

News from



Midwest Health Care Startups Raise Record \$1.2 Billion in 2007
Minnesota and Ohio Attract Most Dollars

Cleveland, OH, January 21, 2008 (CORRECTED) – Midwest health care startups attracted a record \$1.2 billion in new investments in 2007, according to the **Midwest Health Care Venture Investment Report** released by [BioEnterprise](#). The total represents a **55 percent increase** over 2006, a sharp rise that both outpaces national venture industry growth and even surpasses the 25 percent increase that occurred in the previous year.

“The rise of Midwest health care ventures has accelerated in an almost exponential manner,” said Baiju R. Shah, President of BioEnterprise. “The pipeline of high-quality ventures continues to both mature and gain greater national venture interest. Of note, the average private financing in the Midwest increased to nearly \$9 million, indicating that companies are both more developed and attracting broader investor syndicates”

Minnesota and Ohio led all Midwest states—companies in both states attracted \$296 million. Both states had one major financing (CVRx, Minnesota, \$65 million; Athersys, Ohio, \$70 million) and several other financings exceeding \$20 million each; Ohio, though, reported more transactions than Minnesota (44 compared to 29).

Following the leaders are Indiana (\$135.6 million), Illinois (\$125.5 million), and Western Pennsylvania (\$101.4 million). Compared to 2006, notable investment increases also occurred in Kansas, Missouri, and Wisconsin; decreases occurred in Michigan and Kentucky.

In terms of metro regions, Minneapolis (\$296.0 million) and Cleveland (\$241.8 million) led the way together, accounting for 44 percent of all activity in the Midwest. Those

regions were followed by Chicago (\$125.5 million), Indianapolis (\$113.6 million) and Pittsburgh (\$101.4 million).

By sector, the equity funding was allocated as follows:

- Biopharmaceutical companies: \$687 million (56 percent)
- Medical device companies: \$329 million (27 percent)
- Health care software and service companies: \$208 million (17 percent)

“While the Midwest is known nationally for its high-quality medical devices, the data indicates that investors have discovered that the Midwest also is rich in high-quality biopharmaceutical start-ups,” said Shah.

The year saw several high-profile public biopharmaceutical offerings including Eurand (Ohio), Athersys (Ohio), and Targanta (Indiana). Other notable public offerings in the Midwest included Enteromedics (Minnesota) and Tomotherapy (Wisconsin). In addition, several companies achieved success through acquisitions such as Renal Solutions (Pittsburgh) and MemberHealth (Ohio).

“The region has always has rich bioscience resources including world-renowned research institutions and a broad industry base,” said Shah. “That potential is finally being translated, through investments in translational research, new capital sources, and professional technology development groups, into a series of high-growth bioscience ventures. The economic future of the Midwest includes a vibrant and dominant bioscience industry.”

The Midwest Health Care Venture Investment Report aggregates venture investment in 10 Midwest states and Western Pennsylvania and includes all reported numbers. For complete state-by-state and region-by-region results across the Midwest, see the attached tables.

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	2007		2006		2005	
	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.
Illinois	125.5	7	101.6	12	39.2	7
Indiana	135.6	10	37.2	8	23.1	4
Iowa	-	-	-	-	-	-
Kansas	56.6	6	-	-	-	-
Kentucky	32.0	4	51.4	4	19.3	2
Michigan	56.2	5	135.5	11	52.9	8
Minnesota	296.1	25	233.9	22	151.0	18
Missouri	69.6	7	39.2	10	71.9	9
Ohio	295.5	44	113.9	39	185.4	18
Western Pennsylvania	101.4	17	54.4	22	58.3	10
West Virginia	-	-	-	-	-	-
Wisconsin	56.2	12	25.2	7	39.3	6
Total	1,224.7	137	792.3	135	640.4	82

Table: Midwest Health Care Venture Investment (By Region)

Region	2007		2006	
	\$ Millions	# of Cos.	\$ Millions	# of Cos.
Chicago	125.5	7	101.6	12
Indianapolis	113.6	8	18.4	6
West Lafayette (IN)	22.0	2	18.8	2
Lexington, KY	0.9	1	40.0	1
Louisville, KY	6.2	2	11.4	3
Detroit-Ann Arbor	56.2	5	98.3	8
SW Michigan	-	-	6.7	2
UP Michigan	-	-	30.5	1
Minneapolis	296.1	25	233.9	22
St. Louis	57.6	6	20.2	9
Kansas City*	68.6	7	19.0	1
Cincinnati*	64.6	10	13.6	4
Cleveland	241.8	28	87.9	23
Columbus	14.2	7	12.4	12
Pittsburgh	101.4	17	54.4	22
West Virginia	-	0	-	0
Wisconsin	56.2	12	25.2	7
Total	1,224.7	137	792.3	135

*Includes deals in metro region but across state border

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, Cleveland Clinic, University Hospitals, and Summa Health System. Additional technology partners include the NASA Glenn Research Center, Cleveland State University, NorTech, and BioOhio.

The initiative comprises the collective activities of BioEnterprise and its partners' commercialization offices: the Case Office of Technology Transfer, Cleveland Clinic Innovations, University Hospitals Case Medical Center - Center for Clinical Research and Summa Enterprise Group. The combined efforts of these groups has created, recruited, and accelerated more than 60 companies in four years.

#

Contact Information:

Annette Ballou
216.658.4525 office
aballou@bioenterprise.com
www.bioenterprise.com