

The Future of Healthtech 2024

October 2024



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Executive Summary

Turning a New Corner

Welcome to our *Future of Healthtech 2024* report, a comprehensive analysis of challenges, trends and opportunities in today's healthtech innovation market.

We entered this year with cautious optimism, which still rings true in the third quarter. There are reasons to be concerned. Slower investment paces and smaller check sizes mark the current investment environment. Investors have heightened expectations around strong unit economics, scalability and paths to profitability.

Normalization in valuations is in full force, with valuations across all stages under scrutiny. At least 12% of reported deals are down rounds, marking the highest level in the sector's history ([page 9](#)). There are a record number of unlabeled and unpriced extension rounds, where companies are leaning on existing investors to delay or avoid a value adjustment, hoping market forces, tech innovation or investor confidence will let them grow into their valuations before their runway vanishes. However, companies that are struggling to raise these inside rounds are having to look at M&A, cost cutting and down rounds as their coffers empty, suggesting the "markdown hammer" has yet to drop fully ([page 10](#)).

Still, we are in a markedly different place than we were in 2023, and we may be turning a corner. Interest rates have finally begun to lower, inflation has cooled slightly and public markets remain volatile but are getting stronger.

These macroeconomic improvements have provided a much-needed boost to the space. The sharp drops in investment have tapered, with investment showing signs of early recovery. Quarterly investment over the last three

quarters consistently hovered between \$4.0B and \$4.5B — markedly higher than the average quarterly investment in 2019 (\$3.0B). Early-stage deal activity has grown to record heights ([page 7](#)), surpassing even 2021 levels.

Artificial intelligence (AI) and machine-learning (ML) tech are bringing new enthusiasm into the sector, with AI solutions achieving stunning traction and revenue ramp rates. The transformation is felt most in the healthcare back office. Virtual assistants and revenue cycle management tools have taken the lead in investment on the strength of clearer revenue propositions and easier deployments ([page 17](#)). Value-based care (VBC) has continued to evolve, as specialty care startups create new, more integrated models of care that use AI for essential data analysis and outreach ([page 14](#)).

Despite the sector's tumultuous few years, healthtech startups continue to produce amazing innovation, from bringing the right healthcare to the right patient at the right time to finding increasingly better ways to support providers and let them focus on their core mission: helping patients. Startups that can meet those needs, providing measurable, provable results to their customers, are leading the healthtech industry back toward sunny days.



Julie Betts Ebert
Managing Director
Life Science & Healthcare Banking
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Market Highlights

Key Takeaways

Four themes emerging about the future of healthtech

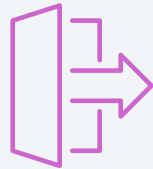


Building a new normal

Growth is slow, but 2021 is still weighing the market down.

There's no end in sight for the ongoing valuation adjustments through down rounds and deal terms. That said, investment amounts and volume numbers are showing appetite among investors to rebuild and reevaluate portfolios.

There are more companies holding on, hoping not to need a down round. We expect to see more valuations fall but overall investment to keep rising.

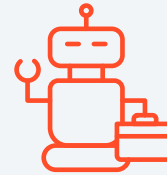


Please exit through anywhere at all

Exits are getting harder to find across the board.

Big winners from previous years are now struggling with inflated valuations and difficult exit paths. Despite some successful recent IPOs, overall public healthtech performance still looks poor.

With M&A slowing, investors will need to be willing to go back to 10- or 15-year horizons for healthtech.



Administrative AI is leading the charge

Clinical AI is in the back seat for now.

In the face of growing uncertainty about the effectiveness and value of clinical health AI, administrative and back-office solutions are driving investment and activity in healthtech AI.

As healthcare recovers from the last AI hype cycles, clear ROI and quantifiable performance are the most important factors in AI deployments. Healthcare providers seem to be comfortable with where and how to deploy administrative AI. They don't seem to feel that way about clinical AI yet.



Value-based care needs integrated care

Specialists are the booming frontier of value-based care.

There's a growing recognition that coordination and collaboration between primary care providers (PCPs) and specialists is essential to meeting the goals of VBC contracts.

Tech that can help solve the problems of data exchange, patient attribution and care coordination has a vital role to play in this growing ecosystem.



Investments

“We are emerging from the winter phase, and while I believe we have hit bottom, there are many Series C and D companies back in the market at 20%-50% of the last round’s valuation, which is challenging. The bright side of the inevitable consolidation that will happen is that **it clears the path for great companies to emerge from the dust.**”

✦ FLARE CAPITAL
PARTNERS

Michael Greeley
Co-Founder & General Partner
Flare Capital Partners

Better Than You (Probably) Think

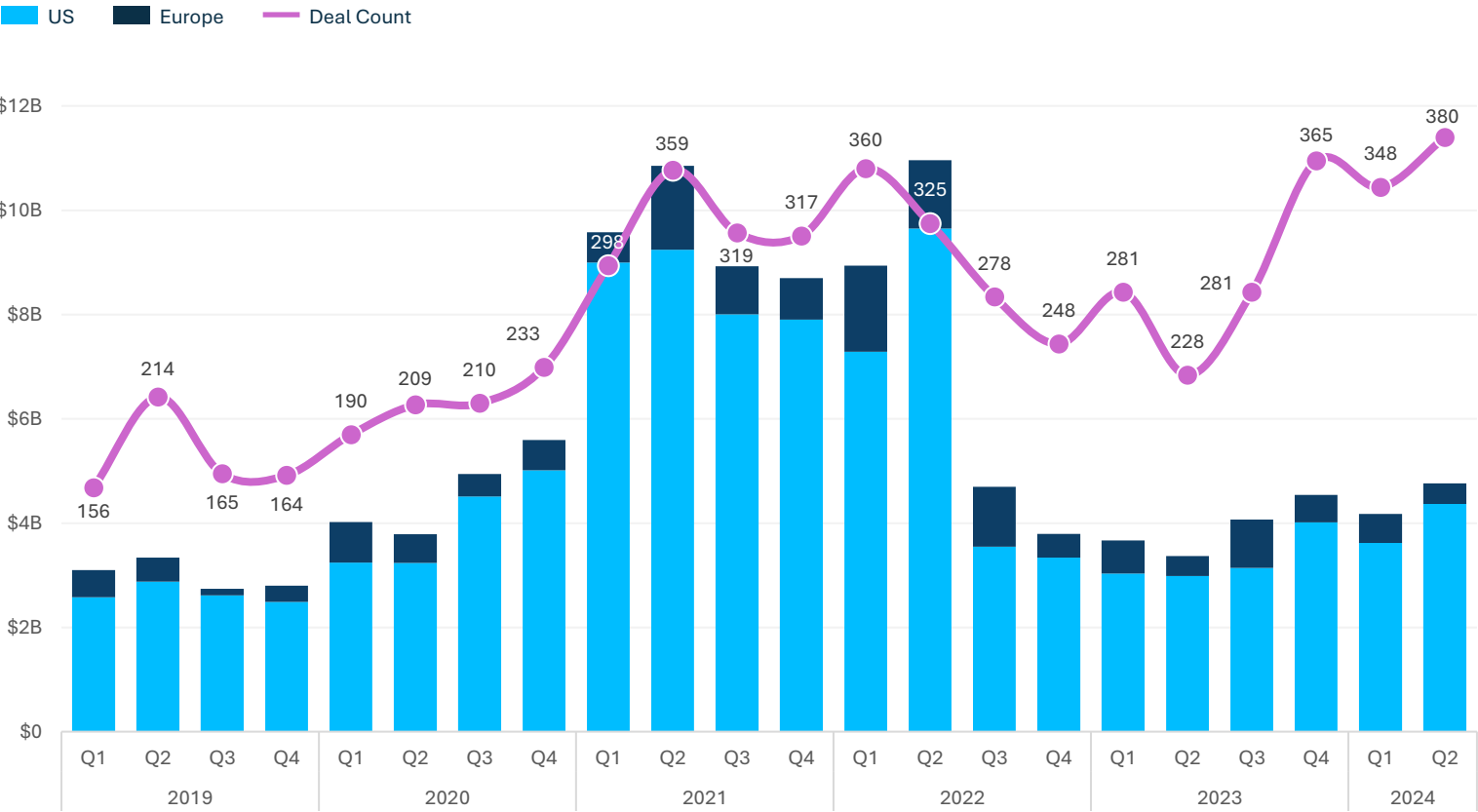
Healthtech venture capital (VC) appears to have finally shaken off the high times — and lingering hangover — of the pandemic years, as veteran investors fund more deals with more realistic valuations. The number of deals since Q4 of 2023 has eclipsed even the high-water mark of the healthtech investment frenzy of 2021 and 2022. Significantly, the dollars raised in the first eight months of 2024 have **already exceeded full-year 2019 totals** — the year before nontraditional healthtech investors flooded the market during the pandemic and drove unrealistic company valuations.

