

# VC's View: OC Ophthalmology Strong

## INNOVATION: \$85M invested, more to come

■ By JESSIE YOUNT

Despite concerns the coronavirus will bring a slowdown or halt to venture funding, the largest ophthalmic-focused venture capital firms and funds in Orange County are moving ahead with investments.

**Bill Link**, who runs **Flying L Partners'** Newport Beach outpost, and **Aliso Viejo-based Visionary Ventures Managing Director Jeff Weinhuff**, recently caught up with the *Business Journal*.



**Link: sees less risk in pre-commercial portfolio companies**

Both investors expressed optimism about their recent investments, not only because of the quality of the companies, but because, they say, their focus on early-stage and generally pre-commercial companies assumes less risk than those in commercial stages.

Last month, Visionary Ventures led and Flying L participated in a \$25 million Series B round for **TearClear Corp.**, a developer of preservative-free eye drops, which provides relief for patients with glaucoma and dry eye disease.

Both firms also participated in a \$60 million Series B round for Irvine-based **Tarsus Pharmaceuticals** in January; the company is developing a drug therapy for Demodex blepharitis,

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a type of inflammation of the eyelids.

Between Link—who also serves as managing director of **Versant Ventures** and is among OC's best-known VC executives—and **Visionary Ventures**, their ophthalmology-related investments run the gamut from pharmaceutical therapies to medical devices, and treat the three main sections of the eye (the back, center and surface areas).

Most area investors trace Orange County's strong roots in ophthalmology to **Allergan** and today there are about 80 businesses in SoCal in the industry, which brings about \$13 billion a year in economic activity to the state of California alone, said Weinhuff.

In OC specifically, the "access to talent is wonderful, and access to university researchers and collaborators is terrific," Link said.



**Weinhuff: ophthalmic resources, connections rooted in OC**

### Recent Activity

With closed rounds for **Tarsus** and **TearClear**, and another investment in a non-local drug delivery company that Visionary Ventures plans to announce in the coming weeks, both firms have kicked off the year with high activity levels in and around OC.

"The interesting thing about ophthalmology is all the resources are here in Orange County. Many of the companies start here, and many maintain connections here," Weinhuff said.

**TearClear** is one company that fits that description; the firm was previously based in Irvine and participated in **Octane's** business accelerator **LaunchPad**. It is now in the process of moving to Boston.

Link, who serves as board chairman, said **TearClear** was largely a virtual company in the past and made the decision to relocate to Boston because it's where new Chief Executive **Robert**

### Flying L Partners

- **FOUNDED:** 2016
- **MANAGING PARTNER:** Bill Link
- **HEADQUARTERS:** Steamboat Springs, Colo.
- **NOTABLE:** Took San Francisco-based portfolio company **Oyster Point Pharma Inc.** (Nasdaq: OYST) public in October. Recent investments went to Seattle's **CorneaGen Inc.**, **Tarsus Pharmaceuticals** and **TearClear Corp.**

**Dempsey** hails from.

Dempsey was tapped to accelerate the company's business and commercial strategy as it begins enrollment in clinical trials, the company said.

Link added, "[The move] wasn't because of a lack of support or opportunity in OC. It was an important personnel decision."

### Local Funds

Investors are looking to create more funding paths from OC executives and investors to OC firms.

**Visionary Ventures**, which sources many of its deals through its ties to local industry leaders, including physicians, is currently investing

in its second fund.

The firm's first fund, running some \$50 million, took about three years to fully invest and has about a 90% success rate. The second fund, which aims to raise \$100 million, is about 30% invested and still has a few years to go, according to Weinhuff.

Weinhuff said the **CEO Leadership Alliance of Orange County**, a recently unveiled organization whose execs span numerous large local companies and is looking to boost the economic fortunes of the area, has invested in both its fund and **Corona del Mar's Miramar Venture Partners' Miramar Digital Ventures II** fund, which also aims to raise \$100 million, with the specific goal of building connections to capital in the area.

