

Lessons Learned Building Acclarent from Scratch and Why the Reimbursement Landscape Might be the Biggest Challenge for Medtech Startups: Interview with Bill Facteau, President and CEO of Earlens

Bill Facteau joined Earlens Corporation as Chairman, President, and CEO in November of 2013. Most recently, he was the Vice Chairman of ExploraMed as well as an Entrepreneur in Residence at New Enterprise Associates. Previously, Bill was at Johnson & Johnson from early 2010 through early 2012 as Worldwide President of their ENT Division. Facteau joined Johnson & Johnson via the \$800M dollar acquisition of Acclarent where he served as President, CEO, and a member of the Board of Directors since the company's formation in 2004.

Under Bill's leadership, the company went from concept to acquisition in 5 ½ years, raised over \$100M, created jobs for approximately 400 employees, grew revenues to \$100M and became profitable. Prior to joining Acclarent, Bill was the General Manager of the Endovascular Division at Abbott Vascular where he served as a member of the executive team and created the entry strategy for Abbott to participate in the peripheral vascular space.

He joined Abbott Laboratories via the \$683 million acquisition of Perclose, a vessel closure company, where he was Sales Director. From July 1993 to April 1998, Bill worked in a number of sales and sales management positions at United States Surgical Corporation, or otherwise known as US Surgical.

Here are some of the topics we'll cover in this interview with Bill:

- How Bill and his team celebrated after Acclarent was acquired by Johnson & Johnson.
- Bill's current role at Earlens, the technology they've developed, and how they intend to commercialize it.
- What brought Bill into the medical device space with U.S. Surgical back in the early 1990's.
- How Bill's medtech sales experience has impacted the rest of his career.
- What medtech entrepreneurs can learn from Bill's experience helping to build Acclarent from the ground floor.
- Why Bill didn't want to stay in venture capital after spending time at ExploraMed and NEA – post Acclarent acquisition.
- Mindshare and comfort zones: Bill's advice on how to experience personal growth as a leader in medtech.
- People, product, opportunity: what they mean to Bill as a medtech executive.
- His thoughts on the regulatory and reimbursement environments and why he loves the direct-to-patient approach they are taking at Earlens.

- Bill's favorite business book, the CEO he admires most, and what he would tell his 25-year old self.

Scott Nelson: Bill, welcome to the Medsider program. I appreciate you coming on.

Bill Facteau: Thanks Scott. I'm glad to be here.

Scott Nelson: Bill, take us back to that late 2009, early 2010 timeframe when Johnson & Johnson acquired Acclarent. That was a huge win for Acclarent—not only for its investors, but all of the Acclarent employees as well. Considering you spent six years there building that ship, do you remember how you celebrated with your team?

Bill Facteau: We've had a lot of celebrations through the years with the team, but this is one of the things that we probably didn't celebrate much until after it was all said and done. Many of us stayed on for a few years to make sure that the business was transitioned over, but there were a few off sites and certainly a couple of social gatherings. I think the beauty about Acclarent and the management team was that it really was a high-functioning team and we all got along very well. So there have been plenty of celebrations and closing dinners and other things over the years. It was a great experience.

Scott Nelson: I could imagine it was, especially considering the size of the acquisition and reliving some of those memories over the course of those five or six years. As present CEO of Earlens, can you provide an overview of the market that you are playing in as well as your particular device? And as a secondary question, would you give us an idea of where you are at with respect to clinical data, the regulatory pathways, and commercialization?

Bill Facteau: Earlens is a next generation hearing aid company and the prevalence of sensorineural hearing impairment is significant. In the United States it impacts close to 35 million Americans. That is a very large market that is grossly under penetrated. Only about one out of four or five people that could benefit from a hearing aid actually get one. The market has astonishingly favorable demographics and the two things that are the primary causes of sensorineural hearing impairment are age and noise exposure. Both of those are on the rise and will be for some time.

The statistics in the U.S. that stand out for me is that there are 10,000 people turning 65 every day, and will be for the next 15 years—so this market will continue to grow on its own because of demographics.

What we're trying to do is build a channel in ENT, and we've got a proprietary differentiated technology that addresses some of the limitations associated with the existing air conduction hearing aids. Instead of using a speaker, like they all do to amplify sound, we actually use light to transmit sound and energy.

