

## InterWest's Doximity Investment

We are very proud of the performance of many of our companies over the past few years, but **Doximity, a startup investment led by our Managing Partner Gil Kliman, has emerged to be the crown jewel of our portfolio.**

Our Doximity investment evolved as the result of Gil Kliman's 20+ year relationship with Doximity co-founder and CEO Jeff Tangney, who Gil had previously backed successfully in our 1999 fund. In 1998, our late IW Advisor and Stanford Business School professor, Jack McDonald, introduced Gil to his student Jeff when Gil was helping to teach a course at the school on entrepreneurship. Gil and the InterWest team were immediately impressed with Jeff and his business school project—a mobile drug reference application for physicians—and moved to lead the Series A round in the startup, which Gil named Epocrates. Epocrates grew rapidly and became the leading mobile app for physicians. The company had its IPO in early 2011 and was later acquired by Athenahealth, delivering a very attractive return to InterWest.

In 2010, Jeff left Epocrates to explore starting a new company and was invited by Gil to be an Entrepreneur in Residence (EIR) at InterWest. While at InterWest, Jeff worked with Gil and our team to refine his ideas for a mobile social network for physicians and other medical professionals, and to strategize the best way to turn these ideas into a successful business. Jeff's efforts quickly led to the creation of Doximity (again named by Gil!), which InterWest seeded with a convertible note, and co-led the Series A in March 2011. Gil has been continuously involved as a lead investor in Doximity since the company's inception, helping to recruit Emergence Capital to co-lead the Series A and additional blue-chip investors in subsequent rounds. He has had a lead strategic role on the board since 2011, and remains a director post-IPO.

Doximity has been described as a "LinkedIn" for medical professionals—a social network that allows doctors to communicate with each other in an efficient, secure and HIPAA-compliant manner. It provides doctors with the means to receive relevant health-related information, identify and communicate with other doctors and specialists, access career and employment opportunities and, more recently, to communicate directly with patients and provide treatment remotely through telemedicine capabilities.

With over 80% of U.S. physicians engaged on the Doximity network (more members than the AMA), the company has developed multiple revenue streams from pharma/biotech and healthcare services, which have allowed it to achieve remarkable revenue growth and positive cash flow. Doximity has been profitable since FY19 ending 3/31/19 and generated \$83M of operating cash flow on revenue of \$207M in its FY21 ending 3/31/21, despite having raised only \$81.8M, most of which was never used due to early achievement of positive cash flow.

Venture capital has evolved quite a bit over the past decade, but Doximity is proof positive that the traditional model of combining domain expertise with proprietary personal networks continues to produce huge wins. Engaging with young entrepreneurs early—and helping them as a trusted advisor, with introductions, strategy, funding and company-building—remains one of the most effective ways to build enormous value and generate out-sized returns. The ultimate validation of a VC investor comes when already successful executives—the rare and much sought-after "serial entrepreneurs" like Jeff Tangney—seek you out first when planning their next initiative. Gil and InterWest were indeed fortunate to be well positioned to partner with Jeff and become one of the founding financial cornerstones of Doximity.