

They found a winning team

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Nick Wilkinson of mobiLIFE with the portable drip his firm has developed. **Photo: Michele Mossop**

Mark Fenton-Jones

In a tight market for investment funding, identifying the right intermediary has proved critical for a medical device company that wanted at least \$1 million to commercialise its product.

For mobiLIFE chief executive Nick Wilkinson the goal was not just to get the cash. "We were very picky about who we approached because we wanted to bring on investors with relevant skills, not just capital," he says.

Wilkinson, 42, had a stellar career in industrial manufacturing after graduating from the University of NSW with an honours degree in science. Joining Plastyne Products direct from university, he was appointed general manager at age 26.

In 2000 he formed a shelf company to acquire the assets and trading name of Roland Medical, a medical device manufacturing business that had entered voluntary administration in 1999.

In 7½ years at Roland, Wilkinson took the firm from a \$900,000 turnover with three staff and no profits or working capital to a \$4 million business with 25 to 30 employees, \$600,000 a year in profit and a joint venture manufacturing operation in China. The business was sold to a NZ-based company in 2006.

In some respects the quest for capital and experience for mobiLIFE bears similar features to his time at Roland.

The company was established in 2002 to take ideas and concepts from the University of Newcastle into the medical device industry.

A joint venture between Newcastle Innovation and several medical device business owners, mobiLIFE is developing a portable drug infusion device for the global market that is worth an estimated \$6 billion to \$7 billion, of which the Australian market accounts for 3 to 4 per cent.

Invented by Paul Dastoor, physics professor at the university, the accurate, low-cost device lets patients out of bed and, ultimately, out of public hospitals.

It will eventually be used in chemotherapy and pain management but initial markets are intravenous antibiotics and nutrition. The portable IV device gets its energy from a tiny gas canister.

It is now being commercially trialled at a Sydney private hospital after clinical trials at Royal North Shore, Gosford and Royal Perth hospitals.

When Wilkinson joined as chief executive officer and a shareholder in March 2008, his task was to increase the pace of commercialisation.

In November that year, during a search for suitable investors, he pitched to the founders' forum of Hunter Angels Trust, a group whose members look to invest in embryo ventures.

There he met Jeremy de Constantin, deputy chairman of the trust and managing director of business advisers Vantage Performance, who introduced Wilkinson to Crea Ventures, a venture capital firm based at Thornleigh in NSW.

De Constantin was already familiar with the work of Crea, which takes innovations in consumer products, medical devices, food and beverages, and energy and, through funding and joint ventures, packages these innovations for a global market.

“They [Crea] understand healthcare,” de Constantin says. “They have a good reputation and I felt, as investors, they were a good fit to work alongside the mobiLIFE team.

“They have the manufacturing skills and global scale to get mobiLIFE’s production costs down. They also have global access to hospitals, providing a ready-made path to market.”

While a prototype had been developed, mobiLIFE realised its initial device was too bulky and had to be miniaturised.

Crea Ventures’ production facilities and R&D skills provided a perfect match, de Constantin says.

Wilkinson says that advantage helped get mobiLIFE capital-ready before they approached the private equity firm and then played an ongoing advisory role during negotiations on behalf of mobiLIFE.

“A good intermediary brings the right networks and access to capital,” Wilkinson says.

“Jeremy got to know us well and was able to bring on board an investor with capital and engineering and production skills to help us grow.”

But even those businesses opening the right door often fail at the point of presentation because of insufficient spadework. They are not “capital ready”.

For de Constantin, mobiLIFE was “capital ready” because of the “must-have” aspect of their IV product.

Along with the mobiLIFE team he worked out how the product would be taken to market, who the paying customers would be and whether his own side had the requisite experience to do the heavy lifting typically associated with an early stage venture.

In one particular area, de Constantin says, Wilkinson ticked the box. At Roland he held all the authorities and responsibilities as a Therapeutic Goods Association “fit and proper person” and at mobiLIFE had obtained TGA accreditation.

De Constantin was able to broker a deal between mobiLIFE and Crea Ventures that invested \$800,000 in the business and which, combined with \$240,000 additional funding from existing and new shareholders, took total 2010 raisings to more than \$1 million.

Crea will also handle production of the IV device at its Chinese facility, as well as access R&D expertise in Chicago and larger players in the market.

De Constantin warns that it is vital for start-ups to realise that preparation as well as matchmaking is a key attribute when considering private equity.

The business needs to be fully prepared to present its case in the best possible light.

Second, accessing the right private equity partner is critical. “This can be a marriage made in heaven or one that may end up in hell,” he says.

He insists that the basis of mobiLIFE’s success was in the preparation and in finding a source of private equity that has proved a perfect match.

“The importance of the intermediary is just like when you are dating – things tend to work out better if you have someone who knows both parties who does the vetting before you are introduced. It saves a lot of time wasted on unsuitable suitors.”

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