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## Tech Investment Gets a Summer Boost

By Andrew Webb

*Of the Journal*

TECH BYTES: A late-summer spurt of tech startup investment activity could help make 2005 the state's busiest venture capital year in recent history.

As of last week, officials at Albuquerque-based Veralight were watching the company's bank account for an expected \$5 million deposit led by Utah-based vSpring Capital. That round of financing came right on the heels of a \$7 million private investment in Los Alamos-based Caldera Pharmaceuticals. Two more investments in Albuquerque-based oilfield water purification firm Altela and Farmington equipment repair firm Desert Power totalled nearly \$1 million.

Several smaller, private investments went to startups such as Albuquerque-based WellKeeper, which makes remote monitoring equipment for oil and gas wells.

Late August saw biometric identification firm Lumidigm rake in \$8.1 million in investments; spark plug developer Enerpulse received a \$2 million investment in May; and breast cancer diagnostics company Exagen closed a second round of financing to the tune of \$7 million earlier this year.

If you count UniPixel, a Texas flat-screen display company with operations in Albuquerque that received \$12 million in investments early this year, tech companies have so far pulled in about \$33.5 million in investments this year, says Randy Wilson, director of business operations for Albuquerque-based Technology Ventures Corp.

"It's been exciting," he said.

Here's a rundown on the most recent company fundings:

**VERALIGHT AIMS TO HASTEN DIABETES DETECTION:** Salt Lake City-based vSpring Capital, which has an office in Los Alamos, led last week's \$5 million investment in VeraLight. It was joined by another Utah investment firm, Wasatch Venture Fund, which invested from its Salt Lake City-based fund, as well as a recently created, wholly New Mexico-based fund. Also in the round were Durango-based Southern Ute Growth Fund, a Southern Ute Indian tribe initiative that invests tribal funds in everything from startups to real estate, and Dow Chemical.

VeraLight aims to make easy-to-use diabetes screening devices that could help diagnose the disease in the millions of people who don't even know they have it.

It is a spinout of 12-year-old Albuquerque company Inlight Solutions, which is developing noninvasive glucose monitors that use beams of light shot through skin. VeraLight uses similar technology to instead detect molecular changes to the skin caused by diabetes.

Existing tests for the disease are cumbersome, requiring fasting and the drawing of blood. Furthermore, the company says, they can produce faulty diagnoses in one out of two patients.

According to the American Diabetes Association, about 18 million Americans— 6.3 percent of the population— have diabetes, a disease caused by insulin deficiency and characterized by excess sugar in the blood and urine. Of those, about one third of cases are undiagnosed, increasing the danger of amputation or damage to eyes, kidneys and heart without treatment.

By the time the disease is diagnosed, many of these people have had it for up to 9 years, says VeraLight CEO David VanAvermaete.

"By that time, many of the effects can't be reversed," he says.

VeraLight's device is portable, and tests could be administered in mobile clinics, pharmacists or eye doctors' offices and other facilities, and would take about 60 seconds.

Mike Connolly, a vSpring principal based in Los Alamos, says the potential uses for the technology could eventually extend beyond diabetes, as other body processes result in molecular changes to skin. For now, however, he said the company will work to get Food and Drug Administration approval for diabetes testing.

The company will use the funding to begin an early round of testing, which will be performed on patients who are at risk for diabetes, by Albuquerque-based TriCore.

If those tests prove successful, it would then move on to more advanced testing in clinics. The Southern Ute tribe has expressed interest in conducting some of that testing in its hospitals, Connolly said.

**CALDERA RAMPS UP DRUG DISCOVERY TECH:** Caldera Pharmaceuticals is a one-man Los Alamos company using technology developed at Los Alamos National Laboratory to speed up the process by which drug companies find and isolate new drug compounds.

The firm recently received \$7 million in investments from a group of private investors and loans from Los Alamos County, which aims to promote business there outside the labs, said Jack Stafuric, a business consultant with Technology Ventures Corp. who has helped the company find financing.

Caldera founder and principal Ben Warner was ill and unable to speak about the transaction this week, he said in an e-mail.

The company's technology is difficult to explain. Essentially, it is a method for testing how a drug binds to a particular protein. Drug companies are testing for bonding to the wrong proteins, which are what produce nasty side effects from a medication. Stafuric says Caldera's technology allows tests to happen much faster, dramatically reducing the cost of drug discovery.

"It helps you get a drug to market without expensive and time-consuming clinical trials," he said.

Caldera hopes to use it to offer as a service to drug companies, and, eventually,

to perform drug discovery itself, Stafuric said.

**DESERT POWER PUTS THE METAL TO THE METAL:** New Mexico Community Capital, a Santa Fe-based venture firm that aims to invest with the dual goals of financial return and job creation, announced early this month its first investment in Farmington-based Desert Power.

The firm, which repairs and overhauls equipment used in oil and gas drilling, will use \$190,000 from New Mexico Community Capital to obtain additional machinery and build parts inventory.

It got an earlier \$1.3 million investment in March from Mesa Venture and Altira Group.

Desert Power specializes in a relatively new cost-saving repair technology that involves spraying metal onto a worn part, then machining it to near-new specifications.

"It's a technology that's not available locally," said New Mexico Community Capital founder Jarratt Applewhite. "It will extend the life of oilfield equipment and allow it to be taken out of service for repairs for a briefer period."

Desert Power employs 14.

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