

# Venture Capital Funding Quarterly

## **Biotechnology · Pharmaceuticals Medical Devices**

3<sup>rd</sup> Quarter, 2008 – United States

Publisher  
**VentureDeal**

### **Contents**

Summary	2
Funding Activity	2
Notes	5

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2008 VentureDeal. [Some Rights Reserved.](#)

## Summary

Life Science companies secured \$2.15 billion in venture capital financing during the third quarter of 2008, representing a 5% decrease versus the second quarter. This continues the downward trend of funding for the three sectors of Biotechnology, Medical Devices and Pharmaceuticals. The funding was allocated between 196 companies, a 6% decrease versus the previous quarter in the aggregate.

The Medical Devices sector again received the most amount of funding by a wide margin - almost half of the total for the three sectors, raising \$1.03 billion among 87 companies. The Pharma sector came in second with \$567 million, representing a 19% decrease versus the previous quarter, and continuing its downward trend. Biotechnology startups received \$554 million between 62 companies, an 8% decrease in amounts funded.

## Funding Activity

### Biotechnology

Biotechnology funding resumed its downward trend in both reduced funding amounts and numbers of companies funded. The largest venture financing during the quarter was [Proteolix](#)' \$79 million third round. The company said it would use the proceeds to complete phase II trials for its lead product carfilzomib, for the treatment of multiple myeloma.

Other notable activity in the space included the following later stage financing events:

<a href="#">BG Medicine</a>	\$40 Million	Series D
<a href="#">BioImagene</a>	\$26 Million	Series D
<a href="#">Macrogenics</a>	\$25 Million	Series D

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2008 VentureDeal. [Some Rights Reserved](#).

## Pharmaceuticals

Pharmaceutical fundings dropped by \$129 million, from \$696 million in Q2 08 to \$567 million in Q3 08.

Corporate investors continued to remain active in the sector. [Johnson & Johnson](#) participated with [Domain Associates](#) in their \$9 million series A investment in [Neuron Systems](#). [Genzyme Ventures](#) invested in the \$20 million fourth round for [KaloBios Pharmaceuticals](#).

Neuron Systems is developing pharmaceutical treatments for retinal diseases. KaloBios Pharmaceuticals is a vertically integrated therapeutic antibody company that is developing a pipeline of therapeutics.

[APT Pharmaceuticals](#) received \$32 million in its series B financing round. APT is developing treatments for asthma, chronic obstructive pulmonary disease (COPD), rhinitis and rhinovirus. It plans to use the funding proceeds to proceed to Phase III trials for its post-lung transplant cyclosporine treatment. [Three Arch Partners](#) led a large venture capital funding syndicate.

## Medical Devices

Venture capital funding for medical device companies resumed its growth, with 87 companies receiving \$1.03 billion during the quarter, a 7% dollar volume increase.

There were a significant number of late-round fundings (Series E), which included the following companies:

<a href="#">Xoft</a>	\$25 Million
<a href="#">CVRx</a>	\$84 Million
<a href="#">SpectraGenics</a>	\$30 Million
<a href="#">Aethon</a>	\$14 Million
<a href="#">Alveolus</a>	\$3 Million

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2008 VentureDeal. [Some Rights Reserved](#).

CVRx raised \$84 million in order to complete pivotal trials for its hypertension treatment. [New Enterprise Associates](#) led the funding round.

SpectraGenics landed \$30 million to market its laser-based technologies for the temporary removal of hair and for acne treatment. The company has raised over \$45 million in the past three years.

Spineology secured \$7.5 million for continued development and commercialization of its OptiMesh implantable spinal device that helps correct spinal defects. The advantage of the system is that it can be inserted in a minimally invasive or even percutaneous procedure, thus minimizing surgical complications.

Table 1

### Venture Funding Activity– 3<sup>rd</sup> Quarter 2008

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$554 Million	- 8 %	62	- 3 %
Pharmaceuticals	\$567 Million	- 19 %	47	- 10 %
Medical Devices	\$1.03 Billion	+ 7 %	87	- 5 %
<b>Total</b>	<b>\$2.15 Billion</b>	<b>- 5 %</b>	<b>196</b>	<b>- 6 %</b>

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2008 VentureDeal. [Some Rights Reserved.](#)

## Notes

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

The information sources used were the [VentureDeal.com](http://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.

This publication may be re-produced or re-transmitted for non-commercial purposes, subject to the copyright notice herein.

While all attempts have been made to verify information provided in this publication, neither the author nor the publisher assumes any responsibility for errors, omissions or contrary interpretation of the subject matter herein.

This publication is not intended for use as a source of any advice such as legal, medical, or accounting. The information contained herein may be subject to varying international, federal, state and/or local laws or regulations. The purchaser or reader of this publication assumes responsibility for the use of these materials and information. Adherence to all applicable laws and regulations, including international, federal, state and local, governing professional licensing, business practices, advertising and all other aspects of doing business in the US, Canada or any other jurisdiction is the sole responsibility of the purchaser or reader. Neither the author nor the Publisher assume any responsibility or liability whatsoever on the behalf of any purchaser or reader of these materials.

[\(C\) 2008 VentureDeal, LLC. Some Rights Reserved.](#)