

Triathlon Medical Hires Sooch, Eyes \$150M Second Fund

By [Brian Gormley](#), Venture Wire Life Sciences, May 7, 2009

Triathlon Medical Ventures, a Midwest-focused biotech and medical-device investor, has hired Apjohn Ventures co-founder Mina Sooch as a managing partner as it sets out to raise \$150 million for its second fund.

Triathlon formed in 2004 and raised \$96 million for its debut fund that same year. In 2006, it topped the fund off with an additional \$9 million. The firm invests mostly in start-ups based in the Midwest, where the partners say they see good science but relatively little competition. They invested fund one in 17 companies and have exited two: Remon Medical Technologies Inc., acquired by Boston Scientific Corp. in 2007 for an undisclosed amount; and Renal Solutions Inc., which Fresenius Medical Care AG bought in 2007 for up to \$190 million in cash and milestones.

Triathlon raised its first fund through the participating-securities Small Business Investment Co. program, in which firms could raise \$2 in Small Business Administration loans for every \$1 raised privately. That program is no longer available, so the Cincinnati-based firm aims to expand its LP base with Triathlon Medical Ventures Fund II LP, said Managing Partner Suzette Dutch. Fund-one backers include Case Western Reserve University, Jewish Hospital HealthCare Services, Norton Healthcare, Tri-State Growth Capital Fund, University of Cincinnati, University of Louisville and Washington University St. Louis. Dutch acknowledged that luring new institutions will be difficult at a time when LP capital calls are exceeding distributions, but she pointed out that the fund-raising market was also difficult in 2004 for a first-time fund.

The addition of Sooch, co-founder of Kalamazoo, Mich.-based Apjohn Ventures, could help Triathlon approach new investors and extend its reach. Triathlon, which also has offices in Indianapolis, St. Louis and Louisville, Ky., wanted to have a person on the ground in Michigan, which it sees as a key state for future investments, and the partners knew Sooch through their co-investment with Apjohn in biotech company Kereos. Sooch, who last month agreed to join Triathlon for fund two, will work from Michigan and source deals through connections she made with Apjohn, which raised a \$15 million fund in 2003 that was invested in nine companies, including Afmedica Inc., which was acquired by Angiotech Pharmaceuticals Inc. in 2005 for an undisclosed amount.

Apjohn Ventures in 2007 set out to raise a \$50 million second fund, but as the economy soured last year the firm in the second quarter of 2008 decided to end that effort, Sooch said. Joining Triathlon gives Sooch access to a firm with greater resources, she said. "I think consolidation of partners with similar strategies, focused in the Midwest, allows us to create funds with more scale, more quickly," Sooch said.

Triathlon plans to continue its early-stage strategy with fund two, but will change its approach somewhat. First, it will increase reserves for follow-on investments. In the past, it reserved the same amount for follow-ons as the amount of the initial investment, but with fund two, it will hold back 1.5 to two times the amount of the original commitment, depending on the company stage, Dutch said. The firm, which leads most of its deals, also intends to co-invest with firms that are at a similar stage in their fund cycle, she said, so that all syndicate members have the same timeframe for exiting their investment.

The goal is to ensure that its companies have the support they need and won't be forced to sell before they've reached their potential. "We always believed in syndicating, but we are going to be even more cautious about the size of syndicates and who we syndicate with," Dutch said. "It's not just the size of somebody's fund, but where they [are] in their fund."

With a larger fund, Triathlon plans to back 20 to 25 medical device and biotech companies, Dutch said. The firm sources many opportunities through university and corporate labs. For example, Akebia Therapeutics Inc., a developer of treatments for anemia and vascular disease, formed in 2007 around drug programs and assets from Procter & Gamble Co., while regenerative-medicine start-up Juventas Therapeutics (formerly AcelleRx Therapeutics Inc.) spun off from the Cleveland Clinic.

In addition to Dutch and Sooch, the Triathlon team includes managing partners Carrie Bates, Dennis B. Costello, George Emont and John M. Rice; Partner Randy H. Weiss and Venture Partner Mark Collar. <http://www.tmvp.com>