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Ohio among leaders for health-care VC firm presence

Business Courier of Cincinnati - by [Matt Burns](#) Courier Contributor

Ohio has built a strong presence in the Midwest with its share of health-care-focused venture-capital firms, but data from Cleveland's **BioEnterprise Corp.** indicate it has risen to the ranks of the national leaders as well.

The Cleveland-based biosciences business incubator reported that the state's 27 health-care venture-capital firms place it fifth in the nation, trailing California, Massachusetts, New York and Washington. The informal snapshot includes data from **Dow Jones VentureSource** and association Web sites.

While Ohio falls well behind states at the top of the list - California and Massachusetts have a health-care fund presence approaching and exceeding 100 firms - it outpaces neighboring states Pennsylvania, with 24 firms, Illinois, with 19, and Minnesota, with 17.

A strong showing in the region - not to mention the nation - would have been far from a reality as little as four years ago, BioEnterprise CEO Baiju Shah told Columbus Business First, a Business Courier sister paper.

"This is really a sea change, and it has occurred in the past couple years," Shah said. "We're still in a position where we're trying to established ourself as a leader or co-leader (with Minnesota) in the Midwest, and the same is true nationwide."

Shah credited Ohio's \$1.6 billion Third Frontier program, a 10-year initiative begun in 2002 aimed at expanding the state's high-tech research capabilities, and venture-capital backers **Ohio Capital Fund** and **Ohio-Midwest Fund**, with the state's aggressive growth. Those two funds, which provide funding to venture-capital firms, combined total \$250 million.

But what is viewed as a welcoming environment for the health-care industry has, in some ways, Shah said, hurt it.

"Sometimes people don't associate all the different assets of the state in the same breath," Shah said, referencing Dublin-based **Cardinal Health Inc.** (NYSE: CAH), Cincinnati-based **Procter & Gamble Co.** (NYSE: PG) and several firms with a strong medical-imaging presence in Cleveland. "Ohio doesn't have a single defining segment of the health-care space."

A key to strengthening the state's presence and keeping its newfound front-runner status, he said, lies in Gov. Ted Strickland's \$1.57 billion economic stimulus package, legislation for which lawmakers introduced earlier this week.

"It's too early for us as Ohioans to think our status is secure," he said.

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