

## Venture Update

### Done Deals

**Research Triangle Park** — Kryosphere ([www.kryosphere.com](http://www.kryosphere.com)), an independent biostorage facility, secured slightly more than \$1 million in working capital from angel investment and a secured credit line. The company plans to open its first facility in RTP in May 2008. Contact Eric Hallman (919.810.1810).

**Winston-Salem** — SilkRoad technology, inc. ([www.silkroadtech.com](http://www.silkroadtech.com)), provider of Web-based human resources tools including talent management solutions, secured \$10 million in growth capital. Azure Capital Partners led the round, which included existing investors SilkRoad Equity and private individuals. The funding will be used to expand direct sales and marketing efforts, and to support new product development. Contact Red Maxwell (336.201.5100).

**Washington, D.C.** — The U.S. Department of Energy awarded a three-year, \$3.2-million research grant to researchers from N.C. State University ([www.ncsu.edu](http://www.ncsu.edu)), RTI International ([www.rti.org](http://www.rti.org)) and the University of Utah ([www.utah.edu](http://www.utah.edu)). The grant will fund the joint project of the newly formed Research Triangle Energy Consortium to attempt to create liquid fuels from biomass products like sawdust or bark, prove that large-scale biofuels production technology can be performed, and establish that the process is cheaper than extracting ethanol from corn. Contact Dr. Steve Peretti (919.515.6397).

**Cary** — Carpio Solutions ([www.carpio.com](http://www.carpio.com)), provider of software and services solutions for financial and operational efficiencies, closed on \$10 million from Palladium Equity Partners. The funds will be used to make acquisitions in Brazil and the U.S. Contact Marco Fregenal (919.654.4574).

**Research Triangle Park** — Clinipace ([www.clinipace.com](http://www.clinipace.com)), a clinical research software company, closed \$2.6 million in Series B financing. Hatteras Venture Partners led the round, which included existing investors Brook Private Equity Advisors and Emergent Growth Fund. Clinipace plans to use the capital for company expansion, with an emphasis on bolstering sales and marketing to accelerate growth. Contact Jeff Williams (919.224.8800).

**Durham** — SIMtone Corporation ([www.simtone.net](http://www.simtone.net)), developer of virtual desktop computing technology, purchased Aspeed Software, a New York-based provider of acceleration and optimization software. SIMtone will use Aspeed's software to offer better optimized scalability and performance for server and hardware platforms. SIMtone did not disclose terms of the deal. Contact (919.926.7285).

**Washington, D.C.** — The U.S. Department of Energy awarded a \$900,000 grant to RTP-based Semprius ([www.semprius.com](http://www.semprius.com)), developer of patented technology for the transfer printing of high-performance semiconductors onto multiple types of surfaces, and the University of Illinois ([www.uiuc.edu](http://www.uiuc.edu)). The team will seek a low-cost concentrator of photovoltaic energy from automated printing and the interconnection of a large number of microcells with built-in optics. Contact Joe Carr (919.806.4923).

**Pittsboro** — Biolex Therapeutics ([www.biolex.com](http://www.biolex.com)), a clinical-stage biopharmaceutical company that uses its patented LEX System<sup>SM</sup> to optimize monoclonal antibodies, withdrew its planned \$80-million initial public offering. Management cited "unfavorable market conditions" as the reason. In other news, the company formed an agreement with Merck KGaA, Darmstadt, Germany (acting for its division for innovative pharmaceuticals, Merck Serono), to evaluate antibody optimization and production in the LEX System<sup>SM</sup>. Contact Glen Williams (919.542.9901).

**On The Up  
Centice Corporation  
Morrisville, N.C.**

The Federal Drug Administration estimates that more than 1.3 million people are injured annually from medication errors. Malpractice statistics show there are more drug-error deaths each year than from breast cancer, AIDS or traffic fatalities. The costs associated with these errors? At least \$29 billion per year.