If you think about a contact lens that sits on your eye, we've got a similar approach where we've got a contact lens that sits on the eardrum and we've got a laser that is housed into a custom ear tip and that shines onto the contact lens. There is a little photo detector on there with a micro actuator and it directly drives the ossicular chain. The benefit to that for patients is that we get a full bandwidth of sound, with a frequency range from a hundred to 10,000 hertz, which is more than two times what the existing hearing aids do. Then we are also able to give a significant amount of gain before feedback, because we essentially have a silent hearing aid by using light.

We are excited about the opportunity. The idea has been around for Rodney Perkins for some time. He has really been thinking about this for 25 years and we have recently completed a number of clinical studies and navigated through the FDA, receiving 510(k) clearance through the De Novo process about a year ago. Now we are in the process of commercial launch in the early 2017. So it's an exciting time for the company.

Scott Nelson: Right at the cusp of launching your device, that has got to be exciting for sure. With respect to your competitors, I know Cochlear is a large competitor, but are there other competitors as well in this space?

Bill Facteau: Actually it's kind of an adjacent space for Cochlear. They are really not a competitor at this point. They are focused on profound hearing and cochlear implants. So this would be potentially complimentary for them at some point and I think where we do have some nice overlaps is in the ENT channel. The market is dominated by six large hearing aid companies, five of which are in Europe; Sonova, GN ReSound, and Oticon are a few examples. Then there is one in the U.S., which is a private company out of Minnesota called Starkey.

In my 25 years of medtech, I've seen the usual suspects; Johnson & Johnson, Abbott, Boston Scientific, Medtronic. But companies are not participating today in the channel or in hearing impairment and I think primarily it's because the channel has turned them off in the past. The audiology channel is tough, and the big six are really focused on distribution through retail and now selling into Costco. We hope to bring more of a professional sale through the Audiologist and then ENT, versus the retail approach that has typically been done.

Scott Nelson: That's a good point. Let's rewind the clock back in time. You spent most of your career in medtech, dating back to the early 90's when you joined U.S. surgical. What brought you into the device space back in that timeframe?

[0:10:36.5] Bill Facteau: Essentially, I had been a year out of college and working at a long distance company called Allnet Communication and basically the business model there was to go out and cold call about 50 businesses a day. One day I had cold called a recruiter's office and in anticipation of maybe trying to sell them long distance, it turned out that I was actually being interviewed by a recruiter and she had said, "Hey listen, continue to do a good job. I'm going to keep your name on file and one day I might give you a call for some opportunities," and sure enough that happened.

She called and basically said that there was a job opportunity. It was in South Florida with U.S. Surgical in a division called Automated Instruments and said, “Hey, listen, it’s a long shot for you to get the job. They usually like people with three to five years’ experience, minimum, but I’m going to put your name in the hat and we’ll see what happens. It will at least be a good experience.”

Seven interviews later — the last one was over six hours — I finally landed the job after role playing with the VP of Sales, Gerry McNamara. Gerry was also VP of Sales over at Intuitive Surgical for many years and has done well there and so he gave me a shot in medtech and the rest is history. I joined U.S. Surgical in 1993 right around the time where the laparoscopic cholecystectomy boom was happening. It was a huge opportunity and really fun times of training physicians and doing more minimally invasive surgery.

Scott Nelson: That’s such a great story. I’m loosely familiar with Gerry McNamara, but I did not know that he was with U.S. Surgical back in that timeframe. So funny to think that he did your last round of interviews with him when he was VP of Sales. What a grinding process, right? I don’t know U.S. Surgical — now known as Covidien — still operates with that sort of aspect in regards to their interview process. But I can certainly appreciate that as I’ve been involved in a number of those types of interviews. Maybe not that lengthy, but those device interviews can be pretty intense.

Bill Facteau: Absolutely. U.S. Surgical cracked the code early on physician training and what it takes to roll out new technology and convert physicians to more minimally invasive surgery. But it was a very regimented, militaristic training process that certainly did start in interviewing. I somewhat equate it to boot camp; you go through it, but you never want to do it again. But it builds a good foundation, and I thought U.S. Surgical was a great company and I certainly learned a lot there.

