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Israeli Medtech Incubator MEDX Seeks \$60 Million for Venture Fund

MEDX plans to invest in startups it launches and other medical companies



MEDX Xelerator, a medical-technology incubator in Israel, has launched several startups, including VeinWay Ltd., a developer of a treatment for chronic vein blockages.

VEINWAY LTD.

By *Brian Gormley* [Following](#)

December 15, 2022 06:00 a.m. EST

MEDX Xelerator, a medical-technology incubator in Israel that has launched several startups that have gone on to raise outside venture capital or strike deals with large companies, is raising \$60 million for its first venture-capital fund.

MEDX seeks to double down on startups it launches and invest in other companies, including those outside Israel, Chief Executive Shai Policker said.

The fund, Edge Medical Ventures, could enable MEDX to reap bigger gains from its best companies and help fill a funding gap in the medtech industry, Mr. Policker said.

Because development times can be long for medical devices—such as surgical tools or instruments to treat heart disease—there aren't as many

early-stage investors in medtech as there should be given the innovation in the sector, Mr. Policker said.

MEDX, whose strategic partners include U.S. medtech company Boston Scientific Corp., seeks to help startups connect with top companies that can help launch products and to put young companies on a path to eventually be acquired, he added.

“The combination of corporate venture and smart money on the VC side can join together and grab excellent opportunities in early-stage medtech,” Mr. Policker said.

MEDX, founded in 2016, is one of several incubators the Israeli government supports to promote Israel's tech and healthcare industries. Startups entering the MEDX incubator initially receive about \$800,000 to \$1.1 million in funding.

Eighty percent of that funding comes from the Israel Innovation Authority, a publicly funded agency, and 20% from MEDX and strategic partners including Boston Scientific, Mr. Policker said.

The innovation authority receives no equity. Instead, startups pay a royalty on product sales to the authority until the agency is repaid, plus interest, Mr. Policker said, adding that the model reduces the risk of investing in early-stage medical technologies.

Another Israeli government-supported incubator is Incentive, the seed arm of Peregrine Ventures, an Israel-based early- through later-stage healthcare venture firm.

Israeli government support for incubators has led to a consistent stream of new companies forming that can attract venture capital as they mature, said Eyal Lifschitz, co-founder and managing general partner of Peregrine.



Shai Policker MEDX CEO

Healthcare venture investment in Israel rose to \$1.5 billion in 2021 from \$1.2 billion the year before, according to market tracker PitchBook Data Inc. Israeli medical startups have collected \$1.1 billion this year through Dec. 12, according to PitchBook.

Israel has prowess in areas such as artificial intelligence, software and cybersecurity, which positions the nation to benefit as medical technology increasingly uses sensors and other digital tools to collect data used to detect diseases early or prevent them, said Glenn Snyder, principal and global medical technology leader for Deloitte LLP.

MEDX's portfolio company Exero system transmits data to the cloud where they are analyzed with artificial intelligence to enable early detection of leaks, according to the company.

In addition to physical space, MEDX provides resources to lower startups' operating expenses, such as help with business development, finance and connections to vendors. Startups it has launched recently include

VeinWay Ltd., a developer of a treatment for chronic vein blockages.

MEDX partners also include Sheba Medical Center, an Israeli hospital, which can serve as a site for clinical trials for MEDX companies, said Eyal Zimlichman, Sheba's chief transformation officer and chief innovation officer, and founder and director of ARC Innovation, a global network of medical companies and academic medical centers that includes MEDX startups.

Append Medical Ltd., a MEDX startup advancing research from Sheba Medical, is developing a device designed to reduce the risk of strokes in patients with the heart-rhythm condition atrial fibrillation. Early in the company's development, Append received advice from Boston Scientific scientists and business people on what it would need to do to develop a successful device, CEO Nadav Agian said.

Boston Scientific in October invested in BeWeld Medical Ltd., a startup MEDX launched in 2021 to progress intellectual property from Hebrew University of Jerusalem. Its technology is aimed at automating manufacturing processes of implanted medical devices.

Being part of MEDX helped BeWeld advance quickly because it could be laser-focused on research and development, CEO Asaf Gordon said.

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