

KFx Grabs \$10M Series B For Rotator Cuff Device Launch

BY JONATHAN MATSEY
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Carlsbad, Calif. -- Orthopedic device company KFx Medical Corp. has raised \$10 million in Series B financing to bring its rotator cuff repair system to market.

New investor Alloy Ventures led the round, joined by existing investors Charter Life Sciences, Arboretum Ventures, Montreux Equity Partners and MB Venture Partners. W. Tate Scott, chief executive of KFx, said that this was an up round, but declined to provide the valuation.

Founded in 2003, Carlsbad, Calif.-based KFx Medical is developing a minimally invasive technique for rotator cuff repair to reduce the video-scopic skills required by surgeons, such as suture-passing and knot-tying. Although the company received 510(k) clearance last August, Scott said that the company has recently completed trials.

The financing will help KFx as it gears up for the imminent launch of its device, Scott said. "We've begun the scale-up of our manufacturing," he said. "And we're just now bringing sales reps on board."

Orthopedic devices have increasingly attracted venture dollars as companies look to cater to an active, yet aging, baby boomer population. KFx is no exception, Scott said. "There are 700,000 rotator cuff surgeries performed worldwide annually, 400,000 of those in the U.S.," he said. "And it will only double over the next three to five years as we baby boomers attempt to stay active."

As a result of the financing, Craig C. Taylor, managing partner at Alloy, has joined the board. Other directors are Scott; Rod Young, former CEO at Vivant Medical Inc.; A. Barr Dolan, managing director at Charter Life; Tim Petersen, managing director at Arboretum; and John Savarese, managing director at Montreux.

Scott said that KFx only took a little over two months to raise its Series B. Having regulatory clearance and clinical data in hand helped, he said, as did a prior working relationship with Alloy's Taylor.

"We both sat on the board together at Orquest," he said, referring to an orthopedics company acquired by Johnson & Johnson Inc.'s DePuy Inc. subsidiary in 2003.

Scott said that the company has further products under development for other parts of the shoulder as well as for the foot and ankle.

KFx last raised a \$6.2 million Series A in 2005 and a \$2 million loan from Lighthouse Capital Partners in September 2006. The company has 25 employees.

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