More seed money has fueled the sector’s comeback efforts. So far in 2024, **42% of healthtech investment rounds have been seed rounds**, up from 21% in 2019, with a median deal size of \$3.8M. Down rounds are also contributing to higher deal volumes. Of all US healthtech deals \$5M and above, at least **12% were down rounds** — the highest proportion in recent years.

In 2021 and 2022, the pandemic attracted a flock of tourist investors who increased investor competition and inflated valuations. **Among the VCs that had at least five new investments in 2021, only 36% have more than one new healthtech investment year to date (YTD) in 2024.** As the tourist investor tide recedes, veteran healthtech VCs are making more realistic valuations and extending the timeline of their investments to give their companies enough time to mature.

Seed Rounds Driving Total Deal Volume

US and Europe Healthtech VC Deals and Dollars

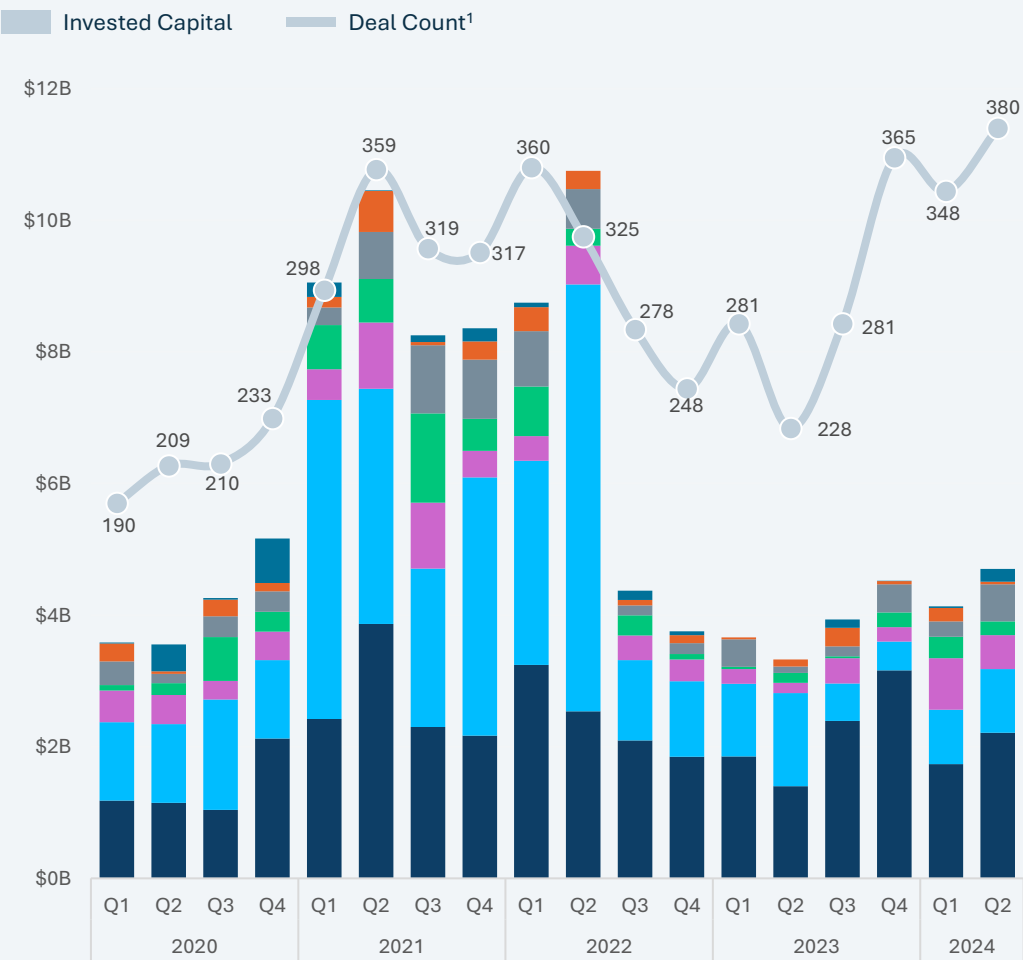


Geography (\$M)	2021	2022	2023	2024¹
US	\$34,160	\$23,831	\$13,183	\$10,849
Europe	\$3,901	\$4,563	\$2,460	\$1,378
Total²	\$38,061	\$28,393	\$15,643	\$12,227

Notes: 1) All 2024 data as of 8/31/2024. 2) Totals may not add up due to rounding.
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.

