

InfuSystem Holdings buys First Biomedical for \$17M

BY JAMES DORNBROOK | STAFF WRITER

Olathe-based First Biomedical Inc. sold to InfuSystem Holdings Inc. for \$17.2 million.

First Biomedical, founded by Tom Creal and Dan Wassal in 1998, rents, sells and services medical pumps and related equipment. It has about 50 employees and recorded about \$9.8 million in sales in 2009.

InfuSystem Holdings (OTCBB: INHI), based in Madison Heights, Mich., is the leading provider of ambulatory chemotherapy pumps in the United States.

Creal said he was not actively seeking a buyer for the business. A chance meeting changed that.

"When we ran into the people at InfuSystem, we saw a lot of synergies and felt it was a very compatible group of people," Creal said. "We provide a lot of services that they don't, and they have some expertise that we don't. We have the capability of repairing all the equipment that they own. They are in the medical business with infusion pumps, but it's a niche business that we don't participate in much."

Creal said First Biomedical will remain in Olathe as a wholly owned subsidiary. Creal will remain president.

Tim Skarda, president of Allied Business Group Inc. in Overland Park, assisted First Biomedical with the sale. He said InfuSystem was acquired by former investment bankers in 2007 and since then has been looking to acquire a management team that could provide hands-on support. In return, InfuSystem offered First Biomedical access to a solid marketing team, back-office support and access to new clients.

"It really was a great transaction because both sides gained a lot of value from it," Skarda said.

Sean McDevitt, chairman and CEO of InfuSystem, said First Biomedical's management team brings an understanding of the market and an ability to address a variety of customer needs.

"We think that by combining we'll just accelerate the growth that both companies have been seeing," McDevitt said. "We're in 1,300-plus clinics, and we have at least 20,000 of our own pumps that need the repairs and servicing that FBI can provide. They have a lot of customers who need assistance on the oncology side of the house. They have great relationships with their customers and can now step in and fill that need with their customers."

A report by MarketStrat Inc.



Dan Wassal



Tom Creal

estimates the world market for the drug-infusion pumps that InfuSystem provides will hit \$3.3 billion this year and grow at an average annual rate of 6.2 percent during the next five years.

Creal said he expects sales at First Biomedical to grow 20 percent this year. He plans to hire several new employees in Olathe in the next three months.

"We both anticipate continued growth in the high teens (or higher)," he said. "We look forward to opening more facilities throughout the country."

Read more: InfuSystem Holdings buys First Biomedical for \$17M — Kansas City Business Journal.

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