

Novasys Gets \$2M From Ascension Health To Cap Series C With \$27M

By VentureWire Staff Reporters

7/28/2004

Ascension Health Ventures has made a first-time investment of \$2 million in Series C financing for device maker Novasys Medical Inc., bringing the round to \$27 million. Novasys held an initial close of \$25 million for the Series C on April 8, after a fundraising process that began last November.

The round was co-led by JPMorgan Partners and Invesco Private Capital, both new investors. All of the company's past investors returned, including Delphi Ventures, Onset Ventures, Alloy Ventures, Affinity Capital Management and GBS Venture Partners.

JPMorgan and Invesco jointly provided \$18 million towards the Series C investment, with the remainder of the initial \$25 million coming from existing shareholders. Including the latest investment, Novasys has raised a total of \$45 million since it was founded in 1999.

Venture capitalists now hold the majority of the company's equity, Debra Reisenenthal, the company's president and chief executive, said in April upon the round's first close. Novasys is using proceeds from the round to ramp up operations in anticipation of the launch of its flagship platform, a system to treat female stress urinary incontinence that is awaiting 510K marketing approval by the Food & Drug Administration.

Novasys' platform, called the "Micro-remodeling System," is designed to treat female stress urinary incontinence, or SUI. SUI is caused by a weakening of the bladder outlet and is the most common incontinence problem for women, affecting more than 9 million American women and more than 50 million women worldwide, according to Novasys estimates. In particular, the problem affects many women who have gone through childbirth, and results in an involuntary leakage of urine associated with sneezing, laughing and other physical activities.

While both surgical and non-surgical SUI therapies are currently available, most are plagued by safety, recovery, compliance and effectiveness concerns. Many women resort to using adult diapers and pads, or try to solve the problem by doing kegel and pelvic exercises. At the other side of the spectrum are surgical procedures, which Reisenenthal has admitted are very effective.

But the problem, she said in April, is that most women don't want surgery for this condition, noting that "they consider it too invasive for treating a quality-of-life condition."

The non-surgical Novasys procedure uses a transurethral device to remodel microscopic regions of tissue in the bladder outlet and proximal urethra using radiofrequency energy, which increases resistance to leakage without the need for surgery. The procedure can be completed in less than 20 minutes, and requires only local anesthesia plus oral sedation or conscious sedation.

Over the past three years, more than 200 women have been treated with the Novasys procedure. The system received the CE Mark for use in the European Union

over a year ago, but Novasys is holding out for 510K approval from the FDA before its launch.

The Newark, Calif.-based company will look to market the system - which consists of a radiofrequency generator along with a disposable transurethral device - through direct sales to gynecologists, uro-gyneecologists and urologists.

<http://www.novasysmedical.com>

[\[see related stories\]](#)

©2004 Dow Jones & Company, Inc. All rights reserved.