

Precision Therapeutics Gets \$20M Series B For Growth

By Jonathan Matsey 2/22/2006

Precision Therapeutics, a provider of a laboratory testing service that helps physicians evaluate available anti-cancer therapies for patients, said that it has raised \$20 million in Series B financing.

New investor Quaker BioVentures led the round, joined by existing investors Adams Capital Management, Birchmere Ventures, Techno Venture Management and Draper Triangle Ventures.

Based in Pittsburgh, Precision Therapeutics is developing a cell-based assay called ChemoFx to test likely tumor responses to single or multiple chemotherapeutic treatments based on a patient's biopsy.

Rich Kollender, partner at Quaker, said that he believes that the particular market Precision Therapeutics is trying to tackle is becoming mature. "They're competing in a very compelling space that we've been watching for a while now," he said.

Kollender said that Precision Therapeutics' technology not only measures which therapies a patient is likely to respond to, but also what their probable level of response is. That can be as important to make sure that patients get the drugs that could help them as it is to ensure that they do not waste time on treatments likely to do little.

"There's a wide range of chemotherapeutics that a physician can choose, and the list's only getting longer," Kollender said. And not only can the issue be confusing for oncologists, it is also a maze for insurance companies and Federal programs like Medicare, which benefit from paying for drugs that are more likely to work for a patient.

Kollender said that Precision Therapeutics first launched its assay several years ago but ran into several problems, one being that it had not worked out reimbursement issues for the assay with Medicare and other insurance providers.

Precision Therapeutics then buckled down and revamped its assay and helped work on the reimbursement side of the business. Kollender said that he thinks that the compensation issues are now hammered out.

The company also has a new version of its assay that it is looking to roll out. While similar to the first version, which has had limited market penetration for several years, the new version has a quicker turnaround time for generating results and can do its job with smaller tissue samples, Kollender said.

The new round will help Precision Therapeutics to ramp up its sales and marketing staff, Kollender said. It will also help the company to achieve cash-flow break-even, a milestone he said will happen in the "short-to-medium term."

Precision Therapeutics last raised \$15 million in a Series A1 recap round in September 2003. That round was led by Adams Capital and joined by Birchmere, Draper Triangle, Techno Venture, Stephens, Inc. and Boldcap Ventures. Prior to that, the company raised a \$17.5 million Series B in November 2001 and an undisclosed Series A.

Precision Therapeutics, founded in 1997, has roughly 35 employees and plans roughly to double that number this year thanks to the new financing, Kollender said.

<http://www.ptilabs.com>