

# IN VIVO

## THE BUSINESS & MEDICINE REPORT

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Earthquake scene from Sebastian Munster's Cosmographia © Christell Gerstenberg/CORBIS

### Dealmaking Round-Up 2001

For pharma, it's terra infirma: last year's transactions revealed a dramatic power shift from larger to smaller companies, who now see dealmaking as the primary tool for remodeling themselves. On the other hand, consolidation has landlocked the device industry.

### Altana Calls Trumps

Fueled by the success of its first blockbuster, pantoprazole, Germany's Altana aims to use two potentially bigger follow-ons to hoist itself into the global league.

### ANS Goes Along for the Ride

With much-larger Medtronic leading the way, ANS hopes not to unseat its main rival in neurostimulation, but simply to tag along for the ride.

### Starting in the Marketplace

InterMune was formed around gamma interferon, a marketed drug licensed from Genentech. Now, it is expanding the cytokine's clinical profile, giving it momentum, visibility, and the bona fides to attract additional late-stage products.

### Invatec: Italy's Home-Grown Device Model

Can this family-run company continue providing superior technology and responsiveness during the transition from OEM supplier to an interventional vascular products company?

### The Best of Three Worlds

Applera has installed an experienced management team to guide it into a new era of high-margin molecular diagnostics and to leverage existing resources in discovery, assay development, and systems.

**NEW COLUMN: Sales Force Impact • Tyco Healthcare loses its umbrella**

## Cardiovascular devices

# Invatec: Italy's Home-Grown Device Model

*Can this family-run company continue providing superior technology and responsiveness in the transition from OEM supplier to full-fledged interventional vascular products company?*

by Stephen Levin

- Invatec is the product of a father's natural technical skill and love of using technology to solve problems, passed on to his son and daughter.
- Initially based out of the Venturelli family's home, Invatec started by building custom products for interventional cardiologists in Germany and Italy, and then became an OEM supplier to larger companies.
- The company initially relied on the Venturellis' (father's and son's) engineering expertise to develop superior technology, while maintaining the responsiveness to physicians' demands that first brought the company to physicians' attention. The goal: to develop a broad-based interventional vascular products business globally under the Invatec name. Already selling products throughout Europe and Asia, the company is biding its time before entering the US market.
- Invatec's initial product lines include interventional cardiology catheters and balloons, an embolic protection system designed for carotid angioplasty, and a line of interventional peripheral vascular products. The company has also developed a radio frequency ablation system aimed at treating a variety of tumors.
- To this point, Invatec has largely operated beneath the radar screens of major cardiovascular device companies, which tend to see the company primarily as an OEM supplier. Invatec's efforts to launch a wide range of branded products will bring the company head-to-head with large companies in an already-consolidated market in which superior technology, while essential, is often not enough to carry the day on its own.

Andrea Venturelli, founder and president of Brescia, Italy-based **Invatec**, is too young to recall when the film "The Graduate" was released in 1967. In that movie, Dustin Hoffman received perhaps the most famous piece of on-screen career advice, summed up in one word: "Plastics." While Hoffman's character disdained that recommendation, Venturelli built a company around it—Invatec. "Our corporate strategy and core competence is plastics," says Bob Reeders, Invatec's VP of sales and marketing. "Think plastics in the widest sense possible in the human body and that is where we want to be as a company."

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Invatec's existence as a medical device company initially built around a core competency in extrusion-molded plastics is a direct result of the self-taught competence that Andrea's father, Luigi Venturelli, developed in extruded and molded products. Andrea and his sister, Elena, didn't so much choose careers in medical device plastics; the field chose them—they were born into it. Having grown up learning extrusion skills first-hand, Andrea took his father's expertise one step further: where Luigi Venturelli preferred to remain at home tackling new technical problems, Andrea was interested in commercializing these products and, to do so, founded Invatec in 1996.

Although the company is of recent vintage, Invatec's formula for success draws on elements that go back a quarter-century and more in the medical device industry. Most obviously, of course, Invatec is one of those rare breeds known as the family business, a pedigree that 25 years ago and earlier was not uncommon among device companies but which is rarely seen today. The

Venturellis' involvement in the medical device industry was purely opportunistic, the result of a chance discovery of Luigi's extrusion-molding skills by executives of **Sorin Biomedica Cardio SPA**, who by chance were visiting the company where Luigi worked. When Luigi Venturelli solved a problem that Sorin was having in manufacturing certain interventional cardiology catheters to particular specifications, his name started circulating among certain European interventional cardiology thought leaders as someone capable of constructing custom catheter-based devices.

