

Committee Name:

Senate Select Committee – Job Creation (SSC–JC)

Appointments

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Committee Hearings

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Committee Reports

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Clearinghouse Rules

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Executive Sessions

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Hearing Records

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Misc.

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Record of Committee Proceedings

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SB-249



TomoTherapy
INCORPORATED

September 24, 2003

Special Select Committee on Job Creation
Senator Theodore J. Kanavas, Co-Chairperson
Room 20 South
State Capital
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Kanavas,

As you may know, TomoTherapy Incorporated is a Madison-based company that has developed and is in the process of commercializing a new radiotherapy device to improve cancer treatment. The technology was conceived by Dr. Thomas Rockwell Mackie and his research group at the University of Wisconsin-Madison. In 1997, the Company was spun-out from the University and a license was signed with the Wisconsin Alumni Research Foundation (WARF) to transfer the technology to TomoTherapy.

TomoTherapy would not be in existence today without the support of the local venture capital community. Since 1998, we have raised \$21 million in three rounds of private equity financing to support the Company's research and operations. A little over \$12 million of these funds came from Wisconsin-based investors, including the CAPCO program. This capital has allowed us to expand our operations to almost 100 employees and begin to deliver TomoTherapy systems to cancer treatment centers throughout the world.

That's the good news. The bad news is that we have found it very difficult to find investors in Wisconsin who are willing to invest in a start-up company. Wisconsin does not have sufficient investment capital to serve this market. For instance, we are currently in the early stages of obtaining a final round of equity financing.

Unfortunately, with the lack of local capital, we have been forced to seek investors from either coast. It is very difficult to convince firms from New York or California to invest in a company that is not in their "back yard." They have too many investment choices closer to home.

It takes a great deal of capital to compete against the existing major players in the radiotherapy market, most of whom have much greater resources than TomoTherapy. To be successful, we need to continue to expand our operations and production capabilities. That takes a highly-educated and trained workforce. Madison provides us with a great employee base, but what we don't find here is the capital required to finance that growth.

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I understand that the state is putting together an economic development package to increase the availability of venture capital to Wisconsin companies. The CAPCO program has been important to us. As a result, I am a strong supporter of that program and urge that you vote in favor of the CAPCO bill (Senate Bill 249). It will help to insure that TomoTherapy, and many other local start-up companies, find the capital required to develop successful businesses.

If you need any further information, or if you would like to see for yourself the business we are building in Madison, please call me at 608-824-2849.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul J. Reckwerdt", with a long horizontal flourish extending to the right.

Paul J. Reckwerdt
Co-founder and President