

Venture Capital Funding Quarterly

Biotechnology · Pharmaceuticals Medical Devices

2nd Quarter, 2009 – United States

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Sponsor



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Summary

Life Science companies secured \$1.98 billion in venture capital financing during the second quarter of 2009, representing a 15% increase versus the first quarter of 2009. This reverses the downward trend of funding for the three sectors of Biotechnology, Medical Devices and Pharmaceuticals. The funding was allocated between 184 companies, a 5% increase versus the previous quarter in the aggregate.

The Medical Device sector received the most amount of funding by a significant margin, raising \$867 million among 85 companies. The Biotechnology sector came in second with \$643 million, representing a 2% increase versus the previous quarter and slightly reversing its previous downward trend. Pharmaceutical startups received \$474 million between 39 companies, a 2% decrease in amounts funded.

Funding Activity

Biotechnology

Biotechnology funding reversed its previous downward trend by posting slightly increased funding amounts while the number of companies funded dropped by 17% versus the previous quarter. The largest venture financing during the quarter was Clovis Oncology's mammoth \$146 million funding round. The company helps him very early-stage biotech and pharmaceutical development companies continue their R&D efforts for cancer related technologies.

[Cempra Pharmaceuticals](#) completed a third round of funding, receiving \$46 million from a large syndicate of venture capital firms. The company said it would use the funding proceeds to continue development on its lead macrolide compound and its oral antibiotic for gram-positive infections.

Pharmaceuticals

Pharmaceutical fundings decreased to \$474 million, representing a 2% decrease in amounts funded among a 9% decrease in the number of companies funded versus the previous quarter.

Corporate investors continued to be active in the sector. Novartis and other venture capital firms invested \$22 million in the series D round for [Tokai Pharmaceuticals](#). Tokai said it would use the funding proceeds to advance its lead development candidate into the clinic for the treatment of advanced prostate cancer.

[Reata Pharmaceuticals](#) closed its series F financing round at \$47 million from an undisclosed group of investors. Reata is focused on developing oral drugs that treat inflammation. Its lead project is to help treat chronic kidney disease (CKD).

Medical Devices

Venture capital funding for Medical Device companies sharply reversed its previous quarterly decline, with 85 companies receiving \$867 million during the quarter, a 44% dollar volume increase.

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

Autonomic Technologies	\$20 million
Avedro	\$10 million
CeraPedics	\$15 million
Embrella Cardiovascular	\$5 million
Inspire Medical Systems	\$17 million
Transcend Medical	\$35 million
VytronUS	\$11 million

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[Small Bone Innovations](#) raised \$144 million in the largest funding round of the quarter, its fourth round. Goldman Sachs was among the investors. Small Bone is an orthopedic device company that is exclusively focused on treating small bone and joint health problems.

Paylon Medical received a total of \$24 million in multiple tranches of its series A financing round. Paylon said it would use the funding proceeds to finance a multisite clinical study of its programmable implantable drug delivery system, which delivers targeted doses of pain medication to specific spinal areas.

[Active Implants](#) secured \$10 million in its third round of financing from undisclosed investors. The company is developing new materials that may lead to longer lasting implants, provide more resistance to deterioration and potentially better protect against infection. Proceeds purposes from the funding round were not disclosed.

Table 1

Venture Funding Activity– 2nd Quarter 2009

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$643 Million	+ 2%	60	- 17%
Pharmaceuticals	\$474 Million	- 2%	39	- 9%
Medical Devices	\$867 Million	+ 44%	85	+ 39%
Total	\$1.98 Billion	+ 15%	184	+ 5%

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Notes

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

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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