Healthtech Subsectors: Provider Operations Leads 2024 Investment

A Return to the Pre-Pandemic Mix
US and Europe Healthtech VC Deals by Subsector

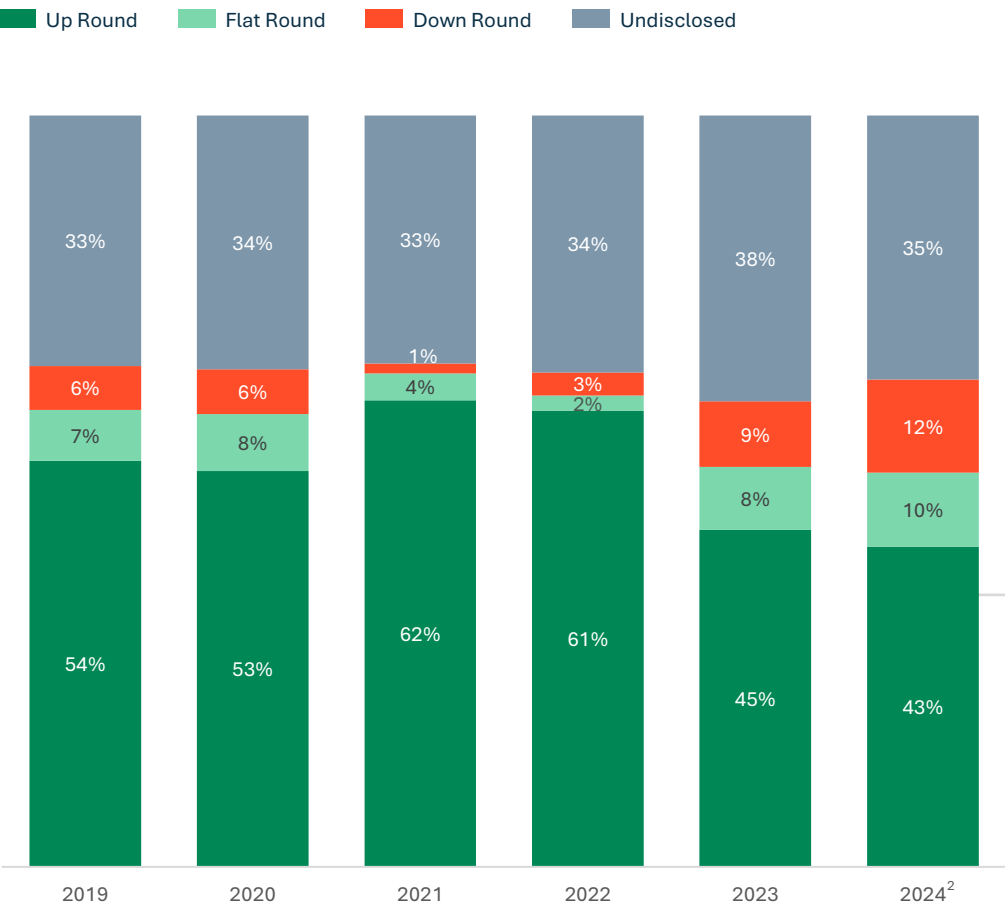


		Notable Companies	Key Investment Drivers
Provider Operations \$5.5B total 2024 ² investment	Increases efficiency and accuracy of provider-provider & provider-patient interactions, including clinical decision support.	 	AI for administrative workflows and clinical decisions, reduce physician burnout
Alternative Care \$2.7B total 2024 investment	Provides primary or specialty care outside of a hospital or private practice.	 	Specialty VBC delivery, behavioral health, evidence-based care
Wellness & Education \$2.0B total 2024 investment	Informs users of healthy lifestyle and medical best practices, often with a diagnostic or device element.	 	Women's health, consumer-centric apps
Healthcare Navigation \$877M total 2024 investment	Guides users to relevant providers and/or payers based on their needs.	 	Integrating benefits navigation with care delivery, AI benefit concierges
Clinical Trial Enablement \$833M total 2024 investment	Solutions to accelerate digitization of clinical trials.	 	Organizing and standardizing clinical data to enable analysis and collaboration
Medication Management \$249M total 2024 investment	Aids users in access and adherence to their prescribed medicine.	 	Access to affordable drugs, patient-centric prescription experience
Insurance \$220M total 2024 investment	Develops novel models for privately insured, Medicaid, and/or Medicare populations.	 	Benefits management, platform automation tools

Flat Is the New Up

Series A+ Down Rounds Are Up

Percentage of US VC Deals \$5M and above by valuation change from previous deal¹



Provider Operations Is Looking Up

Notable Healthtech Up Rounds in 2024³

	Step-Up ⁴	Round	Deal Size	Subsector
OCTAGOSHealth	27.69x	Series B	\$43M	Provider Operations
HiLabs	11.56x	Series B	\$39M	Provider Operations
RXCAP	8.92x	Series B	\$20M	Medication Management
Zuub	7.60x	Series A	\$8M	Provider Operations
Verse Medical	4.69x	Series B	\$42M	Provider Operations
KODE	4.67x	Series B	\$20M	Provider Operations
pomelo care	4.54x	Series B	\$46M	Alternative Care

“I don’t think we’re out of the woods yet. There are so many companies that still have to be figured out, and that’s going to take years to weed itself out.”

LRV HEALTH Keith Figlioli
Managing Partner, LRVHealth

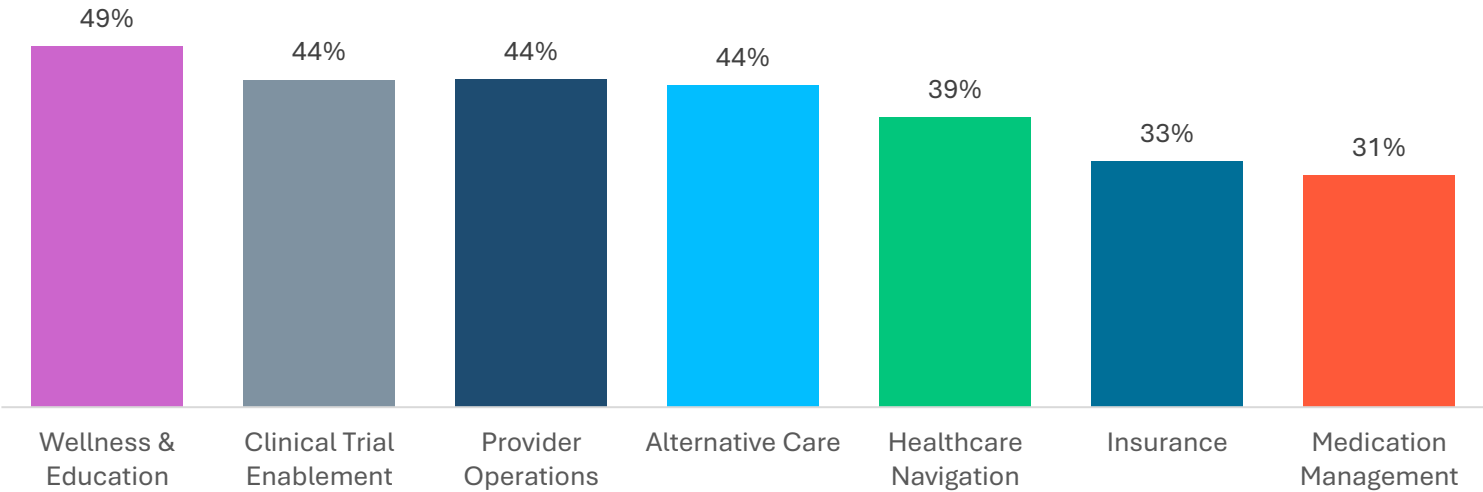
Holding On to What They've Got

In 2021, healthtech saw significant investment driven by pandemic-induced digital transformation. However, many companies that initially raised funds haven't raised since. **Notably, of all companies that raised a round in 2021, 49% of wellness & education and 44% of alternative care companies did not obtain more funding since then.** This could indicate that they are shifting toward self-sustainability, are having difficulty raising, or may have unannounced funding or other strategic plans.








Since 2022, some alternative care companies have struggled to scale and strengthen unit economics, highlighting challenging market conditions. Some companies have faced steep valuation declines and financial difficulties. Others, like Babylon Health and Pear Therapeutics, were forced into bankruptcy as tech barriers and commercialization challenges proved insurmountable.

Some startups and investors are getting creative in how to work in new funding. Unpriced rounds, insider rounds, extension rounds and convertible notes are all enabling startups to get the funding they need with a minimum of bad publicity.

Wellness & Education Companies Raised Fewest Subsequent Rounds Post-2021¹
Share of Companies by Subsector that Raised in 2021 Without a Subsequent Funding Round



What's Next For 2021's Biggest Deals?
Largest Healthtech Deals in 2021 That Did Not Announce a Subsequent Priced Round

Provider Operations	<div></div> <div>Series D \$200M</div>	<div></div> <div>Series C \$130M</div>	<div></div> <div>Series C \$101M</div>	<div></div> <div>Series D \$100M</div>
Alternative Care	<div></div> <div>Series E \$400M</div>	<div></div> <div>Series E \$70M</div>	<div><div></div><div>Lee Shapiro Managing Partner, 7wireVentures</div></div> <div>“We’re all going to need new shoes given how much we’re kicking the can down the road.”</div>	

Notes: 1) Share of companies that raised a round in 2021 but did not report any subsequent priced rounds as of 8/31/2024. 2) In September 2024, Hinge Health confidentially filed to go public.
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.

