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Health Care of the Future: Ulthera's acquisition sets stage for new growth

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Of the seven companies that presented this week at the Phoenix Business Journal's Health Care of the Future event, Ulthera Inc. is the biggest success story.

It's nearly every entrepreneur's dream to commercialize an invention, take a company public or sell to a bigger company, then move on to the next invention.

Founded in 2004 by Michael Slayton, Ulthera was on track to go public last year – but then Frankfurt, Germany-based Merz Pharma acquired the company for \$600 million in July 2014.

The company not only will maintain a strong presence in the Phoenix area, but also will invest in future growth here, said Matthew Likens, who joined the company in 2006 as CEO.

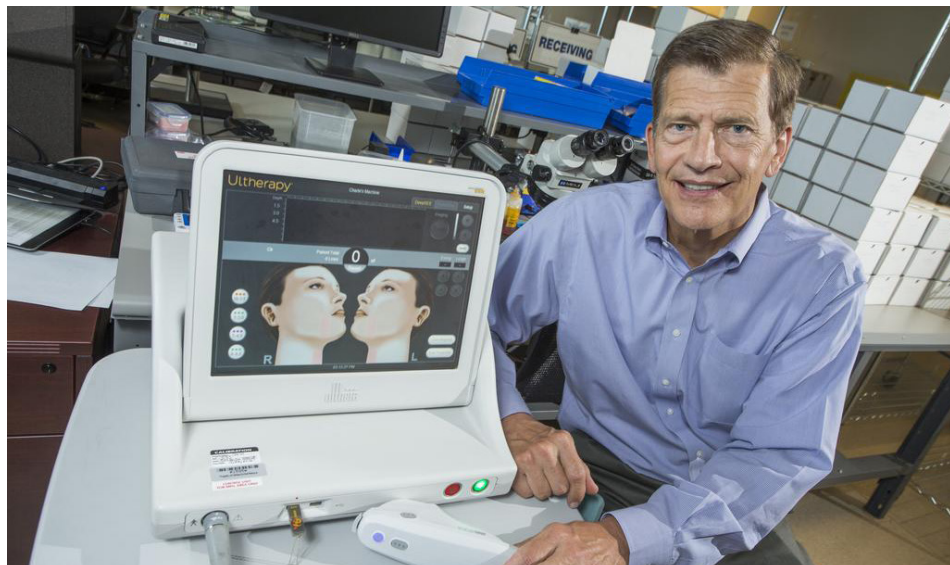
He said Merz has kept the employee base of 115 in Mesa and plans to continue to grow.

"They've retained everyone and want to sustain the organization and the technology," he said. "It's an important part of the corporation's growth in the future."

When Slayton started the company, he intended to use ultrasound thermal energy to treat liver cancer. Early on, he forged a joint development relationship with Johnson & Johnson, and the global company spent \$23 million to develop Ulthera's liver cancer application.

But after four years, J&J executives decided clinical trials, the lengthy regulatory process and insurance reimbursement challenges would cost too much money. They dropped the program in 2003, Likens said.

In January 2004, Slayton and his



CEO Matthew Likens tested his technology on himself and family members in Ulthera Inc.'s early days.

team turned to aesthetic medicine to develop and commercialize the technology. By the time Likens joined the company in 2006, Ulthera had submitted its application for clearance from the U.S. Food and Drug Administration.

It took three years to get FDA approval for the first application, an eyebrow lift. Others have been approved over the years, and now Ulthera has FDA clearance for lower face and neck lifts and for improving lines and wrinkles on the chest.

This summer, the company is launching a new product called CellFina that has nothing to do with ultrasound. This minimally invasive product has received FDA clearance to treat cellulite.

A microblade is inserted under the skin to release and smooth the fibrous bands that create the bumpy cellulite appearance, Likens said.

"This has been one of those great acquisition stories that has gone really well," he said.

Ulthera Inc.

Merz Device Innovation Center

Founder: Michael Slayton

Founded: 2004

HQ: Mesa

Technology: Ulthera System

What it is: Uses ultrasound to produce focused acoustic thermal energy below the surface of the skin

What it does: Leads to firming, tightening and lifting of human skin tissue for aesthetic improvement

How it's better: Procedures are non-invasive with no downtime. Heating tissue to the optimal temperature creates new collagen at three layers below the surface of the skin.

Benefit: For the physician, it brings a high return on investment. For the patient, it is a procedure that works.

Commercialization: More than 3,500 systems are operating in the U.S. and 65 other countries.

Financing received: \$40 million in venture capital raised in three rounds of financing