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Jacksonville fund helps biotech startup get \$7.75M

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by [Tony Quesada](#)

Staff Writer

NORTH FLORIDA -- A startup biotech company in Gainesville has closed on \$7.75 million in early-stage financing from four partnering equity groups, including a newly established Jacksonville-based equity fund, the administrator for the local fund said.

AxoGen Inc. was formed in 2002 to commercialize technologies for nerve grafting and regeneration developed by the [University of Florida's](#) McKnight Brain Institute. The company plans to offer products for "an integrated approach to peripheral nerve regeneration" for patients with peripheral nerve injuries.

The company said it has combined technologies in a way that enables the introduction of products that improve the outcome of peripheral nerve repair. It said its products are far better than existing state-of-the-art techniques.

An estimated 700,000 procedures related to peripheral nerve injuries were performed in 2002 in the United States, generating more than \$3.5 billion in medical costs, according to the University of Florida.

[Springboard Capital II LLC](#), a early-stage private equity fund, took an interest in AxoGen, but it didn't have enough money to meet the company's needs, said Al Rossiter, the fund's administrator.

So Springboard, which typically invests \$250,000 to \$1 million at a time, called on larger venture capital funds to put together sufficient dollars.

"Syndicating the investment is not only critical, it's the way it's done," said Rossiter, president of [Enterprise North Florida Corp.](#) "Venture investing is very much a team sport."

The team behind AxoGen's funding included Accuitive [Medical Ventures](#) in Atlanta, [Cardinal](#)

Partners in Princeton, N.J. , and De Novo Ventures in Menlo Park, Calif. Combined, the three companies have about \$780 million under management.

Rossiter said three things sold the venture capital companies on AxoGen: a strong management team led by co-founder and CEO Jamie Grooms, a clear emerging market, and "good science" behind it.

"The technical aspects of what they're doing are compelling," Rossiter said.

The AxoGen deal is the first investment for Springboard Capital II, the following-on equity fund to Springboard Capital I. Both are administered by **Springboard Capital Management Inc.**, a subsidiary of Enterprise North Florida.

Besides being Springboard Capital II's first investment, Rossiter said the deal is significant because it involves large venture capital companies from throughout the country supporting biotechnology in this area.

"It shows that a life sciences company in Northeast Florida is able to attract venture capital from Georgia, New Jersey and California," he said.

tquesada@bizjournals.com / 265-2220

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