

## EP.76 - Chris Mathia and Keith Molzer FINAL

**Narrator:** You're listening to *BioTalk* with Rich Bendis, the only podcast focused on the BioHealth Capital Region. Each episode, we'll talk to leaders in the industry to break down the biggest topics happening today in BioHealth.

**Rich Bendis:** Hi, this is Rich Bendis, your host for *BioTalk*. And we have a special holiday *BioTalk* to you, and we're broadcasting from Kansas City, where I came home for the holidays. And we'll be here for a while, and maybe wait until I get my shot before I enter back into the BioHealth Capital Region. But hopefully, that's going to be sooner than later. But I have a couple special guests today. One is a client company of BioHealth Innovation, and that's Chris Mathia, who's the CEO of Innara Health. Hi, Chris.

**Chris Mathia:** Hi, Rich.

**Rich Bendis:** How are you doing?

**Chris Mathia:** I'm doing great.

**Rich Bendis:** The other is an old friend of mine. He's a young, old friend.

**Keith Molzer:** Thank you.

**Rich Bendis:** We've known each other, he said, 27 years.

0:01:00 Might be a little bit longer. But we got involved, and we'll hear about this history in our interview later, when I was running Kansas Technology Enterprise Corporation, and Keith Molzer, who is now the General Partner for Flyover Capital, a venture capital fund located in Kansas City here. So, Keith, how are you?

**Keith Molzer:** I am wonderful for a Tuesday. So, glad to join you today.

**Rich Bendis:** Welcome to *BioTalk*. So, this is going to be fun, guys, because we'll talk a little bit about how we got together, how we met each other, a little bit of past history, and then we're going to talk, more importantly, about the future for all of us. And we want Chris Mathia, who's the CEO of Innara Health, to be very successful since we're a partner with Chris and his venture. So, I think we'll start, for our listeners, by having everybody introduce themselves. Everybody knows me. But we're going to go with

Chris, and Chris is going to give us a brief introduction to his life. So, Chris, take it away.

**Chris Mathia:** Fantastic. Thanks, Rich.

0:02:00 I've enjoyed *BioTalk* for a while now. I'm really thrilled to be here. And while I think the majority of the population would look at you as an incredibly dashing man, tell me somebody has said, "You absolutely have a voice for radio." I mean, I don't mean that in any disrespect, but your voice is dynamite.

**Rich Bendis:** Better than a face for TV. I understand.

**Chris Mathia:** Well, Rich, I'm a native of Kansas City. I'm a University of Kansas grad. And I think we'd both agree that the 2020 NCAA basketball championship should've probably automatically been awarded to our alma mater.

**Rich Bendis:** I agree with you 100%.

**Chris Mathia:** But I began my career in healthcare about 20 years ago selling surgical instruments in the OR before transitioning to another local Kansas City company, Cerner Corporation. Cerner was great. It gave me incredible exposure and really helped lay a foundation for a career in healthcare. But it wasn't until I moved to Perceptive Software, now known as Hyland Software, that I began to understand the nuances and the complexities by which hospitals operate.

0:03:01 Hyland Software provides content management for the majority of hospitals in the US integrated with their EMR or their ERP solutions. Side note, if you've ever been to [00:03:10 Himms?], Hyland has the boot that looks like an actual bar.

So, in late 2017, after the Hyland acquisition of Perceptive Software, I transitioned to Innara Health to run sales, and in May of 2019, I took over as Innara's CEO. We're hoping that someday soon, we can finish that sentence with, "The rest is history." So, happy to be here today, and look forward to the conversation.

**Rich Bendis:** Great. Thanks for that intro. We'll introduce everybody to what the company does later, after we get to meet Mr. Molzer. Mr. Keith Molzer, who is the General Partner for Flyover Capital. Keith?

**Keith Molzer:** Like you said before, it's great to be a part of this. I remember doing these live with you 20 years ago in many different locations in Kansas City, and typically they were at bars. And it was a much better setting when we did the old Tech Talks in Kansas City.

0:04:00 No, I'm Keith Molzer, I'm one of the founding partners of Flyover Capital. Were an early-stage venture capital fund in Kansas City. I'm not a native of Kansas, I'm actually a native of Nebraska, but I've lived in Kansas for the past kind of 30-plus years. But been an entrepreneur basically for the last 35-plus years, and had an opportunity to really get involved in the technology, economic development communities, the early-stage investing, angel investing, and have been fortunate to also do a number of startups that have turned out fairly successful for myself. I was doing some numbers this morning, trying to figure out when we exactly met, Rich. I think it was 1993. So just a shade over 27 years ago, when I was doing some work at an incubator in Kansas City. It was the Center for Business Innovation, which you sat on the board of. And it's been funny because I think you've been my mentor ever since. I think I started doing some work for K-Tech back in probably '95, '96. And I even remember your son working for me for summers and interned at CBI.

[00:05:02] So, we go way, way, way back. And it's just been a pleasure to know you and learn from you all these years. I even remember the time you tried to get me to move to Philadelphia when you went to Philadelphia. I think that was in 2001.

