



Ohio a magnet for health care venture capital firms

By **KATHERINE FAY**

2:56 pm, May 14, 2008

Ohio has become one of the top five states in the nation for health care venture capital firms, according to an analysis by BioEnterprise.

The Cleveland-based nonprofit, which assists bioscience companies, found that 27 venture capital firms with health care as a focus have Ohio offices.

The number of health care venture firms in Ohio exceeds neighboring states such as Pennsylvania (24), Illinois (19), Minnesota (17) and North Carolina (11), BioEnterprise found. Ohio ranks fifth nationwide, trailing only California, Massachusetts, New York and Washington.

Ohio's \$1.6 billion technology investment program, the Third Frontier Program, has led the state to become a national leader in health care innovation, said Baiju Shah, president and CEO of BioEnterprise. In 2007, Ohio bioscience companies attracted \$296 million in venture investments, leading the Midwest as well as states across the nation.

The Third Frontier Program stimulates health care innovation through investments in translational research, entrepreneurial infrastructure and venture capital formation programs. The program also has additional money to help establish seed and early-stage funds.

The Ohio Capital Fund and the Ohio-Midwest Fund, with a combined total of \$250 million, are the two largest initiatives that are designed to attract and grow venture capital firms in the state. All money is designated for venture capital firms that have an Ohio office.

"I think venture investors will flock to places that have good investments," Mr. Shah said. "Ohio has shown an ability to produce great opportunities. The state has very attractive public investment funds, which are designed to attract these kinds of funds to establish a permanent location in the state. The combination of those two things is why we have seen such a large increase."

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