

Venture capital investments in startups rise

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Venture capital investments in Midwest-based health care startups hit a combined \$792 million in 2006, a 25-percent increase over 2005, according to a just-released report by BioEnterprise.

BioEnterprise is a Cleveland-based nonprofit that tracks the health care and biotech sectors in 10 Midwestern states plus Western Pennsylvania.

Minnesota led the group with 22 startups attracting \$233.9 million. Michigan ranked second with \$135.5 million. Illinois was third at \$101.6 million, Western Pennsylvania fourth at \$54.4 million and Kentucky fifth at \$51.4 million. Missouri was sixth at \$37.2 million and Wisconsin seventh at \$25.2 million. There were no reported financings in Iowa, Kansas and West Virginia.

BioEnterprise president Baiju Shah called 2006 "a breakout year" for the Midwest as 135 companies received financing.

By sector, 45 percent of the total capital was raised by medical device companies for a combined \$356 million. But biopharmaceutical was close behind at 44 percent for a total of \$349 million.

Western Pennsylvania actually saw a slight drop from 2005 when a combined \$58.3 million was raised. On the other hand, just 10 companies received funding in 2005, compared to 22 in 2006.

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