

# Venture Capital Funding Quarterly

## **Biotechnology · Pharmaceuticals Medical Devices**

4<sup>th</sup> Quarter, 2008 – United States

Publisher  
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## Summary

Life Science companies secured \$2.05 billion in venture capital financing during the fourth quarter of 2008, representing a 5% decrease versus the third quarter. This continues the downward trend of funding for the three sectors of Biotechnology, Medical Devices and Pharmaceuticals. The funding was allocated between 212 companies, an 8% increase versus the previous quarter in the aggregate.

The Biotechnology sector received the most amount of funding by a slight margin, raising \$767 million among 82 companies. The Pharma sector came in second with \$727 million, representing a 28% increase versus the previous quarter, and reversing its downward trend. Medical Device startups received \$555 million between 81 companies, a whopping 46% decrease in amounts funded.

## Funding Activity

### Biotechnology

Biotechnology funding bucked its previous downward trend by posting significantly increased funding amounts and numbers of companies funded. The largest venture financing during the quarter was [Biolex](#)' \$60 million fourth round. The company said it would use the proceeds to complete phase III trials for its lead product Locteron, focused on the treatment of chronic hepatitis C.

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

|                                      |              |                   |
|--------------------------------------|--------------|-------------------|
| <a href="#">ChemoCentryx</a>         | \$50 Million | Undisclosed Round |
| <a href="#">Argos Therapeutics</a>   | \$35 Million | Series C          |
| <a href="#">Catalyst Biosciences</a> | \$40 Million | Series C          |

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## Pharmaceuticals

Pharmaceutical fundings increased to \$727 million, representing a 28% increase in amounts funded among a 4% increase in the number of companies funded versus the previous quarter.

Corporate investors were not very active in the sector, with only two known investments. [Genzyme Ventures](#) invested an additional \$12 million in the fourth round for [KaloBios Pharmaceuticals](#). KaloBios Pharmaceuticals is a vertically integrated therapeutic antibody company that is developing a pipeline of therapeutics.

[OncoMed](#) closed its second round at \$169 million in the largest financing round of the quarter from a large syndicate including corporate investor [Glaxo Smith Kline](#). OncoMed is developing a portfolio of solid cancer antibodies targeting the pathways critical to cancer stem cells. Proceeds from the funding will support the development of its lead cancer antibody OMP-21M18 and a second antibody through Phase II trials.

## Medical Devices

Venture capital funding for medical device companies reversed its previous quarter growth, with 87 companies receiving \$555 million during the quarter, a 46% dollar volume decrease.

There were a significant number of second round fundings (Series B), which included the following companies:

|                                |                |
|--------------------------------|----------------|
| <a href="#">Lutonix</a>        | \$20 Million   |
| <a href="#">BaroNova</a>       | \$7.5 Million  |
| <a href="#">Neuroptix</a>      | \$18.5 Million |
| <a href="#">Sensorin</a>       | Undisclosed    |
| <a href="#">Cohera Medical</a> | \$16 Million   |
| <a href="#">OrthoScan</a>      | \$7.5 Million  |

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[PixelOptics](#) raised \$30 million in order to develop a complete offering of composite lenses including their "electro-active" lens technology. It was the company's third venture capital financing round.

[Pioneer Surgical Technology](#) landed \$15 million to fund an FDA pivotal study for its NuBac nucleus replacement device. The device is designed to offer a less invasive surgical approach to the thoracolumbar spine.

Publicly held [EnteroMedics](#) (NASDAQ: ETRM) secured a \$20 million venture debt round for continued development and commercialization of its therapeutic platform for treating a range of acute and chronic diseases that are mediated by the vagal nerves.

Table 1

### Venture Funding Activity– 4<sup>th</sup> Quarter 2008

| Industry        | Total Amount Funded   | % Change Vs. Prior Quarter | Number of Companies Funded | % Change vs. Prior Quarter |
|-----------------|-----------------------|----------------------------|----------------------------|----------------------------|
| Biotechnology   | \$764 Million         | + 38 %                     | 82                         | + 32 %                     |
| Pharmaceuticals | \$727 Million         | + 28 %                     | 49                         | + 4 %                      |
| Medical Devices | \$555 Million         | - 46 %                     | 81                         | - 7 %                      |
| <b>Total</b>    | <b>\$2.05 Billion</b> | <b>- 5 %</b>               | <b>212</b>                 | <b>+ 8 %</b>               |

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## 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.

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