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High Tech

You've Got It Backwards, Biotech!

Who would take it into his mind to raise funds in Israel so as to finance American bioscience companies? His name is John Perry, Founder of the M-EDG Company

In Israel there is a wealth of knowledge in biosciences. In the U.S. there are [both] a market for the Israeli companies and the money to finance them – these are the basic assumptions according to which the Israeli bioscience industry operates.

John Perry does not dispute this claim, it's just that he thinks it can also work the other way. Perry, formerly head of the Israel-Chicago Trade Organization and a warm friend of Israel in the U.S., despite the fact that he is not Jewish, came to Israel to raise a \$3 million budget for his new venture, M-EDG.

"I very much hope that Israeli organizations will take advantage of the opportunity to take part in the venture and to enjoy the high returns which the American bioscience field can provide," he says. M-EDG (Medical-Enterprise Development Group) is represented in Israel by the business consulting firm OBV (Orange Blossom Ventures, owned by Ariel, Dan and Gil Makov), which set up its meetings with Israeli organizations, including financing bodies, incubators, universities, and prominent entrepreneurs.

Unusual Business Model

The M-EDG venture operates under an unusual business model. The company seeks medical instruments and medications that are about one year from the clinical trial stage, but are not enveloped by a company around that wants to develop them.

The intention is to allocate \$3 million per year for the development of two such companies, with the goal of bringing them to the stage where they can issue stock or be sold to a pharmaceutical company within five years.

The companies will be administrated by American management groups that will be recruited by the M-EDG team, which has many good contacts in the field of business development and marketing of medical products in the U.S.

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Perry himself served as the president and CEO of the Athena Medical Corporation, and of Xtramedics, which were listed on Wall Street on non-leading lists, and also served in management positions in Curatek, Lymphomed, Abott [sic], and Searle.

He has also managed about eight small bioscience start-ups and served as director of more than ten additional companies.

How do you find products that are very close to clinical trials but are not enveloped by an existing company? Products that are up for licensing are usually at a much more preliminary stage.

Perry: “M-EDG [has already] located several such sources. One is medications that were developed by the large pharma companies but abandoned, because the markets for them are not considered large enough for these companies. The company writes off the R&D expenditure but ignores the product of this investment. And indeed, in today’s market, these products are really more suitable for a smaller company, which is not interested only in best-selling medications.

“We will do the development”

“A second source is universities and private entrepreneurs, and a third source is small companies from countries outside of the U.S. – such as Israel. These are primarily companies in the field of medical instrumentation, which are interested in selling their product to M-EDG for a low primary amount with higher royalties in the future, as they know that M-EDG will do the work of business development and marketing in the U.S., which is actually very hard for them to cope with.”

M-EDG has already established one company, NitroMedyx, which purchased the rights to develop the anti-inflammatory medication Metronidazole, which was developed at Searle. Perry was the product manager for Metronidazole at Searle, and was responsible for the marketing of the product as a medication for local inflammation, under the Flagyl brand name, and as an acne medication, under the MetroGel brand name. The original substance is generic, but M-EDG patented novel applications for the substance in slightly altered formulations, among other things for the treatment of pressure sores, vaginal inflammations, and oral herpes. The company is now seeking the second product for it to invest in this year.

Why are you raising money in Israel?

“Israel is the second market in the world in terms of venture capital fund investments. There is a lot of money here seeking investments in young bioscience companies, and there are a lot of investors who are familiar with the field and understand its potential.”

Do you also come to seek technologies that you will want to purchase and establish companies around them?

“I wish we will find such. I have a great deal of faith in the Israeli industry.”

Gali Weinrab