



Imalux adds \$250K, Medical Growth Fund to \$6.7M fundraise

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[Imalux Corp.](#) has added \$250,000 to its Series C fundraise begun in 2007 to launch the second generation of its novel medical imaging technology.

[Medical Growth Fund](#)—an emerging angel investor group supported by Northeast Ohio bioscience company developer [BioEnterprise](#)—provided the additional investment. So far, Imalux has raised \$6.7 million of the \$7 million for which it had hoped during the round, said Tom Barnish, the company’s chief financial officer. The new money is “helping us complete the engineering on our next-generation Niris,” Barnish said. The Niris Imaging System uses near-infrared light to produce high-resolution images of tissues in the body through a process called [optical coherence tomography](#) (OCT). “It will provide us some extra runway,” said Barnish, whose company raised \$5.1 million of the round in September 2007. “So, we’ve been putting bits and pieces of the remaining \$2 million together over the last couple of years.”

The resolution of the Niris cross-sectional images is about 100 times higher than those produced by ultrasound, which uses sound instead of light waves to create images. Some early adopters of the technology—delivered through a light-emitting probe—used it to detect bladder cancer tumors and preserve nerves and blood vessels during prostate surgery.

Barnish said the second generation of the device will be faster and come with more specialized probes than the first-generation device. Initially, Imalux will target the urology, gynecology, and ear, nose and throat industries with its imaging technology. The company hopes to complete prototypes of the technology in the second quarter and test and validate the technology in clinics soon after. “Hopefully, we’ll be out looking for some more capital and launching product toward the end of the year,” he said. Formed in 1996 to commercialize imaging technology developed by Russian scientists, Imalux was on a fast track to get its device into the market. The [Food and Drug Administration](#) gave the green light to sales in 2004.

But then the company’s track showed. Doctors and other potential users wanted to see clinical validation of the technology before buying it. And investors wanted to see more doctors use the technology before investing more money.

So Imalux professionals worked with doctors to show how well their technology worked, wrote journal articles, [presented breakthrough research findings](#) and refined their device based on user feedback, Barnish said. “The clinical validation period has been wonderful.”

In June, Imalux [hired veteran health care industry entrepreneur Michael Burke](#) as its president and chief executive. Imalux Chairman Bill Sanford, who gained local prominence in the 1980s and 1990s as chief executive of Steris Corp. in Mentor, Ohio, had been interim CEO for more than a year.

Imalux has raised more than \$17 million from investors since 1996. Sanford's venture capital firm, Symark LLC, was a lead investor in the 2007 deal, which Early Stage Partners and ElectroSonics Medical, both of Cleveland, and Reservoir Venture Partners of Columbus, also led. In all, more than 20 previous and new Imalux investors participated in the financing round.

Now, the Medical Growth Fund is getting involved. Founders of the fund read like a Who's Who list of medical technology entrepreneurs in Northeast Ohio: Ray Dalton, founder and chief executive of medical equipment supplier [PartsSource](#) is the fund's chairman. Other names on the fund's [September filing with the Securities and Exchange Commission](#): CEO Burke and Chairman Sanford, Chuck Hallberg (MemberHealth), Jim Hummer (Whole Health Management), Colin Scully (Life Line Screening), and Geoff Thrope (NDI Medical).