DOWJONES VentureWire Alert

Parsippany, N.J.

MultispectraI Imaging Gets $4.7M Series B To Back Infrared Detectors

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Multispectral Imaging Inc. raised a $4.65 million Series B round to continue development of an infrared detector used in night-vision and thermal-imaging cameras.

Unlike providers such as Flir Systems Inc., BAE Systems, DRS Technologies Inc. and L-3 Communications that fabricate their own detectors for military applications, Multispectral Imaging will be a fabless manufacturer, bringing down the detector's cost in order to illuminate the commercial market.

The November round was led by Spencer Trask Ventures Inc., with existing investors SAS Investors and Rho Ventures participating. New investors Battelle Ventures and its affiliate Innovation Valley Partners also added capital to the round. The company's $1.4 million Series A closed in January 2004.

Multispectral Imaging's detectors go into infrared and thermal cameras which penetrate smoke and fog, so they view images without the use of light. The military already uses thermal imaging cameras, but commercial applications have been prohibited by cost, which can run $10,000 a camera. Multispectral Imaging's technology is licensed exclusively from Oak Ridge National Laboratory, a U.S. Department of Energy laboratory.

"We want to crack the code for cost of performance," Chief Executive Matt Miller said, declining to specify how much cheaper he plans for his gadget to be. Formerly an entrepreneur-in-residence at SAS Ventures, Miller was president and CEO of NxtWave Communications Inc., a venture-backed supplier of semiconductor chips for digital TV, bought by publicly traded ATI Communications Inc. in 2002.

Multispectral Imaging's customers will be infrared-camera manufacturers, and Miller said an initial application could be firefighting. Currently not in wide use, he believes the industry may buy a camera per fire truck, or even per firefighter, if the cost drops.

Battelle Ventures General Partner Kef Kasdin, who has joined the board, called firefighting the "low-hanging fruit. The home run here is in applying technology across new and emerging markets."

With homeland and general security applications, the infrared camera can replace a regular video camera which needs an external source of light. With an infrared camera, "there is no place for a human to hide no matter how dark it is. We think it's potentially a very large volume market," Miller said.

"We have looked at other applications -- it was the coming together of the team around this technology and market that appealed to us," Kasdin said.

Current suppliers to the military use specialized materials and each fabricate their own products. MII will use a fabless model. "We can make excellent devices using standard methods and materials," Miller said.

By the end of 2006, the CEO hopes to be in pilot production with a couple of potential customers evaluating the product. The Parsippany, N.J.-based company has about six full-time employees.

http://www.multispectral.net