

3:01 am, July 28, 2008

HandyLab gets VC of \$19.2M for new tool

By [Tom Henderson](#)

Ann Arbor-based **HandyLab Inc.** has closed on a \$19.2 million round of venture capital, which the company will use to ramp up production, sales and marketing of its new diagnostic tool, completing the company's slow transition from research to commercialization.

HandyLab's tool is a \$100,000 machine called the Jaguar that uses urine, plasma and blood samples to analyze DNA. It dramatically speeds up the time needed — from two or three days to an hour or 90 minutes — to test for such infectious diseases as Group B strep, gonorrhea, herpes and chlamydia.

The company began selling the Jaguar two weeks ago and expects to have revenue this year "of at least several million dollars, and we expect significant growth over the next couple of years," said President and CEO Jeff Williams.

The company has added eight employees in the past year, most since the first of the year, to bring it to 48 workers. It expects to be at 56 employees by the end of the year. Most of the additions are in sales and marketing.

HandyLab currently sells the machines to researchers. Clinical trials under way at the **University of Michigan** and two other undisclosed locations, if successful, could lead to sales to hospitals and medical clinics later this year.

The investment closed in June but wasn't disclosed until last week. It was the largest venture-capital investment in the state in the second quarter, according to the Washington-based **National Venture Capital Association**. (*See story, this page.*)

This week, HandyLab officials will market the Jaguar at the **American Association Society for Clinical Chemistry's** annual meeting and trade show in Washington, the largest trade fair for in vitro devices in the county.

HandyLab had a Jaguar prototype on display at the show last year. Williams said that based on the positive response then, they expect to be taking orders this year.

It is the fourth round of venture capital the company has received — totaling \$46 million — since its founding in 2000 by former UM engineering students Kaylan Handique and Sundaresh Brahmasandra.

Joining the round were three previous investors, VC firms based in Ann Arbor: **Ardesta L.L.C.**, **EDF Ventures** and **Arboretum Ventures L.L.C.**

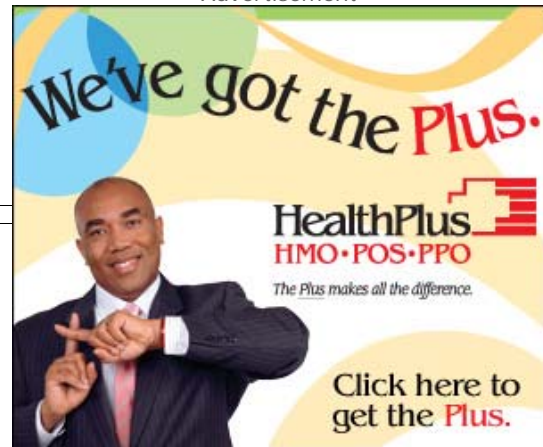
Two new VC firms joined this round, Chicago-based **Lurie Investments Inc.** and Midland-based **Dow Ventures**, as did the investment arm of New York-based **Pfizer Inc.**, **Pfizer Strategic Investments Group**, said Williams. He said Pfizer was the largest investor, but he declined to detail individual investment amounts.

He said a strategic corporate partner also joined the round, but Williams declined to name it.

"I have to hand it to Jeff. He did a masterful job of putting together this financing. He added wonderful new investors," said Mary Campbell, co-founder and general partner of EDF and president of the **Michigan Venture Capital Association**.

"This is the year we establish ourselves as a real commercial entity," said Williams, former president and CEO of Ann Arbor-based **Genomic Solutions Inc.**, which went public on the **Nasdaq** exchange in a \$56 million offering in 2000.

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He said the company had a small bit of revenue last year. It also sells reagents and has contracts with other companies, including one announced in June to develop a diagnostic test for influenza as part of a \$10.4 million contract for San Diego-based **Nanogen Inc.** by the **U.S. Centers for Disease Control and Prevention.**

"But this will be the first year we have significant revenue," Williams said.

HandyLab manufactures the Jaguar at its headquarters on State Street, just south of the **Avis Farms** industrial park.

The tool is about 37 inches wide, 30 inches deep and 29 inches high and weighs 230 pounds, far larger than the previous iteration the company had prototyped but much smaller than slower bench-top testing equipment currently used in hospitals and clinics.

The first device HandyLab made weighed 25 pounds, which was far larger than the handheld, so-called lab-on-a-chip devices the company's founders envisioned when they spun off their research and technology from UM.

The 25-pound version entered **U.S. Food and Drug Administration** trials three years ago, but Williams decided to pull the plug and go to a larger model. The smaller the device, the more technological hurdles there were to overcome, which increased manufacturing costs and limited the number of tests that could be run. That version ran one sample at a time. The Jaguar runs 24.

Since the company sells reagents, cartridges and other consumables used in tests as well as the machine itself, higher test volume means higher revenue.

"We think the market will be vastly larger than what we originally envisioned," said Williams.

Williams said the company will begin expanding the list of infectious diseases its reagents test for and, as increased sales lead to increased manufacturing, expand its headquarters and manufacturing facility sometime in 2009, either at its present site or at a new location.

"It's a buyer's market for real estate," he said.

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