**Rich Bendis:** 2002, yeah.

**Keith Molzer:** From you, I've always had a passion for entrepreneurship, and helping entrepreneurs, and being an entrepreneur myself. And I've been lucky it's gone full circle for me from doing startups, raising money, to now actually being on the other side of the table and actually being able to invest in some of the new great technology success stories in the Midwest region. So, lots of fun, lots of learning. And I've got a lot of scars on my back, which hopefully, I've passed on to Chris and his venture so he doesn't have to get as many scars as I've got.

**Rich Bendis:** You skipped a little bit of history. I'm going to go back before we get into Innara's introduction with Chris. But actually, one of your biggest success

stories was, you used to manage some of the portfolio companies that K-Tech invested in.

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And at the end of the day, you ended up acquiring one of those portfolio companies. And talk a little bit about that, Keith, because that's an interesting story for our listeners.

**Keith Molzer:**

It was funny, when K-Tech first started, they had a great program called the ARMF, the Applied Research Matching Fund. And it did some early-stage, non-equity investments, basically grants in tech companies just in Kansas. And I think after I started working with you, we kind of changed that program a little bit, and turned it into more of a little bit of an equity program and royalty, and really helped with that whole K-Tech organization, changing that program. And it seeded hundreds and hundreds of companies. And we've actually had a lot of success stories come out of those K-Tech ARMFs. From about 2004, I had an opportunity, I was still doing a little bit of work for K-Tech even in 2004, but saw one of their portfolio companies that wasn't quite making it work where it should in the marketplace, so I acquired that technology, and put together an investment group, and built that company. It was called Balance Innovations.

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I started with four people in 2004, kind of grew it to about 100 people. But we managed many of the largest retailers in the country, all their cash office management solutions. We were fortunate enough, about two years ago, I think it was, we sold that company to Brink's. And I was fortunate enough to have Rich be one of my angel investors in that deal. And it was a lot of fun growing it from nothing to where it ended up being at the end of the day. So, a lot of fun learning [0:07:27].

**Rich Bendis:**

Congratulations on that success. And that really enabled you to get into the venture capital business, which is something that you've been doing formally and informally for many years. And then lastly, and then we'll transition to Chris in a second, but we annually do a Christmas dinner where we get together, and last Christmas, and even a little bit before that, you had talked about one of your portfolio companies, Innara Health, and you said it would be beneficial for BHI and Bendis to meet Chris Mathia, the CEO of Innara Health, because you don't have that many life science companies in the Flyover Portfolio.

0:08:03                   And it would be great for him to get exposed to people who are doing that business every year. So, we had our traditional Bristol dinner, and I got a chance to meet Chris formally there, and the rest is history, right?

**Keith Molzer:**           It is. I think part of my role, and Flyover's role as venture capitalists, is we tend to invest in things we know. And more importantly, we make sure we try to make the introductions to those entities that can help our portfolio companies. And you're exactly right. You know, the Kansas City region's not big into the device part of the medical industry, but have a great leader or great CEO. So, I think Flyover prides itself in making introductions throughout the country. We typically only invest in the Midwest, but there's great partnerships on the east and west coast, and when companies get to that right size and have that right critical mass, it's great to partner with your organization especially. Especially in this case. This company kind of has a little soft place in my heart because it actually saves babies' lives.

0:09:02                   So, I think there's been a great partnership between your organization, Chris, and even Flyover Capital, trying to figure out how we position this company to grow and flourish over the next 10, 20, 30 years.

**Rich Bendis:**           Great. That's a great segue for us to get to Chris finally, after we get done reminiscing here, Chris. So, Chris, why don't you introduce the listeners to Innara, what it does, how you got involved, and sort of where we are today?

**Chris Mathia:**           Innara Health is focused on beating development for babies, infants born prematurely. In 2019, the pre-term birthrate rose to its highest levels since 2008, 10.23%. The prematurity issue is not going away. So, babies that are born prematurely, they're basically born before their internal systems are ready for life outside moms' bellies. And as these kiddos fight to overcome such tremendous odds, they must meet certain criteria in order to be discharged from the NICUs. So, not only do they have these complex issues, but the American Academy of Pediatrics identifies set issues that they have to meet before they can be discharged from the NICU.

0:10:04                   For instance, they to demonstrate cardiac and respiratory stability, and they have to maintain their body temp. Obviously, they've gotta be free from infection. And the lesser known of those four is they have to

demonstrate oral feeding sufficient to support growth. So, pre-term infants rely on feeding tubes inserted through their nose or their mouth to safely deliver nutrition. They'll remain on feeding tubes until they can demonstrate the coordination of their sucking, swallowing, and breathing patterns, which is necessary for the safe transition to breast or bottle. So, I think we've all had something go down the wrong tube at one point in our lives. And for adults, our lungs are strong enough we can cough our way out of it. But for preemies, this is incredibly dangerous. It's painful, and not to mention, it's scary. And given the importance of managing external stimulation for their growing brains, well, you can imagine the impact that an experience of choking and not being able to cough your way out of it, how that can influence not just the inability to transition to breast or bottle, not wanting to eat, but also contribute to long term feeding difficulties, disorders, or even delayed development.

