Venture Capital Funding Quarterly

Biotechnology • Pharmaceuticals
Medical Devices

1st Quarter, 2011 – United States

Publisher
VentureDeal

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**Summary**

Life Science companies secured $1.7 billion in venture capital financing during the first quarter of 2011, representing an increase of 42% versus the previous quarter. The funding was allocated between 197 companies, a 9% increase versus the previous quarter in the aggregate.

The Medical Devices sector received the most amount of funding, raising $749 million among 94 companies. The Biotechnology sector came in second with $552 million, representing a 19% increase versus the previous quarter. Pharmaceutical startups received $392 million between 34 companies, a 33% QoQ increase in amounts funded.

**Funding Activity**

**Biotechnology**

Biotechnology funding amounts rebounded significantly versus the previous quarter, increasing 19% during the quarter to reverse a recent quarterly downtrend. The number of companies funded increased by 8% versus the previous quarter.

The two largest venture financings during the quarter were for Chimerix and Genomatica, with each receiving $45 million. Chimerix is developing technology that enhances oral availability of medicines from bioactive molecules. Genomatica is commercializing "innovative bio-manufacturing processes for the sustainable production of high-value chemical products."

Strategic investor Johnson & Johnson Development Corporation was active during the quarter, participating in the $35 million series B round for Genocea Biosciences. The company said it would use the financing to fund initial clinical development for its therapeutic vaccine for herpes simplex virus type 2 infections. The large investor syndicate also included other corporate, venture capital and private equity investors.

**Chart 1 - Biotechnology Funding - See Next Page**
Pharmaceuticals

Pharmaceutical fundings increased to $392 million, representing a 33% increase in amounts funded among 11% fewer companies versus the previous quarter. The average funding round size was $11.5 million versus $7.8 million in the previous quarter, a percentage increase of 47%.

**Horizon Pharma** raised the largest financing of the quarter, garnering $35 million in venture capital debt from an undisclosed investor. Horizon recently received FDA approval for its mild to moderate pain management treatments. The company is backed by a syndicate of venture capital firms including top-tier life science investor **Essex Woodlands Health Ventures**.

**Roche Venture Fund** was among the participants in **Conatus Pharmaceuticals’** series B round totaling $20 million. Conatus said it would use the proceeds to advance the clinical development of its hepatitis C drug candidate that it licensed from Roche. The company is based in San Diego, California.
Medical Devices

Venture capital funding for Medical Device companies increased significantly versus the previous quarter, with a 68% increase in amounts funded. The number of companies funded increased to 94, a 19% increase versus the previous quarter.

There were 6 disclosed later stage fundings (series D & E), totaling $94 million and which included the following companies:

- **EBR Systems**: $5 million, Series D
- **VertiFlex**: $14 million, Series D
- **Ocular Therapeutix**: $14 million, Series D
- **Sonoma Orthopedic**: $22 million, Series D
- **Celleration**: $8 million, Series E
- **VisionCare Ophthalmic**: $31 million, Series E
Cardiovascular genomic diagnostics company CardioDx raised the largest financing during the quarter, receiving $60 million from a large syndicate of venture capital and private equity firms. The company said it would use the funding to expand reimbursement coverage for its blood-based gene expression test for obstructive coronary artery disease and to continue development of future products.

In the orthopedic space, Ohio-based OrthoHelix Surgical Designs raised $750,000 in an unpublished round from the River Cities Capital Funds. The company is developing implants and instruments for small bone surgery applications.

Chart 3 - Medical Device Funding

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

Venture Funding Activity – 1st Quarter 2011

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total Disclosed Funding</th>
<th>% Change Vs. Prior Quarter</th>
<th>Number of Companies Funded</th>
<th>% Change vs. Prior Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotechnology</td>
<td>$552 million</td>
<td>+ 19%</td>
<td>69</td>
<td>+ 8%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>$392 million</td>
<td>+ 33%</td>
<td>34</td>
<td>- 11%</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>$749 million</td>
<td>+ 68%</td>
<td>94</td>
<td>+ 19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1.7 Billion</strong></td>
<td><strong>+ 42%</strong></td>
<td><strong>197</strong></td>
<td><strong>+ 9%</strong></td>
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Notes

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

The information source used was good job the [VentureDeal.com](http://www.VentureDeal.com) database. VentureDeal is a curated venture capital database that provides the latest information about venture-backed technology companies, venture capital firms and transactions in the United States.

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