

Venture Capital Funding Quarterly

Biotechnology • Pharmaceuticals Medical Devices

3rd Quarter, 2011 – United States

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[VentureDeal](#)



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Summary

Life Science companies secured \$1.9 billion in venture capital financing during the third quarter of 2011, representing a decrease of 21% versus the previous quarter. The funding was allocated between 201 companies, a 14% decrease versus the previous quarter in the aggregate.

The Medical Devices sector received the most amount of funding, raising \$979 million among 90 companies. The Biotechnology sector came in second with \$634 million, representing a 21% decrease versus the previous quarter. Pharmaceutical startups received \$320 million between 39 companies, a 52% quarter over quarter decrease in amounts funded.

Funding Activity

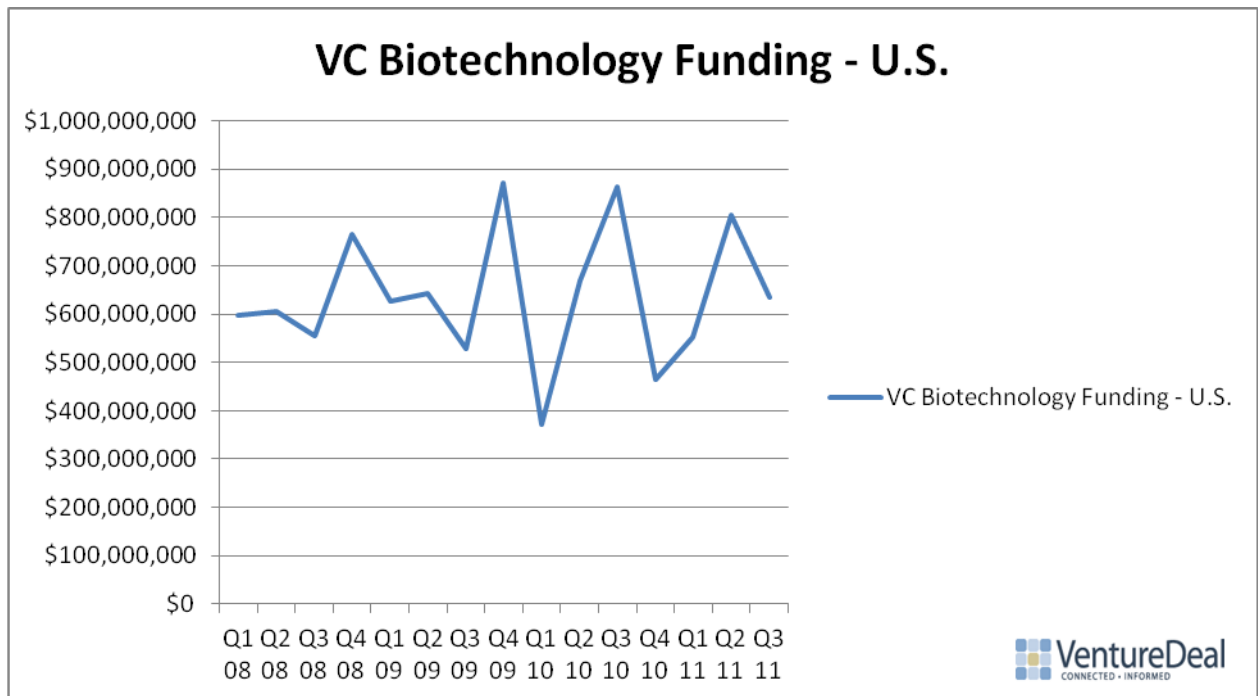
Biotechnology

Biotechnology funding amounts showed deterioration versus the previous quarter, decreasing 21% during the quarter. The number of companies funded also decreased, by 16% versus the previous quarter.

The largest venture financing during the quarter was for Calabasas, California-based [Kythera Biopharmaceuticals](#), which received \$37.4 million in series D institutional venture capital investment on September 15, 2011. The company said it would use the financing for conducting US Phase III clinical trials for its ATX-101 drug for the reduction of submental fat. Kythera was still seeking an additional \$15 million as of the funding announcement date.