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For preemies, not only is the coordination of their sucking, swallowing, and breathing the most complex skill they must learn, up to 70% of infants are going to struggle with it. And the inability to transition has a tremendous impact on their length of stay. It increases their exposure, they have missed opportunities for development, and even compromised margins for the hospital. That's exactly why the NTrainer was developed. Innara Health's NTrainer is the only FDA-cleared medical device clinically proven to improve feeding outcomes for infants born prematurely. In late 2019, a study was published, multi-center study, 210 patients. The 109 patients that received the NTrainer therapy advanced to oral feeding four days sooner and experienced a reduction in length of stay by six days. Pre-terms can sometimes naturally develop that oral coordination to advance to breast or bottle, but when they can't, we've got 27 hospitals in the United States that use the NTrainer to help give those little kiddos that push so that they can manage that transition to breast or bottle.

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**Rich Bendis:**

Thank you for that intro. And I think one of the things you skipped over, and we'll get back to interplay between you and Keith, is that the company and the technology have been around for a while. But it seemed to be just languishing and needed an injection of money as well as new talent. So that's where venture capitalists and an angel investor gets involved. And so, Keith, talk a little bit about that, and then how you

went out and found someone else to come in to run this, which ended up being Chris.

**Keith Molzer:**

Flyover's been involved with Innara for a number of years. We typically don't invest in healthcare, but this is one that we kind of had a soft spot in the heart for. It actually is technology that came out of the University of Kansas, so it was locally grown. And I think any company that's in this space, there's spits and spurts, and it's a longer road to a path to commercialization.

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And what we saw is it kind of got over a hump back in 2019, and really needed a sales person to lead the charge. The product had been developed, it was in market, and it's really going back to the market and finding out, "OK, what can make it better, and how can we impact more lives?" And it was just a perfect synergy with Chris's background. He was already doing some sales for Innara, but really understanding that we needed that type of leadership to come and really change direction and how you build the product, how you sell the product, and how it impacts the neonatal intensive care unit. So we got lucky. It's like what Gretzky always says. You get lucky because you just gotta keep shooting at the goal. Eventually, it'll go in. We got really lucky finding Chris, but it's been a great partnership. And I think going forward, it needs the proper funding and right partnership to really take this company to the next level. And I think the partnership we have with the organization has done this company wonders. You have connections and a different type of staff than Flyover Capital has.

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We're technologists, and we're operators, and we're software guys. And really, getting your team's input from the healthcare side has been invaluable to our organization, and really put them at a great position for 2021 and beyond.

**Rich Bendis:**

That's a good intro because the way we got really involved, and we're going to let Chris talk about this, is we have something called EIR dates. And we let entrepreneurs from our region, around the country, or internationally, get exposed to our entrepreneurs-in-residence, of which we have eight now, and a team of analysts, of which we have three, and they get an hour to pitch their companies to BioHealth Innovation for us to evaluate whether or not we think we can help them as well as potentially develop a client relationship. So formally, that's sort of how

we got involved with Chris. And, Chris, I'll let you talk from there about how we had that introduction, and then all of the things that sort of BHI has tried to do to assist you in the growth and continuing to move Innara forward.

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**Chris Mathia:**

Timing's everything. And when I found out about Keith's relationship with you, I did some quick research, found out that we were connected through my old college roommate, and then started to do some research on BHI and recognized pretty quickly that this is somewhat of a catalyst that, one, we just don't have it here in the Midwest, and the access and the exposure that we could receive by working with BHI is unmatched. And I remember that first dinner. Let's be honest here. I didn't get to eat the first dinner. I had a glass of wine, and I exited stage right because I knew that you guys had a lot of catching up to do. But at that time--again, timing's everything--I was connected to Dr. Eskandanian from Children's National. And when I had mentioned her name as well as a number of other folks' names, you were the first one to say, "Well, she's my best friend. She's a really good friend of mine." And I was going to be in DC for a pre-COVID trade show, and you were able to arrange a meeting where I was able to go over and sit down with Dr. Eskandanian at Children's National, Chief Innovations Officer, also Managing Director for the National Capital Consortium for Pediatric Device Innovation, one of the five pediatric consortia across the country, I had an opportunity to tell her our story, and it resonated.

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At the NCC-PDI, they have an NTrainer today, and that group has been instrumental in helping me navigate the reimbursement landscape. So, going all the way back to that dinner, Rich, that was monumental. Not only was I able to get introduced to folks at Children's National. But perhaps maybe the biggest catalyst that our organization has seen has been the introduction of Dr. Ethel Rubin, one of your EIRs. She was incredibly resistant to joining our board at first because I think you got her working 80 hours a week, but she understands the story, she understands the mission, and her participation, her influence into the board has been absolutely dynamite.