With increasing demand for prescriptions (almost 4 billion annually), limits on the number of available pharmacists and manual visual methods for final inspection, "the potential for errors will very likely increase," notes Ray W. Swanson, president and CEO of Centice Corporation. The drug verification and safety company develops products to make dispensing medication more accurate.

Its first product will go to market later this year. PASS Rx will help pharmacists reduce errors by scanning the contents of a filled prescription bottle prior to handing it off to the customer. "Our instrument contains sensor systems allowing the pharmacist to perform a chemical check of the contents of the bottle and then verify whether it is correct by comparing that 'fingerprint' to the 'fingerprint' of the correct drug stored in our proprietary database," Swanson explains. The scanning technology was patented in early 2006.

In addition to purchasing the instrument and software, pharmacies will pay a subscription fee to access a proprietary database containing the majority of oral solid pharmaceuticals in a pharmacy's everyday workflow. "Given the broad applicability of our technology to other formats, like liquids in IV solutions, we plan to extend this model to other medication formats in the future," Swanson adds.

The company was founded in 2004 after a team led by co-founder David Brady, Addy Family Professor at Duke University and leader of the Duke Imaging and Spectroscopy Program, won the Duke Startup Challenge. "Early work at Centice validated the raw technology out of Duke by creating a series of enhanced spectrometers," Swanson explains. "Use of these instruments gained the company additional visibility and ultimately led to market-based discussions around the potential to tackle the drug error problem."

The competition included \$50,000 in seed funding, giving Centice the cash it needed to get off the ground. The following year, it won CED's Spin-Out of the Year award, gaining more attention from investors.

"Our relationship with the Council for Entrepreneurial Development has given us needed exposure in our earlier stages of development," Swanson says. "Our visibility at past CED Venture and Tech conferences has been positive. The events certainly attract strong regional and national investors and partners who are interested in our technology and its application."

Late last year, Centice closed an \$11.3 million Series B round led by S-Group Direct Investments Ltd., and founding investors, The Aurora Funds and Novak Biddle Venture Partners. Additional investors included Innovation Ventures, along with several other individuals.

Swanson, who has over 20 years experience of bringing new products and technologies to market, has been at the helm since September 2006. The company currently has 30 employees and expects to grow by another 30 to 40 percent this year. The new hires will scale sales, marketing, and support, and continue to develop the product pipeline.

"The Centice team is passionate about what we are doing, and that our products will have positive impact to empower healthcare professionals to further secure the safety of their patients," Swanson notes. "We are privileged to have some of the brightest minds in the Triangle working diligently to bring this unique technology to fruition."

## **New Developments**

**Research Triangle Park** — Hatteras Networks ([www.hatteras.com](http://www.hatteras.com)), which delivers broadband Ethernet solutions over existing copper facilities, closed a series of agreements in Europe, Africa and Australia to transform traditional networks into higher-speed conduits for Ethernet broadband technology. The deals are with:

- **ATL:** For network upgrades in Hungary, Romania and Central Europe
- **Demand Broadband:** To deploy Ethernet technology in Australia that meets international network carrier standards.
- **Telecom 180 Group:** To expand Ethernet services across southern Africa.

Hatteras did not disclose the financial terms of the agreements. Contact Barry Shapiro (919.991.5440).

**Research Triangle Park** — ChannelAdvisor ([www.channeladvisor.com](http://www.channeladvisor.com)), provider of e-commerce channel management solutions, extended its strategic alliance with Overstock.com (NASDAQ: OSTK) through August 31, 2011. Under the alliance, *ChannelAdvisor Complete* is fully integrated with Overstock.com to enable online retailers to list their merchandise and process orders placed on the Overstock.com shopping site from a single interface. Contact Ashley Jones (919.349.4177).

**Research Triangle Park** — The North Carolina Biotechnology Center ([www.ncbiotech.org](http://www.ncbiotech.org)), the nonprofit organization that supports biotechnology research, business and education in North Carolina, awarded a \$71,000 grant to Mount Olive College to fund construction of cell and molecular biology lab at the Goldsboro school. Contact Jim Shamp (919.541.9366).

