

# Company that makes medical devices for kids enjoys its own growth spurt

## OrthoPediatrics started in 2006

BY LINDA LIPP  
lindal@fwbusiness.com

When it comes to orthopedic devices, children are a whole different animal than adults.

It's not enough just to make the plates, screws and other implants used to repair injuries and combat disease smaller; they have to accommodate bones that continue to grow and remain functional through what may be a more prolonged, more strenuous period of use.

But because nobody made devices specifically for children, surgeons have been forced to refashion adult devices or even use veterinary products to fit kids.

That's why orthopedics industry veteran Nick Deeter co-founded OrthoPediatrics in 2006.

Deeter has an engineering degree from Purdue University, but he's also "a sales and marketing guy at the core," said Greg Downey, the company's vice president of development.

Deeter left DePuy, where he managed 300 surgeons and the custom implant business, to create OrthoPediatrics. It was an idea he had been pondering for 15 years, but the business and regulatory environment just weren't right.

The 2006 Pediatric Medical Device Act removed some of the last barriers, and Deeter and Downey were both in Washington, D.C., ready to get to work.

"The day that became law, the next day we were at the FDA," Downey said.

But the company really came to life in 2007, when it got Food and Drug Administration approval for its first two pediatric products: a screw set and enhanced tools to repair broken bones; and a growth deformity correction system that was designed and launched in the unheard-of time of just six months.

The growth correction system makes use of the growth plates in bones, which don't begin to fuse until a person reaches the age of 17 or so. By internally tethering part of a growth plate in a child's legs, it can even out the irregular growth that produces knock knees or bow legs without the use of heavy, uncomfortable external braces such as those worn by the movie character Forrest Gump.

OrthoPediatrics has another product nearing FDA approval and several more in the pipeline. New products could help speed the correction of spinal deformities such as scoliosis and treat other serious ailments, including juvenile rheumatoid arthritis.

"Many of the innovations we have in development will change the way children with



Deeter



Downey



OrthoPediatrics makes medical devices for children that help repair broken bones and correct deformities.

orthopedic conditions are treated, with the goal of helping children get back to the business of being kids," Deeter said in an April press release.

Although the pediatrics market has largely been ignored by the big orthopedics manufacturers, which are focused on the even more lucrative aging adults population, it holds a lot of promise, Downey said. Research estimated the U.S. market at about \$400 million per year, and the international market at \$2 billion to \$3 billion.

Beyond the financial possibilities, however, the company's engineers and other workers all have a special sense of purpose.

"All these guys left very comfortable positions elsewhere to come here ... There's nothing better than knowing you're helping kids get out of wheelchairs," Downey said. "I've never seen such a group of people come together for such a noble cause."

Housed in a modest single-story building about a block from the square in downtown Warsaw, OrthoPediatrics currently employs about 27 people, all working in sales support, marketing, development, engineering, quality control and the executive, finance and human resources offices. The company already has outgrown its small space, with most office spaces — even that of CEO Deeter — shared by two or even three people. Engineers have been relegated to cubicles in the finished basement.

"I actually like the fact that we're crowded in there ... When you walk in, you can feel the energy," Downey said.

OrthoPediatrics' manufacturing is done by other Kosciusko orthopedic suppliers, specifically Symmetry Medical, MicroPulse and Precimed.

The orthopedics startup benefited from the trend for big orthopedics manufacturers to ship production overseas. That freed up capacity for the smaller local manufacturers to handle OrthoPediatrics' products, Downey said.

Like other orthopedics manufacturers, OrthoPediatrics' products are sold through distributor networks. Currently, the company is working with nearly two dozen distributors across the country, Downey said.

In April, OrthoPediatrics announced plans to invest more than \$4.5 million to expand its operations and boost its work force to more than 100 people over the next four years.

That means a much larger facility will be needed. Unless the company can find a way to "grow up" a few stories at its current location, it will have to find another site in Warsaw, Downey said.

OrthoPediatrics worked with the Indiana Economic Development Corp., which offered up to \$1.7 million in performance-based tax credits and up to \$75,000 in training grants to assist with the expansion. The state also has offered its assistance to write grant proposals that, if successful, could bring in significant funding from the National Institutes of Health.

The company is working closely with Indianapolis orthopedic surgeons who specialize in pediatrics to develop new products and techniques.

"Their hearts are in it and their egos are checked at the door," Downey said.

With the prestigious Cleveland Clinic, it also is exploring the development of biologic products, created with the patient's own cells, that would help rejuvenate growth plates.

Warsaw is home to three of the world's five largest orthopedics device manufacturers: Biomet, Zimmer Holdings and DePuy. Partnerships with those larger orthopedics manufacturers could be in OrthoPediatrics' future, Downey said.

"We don't see the big guys as competitors. We see there are things we could collaborate on."