

Venture Capital Funding Quarterly

Biotechnology • Pharmaceuticals Medical Devices

2nd Quarter, 2010 – United States

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[VentureDeal](http://VentureDeal.com)

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Sponsor:



Summary

Life Science companies secured \$2.1 billion in venture capital financing during the second quarter of 2010, representing a 50% increase versus the first quarter of 2010. This is a dramatic reversal from the previous quarterly drop in overall funding for the three sectors of Biotechnology, Pharmaceuticals and Medical Devices. The funding was allocated between 233 companies, a 40% increase versus the previous quarter in the aggregate.

The Medical Devices sector continued to receive the most amount of funding, raising \$731 million among 99 companies. The Pharmaceuticals sector came in second with \$704 million, representing a 63% increase versus the previous quarter and reversing its previous downward trend. Biotechnology startups received \$670 million between 80 companies, an 80% increase in amounts funded, representing the largest percentage increase of the three sectors.

Funding Activity

Biotechnology

Biotechnology funding amounts surged a whopping 80% during the quarter, reversing its previous downward trend, while the number of companies funded increased by 40% versus the previous quarter.

The largest venture financing during the quarter was the [Achaogen](#) \$56 million series C funding round from a large syndicate of top-tier life science venture capital firms. The company is developing small molecules that treat bacterial resistant antibiotic infections.

South San Francisco, California-based [VeraCyte](#) raised its second round of venture capital, receiving \$28 million from lead investor [Domain Associates](#) and other top-tier firms. The company said it would use the funding proceeds to bring its advanced testing service for thyroid cancer to market.

Pharmaceuticals

Pharmaceutical fundings increased to \$704 million, representing a 63% increase in amounts funded among 46% more companies funded versus the previous quarter. The average funding round size was \$13 million versus \$11.7 million in the previous quarter, a percentage increase of 11% and continuing an upward trend for the past three quarters.

There were a significant number of very large series A financing rounds. Typically, these are tranching based on development milestones. Incline Therapeutics (no website) secured \$43 million for its first institutional financing round from a large syndicate of well-known life science venture capital firms. The company is developing what it calls a fentanyl iontophoretic transdermal system. Concurrent with the financing, Incline announced the acquisition of certain assets.

[Catabasis Pharmaceuticals](#) raised \$39.6 million in its series A round. Investors included strategic investor [MedImmune Ventures](#). Catabasis is focused on developing medicines to treat inflammatory and metabolic diseases. MedImmune is active as a corporate investor and earlier in the year led the \$25 million series A funding round for [VentiRx Pharmaceuticals](#), which is active in the cancer, infectious, respiratory and autoimmune disease areas.

Medical Devices

Venture capital funding for Medical Device companies continued its previous quarterly increase, with 99 companies receiving \$731 million during the quarter, a 22% dollar volume increase.

There were 11 first round fundings (series A), which included the following companies:

| | |
|--|----------------|
| Altura Medical (no site) | \$20 million |
| Rheonix | \$12.6 million |
| Inova Labs | \$10 million |
| SynapDx | \$9 million |
| MDSolarSciences | \$4 million |

Morrisville, North Carolina-based [TearScience](#) raised \$44.5 million in its third round from a large syndicate of venture capital firms led by [Essex Woodlands Health Ventures](#). The company has developed a treatment for chronic dry eye disease.

Corporate investor [GE Healthymagination Fund](#) was involved in funding \$5 million in the fourth round of financing for [CardioDx](#). The Palo Alto, California-based company is developing clinically validated genomic testing to tailor the treatment of individuals with a range of cardiovascular diseases.

[Johnson & Johnson Development Corporation](#) was active during the quarter, participating in the series B financing round of [Astute Medical](#), which raised \$26.5 million. Astute is developing testing instruments of patients that have developed acute conditions requiring rapid protein biomarker validation. The company has raised \$32.75 million in venture capital and corporate financing through its first two rounds.

Table 1

Venture Funding Activity – 2nd Quarter 2010

| Industry | Total Disclosed Funding | % Change Vs. Prior Quarter | Number of Companies Funded | % Change vs. Prior Quarter |
|-----------------|-------------------------|----------------------------|----------------------------|----------------------------|
| Biotechnology | \$670 Million | + 80% | 80 | + 40% |
| Pharmaceuticals | \$704 million | + 63% | 54 | + 46% |
| Medical Devices | \$731 million | + 22% | 99 | + 38% |
| Total | \$2.1 Billion | + 50% | 233 | + 40% |

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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