Strategic investors [Roche Venture Fund](#) and [Pfizer Venture Investments](#) were active during the quarter, participating in a \$14.6 million series A financing for [DVS Sciences](#). DVS is developing a high throughput mass cytometer for individual cell analysis. The company said the funding proceeds would be used to accelerate the commercial manufacturing scale-up of its analysis solution.

Chart 1 - Biotechnology Funding - See Next Page

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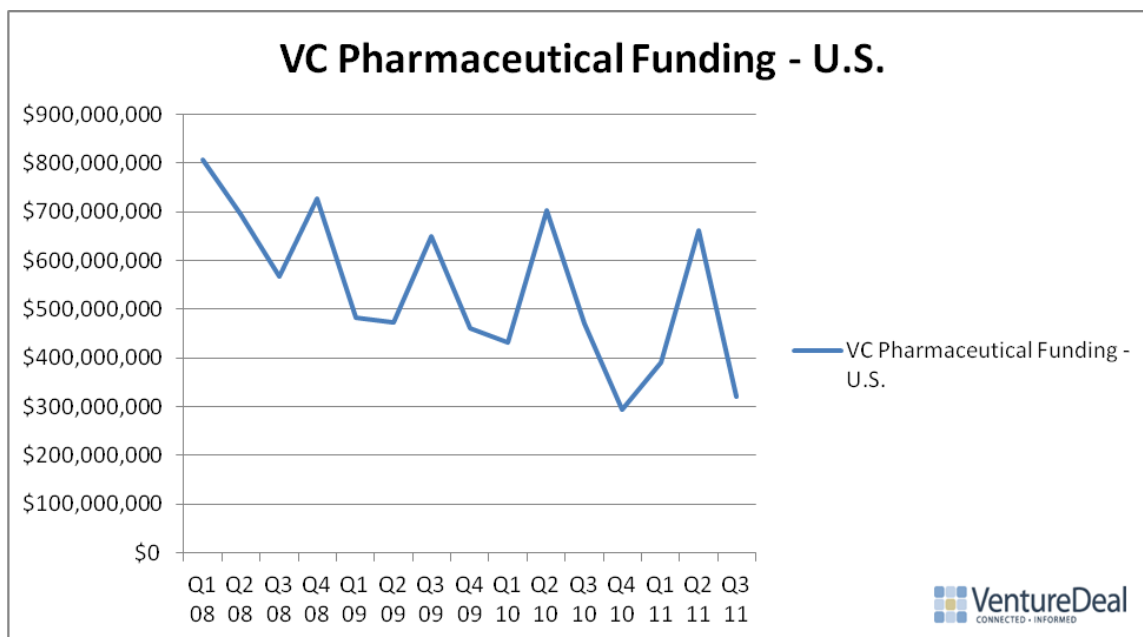
Pharmaceuticals

Pharmaceutical fundings decreased to \$320 million, representing a 52% decrease in amounts funded among 24% fewer companies versus the previous quarter. The average funding round size was \$8.2 million versus \$13 million in the previous quarter, a percentage decrease of 37%.

Brisbane, California-based [SARCode](#) raised the largest financing of the quarter, garnering \$44 million in series B venture capital from a syndicate of venture capital firms. The company said it would use the proceeds to support further clinical development of its lead compound for the treatment of dry eye syndrome, SAR-1118.

[Pulmatrix](#) received \$14 million in follow-on financing from venture capital firms and a strategic investor to help it continue to develop inhalable aerosols that control respiratory infectious disease and human-source airborne contamination.

Chart 2 – Pharmaceutical Funding



Medical Devices

Venture capital funding for Medical Device companies showed ostensibly no change versus the previous quarter, with a .3% increase in amounts funded. The number of companies funded decreased to 90, an 8% decrease versus the previous quarter.

