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TEXO Ventures, which launches and funds health-care start-ups using a pledge-fund model, recently helped two companies get off the ground: Alafair Biosciences Inc. and Employer Direct Healthcare Inc.

The firm recently helped launch Alafair Biosciences, whose device may prevent post-surgical adhesions, and in May it participated in a \$1 million Series A round for Employer Direct Healthcare. The company aims to help self-insured employers lower medical costs by enabling them to direct workers to networks of health-care providers.

In a pledge fund, a firm brings opportunities to a network of financiers who invest deal-by-deal.

In addition to investing, Austin, Texas-based TEXO helps get start-ups running by corralling technology. In May, TEXO helped Austin-based Alafair complete a deal to license its technology from the University of Texas.

Alafair is about to close on \$800,000 in seed financing from friends and family. TEXO, which typically doesn't invest in friends and family rounds, will consider investing in later financings for Alafair, said Managing Partner Randall Crowder, one of the firm's founders.

Alafair is developing a hydrogel film that would protect against adhesions, or the tethering of opposing tissue surfaces. This surgical complication can cause pain, infection and other problems, and is a big reason for hospital readmissions.

Alafair's flexible biomaterial prevents adhesions and is expected to be better-suited to minimally invasive, laparoscopic surgery than market-leading Seprafilm, a Genzyme product that would be the company's chief competitor, according to Peterson.

The company intends to use this round to pursue marketing approval in Europe and to begin developing a U.S. regulatory strategy, said John D. Joyoprayitno, chief operations officer.

Meanwhile, Employer Direct Healthcare, led by former Costco Wholesale Corp. executive Ken Erickson, intends to help companies save on medical expenses in much the same way that Costco lowers costs for consumers.

Many medical procedures, such as surgeries, are planned in advance. Austin-based Employer Direct Healthcare negotiates prices with health-care providers for planned procedures and offers these rates to self-insured employers.

Initially known as National Surgery Network, the company changed its name in September reflect its effort to assemble networks of many types of doctors, such as oncologists. The company only contracts with physicians who meet certain quality standards, according to Erickson.

Employer Direct, which introduced its service in 2010, raised a \$1 million Series A round in May from TEXO and undisclosed strategic investors, Erickson said. It expects to close a \$1.5 million Series B round this month, according to Erickson.

Erickson declined to discuss 2011 financials but said the company, which charges fees to employers, expects to collect \$8 million to \$10 million in revenue in 2012.

<http://www.alafairbiosciences.com>

<http://www.employerdirecthealthcare.com>