



# THE PLAIN DEALER

## **MDG Medical gets \$14 million investment for marketing, sales**

**Beachwood company offered \$14 million in equity, debt securities**

Friday, February 29, 2008

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**Plain Dealer Reporter**

One of the first Israeli medical companies to relocate to Northeast Ohio this decade has raised \$14 million in equity and debt securities to pay for its marketing and sales growth.

MDG Medical Inc. was started in Tel Aviv in 2000 and moved its headquarters to Beachwood a year later, keeping its research and development staff in Israel.

Since 2000, economic-development groups including BioEnterprise and the Beachwood Chamber of Commerce have wooed several Israeli technology companies here.

MDG makes drug-dispensing technologies that can streamline the administration of drugs and reduce medication errors. Mostly doctors, nurses and other medical staff in hospitals use ServeRx. Here's how:

A doctor electronically orders medicine for a patient, using a handheld computer that has a touch screen.

The order is routed to a pharmacist, who approves the prescription or consults on changes. This step is optional.

A nurse uses a desktop computer to review prescription and patient information.

The nurse retrieves a single dose of the patient's medicine from a small drawer in a bank of computerized dispensing bins. The nurse places the medicine in another drawer that has been opened automatically on a "smart cart."

The nurse wheels the cart to the patient's bedside, scans the UPC symbol on the patient's wristband, which identifies the patient. The correct drawer on the cart opens, and the nurse gives the medicine to the patient.

By using ServeRx, the medication error rate at Parkview Hospital in Wheeler, Texas, has gone from as high as 4 percent each month to zero, said Ann Fagan-Cook, administrator of the 16-bed, 80-employee hospital "in a frontier area."

Because MDG targets small community and rural hospitals for its technologies, it keeps its prices low, said Mark Saffran, the company's president and chief executive.

A starter system costs about \$50,000, said Fran Paez, MDG's vice president of operations and marketing.

MDG has 90 customers, most of whom are in the United States, Saffran said. Those customers use 200 ServeRx systems.

Saffran said his company would use the investment by Life Sciences Capital and RSL Investments, both in New York City, to "help us with our growth rate and penetration into the marketplace" in the United States, Europe and the Middle East.

Life Sciences Capital is a specialized finance company that offers venture debt and leases to life-sciences companies. New York cosmetics billionaire Ronald Lauder, who has made several investments in MDG, runs RSL Investments.

Saffran said his company also would use the money to hire sales people, increasing the Beachwood staff from six to 10. MDG, which has yet to land an Ohio customer, already has hired a marketing firm, he said.

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