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THE CITY OF FRISCO'S CORPORATE BOUNDARY ENCOMPASSES ROUGHLY 72 SQUARE MILES, making it the largest city by area in Collin County. With such a huge land mass, and only a mere 33% of it actually developed so far, it would be understandable for even a native who prides himself on noticing a new company before his friends to overlook some of the newest movers and shakers recently joining the explosion called Frisco.

One of the newest tenants happy to call Frisco home is the North Texas Enterprise Center for Medical Technology, Inc. (NTEC). Formally established in June 2002, and located in one of the six magnificent state-of-the art professional office buildings in the nationally acclaimed Hall Office Park, this remarkable business incubator/accelerator comes to Frisco to help medtech entrepreneurs develop their products and ideas.

"We conducted a feasibility study based on what the city was already doing and rolled up our sleeves and went to work," said NTEC executive director Larry Calton. "I think we enhance the City's Millennium Plan because a fair portion of it is to add more technology and healthcare businesses. We specialize in both so we are helping each other."

NTEC is underwritten by the City of Frisco through the Economic Development Corporation and Hall Financial Group. They have a 5-member board of directors with heavy hitters like Lynn Mergen, CEO of Centennial Medical Center, on board and a 6-member board of advisors comprised of a variety of angel and institutional investors, and business leaders who contribute their professional knowledge, similar to mentors, to the development and launch of a medtech focused seed investment fund.

There are also a slew of scientific advisors, most of who

are medical doctors or have doctorate degrees, and offer their counsel to the fortunate few start-up businesses that are selected to grow with NTEC.

NTEC provides everything fledgling businesses need to operate as effectively and efficiently as possible - saving these new start-ups hundreds of thousands of dollars and countless staff hours. The 11,000-square-foot Enterprise Center includes 3,000 feet of administrative offices and shared space with meeting rooms and a lab, where clients will have room for things like prototypes, bench testing, light manufacturing, as well as completely furnished offices and cubes space.

The local incubator/accelerator expects to have businesses not only employ local people and add to the tax base, but manufacture their products in Frisco as well.

Calton said it was logical for NTEC to locate in Frisco since they are partnering with the FEDC and Hall Financial Group. They are two of NTEC's 11 founding stakeholders, also including Haynes & Boone, Winstead, Hermann Miller, ADT, SVTRONICS and Jackson Walker LLP, and have donated NTEC's office space for three years.

"The more I got to know the City of Frisco community, the more I knew they had the right concept and the clarity," Calton said, reflecting on NTEC's official grand opening in May 2003. "It is easy to attract people to this area."

Calton, previously a banker and public accountant, has been around start-ups for about 10 years, and advises that even though NTEC is classified as a 501(c) (6) non-profit organization, they are not a community service.

Though NTEC helps the new companies find the financing they need, most have four to six months of start-up costs ready to put to use without help from NTEC.

"Our business model is to target companies that are very early in the development stage, probably have little or no busi-



Larry Calton, executive director, North Texas Enterprise Center for Medical Technology; Jim Gandy, president, Frisco Economic Development Corporation; Audie Adkins, president, Frisco Chamber of Commerce
photo by Brent Earles

LOOKING TO THE FUTURE WITH NTEC

BY NATALIE MEDIGOVICH

ness experience, and are not even sure if they have something,” Calton said. “We understand that 90% of these companies probably won’t make it, even some of the ones we pick. It is a long process of due diligence and investment. We are truly a business development organization, but of course, there are risks in this business. That is part of the costs associated with working with start-ups.”

What makes NTEC unique as a business incubator is that they have both a public and private partnership. Since they rely on private fundraising for financing, investors participate in any ventures that succeed.

“We serve two masters,” Calton explained. “Most incubators are purely owned by the city or directly affiliated with a university, but we don’t just benefit the city of Frisco. For example, each company we graduate is expected to hire 50 to 100 employees and average \$50 to \$100 million in sales within five years of graduation from NTEC. A dozen jobs have been created so far. Most jobs created will be at the white-collar, upper end of the income spectrum. We also expect creation of manufacturing and administrative jobs. If these guys (the companies NTEC picks to help) are home runs, or even base hits, everybody wins.”

Four new companies are projected to be adopted by NTEC by the end of the first quarter and seven by the end of 2004. This could mean a much welcome boost to Frisco’s 7.85% unemployment rate, which is higher than state and national averages.

Calton added that it only takes “one big hit to erase many failures” and that is part of what keeps people investing in the start-up world.

“Just because a company does not make it on a stand alone basis does not mean all is lost,” he elaborated. “It is common for the intellectual property and customer lists to be sold, and in some cases that covers the investment made by the shareholders and society still benefits.”

