

# FierceMedicalDevices' 2014 Fierce 15

October 1, 2014

It's not easy to be a med tech startup. But it does look like it's getting a bit easier. Here we've taken a look at some of the most promising private med tech companies--those that embody a huge leap forward as well as those that offer meaningful improvement upon the past.

This year, medical device venture fundraising could actually increase for the first time since 2007. That's driven by the increasingly connected healthcare environment. VCs are going wild for digital health, the promise of convergence between our healthcare systems and all the mobile, cloud, wireless and wearable technologies you could possibly imagine.

During the first half, financing to "digital health" companies was \$2.3 billion; that's up from a total of less than \$2 billion for all of 2013, according to venture firm and industry analyst Rock Health. Now, digital health doesn't equate precisely to medical devices, but it does include many of the latest tech trends in the sector.

Even the more traditionally defined "medical devices and equipment" segment is finally regaining financing traction as IT investors become increasingly familiar and well versed in it. According to the National Venture Capital Association, these companies raised \$1.25 billion during the first half; that's up from \$1.09 billion during the same period in 2013. Med tech venture financing cratered that year at \$2.1 billion.

The high-water mark for medical device venture financing was in 2007 with \$3.7 billion and 315 deals; since then it's fallen off every year. That year, med tech venture money was 62% of what went to the biotech sector; during the first half of 2014 that figure was a meager 43%.

Right now, med tech is the odd and ungainly combination of the established medical device sector along with all the promise and excitement that the go-go technology sector brings to the table.

A couple of the companies on our Fierce 15 list have successfully navigated this terrain. Both are in the cardiac monitoring space, which is seeing tremendous integration of wireless and mobile tech: cardiac arrhythmia monitoring patch company iRhythm and smartphone ECG plug-in maker AliveCor. iRhythm can be worn as long as 14 days, giving physicians a new diagnostic tool for disorders that may not conveniently present themselves during a single diagnostic test. And AliveCor can actually substitute for much more expensive cardiac diagnostic equipment--opening up the opportunity for affordable care to a whole new underserved population.

Other startups on our list are looking to serve up treatments that are better than or complementary to existing drug options. These include Reshape Medical, which could have the



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first obesity device approved in the U.S. market in more than a decade, and [Oraya Therapeutics](#), whose low-voltage, stereotactic, targeted X-rays could help wean patients off frequent use of wet AMD therapeutics--a lucrative biopharma category. In addition, central nervous system companies Tal Medical and [NeuroPace](#) are aiming to aid the underserved populations by providing, respectively, a rapid-acting, effective depression device and an antiepilepsy neural implant. Finally, Vertex (\$VRTX)-backed [Holaira](#) is developing its COPD renal denervation device.

The remaining startups on our list are working to reimagine existing medical devices. These include the first FDA-approved sleep apnea implant from Inspire Medical Systems; [Gynesonics](#)' uterine fibroid ablation device, an alternative to the increasingly defamed power morcellator during surgery; a hearing aid from EarLens that uses a light-based method to pull sound into the ear rather than to merely amplify it; a novel transcatheter aortic valve replacement tool from Direct Flow Medical that improves placement and decreases complications versus the TAVR options from dominant players Medtronic ([\\$MDT](#)) and Edwards ([\\$EW](#)); and Breathe Technologies, with its lightweight, wearable ventilator that helps patients get better faster.

On the diagnostics side, we chose Astute Medical, with its acute kidney injury test that's the first approved by the FDA; CorTechs Labs, which has a novel software to improve brain volume imaging that could improve diagnoses of diseases such as Alzheimer's; and [Infraredx](#) with its first-in-class intravascular imaging system.

Whatever the task they've undertaken, each of these Fierce 15 companies will be worth watching in the coming years as the unprecedented intersection of medical devices with information technology continues to unfold. -- Stacy Lawrence ([email](#) | [Twitter](#))

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- [Infraredx - 2014 Fierce 15](#)
- [Inspire Medical Systems - 2014 Fierce 15](#)
- [iRhythm - 2014 Fierce 15](#)
- [NeuroPace - 2014 Fierce 15](#)
- [Oraya Therapeutics - 2014 Fierce 15](#)
- [ReShape Medical - 2014 Fierce 15](#)
- [Tal Medical - 2014 Fierce 15](#)