Scott Nelson: You spent about five or six years with U.S. Surgical before you moved on to Perclose. Looking at your background, I noticed that was a solid six to eight years of field-based sales experience, not just as a rep, but as a manager and as a sales director as well. Considering your experience in the trenches with physicians on a day in, day out basis, how do you think that has helped you throughout your career, not only with Acclarent, but even now with what you're doing with Earlens?

Bill Facteau: I look back at my career and certainly it was one of the most rewarding experiences. I was learning a ton but I believe that carrying the bag gives you some instincts that I think is a competitive advantage as you get into a CEO position. You know what it takes to walk into an OR to talk to physicians, to understanding adoption cycle. From that perspective, I thought that it was great and it’s very useful when you start to commercialize companies. You get appreciation as to what it takes and the investments that are required there.

It also gets you in a better position to be able to really focus in on one of the real issues are and especially as you launch the technologies and companies, you are always going to have challenges. Some are real, some are perceived, some are more difficult to solve than others, but having carried the bag and have that kind of experience I think helps and aids through that process.

As I look back, the other piece that I feel is instrumental to who I've become as a CEO and board member is managing sales people. This is one of the most challenging jobs that I've ever had. You are always interviewing, especially if you're in a situation where you're fortunate enough to be in a company that's constantly growing. So you're hiring people, you've got high performing sales people that are very difficult to manage.

You're being judged basically on success every month. Every 30 days you know where you stand and so it's a tough job to continue to be creative and motivate, and manage up and manage down in the field. As a manager, you typically get called into the worst accounts or the most difficult situations and you've got to go try to solve problems with customers and you want to communicate back to the corporation as to what's happening out in the field.

So I personally think that that was one of the best jobs that equipped me with the skills to effectively be a CEO. I'll never forget when I came in house for the first time, I was just so used to sitting down and talking through issues. That was kind of unique at Abbot where people were sending emails right next to you or talking with engineers that are rarely comfortable getting our monthly review and one-on-one. Having all that experience in a sales organization I think has been incredibly helpful.

Scott Nelson: I couldn't agree with you more. Whether it's an early stage company or a company that is more mature, it seems like when I have a conversation with a leader of a company I can almost intuitively tell which leader spent time in a sales capacity or in the trenches because it seems like they have a better grasp of what's going to resonate with customers. They have a knack for what's really going to work from a commercialization standpoint and they have a good sense for how to navigate various layers of bureaucracy, which I'm sure you experienced at Abbott after they acquired Perclose. But I think it's just a great anecdote and great to hear your take on your sales experience and how that helped you along.

Let's fast forward to Acclarent. You were employee number four at Acclarent after Abbott acquired Perclose. You really built that ship from the ground up, raising money, obtaining regulatory approvals, achieving coverage and certain reimbursement milestones. Before we discuss the bigger challenges you face, can you share with us a little bit about what brought you to Acclarent when it was still that early, in the incubator?

Bill Facticeau: The introduction was actually made by Hank Plain, who has been a career mentor for me. I worked for Hank at Perclose and after he left, he went into a Foundry and started companies there and then eventually went into venture capital. Hank had always mentored me

and one day, when I was at Abbott as General Manager of Endovascular business, I received a call from him.

He really wasn't looking for a job and was completely happy and satisfied as to what we were trying to accomplish there. But when Hank calls, you pick up the phone. He had mentioned that he wanted me to meet Josh Makower, who was the CEO and founder of an incubator called Exploramed and thought that Josh had a pretty interesting idea and wanted to know if I'd be interested in meeting him. So that's how that started, and that was in 2004.

Scott Nelson: Got it, and you got to know Hank during your Perclose days, is that correct?

Bill Facteau: I did. He was CEO and took us all the way through the acquisition of Abbott.

Scott Nelson: Got it. I want to ask you a question about your experience in that transition from post-acquisition transition. Because you helped really build Abbott's endovascular business as we know it today and you did the same thing at Johnson & Johnson. Can you speak to that and those experiences? Perhaps talk to the transition at Johnson & Johnson or the transition at Abbott, what you experienced, and some of the things that you didn't expect and some of the lessons learned through those transitions, going from nimble startup to being acquired by a large strategic.

