



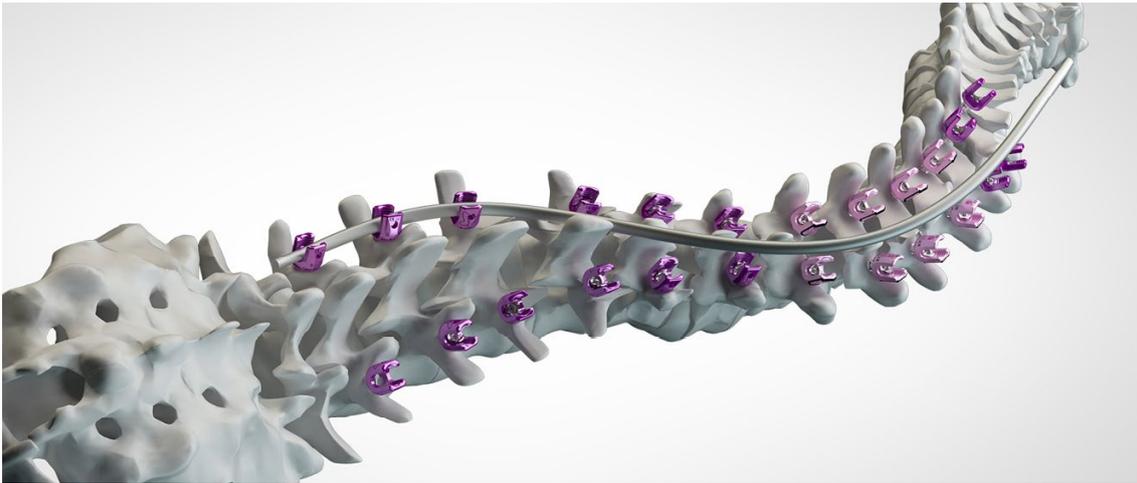
Spineart: How can a medtech challenger successfully scale up ?

Everyone wants to stay fit and active. This desire is increasing the demand for spinal implants, especially for a growing number of aging patients. Spineart, an upcoming challenger in the market, has done well with a unique combination of clever innovation, thoughtful customer service and strong physician interaction. Will a rapid scale-up make it stumble? How can Spineart stay as fit as the patients it is helping?

“I’m not getting any younger.” This common expression has never been more true. Our (aging) population is growing. The human spinal column is a key battleground, prone to accident, wear and tear. No wonder spine surgery is a multibillion global market expected to grow by 6% annually. Long, complex and delicate, spinal surgery can require many different items of precision hardware. Global leaders (90% of the sector) have been slow to bring innovation to the market. This offers opportunities for challengers to fill the gap with innovative devices and user-friendly instruments to restore and preserve mobility.

Meet Spineart, founded in 2005 by two Frenchmen: Jérôme Levieux, a medical device engineer, and his marketing partner Stéphane Mugnier-Jacob. Their first headquarters was a humble 50 square meters office in Geneva. Later, to better understand the world’s most lucrative market, they moved with their families to the US for a number of years, developing products for and with US customers.

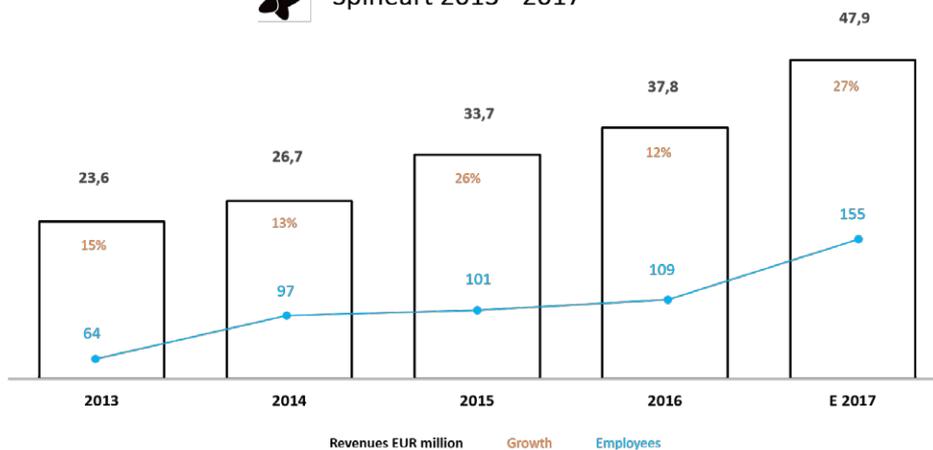
With EUR 16 million raised from more than 80 investors, by 2016 they created a full product line and made a name in a crowded market. **Their secret? Coming up with incremental innovations that make a difference. Standard enough to take the fast route through regulatory pathways but smart in design and with a high impact.** In addition to these devices, the company offers clever ideas to make the surgeon’s work easier – like individually packed-and-barcoded implants – as well as smart training, which customers greatly appreciate.



