



BACKING BEST BETS IN HEALTH CARE

In Various Sectors Venture Capitalists Are Investing In Products

Thirty-nine health care companies raised \$713.6 million during February 2007, including several that actually have products on the market or in late stage trials. Fifteen companies that are already selling at least one product or service, or have FDA approval to launch one, announced venture capital deals during the month, garnering about 33% of the total dollars raised. In the following pages we take a closer look at these fifteen companies, and talk with some of the executives involved in the deals.

Starting in Medical Devices, the sector with five of these fifteen, we talked with Rick Lifsz, Senior Vice President, Corporate Development of **Hyper-Med, Inc.**, about the investment the company received from **Greenwich Biotech Partners**. Recently, HyperMed, a Waltham, Massachusetts-based company, “got a call from a venture firm interested in talking to us about an investment,” he said. “I’ve found that when an investor contacts you, they are already familiar with the market and your time to close a round is much faster because there isn’t the need for them to get up to speed.” HyperMed actually secured \$3.0 million in the first tranche of its Series A financing just months after its first conversation. “We expect to receive the other \$2.0 million tranche before the end of the year,” he said, although it is contingent upon agreed to milestones. The company is keeping its numbers private, for now; however, Mr. Lifsz did say, “We have near-term projections for profitability.”

HyperMed is focused on the development of hyperspectral technology, which is light-based and does not involve radiation, for medical applications. Already, “HyperMed has an FDA-cleared product, ready to go to

market, initially targeting diabetes and peripheral artery disease,” said Mr. Lifsz. HyperMed’s flagship product is a diagnostic device that maps the state of tissue oxygenation in patients with poor circulation, including those with diabetic foot ulcers, leg pain or other symptoms. The hope is that better assessment of tissue oxygenation will lead to improved health outcomes, primarily for people suffering from diabetes and peripheral vascular disease. There are over 160,000 amputations in the United States per year—75% of which are considered avoidable. Mr. Lifsz continued, “HyperMed hopes to make a major dent in the amputation rate as physicians adopt our technology.”

Currently available devices provide some, but not all, of the information doctors can obtain with HyperMed’s device. “This is one of the first diagnostic tools for quantitatively assessing tissue at the bedside,” he explained. “It is available in limited release today, with the full production release expected in the middle of this year.” The device has a reimbursement code and is for use by vascular surgeons, foot and ankle surgeons, endocrinologists, orthopedists and wound care providers, in hospitals and private practices. “We believe we have created a new category of diagnostic tool, which offers an anatomic scan and also provides a quantitative assessment of the oxygen content in tissue,” Mr. Lifsz stated. While the device is not intended to replace diagnostic tools such as CT and MRI scans, it is expected to be used in conjunction with such tools.

Greenwich Biotech Partners is led by Internet industry veteran David Wetherell, who founded **CMGI** (NASDAQ: CMGI) and is now investing in life sciences. HyperMed was, Mr. Lifsz said, “previously financed by government grants, including a \$3.5 million peer-reviewed grant from the **NIH**.” Greenwich Biotech is also invested in **Lentigen**, a biotech focused on the manufacturing and development of lentiviral vectors, that in January announced a new collaboration with **Wave Biotech**. Wave is providing process and equipment expertise for Lentigen’s manufacturing platform based on its proprietary lentiviral vector technology, which enables the delivery of genes or RNAi directly into cells for a range of biotechnological and medical applications.

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