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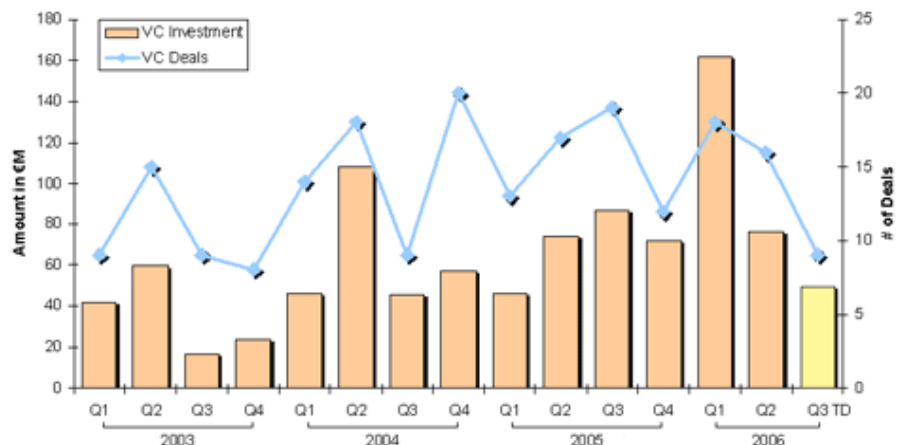
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Medical equipment continues to entice VCs

The funding surge in European medical technologies witnessed earlier in the year continues as 5 venture capital investments were announced in the sector in the past fortnight. In fact, *medical devices* companies have now raised more capital than ever recorded in a full year by Tornado Insider Research. To date 43 companies secured €286.8 million in funding. In comparison, in 2005, a total of 61 companies bagged a total of €279 million.

2006's VC investment peak is partly accounted for by the €75.6 million injection of capital into Israel-based **Alma Lasers**, a developer of laser and light-based devices for aesthetic, medical and dental applications. This week saw the second-largest investment of the year, with the €14.2 million third-round funding of another Israeli company, **Transpharma Medical**. Using its RF-MicroChannel Technology, the company has developed the ViaDerm device for drug delivery via a patch placed on the skin.

Medical devices funding / Europe & Israel



Some medical devices companies have surprisingly short periods in between funding rounds. Of the 104 investments in the past 18 months, 10 companies have raised capital twice in that period. This includes **20/10 Perfect Vision** that raised €4 million this week only 11 months after its previous funding round at €4.1 million. The company's FEMTEC surgical laser system, using its FEMTEC femtosecond pulse laser technology, allows for precise surgery within the cornea. Also based in Germany, **Retina Implant** secured €7.5 million in April, one year after it received a €1 million capital injection. Retina Implant is developing a fully functioning electronic retinal prosthesis, aimed at giving blind people back part of their lost sight.

Whether the medical equipment market will remain a sweet spot for VCs remains to be seen. The current upswing may very well be triggered by a number of acquisitions, while biotechnology investors are also lured by the less cash and time consuming nature of medical devices companies compared to biopharmaceutical companies. But some analysts are concerned that since the market has been consolidating for a while now, the number of major players and therefore the number of exit opportunities via trade sales are dropping considerably.