**Raleigh** — Lulu.com ([www.lulu.com](http://www.lulu.com)), provider of online publishing tools for self-publishers, formed a partnership with Borders to power the Borders Personal Publishing program. Currently available through interactive kiosks in the Ann Arbor concept store's Digital Center, the service will be rolled out to 13 other concept stores later this year. Contact Gail Jordan (919.460.7022).

**Research Triangle Park** — BioMarck Pharmaceuticals ([www.biomarck.com](http://www.biomarck.com)), a biopharmaceutical research and development company focused on the treatment of respiratory diseases, obtained agreement from the FDA for a Phase 2 trial of the novel respiratory drug BIO-11006 Inhalation Solution. Contact: Scott Yates (919.450.6452).

**Research Triangle Park** — StrikeIron Inc. ([www.strikeiron.com](http://www.strikeiron.com)), provider of Data as a Service (DaaS), partnered with The Sports Network, a real-time sports wire, to deliver information such as sports scores, team and player statistics, schedules, live analysis and college basketball news straight to any application, Web site or device. Contact Jane Foreman (919.405.7010 x112).

## **Featured Fund Pappas Ventures Durham, N.C.**

Smart money—it comes from investors who are not only experts at building a business, but who know the industry in which they are investing. That's the profile of Durham-based Pappas Ventures

([www.pappasventures.com](http://www.pappasventures.com)). With \$250 million under management, it's the largest venture firm in the Southeast focused solely on life science.

Founder and Managing Partner Art Pappas is a life science veteran, with executive experience with Abbott, Merrell Dow and Glaxo. "When I left Glaxo, I saw a unique and interesting opportunity to work with life science companies and assist them in entering an overseas market," he says. "We began as a project financing firm for life science companies, managing founder's funds, and through that process we grew into a venture capital firm, managing institutional money."

The fund builds portfolios of companies that have a balanced mix of early- and mid-stage enterprises. Its national portfolio includes 40 companies: Roughly 80 percent of all investments are in biotechnology and pharmaceuticals, and 20 percent are in the medical device and diagnostics space.

The firm is especially well-known in the industry for its clinical development expertise. Among its earliest success stories were RTP-based Quintiles Transnational and Quebec-based BioChem Pharma. More recent wins include Alameda, Calif.-based Peninsula Pharmaceuticals, acquired by Johnson & Johnson for \$250 million; Cerexa (also in Alameda), acquired by Forest Laboratories for \$483 million; and Waltham-Mass.-based Syntonix, acquired by Biogen Idec for \$120 million.

Pappas expects the local life sciences industry to grow. "The environment is ripe for development in the life science industry, and there is adequate capital to fund the growth," he says.

Scott Weiner, a Pappas Ventures principal who joined the firm in 2006, agrees. "The Research Triangle region has a combination of factors that you just don't find in most other areas," he says. "The combination of world class universities for research and tech transfer, mature pharmaceutical companies as a source of research and management expertise, and the support of the state government have made the Research Triangle region a successful area for the development life science companies."

Aiding the industry and region in its growth is CED. "It's a natural bridge between the entrepreneur and the necessary infrastructure for building a life science company," Pappas says. "I have encouraged other regions of the country to partner with CED or to build similar organizations as a way to spur the successful growth much like we've experienced in this area."

## **In the Pipeline**

**Durham** — Duke University Institute for Genome Sciences & Policy ([www.genome.duke.edu](http://www.genome.duke.edu)), a center for inter-disciplinary research, developed a new method for finding connections in the genetic pathways underlying cancer. Using gene sets in modeling tumor progression rather than single genes, it permits characterization of gene networks over time as the cancer progresses from normal tissue to early cancerous tissue to metastasis or spread. The research could lead to new drug targets. Contact Dr. Huntington F. Willard (919.668.4477).

