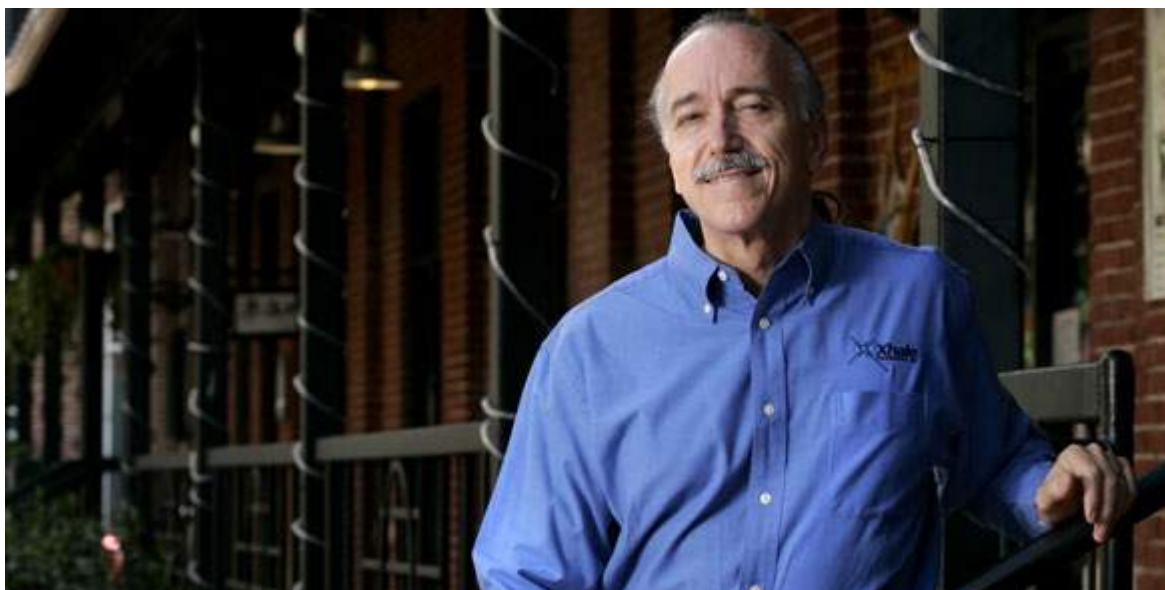


# Medical endeavors



AARON DAYE/The Gainesville Sun

Serial entrepreneur Richard Allen of Xhale Diagnostics, a company that makes devices to detect pharmaceutical levels in breath.

**By ANTHONY CLARK**

Sun business editor

12:50 am, July 2, 2007

Serial entrepreneur Richard Allen said his current venture has “several-fold” more potential than any technology he's been involved with.

That is saying a lot considering he co-founded Regeneration Technologies Inc., now a publicly traded company with \$74 million in revenue last year, and worked with a handful of other successful tech businesses.

His latest venture is Xhale Diagnostics, which is producing and researching devices to measure pharmaceutical concentrations in exhaled human breath.

The technologies were originally developed by UF doctors Donn Dennis and Richard Melker, who are partners in the company.

The first market the company plans to go after is clinical trials for new medicines.

Xhale produces markers that go in the medicine and are then detected by its devices. Allen said 15-20 percent of test patients stop taking the medicine and this will allow the pharmaceutical company to track that.

The company is hoping for regulatory approval by late 2008 and to launch in early 2009.

A similar method can be used for what Xhale calls SMART drugs, which stands for Self Monitoring and Reporting Therapeutics. Patients or caregivers will be able to find out whether the

patient took the drug and the concentration of the drug in the blood stream.

Xhale is developing devices for Alzheimer's patients, but the method could be handy for antipsychotic, anti-seizure “and a number of medicines that will benefit from the user and caregiver knowing the blood level,” Allen said.

Xhale is also researching whether there is a correlation between the glucose levels in breath and blood in hopes of developing a breath diagnostic for diabetics.

Further down the line could be research into whether medical conditions show up in biomarkers in breath as well as a marker for anesthetics, Allen said.

The company has about a dozen employees with plans to double over the next year.

“We have the opportunity to change patients' lives and give patients the opportunity to have something done that doesn't require blood tests, and increases the efficacy of drugs going on the market,” Allen said. “Literally millions and millions of people's lives could be improved.”

Allen also emphasizes the opportunity to create financial success for the team and its investors.

“Then we have a chance to change the world in a lot of other ways.”

Allen has used his financial success to play a key role in a number of charitable efforts.

When Gainesville lawyer Bruce Lasky asked for help to start a school in Cambodia, Allen and his wife, Susan Mastin, joined forces with him. Their effort became Sustainable Cambodia, which expanded into a complete system of teaching rural Cambodians to provide for themselves and pass their knowledge onto other villages.

Projects include building water wells, alternative agriculture, an animal pass-on program modeled after Heifer International, a microloan program, schools and scholarships. The only paid staff are native Cambodians.

For his effort, Allen, a Rotarian, was recognized this year with Rotary International's Service Above Self award. The honor embarrasses him as he talks about the efforts of other people who help make the project work.

Allen was also instrumental in keeping the Alachua County School District's Challenge Day going for the last three years.

He and his wife decided to volunteer for the program, but the grant had run out, so they funded it and started a nonprofit, Alachua County Circle of Change, to support the programs.

Challenge Day is a full day of activities in middle and high schools designed to break down cliques and social divisions. Students then come up with ideas for how they would make changes at their schools and form a “Be the Change” group.

Allen gets misty-eyed talking about the bonds that form among the students, as well as the adult volunteers.

“It's very emotional,” he said.

Before he had the resources to help such efforts, the path that led Allen to a career in medical technology companies started with a failed bid to buy the record company he was managing during and after college. He couldn't raise all the funding to buy Chapter 3 across from campus.

He realized it would be hard to get ahead in the world working at a record store with a degree in English literature, so he went back to UF and earned a degree in accounting.

Allen said he always wanted to be an entrepreneur and working as a certified public accountant was a way to learn about the financial aspect of business. He started specializing in manufacturing and technology businesses, following his lifelong interest in science.

He became chief financial officer for Heat Pipe Technology and Sabine, a pro audio electronics company.

Through his CPA firm, he and Richard Donda, still a business partner today, created Strategies 2000 in 1991 to help bring UF patented research technology to market.

That led to a meeting in 1995 with Jamie Grooms, then director of the UF Tissue Bank. Grooms had a patent through UF on creating engineered screws, dowels, plates and pins from human donor tissue for use in orthopedic surgery.

They teamed up to create what became Regeneration Technologies, securing \$6.5 million in venture capital.

The company grew from less than a dozen employees to 175 by the time they took it public in 2000. Allen and Grooms recruited Brian Hutchison from Stryker Corp. and both retired in 2002.

They created Synogen, a private equity fund that acts as an incubator for technology startup companies. They currently have eight portfolio companies with Grooms serving as CEO of AxoGen Nerve Regeneration and Allen as CEO of Xhale.

Asked his philosophy, Allen said, “I believe it's important that you consciously create your life, set goals and build strong teams to accomplish those and that you do something really compelling and good for the world with the results.”

© Copyright 2007, The Gainesville Sun, Reproduction without consent is prohibited.