Bill Facteau: They really are completely different, at least as it pertains to myself and my own experiences. Prior to going to Abbott I was a Sales Manager and Director of Sales and was on that track. Abbott gave me a great opportunity and relocated me from Jacksonville, Florida to come in and head up marketing. Quite frankly I was probably tagged as one of the first to leave Abbott, but it turns out I was one of the last that was standing and stayed on for five years and really learned all the other aspects of medtech inside the four walls.

I felt like I had a really good understanding and growth on the sales side but coming in-house and heading up marketing and then transitioning into a general management role where we carved out an entry strategy for endovascular from the very beginning. It was just me and then I hired a couple of marketing folks, and ultimately we ended up doing some acquisitions and internal development. We acquired the assets to YOMed, we acquired a company called Innova where we brought an electronic surge protection device in and carotid stent. We ran some studies there and got some approvals to the PMA process and then also the 510(k) and really started commercialization.

But Abbott was a wonderful company and probably still is. Very fiscally responsible, been around for a while. They're quoted and cited in *Good to Great* by Jim Collins and I really learned a ton. I had some good mentors there with Chuck Foltz and Chip Hance and had some visibility to Rick Gonzalez, who was one of the most impressive executives that I had ever interacted with. So it was a great experience and it was really me learning and being put in different roles and I enjoyed that.

Johnson & Johnson was a bit different and I had always competed against Johnson & Johnson. But having been a CEO for five or six years and then being acquired and taking on a division and getting through one transition properly and making sure that Johnson & Johnson was happy and committed to stay there for a few years, it was different. It certainly was a great opportunity to get visibility to some good leaders over there like Gary Pruden and Bill Weldon, but also Alex Gorsky. It was good being on the management team at a higher level to kind of see how Johnson & Johnson works, the history, how important their people are, and develop those relationships. I still look back fondly on that.

Scott Nelson: When I first made the move from a field-based sales capacity into marketing, I remembered one of my mentor's advice was "get to know everyone, regardless of whether they're in a commercial setting or not." So people in all the way from sales ops to those who are running the ongoing clinical trials, to regulatory folks. I probably didn't appreciate it as much when he first gave me that advice, but looking back, it's definitely something I try to do. I wish I almost did more of it because it sounds like, by your experiences, especially going from Perclose to Abbott when you first went internal, the fact that you got to know so many people in so many different roles probably really took what would be maybe a longer ramp in terms of learning and really shortened that up quite a bit.

Bill Facteau: Absolutely.

Scott Nelson: Before we move on from Acclarent, when you think about all of those different accomplishments, for other medtech entrepreneurs who are looking at your experiences there, is there something that's really memorable or something that you really learned a lot from? Whether it was the clinical trial aspect or the reimbursement arena, you look back on that time and think, "That was a great lesson learned."

Bill Facteau: There are lots of lessons learned in my career and I'm not sure if I could point to any particular one that stands out. But what I would say, in general, is that what I've learned as a CEO is you need to gravitate to where you believe the biggest risk is in the company and I think good CEO's have a tendency to do that. Those may be areas that are completely out of your expertise or comfort zone and at Acclarent, that was really around reimbursement.

We never anticipated that it would be so hard to positively influence and change patient lives. The technology was wonderful and it was a no brainer to many of us. But the resistance for adoption and the fights with societies and academic positions that didn't want to change, the dogma associated with sinus surgery, and the reputation and the politics were completely under-appreciated. That translated into reimbursement challenges with private payers. So having to become an expert in reimbursement, you know, society politics wasn't on the job description at the time. But that's how good CEO's kind of gravitate.

Here at Earlens I think it's going to be the opposite. It's a technical beast, as I call it, and for the last three years we've been really hunkered down into making this product work technically. So I've had to stretch a ton on the technical side, which as a commercial guy, is not easy. So from

that perspective, you never know where these challenges are going to be. Do your best to try to anticipate them upfront and do your due diligence. But when these challenges and company killers arise, it just feels to me like my lessons learned are that you've got to give them 100% mindshare and come up to speed and associate yourself with the experts that can help you and make sure you are bringing up attention and focus on solving it.