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Second to that, she started the process of an SBIR grant application. Well, I don't know that I could get my way out of a wet paper bag in applying



for an SBIR grant application, which is where your group, with [00:17:18 Ashwin?] and [00:17:19 Reni?] came in, full support with our SBIR application. So based on that dinner a year ago, we have made some significant ground. And without the introduction to BHI, it's hard telling how much progress we would've made. Now, we've done a lot of elbow grease, and we would've made some, but the partnership with BHI has been absolutely instrumental.

**Rich Bendis:**

I think that you mentioned some key names there. Kolaleh Eskandanian, as you mentioned, Chief Innovation Officer at Children's National Hospital in Washington DC and has been a very strong partner. We work with them on commercializing efforts for technologies that their doctors and researchers there at the hospital do.

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And so she's been a fantastic partner. And again, 100% supportive of what you're doing at Innara. And then you mentioned Ethel Rubin. She is, of course, an entrepreneur-in-residence at the National Institute of Health. I don't keep her that busy. They keep her very busy. [laughs] Very much so. And then she has the opportunity to interact with other companies that BHI works with. But her primary responsibility is working with companies that are SBIR-funded or potential SBIR companies around the United States from all of the 27 different institutes that NIH is involved with. And then again, you mentioned [00:18:41 Reni Peck?] and [00:18:41 Ashwin Pecarny?], who work with companies just like yourself, assisting them in their commercialization efforts, as well as in putting professional proposals together that can be submitted to the NIH or other federal agencies, NSF, DOD, or even the DARPA, DOD, BARDA, or other organizations.

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So, you really got the A-team, Chris. So, you are very lucky that the BHI A-team, as well as some of our partners on the A-team, are now directly associated with Innara, and the last thing that you got exposed to was, we have an annual competition for entrepreneurial companies to present in front of people like JP Morgan, and Wilson Sonsini, and JLABS with JNJ. And you were one of the five finalists this year at our investment forum, and had a chance to get exposed with Innara in front of these people. You did come in second place, which is very good. I know first is better, but congratulations on that. And also, congratulations on taking advantage of all the other resources around you. I guess the key is you

can get exposed to the resources, but if you don't utilize them effectively, nothing's going to happen. So, you've proven to be an effective manager in actually accessing this new team around you and trying to utilize them to the best advantage of Innara.

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**Chris Mathia:** I'll talk a little bit about the crab trap competition, but when you put Kolaleh and Ethel in the same room, giving guidance, one of their comments was, "You got to apply for the MedTech Innovator NCC-PDI competition," which, if I'm not mistaken, there were probably over 300 pediatric companies that applied. 30 got to pitch, and then ten got invited into the MedTech Innovator NCC-PDI accelerator. And luckily, Innara was one of those. And then furthermore, with Ethel's coaching, we were one of the five awardees of the \$50,000 grant from NCC-PDI, Children's National, as well as the FDA. So, that's exposure that we just simply wouldn't have had. And I think I pitched to I can't tell you how many people from MedTech Innovator, but it wasn't nearly as harrowing as knowing—

**Rich Bendis:** Intimidating.

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**Chris Mathia:** —intimidating, yeah, as knowing that I was going to be pitching to a group of DC-based investors all tied to BHI. And probably the only company ever out of the state of Kansas to present from a crab trap perspective. So, the coaching that I received going through that, truly, Rich, supports me today with all the conversations that we're having to move Innara to the next level.

**Rich Bendis:** So, it's great to talk about how you've evolved to where you are now, but it's more important about where you're going. So, it was Gretzky who said, "You've got to go to where the puck's going to be, not where the puck is."

**Chris Mathia:** He almost got it.

**Rich Bendis:** He almost got it.

**Keith Molzer:** And you miss 100% of the shots you don't shoot. There it is, there it is.

**Rich Bendis:** There it is.

**Keith Molzer:** You know what's funny, real quick, Rich, is we talk about—I've been an angel investor for a number of years, and obviously venture capitalist now. But entrepreneurs, and you've been through this, too, they think money solves all problems. "If I just had enough money, I could do X, and I could do X." The cash really is just more of an enabler. And I look at it as, it's all about cash and connections.

0:22:03 Connections are more valuable a lot of times than the cash. When we're making the investments in Flyover, we try to look at, "The day after we write a check and invest in this company, what connection can we make to now leverage that cash?" Because you could spend all the money in the world, and if you don't have the right partners, you're never going to get ahead of the game. So, I think that's something you've taught me for the last 30 years, too. It's like, "How do you bring the right people in at the right time?" And as Chris says, "Timing is everything." But you've kind of got to marry those two. And I think Chris has done a really good job of understanding that. I think you make a great point, and we go back 30 years in the technology, economic development era is, we put all these programs together that can help people, but if you don't go use them, you're not getting anything out of them. Chris has done a phenomenal job of managing that process. 'Cause there's a process. And the squeaky wheel gets oiled. But you've got to be your own advocate at all times, and that's what I really appreciate about Chris's leadership at Innara the last year is he's done a good job of understanding that.

0:23:04 When he hits a roadblock, he asks. He doesn't keep banging his head against the wall. It's like, "OK, who can help me get through this?" And those are the type of entrepreneurs and leaders in startups that Flyover really likes investing in.