In 2016 the company's sales topped EUR 37 million, representing a revenue growth of more than 15% worldwide with over one-third in the crucial US market. Not bad for a young company still managed by its founding team. Yet success brought difficulties, for example significant tensions in the supply chain due to faster global sales traction than anticipated.



Spineart 2013 - 2017



Building the foundations for growth: structure, people & processes

To tackle the next growth stage, the two CEOs envisioned a number of financing options. Among others, they approached Gimv, which believed that Spineart had a lot of potential. In September 2016 Gimv took a substantial stake in Spineart (joint-investment by Gimv and the Gimv Health & Care Fund). This provided not only the capital needed for growth, but also hands-on engagement. The partnership is a perfect fit, and from day one the focus has been on structure, people and processes to secure the future ambitious growth plans.

- Governance became more structured, with six board meetings a year following a formal agenda.
- Gimv reinforced the board with independent experts, and assisted in recruiting and training new employees.

- A Gimv operating advisor helped the management team implement processes to better handle growth pains.
- Spineart moved to a new office.
- A packaging facility was set up and the main implant supplier was acquired. Controlling the entire production process provides more options to face the supply chain challenge.



「 *Gimv understood our market very quickly and has been continuously supporting us in the key process of structuring the company to overcome high growth challenges and prepare Spineart to reach its ambitious goals.*

Jérôme Levieux & Stéphane Mugnier-Jabob -
Co-founders and co-CEO's Spineart

How did Spineart get management aligned on a common vision?

There was another challenge. The design center in Geneva was nine time zones away from the US office in Irvine, California, being the largest market opportunity. On top of that there were different market and customer expectations. For example, American customers expect timely production of custom instruments and next day delivery. Thanks to their US experience the two founders were able to overcome these factors and make European colleagues understand the importance of the American market.

Meanwhile, there were serious discussions about the US leadership team's expectations, and about what Geneva could deliver. Their entrepreneurial mindset needed to evolve and adapt to a global business. During a two-day, US workshop with Gimv representatives, the US leadership and the CEOs, the vision was aligned and key priorities were set. Working together with leadership performance specialist Dr. Stephen G. Payne, **they established priorities in a one-page plan, aligning US and global strategy.**

These efforts have already born fruit, with multiple US/EU collaborations on product development, marketing and supply chain optimization. In 2016 Spineart's US revenue was USD 14 million. In 2017 it will finish close to USD 19 million.

Focus & discipline: the art of saying no

There's another key element to Spineart's success. Back in 2005 the founders mapped out a detailed growth plan. Their focus has been remarkably consistent even since.

The business had to avoid uncontrolled growth with too many new employees, customers and opportunities. The CEOs knew their company didn't have the resources and capital to enter every potential market, no matter how attractive. They've had to focus, and especially know what NOT to do. They identified a critical 30% growth threshold and stuck to it, managing the curve in a disciplined way.

┌┐ *By sticking to their one-page game plan and working hard to align everyone, Spineart has demonstrated exceptional focus and discipline scaling up on the growth curve.*

Bart Diels - Managing Partner - Head Health & Care

Entrepreneurial tips:

- To run a successful organization, you need to work on the foundations of a company: structure, people & processes.
- Ensure the management team – wherever located – is fully aligned.
- Establish a strong plan and follow it with focus and discipline. Make a “not to do” list to avoid going off track and wasting precious resources.

Would you like to know more about this partnership?

Don't hesitate to contact **Bart Diels**, Managing Partner in Gimv's Health & Care team, or one of the H&C colleagues.

HEALTH & CARE



The challenges facing the Health & Care sector are considerable: the ageing population, an increasing number of chronic diseases and better informed patients continue to push up the demand for and the cost of health care. This trend offers significant investment opportunities into pioneering biotechnology companies, innovative medical technology providers or leading businesses in the health care services space.

The Health & Care platform is therefore built around these three segments: Life Sciences, Medtech and Health & Care Services. In each of them, we will look for companies with innovative technologies or business models and which can grow their business significantly, either organically or through a buy-and build strategy.

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