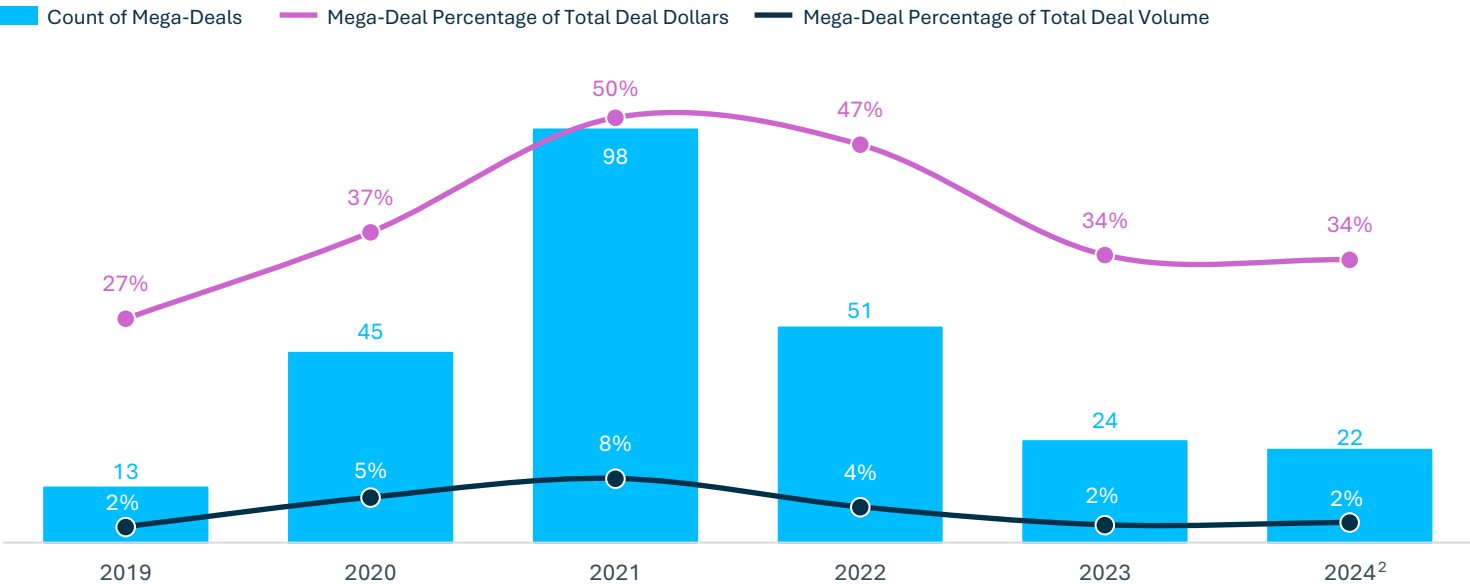
Mega-Deals Not So Mega

The steady mega-deal dilution has leveled off in 2024. Whether allocating new investments to early-stage companies or keeping their portfolio companies afloat, it appears VCs have found the limits of their appetite for mega-deals. Contributing to mega-deals’ relatively small volume and dollar values in 2023 and 2024 may be the fact that more of the companies that raised a mega-deal in 2021 have gone out of business than have gone public.

On top of being few and far between, the mega-deals of 2024 are not that mega. As of August 31, 2024 we have yet to have a deal over \$500M whereas each of the prior five years had at least one deal of \$500M or more.

In 2021, 12 of the top 20 mega-deals were alternative care companies. Since then, the subsector preferences for mega-deals has shifted instead toward provider operations and healthcare navigation. Especially with administrative use cases, AI companies, like Abridge, have exciting opportunities to streamline operations for resource-strapped providers while achieving better patient outcomes. As AI use cases continue to evolve and find market fit, we expect more companies leveraging AI to earn mega-deals.

Mega-Deals Level Off As a Share of Total Dollars US and Europe Healthtech VC Mega-Deals¹

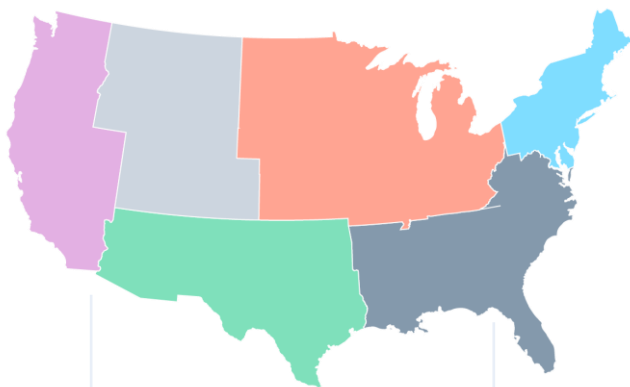


2024² Notable Healthtech Mega-Deals Largest Deal Sizes by Subsector

Alternative Care	Provider Operations	Healthcare Navigation
sword \$130M	innovaccer \$250M	Devoted \$287M
Talkiatry \$130M	ABRIDGE \$150M	transcarent \$126M
ADVANTIA HEALTH \$100M	ZEPHYR AI \$111M	rightway™ \$109M
Spring Health \$100M		

Notes: 1) Mega-deals are private venture-backed investments ≥ \$100M. 2) 2024 data as of 8/31/2024.
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.

Healthtech Investment by US Region: Looking Good, New York



Dollars and (Deals) by Top Cities













Top Cities ¹	2022	2023	2024 ²
Bay Area	\$5.0B (177)	\$4.1B (121)	\$2.1B (91)
New York	\$2.6B (138)	\$1.6B (110)	\$2.3B (96)
Boston Area	\$2.3B (88)	\$1.3B (64)	\$898M (62)
Chicago	\$761M (19)	\$156M (22)	\$114M (11)
Austin	\$724M (24)	\$147M (17)	\$281M (16)
Nashville	\$296M (15)	\$499M (4)	\$234M (11)



Note: 1) Bay Area includes San Francisco, Marin, San Mateo, Santa Clara, Contra Costa, Alameda, Napa, Sonoma and Solana counties. Boston Area includes all Massachusetts. New York includes New York City and Long Island. 2) 2024 data as of 8/31/2024.
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.

Most Active¹ Healthtech Investors

US and Europe, (2023-2024)²

Overall	Provider Operations	Alternative Care	Wellness & Education	Clinical Trial Enablement
Gaingels 	Gaingels 	Gaingels 	Gaingels 	GENERAL  CATALYST
 Alumni Ventures	GENERAL  CATALYST	 Alumni Ventures	andreessen. horowitz	 Debiopharm
GENERAL  CATALYST	PLUGANDPLAY	? what if ventures	 SFC Capital	FCA VENTURE PARTNERS
PLUGANDPLAY	fractal	GENERAL  CATALYST	khosla ventures	 Alumni Ventures
 CVS Health. Ventures	 labcorp	 CVS Health. Ventures	PLUGANDPLAY	andreessen. horowitz
andreessen. horowitz	 Alumni Ventures	GreyMatter	? what if ventures	 WATERLINE VENTURES
SEQUOIA 	 SFC Capital	 CITY LIGHT	HEALTHX VENTURES	SPRIM  Global Investments
MEMORIAL HERMANN Foundation	MEMORIAL HERMANN Foundation	Maverick Ventures	SAMSUNG NEXT	Parkwalk Investing in Innovation
G/	STARTUP + HEALTH 	7 wire Ventures	 Alumni Ventures	 Bessemer Venture Partners



Spotlight: Evolutions in Value-Based Care

"We always try to identify tailwinds in the payer space by looking at the biggest areas of spend and working our way down. In my opinion, the Mount Rushmore of that spend includes MSK, Cardiology, Oncology, and Behavioral Health. While the first two are maturing rapidly and getting crowded, **we still see a lot of room for innovation and improvement on the latter two.**"



Rob Pahlavan
Partner
Healthcare Foundry

The New Wave of Value-Based Care: Specialty Care

Primary care was the first phase of VBC. That's not surprising, as PCPs play key roles in preventive care, chronic condition management and care coordination with specialists. Some players offer primary care to broad populations (such as Aledade and Wellvana) or for specific age groups (Imagine Pediatrics for children and Curana Health for seniors), while others focus on particular settings (CareBridge for home care and Homeward for rural care). As these primary care VBC companies compete for covered lives and profitability, **there is a growing recognition that more coordination and collaboration with specialty care providers** is essential to effectively reduce medical costs and achieve better health outcomes.