**Durham** — Addrenex Pharmaceuticals ([www.addrenex.com](http://www.addrenex.com)), developer of drugs for the treatment of adrenergic dysregulation, filed a new drug application with the Food and Drug Administration for its first drug, CloniBID. Upon approval from the FDA, Addrenex and its licensing partner, Sciele Pharma, Inc., will launch the drug, which treats hypertension, in the first half of 2009. Contact Paul Ketteridge (919.941.0800).

## **Venture 2008**

CED announced the first set of presenting companies for Venture 2008, the 25th annual Research Triangle venture capital conference, on April 16-18 at the Washington Duke Inn in Durham.

**Late Stage companies will include:**

**Agility Healthcare Solutions** ([www.agilityhealthcare.com](http://www.agilityhealthcare.com)), Glen Allen, Va.-based developer of healthcare resource and workflow to control patient-care process

**Argos Therapeutics** ([www.argostherapeutics.com](http://www.argostherapeutics.com)), Durham-based developer of breakthrough immunotherapies that target the unique features of a patient's disease

**Chimerix, Inc.** ([www.chimerix-inc.com](http://www.chimerix-inc.com)), RTP-based antiviral drug discovery and development company

**DigitalSmiths** ([www.digitalsmiths.com](http://www.digitalsmiths.com)), Beaufort, S.C.-based video search company providing solutions for advertising, user generated content and other consumer opportunities

**Inlet Technologies** ([www.inlethd.com](http://www.inlethd.com)), Raleigh-based provider of digital media technology for content creation and distribution

**Integrated Oncology Solutions** ([www.oshealth.com](http://www.oshealth.com)), Raleigh-based oncology nuclear receptor drug discovery and development company

**MaxCyte** ([www.maxcyte.com](http://www.maxcyte.com)), Gaithersburg, Md.-based creator of cell therapeutics that cannot otherwise be developed.

**Omnilink Systems** ([www.omnilinksystems.com](http://www.omnilinksystems.com)), Alpharetta, Ga.-based provider location-based services technology solution

**Optimal Reading Solutions**, ([www.optimalreadings.com](http://www.optimalreadings.com)), Birmingham, Ala.-based company optimizing patient care through faster, higher-quality radiology interpretation processes and results

**Phase Biosciences** ([www.phasebio.com](http://www.phasebio.com)), Durham-based pharmaceutical drug delivery and protein purification company

**Proventys** ([www.proventys.com](http://www.proventys.com)), Durham-based personalized medicine knowledge service provider focused on delivering cutting-edge risk prediction technology

**SCYNEXIS, Inc.** ([www.scynexis.com](http://www.scynexis.com)), RTP-based drug discovery and development company.

**Semprius** ([www.semprius.com](http://www.semprius.com)), RTP-based provider of photovoltaic modules for solar farms

**Tricycle, Inc.** ([www.tricycleinc.com](http://www.tricycleinc.com)), Chattanooga, Tenn.-based provider of eco-efficient merchandising alternatives for commercial interiors

**Yap** ([www.yapme.com](http://www.yapme.com)), Charlotte-based creator of an automated speech-to-text messaging platform for mobile devices

**Zenoss, Inc.** ([www.zenoss.com](http://www.zenoss.com)), Annapolis, Md.-based provider of open source application, server, and network management

**Early Stage companies will include:**

**Abeome Corporation** ([www.abeomecorp.com](http://www.abeomecorp.com)), Athens-Ga.-based developer of monoclonal antibody therapeutics and diagnostics

**ADial Corp., Keswick, Va.-based** pharmaceutical drug development company

**Amulet Pharmaceuticals** ([www.amuletpharma.com](http://www.amuletpharma.com)), Rockville, Md.-based developer of a novel treatment for idiopathic and diabetic gastroparesis

**Blue Square Energy** ([www.bluesquareenergy.com](http://www.bluesquareenergy.com)), North East, Md.-based high-performance, low-cost solar cell manufacturer

