

# PHILADELPHIA BUSINESS JOURNAL

## Public efforts aim to boost early-stage funding growth

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STAFF WRITER

**W**hile the Philadelphia area is often lauded as a strong biotechnology hub because of its wealth of pharmaceutical companies, research institutions and academic medical centers, the region has come under criticism for its dearth of investment capital needed to fuel early-stage research.

That shortcoming is starting to evaporate.

State and private initiatives have funneled millions of dollars into new and existing life sciences companies in recent years.

One source of new funding is BioAdvance, which operates the state-supported Biotechnology Greenhouse of Southeastern Pennsylvania in Philadelphia.

Four years ago, Pennsylvania allocated \$100 million from its tobacco industry settlement funds to establish three biotechnology greenhouses to help nurture fledgling biotechnology firms. The other two biotech greenhouses are in Pittsburgh and Hershey.

During the past three years, BioAdvance has committed more than \$9 million from its Greenhouse Fund to 24 early-stage biotech companies developing therapeutic and diagnostic products, along with drug-delivery technologies.

Barbara Schilberg, BioAdvance's managing director and CEO, said the fund is designed to help entrepreneurs move commercially promising life science products and technologies to a stage where traditional venture capital or corporate funding is available.

Companies that received the first two rounds of Greenhouse investments, totaling \$5 million, have leveraged that funding to attract an additional \$23 million in private investments.

"(BioAdvance) is the first professional investor for more than half of the companies (that have received funding)," Schilberg said. "Half are brand-new companies that didn't exist before. We are creating a new generation of biotech companies for the region."

Another state-supported funding source for early-stage biotech companies is the Ben Franklin Technology Partners of Southeastern Pennsylvania,

an economic development organization that focuses on young technology companies.

Among the local life sciences supported in the early days by Ben Franklin Technology Partners are two of the region's most successful biotech companies: Centocor and Cephalon.



Schilberg

This year, Pennsylvania joined New Jersey in allowing biotechnology companies to sell unused tax credits to profitable businesses for cash to help fund research programs.

Local biotechnology companies have historically had to venture outside the market to secure venture capital investments.

The landscape changed when Quaker BioVentures, a Center City venture capital firm focusing on

life sciences companies, opened its doors in 2002. Quaker was one of three venture capital firms selected to manage the \$60 million the state allocated from its tobacco settlement for investments in life sciences companies.

In September, the firm announced it closed its inaugural investment fund with approximately \$280 million under management.

Quaker's portfolio of companies includes six local biopharmaceutical companies — BioRexis Pharmaceuticals, King of Prussia; Discovery Laboratories, Warrington; Eximias Pharmaceutical,

Berwyn; Neotropix, Malvern; Nucleonics, Horsham; and Transport Pharmaceuticals, Conshohocken — and one market research firm, TargetRx in Horsham.

P. Sherrill Neff, a founding partner at Quaker, said the firm has made a total of nine life sciences investments, which involve \$10.6 million in state funds, along with \$53 million in other funds the firm manages. That money was used to leverage an additional \$233 million from other venture capital firms that participated in the deals.

Other local investors in Philadelphia area life sciences companies include PA Early Stage and Safeguard Scientifics in Wayne; S.R. One Ltd. in West Conshohocken; and Johnson & Johnson Development Corp., Domain Associates and ProQuest Investments, all in Princeton. ■

### BIOADVANCE INVESTMENTS

COMPANY	FUNDING
Acuity Pharmaceuticals	\$500,000
Alteris	\$496,000
BioSensus	\$500,000
Cira Discovery	\$500,000
Eagle Vision Pharmaceutical	\$307,000
Gelifex	\$405,000
Lumenvu	\$250,000
Macroarray Technologies	\$500,000
Phenotech	\$496,000
Protez Pharmaceuticals	\$500,000
RetinaPharma	\$469,000
TheraQuest Biosciences	\$500,000
YauponTherapeutics	\$500,000
Avid Radiopharmaceuticals	\$500,000
Marillion Pharmaceuticals	\$500,000
InfraScan	\$500,000
Galleon Pharmaceuticals	\$500,000
Jerin Discovery	\$500,000
Mellior Discovery	\$500,000
SansRosa Pharmaceuticals	\$500,000
<b>TOTAL</b>	<b>\$5,423,000</b>