Scott Nelson: So good. I am so glad you brought it up. There are really two things that you said that ring true for me. It's giving that issue, problem, or challenge a 100% of your mindshare, but also not being afraid to go there and to stretch yourself, and you going into a place that is outside of your comfort zone. It is such a good lesson learned there. So thanks for bringing that up.

Before Earlens, you spent about a year and a half at Exploramed and NEA. Can you provide a high level review of Exploramed for those who are not familiar with that incubator?

Bill Facteau: I spent a couple of years there, and really Josh Makower is the genius behind Exploramed. Josh is a brilliant man, a Renaissance man. He was the founder of Acclarent and really the brainchild behind the idea of using balloons in the sinuses and bringing other cardiology-type technologies into ENT. Then after we sold Acclarent to Johnson & Johnson and I was there for a few years, Josh and I aspired to try to work together again.

So I joined him over at Exploramed for a few years. With all that was going on in FDA and some of the uncertainty around reimbursement, I think Josh and I felt that until it all works out, maybe we could focus on doing some consumer companies where we could still have a medical bent and help patient and consumers, but less issues that would be outside of our control around reimbursement and regulatory.

So we did that. We started a few companies there, which are out and doing well and then simultaneously NEA was a great partner at Acclarent. John Nehra and Ryan Drant were great and they did really well at Acclarent, owning about 50% of the company. They really doubled down and were incredibly supportive. I got to know NEA during that process and Ryan Drant in particular really reached out with Josh's support and John Nehra, they asked if I would join them as an Entrepreneur in Residence to help them look at some deals and maybe sit on some boards that NEA had invested in.

I did that for a few years and it was good to look under the hood and see how the sausage is made over in the VC world. It was an interesting and great experience that allowed me to grow in other areas, get some visibility and come to the realization, at least from my perspective, that what I really enjoyed doing is running and building companies. There were some great things about venture capital and early stage company development like in the incubator, but I am more wired to really build companies, attract management teams, solve problems, and grow businesses. That's what led me back to then making the decision to run Earlens.

Scott Nelson: Makes sense. You answered the question that I was going to ask. It sounds like, to your point, you are a bit more wired and more biased toward the operation side of building and running companies. So I certainly can appreciate that.

As we move onto Earlens, I'm going to read a quote here from Mike Russi. Obviously you know Mike, a well-known medtech venture capitalist. But this is a quote that I think he made when he first joined Earlens, or shortly thereafter. He said:

"Bringing on Bill was a game changer for us and paved the way for the company to do a full series B."

I thought that quote was interesting. For someone who is well-known in the medtech space, why do you think Mike would make that kind of a comment?

Bill Facticeau: Mike obviously is a great guy and a successful VC and one of the great things still left in our industry. He's been persistent in raising money in a very difficult environment, and works hard. I appreciate his comments and I am humbled by it, but I'm sure Mike and I probably have a similar philosophy on how these companies in medtech work and what makes them successful.

From my perspective, it's always been people, product, and opportunity—and really in that order. I've seen some great ideas never really pan out because of bad execution. Some average ideas turned into phenomenal successes because of the people. So my guess is that Mike's been around the block long enough to appreciate that as well. I didn't know he'd made that comment but I appreciate it. I have a lot of respect for Mike and hearing that, I'm humbled to hear that from him.

Scott Nelson: Let's transition now to talking specifically about Earlens. You already provided an overview of the market and your specific device, but I know you mentioned direct channels where the other six competitors are very focused on the direct to patient play. You are bringing a little bit of a different element where you are trying to blend both worlds; the direct to patient play, as well as bringing in that professional component working through audiologists. So can you explain that a little bit more in detail? What excites you about the direct to patient aspect, but also, how do you envision blending both of those worlds together?

Bill Facticeau: The thing that excites me, and I cannot believe we're heading more and more in this direction, is how it is going to be consumer-based decisions. I believe the biggest thing, and I have said this now for probably 10 years, is that I think the biggest threat to medtech is insurance companies and reimbursement. It's something that we as an industry and leaders have to take a united approach to try to help. I don't think it's CMS as much as it is to private payers. I mean at least there is a process and more accountability and visibility on the CMS side.

We don't have that option on the private payer side and the BlueCross's and BlueShield's of the world. They just want to say "no," and part of the business model is profitability through

attrition and they know that if they say “no” long enough, there’s going to be percentage that aren’t going to make it. So I think that that’s going to have to change. I hope it will.

