

M-EDG Looks to Boost Med-Tech Sector

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Israel's medical technology sector may be on the verge of getting a lift from a Florida company that sees the area as being largely untapped given the high level of innovation in the country.

Medical-Enterprise Development Group (M-EDG), a management company in the health care industry, plans to launch Florida's First Coast - Israeli Initiative later this month, to raise \$30 million to \$50m. to help boost the commercialization of Israeli medical technology.

The company will host an event in Florida on May 17 where it hopes to attract investors for the fund to take the project into the next phase of operation.



John Perry
Photo: Courtesy Photo

"We are bringing to market a different model than that previously in place in Israel," John Perry, president of M-EDG told The Jerusalem Post during a recent visit to Israel. "Our focus is not on R&D but rather the next stage of the products development, helping the companies to grow and market their product."

Perry explained that under the M-EDG model, Israeli incubator companies will gain one-third ownership in a new subsidiary, with the remaining two-thirds split equally between the US investors and M-EDG, which will be responsible for management of the company.

"Typically, incubator companies enter into royalty and licensing agreements where they take about four percent of the sales of their products," Perry said. "We are offering the Israeli innovators up to 20-30% greater value on their projects."

Perry said the model aims to bring Israeli products to market within one year, and then grow the company over a period of three years, before exiting with an IPO or a buy-out from an outside investor. It also could "possibly allow the Israeli partner to buy out the rest of the company," he added.

Having first been exposed to Israeli R&D capabilities some 20 years ago through his involvement in the US Federation of Israeli Chambers of Commerce, Perry said he was

well aware of the level of innovation in Israel and that, when at the end of 2005 M- EDG raised approximately \$3.3m., the consensus was that Israel was the natural place to take the project.

Through the company's representatives in Israel, business development company OBV, owned by Dan and Ariel Makov, Perry and the five other members of M- EDG senior management visited Israel in February and again in April and have met with approximately 40% of all the incubators to get them on board.

"The combination of government support through the incubator program and the high level of education and innovation here have brought Israel to lead the world in bringing medical devices and information technology to the market," Perry said. "We are extremely strong in IT and in a good position to reconcile the sector with effective management, where we believe there is gap in the country's product development."