

Women Leaders in Health-Tech: Asli Aras interviews Megann Vaughn Watters of Labcorp

Transcript

Asli: Hi Megannn, how are you?

Megann: I'm great, thanks for having me.

Asli: Thank you for joining me today. In this interview series, I'm interviewing women leaders like Megann to highlight the key role that women play in the transformational change of the health tech space and also shed more light on the success of women leaders to inspire other women. Today we're going to discuss the driving forces behind the change which is accelerated during the pandemic, its implications in different segments of the business, and what to expect in the future. Before we start, Megannn, could you give us a quick overview of Labcorp and your role in the organization?

Megann: I am Vice President of Corporate Development, Licensing and Ventures, as you mentioned, and I'm responsible for licensing strategic partnerships and equity investments for the company. We do have a venture fund called Labcorp Venture Fund which makes early-stage investments in private companies that are operating in the areas of strategic or adjacent spaces. We're set up in a way where the team is very flexible to work with companies at any stage or technologies at any stage and so that's why we are able to do both partnerships, licensing at the investments and really work with the companies or the technologies based on where they, not what stage. Labcorp, as I think many people now know -- especially after the pandemic -- is a global life sciences company that provides vital information to help our customers such as doctors, providers, pharma companies, and patients make clear and confident decisions. We have our diagnostics business as well as our drug development business and those both provide insights that can accelerate and improve health and improve lives.

Asli: You have a very exciting role in a big health tech organization. How did you decide to start your career, pursue your career in health tech? What excited you when you were starting?

Megann: New technologies have always been a passion of mine. I was a biomedical engineer by training and undergrad and worked in a tissue engineering lab. That lab then spun out into a startup company in the RTP, North Carolina area which actually recently went public via a SPAC, one of the many that did that -- Humacyte. I was there for a while but right after graduation, I decided to leave the North Carolina area and moved to Washington DC to work as a patent examiner for the US Patent and Trademark Office. Again looking at new technologies, but in a different way outside of the lab and I was there for almost 4 years. While I was there, I still wanted to keep new technology, new science, and new medicine as part of my career but didn't really want to be a patent examiner forever so I went back to school and went to business school so that I could be on the business side of new technology. So outside of business school is actually when I started at Labcorp, which was 10 years ago, and I did start in our corporate development and corporate strategy teams. They offered me exactly what I wanted to do, so I was thrilled when I was able to join Labcorp, again kind of looking at how we can bring innovative technology into the company through various partnerships, licensing, and now equity investment.

Asli: And you stayed in corporate development throughout the last 10 years within Labcorp?

Megann: I had various roles within corporate development and now I lead the team as well as the venture fund but what's been really exciting is that when I joined Labcorp in 2011, it was a much different company. We were for the most part US-focused, and also diagnostic and central lab-focused. I looked this up the other day because I was curious -- we only had 30,000 employees at the time and I think our revenue was around 5 billion and here at the end of 2020, early 2021, we have a worldwide presence. We have a whole drug development business in addition to our central lab and diagnostic testing business, with over 70,000 employees and nearly 14 billion in revenue. Just in the past 10 years, we've grown tremendously and it's been really exciting especially in the corporate development roles because, as you can imagine, what were you looking for and our purview has just increased so much. It's never a dull moment. We're very busy trying to help bring innovative technologies into all of the different businesses across the entire enterprise that obviously have a lot of different priorities, so while it's been a similar title, it feels like a much different role almost everyday.

Asli: Definitely. Doing M&A investment banking corporate development for 18 years, I cannot agree with you more. Every day is different, it's an exciting journey and thanks for sharing this transformational change within Labcorp for the last 10 years. You were so basically influencing the strategy, you were part of the journey and one of the leaders during that transformational

change. Very exciting. During the last year, during the pandemic period, we have seen significant changes within the health tech space. A lot of things that we have been discussing before -- people in the life sciences with respect to digital health, health IT, or diagnostics -- all these changes happened or accelerated within the last year. Now when we look at (for example) the diagnostics market area, there are all these innovative solutions, point-of-care rapid testing not only for COVID-19, but for different applications as well. And these are also impacting other areas like autoimmune disorders, treatments or diagnosis, cancer research and diagnostics. We see a tremendous focus on the telehealth side and digital health aspects. Like the patient's journey within health tech is changing very quickly. How do you see this change during this very interesting time period as we go through the pandemic? How do you see this change and was your company very prepared? How did you react to this transformational period?