**BLUERIDGE Analytics** ([www.siteops.com](http://www.siteops.com)), Charlotte-based land optimization Software-as-a-Service (SaaS) platform developer

**Chaologix** ([www.chaologix.com](http://www.chaologix.com)), Gainesville, Fla.-based morphing logic-based semiconductor company

**Escape Media Group d/b/a Grooveshark** ([www.grooveshark.com](http://www.grooveshark.com)), Gainesville, Fla.-based P2P music sSharing community

**FirstString Research, Inc.** ([www.firststringresearch.com](http://www.firststringresearch.com)), Charleston, S.C.-based developer of a wound-healing peptide gel

**Innegrity** ([www.innegrity.com](http://www.innegrity.com)), Greer, S.C.-based Maker of a high-modulus thermoplastic fiber to enhance fiberglass and carbon in performance composite applications

**Intercede** ([www.intercedeservices.com](http://www.intercedeservices.com)), Charlotte-based provider of intelligent incident and allegation management solutions

**NexGenVS LLC** ([www.vidrunner.com](http://www.vidrunner.com)), Blacksburg, Va.-based developer of P2P live streaming video over mobile devices

**NextRay**, Chapel Hill, N.C.-based medical device manufacturer

**OcuCure Therapeutics** ([www.ocucure.com](http://www.ocucure.com)), Roanoke, Va.-based ophthalmic drug development company

**Precision BioSciences, Inc.** ([www.precisionbiosciences.com](http://www.precisionbiosciences.com)), RTP-based genomic molecular biology company

**Qualtré, Inc.**, Atlanta, Ga.-based supplier of MEMS inertial sensor components

**SoloHealth**, Duluth, Ga.-based developer of elf-service health screening and digital media

**Spectrum Bridge, Inc.** ([www.spectrumbridge.com](http://www.spectrumbridge.com)), Lake Mary, Fla.-based real-time, dynamic spectrum exchange

**Showcase companies will include:**

**CoLucid Pharmaceuticals, Inc.**, Indianapolis, Ind.-based biopharmaceutical company focused on new therapeutics for neurological diseases – developed a novel clinical stage migraine molecule

**Regado Biosciences, Inc.** ([www.regadobiosciences.com](http://www.regadobiosciences.com)), Durham, N.C.-based biopharmaceutical company developing antidote-controlled therapeutics via simultaneous rational design of drug-antidote pairs.

This line-up is subject to change. The April issue of *Venture Update* will feature names of the Angel Retreat, Start-Up Speed Dating and additional presenting companies.

## **Mark Your Calendar**

### **CED's MedTech Conference**

March 6, 2008

Meet with leading investors, corporate partners and industry entrepreneurs as they focus on the Southeast's growing medical device industry. Held at Duke University's Fuqua School of Business. Visit [www.cednc.org/medtech](http://www.cednc.org/medtech) for more information.

### **CED's Entrepreneurial Excellence Awards-*Call for applications***

Event: June 5, 2008

Deadline for nominations for CED's Entrepreneurial Excellence Awards is April 21, 2008. Contact Kristen Jeffers 919.226.0473 or [kjeffers@cednc.org](mailto:kjeffers@cednc.org).

### **CED's Venture 2008 Conference**

April 16-18, 2008

CED's 25th year showcasing the Southeast and Mid-Atlantic's most dynamic and promising business opportunities for venture investment. Held at the Washington Duke Inn & Golf Club, Duke University. Visit [www.cednc.org/venture](http://www.cednc.org/venture) for more information.

### **Angel Investor Retreat**

April 17, 2008

Held in conjunction with CED's 25th Annual Venture Conference, the Angel Retreat showcases 10+ companies from across the Southeast and Mid-Atlantic seeking seed-stage funding from angel and early-stage investors. Register now- visit [www.cednc.org/conferences/venture/2008/registration/](http://www.cednc.org/conferences/venture/2008/registration/) for more information.