Home dialysis plus lands $50 million investment, boosting Oregon medical technology

I-Micronews

The money is an emphatic boost, not just to HD Plus but also to the state's entrepreneurial community and its fledgling medical technology and nanotechnology industries.

"*It's a foundation for us where we can move forward and say: 'Look at what Oregon can do,*'"said **Michael Baker**, chief executive and co-founder of HD Plus.

"*We haven't really had the credibility in the investment community, in the space where I'm in, up until now,*" **Baker** said.

The money comes from the New York-based private equity firm Warburg Pincus, which agreed to provide as much as $50 million to commercialize HD Plus' technology. The Portland company declined to say how its backers will determine just how much to invest.

HD Plus has developed a portable kidney dialysis machine for home use, freeing patients from having to visit clinics several times a week for three-hour treatment sessions.

Others already offer home treatment options, but HD Plus says its technology is easier to use and may improve patients' quality of life.

The company will use the money to finish developing its products and begin marketing them. HD Plus secured the funding in February and has already put some of the money to work expanding its facilities and contracting with design firms to produce its technology.

"*We have a very specific timeline for developing the product,*" **Baker** said. He wouldn't disclose that timeline, which includes a federal approval process, but said "*It's not years out.*"

Kidneys clean the blood by removing excess fluid, minerals and wastes that could damage the body if allowed to build up, according to the National Institutes of Health.

Dialysis is used to treat patients with kidney failure, which afflicts more than 485,000 Americans, according to the National Kidney Foundation, including 341,000 being treated by kidney dialysis. Diabetes and high blood pressure are chief causes.

HD Plus currently employs 36 people, divided between Portland and Corvallis. Baker said he hopes to add at least 14 more employees by early next year.

A former Lockheed Martin and GE Medical vice president, Baker also worked as a director at GE Medical. He and his partners started HD Plus six years ago, but efforts to find investment backing were hamstrung by the recession.

HD Plus found support in other ways, however.

ONAMI -- the Oregon Nanoscience and Microtechnologies Institute -- granted $170,000 to HD Plus in 2007 to help it develop a prototype of its home dialysis machine.

In 2008, Hewlett-Packard Co. licensed its inkjet technology to HD Plus to help mix the salt, electrolyte and water solution used in dialysis. HD Plus applies the microfluidic technology HP developed for printers to kidney dialysis.

HD Plus also has a licensing agreement with Oregon State University to incorporate technology developed at OSU for blood filtration and water treatment.

Oregon’s heritage in computer hardware development and manufacturing can be an asset in medical technology, too, according to Rex Richmond, vice president of marketing and communications for Biotronik, a German company that employs 200 in Lake Oswego.

“All the raw materials are certainly here,” **Richmond** said.

Biotronik makes pacemakers and defibrillators. The company has commercial and manufacturing operations in Oregon and draws heavily on expertise developed at Intel and elsewhere, according to Richmond.

“That’s why we’re here,” he said. *“We have such a dependency on people who are expert in advanced microelectronics.”*

Oregon state officials have long made biotech and nanotech focal points of their economic development efforts, aiming to capitalize on research at the state's universities and at big employers such as Intel and HP.

Before this news, though, those initiatives had produced few big successes. Most investment in Oregon companies went instead to traditional technology businesses or, increasingly, to clean tech.

So the big investment in HD Plus marks a milestone for Oregon and new technologies under development here.

"*This is what Oregon has been waiting for,*" said U.S. Sen. Ron Wyden, who has helped steer $45 million federal dollars to ONAMI since 2003. That money, secured with the help of former Oregon Sen. Gordon Smith, set the stage for HD Plus and its new investment, according to Wyden.

"*This is jobs that are going to be available to Oregon in the science of the future,*

the science of small stuff," **Wyden** said in an interview.

HD Plus' investment also represents another positive sign for Oregon's technology community, following last month's news that Portland software company Tripwire plans an initial public stock offering. The state hasn't had an IPO since 2004.

New York-based Warburg Pincus is a major private equity firm, currently managing $30 billion. In 2007, the company invested $245 million in Portland-based Integra Telecom.

ONAMI said in a newsletter that The Vertical Group, a venture capital group with offices in New Jersey and California, also participated in the funding. HD Plus declined to discuss the Vertical Group's participation.

HD Plus' funding is the largest initial investment in an Oregon company in memory, according to longtime Portland venture capitalist Gerry Langeler of OVP Venture Partners.

"*That's an interesting product and company, and they probably need that kind of money,*" **Langeler** said.

New medical technology requires a broad rollout, he said, which comes with high capital requirements for producing and distributing the equipment.

"*You have to provide that infrastructure,*" **Langeler** said.

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