

News from



## **Midwest Health Care Startups Raise \$593 Million Through Q3 2009**

*More Deals, Less Money Compared to Prior Years  
Ohio and Minnesota Lead States*

**CLEVELAND, October 26, 2009** – Midwest health care startups reported \$593 million in total investments across 140 companies through the first three quarters of 2009, according to the [BioEnterprise Midwest Health Care Venture Investment Report](#). This year's funding is lower than the prior two years in similar proportions to national venture industry reductions for health care investments. However, surprisingly, the number of companies receiving investment is greater than the prior two years and is on pace to set a new record for Midwest health care venture transactions.

"Funding for health care is reduced due to the recession and concerns surrounding the impact of health care reform on innovation," said Baiju R. Shah, President & CEO of BioEnterprise. "Given the broader environment, it is encouraging to see so many Midwest health care companies attracting capital."

Ohio and Minnesota lead the way in dollars of financings with companies in those states attracting \$137 million and \$134 million respectively. Michigan, Indiana, and Missouri followed those states. The report aggregates venture investment in 9 Midwest states and Western Pennsylvania.

By sector, the equity funding was as follows:

- Biopharmaceutical companies: \$295 million
- Medical device companies: \$173 million
- Health care software and service companies: \$125 million

The Midwest Health Care Venture Investment Report includes all reported numbers and regionally collected data. For complete state and region results across the Midwest, see the attached table.

To view additional data about Midwest health care business activity visit <http://www.bioenterprise.com/reports/index.html>.

**Table: Midwest Health Care Venture Investment (By State)**

| State                | Thru Q3 2009 |            | Thru Q3 2008 |            | Thru Q3 2007   |            | Thru Q3 2006 |           |
|----------------------|--------------|------------|--------------|------------|----------------|------------|--------------|-----------|
|                      | \$ Millions  | # of Cos.  | \$ Millions  | # of Cos.  | \$ Millions    | # of Cos.  | \$ Millions  | # of Cos. |
| Illinois             | 38.8         | 5          | 78.2         | 7          | 100.5          | 4          | 101.6        | 11        |
| Indiana              | 73.9         | 11         | 69.1         | 5          | 129.3          | 8          | 25.6         | 8         |
| Iowa                 | 14.3         | 3          | 4.0          | 1          | -              | -          | -            | 0         |
| Kansas               | 3.0          | 4          | 15.4         | 5          | -              | -          | -            | 0         |
| Kentucky             | 1.9          | 2          | 17.9         | 4          | 31.6           | 4          | 51.4         | 4         |
| Michigan             | 88.7         | 11         | 90.0         | 10         | 64.9           | 5          | 38.9         | 5         |
| Minnesota            | 134.0        | 16         | 289.9        | 20         | 212.7          | 17         | 181.8        | 18        |
| Missouri             | 65.2         | 6          | 25.8         | 6          | 69.6           | 7          | 39.2         | 9         |
| Ohio*                | 136.7        | 45         | 178.0        | 37         | 261.2          | 35         | 67.8         | 19        |
| Western Pennsylvania | 28.9         | 21         | 101.1        | 12         | 91.2           | 15         | 46.4         | 19        |
| Wisconsin            | 9.9          | 7          | 27.5         | 6          | 39.7           | 9          | 11.5         | 5         |
| <b>Total</b>         | <b>593.0</b> | <b>140</b> | <b>896.7</b> | <b>113</b> | <b>1,000.4</b> | <b>104</b> | <b>563.6</b> | <b>98</b> |

**Table: Midwest Health Care Venture Investment (By Region)\*\***

| Region            | Thru Q3 2009 |           | Thru Q3 2008 |           | Thru Q3 2007 |           |
|-------------------|--------------|-----------|--------------|-----------|--------------|-----------|
|                   | \$ Millions  | # of Cos. | \$ Millions  | # of Cos. | \$ Millions  | # of Cos. |
| Chicago           | 38.8         | 5         | 78.2         | 7         | 100.5        | 4         |
| Indianapolis      | 39.2         | 6         | 69.1         | 5         | 107.3        | 6         |
| West Lafayette    | 34.7         | 3         | -            | -         | 22.0         | 2         |
| Louisville        | 1.9          | 2         | 13.4         | 3         | 5.7          | 2         |
| Detroit-Ann Arbor | 70.8         | 8         | 74.0         | 8         | 64.9         | 5         |
| Minneapolis       | 133.3        | 15        | 289.9        | 20        | 212.7        | 17        |
| St. Louis         | 25.1         | 4         | 25.8         | 6         | 57.6         | 7         |
| Kansas City*      | 41.0         | 5         | 15.4         | 5         | 12.0         | 1         |
| Cincinnati*       | 69.4         | 7         | 19.2         | 2         | 61.0         | 7         |
| Cleveland         | 55.3         | 22        | 152.4        | 26        | 212.0        | 22        |
| Columbus          | 11.7         | 12        | 6.4          | 9         | 13.2         | 7         |
| Pittsburgh        | 28.9         | 21        | 101.1        | 12        | 91.2         | 15        |
| Wisconsin         | 9.9          | 7         | 27.5         | 6         | 39.7         | 9         |

\* Border MSAs such as Kansas City and Cincinnati include deals from both states in those geographies; deals are aggregated into state totals based on the MSA's principal state

\*\*Regions' totals do not equal states as not all areas are included in list of regions

Sources: Compiled by BioEnterprise team from Venture Wire, Private Equity Week, Wall Street Journal, Venture Source, SEC Filings, company press releases, [www.biospace.com](http://www.biospace.com), and Midwest bioscience organizations and institutions.

## **About BioEnterprise**

[BioEnterprise](#) is a business formation, recruitment, and acceleration effort designed to support the growth of bioscience companies. Located in Cleveland, BioEnterprise provides management counsel and support services to health care companies. BioEnterprise partners are Case Western Reserve University, Cleveland Clinic, University Hospitals, Summa Health System, and the Austen BioInnovation Institute in Akron. Additional technology partners include the NASA Glenn Research Center, Cleveland State University, NorTech, and BioOhio.

The initiative comprises the collective activities of BioEnterprise and its partners' commercialization offices: the Case Office of Technology Transfer, Cleveland Clinic Innovations, University Hospitals Case Medical Center - Center for Clinical Research and Summa Enterprise Group. The combined efforts of these groups has created, recruited, and accelerated more than 90 companies in seven years.

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