



**PRESS RELEASE**

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**CED Releases 2014 *Innovators Report*  
Showing Increased Investment Dollars and Deals  
For NC Entrepreneurial Companies in 2014,  
Plus Record IPO Activity and \$1 Billion+ in Funding  
Over Two-Year Period Covering 2013 and 2014**

*Report covers investments in life science, technology, cleantech  
and advanced manufacturing and materials companies throughout North Carolina*

DURHAM, NC, March 3, 2015 -- The Council for Entrepreneurial Development (CED), the largest and longest-running entrepreneurial network in the nation, today released its annual *Innovators Report*, which tracks entrepreneurial activity in North Carolina.

It showed that in 2014, 226 North Carolina entrepreneurial companies in the technology, life science, advanced manufacturing and materials, and cleantech sectors collectively raised more than \$622 million in funding through equity investments, grants and awards. This is up nearly 35 percent from the more than \$461 million raised by 223 companies in 2013. The report also found that a total of 331 investments were made in the state in 2014 – up 27 percent from the 260 deals for North Carolina companies in 2013.

Over the two-year period covering 2013 and 2014, North Carolina entrepreneurial companies have garnered more than \$1 billion in funding – and with 15 entrepreneurial IPOs, have set a new record with the best two-year period for entrepreneurial IPO activity in North Carolina's history.

"This trend is encouraging," said Joan Siefert Rose, president of CED. "Not only are dollars and deals both up in 2014, but if you look at the last two years of activity, North Carolina entrepreneurial companies crossed the billion-dollar funding mark – and made history with a record-setting number of IPOs.

"Looking ahead, we expect this momentum to continue because North Carolina has a strong pipeline of companies that have moved well past the startup stage to what we call 'scaleups,'" Rose added. "That's the tipping point when cities and states really start to see the entrepreneurial sector delivering on the promise of creating jobs and economic prosperity."

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## **(CED Releases 2014 Innovators Report, page 2 of 4)**

The proprietary report tracks data not readily available elsewhere. CED leverages its deep relationships with companies and investors, and its partnerships with organizations and sources such as the National Venture Capital Association, the North Carolina Biotechnology Center, Ernst & Young and PricewaterhouseCoopers MoneyTree Report to gather, analyze and report these data. In addition to absolute numbers, the report uncovers trends in the entrepreneurial sector.

Below is a breakdown of how the \$622 million in total funding was distributed across the four sectors, and how 2014 funding compared to 2013 funding.

- **Tech** companies had a particularly strong year, attracting nearly \$278 million in 2014 versus nearly \$117 million in 2013 – an increase of nearly 138 percent.
- **Advanced manufacturing and materials** companies attracted more than \$81 million in 2014, versus nearly \$69 million in 2013 – an 18 percent increase.
- **Life science** funding lagged its 2013 total, with over \$252 million in 2014 versus more than \$275 million in 2013, an 8 percent decrease. Still, there were some noteworthy life science deals, including \$60 million for Viamet Pharmaceuticals, Inc. and \$20 million for Scioderm, Inc.
- The emerging sector of **cleantech** continued to draw investor attention, raising nearly \$11 million in 2014. This was the first year that the *Innovators Report* specifically broke out cleantech funding from the broader tech category.

### **Key Trend: Undisclosed and Individual Investors**

Among the trends uncovered for 2014, undisclosed and individual investors have continued to step up their involvement in the state's entrepreneurial companies. These investors, which can include angels, high net-worth individuals, family offices, and other accredited investors, participated in 65 percent of the total equity deals in 2014.

“We’re keeping a close eye on this trend of high-wealth individuals and undisclosed investors becoming more and more active here,” Rose said. “Many of these people keep a low profile and prefer to invest in very specific things. We think there is untapped potential to more aggressively tell North Carolina’s story to this audience.”

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## **A Variety of Funding Sources**

North Carolina companies attracted investments from 132 unique institutional funders in 2014 – an increase from the 108 unique institutional funders in 2013.

Funding came from a variety of geographic locations, with:

- 41 investors coming from the Southeast (including 32 from North Carolina),
- 28 from the Northeast,
- 21 from the mid-Atlantic,
- 20 from California,
- 12 from the Midwest
- and 2 from the Northwest.

There were eight (8) international investors, from the United Kingdom, Ireland, Belgium, Germany, France and China.

“California was the second-largest source of active investors by state, which proves that capital will find good deals wherever they are,” said Dhruv Patel, director of investor relations at CED. “For those who say that North Carolina needs a stronger connection to Silicon Valley, it’s already happening. Investors from all over the country -- and all over the world -- are telling us that they believe this region is a good source for innovative companies, with fair valuations, and they are actively seeking new deals here.”

## **High-Dollar Deals**

In 2014, 25 North Carolina companies attracted more than \$5 million each in funding. The \$5 million mark is a significant milestone, as it is the level at which companies are generally adding staff, growing more quickly and beginning to attract investors from outside North Carolina. The leading deals by sector broke down this way:

- In the tech sector, Dude Solutions topped the list of high-dollar deals with \$100 million in investment.
- In life science, Viamet Pharmaceuticals, Inc. was at the top, with \$60 million.
- In advanced manufacturing and materials, Phononic was the leader, with \$44 million.

## **Strong Exits**

The strong trend for exits in the state continued, with 6 IPOs and 59 acquisitions in 2014 alone. Over 2013 and 2014 combined, there were 15 IPOs among entrepreneurial companies, which is the state’s best two-year period for entrepreneurial IPO activity.

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**The 6 IPOs were:**

- PRA Health Sciences (PRAH), \$330 million
- INC Research (INCR), \$150 million
- Square 1 Bank (SQBK), \$104 million
- SCYNEXIS, Inc. (SCYX), \$62 million
- Argos Therapeutics Inc. (ARGS), \$45 million
- NephroGenex (NRX), \$37 million

**Mergers and Acquisitions:**

A number of North Carolina companies were involved in acquisitions of \$100 million or more:

- Furiex Pharmaceuticals was acquired by Forest Laboratories for \$1.5 billion.
- Chelsea Therapeutics was acquired by Lundbeck for over \$658 million.
- Solstas Lab Partners Group, LLC was acquired by Quest Diagnostics for \$570 million.
- Relias Learning was acquired by Bertelsmann for \$540 million.
- Aerial BioPharma was acquired by Irish-based Jazz Pharmaceuticals for up to \$397 million.
- DigitalSmiths was acquired by TiVO for \$135 million.
- Appia was acquired by Mandalay Digital for \$100 million.

Patel said merger and acquisition activity is likely understated because a majority of mergers and acquisitions are undisclosed. Patel also said the \$100 million threshold is significant.

“Exits at this level garner national attention for North Carolina,” he said. “When we have a critical mass of these types of deals, people sit up and take notice. It shows that the region is capable of big wins.”

**About CED**

CED is the network that propels emerging Triangle companies into highly successful businesses. <http://www.cednc.org>.

**CED Innovators Report:** [www.cednc.org/innovatorsreport](http://www.cednc.org/innovatorsreport)

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