

## Venture fund helps thermal imaging firm

Focus on low-cost infrared technology for many uses

By ROGER HARRIS, harrisr@knews.com December 6, 2005

Innovation Valley Partners, a venture fund backed by Knoxville business leaders, has invested in Multispectral Imaging Inc., an Oak Ridge company developing thermal imaging technology from Oak Ridge National Laboratory.

IVP participated with Princeton, N.J.-based Battelle Ventures and a group of previous MII investors in a \$4.65 million Series B round of financing, officials with IVP/Battelle and MII said Tuesday.

MI I is developing infrared detection technology used in night vision and thermal imaging cameras. With the Series B financing, the company hopes to further develop the technology and deliver demonstration models to camera manufacturers by late 2006, said Scott Hunter, MII's chief technology officer.

Market potential for the technology is huge. The global market for infrared imaging technology is estimated at \$3 billion and is expected to grow to about \$10 billion by 2010, Hunter said.

"We're addressing one part of that market - the infrared detector module that goes into the camera - which is typically one-third of the cost of the camera," Hunter said.

The high cost of infrared cameras, which can cost up to \$50,000 apiece, has been a barrier to widespread commercialization of the technology. Currently the technology is most often used by the military.

IVP/Battelle decided to invest in MII because the company appears to have developed a low-cost, high-quality infrared detector, said IVP/Battelle Ventures General Partner Kef Kasdin.

MI I is able to reduce the cost of the detectors by using only semiconductor-industry standard materials and processes, Kasdin said.

One potential commercial application for the technology is infrared cameras that firefighters could use to locate people trapped in burning buildings.

"We like to get the cost down to where fire departments could afford to have at least one camera per truck and ideally one camera for each firefighter," Kasdin said.

Security and surveillance applications and potential uses by the automotive industry also are possible.

In addition to being impressed with the technology itself, IVP/Battelle believes MII has the management experience necessary to actually bring products to market, Kasdin said.

The exact amount of IVP/Battelle Ventures investment in the Oak Ridge company is not being made public, Kasdin said.

IVP, a \$35 million fund launched in August, invests in early stage high-tech companies. Local investors include Jim Clayton, founder of Clayton Homes; his son and Clayton CEO Kevin Clayton; Pilot Corp. founder Jim Haslam; developer Rodney Lawler; and Sharon Miller, president of the Trust Co. of Knoxville.

The fund operates as an affiliate fund of Battelle Ventures, a \$150 million venture fund founded by Ohio-based Battelle Memorial Institute.

MI I is the second company IVP has put money into. Earlier, the fund invested a \$12 million round of financing for SmartSynch Inc., a Jackson, Miss., company that has developed a wireless smart metering technology for the utility industry.

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