Megann: I don't know if anyone was prepared, but I think that we responded quite quickly and I'd like to say that from a health tech perspective in some of the trends that have been accelerated by COVID-19, we were really well prepared. We used the venture fund as a way to kind of investigate, and explore, and keep tabs on exciting new technologies that are early stage and outside of our core business and some of the areas that you've already mentioned such as thinking about how Labcorp might decentralized some of its centralized testing or services, and collecting data or collecting samples from from the home. Thinking about decentralizing clinical trials and having more of a hybrid virtual clinical trials through use of tools, platforms, wearables. Again, that can be collecting data from a home and keeping patients safe at home. A lot of things have been places that we've been investing in for quite some time and the pandemic just kind of accelerated the demand for a lot of those options. Through investments in our portfolio companies or kind of existing partnerships, I think a lot of those were just accelerated by the demands on the market. So from a preparation standpoint, at least we weren't starting from square one. From a lab standpoint as well, I think that Labcorp was then an expert in scaling and development. While it was no easy feat, we remain very impressed by what we were able to accomplish in a very short amount of time from a lab perspective. We launched our PCR test, our first one, on March 5th of 2020 and our capacity was about 10,000 tests a day and today we can run 275,000 tests a day. Just an amazing amount of work that went on in the labs from a scientific and technical perspective, but then also operationally -- particularly in the supply chain. A lot of amazing feats that we saw there. I think just being able to work so closely with entities like the FDA and the CDC, and following their guidelines and their feedback -- able to really scale and offer what makes the most sense for our patients and our providers. Also with telemedicine we're starting to be reimbursed more -- work with our telemedicine partners and providers to make sure that they're able to seamlessly order what they need to from Labcorp,

and same on the drug development side -- just being set up to really have boots on the ground and/or access points and/or enabling at-home collection data for these hybrid virtual clinical trials.

Asli: Do you think these changes, these new tools, solutions, business models -- are they going to stay post-COVID in the new world?

Megann: I think a lot of them will. There are some things in health care that absolutely need to be done in person and I think should be done in person. But you know I think we're already seeing so many of these trends. Just thinking about younger patients or consumers that are engaged in their health, they're used to doing everything on their smartphone. We knew that millennials and the younger generations are going to expect more of their healthcare information via the cellphone or video. We already knew that there were some issues when it comes to compliance and/or staying in clinical trials, so if we could make things more convenient for patients or consumers then maybe they will be tempted to say in a trial if they're not completely inconvenienced by having to travel, for instance, several hours for some form of healthcare screening or checkup. I think there's a lot of these things that will stick around because everyone might have to do things when they're more convenient.

Asli: All these changes as I mentioned here, focusing on the patient, putting the patient in the center so more consumer approach and when you're used to it, patients will continue using these tools. Maybe, for example, with telehealth, I think the usage is up to 70-80% in certain cases. Maybe it will not stay at that level, but definitely a hybrid model 50/50, maybe it's going to be part of our lives, I'm predicting. What challenges do you see in the future for health tech?

Megann: I think most people in healthcare would say that some other top challenges will always be around reimbursement, right. I mean at the end of the day, to have these large companies, you have to be reimbursed for a lot of your services and efforts. What we've seen is that science is moving a lot faster than guidelines and coverage. I think that's always a large challenge for any player in this space but just trying to do the best that we can to generate the appropriate clinical evidence that can help us you know get reimbursement and/or working with the right entities to change policies that could enable quicker adoption of some of this new science and technology. These were definitely things that we were thinking about on a daily basis. I think health tech is certainly something that we can hopefully use to do that. We have some investments and partnerships around companies that are translating real-world data into real-world evidence and that can really help accelerate the FDA approval of additional indications for

instance, or maybe generate the evidence that we would need to get reimbursement for some of our brand new technology and services that we're offering.

