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More Angel Investors Needed to Support Growth of Emerging Life Science Industry in Tennessee

Life Science Tennessee, Waller release new report with recommendations for expanding pool of angel investors to create more business opportunities in state

Nashville, Tenn. --- Life Science Tennessee (LST) and Waller today [released a new report](#) that identifies an unfilled need for angel investors to support early-stage life science companies in Tennessee. While the lack of angel investor funding is a national trend, it is more pronounced for life science companies that face longer and more expensive business development cycles, a strict regulatory environment and additional costs associated with clinical trials.

According to data from the National Venture Capital Association, there were 5,680 angel and seed deals recorded in 2015. Two years later, that total had fallen to 3,793. In that same two-year period, the average investment for angel and seed deals rose by 33 percent for a median deal size of \$1 million.

“As this report details, the lack of an angel network to support early-stage life science companies inhibits economic growth in our state,” said Abby Trotter, LST’s executive director. “Tennessee’s bioscience industry employs more than 40,000 people across 1,275 businesses and public and private research institutions with innumerable commercial opportunities. If we fail to build a pipeline of angel investment, our life science entrepreneurs have less opportunity to grow in our state.”

The life sciences industry includes companies in the fields of pharmaceuticals, biomedical technologies, food processing and agricultural technology, environmental biology, and biomedical devices. Advancements in life sciences result in life-saving medicines, such as an in-vitro cancer test developed by EDP Biotech Corporation, and medical devices, such as a drug delivery catheter to mitigate cardiovascular disease from Advanced Catheter Therapies. Details of the experiences from ideation to commercialization of EDP and ACT, as well as Memphis-based Artiste Medical, can be found in the report.

“Tennessee is deeply rooted in the life science industry and is home to nationally-renowned research institutions, such as Vanderbilt University, Oak Ridge National Laboratory, St. Jude Children’s Research Hospital and numerous high-profile healthcare companies,” noted Hunter Rost, Partner at Waller. “Building on this reputation, we need to expand and strengthen our network of angel investors to support the next generation of life science startups and the medical and scientific breakthroughs they discover.”

Steps are already being taken to address the shortage of angel funding. In 2017, the Tennessee state legislature enacted an Angel Tax Credit, which is a tax credit against the Hall Income tax for pre-qualified

angel investment. More than \$1.5 million in credits was awarded last year which sparked \$5.2 million in investments. Importantly, 30 percent of those who received the credit were new investors.

Specifically, the report makes the following recommendations to bolster angel investment in Tennessee:

- Design and develop a network of individuals to anchor a life science angel network;
- Increase marketing activities for the Angel Tax Credit program to encourage more investment; and
- Continue to support the building of the life science ecosystem in Tennessee.

“Life Science Tennessee looks forward to working with our ecosystem partners across the state to advocate for these recommendations and ensure continued support for the emerging life science industry,” added Trotter.

This report was formulated from feedback received from early-stage life science companies in the form of one-on-one interviews and Life Science Tennessee membership surveys, as well as other regional and national reports regarding angel investment.

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About Life Science Tennessee

Life Science Tennessee is a statewide non-profit member organization whose mission is to advance and grow the life science industry in Tennessee through advocacy, partnerships and alignment with economic and workforce development. Life Science Tennessee conducts business and economic development activities; advocates on behalf of the industry; educates the public about the benefits of life sciences research and product development; and provides a network for the exchange of ideas, information and opportunities. For more information, visit www.lifesciencetn.org.

About Waller

With more than 230 attorneys in Nashville and Memphis, Tenn., Birmingham, Ala., and Austin, Tex., Waller assists clients in complex transactional, regulatory and litigation matters. The firm has built a national reputation for its work in healthcare, financial services, retail and hospitality, and has extensive experience in manufacturing, real estate, technology and other industries. For more information, please visit www.wallerlaw.com.