

# Venture Capital Funding Quarterly

## **Biotechnology · Pharmaceuticals Medical Devices**

1<sup>st</sup> Quarter, 2010 – United States

Publisher  
**VentureDeal**

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## Summary

Life Science companies secured \$1.4 billion in venture capital financing during the first quarter of 2010, representing a 26% decrease versus the fourth quarter of 2009. This is a significant deviation from the previous relatively stable trend of overall funding for the three sectors of Biotechnology, Pharmaceuticals and Medical Devices. The funding was allocated between 166 companies, a 14% decrease versus the previous quarter in the aggregate.

The Medical Devices sector received the most amount of funding by a significant margin, raising \$597 million among 72 companies. The Pharmaceuticals sector came in second with \$432 million, representing a 6% decrease versus the previous quarter and continuing its previous downward trend. Biotechnology startups received \$373 million between 57 companies, a 57% decrease in amounts funded, representing the largest decline of the three sectors.

## Funding Activity

### Biotechnology

Biotechnology funding amounts decreased a whopping 57% during the quarter, reversing its previous upward trend, while the number of companies funded decreased by 17% versus the previous quarter.

The largest venture financing during the quarter was the [Phase Bioscience](#) \$25 million series B funding round from a large syndicate of top-tier life science venture capital firms and corporate strategic investors. The company is developing what it calls "transformational ELP" technologies.

Davis, California-based [AgraQuest](#) raised a round of venture capital debt, receiving \$5 million from [Silicon Valley Bank](#). AgraQuest is developing biopesticides and low chemical, yield enhancing products for sustainable agriculture purposes.

## Pharmaceuticals

Pharmaceutical fundings decreased to \$432 million, representing a 6% decrease in amounts funded among 18% fewer companies funded versus the previous quarter. The average funding round size was \$11.7 million versus \$10.2 million in the previous quarter, a percentage increase of 15%.

Two companies raised second rounds of \$35 million each. Cambridge, Massachusetts-based [Genetix Pharmaceuticals](#) was supported by a large syndicate of corporate, venture capital and private equity firms. The company said it would use the funding proceeds to advance its clinical candidates and expand its team.

[Alnara Pharmaceuticals](#), also based in Cambridge, Massachusetts, raised \$35 million from venture capital firms. It said it would use the financing to prepare for commercialization of its product liprotamase, potentially as early as the fourth quarter of 2010.

## Medical Devices

Venture capital funding for Medical Device companies reversed its previous quarterly decrease, with 72 companies receiving \$597 million during the quarter, a 4% dollar volume increase.

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

<a href="#">Cheetah Medical</a>	\$20 million
<a href="#">Carticept</a>	\$20 million
<a href="#">MicroTransponder</a>	\$7 million
<a href="#">CardioInsight</a>	\$6 million
<a href="#">BioBehavioral Diagnostics</a>	\$10 million
Advanced Cardiac Therapeutics	\$5 million
<a href="#">ValenTx</a>	\$22 million

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[NeoMend](#) closed a \$30 million venture capital financing round from a syndicate of well-known medical device venture capital firms. NeoMend has developed a variety of wound treatment products that seal wounds, prevent postsurgical adhesions and provide site-specific, sustained drug delivery.

Corporate investor [Kaiser Permanente](#) was involved in funding the first round of [Hemosphere](#). The Eden Prairie, Minnesota based company is still in stealth mode, though the name indicates it is developing some type of blood related technology. Amount of the funding was \$9.35 million.

[Tandem Diabetes Care](#) raised the largest funding of the quarter, receiving \$52.3 million from undisclosed investors. The company is developing a new type of personal insulin pump that allows users to lead a more flexible lifestyle. Tandem is based in San Diego, California. Proceeds purposes from the new financing were not disclosed.

Table 1

### Venture Funding Activity – 1<sup>st</sup> Quarter 2010

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$373 Million	- 57 %	57	- 17 %
Pharmaceuticals	\$432 million	- 6 %	37	- 18 %
Medical Devices	\$597 million	+ 4 %	72	- 8 %
<b>Total</b>	<b>\$1.4 Billion</b>	<b>- 26 %</b>	<b>166</b>	<b>- 14 %</b>

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## Transaction Amounts by State - All Sectors Aggregated



**Legend (Discrete Log Values):**  
 Dark Green: \$100 Million +  
 Medium Green: \$10 Million - \$100 Million  
 Light Green: \$1 Million - \$10 Million  
 White: Under \$1 Million

State	Transaction Amount	State	Transaction Amount
California	\$587,122,800	Connecticut	\$10,000,000
Massachusetts	\$329,039,000	Ohio	\$9,683,000
New Jersey	\$70,266,000	Minnesota	\$9,350,000
North Carolina	\$59,836,000	Illinois	\$7,294,000
Pennsylvania	\$52,107,000	New York	\$7,000,000
Georgia	\$51,250,000	Wisconsin	\$4,000,000
Virginia	\$32,960,000	Oklahoma	\$3,000,000
Maryland	\$31,475,000	Kentucky	\$2,850,000
Texas	\$24,809,000	Iowa	\$1,500,000
New Hampshire	\$24,100,000	Tennessee	\$1,000,000
Michigan	\$21,100,000	Louisiana	\$500,000
Oregon	\$20,000,000	Arizona	\$250,000
Colorado	\$18,508,500	Florida	\$250,000
Rhode Island	\$10,500,000	Kansas	\$200,000
Washington	\$10,042,000	Maine	\$170,000

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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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