There were 5 disclosed early stage fundings (series A), totaling \$22.3 million and which included the following companies:

GlucoTec	\$8.3 million
Surefire Medical	\$6.1 million
AliveCor	\$3.0 million
Atlanta Catheter Therapies	\$2.9 million
Niveus Medical (no website)	\$2.0 million

Bridgewater, New Jersey-based [Valeritas](#) landed \$150 million from a large syndicate of venture capital, private equity and strategic investors in the largest financing during the quarter. The company serves the diabetes market through its family of proprietary, patch format drug delivery systems.

In the cardiac space, [Advanced Cardiac Therapeutics](#) garnered \$5.96 million in venture capital debt and equity from undisclosed investors, according to an SEC regulatory filing on September 9, 2011. Advanced has developed products that provide real-time feedback of energy delivered by catheters during cardiac ablation procedures. As of the date of the filing, the company was still seeking an additional \$7.5 million.

Chart 3 - Medical Device Funding

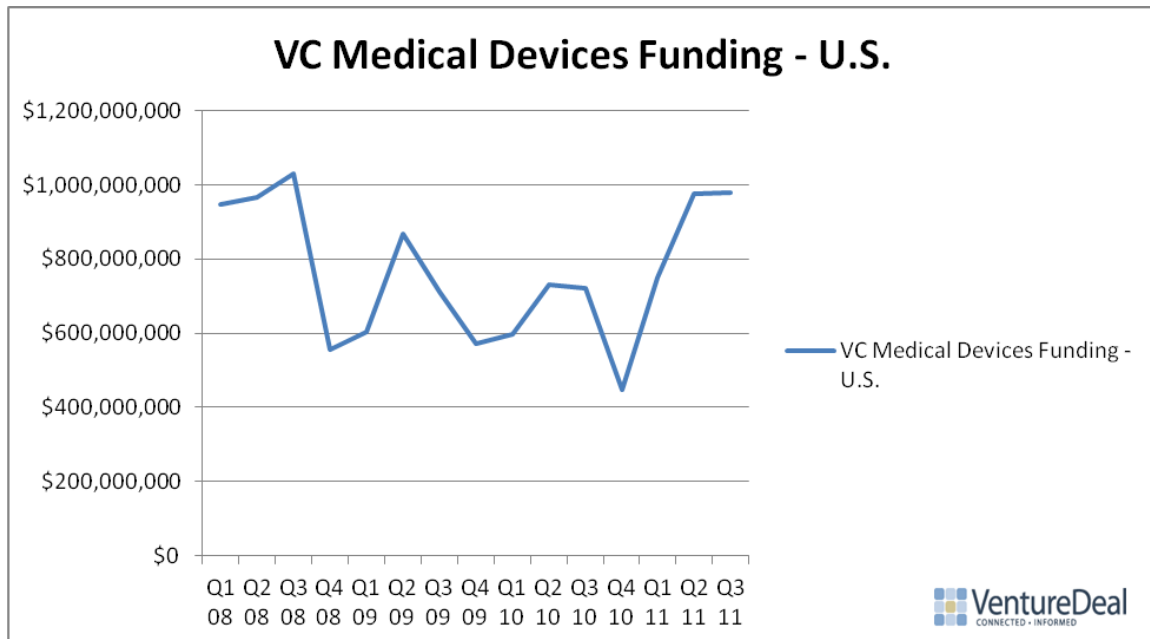


Table 1 - All Sectors - See Next Page

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Venture Funding Activity – 3rd Quarter 2011

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$634 million	- 21%	72	- 16%
Pharmaceuticals	\$320 million	- 52%	39	- 24%
Medical Devices	\$979 million	+ .3%	90	- 8%
Total	\$1.9 Billion	- 21%	201	- 14%

Notes

This report was prepared by the staff of VentureDeal, LLC.

The information source used was the VentureDeal.com database. VentureDeal is a curated venture capital database that provides the latest information about venture-backed technology companies, venture capital firms and transactions in the United States.

The database obtains transaction and company information from a wide variety of reputable public and private sources. While this report is free of charge, users may view the individual transactions supporting the totals herein by subscribing to VentureDeal.

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