

For Immediate Release

January 7, 2011

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COMPANY SELLS, ANGELS SING

BlueTree Allied Angels, the Pittsburgh-based Angel investment group, recently celebrated the New Year with an exit of one of its portfolio companies. MedSage Technologies, LLC has been acquired by the Netherlands-based Royal Philips Electronics (Philips/Respironics) and the equity stake held by BlueTree has yielded a 28.7% compounded Rate of Return for the investor/members.

The BlueTree member/investors were the “lead” investors in MedSage in 2005 and 2006, and established the terms for other investors who followed. As part of the investment deal, BlueTree had a seat on the MedSage board of directors. Donald Wagner, an experienced medical device entrepreneur, served as the board director. Also, when MedSage’s CEO encountered health issues, BlueTree member/investor Jerry Connelly stepped in as the CEO; he scaled the company and led the transaction with Phillips.

“This deal highlights the significance of angel investor groups”, said Catherine Mott, the CEO and founder of BlueTree. “As organized private investors, we invest more than money; we invest our time, talent, experience, and contacts to help our portfolio companies be successful. Additionally, MedSage was funded only by angel capital. No venture capital was needed.”

For reference, in 2009, angels in the United States invested \$17.60 Billion in ~57,000 companies while Venture Capital Funds invested nearly the same dollar amount \$17.69 Billion but in ~2800 companies (PWC MoneyTree and Center for Venture Research, University of New Hampshire). Angels invest smaller amounts in a greater number of companies and many companies like MedSage can be quite successful without requiring greater amounts of capital from venture funds.

“The exit of a portfolio company is the time when our BlueTree members realize the return on their investments,” said Catherine Mott. “With MedSage, our

member/investors have helped launch a company that has now grown to a point at which it is attractive enough to be acquired by a larger company who can capitalize on the opportunity to scale Medsage's product line in the marketplace. That means that all BlueTree investors on this project are going to realize a double-digit return on their original investments. They will also have the satisfaction of seeing a company move on to the next level, which is an added benefit of angel investing, particularly with this company because it will remain in the Pittsburgh region."

MedSage developed a web-based platform that allows home medical equipment companies to monitor patient compliance and track replacement equipment needs. It has 40 employees. MedSage will be part of the sleep business of the Philips Home Healthcare Solutions Unit.

BlueTree Allied Angels has experienced impressive growth since October 2003 when it was founded. The group has forty-nine private investor/members and 25 companies in its portfolio, for a total investment of over \$15 million. BlueTree also has the distinction of being the only professionally-managed Angel group in western Pennsylvania. There are approximately 320 angel investor groups in U.S. and Canada today (source, Angel Capital Education Foundation).

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