**Rich Bendis:** I guess we're going to keep puffing up his chest a little bit. But one of the things that we like about working with Innara and Chris is that when you coach or get constructive criticism, he listens well, and then comes back and implements most of the things that he was constructed on trying to improve, whether it's the presentation, the partnership arrangements, the proposals, or whatever it may be. So we enjoy working with entrepreneurs that listen well and recognize they don't know everything, and that they need to surround themselves with people who

complement their skillsets to bring the best out of them and for the company. So, I agree with you, Keith. Chris has been a great addition to Innara to bring it to this next level.

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But I'm sure you and I are both interested, since we're both equity players in this company, as to what's going to happen in the future. So, Chris, what do you see for the future for Innara right now? We're both anxious and waiting with baited breath to hear what you're going to say.

**Keith Molzer:**

We are recording this, right? So, we can play this back to him next month, Rich?

**Rich Bendis:**

[laughs]

**Chris Mathia:**

Well, maybe I could get both you guys to write a LinkedIn endorsement for me before—no, totally teasing.

**Keith Molzer:**

Hey, Chris, before you get into that, I'd love to have you spend a little bit of time, too—I think we brought Chris aboard, and we made some changes at Innara in the board structure, and I give kudos to Chris, he learned and brought in maybe some suggestions to us as who else who should be on this board that can also interact with organization. Chris, I think it'd be great for you to just talk to the Michaels and the Joannes and the couple people we invited on the board, in addition to having Dennis from Sera Capital on there, and our original inventor of the product, Dr. Stalling.

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But I think that goes to not just building your internal team, Rich, as who's on your management team, but who are your immediate advisors and can help Chris talk about the direction he wants to take that company, and, at the same time, help him implement that same [00:25:14] because this shouldn't all have to be on his shoulders.

**Rich Bendis:**

Chris, you have to get used to this. Keith always has a history of taking over my interviews and asking all of these questions.

**Chris Mathia:**

[laughs]

**Rich Bendis:**

So, we're both accustomed to that, right?

**Chris Mathia:**

Exactly. I'm excited about the future, but I can't talk about the future of Innara without talking a little bit about the past. And while Flyover Capital

and BHI have been great, he's going to hate me saying it, but Keith personally has been an absolute savior for us. From a financial perspective, from a guidance perspective, without Keith as my primary partner, who knows where Innara would be today. But coming in, like you said earlier, the device has been around, first-generation device, since 2008.

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So, there were some immediate low-hanging fruit things that we needed to change, but some of the other elements were—the help from Flyover and BHI, while it's significant, I'd be remiss if I didn't talk about just how grateful we are to have Keith. Not just from a financial perspective, but from a guidance standpoint. Without his continued support, who knows where the NTrainer and Innara Health would be. But coming in, the device has been around for a long time. There was low-hanging fruit just from a redesign perspective. But the others were probably a little bit deeper in that fortunately, we had some great financial leadership on the board, but we had very little healthcare leadership. So, one of the elements that I had talked to Keith about was like, "OK, we need to change up the board. And I've got two, three folks that I'd like you to look at." So, one of our largest clients, AdventHealth, here in Kansas City, their president, Michael Knecht, is now serving on our board. Joanne Burns, who is a former Chief Strategy Officer at Cerner Corporation, has been a mentor of mine for a number of years.

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She's serving on the board. As I said earlier, Dr. Rubin's serving on the board. And while it's not public yet, we'll be able to announce probably the first couple weeks in January, the medical director of one of the top ten neonatal intensive care unit in the country is serving on our board as well. So, their influence has had an immediate impact, whether it's from a value proposition perspective, a financial perspective, a reimbursement standpoint. Secondly, there is an element of pricing that was somewhat of a barrier. And Joanne had said it best. She said, "When you're trying to influence a standard of care, you can't let price be an obstacle." And the NTrainer in market has some tremendous adoption, but we were missing out on a large group of our potential audience by the way that the product was priced. So, again, with Keith's help, with the board's help, we redesigned the pricing model, so now it's more of a subscription model.

0:28:02 And then finally, there's a million times more technology involved in this podcast right now than sits in the NTrainer. The NTrainer is a great, well-researched device. It works well, it's been clinically proven. But its first generation's from 2008. I lovingly refer to it, and you guys will get this, as a Curtis Mathis TD or a '57 Chevy. It's the size footprint that has had somewhat of a limitation from a NICU perspective. So, we've already kicked off the redesign with a local engineering team here in Kansas City called Ingenious Design, which will make the device what it should be, which is the size of a lunchbox. I probably get four or five inquiries a month online from China, from Japan, from the UK, from Argentina, Spain, "Can you sell the NTrainer internationally?" And because of the size limitations, we can't. So, as a part of this redesign, it is incredibly instrumental that we bring the NTrainer up to the current expectations that you'd expect from a medical device.

