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Precision Thera Looks To Stay Private With \$35M Series D

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Diagnostics company Precision Therapeutics Inc. said its recent \$35 million Series D round will enable it to put off thoughts of the public markets for the next several years.

New investor Bain Capital led the round, joined by new investor Hillman Co. and existing investors Adams Capital Management, Birchmere Ventures, Draper Triangle Ventures, Longitude Capital, Quaker BioVentures and TVM Capital.

Precision Chief Executive Sean McDonald said the new post-money valuation was "in the high 100s, a little under \$200 million," making it a substantial up round from the \$93 million valuation on its previous financing, which closed in 2008.

Precision, based in Pittsburgh, is developing culture-based analyses based on biopsies of cancer tumors to determine response to various chemotherapies. The company, which has raised about \$100 million to date, filed to go public in August 2007 but withdrew its registration that December to pursue a reverse merger with Oracle Healthcare Acquisition Corp., a special purpose acquisition company.

Like many deals between SPACs and venture-backed companies of that era, the reverse merger fell through after Oracle's two-year timeframe expired.

McDonald said the SPAC deal ultimately was not consummated because it required a fund-raise in the public markets. "You still had to sell a stock, and looking back, that was a non-ideal time to be selling equities," he said. Ultimately the company raised \$43 million instead from VCs.

McDonald said that with the public markets still not favorable to young companies like his, Precision opted instead for another large round to give it several years' runway. "This is going to allow us essentially not to worry about an IPO for a while," he said, adding that the new round should last the company at least two and a half years.

Precision has been on the market for a couple of years, McDonald said, but is not yet profitable. He said current market trends in the life sciences are favorable to companies like his. "Especially with health-care reform, people have been looking at more efficiencies in the market, and personalized medicine is a big part of that," he said.

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