Cambia, Mosaic merge venture groups to create Echo Health Ventures

By Jonah Comstock
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Cambia Health Solutions and Mosaic Health Solutions have combined their respective investment groups into one new investor called Echo Health Ventures. Under the leadership of CEO Rob Coppedge, who has led Cambia's investment division for the past six years, the new company will manage both companies' existing portfolios as well as pursue new stage-agnostic investments in healthcare innovation.

"We have complementary portfolios, both by stages and by sector," Coppedge told MobiHealthNews. "Both parents realized the future of strategic investing and corporate investing is partnership. Because we can't do this alone. We've co-invested before, we've worked together on other things, so it made a lot of sense to bring the groups together."

Echo will be an independent company but its board will include Mark Ganz, president and CEO of Cambia Health Solutions, and Brad Wilson, president and CEO of Blue Cross and Blue Shield of North Carolina. Maureen O'Connor, current president of Mosaic Ventures, will retire at the end of the year.

Coppedge says the new stage-agnostic entity will be flexible but powerful.

“We aren’t disclosing the dollar amount, but the combined portfolios and the dry powder we bring to the table compares favorably to growth equity funds,” Coppedge said. “And if you look at the capital wherewithal, there’s really nothing off the table in terms of deal size. We’re comfortable going very early, we’re comfortable at the growth equity and private equity. So we’re out there looking for the right companies for this family that we’re building and our parents have the capital wherewithal to do an awful lot both inside and outside the structure of Echo.”

He explained that, unlike a traditional fund, Echo Health Ventures will be able to make long bets if the situation warrants it.

“Because we’re stage agnostic we’re willing to place bets across the continuum, across the lifecycle of these companies as they grow,” he said. “Because we don’t have a fund that’s pressuring us to exit at any given time we’re willing to be more patient and flexible as companies grow. That doesn’t mean we’re less seeking in financial returns. But we don’t need to pursue near-term exits if the companies aren’t ready. We’re willing to place bets on early stage as well as mature businesses, but we want to see growth and an effect on the healthcare system.”

The firm will be focused on healthcare services and health IT, staying away from the biotech and medical device spaces. Coppedge laid out three areas where he sees the most growth potential in the near future.

“One is the shift from brick and mortar healthcare to the phone or the computer into AI environments,” he said. “How do you begin to take costs out and better the consumer experience by shifting site of service? Telemedicine is one of the first manifestations of that, but it’s the first inning of a very large ballgame. We’ll be playing a lot there and that includes virtualization and AI and all of that.”

The others are financial services and the shift from enterprise-centric to consumer-centric care infrastructure.

“It’s easy to bring capital to deploy against those spaces, but we think by leveraging resources of our parents, we can create some luck for our portfolio companies, hopefully to accelerate their path to scale in areas where it’s been really hard to scale in the past,” Coppedge said. “And we think that’s a key part of the value that we’re building.”

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