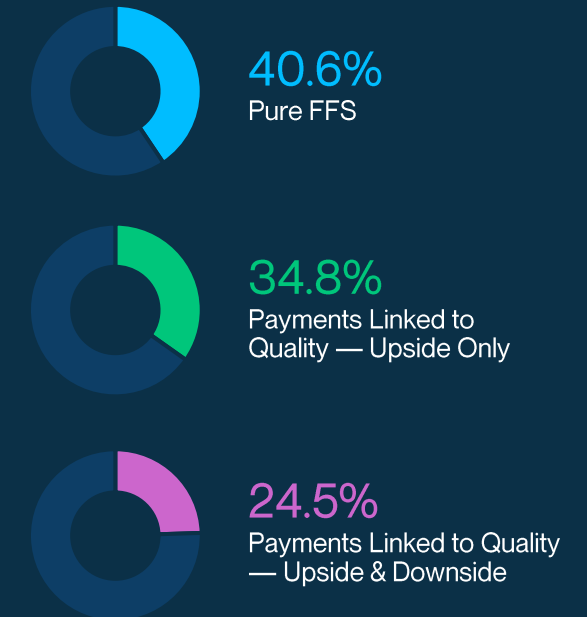
Patients with chronic conditions are both complex and expensive, which is why payers (e.g., Medicare, Medicaid, commercial and risk-bearing primary care payers) are **looking to specialty care providers** to help care for these populations. In some instances, the specialists actually take over the role of the PCP in leading care plans for patients, but careful coordination is required to ensure all chronic conditions (e.g., heart disease, diabetes) are addressed. This overlap between the responsibilities of the PCP and specialist results in some unique challenges, as it is difficult to attribute responsibility and credit for positive

(or negative) health outcomes. Recognition of each other's strengths and limitations and leveraging tools to help share information promise to lead us to the holy grail of VBC: better outcomes and lower costs.

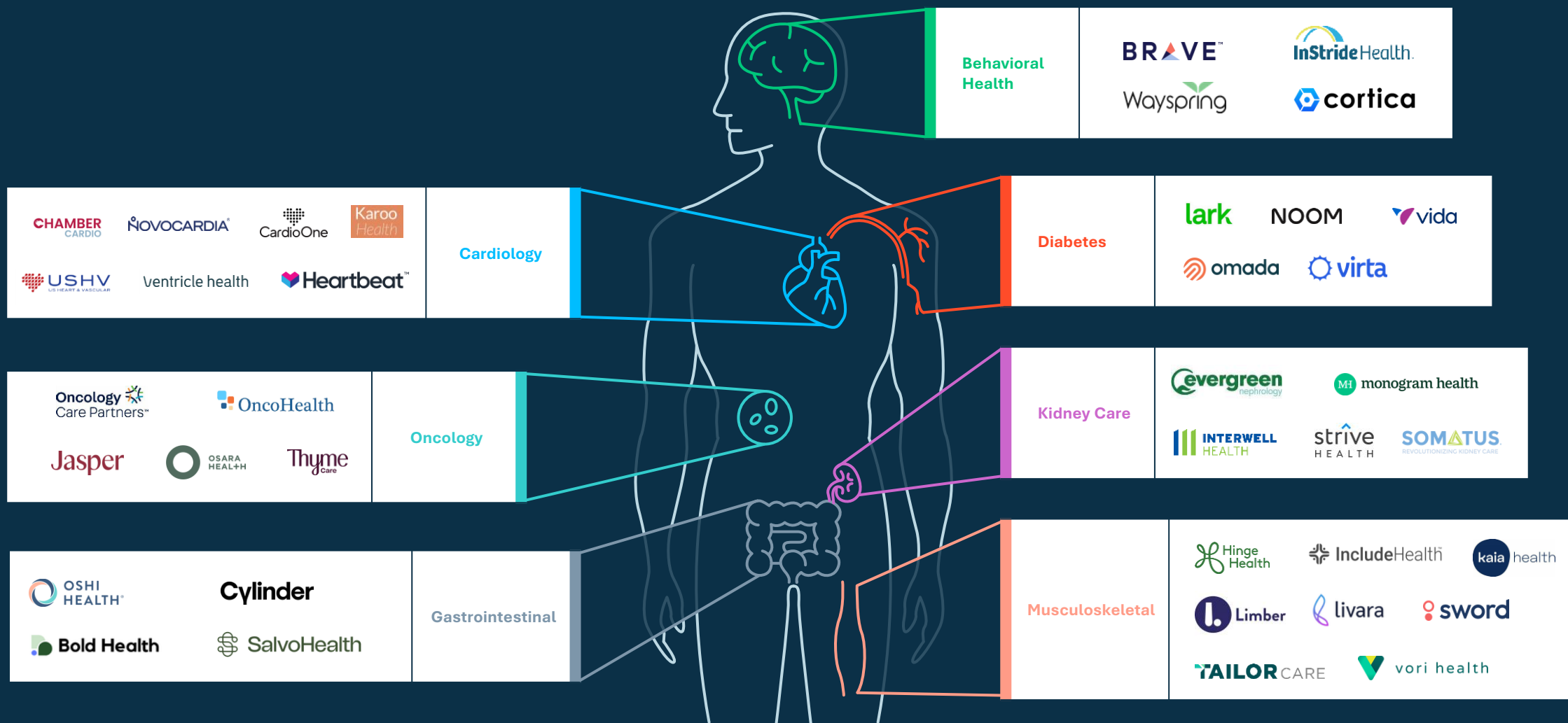
Specialty VBC first focused on kidney care as a high-priority specialty because it involves a well-defined patient group that incurs extremely high medical costs. Other specialty areas, like oncology (Thyme Care) or cardiology (Chamber Cardio), are less mature when it comes to VBC but are gaining significant traction. As we saw in primary care VBC, companies are taking on different levels of risk. Most start with fee-for-service (FFS) payments and gradually convert to risk-bearing contracts over several years. It will likely take time to ensure the right patients are in the right risk pool. Will there be comorbidity pools?

All risk-based reimbursement models, regardless of primary or specialty care, **take time to achieve profitability.** AI tools to help analyze patient risk and create better segmentation can help cut down on that time. By getting patients the full scope of services and care they need, costs go down and quality improves.

Healthcare Payment Volume in 2022



Specialty VBC Market Map¹





Spotlight: AI in Healthtech

“Phase 1 of gen AI was the big reveal of a new class of magical products that captured our imaginations AND demonstrated utility in a small set of use cases ... but Phase 2 will require building moats and retaining customers. For a brief moment, tech was enough to get customers to buy, but **the winners in this next phase will need tight go-to-market discipline, product velocity and differentiated vision.**”

a16z

Julie Yoo
General Partner
Andreessen Horowitz

Healthtech’s Driving the TrAI

In June we launched [The AI-Powered Healthcare Experience](#) report, which focused on the patient journey. In this spotlight, we refine the analysis to companies that focus on healthtech AI use cases in all sectors, including diagnostics and devices.¹ Productivity and efficiency use cases for AI are solving immediate problems for providers stretched too thin. While use cases that more directly impact patients’ medical care have exciting possibilities, these clinical use cases have seen a much smaller proportion of the VC investment in 2024 compared to 2023.






















