Thank you Madam Chair, members of the Committee, my name is Jeff Castleberry. I am the Chief Operating Officer of EndoShape, Inc, based in Boulder

I'm testifying in support of House Bill 1325. We thank Representative Fisher for his hard work on this legislation and the committee's support for capital intensive industries like our bioscience community in Colorado.

My personal history spans over 30 years in commercializing new and novel medical devices to enhance therapeutic and diagnostic procedures. My career has been focused on product development, regulatory, quality and manufacturing operations for both large multi-national corporations and small venture backed startup companies. My current venture, EndoShape, is a University of Colorado spin-out, leveraging a new material developed on the Boulder campus. Through EndoShape's own chemistry lab and staff, we've evolved that original material into unique products for use by interventional radiologists in treatment of trauma, cancer and vascular malformations. From our inception in 2007, we've received over $1.5M in SBIR and Colorado State matching grants through the BDEGP program – thank you. Since 2011, we have painfully raised over $8M in venture financing. Our current investors include only two venture funds (as there is a dearth of venture organizations making investments) and eight qualified individuals. With a current full time staff of 11, we've recently received FDA clearance and have started commercial sales of our first device. That is seven years and over $9M to our first product.

Meanwhile, we're currently raising additional capital to expand sales and develop the remaining products in our catalog. With our next financing, we expect our staff to double in size by the end of 2015.

I'm here to emphasize the financial challenges that face young biomedical companies today and the high cost of development and commercialization of products in this space. Medical products that encompass physical elements, mechanical hardware, disposable supplies or implantable devices are capital intensive for development and manufacture of their components, assemblies, and testing. Across the projects in my personal history, each has carried a capital budget, typically on the order of "hundreds of thousands" of dollars. These capital items typically consistent of items such as molds (in multiple iterations), processing equipment, test and inspection equipment. With EndoShape, we've needed to procure chemistry laboratory hoods, rotational evaporators, vacuum ovens, extractors and similar equipment to develop our material. In most cases, we've attempted to minimize this cash outlay through purchasing used equipment or items on auction, procurement methods which carry risks that the purchased equipment will not be fully operational or unreliable, risks we must overcome. Clearly, an avenue to offset large capital costs can contribute to a young company's success by reducing the overall funding required, or allowing funds to be used for other costly activities such as biocompatibility, sterility, or clinical studies.

Tax incentives, like those provided in House Bill 1325, will help us to stretch our limited resources to improve our ability to complete development, market new products and build new successful companies in Colorado.

I urge the committee to vote in support of House Bill 1325. Thank you, I am available for questions.