

# Venture Capital Funding Quarterly

## **Biotechnology • Pharmaceuticals Medical Devices**

3<sup>rd</sup> Quarter, 2009 – United States

Publisher  
**VentureDeal**

### **Contents**

Summary	2
Funding Activity	2
Notes	5

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## Summary

Life Science companies secured \$1.89 billion in venture capital financing during the third quarter of 2009, representing a 5% decrease versus the second quarter of 2009. This reverses the upward trend of funding for the three sectors of Biotechnology, Pharmaceuticals and Medical Devices. The funding was allocated between 174 companies, a 5% decrease versus the previous quarter in the aggregate.

The Medical Device sector continued to receive the most amount of funding by a significant margin, raising \$712 million among 71 companies. The Pharmaceuticals sector came in second with \$649 million, representing a 37% increase versus the previous quarter and continuing its previous upward trend. Biotechnology startups received \$529 million between 58 companies, an 18% decrease in amounts funded.

## Funding Activity

### Biotechnology

Biotechnology funding reversed its previous upward trend by posting decreased funding amounts while the number of companies funded dropped by 3% versus the previous quarter. The largest venture financing during the quarter was the [Pacific BioSciences](#) \$68 million series E funding round from a large syndicate of strategic, venture capital and private equity investors. The company is developing therapies for a variety of diseases using gene sequencing technologies.

Woburn, Massachusetts-based [AdvanDx](#) completed a third round of funding, receiving \$8 million from Scandinavian [SLS Ventures](#) and other undisclosed investors. The company said that the funding would be used to expand its molecular in-vitro diagnostics product offering and its international sales and marketing efforts.

## Pharmaceuticals

Pharmaceutical fundings increased to \$649 million, representing a 37% increase in amounts funded among a 15% increase in the number of companies funded versus the previous quarter. The average funding round size was \$14.4 million, versus \$12.1 million in the previous quarter, a percentage increase of 19%.

[Orexigen Therapeutics](#) raised the largest funding round of the quarter, receiving \$70 million from undisclosed investors. The company is developing a novel combined two drug approach to achieve and sustain weight loss.

[Gloucester Pharmaceuticals](#) closed its series D financing round at \$29 million from a large group of investors led by Scandinavian firm [Novo A/S](#). Gloucester said that the funding proceeds would be used to support the ongoing development of its lymphoma drug candidate romidepsin, which is a histone deacetylase inhibitor for the treatment of T-cell malignancies.

## Medical Devices

Venture capital funding for Medical Device companies reversed its previous quarterly increase, with 71 companies receiving \$712 million during the quarter, an 18% dollar volume decrease.

There were a significant number of third round fundings (series C), which included the following companies:

<a href="#">PrimeraDx</a>	\$20 million
<a href="#">Liquidia Technologies</a>	\$7 million
<a href="#">BeneChill</a>	\$13.5 million
<a href="#">NICO Corp.</a>	\$10 million
<a href="#">Oraya Therapeutics</a>	\$42 million
<a href="#">Relievant Med Systems</a>	\$20 million

Two companies raised \$50 million each, [Calypso Medical technologies](#) and [ConforMIS](#). Calypso is developing technologies to assist physicians with organ motion management solutions that help improve the delivery of radiation therapies.

ConforMIS is providing patient specific, minimally invasive implants for orthopedics and sports medicine related injuries. The company uses 3-D imaging analysis tools to customize each particular implant. ConforMIS is backed by [CDIB Bioscience](#), Merrill Lynch Capital, and other undisclosed investors.

[Paradigm Spine](#) secured \$21.5 million in a new round of venture equity and debt financing from private equity and venture capital investors. Paradigm is developing non-fusion spinal implant medical devices. The company said that the funding proceeds would be used to strengthen its US sales infrastructure and fund its ongoing US clinical trial of the coflex device.

Table 1

## Venture Funding Activity– 3<sup>rd</sup> Quarter 2009

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$529 Million	- 18%	58	- 3%
Pharmaceuticals	\$649 Million	+ 37%	45	+ 15%
Medical Devices	\$712 Million	- 18%	71	- 16%
<b>Total</b>	<b>\$1.89 Billion</b>	<b>- 5%</b>	<b>174</b>	<b>- 5%</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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