been leaders in the industry and specialized in healthcare. They had started the firm because they felt it would be fun and meaningful, and had planned to retire in three years. Most of them did, in fact, retire after three years and I replaced one

of them. Deerfield became a successful firm with an enjoyable culture to work at, and we had several people who were interested and passionate about pursuing our mission to fundamentally advance healthcare. I took over the leadership of the firm in 2005.

We have spent the past 20 years on a journey to take the roots and foundation of Deerfield and evolve into an integrated, diversified organization which we believe is fundamentally advancing healthcare through supporting both for-profit as well as not-for-profit work.

How do you describe Deerfield's culture and what do you look for when bringing new talent into the firm?

I think a lot of investment people are in the guru business, thinking they are the smartest and know what is best and where the market is going – that is not actually a business. You have to think about it as a business, and businesses need to evolve to maintain a margin. If you have the exact same business model with many more competitors, either your margin goes away or you need to innovate in some way. We have always tried to ask what tools we can apply to do things differently or better, including our new building in New York City.

For me, when attracting new talent, people need to have two things: they have to be competent, and they have to care. If those two things are true, you can start anywhere and move ahead because you make observations over time about what you can do better – if you

care, you adapt, and if you're competent, you succeed. We focus on building a culture with people who care about improvement and doing things the best they can, and who are capable of doing that. If you are constantly elevating in lots of different ways, you actually get somewhere.

How important is brand awareness and brand recognition for Deerfield?

Brand is important to attract good managers and good scientists. Deerfield is still not that well known in some innovation circles, but we are working hard to get our message out to the people it is important for us to reach.

Deerfield acquired the building at 345 Park Avenue South in Manhattan and has invested heavily in transforming the building. Will you highlight the building and the important role it will play in Deerfield's future?

I think it is super important. The building allows us to integrate the capabilities of innovators from academia, government, industry, and the not-for-profit sectors to tackle unmet needs in healthcare. It is exciting to create an environment in which innovative thinking, groundbreaking advances in scientific discovery, and the development of new paradigms of patient care will occur every day.

Healthcare is converging – even if you are developing a drug or a device, someone has to pay for it, someone has to prescribe it, someone has to take it – and with everything moving toward value-based care, data becomes more important, remote monitoring becomes more important, and remote communication becomes more important. The point is that if we went

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CURE – Deerfield's innovation campus at 345 Park Avenue South in New York City

back to when I began my career in the late 1980s, everything was siloed. Today, it is all integrated and, in the future, it will be even more integrated so part of the purpose of this building is to integrate all of the different components of care to get to the future, because the future offers much better and much cheaper care.

We will host many events in the building where different constituencies will be placed together to learn about other parts of the health system. Big companies need small companies for innovation, and small companies need big companies for capital – we will bring these companies together for events in the building. We are also interested in health policy and the latest science so we will also hold forums addressing these areas.

We think about this as creating an ecosystem that reaches beyond walls and plays a role in influencing the future of healthcare.

What was your vision for creating the Deerfield Foundation in 2006 and how does the Foundation focus its efforts?

I could not see being in a financial business for only financial reasons being fulfilling at the end of the day, and if you think about healthcare, while the for-profit part is going to take care of a lot of the challenges, there are still a lot of areas that do not lend themselves to the for-profit model. The majority of drugs that have come to market have been developed in a university originally, which is a not-for-profit entity with different motives and a focus on being published. We have approximately 20 research collaborations where they can publish.

I have always felt that the Foundation could play a meaningful role in our mission of advancing healthcare.

What are your views on the state of healthcare and what needs to be done to meet the healthcare challenges of the future?

Under the surface, healthcare is changing really fast. You only have to go back about 15 years to see a time when a patient would visit the doctor and the notes would be written on a piece of paper and put into a file, with no way for other doctors to access that record. Today, everything is on electronic medical records so you can access patient records quickly and efficiently in order to integrate care which leads to better outcomes.

It is easy to be optimistic in healthcare right now because every disease is a finite puzzle with a finite number of pieces, and every day people are turning pieces over and the more you can see the picture, the faster the puzzle gets put together. There is great visibility on tremendous advances in therapeutics, and it is the same thing in the quality of healthcare delivery. You can see how technology and innovation are making healthcare more efficient and convenient. ●