



INVESTMENT

MB Venture Partners, Innova Memphis, and other VCs infuse regional startups with cash. By **MITZI PALMER**

INNOVATIVE IDEAS need financial stability and pioneers to support them. With venture capital (VC) funds, ideas — in the form of startup companies — are given the financial and advisory assistance necessary to survive.

Fortunately for area startups, Memphis has a number of organizations devoted to their livelihood. Local VCs, including MB Venture Partners, Innova Memphis Inc., Addison Capital Advisors, and SSM Partners, play a crucial role in the viability of startups.

“The most critical time for a company is during the early stages of creation,” says Ken Woody, president of Innova Memphis. “It is the most difficult time to get funding since it is also the riskiest, and many of the critical items for success are not fully in place yet.”

“Supporting these high-growth potential companies is essential to their making it to the next level when more funding will be available. Without this funding, and even more importantly, without the guidance and mentoring, the vast majority of these companies will never be successful.”

Pitt Hyde and Gary Stevenson founded MB Venture Partners in 2001 with a vision of building a firm focused on investment opportunities in medical-device and biotech companies. The firm’s first fund of \$22.4 million was raised the following year, and in 2005, after adding two more investment partners to the team, another \$54 million was secured. Since then, MB Venture Partners has invested in 18 startups.

Stevenson says that because of the community’s prominent position in the biosciences, and because it’s home to some of the leading health-care groups in the field, Memphis is a good fit for a company such as theirs.

GTx, Inc., the area biopharmaceutical company devoted to the prevention and treatment of cancer, has also played a significant role in the development of MB Venture Partners. Stevenson says, “GTx has all the qualities we look for in an investment: an excellent management team, strong intellectual property, and large market opportunities. The economic impact on Memphis with companies such as GTx is profound.”

MB Venture Partners has also invested in Franklin, Tennessee-based BioMimetic Therapeutics, Inc., and Knoxville-based Protein Discovery, Inc. “Our investment played a role in keeping these companies in Tennessee,” Stevenson says. “All three had competing offers from other investors, some requiring that the companies relocate out of state. Our investors and the state are better off that all three chose to stay.”

Innova Memphis was founded in 2007 by the Memphis Bioworks Foundation. Like MB Venture Partners, it’s helping create an environment for local bioscience businesses to thrive. “For that to work, we need to increase the entrepreneurial support in our region,” Woody says. “Entrepreneurs need mentoring, funding, and interaction with other likeminded

Local Venture Capital Firms

Addison Capital Advisors:

addisoncapitaladvisors.com

Innova Memphis Inc.: innovamemphis.com

MB Venture Partners: mbventures.com

SSM Partners: ssmventures.com

leaders. Innova Memphis was started to help founders with great ideas, regardless of the business sector, to convert their ideas into commercially successful companies.”

Based in the heart of Memphis’ Medical District, Innova Memphis has had a hand in helping grow Memphis-based startups such as ExtraOrtho — an early-stage orthopedic trauma fixation company — and Cagenix — a dental implant framework service company.

“ExtraOrtho was a great fit for us not only because of the Memphis medical-device industry but also because the company was expected to experience a strong growth cycle,” says Woody. “With Cagenix, we helped find an experienced CEO and raise the funds needed to take the company to commercialization.”

To attract some of the leading biotech companies to this area, Woody says Innova Memphis works closely with city and county economic-development teams, the Greater Memphis Chamber, universities, and other research technology-transfer groups.

“We help these companies become high-growth creations that continually train and hire high-tech workers,” Woody says. “This increases the tax base and overall knowledge base in our community, helping improve all aspects of our region.

“If we do not have organizations who will fund and support new ventures in Memphis, current companies will die and new founders will take their concepts elsewhere to begin,” Woody says. “Success breeds success.” **B**