

# Venture Capital Funding Quarterly

## **Biotechnology • Pharmaceuticals Medical Devices**

3<sup>rd</sup> Quarter, 2010 – United States

Publisher  
[VentureDeal](#)

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Sponsor:



**Summary** Life Science companies secured \$2.1 billion in venture capital financing during the third quarter of 2010, representing no change versus the second quarter of 2010. The funding was allocated between 214 companies, an 8% decrease versus the previous quarter in the aggregate.

The Biotechnology sector overtook the Medical Devices sector to receive the most amount of funding, raising \$864 million among 89 companies. The Medical Devices sector came in second with \$722 million, representing a 1% decrease versus the previous quarter. Pharmaceutical startups received \$472 million between 43 companies, a 33% decrease in amounts funded.

## Funding Activity

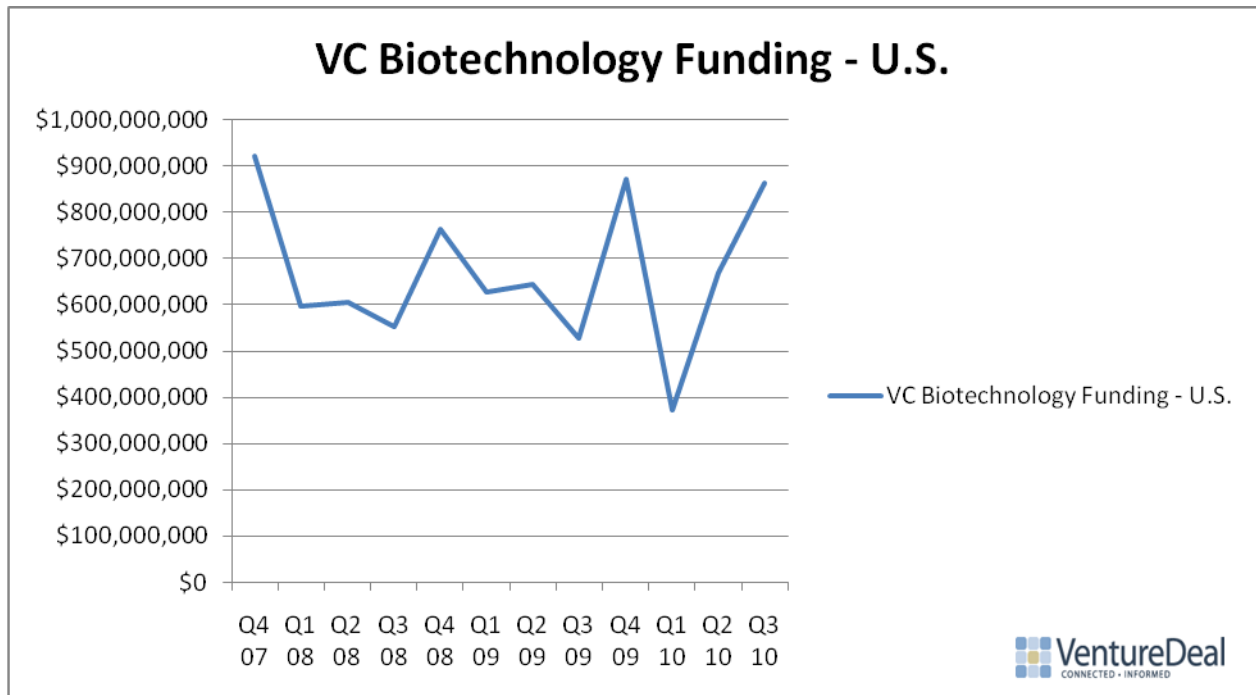
### Biotechnology

Biotechnology funding amounts continued to bounce back from a Q1 2010 low, surging 29% during the quarter to build on a recent quarterly uptrend. The number of companies funded increased by 11% versus the previous quarter.

The largest venture financing during the quarter was for [Knopp Neurosciences](#). According to an SEC regulatory filing, the company raised \$60 million. Knopp is developing biomarkers and therapies for the treatment of ALS.

