



Biotech VC investing picked up in '06

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Amid the backdrop of Pfizer Inc.'s plan to pull human-health research and development out of Michigan came data that shows the state drawing greater investments in life sciences.

Venture-capital investing in Michigan biotech companies more than doubled in 2006, placing the state second in the Midwest in the value of investments, according to an Ohio company that tracks venture investments.

Venture capitalists closed on 11 deals in Michigan last year totaling \$135.5 million, with several bio-technology start-up companies attracting investments, reported Cleveland-based BioEnterprise Inc. That compares with eight deals in 2005 value at \$52.9 million.

The total includes two deals in southwest Michigan that totaled \$6.7 million. The Detroit-Ann Arbor market had eight deals at \$98.3 million, ranking third among 17 Midwestern markets.

The growing interest that venture capitalists have shown in Michigan is seen in the travel schedule of Southwest Michigan First CEO Ron Kitchens.

Kitchens averages an out-of-state trip every six weeks to speak to groups of venture-capital, angel and equity investors about opportunities in Michigan.

The increase reflects progress in building the life-sciences industry in Michigan. Investors nationally are now seeing the potential for great returns as researchers based in the state further develop their concepts, he said.

"That just wasn't happening a few years ago," Kitchens said. "We've just got great ideas."

Venture-capital investing in 11 states in the Midwest rose 25 percent to a record \$792.3 million, involving 135 separate companies, up from \$640.4 million and 82 deals in 2005, according to data compiled by BioEnterprise.

BioEnterprise President Bajju Shah called 2006 a "breakout year" for venture-capital investing in the Midwest. Driving the growth are a number of programs designed to stimulate activity, such as Michigan's 21st Century Jobs Fund, that are now reaping benefits and luring venture-

capital investors.

"Venture capitalists are increasingly finding rewarding investment opportunities in the Midwest, and we expect the momentum built in 2006 to continue into 2007 and beyond," Shah said.

The medical device sector in the Midwest drew the most venture funding in 2006, \$356 million, up 45 percent from 2005, followed by pharmaceutical firms at \$349 million, a 44 percent increase from the previous year.

Midwest-based health-care software and service companies attracted \$88 million, up 11 percent year to year.