Administrative

Percent of 2024 Healthtech AI Investment: 50%

Focus ²	Notable Companies	VC Investment 2024
Virtual Assistants Focus on patient engagement, intake, scheduling and medication adherence. They may even help with post-visit follow-up. They often take the form of a chatbot or generative AI nurse.	    	\$1.0B
Revenue Cycle Operations Facilitate billing, coding, prior authorization or other revenue cycle use cases. These solutions can be leveraged by both payers and providers.	     	\$391M
Note-Taking and EHR Documentation Transform patient-clinician conversations into clinical notes to reduce the burden of documentation on providers and improve the accuracy of notes and billing.	    	\$337M
Data Structure, Analytics and Interoperability Connect, clean, standardize and structure data from many disparate systems like medical documents and claims. This enables users to leverage data to drive healthcare outcomes.	    	\$215M

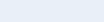
Clinical

Percent of 2024 Healthtech AI Investment: 37%

Focus	Notable Companies	VC Investment 2024
Patient Diagnostics: Analytics and Tests Focus on diagnostic tests, diagnostic analytics and personalized medicine. In addition, these companies may enable the delivery of treatment plans, risk screenings, diagnoses based on EHR and other clinical decision support tools.	     	\$754M
Platform Companies with use cases that span multiple categories.	    	\$540M
Remote Monitoring Engage in monitoring patient biomarkers or treatment-related variables outside of the clinic.	    	\$185M
Patient Stratification Enable patient risk assessment and identify potential care needs for patients. They may also triage patients based on a risk assessment to provide the right level of care.	    	\$133M

R&D³

Percent of 2024 Healthtech AI Investment: 13%

Notable Companies	VC Investment 2024
   	\$599M

Notes: 1) Only VC-backed healthtech companies located in the US are considered for this analysis. Drug discovery focused companies are not included. 2) Nonexhaustive examples. Only the top four focus areas from each category are displayed. With all focuses included, Administrative AI total investment is \$2.4B, Clinical AI total investment is \$1.8B and R&D AI total investment is \$599M for 2024. 3) R&D (research and development) category includes companies focused on clinical trial enablement. Companies using AI for therapeutics are not included.
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.

Not All AI Is Alike

There are already more deals for healthtech companies leveraging AI in 2024 than any prior year.

But not all AI applications fare so smoothly in this space. Companies using AI for administrative use cases don't usually need regulatory approval. These AI tools often simply make established processes more efficient. With clear and provable ROI propositions, administrative functions are easier to build for and sell to.

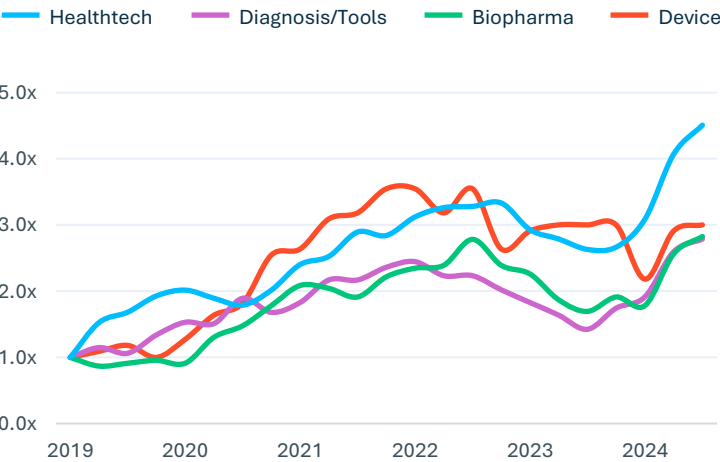
On the other hand, Clinical AI, especially tools involving decision support, comes with significant regulatory and institutional hurdles to jump.

Clinical AI often introduces a process or capability that hasn't existed before. Providers are notoriously slow to take to new tech, and these new tools need to withstand the intense scrutiny of providers, health systems and regulators.

AI companies came of age in a market downturn, so there aren't many examples of companies showing the path to a successful exit. Tempus — with a \$411M IPO in June 2024 — showed that taking a significant haircut in its valuation could be a worthwhile price of admission into the public markets. Since going public, Tempus, which specializes in AI-driven precision oncology tools, has seen total returns of 48% as of the end of August.

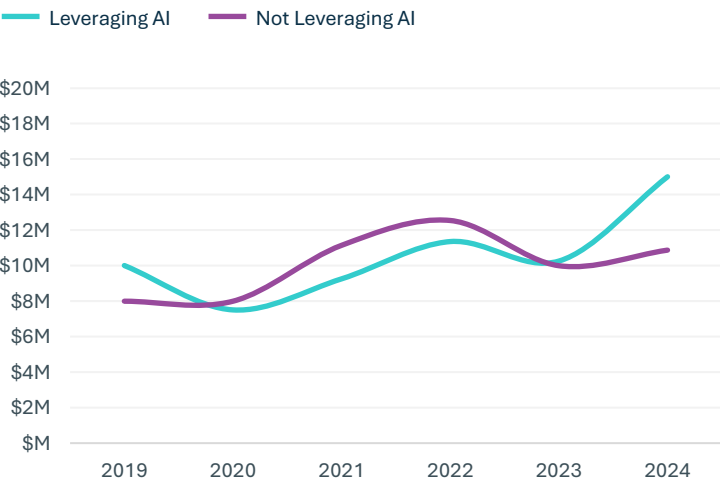
Healthtech AI Deal Volume Leads the Way

Index: US Healthcare AI Deal Volume Growth TTM¹



AI Valuations Up 50% From 2019

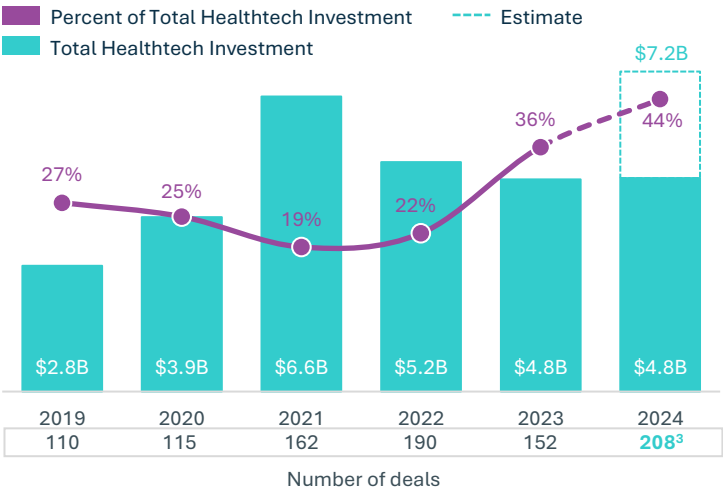
Median US Seed Round Healthtech² Pre-Money Valuations



Notes: 1) Trailing 12 Months. 2) Only VC-backed healthtech companies located in the US are considered for this analysis. Drug discovery focused companies are not included. 3) Actual number of 2024 deals as of 8/31/2024.
Source: PitchBook Data, Inc., S&P Capital IQ, SVB proprietary data and SVB analysis.

