

NEWS AND TRENDS

Med Graph raising funds to expand operations

By SMRITI JACOB

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Startup firm Med Graph Inc. is seeking roughly \$1 million in initial funding to peddle its products and develop new technologies.

The Greece-based medical device and informatics firm focuses on electronic communication of data linking home-based medical devices and health care providers. Med Graph has raised \$290,000.

"Med Graph develops communication systems to communicate medical information and present it in a visual form. For example, our systems enable a diabetic's glucose monitor to send information directly to the person's doctor," said Edward Schlueter, president.

The former Xerox Corp. researcher holds multiple patents.

Company officials project revenues of roughly \$1.5 million in 2003, based on its licenses and contracts with outside parties. Revenues in 2004 are expected to reach \$7 million. Its plans indicate more licenses.

"The response from potential licensees has been great," Schlueter said. "We are talking to several universities about development contracts. We are making headway."

Med Graph is in talks with a variety of firms and universities including Johnson & Johnson, Abbott Laboratories, Verizon Communications Inc., University of Buffalo, University of Rochester's Center for Future Health and others. The company has two patents and expects to file for five others soon.

"We plan to go out and aggressively license our patents," Schlueter said. "We will concentrate on licensing deals and have a focused sales and marketing effort."

Incorporated in 1999, the company employs two full-time staffers and expects to add more, depending on the availability of capital and license revenues.

"The company needs to build a management team. It is a catch-22 situation. You can't get a management team without capital and a management team is necessary to give them credibility. But I think they have done the right things," said David Hessler, managing director of investment banking firm Argilus LLC and program chairman of the Rochester Venture Capital Group.

Like other startups, the company's success hinges on attracting investment dollars. Company officials have presented its business plan in local forums, including the RVCG and most recently at the third networking session of Entrepreneurs & Angels.

"This is definitely an opportunity to build another good size company in Rochester," Hessler said. "It always takes longer than the entrepreneur thinks. Med Graph has proprietary technology."

In 2002, Med Graph licensed its method to transmit a patient's blood glucose data from a glucose monitor to doctors. The company's technology can collect data from a home glucose monitor and directly send the information to a doctor's computer, via the Internet.

California-based medical device manufacturer TheraSense Inc. licensed Med Graph's technology. Schlueter declined to provide details, citing the nature of the agreement as the reason.

"There are 17 million diabetics in the U.S. and most have to test their blood sugar one or more times per day with a glucometer," Schlueter said. "The majority of diabetics' glucometers require a patient to write down data on a sheet and present it to the medical professional."

Med Graph's technology eliminates the manual process by delivering patient diagnostic data in graphical form to doctors.

"A patient (normally) doesn't like to write things down. Also, there are errors in doing that," Schlueter said. "Our technology can collect the data, dial up the doctor's office and download the information to the computer."

In addition, manufacturers of these home-monitoring devices could use the information to automatically replenish test strips, a necessary component of diagnostic tools. "We are trying to make these devices as easy to use as we can," Schlueter said.

Med Graph expects to apply its technology to cholesterol monitors and blood pressure measuring devices. The company is developing a data capture module and cradle for a medical device that also will relay information to a central server and ultimately to the physician. Officials expect to work with manufacturers to provide engineering services to integrate and adapt these designs for specific products.

"Being able to collect patient information is a very critical area. It will help health care providers manage problems much better. Ed Schlueter is a very skilled inventor," said Paul Wetenhall, interim director of High Technology of Rochester Inc.

Med Graph also is completing development of a scalable server application that can receive and consolidate patient data and use different modes of communications such as fax, e-mail or Internet browser applications to send the information to a doctor.

Med Graph's immediate need is working capital. The company is scouting for capital from angel investors and venture capital firms to build a management team, develop new products, and organize its sales and marketing efforts.

"We are highly thought of, but like most startups, we do not have all of the resources we could use," Schlueter said. "I am very optimistic, once the investment funding comes in. If we don't obtain funding it is going to be challenging. We want to build our company in the Rochester area."

(sjacob@rbj.net / 585-546-8303)