0:29:06 So, not only are we going to reduce the footprint, but as a part of that process, we'll now have EMR integration and simultaneously achieve our international exportation certifications. All of that's incredibly exciting. I'm supported by a dynamite team of clinicians. And just today, we are taking a full run at the transition to breastfeeding. So, if you remember me saying earlier, 109 babies that receive the NTrainer advanced to oral feeding sooner, well, we've got the research. Now, we just need to peel back the layers of the onion to say, "OK, of those 109, how many transitioned to breast? Or how many transitioned to bottle, or bottle and breast?" And if we can continue to drive research and prove efficacy on the NTrainer impacting the transition to breast, we break out of the NICU like we're breaking out of prison, out of Shawshank.

0:30:00 So, there is a significant amount of opportunity for feeding development, not just in the NICU, but in the pediatric intensive care unit as well. For infants of diabetic mothers, for babies that are addicted to drugs. The number of opportunities that we have to press forward with the NTrainer and help these babies develop the best opportunity to develop, grow, and thrive is really exciting.

**Rich Bendis:** That sounds exciting. Also, probably gives you additional opportunities for some of your NIH proposals when you look at your product extensions, and that's some of the things that they like to fund. Some of this early-stage, high-risk research where it's unproven, and hopefully,

you can get some federal assistance through the National Institute of Health. And hopefully, our team can help you be successful there. So, sounds exciting, Chris. Keith and I both look forward to 2021.

**Keith Molzer:** You know what excites me, too, Rich, is what I hear Chris talking about.

0:31:00 This unique partnership that melded over a couple bottles of wine a year ago. I've known Chris for a number of years. But you talked about how BHI has helped, how we have a local presence Kansas City. We're actually using a phenomenal R&D firm with a genius helping redesign the product. So, there are some great Midwest assets that we're leveraging in addition to the great assets you have in Maryland. And I think the world has gotten much, much smaller. We were doing technology investments back at K-Tech. If you wanted to start a software company or anything like it, doing it in Kansas was tough. You needed your supercomputer in Southern California. But really, with what we're doing, even today with this Zoom, we can have all these teams working in different places, and it benefits not only the Kansas City economy, Maryland economy. But, you know, long term, hopefully this becomes an international product and impacts babies all over the world. So, that's really what keeps me excited about this and having this kind of be my pet project.

0:32:00 And every time I get on the phone with Chris, and he's talking about his deal, I get more excited about it every day.

**Rich Bendis:** Well, I'm sure he's glad to have you as his super angel. But we have a lot of listeners that are also interested in what's going on in the world of venture capital, and BHI's also in the process of trying to raise a fund. But just from the perspective of the Midwest and what Flyover Capital's doing, Keith, why don't you give our listeners your perception of how the last year has been during COVID, what do you see in the future, and also, give us a little update on just Flyover in general and sort of the BC world?

**Keith Molzer:** I'm going to go back a little bit farther just to last year. I kind of retired from Balance Innovations before I sold it, and I was kind of a super angel. I was out doing angel deals, and I had a partner, Thad Langford, and myself, who both had successful technology companies. But when we were out raising money, we were pretty fortunate. I had a good group of friends I could go to to raise money. But in the Midwest region, there hadn't been an early-stage venture fund established in 15 or 20 years.

0:33:02 So, Thad Langford and myself were either really smart or really stupid and said, "Hey, you know what? We're missing this gap, the half-million to one-and-a-half-million-dollar check-writer in the Midwest that can help really do that seed round after everybody's getting angel funding." So we started our first fund in 2015. Had a very successful fund. We invested in 17 companies out of our first fund, had some great access, some great technology exits. iVerify was one of our first exits out of Kansas City. We had Agrible, which is a great exit out of Champaign, Illinois. But Flyover's focus is really trying to invest in the next technology success story in the Midwest. So, finding that right company that benefits from being in Kansas City, or Lincoln, Nebraska, or Des Moines, Iowa, or Madison, Wisconsin. There's reasons to be in those areas. So, if you look at where Flyover invests, we kind of really look at technology and the future of work, artificial intelligence, data security, property tech, or the future of finance.

0:34:04 We love InsureTech, and commerce, and fintech, and supply chain. Which, in 2000, I think supply chain was a big word for everybody, and we've done a number of things in supply chain management with logistics, and transportation, and ag tech. It's been a great ride. Flyover's invested in over nine different states. We've invested with over, I believe, 50 other VC firms across the United States. We really like that Midwest vibe. What's unique, and I don't know if a lot of your listeners know this, but 75% of all the venture capital invested, going back to 2019, was invested in three states, California, Massachusetts, and New York.

**Rich Bendis:** I wish it was Maryland.

**Keith Molzer:** I wish it was Maryland. But you guys do OK in Maryland. But think about that. 75% of all the capital is just in those three states. And probably even more specific in three cities. But if you look at the other 25%, it's sprinkled everywhere else.

0:35:02 The irony in that, Rich, is 75% of the GDP in the United States is produced by every place but those three places. So it's really, "How do we leverage what's going on in the Midwest?" Midwest, you got great ag tech here, you got great InsureTech. We're all now in Kansas City right now, there's some great healthcare IT tech. We're an insurance capital down here. We have great manufacturing. So it's sort of, "How do we find the next company that can help build those organizations?" So, 2020 is actually a



good year. You always go with irony. I was fortunate or unfortunate enough to run a technology company in 2001, not the greatest time to be running a technology company. I ran a company in 2008, not another good time. The irony is, both those companies, those were the best years of our lives. Because you learn to take what happens. If you look at the downturns, most really successful venture-funded companies came in those years. The Amazons, the Ubers.