Weinhuff believes the best way to do so is to look "at areas of strength, and then see if there is a fund to wrap around [those areas]. That's what we did with Visionary Ventures."

He added, **Visionary Ventures'** second fund will also invest in medical aesthetics, a market that mimics that of ophthalmology and is "growing aggressively."

Weinhuff identified several other promising



Oculenz concept from Ocutrx Vision Technologies

## Link's Likes

We asked Newport Beach's **Bill Link** which ophthalmic companies he's keeping tabs on, and he pointed to these four.

■ **Aliso Viejo-based Vialase Inc.** is developing an image-guided femtosecond laser surgical system for the treatment of glaucoma, based on Nobel Prize award-winning research from the **University of California-Irvine**. The company is helmed by **Tibor Juhasz**; his first startup **IntraLase Corp.** was acquired by **Advanced Medical Optics** in 2007.

■ **RxSight Inc.** is commercializing its light-adjustable intraocular lens technology, which is designed to match vision needs to individual patients following cataract surgery. Link sits on the board of the Aliso Viejo-based company, which is backed by **Flying L Partners** and **Visionary Ventures**, and obtained FDA approval for its system in 2017.

■ **San Juan Capistrano's Allegro Pharmaceuticals LLC** is working on an injectable drug for the back of the eye to improve vision in age-related macular degeneration patients. The company has several drugs in ongoing clinical trials. Link joined its board in 2016.

■ **Ocutrx Vision Technologies LLC** in Irvine is creating augmented reality-powered headsets for consumers and surgeons. Several OC companies have developed wearable eyewear using augmented reality to improve patients' ability to form and recognize images. Link said he sees Ocutrx as the "leader emerging in the space."

—Jessie Yount

areas for investment in OC on the technology side including cybersecurity, video gaming and fintech.

Aliso Viejo-based **Octane**, which spun out **Visionary Ventures** in 2016, is planning to launch its own industry-specific fund this coming year, Chief Executive **Bill Carpou** told the *Business Journal* earlier this year.

### Positive Cycle

"There is always room for improvement, but I think we have a solid, established medical device and biopharma ecosystem especially in ophthalmic inventions," Link said speaking of OC.

Link pointed to his own professional history as "a positive circle" of innovation. Link founded **American Medical Optics**, a division of **American Hospital Supply Corp.**, which in 1986 was sold to **Allergan**, which spun it off in 2002 as **Advanced Medical Optics**. **AMO**, which was headed by well-known eye executive **Jim Mazzo**, was bought by **Abbott** in 2009. Link

went on to launch **Chiron Vision**, which was acquired by **Bausch & Lomb** in 1997.

He was also involved in the inception of eye stent maker **Glaukos Corp.** (Nasdaq: GKOS), which was a **Versant Ventures** investment from the beginning.

In addition to **Flying L**, Link co-founded San Francisco-based **Versant Ventures** in 1999. That firm now focuses its investments on the pharmaceutical side of ophthalmology, Link said.

Link added that \$1.5 billion-valued **Glaukos** "is an OC-based global firm that will continue to be an example of what can be done in a field like ophthalmology, with a geographic center based in OC."

He serves on the board of **Glaukos, Irvine's Edwards Lifesciences Corp.** (NYSE: EW), which continues to sport the biggest market cap of any OC-based company, and **Inari Medical Inc.**, another **Versant-backed** venture in cardiology that could be the first IPO for an OC health-care company in more than a year, among others. ■

### Visionary Ventures VISIONARY

- **FOUNDED:** 2016
- **MANAGING PARTNER:** Jeff Weinhuff
- **HEADQUARTERS:** Aliso Viejo
- **NOTABLE:** exited two portfolio companies to **Carl Zeiss Meditec AG** and **Alcon Inc.** (NYSE: ALC) in 2018; led \$25M financing for **TearClear Corp.** in April