

# Psilos enters hot VC arena

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**Psilos Group**, the latest venture capital fund to get money from the New Mexico State Investment Council, is a national VC powerhouse that investors say will capitalize biotechnology and health care companies.

"Psilos is a national firm with a very high-profile reputation," says Brian Birk, former vice president and regional director for Fort Washington Capital Partners. "If you talked to the CEOs of the top 50 life sciences companies nationwide, every one of them would either know, or have heard of Psilos's managing general partner, Albert Waxman."

The SIC approved a \$15 million investment in Psilos in May under the New Mexico Private Equity Investment Program, which allows the state to invest in VC firms that maintain a local presence and that make investments in New Mexico companies, says SIC spokesman Charles Wollmann.

Formed in 1998, Psilos has more than \$275 million currently under management in more than 30 companies nationwide. The firm has offices in San Francisco and New York, and specializes in new medical device makers and in companies that improve the quality of health care while lowering costs, says Waxman, who last year moved to Santa Fe from Aspen, Colo.

"Our investment strategy focuses on new technology and innovation to address burgeoning health care costs," Waxman says.

Psilos will explore investment opportunities at the national labs and universities throughout the Southwest.

"We're diversifying geographically into the inter-mountain region," Waxman says. "There's a lot of healthcare science emerging from labs and universities in New Mexico, Utah, Colorado and Arizona."

Unlike most of the VC firms in New Mexico, which focus on seed capital and early-stage funding, Psilos focuses on mid- to later-stage financing for companies with proven technology and innovative services, he explains. Its recent investment in VeraLight here is an example of that strategy.

"There [are] a number of firms here helping at the earliest stages, but few investing past the seed round," Waxman says. "We see tremendous opportunities in that area."

Initially, Psilos typically invests between \$2 million and \$6 million in companies, with an expectation of providing between \$8 million and \$15 million over the life of an investment.

Psilos is now raising its third investment fund of \$250 million. It will make investments in 15 to 20 mid- to later-stage companies. Two or more of those will be New Mexico-based businesses, most likely involving larger capitalizations than are typical for the state, since Psilos is a notably larger fund than most firms operating here, says Birk, who did much of the due diligence on Psilos for the SIC. As a recipient of the state's \$15 million investment, Psilos is required to invest at least that same amount in New Mexico companies, Birk says.

