

Innovation Valley Partners join financing of MII, an infrared-Imaging company

Innovation Valley Partners (IVP), a \$35-million venture fund backed by local business leaders, has joined the \$4.65-million Series B financing of Multispectral Imaging Inc. (MII), an infrared-imaging company and Oak Ridge National Lab (ORNL) licensee.

This marks the fund's second new investment since being established four months ago as the affiliate of Battelle Ventures, a \$150-million fund whose sole limited partner is Battelle Memorial Institute - which co-manages ORNL for the U.S. Department of Energy with the University of Tennessee.

"MII is commercializing technology for a low-cost, high-performance infrared detector, the critical component of night vision and thermal-imaging systems," explains IVP/Battelle Ventures General Partner Kef Kasdin, who has joined the board of directors of the company, headquartered in Parsippany, N.J.

"The company is working to solve the cost problem that makes the wide applicability of night vision and thermal-imaging products impractical, if not impossible. Unlike its competitors, MII plans to use only semiconductor-industry standard materials and processes, which should significantly reduce costs," she says.

MII CEO Matt Miller adds, "While thermal imaging has been used extensively by the military for night vision and vision enhancement, the high cost of this technology has limited commercial applications." He notes that the company's customers will be infrared-camera manufacturers, and that markets to be addressed are first responders (police, firefighters, search and rescue), the automotive industry and any organizations requiring the security capabilities of high-performance, low-cost infrared imaging systems.

MII CTO Scott Hunter, who oversees technology development and manages the relationship with ORNL from his Tech2020 office on Commerce Park Drive in Oak Ridge, says, "The microcantilever technology we have licensed from the lab lets us build our detectors without the need for special materials and processes, and that will have major implications for volume production and cost."

An expert in infrared imaging systems, Hunter worked on the development of the microcantilever technology when he was Vice President of Research and Development at Sarcon Microsystems, a previous ORNL licensee. He says that while unsuccessful at commercializing the technology, Sarcon "did prove the technology's concept and identified the market potential."

Hunter continues: "Among the issues that Sarcon faced was the need at that time to develop its own microelectromechanical sensor (MEMS) fabrication processes, a very costly and time-consuming proposition. Today, the industry has matured and there are MEMS fabrication foundries to efficiently contract out that part of the process. With MII, everything is coming together to make this venture a success."

He adds that the proceeds of MII's Series B financing will be used to produce prototypes for customer evaluations and then to support pilot production.

Kasdin says that because of IVP's/Battelle Ventures' close relationship with ORNL and the firm's interest in security and surveillance, she had been following MII's progress for some time. "We are confident," she says, "that MII has a truly disruptive technology and will not only take business from established players, but also will develop new markets. As costs come down, new applications and end users will emerge."

Innovation Valley Partners and Battelle Ventures joined as new investors in the second tranch of the Series B, participating with existing investors Spencer Trask (which led the round), SAS Investors and Rho Ventures.

Innovation Valley Partners is the \$35-million affiliate fund of Battelle Ventures L.P., a \$150-million independent fund that invests in early-stage technology companies nationwide. Backed by business leaders in Knoxville, Innovation Valley Partners participates alongside Battelle Ventures, focusing on companies in the areas of life sciences, information technology, homeland security, energy and advanced materials/nanotechnology. When it was established in August 2005, the firm assumed a proportionate investment in Battelle Ventures' portfolio companies.

For information about those portfolio companies, see www.innovationvalleypartners.com; for more information about MII, go to www.multispectral.net.