

Venture Capital Funding Quarterly

Biotechnology · Pharmaceuticals Medical Devices

2nd Quarter, 2008 – United States

Publisher
VentureDeal

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Sponsor:



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Summary

Life Science companies secured \$2.27 billion in venture capital financing during the second quarter of 2008, representing a 3% decrease versus the first quarter. The funding was allocated between 208 companies, a 6% increase over the previous quarter in the aggregate.

Medical Devices received the most amount of funding by a wide margin as in Q1 08, raising \$966 million among 92 companies. Pharma came in second with \$696 million, representing a 14% decrease versus the previous quarter. Biotechnology startups received \$605 million between 64 companies.

Funding Activity

Biotechnology

Biotechnology funding stabilized during the quarter at roughly the same level as Q1 08. The largest venture financing during the quarter was [Kythera Biopharmaceuticals'](#) \$40 million third round. The company said it would use the proceeds to complete phase II trials for its lead product ATX-101. It has three ongoing studies to evaluate its safety and effectiveness for the reduction of submental fat and subcutaneous lipomas.

Other notable activity in the space included the following large series A financing events:

[IRX Therapeutics](#) \$25 Million Series A

[SomaLogic](#) \$35 Million Series A

[Itero Biopharma](#) \$21 Million Series A

Pharmaceuticals

Pharmaceutical fundings dropped by \$111 million, from \$807 million in Q1 08 to \$696 million in the current quarter.

There were a number of notable corporate investments in pharmaceutical startups, such as [GlaxoSmithKline](#)'s investment in [Mpex Pharmaceuticals](#) and [Bayer](#)'s investment in ACT Biotech.

Mpex is developing anti-bacterial drugs that help fight multi-drug-resistant bacterial pathogens. GlaxoSmithKline and Mpex concluded an agreement that will grant GSK rights to certain product candidates developed via their collaboration.

[Potentia Pharmaceuticals](#) received \$12 million in its series B financing round. Potentia has developed a peptide that it feels will assist in the treatment of age-related macular degeneration (AMD). [HealthCare Ventures](#) led the funding round.

In late stage funding news, [Diasome Pharmaceuticals](#) raised an undisclosed sum to fund its late stage human clinical trials of the company's oral HDV-Insulin treatment for diabetes.

Medical Devices

Venture capital funding for medical device companies continued at roughly the previous quarter level, with 92 companies receiving \$966 million, a 2% dollar volume increase.

There were a significant number of first-round fundings, which included the following companies:

Astute Medical	\$6.25 Million
Synvascular	\$6.5 Million
PhysioSonics	\$4 Million
Lanx	\$25 Million
NeoTract	\$7.4 Million

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Rox Medical (no website) raised \$35 million in its third round of funding. Rox is developing devices for the treatment of respiratory system diseases, and is supported by investors [Essex Woodlands Health Ventures](#), [Domain Associates](#), [Prism VentureWorks](#) and [Versant Ventures](#).

[StroMedix](#) secured \$25 million in its series B financing round. The company has licensed a humanized monoclonal anti-body from [Biogen Idec](#), and is in Phase I clinical trials on its lead candidate STX-100. Biogen Idec is also a shareholder in the company.

Table 1

Venture Funding Activity– 2nd Quarter 2008

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$605 Million	+ 1 %	64	- 2 %
Pharmaceuticals	\$696 Million	- 14 %	52	+ 4 %
Medical Devices	\$966 Million	+ 2 %	92	+ 12 %
Total	\$2.27 Billion	- 3 %	208	+ 6 %

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Notes

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The information sources used were the VentureDeal.com database. VentureDeal is a 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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