

# Biotechnology Bounces Back With 46% Rise in Venture Capital

Ryan Flinn – Bloomberg  
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[Venture-capital](#) funding in biotechnology companies jumped 46 percent in the second quarter, as investors looked to replenish their portfolios after an increase in acquisitions and initial public offerings.

Venture-capital investing across all sectors rose 19 percent to \$7.5 billion in 966 deals, compared with \$6.3 billion and 814 deals in the first quarter of 2011, the National Venture Capital [Association](#) and PricewaterhouseCoopers LLC said today in a report. The three months that ended June 30 represented the biggest quarter for venture funding in two years.

Biotechnology companies attracted \$1.24 billion in 116 deals, ranking second behind software makers, who earned \$1.52 billion, a 35 percent jump, in 254 deals. Biotech garnered about \$847 million in 97 first-quarter investments. Funding for medical device and equipment makers gained 20 percent to \$841 million in 90 deals.

“We continue to see acquisitions by major pharma and large biotech companies of smaller biotech companies, as well as the return of IPOs to the sector,” Tracy Lefteroff, global managing partner of the venture capital practice at PwC US, said in an interview. “For funds that are fortunate to have those exits, that allows them to recycle money and put it into other deals.”

At least 33 U.S. biotechnology companies were acquired during the first half of the year, for a total of \$26.7 billion, according to Bloomberg data. The largest deal was Sanofi’s \$19.6 billion purchase of Genzyme Corp., completed in April.

## **Biggest Deal**

The biggest funding in the quarter for the sector was \$107 million for Cameron Health Inc., a San Clemente, California- based medical device maker. Rounding out the top three, Intrexon Corp., in Blacksburg, [Virginia](#), received \$100 million, and Cambridge, Massachusetts-based Merrimack Pharmaceuticals Inc. garnered \$77 million.

Intrexon has also been an active acquirer, purchasing three companies this year.

David Douglass, general partner of Delphi Ventures, which led Cameron Health’s investment round with Alloy Ventures, said regulatory delays with medical devices at the U.S. Food and Drug Administration have pushed firms like his to seek established companies instead of early stage firms.

“A number of venture firms are starting to want to invest in companies where the pivotal trial has already started, so there isn’t a risk of the FDA delaying the initiation of a trial,” Douglass said yesterday during a call with reporters. “Our investment pace has slowed pretty dramatically over the past two years, because of our concern over the regulatory environment.”