But in the short term, having a focus in an area where consumers can make the call will be key. It used to be a medtech, when I first came in, that if you’ve got a good product and you’re going to help patients, it would be successful. It may take longer, but at the end of the day, the system would support it and that’s just not the case anymore and that’s the sad part about our industry. So having the ability to directly discuss these things with consumers and putting them in a position where they are the decision makers is exciting to me.

Unfortunately, all the things that we pay for in the United States of America, we do not reimburse for hearing aids. So this is a \$6 billion global business of which about 40% is in the US but it’s all out of pocket, and depending on where you’re at, it could be a good thing or a bad thing. I look at it at this point as if I was a consumer, I’d want to be able to get some relief and be reimbursed. As the CEO of a hearing aid company, having to try to figure out how to get reimbursement through Medicare at this stage for hearing aids, that is daunting.

So I lean towards direct to consumer. Maybe we can pursue other ways to get patients reimbursed, like tax credits. I have done some work with industry lobbyist and up on the hill to try to explain the benefits and how important treating hearing impairment is, and if Medicare is not willing to reimburse. Perhaps we can work through getting a tax credit for patients that need it. But I just think that there are going to be more and more consumer decisions in the future and that’s what we will evolve to. So being there today, I feel like, at least for me personally, that that’s a good place to be.

Scott Nelson: Yeah, I couldn’t agree with you more in the sense that the reimbursement pathway is so difficult and challenging. It seems for a long time, most folks in medtech lament and complain about the FDA and the slower regulatory pathway. But it seems like you need more FDA. Jeff Shuren has done a nice job over the last handful of years. But now, when it comes to commercializing a lot of these devices, the reimbursement pathways is really the biggest challenge. So interesting to get your take on that considering you spent most of your career in the traditional medical device space.

Bill Facteau: I echo your thoughts. I think Jeff Shuren has done a wonderful job. It’s not always been easy, I’m sure, but I think he has balanced the risk and the time to market and has introduced a heck of a lot more predictability in the FDA and I give him credit. I remember meeting with Jeff in 2010 and he, to his credit, did a lot of town hall meetings — informal and formal — to get feedback, and he has done a great job.

That is a tough job to be in because you get criticized from all different sides, but I think for those of us that are deep into understanding medtech and the regulatory path, I think it’s hard to say anything negative about Jeff Shuren because of the contributions that he’s made to our space. So I think that’s a great thing. Now, it’s become harder to do that on the reimbursement side. Again at CMS, you could have a similar kind of impact an individual could. But I don’t see

how we can leverage and have an audience really with the private payers and that is just a tough one.

Scott Nelson: Yes, no doubt. So I want to jump to your technology, Earlens, which is pretty disruptive, pretty differentiated especially versus the other six competitors that you have called out earlier in our conversation. But I want to get your understanding of how do you approach this? First and foremost, you've got to educate consumers about a product that is truly different and does stand out. But at the same time you can't alienate the practitioner audience, the audiologists. So how are you approaching that challenge?

Bill Facteau: First and foremost, we're going to go slow. In Acclarent, we had to go as fast as we could because it was really about survival and the societies and payers. So we trained a lot of physicians because we knew once they were trained and they used it, they'd become passionate about it and want to fight for it. Here, because it's a consumer product, we need to move slow and we've got to make sure we do it right.

We've got to get the positioning right, we've got to get the pricing right and set expectations. The last thing we want is buyer's remorse, and so right now we're all about protecting the brand. At times, this comes at the expense of taking it a little slower and trying to get the product where it needs to be.

The other decision, as you said, is that we made a conscious decision that we don't want to alienate anyone and the audiologist is a great profession. It's under a lot of change and scrutiny because of some of the dynamics that are happening in the channel right now, and so we want to partner with them. But we also want to make sure that we're focused on ENT as well. We have done a lot of market research suggesting that an ENT and an audiologist paired together is very appealing to the consumer that suffers from hearing loss and hearing impairment.

So we train together as a team, the audiologist and the ENT, and we have the same talk tracks to make sure there's appeal for both of them and then they can work together and that there's a great business and a great opportunity ahead of them collectively, as a partnership or a team, versus them competing against each other, if you will. So that's been a big focus of our strategy at this point.