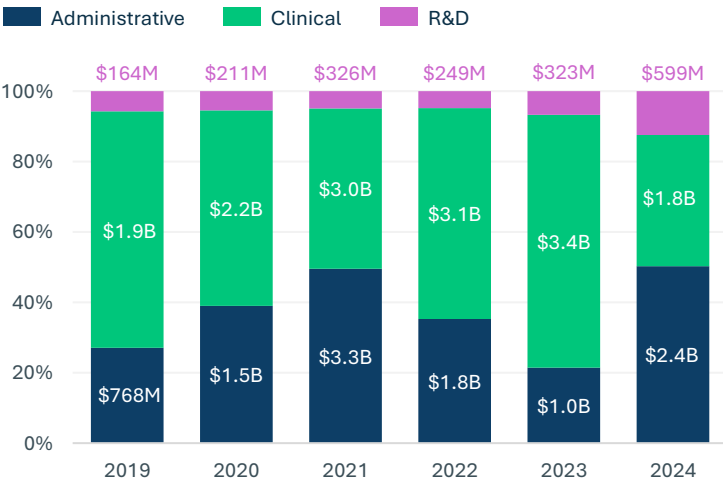
Deal Volume in 2024 Already Record High

US Healthtech AI² Dollars and Deals



Clinical AI Investment Takes a Breather

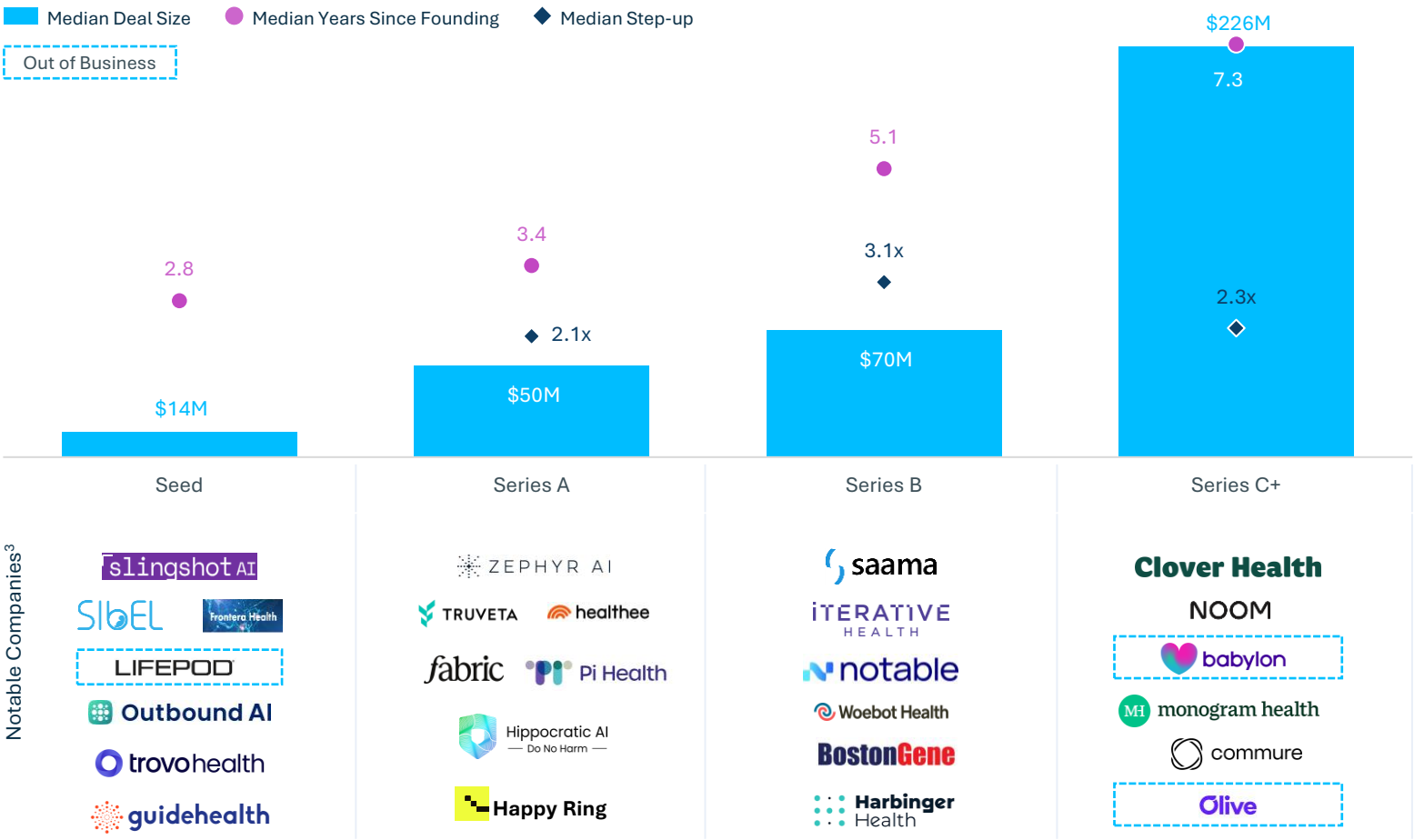
Proportion of Healthtech AI² Investment by Use Case



A New AI Generation Is Taking Off

Setting the Benchmark

Key Metrics from the 25 Largest US Healthtech AI Deals in Each Stage Since 2019¹



Finding the Nearest Exit

US Healthtech AI Exits Since 2019²

IPO Size M&A Size

TEMPUS	\$411M
Accolade	\$220M
gauss	\$160M
caption care	\$150M
PATHOLOGY WATCH	\$150M
cernostics	\$81M



Global Exits

You're Killing Me, 2021

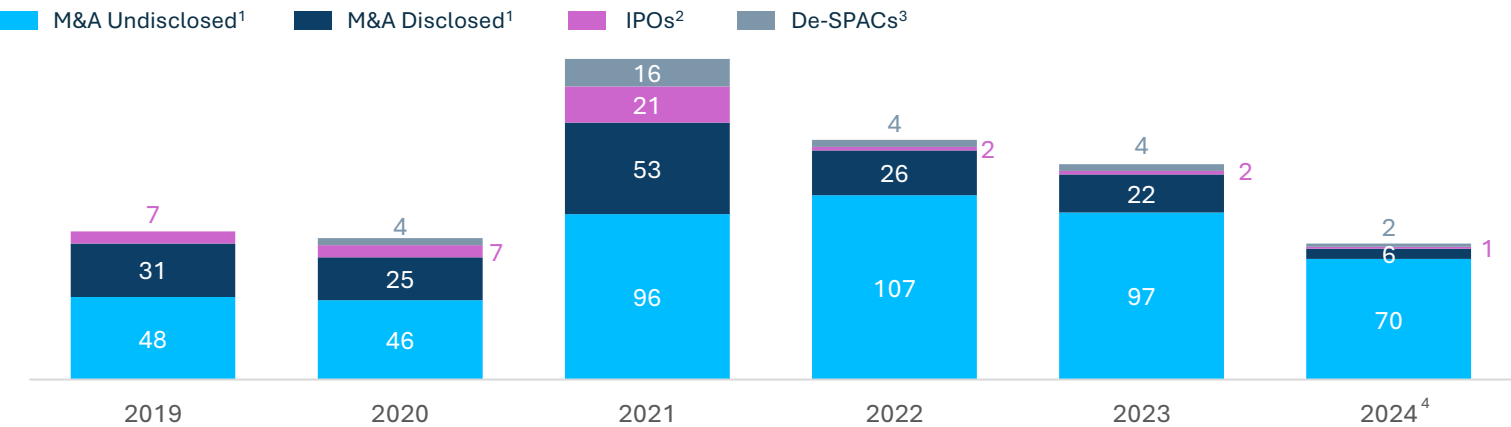
It's hard to overstate just how overheated 2021 was for healthtech. Investments, deals and utilization all skyrocketed, seemingly overnight. And exits went along with them. M&A doubled. IPOs tripled. Special purpose acquisition companies (SPACs) quadrupled.

Needless to say, not all of those companies were ready. The fallout from 2021 continues to come from a few different directions. Companies that didn't really have or couldn't sustain mid-pandemic performance have seen stock prices plummet. But some of the companies that took off too early in 2021 could have had healthier, more reasonable exits in the next few years. Part of the drought of IPOs since 2022 comes from mature companies that went public just a little too soon.

In our 2024 mid-year [Healthcare Investments and Exits](#) report, we looked at how IPO cohorts from each quarter of the last four years were doing. Unsurprisingly, it's the 2021 cohort adding the most drag to overall stock performance. **At mid-year, 71 healthcare — not just healthtech — companies that went public in 2021 were responsible for a loss of \$26B in market cap.** It's the recent exits that have provided positive value. As the 2021 cohort begins to stabilize, the positive gains of recent public exits will get clearer and — hopefully — a new crop of mature companies will be ready for exit.

