



Vidacare set to launch biopsy tool

By David Saleh Rauf - Express-News

A \$7.6 million investor infusion will spur two product launches over the next year at San Antonio-based medical device company Vidacare Corp.

The company's chief executive says it should be the last time Vidacare, which estimates that it will generate about \$25 million in revenue this year, relies on outside money to develop and introduce new products.

Vidacare's goal of becoming a company capable of generating enough profit and cash flow to support itself will rest largely on the shoulders of its newest product line: the OnControl system, which will give doctors a set of tools to drill their way into the space inside human bones.

The first product Vidacare will launch under its new lineup is a cancer diagnostic tool the company says could revolutionize the way doctors access bone marrow for biopsies and harvesting procedures. The device, dubbed the OnControl Bone Marrow System, is tentatively set for commercial launch next week and is expected to give the company a "major step up" in terms of revenue, CEO Phil Faris said.

"With a new product coming into the cancer space, we expect the company to have a very substantial uptick in 2010," Faris said.

The company's technology platform is based on battery-powered drivers that look and function like small drills and patented needles that give doctors access to the space inside the bone.

The EZ-IO Vascular Access System, launched in 2005, was the company's first product to hit the commercial market. The EZ-IO, which allows doctors to deliver drugs quickly into the bone in an emergency, is sold in more than 50 countries and generates almost all the company's revenue.

The company's bone marrow biopsy tool, analysts say, could one day completely replace the excruciating procedure currently used, in which doctors manually grind a needle into a patient's hipbone to extract a bone marrow sample. Vidacare plans to follow the launch of its biopsy tool with the introduction in the first half of next year of an OnControl device specifically designed for spinal surgeries.

“This is the first real definitive extension of our technology platform,” said Faris, who joined the company as CEO in August 2005.

Together, the two products are expected to at least match the EZ-IO’s revenue output, which has increased every year by about 25 percent, over the next four to five years.

“These are the two impact products. I don’t know if there’s a billion-dollar total market for their products, but it’s huge,” said Alan Dean, a venture capital investor who has been involved with Vidacare since it was formed in 2001. “This will dramatically increase the valuation of the company.”

Charlie Whelan, a San Antonio-based medical device analyst for Frost & Sullivan, said Vidacare is well positioned to capitalize on its new product offerings. But he said the company’s future profits could be impacted by other medical device makers looking to “piggyback” on Vidacare’s technology.

“It’s always a risk with any device company out there. That’s been the historical precedent,” he said. “If you’re first to the market and prove your product is successful in the market, then you can anticipate copycats wanting to move into that market.”