

Investors' Cash Has Imalux Set to Move Forward

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By Shasta Clark

A band of Cleveland investors really believes in Imalux Corp.

Eight local investors - along with a venture capital firm in Columbus - gave the Cleveland-based maker of medical imaging devices \$1.9 million of fresh capital this week. And it's not the first time most of them have invested in Imalux.

The money completes the company's first round of financing at \$3.5 million and poises it to take steps toward commercializing a medical imaging device that allows physicians and clinicians to look noninvasively for structural disruptions in soft tissues.

"Imalux is a good example of the way company formation and acceleration should work in Northeast Ohio," said Matt Jennings, president of BioEnterprise, a nonprofit organization that is helping Imalux and other young bioscience companies build their businesses here.

"It starts with a technology that has great market potential, but needs to be validated with funding from a small group of investors," Mr. Jennings said. "Once validated, the technology attracts a strong management team that attracts additional capital. Northeast Ohio's challenge is that we need to see more of this - more people willing to take a risk on early technology to get it to the stage that Imalux is in today."

Six of the investors had contributed money previously. They include Early Stage Partners; Symark Ltd., the investment vehicle operated by BioEnterprise chairman Bill Sanford; Biomec Inc., a Cleveland-based developer and manufacturer of biomedical devices that provides office space to Imalux; Bio Info Accelerator Ltd., a group of Cleveland-based individual investors; Joe Teague, chairman of Midwest Tooling Group in Chagrin Falls; and the Ratner family.

Jonathan Murray, managing director of Early Stage Partners, said his partnership believes Imalux "has the potential to be a big winner."

"The hope is we get enough market presence that someone says we want to buy you for significant amount of money," Mr. Murray said.

Among the new investors are Reservoir Venture Partners Ltd. of Columbus and Imalux's new CEO, J. Lloyd Breedlove, who moved back to Cleveland from his native North Carolina in July to take the helm of the startup.

"If I don't have the confidence to invest in the company at this stage, I couldn't ask other people to invest," Mr. Breedlove said.

The other new investor has a long history with the company. Warren Goldenberg, who invested as part of a group called NEOTech Investment, Partners Ltd., had discovered Imalux's technology in Russia in 1996 with Leon Polott, president of Cleveland-based technology incubator 5iTech LLC.

Mr. Goldenberg brought the imaging technology to Cleveland and nurtured it for the first five years it was here. He helped recruit the first members of Imalux's management team, many of which have been instrumental to attracting the interest of Cleveland's investment community.

"One of the primary things we invest in is a team," said Reservoir Venture Partners managing partner Curtis Crocker. "We were impressed with the management team, but when Lloyd Breedlove got involved we got more intrigued given his background, his strength as a leader and his previous successful

relationship at Steris with Bill Sanford. He's a driver. He figures out how to get things done."

During the nine years in the 1990s that Mr. Breedlove worked for Steris, sales at the Mentor-based maker of medical sterilization equipment grew to more than \$800 million from about \$13 million. Mr. Breedlove himself is humble about his involvement in Steris and his other business accomplishments, but he is clear about his ambitions for Imalux.

"Imalux has made progress quickly," Mr. Breedlove said. "We have a pre-production device, we will make an FDA submission this fall, we will make plans to manufacture and plans to take it to market. That's remarkable for \$3.5 million (of investment). "Now we have to stay focused and do things at the right time."

The timetable for Imalux depends largely on its ability to get Food and Drug Administration clearance for the device. The company hopes to receive the FDA's blessing early next year, Mr. Breedlove said.

Meantime, Imalux will use its new money to develop plans for manufacturing and commercializing the device, as well as to continue tests of the device at the Cleveland Clinic and George Washington University Medical Center in Washington, D.C.