

BUSINESS

Cardionomic says it raised \$20 million in Series A financing

Cardionomic is building a device to treat a heart ailment affecting millions.

By Joe Carlson (<http://www.startribune.com/joe-carlson/271816721/>) Star Tribune |

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Bucking a recent trend of low venture-capital interest in medical technology companies, Twin Cities med-tech start-up Cardionomic announced Monday that it received \$20 million in early private financing.

The funding was unusually large considering it was Cardionomic's first significant round of private financing, known as a "Series A," and that it came amid tepid venture-capital interest in med-tech companies overall.

"\$20 million in a Series A is pretty notable," said Ryan Baird, spokesman for St. Louis Park-based industry trade group LifeScience Alley, which closely follows venture-capital trends in the industry. "Once you start to get above \$10 million or \$15 million, those are usually in later rounds."

Cardionomic publicly disclosed three of its backers: New Enterprise Associates, a Menlo Park, Calif.-based venture fund that has made two dozen investments in Minnesota med-tech companies since 2010; the Cleveland Clinic, where Cardionomic's technology was originally conceived; and Greatbatch Inc., which makes component parts for med-tech companies.

"We will use the funds to significantly advance product development and the creation of clinical evidence," Cardionomic President and CEO Steve Goedeke said.

Cardionomic is designing a minimally invasive medical device intended to be used in hospitals to treat the causes and symptoms of the condition called acute decompensated heart failure (ADHF), which causes fluid to build up in the lungs and makes breathing difficult. Hospitals admit more than 1 million people a year to treat the condition, and half of ADHF patients are rehospitalized within six months.

Existing therapies rely on prescription drugs, which address the symptoms of ADHF but not its root causes. Cardionomic aims to make a device that will use electrical stimulation of selected nerves near the heart to improve how well it pumps blood.

"Current ADHF approaches, all of which use drug therapies, inadequately treat the condition and have not improved over the past decades," Cardionomic Chief Medical Officer Dr. William Abraham said in a news release. Cardionomic's therapy "normalizes blood flow to organs, such as the kidneys and brain, and restores kidney function to eliminate fluids."

Cardionomic has three years of early data proving the feasibility of the physiological mechanism behind its device, including research involving 19 human patients. Now the company will work toward a final design of the device and the goal of starting a clinical trial to gather data for a submission to the U.S. Food and Drug Administration.

The company recently expanded to six employees and will continue to grow in coming months as it looks for new office space in the north Twin Cities metro.

Funding like what Cardionomic announced has become increasingly hard to come by.

Despite an overall boom in venture markets, small med-tech companies seem to have been "left out in the cold" compared to previous years, according to the annual "Pulse of the Industry" report on med-tech financial trends from EY, the firm formerly known as Ernst & Young.

In the first half of 2015, med-tech companies received nearly \$1.4 billion in U.S. venture funding, which was about 4 percent of the total from all industries. In 2009, med-tech companies collected 13 percent of the VC total, the report says.

Twitter: @_JoeCarlson

✉ joe.carlson@startribune.com ☎ 612-673-4779 🐦 @_JoeCarlson