Asli: During the pandemic, have you seen any changes, different perspectives, or acceleration from a reimbursement side of the business?

Megann: I think that CMS and a lot of the payors were very quick to decide to cover, for instance, COVID-19 testing, maybe faster than they would have historically done and I also think that we saw a huge uptick in the use and the availability of telemedicine once it was determined that those sessions would be reimbursed as if the patient was actually visiting the office. I mean I do think that those things help with the adoption of new technology and new testing and so we're hopeful that we can continue to bring this sense of urgency to getting coverage and the appropriate approvals that we may need for new technologies, new tests, and new science outside of COVID-19.

Asli: Speaking of new technologies and innovation, what goals do you have for your team? What is ahead?

Megann: I think you've mentioned this a couple of times, but we're really thinking about the patient journey and the continuum of care as I think what's been really exciting in the health tech space is just all of the new kind of tools and platforms that exist out there that I think can really be complementary to the services that already exist and/or are more standard for someone Labcorp such as testing. So how can we think about treating the full continuum of a disease for a patient and during their journey. So from a lab testing perspective, we really think we're well positioned to have testing as early as screening for someone whether it's kind of genetic risk or finding a disease, let's say a cancer but then also kind of along that continuum, diagnosing what that issue might be. Helping to determine the appropriate therapy. Monitoring and looking at either residual disease or recurrence of disease, then incorporating any sort of research that could be used as a treatment and/or participation in a clinical trial. And all of this is really done through the use of having so much more access to the tools and bioinformatics and analytics and AI -- they are constantly looking at this data in real time and identifying patients that might be applicable for clinical trials at that point of care. In addition to that, thinking about how we can use these digital health platforms to help patient manage their disease or keep themselves healthy, but also kind of interacting with these patients kind of in the hybrid manner that you already discussed in between their visits with their doctors or at their patients service center in between testing that they might have been getting done. So we really think that adding all these exciting technologies that we've been investing in or partnering around into more of this kind of

patient journey, is so there's really this seamless continuum of care that every patient gets no matter what the disease state is. I think that what's really exciting about health tech is that it kind of brings everything together and you know that way hopefully a patient only really has to work with one provider to get all of their needs -- whether it is information about what they might be going through, or test results, or opportunities for clinical trials.

Asli: It's a fascinating time to be in health tech and especially in a position like yours leading this change, influencing the strategy, all this innovation. It's very exciting. Can you share with us a few leadership lessons for younger generations, for those who are starting their journey?

Megann: Sure. I think it's always important to remain true to yourself and what you're interested in. I've always been super passionate about new technology and explored being in the lab around new technology, maybe more of like the legal or patent side of new technology, being on the business side of new technology. And not really getting distracted by things that maybe others thought that I should consider outside of what my true passion was, and I think that it's really helped me become an expert in my space which is really important as you're trying to figure out what's new, or where the unmet needs are, and really accelerating access to patients and providers and pharma and whoever it might be to new technology. I really feel strongly about doing what makes you happy and what keeps you interested because I think it's not only good for your company, and your customers, and your partners, but I think it also gives you the satisfaction when you wake up every morning that you're excited to spend your day working. And I think if you're happy doing what you do, then usually it's beneficial to your career as well.

Asli: It doesn't feel like work when you're happy with what you're doing.

Megann: Exactly, and it helps being in healthcare. I think everyone in healthcare kind of feels that way especially during something like a pandemic, but even when you know people struggling with a diagnosis and just knowing that there's hope out there and there's a lot of people working to try and bring innovation to all of the diseases that are out there.

Asli: Absolutely, and health tech brings much more value and meaning to our jobs. I have done M&A, corporate development, business development in other spaces, in other markets as well, but when I started focusing on life sciences and health tech for the last 14 years, I felt very passionate and so now I can't think of other markets or spaces. Just fascinated with the health tech space and to continue. Well thank you very much, I really enjoyed our conversation, thanks for joining. It's a pleasure to have you.