

ClearCount Soaks Up \$4M For Surgical Sponge Tracking

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ClearCount Medical Solutions Inc., a company developing radio-frequency identification technology to detect surgical sponges, has raised \$4.1 million in Series A funding to launch its product next year.

New investor Draper Triangle Ventures led the round, joined by existing angel investors. David Palmer, chief executive of ClearCount, declined to give the valuation.

Based in Pittsburgh, ClearCount was founded in 2004 and is developing RFID-based technology to detect and count surgical sponges, particularly to eliminate those left in the body after surgery.

Already cleared by the Food and Drug Administration, the company's SmartSponge System launched this spring for hospital evaluations, Palmer said, and the company has signed Cardinal Health Inc. as a distribution partner. He said he expects full-fledged sales to begin early next year.

"We wanted the capital to expand rapidly. We're going to add additional folks on the sales and marketing side," Palmer said of the plans for the Series A. "We also want to conduct further R&D, because we want to work on a solution for instruments as well."

Palmer said he expects to launch RFID-enabled surgical instruments in about 18 months.

ClearCount has two competitors on the market with sponge-tracking technology, Palmer said: SurgiCount Medical Inc., a subsidiary of publicly traded Patient Safety Technologies Inc., which has developed a bar code system that he said can count sponges; and venture-backed RF Surgical Systems Inc., which has a radio-frequency platform that he said can detect them. "We are the only solution on the market that can [both] count and detect sponges," he said.

With revenue expected by early 2009, Palmer said, ClearCount may not need an additional round of financing, although he did not rule out another round to accelerate sales and product development. "That depends on the adoption of sales," he said. "We do foresee a scenario where we do not need additional funding."

Prior to this round, ClearCount raised about \$4 million from angels and local economic development organizations.