

MB Venture Partners invests in three tech-based businesses

BY MICHAEL SHEFFIELD

A little over a year after receiving \$20 million in capital from the Tennessee Investment Small Business Company Act, MB Venture Partners is investing

MB Venture Partners
Managing partner: Gary Stevenson
Address: 17 West Pontotoc, Suite 200
Phone: (901) 322-0330
Website: www.mbventures.com



Stevenson

in three local companies, including one that features a first-ever collaboration with Memphis venture capital firm Innova.

MB Venture has targeted Veracity Medical, a device company; Hapten Sciences, a company that has licensed a treatment to minimize the effects of poison ivy, poison oak and poison sumac; and S2 Interactive Inc., which has developed two products that will utilize iPad technology. Hapten's product is currently in the testing phase.

MB Venture was founded in 2001 by Gary Stevenson and AutoZone Inc. founder J.R. 'Pitt' Hyde to provide startup capital for biotech and medical device companies. The venture capital firm raised \$22 million in 2002 through corporate and individual investors. After recruiting a management team, it raised another \$54 million in 2005.

With the state's TNInvestco funding, Stevenson says MB Venture's directive has been to invest in Tennessee-based companies. MB Venture's average amount of investment in a startup is

\$2 million for the first round of funding and \$5 million for the second, but Stevenson says the TNInvestco funding goes up to \$2 million with MB Venture "starting small and putting more in later."



Foster

S2 Interactive, which was founded by former InMotion Orthopaedic Research Center executive director Larry Foster, uses an iPad to train medical device sales people and to help nurses prep operating rooms for surgery.

Foster, who worked in the device industry for 26 years, says he had been developing the idea for five years but didn't have a reliable method of delivery until the iPad was introduced. Because of the device's ease of use, it can be brought into sterile fields and mimic the exact way a surgeon prefers instruments to be arranged.

S2 Interactive's products, Virtual Backtable, which provides the instrument replica, and Repassist, which helps reduce training time for salespeople, are already being marketed, Foster says.

The new collaboration between Innova and MB Venture Partners was a case of the right product appealing to both organizations at the same time, says Ken Woody, president of Innova.

"They've done a lot with orthopedic and spine companies, but of the 13 companies we've invested in so far, only two have been involved with orthopedics because we hadn't seen anything we liked," Woody says. "This worked great and we both felt pretty good about it."

Stevenson says MB Venture is close to finalizing TNInvestco funding deals with two more startups and expects those to be completed by the end of the year. While the initial work with Investco has been promising, he says everyone involved understands there is still a lot of work to be done.

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venson says. "We need to have these companies mature and become successful. The promise of TNInvestco, Innova and MB Venture is growing the entrepreneur culture here. For many years they might have been neglected, but there's never been a better time than now."

mshffield@bizjournals.com | (901) 259-1722