

## Midwest hotter for healthcare investments

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**Madison, Wis.** - The Midwest is emerging as a hot market for bioscience investors who used to make nearly all of their investments on the coasts, according to a new report from [BioEnterprise](#), a Cleveland-based non-profit organization.

The report said the Midwest experienced a 25 percent increase in 2006 for health care-related investments. In total, 135 companies raised \$792 million in 2006, a sign that healthcare venture capitalists no longer are treating the Midwest as "fly-over country," said Baiju Shah, president and CEO of BioEnterprise.

"The Midwest is increasingly being recognized as a destination for healthcare venture investors," Shah said. "More is happening in certain pockets of the Midwest, but as a whole, the region has risen in dollars as well as deals."

The organization's healthcare venture investment report identified seven deals involving Wisconsin firms. The firms, their funding level and sources (where identified) include the following:

- [Caden Biosciences](#), Madison, \$5.85 million from [Baird Venture Partners](#), the [State of Wisconsin Investment Board](#), [Vanderbilt University](#), and [Venture Investors](#).
- [Criticare Systems](#), Waukesha, undisclosed amount, [Oxford Bioscience Partners](#) and [Summit Partners](#).
- [Kyron](#), Milwaukee, \$1.5 million, [Froedtert Memorial Lutheran Hospital](#).
- [Mithridion, Inc.](#), Madison, \$1.4 million, [Rosetta Partners](#) and [Wisconsin Investment Partners](#).
- [NimbleGen Systems](#), \$12.5 million (mezzanine round).
- [Primorgen Biosciences](#), Madison, \$2.5 million, [Louisiana Fund](#) and individual investors.
- [Renovar](#), Madison, \$1.2 million, [NEW Capital Fund](#) and [Wisconsin Investment Partners](#).

### Financing factors

While most of the Wisconsin deals were brokered by Midwestern funds - the exceptions being Oxford Bioscience and Summit Partners of Boston and the Louisiana Fund - Shah said Midwestern states in general have captured the attention of coastal investors. He identified four factors, including stepped up investments in research

institutions and companies to grow investment pipelines, particularly in Michigan and Ohio.

He also credited Midwestern venture capitalists like Dan Broderick, managing director of [Mason Wells](#), for raising more awareness of investment opportunities and partnerships available here through efforts like the [Mid-America Healthcare Investors Network](#), an association of 48 venture capital firms from 14 states. "They are now advertising themselves to peers on the coasts through word of mouth," Shah said.

The professionalization of technology transfer and licensing by organizations like the [Wisconsin Alumni Research Foundation](#) and technology development organizations throughout the region have lent more credibility to efforts here, Shah added, as have some high-profile success stories.

Shah cited the sale of [Suros Surgical Systems](#) in Indianapolis to [Hologic, Inc.](#) of Bedford, Mass., for \$240 million, and successful IPOs by Midwest pharmaceutical companies as proof that Midwest investment pipelines are growing.

"We're talking about well-capitalized, venture-stage companies," he stated. "They rival the size of some of the deals on the coasts and demonstrate the health of the Midwest healthcare market."