Corporate venture arms were busy during the quarter, with [Roche](#) participating in the \$30 million funding of [CytomX Therapeutics](#) and [Biogen Idec](#) participating in the \$6 million series B financing of [iPierian](#).

### Chart 1 - Biotechnology - See Next Page



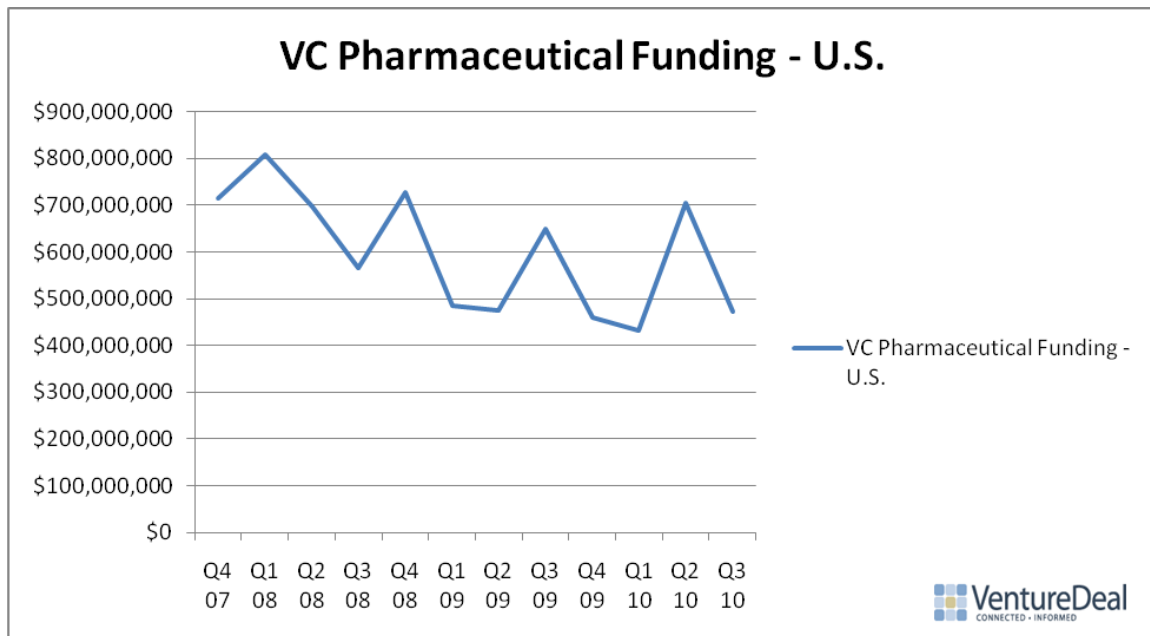
## Pharmaceuticals

Pharmaceutical fundings decreased to \$472 million, representing a 33% decrease in amounts funded among 20% fewer companies funded versus the previous quarter. The average funding round size was \$11 million versus \$13 million in the previous quarter, a percentage decrease of 15% and reversing an upward trend for the past four quarters.

There were a significant number of venture capital debt financings. Redwood City, California-based [AcelRx Pharmaceuticals](#) reported receiving \$8.1 million in debt, according to an SEC regulatory filing. AcelRx is developing what it calls "a novel drug device therapy for the treatment of breakthrough pain" room and is backed by [Alta Partners](#), [Skyline Ventures](#) and [Three Arch Partners](#).

[Zogenix](#) also raised debt as part of a \$50 million equity and debt round. The company is developing medicines to release suffering in people with CNS and other pain disorders. Zogenix subsequently went public after the end of the quarter.

### Chart 2 - Pharmaceutical - See Next Page

**Chart 2 - Pharmaceutical**


## Medical Devices

Venture capital funding for Medical Device companies essentially plateaued versus the previous quarter, with only a nominal 1% decline in amounts funded. However, the number of companies funded dropped to 82, a 17% reduction versus the previous quarter.

