

Investing in the Golden Egg

VC sees sunny side of pasteurized eggs.

August 7, 2006 Issue

Hopewell Ventures is putting its eggs in the food safety basket, and investing in a company called National Pasteurized Eggs (NPE). The Lansing, Illinois-based VC describes its investment as “sub-\$10-million early stage.”

NPE—with its pasteurized eggs, and slow-cook method for killing harmful organisms—had a special appeal to Craig Overmyer, Hopewell’s managing partner. “The Holy Grail for venture investing is finding a disruptive technology, and most of the time that’s in medical, or biopharmaceuticals, or software,” he says. “You figure that cheese is pasteurized, milk is pasteurized; the only thing sitting in the dairy case right now that isn’t pasteurized is eggs in the shell.”

That gap aside, there’s one good argument for pasteurizing eggs. According to the U.S. Food and Drug Administration, one in 20,000 eggs is contaminated with *salmonella enteritidis*. With U.S. egg production hitting 6.3 billion table eggs in June alone, that comes out to nearly 316,500 carriers of salmonella. The germ itself can lay victims up for a week with fever, cramps, and frequent visits to the throne room. And that’s for average people—for children and the elderly, untreated salmonella can kill.

“The California Egg Board will never admit that there are health risks associated with eating an egg,” Mr. Overmyer says. “If they were to say that a pasteurized egg is safer, that would implicitly suggest that an unpasteurized egg is not safer in certain circumstances.”

NPE, which markets pasteurized eggs under Davidson’s Safest Choice Eggs brand, has patented the time and temperature curves required to adequately immunize an egg. It’s a tricky business: the higher the temperature of the eggs’ watery processing bath, the less time they need to spend submerged. Crank up the temperature too high and you end up cooking the egg.

It takes a clever egg to play in this market. Pasteurized eggs are priced higher than unprocessed ones, and cooking a normal egg to the FDA-recommended temperature—at least 145 degrees Fahrenheit for 15 seconds—kills salmonella anyway. But with a market already filling up with low-cholesterol, omega-3-enriched, cage-free, and all manner of other eggs, Hopewell is confident that pasteurized eggs will make a nice fit in the “customized egg” segment. “The pricing for NPE comes in at the very low end of the premium-egg category, and at the same time offers benefits that the others are not capable of achieving,” Mr. Overmyer says.

Until now, NPE focused mostly on the food service industry, channeling eggs through 133 different distribution points in 46 states. With Hopewell’s cash, the company aims to expand its retail business, which it now operates in 15 states.

Will the consumer masses ever bite? “I think the normal egg is here to stay,” says Hilary Thesmar of the Egg Safety Center. “I don’t think we’ll see [pasteurized eggs] take over the market, but I do think there’s a place for them.”

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