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Arboretum Ventures morphs into Ann Arbor jobs creator

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Reconstructing Michigan: It's our collective mandate.

[Arboretum Ventures](#) is helping remake Michigan, and the Ann Arbor-based venture capital firm is making money along the way. In fact, Arboretum seems to be in the business of making can't-miss investments.

The firm, buoyed by successful fundraising efforts and a stellar investment record, was named "Company of the Year" on Friday at AnnArbor.com Business Review's 2009 "[Deals of the Year](#)" ceremony.

To the outsider, venture capital seems distant. But investors are just what Michigan needs to recover from the economic trenches. And Arboretum is emerging as Michigan's premier investment group.

"They're viewed as the premier fund in this area based on the success they've had," said David Parsigian, managing partner of the Ann Arbor office of law firm [Honigman Miller Schwartz & Cohn](#), which handles legal work for Arboretum.

The venture capital strategy is based purely on taking risks by investing in early-stage companies to make much money as possible. Sounds cold, right? Maybe, but profits generate jobs. And that's what Arboretum is: a jobs generator.

Witness the latest two examples:

-[University of Michigan](#) spinoff medical devices firm [HandyLab](#), which got investment backing from Arboretum in 2004, is being acquired by [Becton, Dickinson and Co.](#) for close to [\\$300 million](#) in a deal to be finalized this month. HandyLab, which has 60 employees, is likely to expand in the Ann Arbor area.

-U-M spinoff [HealthMedia](#), funded by Arboretum in 2005 and [acquired by Johnson & Johnson](#) in October 2008, has added more than 20 workers at its 200-person downtown Ann Arbor office since its acquisition. J&J last week [announced](#) that it would eliminate 6 percent to 7 percent of its global workforce, but the cuts seem unlikely to affect HealthMedia, a bright spot experiencing high revenue growth.

To be sure, several other venture capital firms [played instrumental roles](#) in the success of HealthMedia and HandyLab. Ann Arbor's Rick Snyder, a Republican gubernatorial candidate, [invested](#) in both companies. And Mary Campbell, founder of Ann Arbor-based [EDF Ventures](#), helped HandyLab get on its feet in 1999.

However, Arboretum is emerging as a leader by sticking to an intelligent strategy: investing in technology that lowers the cost of health care.

"They were very focused and very strategic," Parsigian said.

That Arboretum is based in Michigan differentiates the firm from its contemporaries in California and Boston - the world headquarters of venture capital.

"There's a lot of competition for deals on the coasts, and you can do better as a financial investor if you can be smart about picking deals and get them in the Midwest, where you don't have to pay as much for them," Parsigian said.

Arboretum harbors steep ambitions.

"Our goals and our aspirations are to be one of the best venture funds in the nation in medical devices and health care services," Garfinkle has said.

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