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North Carolina-based HepatoSys Inc.: Blending scientific brains, business savvy

by Sam Boykin

Dolan Media Newswires

CHARLOTTE, NC -- HepatoSys, Inc. had so much brainpower – every executive had a Ph.D. – that a struggle seemed inconceivable.

But even after the two founding partners invented a device to better preserve organs harvested for transplantation, even after they added their equally gifted wives to their management team, and even after they received grants from the National Institutes of Health, they realized they didn't have a clue about how to get the machine out of the laboratory and into the marketplace.

But the budding entrepreneurs received a crash course last year when they finished on top in a category of the Five Ventures business-plan contest, whose 9th annual competition is next week.

Five Ventures is hosted by UNCC's Charlotte Research Institute, and focuses on early-stage, high-growth companies. Winners and runners-up receive cash awards and in-kind services such as legal counseling and marketing help.

Ken Paulus, assistant director for business and entrepreneurial development at the Charlotte Research Institute, said Five Ventures has grown over the years and continues to attract a wide variety of companies.

The original competition in 2002 attracted only about a dozen entrepreneurs. This year, there are a record-high total of 51 applicants in these five sectors: students; green technology and energy; life sciences; service and retail; information technology and software-as-a-service. To be eligible, startup companies may not have any third-party angel investors or more than \$350,000 in revenue.

HepatoSys, Inc. won last year's biotechnology-devices category for what Mark Clemens, the company co-founder, described as something that would be at home in Dr. Frankenstein's lab.

Clemens, a UNCC biology professor and vice chairman of research, collaborated with Mark Lee, a UNCC mechanical-engineering professor, on machine using a system of pumps and tubes to circulate a low-temperature solution that preserves organs such as livers and kidneys for transplantation.

Clemens said the current practice of simply storing organs in a cooler for preservation is inefficient and limits the number of transplants.

After Clemens and Lee started the company in 2005, they realized they needed a dedicated management team.

They didn't have to look far.

Clemens recruited his wife, Elizabeth Miescher-Clemens, who took over as president and COO. Miescher-Clemens had been a researcher in liver disease at Johns Hopkins School of Medicine, and after the couple moved to Charlotte, she taught part time at UNCC while raising the couple's daughter. "Elizabeth was ready to rejoin the work force and had the time and skills to run the operations of the company," Clemens said. And Lee recruited his wife, Kristin L Rogentine-Lee, to take over as vice president of operations.

Clemens is the company's vice president and chief scientific officer, and Lee is vice president of research and development. All four have Ph.D.s

With such an impressive scientific and scholarly pedigree, they received nearly \$2 million in grants from the National Institutes of Health. But they still lacked the business acumen to expand the company. Moreover, as full-time professors, Clemens and Lee had limited time to dedicate to their startup, which is based in a lab they lease at UNCC's Charlotte Research Institute.

But winning the Five Ventures competition gave the company a boost. "We're still waiting for the big payoff," Clemens said, "but it got us some very important exposure and contacts."

Once it reached the finals of the 2009 Five Ventures, HepatoSys was assigned coaches, including a patent lawyer and business consultant. The coaches helped to tune the business plan and to formulate a concise pitch presented to the finals judges.

The company ended up hiring one its coaches, **Taffy Williams**, on a contract basis as a business consultant. Williams, who has over the years coached other Five Ventures winning teams, is president and CEO of [Colonial Technology Development Co.](#), which helps build and expand medical and technology companies.

"I've been giving them direction on how to create a business plan that shows what they're going to deliver and how they're going to do it in a reasonable time frame to show an investor they're going to get their money back," Williams said. "But they both have real jobs, so they're doing double-duty. They'd progress faster if they could focus on the company full time, but that's a big risk for someone who has to feed a family."

"We're at a watershed moment between maturation of the technology and commercialization," Clemens said. "And the one thing we learned from doing Five Ventures was that the time to be thinking seriously about commercialization is before you're ready for it. We're now in a much better position to make that transition once the technology is mature."

Clemens said they have not yet pursued venture-capitalist or angel investors. "Taffy is helping us with the timing and strategy on that. The key is to add enough value to the company before seeking private equity so that we can get the funds that we need without relinquishing 95 percent of the company."

To add value, they continue to test different prototypes of the device. Clemens and Lee are experimenting with a version using rat organs. And they're collaborating with a transplant surgeon in Tennessee who is testing a version using pig organs.

"Hopefully within a year we'll have a self-contained device and start doing clinical trials," Clemens said. "But we need to first have a reputation within the transplant field as having something that works."

The 9th annual Five Ventures Business Plan Competition and Conference is April 13 at UNC Charlotte's Student Union. Of the 51 Five Ventures applications, 22 were named finalists. They will participate in a series of pitch sessions to compete for more than \$100,000 in cash and in-kind services. Below are the finalists from the Charlotte area. For details, go to: [www.FiveVentures.com](http://www.FiveVentures.com).

J. Chris Murphy Student Sector

CentroGaming, (UNC Charlotte) – Offers an online venue for gamers to buy or sell used video games and equipment.

MyShop, (UNC Charlotte) – A service center for cars that enables do-it-yourself owners access to high-end equipment such as lifts and specialized power tools.

Paintball Carolina, (UNC Charlotte) – The news and information portal dedicated to promoting, selling and organizing paintball activities throughout the Carolinas.

Whinot, LLC, (University of Virginia / UNC Charlotte) – Streamlines consulting engagements for businesses through a Web-based portal and creates an efficient way to access freelance consultants on a “pay-per-sip” basis.

#### Green Tech/Energy Sector

Aspen Environmental Services, Ltd., (Jefferson, N.C.) – Manufactures and markets fuel enhancing products for diesel and gasoline engines. All of Aspen’s fuel-enhancing products conserve energy, reduce greenhouse gas emissions and reduce carbon footprint by 10% or more.

Bio-Energy Conversion Global, (Locust, N.C.) – Has developed a proprietary type of pyrolysis gasification that can use a wide variety of organic and synthetic feedstocks, including, but not limited to coal, Municipal Solid Waste (MSW), tires, biomass, animal waste, oil sludge, bio-solids and medical waste.

#### Service/Retail Sector

All Sports Endurance, (Charlotte) – Provides an electrolyte supplement called Hylytes, which is approved for consumption in all major professional sports, including the PGA and LPGA Tours, MLB, the NFL and the NHL.

Geared-Up Technologies, LLC (Weddington, N.C.) – Created a patent-pending technology called Geared-Up, a mechanical and electrical feature that when added to a traditional bicycle and helmet, makes it virtually impossible for a child to ride that bicycle without the “proper marriage” of the two devices.

EyesSoftware, Inc., (Charlotte) – A service designed to protect teens online and give customers value through time savings, teen Internet independence, risk identification and customization.

GrouperEye, (Charlotte) - Builds online communities and platforms for companies to engage external talent and then use those engagements to increase sales and make better hiring decisions.

STASH Games, (Charlotte) – Provides a platform for a role-playing adventure games that can be accessed though any GPS-enabled smartphone.

#### Life Sciences Sector

TactileMED, Inc., (Charlotte) – Improves the quality and reduces the cost of patient care by designing, manufacturing and marketing patient-specific anatomical models and cranial / craniofacial implants. The goal is to ultimately develop a “smart device” that will act as both a medical device and a drug-delivery system.

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