



San Antonio developing biotech executive talent

Serial entrepreneurs are those who take on the risks of building a company good enough to be sold to an older, larger company and taking the proceeds to start another company.

Success breeds success, after all.

Just as important for that to happen are the company executives hired by the entrepreneurs. An example of such an executive in San Antonio's health care and medical devices sector is Gabriele Niederauer, now CEO and president of Bluegrass Vascular Technologies Inc.

Niederauer's story is special because her commitment to San Antonio is one reason why Bluegrass Vascular Technologies moved its base here from Kentucky. It's an example of San Antonio executive expertise helping bring a company here instead of companies leaving the city to find executive talent elsewhere.

Bluegrass Vascular Technologies, founded in 2010 by Dr. John Gurley, has developed a product called the Surfacer, which provides an alternative way to access veins for dialysis, nutrition and chemotherapy when the main veins are obstructed by blood clots or scar tissue.

The company is a spinoff from Therix Medical in Lexington, Kentucky, an incubator of Kentucky Technology Inc.

Niederauer previously had worked at several San Antonio biotechnology companies: OsteoBiologics Inc., C2M Medical Inc. and ENTrigue Surgical. At ENTrigue Surgical, which makes sinus surgery devices, Niederauer was senior vice president for technology and development under CEO and serial entrepreneur Fred Dinger.

She has emerged as a leader in San Antonio's health care and medical device industry as a founder of both Medical Industry Organization of San Antonio, which encourages startup companies to help each other in expertise and shared resources, and The Health Cell, which promotes professional development in San Antonio's health sector.

In July 2013, Austin-based ArthroCare Corp. announced it was buying ENTrigue Surgical for \$45 million, a big win for ENTrigue Surgical investors, mainly Prism VentureWorks, the Vertical Group and San Antonio's Targeted Technology Fund. Niederauer had a small equity stake, too, in ENTrigue Surgical.

She stayed on at ENTrigue Surgical for about a year until an even bigger company, London-based Smith & Nephew, acquired Austin's ArthroCare.

Smith & Nephew moved to consolidate the ENTrigue Surgical unit into its Austin operations, but Niederauer left the company, preferring to stay in San Antonio.

Upon leaving Smith & Nephew/ArthroCare, Niederauer became CEO and president of Bluegrass Vascular Technologies in September. A significant Bluegrass investor is San Antonio's Targeted Technology Fund, headed by Paul Costella. Niederauer, of course, already had experience working with the venture capital fund.

"I was passionate about wanting to stay in San Antonio," Niederauer said. Bluegrass "was a good fit for me . . . I felt I could be a good asset for Bluegrass."

Another reason for coming to San Antonio: Bluegrass had grant money from the Texas Department of Agriculture's Jobs for Texas program. The grant initially had been received and dispersed by the Targeted Technology Fund. The grant requires companies to be based in Texas.

Dinger himself publicly told the biotechnology community about the necessity of finding experienced executives in August 2013, soon after ENTrigue was sold, when addressing an Emerging Venture Pipeline luncheon. Startups need to begin with a great core team of executives, Dinger said. An "A" team with a "C" technology is better than a "C" team with "A" technology, is the way Dinger put it.

Niederauer said the difficult part about switching jobs, even within health care, is learning the different industries. She has gone from sport medicine to sinus surgical devices to vascular tools. "But the commonality is that in no matter what industry, you have to take the same steps to get products to market," Niederauer said. She certainly has learned that at her previous companies. Some startup medical device companies are sold to established companies even before selling products to the marketplace, Niederauer acknowledged.

"But, more and more, companies want to see doctors buying and using the products,"

Niederauer said. "That exposure on the market can tell acquirers how good the product is."

Bluegrass expects to begin sales of its Surfacer product in Europe by the third quarter of this year.

The trend is clear: As San Antonio biotechnology and medical device startups are sold, entrepreneurs and executives are valuable assets to attract new investments to the city's biotechnology sector.

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