

News from



Midwest Health Care Startups Raise \$792 Million in 2006 Investments Up 25 Percent from 2005 Minnesota, Michigan, and Ohio Lead States

Cleveland, OH, January 22, 2007 – Midwest health care startups reported \$792 million in total investments in 2006, according to the **Midwest Health Care Venture Investment Report** released by [BioEnterprise](#). The total represents a **25 percent increase** over 2005, a significant jump that outpaces national industry growth.

“2006 was the breakout year for the Midwest as a whole: a record amount of financing across 135 separate companies, a number of successful public offerings, and several significant exits through acquisitions,” said Baiju R. Shah, President of BioEnterprise. “Venture capitalists are increasingly finding rewarding investment opportunities in the Midwest and we expect the momentum built in 2006 will continue into 2007 and beyond.”

Minnesota, the Midwest’s traditional leader in health care ventures, led all states with 22 startups attracting \$233.9 million in investments in 2006. A number of Minnesota medical device companies raised more than \$20 million each last year, including Anulex, Atritech, Cardiovascular Systems, CVRx, Disc Dynamics, and Enteromedics. Following Minnesota was Michigan with \$135.5 million raised by 11 companies. Several Michigan biotechnology startups attracted significant investment, including NanoBio and Cerenis Therapeutics. Ohio finished third in the Midwest with \$113.9 million raised by 39 companies, including many seed and early-stage financings.

The report aggregates venture investment in 10 Midwest states and Western Pennsylvania. Following the leaders are Illinois (\$101.6 million), Western Pennsylvania (\$54.4 million), Kentucky (\$51.4 million), Missouri (\$39.2 million), Indiana (\$37.2 million), and Wisconsin (\$25.2 million). States with no reported financings included Iowa, Kansas, and West Virginia. In terms of Midwest regions, Minneapolis-St. Paul and Chicago led the pack, followed by Detroit-Ann Arbor, Cleveland, and Pittsburgh.

By sector, the equity funding was allocated as follows:

- Medical device companies: \$356 million (45 percent)
- Biopharmaceutical companies: \$349 million (44 percent)
- Health care software and service companies: \$88 million (11 percent)

“The region is reaping the benefits of a number of programs that have been put in place to stimulate health care venture activity,” said Shah. “The region has always been rich in research and industry assets. That rich base is now translating into a growing stream of high quality health care start-ups due to progressive policies and programs such as state investments in research institutions, creation of new capital sources, and professional technology development groups.”

The Midwest Health Care Venture Investment Report includes all reported numbers. For complete state-by-state results across the Midwest, see the attached table.

Additional data about Health Care business activity in the Midwest can be viewed at <http://www.bioenterprise.com/reports/index.html>.

Table: Midwest Health Care Venture Investment (By State)

State	2006		2005	
	\$ Millions	# of Cos.	\$ Millions	# of Cos.
Illinois	101.6	12	39.2	7
Indiana	37.2	8	23.1	4
Iowa	-	0	-	0
Kansas	-	0	-	0
Kentucky	51.4	4	19.3	2
Michigan	135.5	11	52.9	8
Minnesota	233.9	22	151.0	18
Missouri	39.2	10	71.9	9
Ohio	113.9	39	185.4	18
Western Pennsylvania	54.4	22	58.3	10
West Virginia	-	0	-	0
Wisconsin	25.2	7	39.3	6
Total	792.3	135	640.4	82

Table: Midwest Health Care Venture Investment (By Region)

Region	2006	
	\$ Millions	# of Cos.
Chicago	101.6	12
Indianapolis	18.4	6
West Lafayette (IN)	18.8	2
Lexington, KY	40.0	1
Louisville, KY	11.4	3
Detroit-Ann Arbor	98.3	8
SW Michigan	6.7	2
UP Michigan	30.5	1
Minneapolis-St. Paul	233.9	22
St. Louis	20.2	9
Kansas City	19.0	1
Cincinnati	13.6	4
Cleveland	87.9	23
Columbus	12.4	12
Pittsburgh	54.4	22
West Virginia	-	0
Wisconsin	25.2	7
Total	792.3	135

Sources: Compiled by BioEnterprise team from Venture Wire, Private Equity Week, Wall Street Journal, Venture Source, SEC Filings, company press releases, and www.biospace.com.

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's partners are Case Western Reserve University, The Cleveland Clinic Foundation, University Hospitals Health System, and Summa Health System. Additional technology partners include the NASA Glenn Research Center, Cleveland State University, NorTech, and Omeris.

The BioEnterprise Initiative comprises the collaborative activities of BioEnterprise Corporation, Case Office of Technology Transfer, Cleveland Clinic Innovations, and Summa Enterprise Group. The combined efforts of these groups has created, recruited, and accelerated more than 50 companies in four years.

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