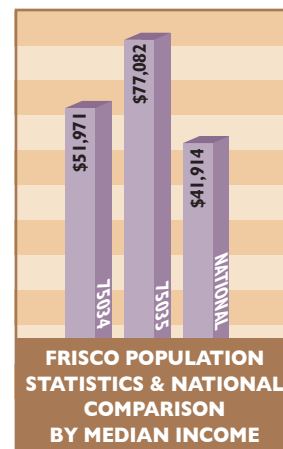
Inspired by the Austin Technology Incubator, Houston Technology Center, Startech, the Midas Center, and other members of the National Business Incubation Association, NTEC, like the aforementioned, want their companies to be “resident” in their center and are supported by a network of capital and service providers, mentors, universities and financial contributors. They are also similar in the fact that they partner directly with a city and/or university in the execution of their mission, and provide infrastructure.

UNLIKE MOST OTHER BUSINESS INCUBATORS, NTEC FOCUSES ONLY ON MEDICAL TECHNOLOGY AND SPECIFICALLY ON DEVICES. Another difference from the norm is that they are very proactive in finding new company ideas by going into the marketplace with an understanding of a need and work with sources of intellectual property to create companies to address a market opportunity. In addition, NTEC’s geographical area covers a much larger region (by including all of Texas, Oklahoma, New Mexico, Arizona, Georgia and Arkansas) than traditional business incubators.

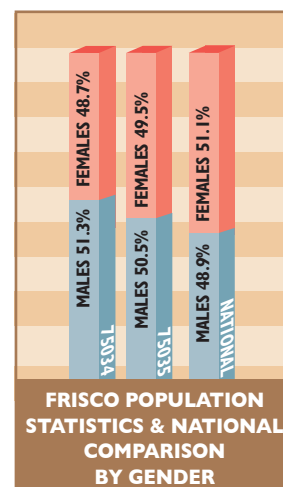
NTEC recently studied 100 company prospects, either by way of regional outreach at universities, colleges and labs or sifting through those that came to them, and selected only two to “grow and graduate” in their three-year program. The first is a technologically advanced organ transport company and the other is a chemical/biological sensor company. The latter, US Detection Technologies, is still in the strictest confidentiality stage due to the competitiveness in the field.

“We were at the stage of development where we needed an accelerator,” said Organ Transport Systems, Inc. CEO and founder Hyman White. “I did know about other incubators but none of them had the skill to take on such a huge business. We eventually hope to have \$1 billion in sales annually and be an international business. NTEC brought us an engineering company, a CFO, scientists and a cardiologist. They have been everything we thought they would be - it’s a mutual benefit.”

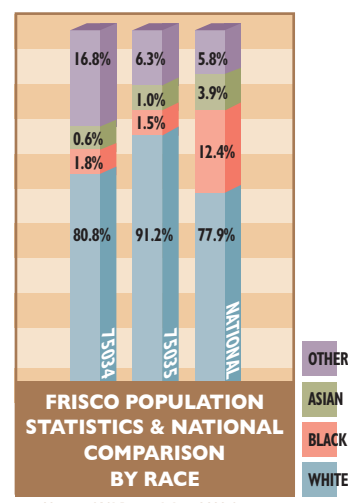
White’s human organ transport and storage device, first created in 1999, has already been tested in Australia where it successfully served as the machine used for heart transplants. A



*Source: CACI Research Inc., 2000 Census



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patent is pending with 25 of its claims approved.

“We can keep an organ alive in our device for more than 12 hours,” White said of his patented 45-pound, self-contained machine that awaits FDA approval. “The current time is four hours with a 12% mortality rate. That’s an increase of at least 300%. The quest of our company is to extend the range for better organ matches. This means a person in Dallas could receive an organ from anywhere—Canada, Mexico, even Europe!”

White, a high profile developer and supplier of medical technology, was fortunate enough to meet and discuss his product with NTEC senior medical advisor, Dr. Robert Kramer, whose credentials range from pioneering the first lung transplant in Dallas to medical director for the Cystic Fibrosis Research Center at Children’s Medical Center Dallas for 28 years.

“I’ve been involved in biotechnology since 1995 and have been looking for an incubator like NTEC since then. It was like answered prayers,” Dr. Kramer said. “There is just too much intellectual oasis out there and it’s a huge opportunity. When Larry (Calton) asked me to sit on the board of advisors of NTEC I said ‘absolutely.’”

The 70-year-old Dr. Kramer was also Chairman of the Department of Pediatrics at Baylor University Medical Center and a runner-up for U. S. Surgeon General.

His worldwide travels and experience with seminars, healthcare summits and conferences over the years has reinforced his knowledge that medical technology is the wave of the future, an area in which Texas is behind. He said he gets great personal satisfaction watching entrepreneurial businesses such as Organ Transport Systems, Inc. (OTS) grow.

“NTEC is absolutely spectacular and the Frisco Economic Development Corporation deserves a tremendous amount of credit for ‘getting it,’ as well as the stakeholders who understand what’s happening,” Dr. Kramer emphatically said.

“Our initial reaction to OTS, based on their first solution, was that there was a need for some improvement,” Calton remembered. “But I think these guys are really onto something. They definitely have the potential to be a disruptive technology compared to what is existing in the field.”

For more information on NTEC, consult their informative and detailed web site at www.NTEC-inc.org.

“It only takes *one big hit* to erase *many failures.*”

Natalie Medigovich is a freelance writer living in Frisco.