



## Ohio sees surge of capital investments in health-care start-ups, but Columbus lags

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Ohio is having a record year for venture capital investment in the state's bioscience industry, though Columbus is playing a small role in that upswing.

Through the first half of the year Ohio health-care startup companies have received \$244.3 million worth of investments, more than double what was invested all of last year, according to a report released yesterday by BioEnterprise Corp., a Cleveland-based organization that works to promote the health-care and bioscience industry in the state.

"A couple of things are starting to emerge. Investments in developments in the pipeline are starting to pay off. There are more opportunities for bioscience investments," said Baiju R. Shah, president of BioEnterprise. "With things like the Third Frontier program, coupled with investments that were made in early stage firms ... we're developing a pipeline of companies that are investing (in Ohio)."

The largest amount of the investment has been in the Cleveland area, which has seen \$199.1 million worth of investments in 16 companies, an amount that even outmatches traditional Midwest bioscience powerhouse Minneapolis-St. Paul, which had \$126 million worth of health-care venture investment in nine companies.

The report, the Midwest Health Care Venture Investment Report, examined venture capital investment in the health-care industry in 11 Midwestern states and Western Pennsylvania.

Overall, the Midwest is having a banner venture capital year with more than \$726 million already invested in 59 companies, which is about the same amount of money that was invested in the region all of last year.

The Columbus area saw \$11.5 million invested in six firms through the first half of the year.

While that amount is significantly less than funding in the Cleveland or Minneapolis areas, it is comparable to other Midwest regions such as Cincinnati (\$33.8 million), West Lafayette, Ind. (\$15 million), Louisville (\$5 million) and all of Wisconsin (\$16.1 million).

Companies in places such as Kansas City, Lexington, Ky. and Southwest Michigan received no investments through the first six months of 2007. The Indianapolis region had the third-highest amount of investments with \$102.8 million.

"In terms of Columbus' numbers, there's nothing to be concerned about. There's a lot of variability and a high amount of cyclicalness in venture capital investing. Some quarters are going to be up and some quarters are going to be down," said Matt Schutte, director of corporate communications for Columbus-based BioOhio.

Most of the money invested in the Columbus region went to a Powell company, Click4Care, a later-stage outcome management systems company that received \$10 million from New York City-based Psilos Group Managers.

The remaining investments in the Columbus region were made by angel investment groups in early start-up firms.

"The performance is quite typical for Central Ohio," said Shah. "In Columbus there's not as broad of a pipeline yet, but the number of angel investments is encouraging."

Last year, \$12 million were invested in the Columbus area and two years ago there were investments of \$13.5 million, though all of that was in one company.

"The angel investments are building blocks that could blossom to later-stage investments in three to six to nine months," said Schutte. "The future's looking pretty good with all of these angels."

Angel investors are those who mostly invest in businesses that are just getting started.

"Statewide we're obviously very happy. It's a great validation that the start-up community is accelerating and maturing. That improvement

will benefit every region in the state," said Schutte.

Of the 11 states and Western Pennsylvania, Ohio received the most investment money followed by Minnesota and Indiana.

While the San Francisco and Boston regions are still the most popular areas for health-care venture investments - combined they receive approximately 40 percent of all investment funds in the country - the Midwest is making strides in getting the attention of investors, said Shah.

"Coastal investors have clearly discovered the Midwest's abundance of investment opportunities," he said. "The investment deals are getting larger and each region is seeing more East and West Coast venture firms participate."

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