0:36:02

They came in these downturns because people get more entrepreneurial because they have to. They see these problems. They saw the problem with logistics going on with COVID. "How can we solve that?" And bigger companies tend to have a harder time solving those issues, so you get great entrepreneurs that figure it out. So, we're extremely bullish on our portfolio, and why we invest, and where we choose to invest. So, we invest really early. Like I said, we're early-stage investors. We're seed, pre-seed, and we might even do a little bit of series A. But we kind of spread our wings, so we do have two different funds that we have launched, and we'll continue to invest heavily in the Midwest. But I think it goes back to what I said before. We're operational guys, Thad and myself. We're not your traditional venture capitalists. We didn't go to Harvard and get our MBA, and we didn't go work at Pricewaterhouse, and go be an investment banker. We actually ran our own companies, had successful exits, and we take that operational expertise, and help our clients. We really think we can see eye-to-eye with them because we've been in their shoes and really help them grow their organizations.

0:37:05

**Rich Bendis:**

Thanks for the update on VC and Flyover. But I see a lot of similarities between the Midwest and Maryland because one thing that's in common is, the companies in both regions have not traditionally gotten the big funding from the big VCs and the large series As of getting 25, 50, 75, 100 million bucks. So that means entrepreneurs like Chris, yourself, and myself, when we were doing it, basically had to find a way to leverage resources and get further on less money than people have available to them in New York, Boston, or San Francisco, or Austin, Texas. So I think that also goes to show that there's a lot of tenacity, persistence, and patience that goes on with investing in the Midwest and what we have to

do over in the BioHealth Capital Region because we don't have the access of venture capitalists and those large series A rounds that come in.

0:38:00

People have to be much more resourceful, they have to learn how to pivot quicker, and I think Innara has been going through a pivot over the last two years, and Chris has been leading that.

**Keith Molzer:**

I think, Rich, you're right. I think it forces us to be more efficient. You're a Midwest boy at heart. We just tend to be more efficient. And I think that in some cases, it hurts us a little bit because you're right, if we had a bigger influx of cash, we could move things quicker. But I think in the long term, it bodes well. Obviously, our fund's called Flyover Capital. We did it for a reason because all the jets fly over. Well, you know what? We now get enough exposure that those planes are stopping. Because they're seeing good deals. And you're right, if they can land their plane to be able to write a \$20 million check, and we have a good \$20 million deal, they'll be good partners. I understand the math that it's hard to come here and write a \$5 million check. So, I think we've been fortunate in Kansas City. Five or six other funds have popped up now. And you got KC Rides, you got other ones that are now investing in this region, and that's great for everybody, which will help those airplanes to stop here a little bit more.

0:39:05

**Rich Bendis:**

Yeah, it's almost like 35 years ago, 30 years ago when we were talking about the Silicon Prairie, and technology association, and the have-not region that we were, we thought we could turn it around quickly. But it's only taken two or three decades to make that happen. Keith, you have to be a little more patient in the Midwest to get to where you are today, and congratulations on helping propel the Midwest region into actually realizing some of the things that we strived to do many, many, many years ago. But I think there's been some very good success stories when you look at Cerner, and Garmin, and some of the major tech companies that have shone a light on Kansas City to make more people—as well as the Kauffman Foundation has created some global and national awareness about the importance of entrepreneurship. And I know we're getting close to the end. You were getting ready to say something. What were you going to say?

**Keith Molzer:**

I think you're right, we always forget about the Garmins, the Cerners.

0:40:01

The other ones we forget about in this town are the Black and Beeches, the Burns and Macs, the engineering.

**Rich Bendis:**

Marion Laboratories.

**Keith Molzer:**

Marion Laboratories. Midwest isn't always that great about pounding its chest on its success stories. Obviously, we'll tell everybody that Patrick Mahomes is here, and he's probably done just as much for what we're doing here now as anything. He's the face. He's on TV more than anybody that could represent Kansas City, and he does a great job representing Kansas City, of the startups, of everything in town. We just need more great success stories like Innara and the Cerners that keep putting more light on what's going on here in this region.

**Rich Bendis:**

Your Patrick Mahomes is basically the Dr. Fauci that we have.

**Keith Molzer:**

[laughs]

**Rich Bendis:**

Both of them are omnipresent. So, Chris, as we close this edition of *BioTalk*, and, actually, close out this year in 2020, what are your closing comments around sort of where you are, where you're going, and how you feel about the future?