Scott Nelson: As I hear you explain that, this might be a little bit of a stretch when it comes to analogies. But just how Edwards has a lot of success fostering that environment where the interventional cardiologist has to shake hands with the cardiothoracic surgeon in the heart valve space, it sounds like maybe you're doing something somewhat similar with audiologists and ENT docs to help commercialize your technology.

Bill Facteau: That's right.

Scott Nelson: Before we wrap up here, what's the next for Earlens? I know you mentioned that you're going to commercialize in 2017 which you're looking forward to but anything else that you want to share with what's next for the company?

Bill Facteau: Well we're now transitioning into a commercial stage company, which is exciting. We've retired a lot of risk; the technical risk, the clinical, the regulatory risk. Now, we need to focus on commercial and that's an exciting time for the company and the 125 employees that we have and so we're excited. It's not going to be easy, the big six are already established and there are reasons why they are called the big six. There are lots of barriers to entry, but that's why we get up in the morning. So I'm looking forward to the next phase of Earlens, which will be commercialization and really helping a lot of patients. We're excited to be where we are.

Scott Nelson: Yeah, I certainly wish you nothing but the best. It would be fun to watch you guys progress. I always had a natural interest in those more traditional medtech companies that had a very direct to consumer, direct to patient aspect to them. So it would be fun to watch you guys work.

Let's end our conversation here with the last three rapid fire questions. They are rapid fire from a question standpoint. Don't necessarily have to be rapid fire from an answer standpoint. What's your favorite business book?

Bill Facteau: I've read a lot of business books. I am pretty one dimensional from that perspective. A lot of my leadership is based off of *The Five Dysfunctions of a Team* and so if I have to pick that, or *The Oz Principle*, which is really is around accountability and those are probably my go-to books.

Scott Nelson: Is there a CEO that you're following or maybe one that's inspired you in the past?

Bill Facteau: Oh yes, many. I think there was a big gap in medtech leadership a few years ago and I think people like Alex Gorsky and Mike Mahoney over at Boston Scientific, I know those guys and I'm glad that they've taken on the role and I think that that is a great thing for medtech. Mike and these guys have done a really good job. I feel good about our industry that at the larger companies we finally have some leadership there and I kind of watch those.

I have a lot of respect for Tom Prescott and, as a person, an individual, I sought him out as a mentor when we decided to file to go public at Acclarent, and he was running Align Technologies and he had been there for 13 years and took that company from a \$200 million dollar market capital of over five billion, I think it's close to maybe six or seven billion today.

I was actively pursuing Tom to join Earlens's as chairman to replace me, upgrade me as chairman and have him join. I was fortunate enough to convince him to come over a year ago after he retired but I have a lot of respect for Tom and what he's been able to accomplish. I think there's a lot of similarities here at Earlens. So if I had to point to one CEO who is now retiring that I talk to closely, it's going to be Tom.

Scott Nelson: That's great. It would be fun to have Tom on the program and on that note, I'm glad you mentioned Mike Mahoney too, I know quite a few people over it at Boston Scientific as you probably do as well and even quite a bit lower in the food chain, if you will. Most of the people I know have very positive thing to say about what he's done. You can see that's reflecting in their stock price as well.

Last question Bill; if you had the opportunity to turn back time, rewind the clock all the way back where you were at the age of 25, what would you tell yourself then?

Bill Facteau: I think, "Enjoy the journey," right? You can't get too serious about this stuff. The big picture, life's going to throw you curve balls and I think one of the biggest attributes you can have is to be even keeled in life and put things in perspective.

Scott Nelson: That's good stuff, something certainly I can appreciate as well with four kids and sometimes I'm giving them advice. Only it's really just helpful advice for myself.

Bill Facteau: As a parent of five, I can appreciate that part of it as well so you're right.

Scott Nelson: Yeah, no doubt. I'm sure you had times with the family where it seems like it's chaos. But I've got to tell myself, "Enjoy the journey."

Bill, I can't thank you enough for doing this, jumping on the program and spending an hour with me.

Bill Facteau: My pleasure and I appreciate it and you know, I wish you all the best and thanks for reaching out Scott.