

Cardiac Insight to seek more capital to move wearable cardio device to patients, CEO says
By William Langbein in San Francisco
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Cardiac Insight, a private, Kirkland, Washington-based medical device company, expects to decide on the size of its next institutional capital investment by the end of February, said Brad Harlow, CEO and co-founder.

Cardiac Insight this year launched a second device, the Cardea SOLO, following FDA approval. The disposable, wearable device is designed to streamline the arrhythmia detection process in patients. The Cardea SOLO is attached to the patient with an adhesive patch, providing physicians with electrocardiogram (ECG) results that monitor the patient's heartbeat for seven days.

With the launch of the Cardea SOLO, Harlow said the company will decide on future strategy after the institutional round is completed early next year. In a June 2016 Mergermarket report, Harlow said the company could be sold within 24 months as the Cardea SOLO and a previous device, the Cardea 20/20 ECG, gained sales traction. A sale remains an option for Cardiac Insight, said Harlow, but the company plans to raise the institutional capital first and decide how fast it wants to expedite sales of the Cardea SOLO.

Welch Allyn and **ResMed** [NYSE:RMD] are strategic investors in Cardiac Insight. Those two companies, as well as Johnson & Johnson [NYSE:JNJ], previously were cited as potential bidders for Cardiac Insight.

At minimum, Cardiac Insight likely would raise between USD 10m and USD 20m in a private round in the first half of next year, said Harlow. Funding from additional strategic investors as well as private investors would be considered, said Harlow.

Cardiac Insight closed a USD 4.5m financing earlier this year to increase its total investment to USD 20m. In the earlier Mergermarket report, Harlow said Cardiac Insight was valued at USD 23.5m following private investment of USD 13.5m. Given the additional capital investment and increasing revenue from sales of both devices, Cardiac Insight could be valued now between USD 40m and USD 50m, acknowledged Harlow.

A final valuation will not be determined until the company decides on its next capital option, said the CEO.

Cardiac Insight competitor **iRhythm Technologies** [NASDAQ:IRTC] is valued at USD 1.3bn; iRhythm completed an IPO in October 2016.

Welch Allyn is the sole distributor of the Cardea SOLO to 250,000 physicians in the US through a white label version of the Cardea SOLO. Cardiac Insight is selling the device to hospitals and health systems, said Harlow. Physicians who purchase the Cardea SOLO from Welch Allyn retain ownership of the data to aid diagnosis and future treatment of patients, added the CEO. The physicians in private practice also receive full reimbursement from insurers through the sale of the device and continued use of the data.

The Cardea 20/20 ECG tests for heart problems in young athletes.

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Cardiac Insight maintains relationships with **Piper Jaffray** and **JPMorgan Chase**, as well as other banks, said Harlow. It has yet to use an advisor for a capital raise.

Fenwick & West acts as corporate counsel to Cardiac Insight.

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