0:41:01

**Chris Mathia:**

I appreciate the opportunity to answer that. I've never been more excited in my career than where we are today. You guys are talking about raising money. I think we all know John Parker, or at least, Rich, you and I know John Parker. Maybe the only guy in the country who's specifically dedicated to funding pediatric research or pediatric entrepreneurs. It's incredibly hard to raise money when you start thinking about the NICU. And because of Keith's participation, because of Flyover's support, because of the incredible support that we've received from you and your group, we're in a position to really make 2021 a banner year. I think that we're going to look completely different midway through, and the working prototype of our new device will be available. I've got clients lined up to see it, the research is coming out, and again, back to the timing is everything, NICUs are starting to look at feeding development more closely.

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And given the fact that we're the only FDA-cleared device clinically proven to improve feeding outcomes, our patent portfolio is incredibly strong. I feel like this is going to be a great year for Innara Health.

**Rich Bendis:**

We hope it's going to be a fantastic year for both Flyover and BHI. And, Keith, before we get to closing with you for a few comments, I also want to thank you because your super angel investing has carried forward again in the BioHealth Capital Region, as you are an angel investor in miReculé, which is another BHI portfolio company that is being led by Anthony Saleh, who's another tenacious entrepreneur, just like Chris. And I know you wouldn't have done it unless we had this friendship, but we also believe that it's a good investment opportunity for you personally. And, maybe hopefully someday in the future, Flyover. So, we thank you for your support in supporting a BioHealth Capital Region entrepreneur, as you have been doing for so many in the Kansas City area.

0:43:03

So, how about a few closing comments from your perspective about where we go in the future?

**Keith Molzer:**

I appreciate it. You're right, it gets back to the beginning of this podcast, I said, "It's all about cash and connection." And there's a lot of trust. I think, Rich, I'll throw a name out there. This guy named Larry Maddox, who's another one of my mentors, and I think taught us both well about when you bring a deal to somebody, it's your deal, you believe in it, you trust it, and that's how you see good deals. And that's really about having trusted friendships in the industry. They're not all going to go good, but I think I was excited to be a part of that deal with your organization. I think I get reenergized all the time about entrepreneurship. And with Flyover, we have 20 portfolio companies, we got 20 great CEOs, and I always kind of get reenergized. I think 2021 will be a banner year. I think you're going to see some great new entrepreneurial companies get launched in 2021, the crossroads between technology, healthcare, and what's happened with COVID I think has brought people together differently to solve problems differently, and I think I kind of get excited about how we look at our new venture deals for 2021 and beyond.

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So, I'm really excited. I'm really excited about Innara and think that it can't get any worse than 2020, right?

**Rich Bendis:** We hope.

**Chris Mathia:** I'm really bullish about next year. And I think these partnerships we're creating—it's great to have you back in Kansas City, Rich. I wish you were here more. But I hope we can continue, and Flyover can continue to help seed new companies, and hopefully broaden where we're touching other parts of the country as well, not just in Kansas City.

**Rich Bendis:** Thank you. And before we close, I think that Innara can be a bridge to the future for us as well. Because as you mentioned, health IT is another area that's going to be hot. And there's some strengths in this region, the Kansas City region, around that. There may be other companies like Innara that the BioHealth Capital Region may have assets, resources, and connections in that network that may benefit them as well.

0:45:04 And maybe Innara's just a stepping stone to bring greater ties together between what I would call the Silicon Prairie and the BioHealth Capital Region and build stronger relationships, greater business opportunities and client relationships between the two regions. It doesn't happen without people and connections though, as you talked about, Keith. So I want to close by thanking you, Keith, for long term relationship and friendship. Chris, new friend, client, and partner, we look forward to working with you many years into the future. And maybe we should do this as an annual event to close out each year after we have our celebratory dinners in Kansas City when I come back for the holiday. So, I want to thank Chris Mathia, CEO of Innara Health and a BHI client company. Keith Molzer, General Partner from Flyover Capital, investor in Innara Health, and also, an angel investor in our miRecule company, for being on this edition of *BioTalk*. So, thank you guys very much.

0:46:01

**Chris Mathia:** Hey, Rich, I couldn't end it without—Keith and I are friends with the guy who owns Oklahoma Joe's, so our answer's academic. But you can't have a podcast about Kansas City without talking about who your favorite barbecue restaurant is.

**Rich Bendis:** Smokestack.

**Chris Mathia:** Smokestack.

**Rich Bendis:** [laughs]

**Chris Mathia:** Not one you see on Diners, Drive-Ins, and Dives often.

**Rich Bendis:** Oh no, no, no. Yeah, I like Oklahoma Joe's, and Smokestack's one of our favorites. But I like Gates, I like them all. So, you can't close without talking about barbecue, and each of us will have our own favorites. I think some have better beans, some have better coleslaw, some have better burnt ends, some have better chicken. So, anyway, that's just what makes venture capital investing the same way. You have a portfolio of different variety of investment opportunities just like you have many eating opportunities to choose from, right, [00:46:47]?

**Keith Molzer:** All right. Thanks, Rich, for having us, and have a blessed new year. And look forward to connecting with you more in 2021.

**Rich Bendis:** Happy new year to all you guys.

**Chris Mathia:** Same to you. Thank you, Rich.

[00:47:00]

**Narrator:** Thanks for listening to *BioTalk* with Rich Bendis.

**End of recording**