

Ohio tops Midwest in health care investment dollars

by [Mary Vanac](#)

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Ohio snagged the most investment dollars in the Midwest for its health-care startups in the first quarter -- \$51.8 million.

However, investments in 11 Midwestern states and one region were off by more than 60 percent from a torrid pace a year ago, according to the [Midwest Health Care Venture Investment Report](#) (doc) by BioEnterprise.

The Midwest attracted only \$136.5 million in total investments for its companies that are developing medical devices, therapies, information technology and services during the first quarter. That was down 58 percent from \$324 million a year ago.

Ohio's pace was off by 44 percent.

"We are still tops in the Midwest," said Baiju Shah, president of BioEnterprise, the region's health-care company development organization, which does the Midwest venture capital survey every quarter.

Midwest venture capital

Health-care startups in 11 Midwestern states and one region attracted \$136.5 million in the first quarter, down nearly 60 percent from a year ago.

Top 5 regions

1. Cleveland: \$34.8 million
2. Minneapolis: \$22.7 million
3. Wisconsin: \$18.7 million
4. Cincinnati: \$17.1 million
5. Detroit-Ann Arbor: \$15 million

SOURCE: BioEnterprise

Midwest venture investment (funded companies in parentheses)

	2008	2007	2006
Illinois	-	\$42.5 (2)	\$25.7 (4)
Indiana	\$6.25 (1)	\$94.5 (4)	\$6 (1)
Kentucky	\$12 (1)	\$5 (1)	\$0.5(1)
Michigan	\$15 (2)	\$3.25(1)	-
Minnesota	\$22.72 (2)	\$38.92 (6)	\$23.6 (4)
Missouri	-	\$16.8(3)	\$26.7 (4)
Ohio	\$51.83 (5)	\$93.9 (15)	\$22 (5)
Western Pa.	\$10 (1)	\$12.23 (4)	\$20.1 (2)
Wisconsin	\$18.7 (2)	\$16.11 (7)	\$3.1 (2)
Total	\$136.5 (14)	\$324.01 (43)	\$127.7 (23)

Numbers in millions. West Virginia had no medical venture funding. | Source: BioEnterprise

Shah could not explain the investment drop, given that venture capital funds are "flush with cash," he said.

The drop is nationwide. The National Venture Capital Association said investment is down [around the country](#) (pdf) by about 8.5 percent.

An ongoing credit crisis in the United States and much of the world may have investors cautious about putting their money to work, Shah said.

Despite the drops in investment, Ohio attracted more than twice the health-care dollars of Minnesota, which usually leads the Midwest pack.

"We are thrilled with our first quarter," Shah said. BioEnterprise and its supporters hope that Northeast Ohio health-care companies raise \$150 million in investments each year.

"Getting out of the gates to a fast start helps towards that annual goal," Shah said.

Three companies in Cleveland -- Treatment Online, MDG Medical and ViewRay -- raised \$34.8 million in investments in the first quarter. All three companies were recruited to Greater Cleveland.

"It underscores the importance of . . . not only growing your own entrepreneurs, but recruiting some promising entrepreneurs from the outside to be part of what we are building here in the region," Shah said.

The other two Ohio companies that raised money in the first quarter are in Cincinnati.