

VentureWire Life Sciences

July 7, 2009

Redwood City, Calif.

Spinal Device Co. Relievable Takes In \$20M Series C

By Lorie Konish

Relievable Medsystems Inc. has raised a \$20 million Series C round to potentially fund the company up to market launch for a device aimed at taking a new approach to the treatment of chronic back pain.

New investor Morgenthaler Ventures led the round, which also included new investor Emergent Medical Partners and existing investors Canaan Partners and Onset Ventures. Valuation was not disclosed.

Redwood City, Calif.-based Relievable is developing a medical device that aims to provide chronic back pain sufferers who do not respond to conservative treatment a new alternative to surgery. With the device, the company plans to target a nerve inside the vertebral body that it believes is the cause of most back pain, said Relievable President and Chief Executive Paul Goeld. With the insertion of a small probe into the vertebrae, the device targets the nerve using radiofrequency ablation. Performed under real-time fluoroscopic guidance, the treatment takes about one hour.

The device, which is currently finishing up an initial pilot study, has so far shown positive results in patients, Goeld said, with most treated experiencing relief for at least one year. Because the treatment is an early intervention, the patient would still be eligible for surgery in the future. The company plans to bring the device into a randomized controlled blinded study later this year. Details of the patient population or size of that study are not disclosed.

The Series C round is aimed at taking Relievable right up to its market launch, Goeld said, which is targeted for roughly two years after the start of the upcoming trial, either late 2011 or early 2012. The company plans to decide around late 2010 or early 2011 whether to do a full market launch and raise additional funds or to pursue a strategic partner, Goeld said.

"We've certainly had a lot of interest from the major players already," Goeld said. "That could change whether we have positive results from the trial or not. I think most of them are aware of what we're doing."

Relievable spun out Johnson & Johnson company DePuy Inc. with the technology in 2006, at the same time raising a \$20,000 Series A round through founders. The technology originally came from research from Michael Heggeness of the Baylor College of Medicine. Relievable last raised about \$9 million in a Series B round last year.

For new investor Morgenthaler, the investment in Relievable represents part of a larger focus on spine treatments, with a portfolio mostly including surgical implants for spinal disease. Morgenthaler Partner Hank Plain, who previously served as chief executive of Perclose Inc. and continues to serve as vice chairman of medical device incubator Foundry Group LLC, has been named to the board with the round.

"We see this as a potential to change the paradigm of treatment," said Plain. "Our hope is that this would be a definitive and durable treatment. They have very interesting and compelling early clinical data."

<http://www.relievant.com>