

## Innovation center is looking to keep blood flowing

April 23, 2017 UPDATED 6 HOURS AGO

By LYDIA COUTRÉ  

In the decade since its founding, the Global Cardiovascular Innovation Center has reached some milestones its leaders are quick to tick off — and now the center is considering how to sustain its operations as its original funding source wanes.

A \$60 million grant from Ohio Third Frontier established the multi-institutional center, which aims to advance cardiovascular innovation and contribute to economic development in Ohio. Since then, the center — which develops, incubates and commercializes cardiovascular technology — said it has created more than 1,000 jobs in Ohio, attracted 17 new businesses to the state, granted funding awards totaling \$21.5 million to support 51 technologies in companies and institutions in the state and helped secure more than \$1 billion in new funding.



Photo by CONTRIBUTED PHOTO

Mark Low

"We have far exceeded every one of the original metrics that was established for the company or for the organization," GCIC managing director Mark Low said. "Now, it's taken us a little bit longer to do than was originally anticipated ... It was a five-year grant, and we're in Year 10. However, we still have not spent the full \$60 million."

So far, the center has spent about \$53 million of that original award, and Low expects that remaining funding will carry the center through 2018. Beyond that, the GCIC is looking at several options. For one, the center is looking to expand the amount of equity it holds in some of the projects, which will hopefully bring a return in the future. Low is also looking at securing more investments from sources beyond Third Frontier, including venture capitalists, commercial entities, foundations, philanthropists and other organizations.

"I don't think it's going to be like the founding of GCIC, which was a single, very large, very generous grant from the state of Ohio," Low said. "I think sustainability is going to be a mixture of various sources."

GCIC focuses on five core programs: commercialization funding, company attraction, business development, new company incubation and pre-clinical investigation capabilities. Founded in 2007, it is led by the Cleveland Clinic and is comprised of Case Western Reserve University, University Hospitals, Ohio State University, University of Cincinnati and University of Toledo, as well as economic development partners BioOhio, BioEnterprise and Team NEO.

Low attributes the slower pace of spending the grant to being very selective, lean and frugal in GCIC's investments — not to purposefully stretch the money out, he said, "but in order to be able to appropriately staff ourselves and to pick right projects to support."

A little more than 70% of GCIC-funded projects are continuing to advance through stages of development, [according to a recent report](#). The GCIC model of having an external commercialization advisory board (made up of representatives from the clinical/science community, the financing community and from industry) has been a great asset, he said.

The GCIC's commercialization work has resulted in 11 products reaching the market. Another 14 have advanced to human clinical trials and 12 are continuing to progress through earlier stages of development.

CardioInsight Technologies, a medical device company bought by Medtronic for \$93 million in 2015, received three GCIC funding awards several years ago, which helped the company drive feasibility of its products, said co-founder Charu Ramanathan.

The rigorous application process itself was also valuable, she said.

"To get through that process to put your business plan and your pitch in the right light was extremely helpful for us to think through why we were asking for money, and how we could move the business forward with it," Ramanathan said.

The very focused way GCIC looks for applicants — for companies with the discipline to build and execute a strategy — was very important for CardioInsight, she said. Most entrepreneurial ecosystems have a "huge gap," she said, where a company is not yet ready to build a full system.

"You just don't have the funding to create that value in your company to be able to command tens of millions of dollars of funding that helps you really climb up the next phase of product development and commercialization," she said.

Focused money like GCIC, along with the business rigor of the application process, helps to create defined value that increases the valuation of a company and makes it "eligible for a robust venture capital route," Ramanathan said.

Low is also managing director of the NIH Center for Accelerated Innovations, established in 2013 and funded with grants totaling more than \$12.5 million from the National Heart, Lung and Blood Institute. One of three such centers in the country, the NCAI provides project funding and management guidance, as well as a program to educate and mentor researchers, clinicians and developers, Low said.

The NCAI has the potential to bring more companies to GCIC's doorstep and to the ecosystem of working to bring technologies from early-stage innovation to commercialization, Low said.

In another effort to help make GCIC ultimately sustainable, it has shifted to more investment through convertible notes, allowing loans to a company to turn into equity, giving GCIC more opportunities for returns on investment, Low said. Right now GCIC has about 10 such investments and is holding roughly \$5 million worth of invested equity. And CardioInsight's exit gave GCIC a return when it was required, he said.

"We're optimistic that there will be further exits coming and that those will be able to feed back and sustain our operations and our programs," Low said.

He added, "I think it's a phenomenal program," Low said. "I'm proud to have been associated with it, and I'm really looking forward to what's next."

David Goodman, director of the Development Services Agency for the state and chairman of the board of the Ohio Third Frontier Commission, said he hopes to see GCIC become and remain self-sustaining.

"What we're trying to ultimately do with regard to GCIC is to have it become hopefully sustainable and continue to be an economic innovator and engine," he said.

**0 Comments**   **Crain's Cleveland Business**

---

 Recommend    Share