From its earliest days, Invatec's motto has been, "Diamo vita alle idee—We make ideas come alive." The strategy is focused on using Invatec's in-house R&D, technology and production capabilities to quickly turn physicians' ideas into new products. The emphasis on responsiveness to the customer and quick-turnaround time also were common elements of an earlier time when many surgical instruments were developed by small instrument manufacturers working closely with a physician to convert an idea into practice. While today's giant cardiovascular device companies certainly wouldn't say they've abandoned the idea of being responsive to physician/inventors, from the physicians' perspective, the time it takes to get a response to an idea from a large company today leaves the impression that responsiveness is simply a buzzword to which big companies pay lip service. The question for a small company like Invatec, in light of the current device industry market dynamics that so heavily favor large companies, is whether the custom focus of a small company remains viable today.

Invatec began by doing specialty design and manufacturing work for catheter-based products and then branched out into OEM work for interventional cardiology and radiology companies; even today, Invatec manufactures the *RX* delivery system for the *BiodivYsio* stent manufactured by **Biocompatibles International PLC**. Andrea Venturelli explains that the positive response Invatec received from physicians to the company's early products resulted in Invatec looking to develop a broad base of branded products revolving initially around the company's plastics expertise, and led to lines of angioplasty balloons and catheters. Invatec then layered onto its plastics capabilities the expertise necessary to work with the kinds of metals being used in interventional products, including memory-shape metals such as nitinol. [Andrea believed that while there were some small device companies with plastics' expertise and others skilled in working with metals, few could combine those skills in-house and avoid having to use outside vendors. The idea of remaining what Venturelli calls "vendor independent" has become a watchword at Invatec.]

Following its initial forays into interventional cardiology and radiology, Invatec developed interventional vascular products for peripheral disease, concentrating on the area below the knee, particularly the small vessels below the ankle that require catheters extremely small in diameter. More recently, the company introduced the *Mo.Ma* embolic protection system for carotid angioplasty,

which employs a new approach to cerebral protection. And beyond interventional vascular products, Invatec has developed the *Miras* line of catheters and probes that enable the physician to deliver radio frequency (RF) energy to tumor sites that are currently inaccessible or hard to reach.

But can Invatec's strategy of building a company the old fashioned way, for all of its quaintness and appeal to certain core values, enable the company to compete in today's highly competitive and rapidly maturing cardiovascular market? Phrased differently, as Invatec grows to become a more traditional, by today's standards, cardiovascular device company, can this non-traditional approach sustain the necessary growth to carve out a piece of markets that have already undergone considerable consolidation. Just five years ago, there were dozens of stent companies crowding the European market. Today, just as in the US, the European stent market is dominated by the usual small group of large companies: **Cordis Corp.** (a division of **Johnson & Johnson**); **Guidant Corp.**; **Medtronic AVE**; and **Boston Scientific Corp.**'s **SciMed Life Systems Inc.** and **Schneider Worldwide**; with **Jomed NV** the only major European-based player. And the European health care environment that enabled Jomed to grow in the mid-1990s from a small stent company to broad-based major cardiovascular firm was far different than the current cost-contained and regulatory-constrained landscape that Invatec is facing.

While Invatec is not looking to compete head-to-head against those giant companies in major product segments such as stents, in order for the Italian company to establish itself as a supplier of its own branded products, it will, almost certainly, bump up against these giants in a variety of product and geographic markets. Invatec is betting, in part, on the superiority of its technology; and, in fact, interventional cardiology has proved to be an area in which the best technology is necessary to win—just look at Cordis' initial domination of and then near-elimination from the coronary stent market all within the course of five years. But Invatec officials know that technology alone is not enough. As interventional cardiology matures, technology advances become more incremental and relatively less valuable in determining winners and losers. While no one's saying commoditization has hit the cardiac cath lab, the prospect of bundling cardiology products has become more a question of when, than if. That is particularly problematic for a company like Invatec that is not looking to compete in all product areas. The challenge for Invatec: is there room in the marketplace for a company looking to maintain certain long-held corporate values in such a rapidly changing environment, and can its small-company, family-oriented approach achieve the growth it needs to survive in today's interventional cardiology market?

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### A Hobby Becomes a Company

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Invatec was founded in 1996, though Luigi Venturelli

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