

ST. LOUIS BUSINESS JOURNAL

Friday, January 11, 2008

SpineSource taps local investors for \$1.2 million

St. Louis Business Journal - by [Angela Mueller](#)

Spinal implant distributor SpineSource Inc. has raised \$1.2 million from two local investors to fund the launch of three new products.

The Chesterfield-based company is seeking another \$1.5 million from angel investors or bank financing in 2008 to complete the product launches, according to Tom Mitchell, president and chief executive.

Mitchell declined to disclose who the investors are but said they are local professionals who are friends with whom he attends church.

The company's new products are devices used by surgeons to treat spinal trauma, tumors, degenerative diseases or deformities. They include the SupStance PEEK Optima vertebral body replacement device made by France-based Creaspine, the Olerud Posterior Cervical Fixation System made by Sweden-based Anatomica Surgical Products, and the Anterior Thoracolumbar Plating System made by Taiwan-based ASpine. All three products gained FDA approval in 2007. SpineSource received its initial inventory of the products Jan. 4.

Mitchell said the U.S. spinal implant market is a \$1.7 billion industry, but SpineSource is competing in a niche that accounts for about \$400 million of that market.

"I don't necessarily want to take on the big boys," he said. "I'd rather we stick with the novel, unique systems."

For example, he said what makes the company's new SupStance product unique is that it is made of a material that is invisible on X-rays, CT scans and MRIs, which allows doctors to clearly see bone growth around the device.



BRIAN CASSIDY

Tom Mitchell said SpineSource competes in a \$400 million niche of the \$1.7 billion U.S. spinal implant market.

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Mitchell spent the last year researching suppliers in Europe and Asia that manufacture novel spinal implant systems before finalizing agreements to serve as the sole U.S. distributor for the three new products.

SpineSource Inc. is actually a relaunch of an earlier company named SpineSource, of which Mitchell was a founder. The assets of the original company were sold to German spinal implant maker Ulrich Medical to create Ulrich Medical USA in January 2006. Mitchell, who served as chief executive of Ulrich Medical USA until December 2006, retained ownership of the SpineSource name and reformed the company in January 2007.

The relaunch of SpineSource now has a staff of four and a national independent sales force of more than 200. In addition to the three new products, SpineSource also distributes an anterior cervical plating system and some interbody fusion devices. The company's local clients include St. John's Mercy Medical Center and Barnes-Jewish Hospital. Mitchell declined to disclose sales estimates.

"We want to get through this initial launch, and then by October of this year reassess our position in the market and decide whether to take on other products," Mitchell said. He said ultimately the company would like to develop and manufacture its own products.

Merle Symes, who replaced Mitchell as president and chief executive of Ulrich Medical USA, said the spinal implant market is one of the fastest-growing medical device markets in the United States.

"There is a lot of new technology and a lot of new devices that will help people in ways that are so much better than the way things were done in the past," he said.

Ulrich Medical USA, which is also based in Chesterfield, is expecting double-digit growth over the next couple years, said Symes, who declined to disclose the firm's revenue. To accommodate this growth, the company, which has eight employees, moved its headquarters in July to a facility on Spirit 40 Park Drive that is four times the size of its former location, Symes said.

Within the next 16 months, Ulrich Medical USA plans to double its number of spinal products from the four primary devices it currently markets in the United States. The company is seeking FDA approval for the new products, which all are manufactured by Ulrich Medical.

In addition, within the next 12 to 16 months, the company plans to add a whole new line of products not related to the spinal implant business. Symes declined to disclose details about the new line.

amueller@bizjournals.com

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