



Smart move by Brailer's Health Evolution

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In response to Joseph Conn's "[Brailer's Health Evolution invests in e-Rx venture](#)":

Dr. Brailer is one of the smartest players within the healthcare arena. If there is anyone who can identify the next wave of industry trigger points to invest in, he is it.

In making a multistage commitment to Prematics, Health Evolution Partners is taking a common approach for venture capitalists. Instead of handing an entrepreneur a big pile of cash to spend, the VC firms will write checks in smaller chunks as company milestones are met by the leadership team.

In his announcement, Brailer noted that many VCs had shunned electronic prescribing companies after the dot-com bubble burst in 2000. This is true and some firms are still scarred from that experience. However, the regulatory environment has provided some business stimulation in this sector. As a trained economist with a finely groomed network of contacts in Washington, Brailer is keenly aware of this data and has bet on the outcome.

Brailer's announcement said that Prematics is "underappreciated" by the capital markets and that the company provides an e-prescribing service that can be used by any doctor and any health plan.

Ironically, these words are similar to those used often in the pre-bubble e-prescribing company sales pitches. Back then, the smart companies figured out early that the doctors were a tight bunch who were not willing to spend a dime on technology regardless of the workflow advantages. That said, the only vendors left standing after the dot-com dust settled were the ones that claimed to "work with all payers and providers."

We suspect that there is much more to the story than these two simple marketing claims. Brailer is in a unique position of previously being the equivalent of a government-funded rock star where he had access to some of the best minds that the U.S. government could not afford to pay. The balance of the VC firms will have to play catch-up for a while or try to syndicate some deals with Health Evolution Partners in order to stay in the game.

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