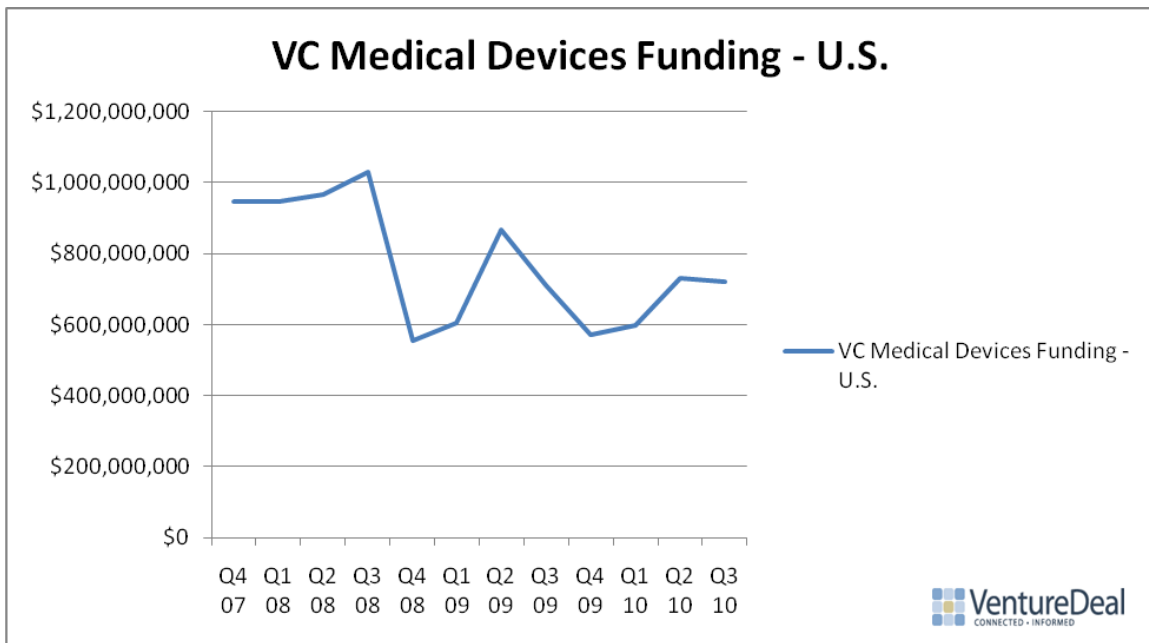
There were 6 later stage fundings (series C, D), totaling over \$182 million and which included the following companies:

<a href="#">Trivascular</a>	\$60 million	Series C
<a href="#">Cardiac Concepts</a>	\$27 million	Series C
<a href="#">ViewRay</a>	\$20 million	Series C
<a href="#">Ventus Medical</a>	\$40 million	Series D
<a href="#">Tryton Medical</a>	\$20 million	Series D
<a href="#">BARRX Medical</a>	\$15 million	Series D

Abdominal aortic aneurysm repair startup [Aptus Endosystems](#) secured \$15 million in its first institutional venture capital financing round. The company is developing a minimally invasive stapling system to improve treatment for this type of aneurysm.

In the orthopedic space, [DFINE](#) garnered \$36.2 million from a large syndicate of top venture capital and private equity firms. The company said it would use the funding proceeds to support the growing demand for its vertebral augmentation system as well as accelerate additional promising device candidates in its pipeline.

**Chart 3 - Medical Devices**



**Table 1 - All Sectors - See Next Page**

Table 1 - All Sectors

## Venture Funding Activity – 3<sup>rd</sup> Quarter 2010

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Biotechnology	\$864 Million	+ 29 %	89	+ 11 %
Pharmaceuticals	\$472 million	- 33 %	43	- 20 %
Medical Devices	\$722 million	- 1 %	82	- 17 %
<b>Total</b>	<b>\$2.1 Billion</b>	<b>--</b>	<b>214</b>	<b>- 8 %</b>

### 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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