

Ventaira VC round allows it to get back on test track

BY DAN EATON ■ BUSINESS FIRST
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The head of a pharmaceutical company aiming to improve asthma treatment hopes a \$13.5 million venture capital infusion will be the gust of air needed to propel its project to market.

"We've raised what we needed to raise to get where we want to go," Leslie J. Williams, president and chief executive of Ventaira Pharmaceuticals Inc., said after disclosing the VC deal April 4. "We're advancing toward commercialization."

Ventaira is scheduled to begin clinical trials next month with a product combining its Mystic inhalation device and aerosol drugs, Williams said. The goal is to accurately deliver medication to the lungs to treat respiratory illnesses and other ailments, starting with asthma.

"With traditional inhalation devices, the vast majority of the drugs go elsewhere, not where they're intended," said Curtis Crocker, managing partner of Reservoir Venture Partners, one of the investors in Ventaira. "Eighty percent of the drugs (with Mystic) go where they're intended, into the lungs, rather than the throat. That is the Holy Grail of this technology."

Mort Collins, general partner with investor Battelle Ventures LLC and Ventaira's chairman, said the hope is that aerosol delivery will become the method of choice for delivering some medicines.

In addition to asthma treatments, which is the company's first goal, Ventaira has turned more than 20 drugs into aerosol versions, including proteins, anti-infectives and treatments for diabetes.

Williams said the new funding will enable Ventaira to complete commercial development of the inhalation device, advance clinical testing for its asthma compound and expand the formulation abilities of its electrohydrodynamic technology — the process of turning medication into an aerosol mist.

Problems in phase one testing last May

stalled Ventaira's product development and led to the cutting of 24 of the company's 36 employees. Williams, who was acting chief operating officer at the time, said the problems have been corrected and the staff is up to 17.

"We've made tremendous progress over the last nine months," she said.

Attracting VC

Eight groups participated in Ventaira's latest VC round, including Battelle Memorial Institute, which is Ventaira's former parent, and Battelle Ventures, an independent venture capital firm funded by Columbus-based Battelle. Others putting money in included lead investor TL Ven-

tures, Safeguard Scientifics Inc. and PA Early Stage Partners, all based in suburban Philadelphia; Fletcher Spaght Ventures LP of Boston; and James Richardson & Sons Ltd. in Winnipeg, Canada.

Williams declined to disclose each firm's equity stake in the company.

With the exception of Battelle Ventures, formed in 2003, each group has invested in Ventaira before.

Collins said this is Ventaira's third round of investment.

Ventaira in 2003, when it was named BattellePharma Inc., received \$22 million from venture capitalists, the largest deal of its kind in Central Ohio that year. The company received \$30 million in investments in 2002.

Crocker, whose Reservoir Venture Partners has invested between \$1 million and \$2 million in Ventaira, thinks the venture capital market in Central Ohio isn't as bad off as some think.

The Ventaira deal alone puts the total of VC deals in Central Ohio this year ahead of 2004, when a meager \$7.1 million was invested in three area companies.

"You're seeing some opportunities that have been tracked for a year or two bear fruit," Crocker said. "I wouldn't say that in the near term you'll see a handful of (venture capital) deals every quarter, but you'll see a few.... We're pleased with what we're seeing."



L. Williams

VENTAIRA PHARMACEUTICALS INC.

Business: Specialty pharmaceutical company focused on developing inhalation devices.

Based: Columbus

CEO: Leslie Williams

Employees: 17

Founded: 1997

Web site: www.ventaira.com