



UTHSC spinoff CardioSpectra sold

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Travis E. Poling
Express-News Business Writer

University of Texas Health Science Center spinoff CardioSpectra Inc. has been acquired by a San Diego, Calif., company that expects to expand operations when the deal is done at the end of the year.

Volcano Corp. will pay \$25 million in cash and up to \$38 million in milestone payments to CardioSpectra investors for the company, which makes an optical coherence tomography diagnostic catheter. The catheter lets doctors better diagnose vascular plaque at the cellular level and predict heart attacks. It also can be used in the early detection of certain cancers and glucose monitoring for diabetics.

Volcano specializes in ultrasound and other products used in finding and treating vascular and structural heart disease. The company plans to eventually integrate CardioSpectra's technology with Volcano's, Volcano CEO Scott Huennekens said in a prepared statement.

Volcano is on track to generate more than \$126 million in revenue in 2007, but has yet to turn a profit.

Volcano brings knowledge of invasive imaging and worldwide distribution system, said Chris Banas, CardioSpectra CEO.

CardioSpectra operations will expand in San Antonio as the company moves toward getting its medical devices approved for market in the U.S., Europe and Japan — a process that will begin next year and could mean more financial reward for CardioSpectra's backers.

On the Web

- [Volcano Announces Agreement to Acquire CardioSpectra](#)
- [SEC details of deal](#)
- [Volcano Corporation](#)

All told, the deal could be worth \$63 million in payouts through 2014, according to a Volcano filing with the U.S. Securities and Exchange Commission.

The first milestone payment of \$11 million comes from successful regulatory approval in Europe, Japan or the U.S. by the end of 2009. Additional payouts would come with approval of the product with advanced features and subsequent commercial sales, according to the SEC document.

"This really substantiates to me what great doctors and scientists are coming out of Health Science Center, even though we lack venture capital for people with great ideas and products," said Charles Martin Wender, a San Antonio real estate developer who is one of the investors in CardioSpectra, which launched in 2005.

The company was founded by UTHSC's Dr. Marc Feldman and University of Texas at Austin researcher Thomas Miliner.

The state of Texas is another beneficiary in the deal. The Texas Emerging Technology Fund administered by the governor's office provided \$1.35 million to CardioSpectra and stands to more than quadruple its return on that investment with the acquisition by Volcano.

"This deal is impressive partly because of the short amount of time (CardioSpectra has) been in business, and it shows there's a lot of space for the medical device industry in San Antonio," said David Spencer, a member of the technology fund advisory committee and president of San Antonio's Mandelbrot Ventures Inc.

This is the latest of several acquisitions of San Antonio biotech firms. Genzyme Corp. purchased Ilex Oncology Inc., a spinoff of the Cancer Therapy & Research Center, for \$1 billion. And British company Smith & Nephew PLC bought out Osteobiologics Inc., another UTHSC spinoff, for \$72.3 million last year.

tpoling@express-news.net

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