

MIDWEST

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Midwest Healthcare Startups Raise \$1.7 Billion in 2016

2nd Largest Amount Raised in History; Record Number of Companies Funded

Cleveland, OH, February 20, 2017 – Midwest healthcare companies attracted \$1.7 billion in new equity investments in 2016, according to the BioEnterprise Midwest Healthcare Growth Capital Report. A record 375 Midwest healthcare companies raised the 2nd largest amount in recorded history, edging within \$60 million to the record-breaking 2014 year.

Minnesota (\$424 million), Illinois (\$327 million) and Ohio (\$291 million) led Midwestern states in attracting investment dollars. Minneapolis (\$422 million), Chicago (\$324 million), St. Louis (\$242), and Cleveland (\$198 million) were the leaders in the Midwest regions.

“Midwest healthcare continues to perform at historic levels,” said Aram Nerpouni, president and CEO of BioEnterprise. “From 2015 to 2016 we saw an 11% increase in investment and an 19% increase in companies raising that investment. Within the past five years (2011-2016), the number of companies raising money, and the amount raised, has more than doubled.”

By sector, the 2016 growth capital funding is allocated as follows:

- Medical Device companies: \$696 million (40.3%)
- Healthcare IT and Software and Services companies: \$679 million (39.3%)
- Biotech and Pharmaceutical companies: \$353 million (20.4%)

“Trending in the Midwest, as with the whole of the US, is investor interest in health IT and services,” continued Nerpouni. “Although the Midwest continues to be a stronghold in medical devices, investment in health IT and services increased 34% from 2015 (\$450 million) and is essentially on par.”

Accretive Health, a Chicago health IT/software services company reported the largest fundraise in the Midwest, \$200 million. Minneapolis followed with an \$80 million raise by BrightHealth, also a health IT/software services company.

For state and region results across the Midwest, see the tables below. To view additional data about Midwest healthcare business activity, visit <https://www.bioenterprise.com/category/reports/midwest-healthcare-growth-capital-report/>.

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Table: Midwest Healthcare Venture Investment (By State)

State	2016		2015		2014		2013		2012		2011	
	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.
IL	326.52	43	217.12	20	193.7	21	30.1	10	146.2	10	44.2	9
IN	88.84	27	41.46	14	103.8	24	31.9	18	64.7	11	14.1	9
IA	20.14	4	16.08	4	undisclosed	1	-	-	-	-	-	-
KS	0.15	3	9.03	5	5.0	1	10.2	2	-	-	18.5	2
KS	65.97	12	12.39	3	51.0	3	10.4	2	33.8	4	11.5	7
MI	62.90	23	131.73	16	131.7	11	70.2	16	107.1	16	30.8	16
MN	424.57	94	422.98	102	406.3	65	227.7	74	164.7	17	223.3	24
MO	242.51	30	131.59	27	108.7	11	19.1	7	57.2	6	168.7	9
OH	290.94	75	331.44	58	499.3	52	295.8	69	291.7	70	177.8	67
W. PA	86.61	28	112.03	20	96.6	27	46.2	12	81.5	37	67	25
WI	118.67	36	113.24	34	187.4	27	16.8	7	48.8	11	53.8	9
Total	1727.82	375.0	1539.09	303	1783.5	243	758.4	217	995.7	182	809.7	177

Table: Midwest Healthcare Venture Investment (By Region)

Region	2016		2015		2014		2013		2012		2011	
	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.	\$ Millions	# of Cos.
Chicago	323.67	38	216.68	18	189.3	20	30.1	9	146.2	9	44.2	9
Indianapolis	74.28	17	26.86	7	42.5	15	20.6	11	64.7	10	11.5	7
West Lafayette	10.58	5	12.39	3	51.0	2	10.4	2	7.9	3	11.4	6
Louisville	65.97	12	125.27	12	103.7	9	65.2	10	107.1	15	23	10
Detroit-Ann Arbor	56.81	18	6.46	4	28.0	2	4.5	5	-	-	7.8	6
Minneapolis	422.38	88	418.1	97	402.7	64	227.7	74	162.4	15	223.3	24
St. Louis	241.86	27	129.1	25	104.8	8	19.1	7	57.2	6	112.7	8
Kansas City*	0.65	2	9.03	5	5.0	1	10.2	2	-	-	18.5	2
Cincinnati	57.67	14	19.44	6	68.0	6	53.8	5	77.3	12	37.3	6
Cleveland	197.79	46	200.85	34	398.3	40	201.2	50	226.5	43	124.7	40
Columbus	34.03	13	111.05	17	33.0	6	40.9	14	13.3	11	15.1	19
Pittsburgh	86.61	28	112.03	20	96.6	27	46.2	12	81.5	37	67	25
Wisconsin	118.67	36	113.24	34	187.4	27	16.8	7	48.8	11	53.8	9

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The Midwest Healthcare Growth Capital Report includes medical device, biotechnology and pharmaceutical, and healthcare IT software and service investments, specifically seed, venture, individual and group angel funding, private equity, bridge funding, convertible debt, foundation funding with equity component, strategic and corporate investment, secondary offerings and PIPEs. Data are compiled from Pitchbook, SEC Filings, company press releases, news items and regional Midwest organizations.

Regional organizations participating in the 2016 Midwest Healthcare Growth Capital Report include Medical Alley (MN), iBIO and MATTER (IL), Cultivation Capital and BioSTL (MO), BioCrossroads (IN), Wisconsin Technology Council (WI), Innovation Works (Western PA), BioOhio, Rev1Ventures, CincyTech, and JumpStart (OH).

Regions are generally defined by 2012/2013 Combined and Metropolitan Statistical Areas. A company's location is attributed to its headquarters region.

Sectors are defined by the FDA's definitions of [Medical Device](#) and [Drug Establishments](#) (Biotech and Pharmaceuticals). Sector assignment for combination products is determined by the product's primary mode of action. Health IT and Software and Services includes software related to EMRs, coding services, communication, payment processing, educational tools, business operation/automation tools; mobile apps that are not used in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, and distributors and suppliers.

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To view additional data about Midwest Healthcare business activity, please visit <https://www.bioenterprise.com/category/reports/midwest-healthcare-growth-capital-report/>.

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 IT, medical device, and biopharmaceutical companies.

BioEnterprise founders are Case Western Reserve University, Cleveland Clinic, and University Hospitals. Additional technology partners include the NASA Glenn Research Center, Cleveland State University, and BioOhio. The initiative comprises the collective activities of BioEnterprise and its partners' commercialization offices: The Case Office of Technology Transfer, Cleveland Clinic Innovations, and University Hospitals Cleveland – Center for Clinical Research. The combined efforts of these groups has created, recruited, and accelerated more than 300 companies in 15 years. For more information: www.BioEnterprise.com.

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