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## \$37M in venture capital buoys state

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Apr 18, 2009 (New Haven Register - McClatchy-Tribune Information Services via COMTEX) -- [CAI](#) | [Quote](#) | [Chart](#) | [News](#) | [PowerRating](#) -- Venture capitalists invested \$37.3 million in Connecticut businesses during the first quarter of this year, up from the \$20.1 million spent in the same period in 2008, according to a report released today by PricewaterhouseCoopers and the National Venture Capital Association.

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The funds last quarter were spread across five deals, three of which closed with biotechnology companies, totaling about \$35.2 million. One company in the health care services sector received \$100,000 and one media and entertainment company got \$2 million, according to the MoneyTree Report.

Recipients identified in the report were Rib-X Pharmaceuticals Inc. in New Haven, which develops new antibiotics, \$25 million; Affomix Corp. in New Haven, which develops biomedical technology for screening antibodies, \$5.2 million; Optherion Inc. in New Haven, which develops solutions for macular degeneration, \$5 million; Fanzter Inc. in Canton creates consumer Internet products, \$2 million; and Samara Innovations LLC in New Haven, a medical device research and development company, \$100,000.

Samara Innovations is the only company to be awarded funds in the startup stage. The other four are in early, expansion or late-stage funding rounds.

The goal for late-stage companies is to leave the venture capitalist portfolio by being acquired or going public.

Matthew Nemerson, president and chief executive officer of the Connecticut Technology Council, an industry advocacy group, said the unfavorable economic environment over the last year has caused companies to remain in VC portfolios longer.

"Venture money is being used to protect portfolio companies until there's an exit opportunity," Nemerson said. Venture capitalists are helping those businesses expand or sustain themselves and funding fewer startups, he said.

Nationally, venture capitalists invested about \$3 billion in 549 deals in the first quarter, with financial services being the only industry sector showing an increase in both dollars, by 26 percent to \$108 million, and deals, by 21 percent to 17. Declines, however, were spread across other sectors including software, life sciences, clean technology, Internet-specific and telecommunications.

Another trend that emerged in the first quarter of 2009 was that investments in expansion and late-stage companies exceeded dollars put into seed and earlystage ventures, said Tracy Lefteroff, global managing partner of venture capital practice at PricewaterhouseCoopers LLP.

That development is not surprising, given the economic turmoil that developed during the fourth quarter of 2008, he said, adding that venture capitalists are assessing the impact of the recession on companies already in their portfolios before searching for new innovations.

Entrepreneurs also are pausing, said Stephen Harrick, general partner at Institutional Venture Partners, a firm that funds later-stage information technology companies including the popular Twitter social networking site. "We see no shortage of innovation, but many entrepreneurs are opting to wait," instead of seeking buyers or going public, he said.

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