

Chester, U.K.

* Device IP Firm Medical Device Innovations Closes \$5.5M Series A

By Lisa Lacy 3/3/2005

Medical Device Innovations Ltd., a development firm focused on medical device projects, said it received GBP2.9 million (\$5.5 million) in Series A financing.

The round was led by existing shareholder Avlar Bioventures and included capital from new investor The North West Business Investment Scheme, a fund managed by YFM Private Equity Ltd.

MDi previously raised GBP500,000 in seed funds from Avlar, Johnson & Johnson Development Corp. and Prelude Trust plc. The investor syndicate holds a majority of the company, said Chief Executive David Cottier.

Proceeds will be used to develop MDi's portfolio projects as well as to acquire new ones. Cottier said MDi's next step will be a B round or to look for flotation on AIM within 12 to 24 months.

MDi acquires its intellectual property through relationships with technology transfer groups at universities in the U.K. as well as with Trust hospitals, the National Health Service and personal relationships.

The firm then develops devices through to proof of concept, at which point the firm will target publicly traded medical device companies for an acquisition or group the ideas with synergistic projects as the basis for a spinout company.

Cottier said the inventions it acquires might not be broad-based enough to form the basis for a company or are at too early of a stage to be out licensed to larger, publicly traded device companies. MDi develops these projects to the prototype stage and then as far as clinical testing.

Cottier described MDi as "a more normal investment" for VCs than an invention from a surgeon per se, his firm has structured management and expertise. Cottier was a vice president of clinical research at Johnson & Johnson Inc. when he was approached by venture capitalists in 2001 to facilitate such ideas and bring them to sell them on to larger device companies.

"What is ideal for us is the invention from a clinician which has medical applications but who doesn't have funding, time or expertise," he said.

MDi has six projects in its portfolio in radiology, cancer treatment, orthopedic/plastic surgery and emergency medicine. Cottier said he expects to ultimately have eight to ten at varying stages.

The first project is in interventional radiology and MDi is in negotiations with a large company to put this product on the market. Upon completion of such a deal -- which is expected in the second half of the year - MDi will generate its first revenue. This, in turn, will fund further development of less-advanced projects in MDi's portfolio.

Others MDi projects include an energy source for tumor ablation.

As a result of the financing, MDi appointed Andy Allars as chairman. Allars was formerly with Prelude as a director.

Founded in 2002, the Chester, U.K.-based company has two employees and will hire a project manager as a result of the funds. <http://www.mdi-md.com>