## eCorner

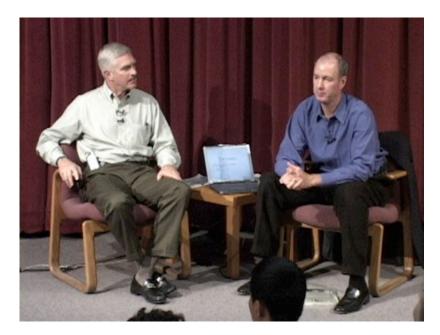
## Stanford eCorner

Examples of Groundbreaking Achievements in Medicine (Part 1) 06-10-2004

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Bellas talks about two Foundry companies which utilize new surgical procedures. The first is Thermage, which uses a procedure that stimulates new collagen growth. The second is Xstent, which works with stent implants.



## Transcript

One example of a non-Foundry company that's kind of exciting and should be filing its S1 this quarter for a public offering, and another example of an equally-exciting company created, conceived of, and executed at Foundry, where we think the company will be a delightful success in the near future.. The first example I want to talk about is a company that we're very proud of called Thermage.. Thermage is replacing surgical procedures today with an RF probe that allows for skin tightening.. The problem today is sagging skin, and we're all getting older and so you know as you look around at your parents or grandparents that people could benefit from cosmetic procedures.. But many people are afraid of the surgical procedures because you can die from them.. And certainly the recovery time takes a long time.. If you have a friend or neighbor who disappears for about three weeks and then looks very bruised around the eyes, you might guess that they've had a surgical procedure and were hiding from neighbors for a period of recovery time.. The Thermage probe causes a deep sub-thermal burn, allowing the collagen to shrink and allowing the genes to be stimulated and produce new collagen over several months to smooth the surface underneath the dermis following the procedure.. Here are some photographs that will blow your mind... Here's a woman that was middle-aged looking to recover her jaw line..

The post-procedure picture shows the results 60 days post-treatment of both the collagen shrinkage and the new remodeling that's occurred in her face.. We call this 'The Michelle Pfeiffer' slide.. Question? How long does it last? It's a very good question.. No one really knows.. Our follow-up data for these patients is now reaching a year in time.. We think that it ought to be permanent because we've all seen burn patients that are shriveled for the rest of their lives, and yet we don't know, there could be some relaxation over time.. So the cosmetic surgeons that are doing this procedure say it's probably going to be good for at least three years.. And it's not really a substitute for surgery because it doesn't provide the total outstanding results that surgery will provide.. This is an interim procedure where a patient could see themselves up for surgery later on.. By the way, the facial procedures are approved by the FDA, and Thermage is running at about \$8 million revenue a month, profitable and generating cash..

Some of the experimental procedures are--and my grandmother would have loved this, bless her soul where she's still alive.. I think I had hustled her into the clinic at Stanford.. This is four days post-procedure.. So we're getting fat lipolysis through this procedure.. The liver is metabolizing the fat.. It's disappearing.. It's being excreted.. And this, I think, holds a lot of promise for older patients.. And then the one I love the most.. Middle-aged mom, couple of kids, hasn't been working out as much as she should like all of us..

And here is her abdomen two months post-treatment that has provided a really great result and something that she obviously is very proud of.. I think she's probably been working out also during that two-month period.. Now, caveat, I'm showing you the best of the slides.. It doesn't happen that well for all patients.. The thinner your skin, the lighter the dermis, the more effective the procedure.. A second example that I want to talk to you about of a new company creation that was

conceived of and executed at Foundry is a company called Xstent.. This slide actually is lifted from the FDA where the head of the cardiovascular division was showing all of us that the currently-approved stents, the cardiovascular stents, really only serve a small segment of the market, highlighted in blue.. What other patients are available? Well, you can see on the slide that diabetes patients are a great concern to interventional cardiologists placing stents.. There are multi-vessel treatments not yet done because the stents are so expensive that the cardiologists and the hospitals can't afford to put multiple stents per procedure in the patients.. Although Hanson would tell you that the number of stents per procedure is creeping up and now is something like 2.7? It's over 2..

Over 2.. And the big issue there is the cost.. With the new drug-loading stents, they're working wonders.. The restenosis or re-closure rate has been very low, but they cost \$2,500 a piece.. So it's very easy for a hospital to lose money if they have to put in two or three or four stents in one procedure and still get a fixed reimbursement.. So that's one of the things that Xstent addresses...