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Midwest Healthcare Startups Raise \$1.7 Billion in 2016

46 Northeast Ohio companies raise \$198 million

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.

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 million), and Cleveland (\$198 million) were the regional leaders.

“We are encouraged that Cleveland, again, ranks near the top of Midwest regions in both measures - number of companies and investment attracted,” said Aram Nerpouni, president and CEO of BioEnterprise. “Forty to fifty Northeast Ohio companies routinely raise an average of \$200 million annually in private investment capital.”

Across Northeast Ohio, 2016 year-end growth capital funding was allocated as follows:

- Medical Device companies: \$89 million (45%)
- Biotech and Pharmaceutical companies: \$58 million (30%)
- Healthcare IT and Software and Services companies: \$50 million (25%)

“Historically Northeast Ohio is strongest in the medical device sector, and 2016 was no exception,” said Nerpouni. “However, trending with the rest of the nation, the increase in fundraising from 2015 to 2016 was strongest in the health IT and services sector. Funding in this sector more than doubled, from \$20 million to \$50 million.”

The largest Northeast Ohio deal came from the biopharmaceutical sector, where drug development company, BioMotiv, raised \$37.5 million. OnShift, a developer of human capital management software for post-acute care and senior living, raised \$18 million. ViewRay, makers of a clinical MRI-guided radiation therapy system, raised \$13.75 million.

Within the Midwest, the three largest deals came from the health IT and services sector: Accretive Health in Chicago secured a \$200 million PIPE; Minneapolis-based Bright Health raised \$80 million; and Centene, located in St. Louis, raised nearly \$70 million in a private placement.

For state and regional results across the Midwest, see the tables below. To view the full report with individual deal financings go to <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 and diagnostics, 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 FDA 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. Also included are mobile apps, and their distributors and suppliers, not used in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease.

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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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