



Are you comfortable in your retirement?

If you have a \$500,000 portfolio, download the guide for retirees by *Forbes* columnist and money manager Ken Fisher's firm. It's called "The 15-Minute Retirement Plan."

[Click Here to Download Your Guide!](#)

FISHER INVESTMENTS™

THE WALL STREET JOURNAL.

WSJ.com

May 28, 2012, 12:26 PM GMT

Medical Devices as Drug Replacements

Here's an interesting idea. If drug makers are finding it difficult to develop new medicines, how about they use medical devices as a form of treatment instead. It's not quite as mad as it first sounds. And there are examples where this approach is already being used, successfully.

Gregory J Millman, at Dow Jones Banking Intelligence, has taken a closer look.

Two venture capital firms are on the lookout for medical devices that can replace drugs. [Morganthaler Ventures](#) and [Advanced Technology Ventures](#) (ATV) say this investment thesis helps to expand the possible alternatives for exit by attracting interest from both device manufacturers and pharmaceutical companies.

Their first and biggest success with the thesis to date was Ardian Inc., which pioneered renal denervation (RDN), a device technology to control hypertension by severing nerves connecting the kidney to the sympathetic nervous system. Although physicians knew by the mid-twentieth century that severing renal nerves could lower blood pressure, the surgery was invasive and sometimes fatal. Ardian's achievement was to make it minimally invasive by using radiofrequency energy delivered through a proprietary catheter to sever the relevant nerves.

Founded in 2003, with ATV and Morganthaler among the original investors, Ardian had a fundraising round in 2009 that valued the company at \$200 million. Medtronic Inc. participated in this round, buying about 11% of Ardian. After a randomized clinical trial demonstrated the success of RDN on patients resistant to drug therapy, Medtronic agreed about a year later [to acquire](#) Ardian in full, for an upfront payment of \$800 million and commitments to contingent payments that, combined, implied an enterprise value of about \$1 billion.

Notably, Medtronic wasn't the only bidder. "One of the last three bidders was a large pharmaceutical company without any medical device presence," says Hank Plain, Partner, Morgenthaler Ventures. "Because the therapy had the potential to replace drugs, pharmaceutical companies bid."

[Read the original, [full article](#) at Dow Jones Banking Intelligence]

Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit

www.djreprints.com