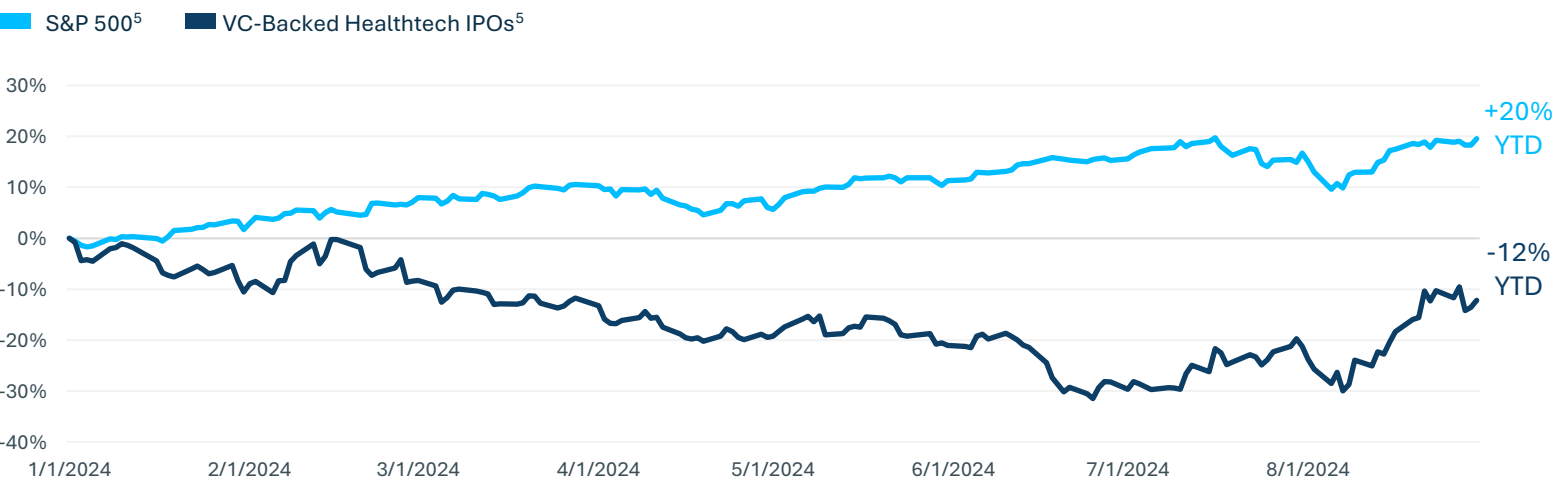
Exits Are Getting Harder To Find

Healthtech VC-Backed Exits by Year, Global



Healthtech Stocks As a Whole Are Struggling

Global Performance of Healthtech Stocks (YTD)⁵



Notes: 1) M&A data only includes private, venture-backed M&A. 2) IPO data includes venture-backed IPOs with a minimum \$25M proceeds raised. 3) De-SPACs graphed by date of announcement of intent to de-SPAC. 4) 2024 data as of 8/31/2024. 5) Performance measured by change in index value as of 8/31/2024.
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.

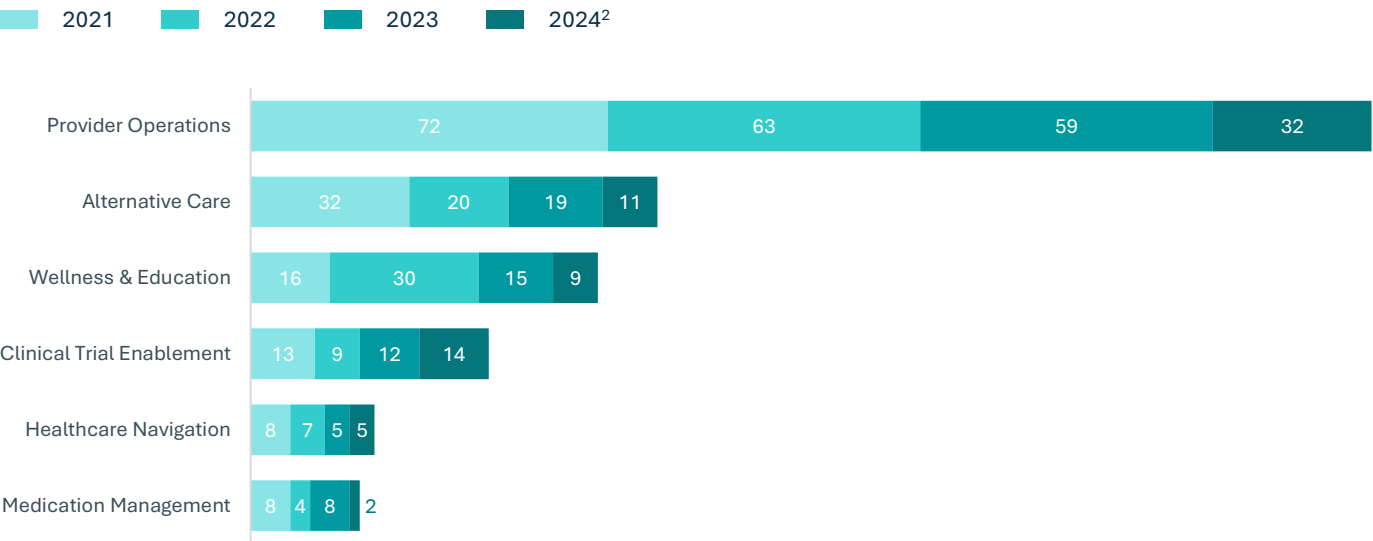
Healthtech For Sale

In a largely stagnant IPO market, M&A has been the exit of choice for most healthtech companies. With no publicly disclosed private healthtech M&As over \$50M in 2024 (2021 had 36; 2022 had 8; 2023 had 4), it's impossible to know for sure what prices look like. With that volume of undisclosed activity, it seems safe to assume that **prices are significantly discounted**.

Provider operations is still the leading subsector, and **supporting patients in home health activities remains a major priority**. Tech in this space has been supported by billing changes adding reimbursement codes for remote patient monitoring, remote physiological monitoring and chronic care activity. Most of these acquisitions look like larger solutions trying to improve or broaden their offerings by acquiring point solutions like Twill or Owl.

AI and automation tools are the other consistent throughline for 2024 healthtech M&A. Companies like GYANT, Lumeon and Carevive have all leveraged AI in different ways. What they have in common is a goal of producing easier work for providers and a smoother pathway for patients.

Healthtech VC-Backed Private M&A Deals¹ by Top Subsectors
Global



Notable Healthtech VC-Backed Private M&A¹ in Most Active Subsectors
Global (2024)



Notes: 1) M&A data only includes private, venture-backed M&A. 2) 2024 data as of 8/31/2024.
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.

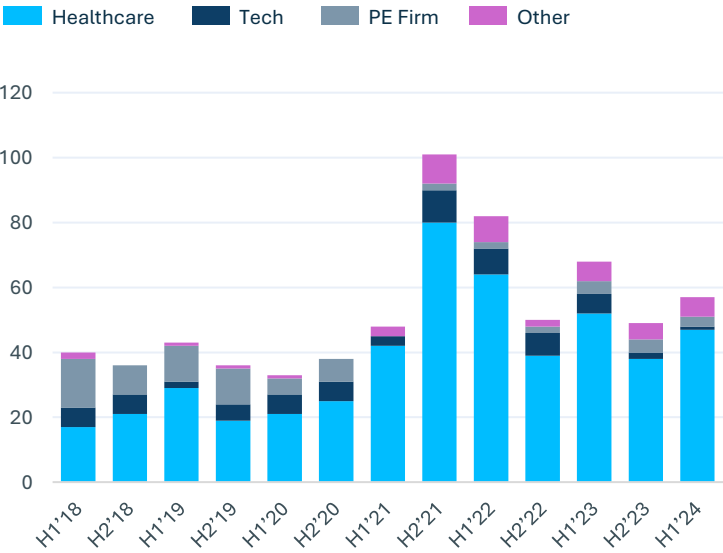
Keeping It in the Family

Overall acquisition has dropped in H1 2024 compared to H1 2023. Some large entities are still looking for point solutions, but with mega-deals slowing relative to the pandemic years and many large private companies taking down rounds, **the hunger to expand looks to have given way** to the need to slow spending and keep cash reserves available.

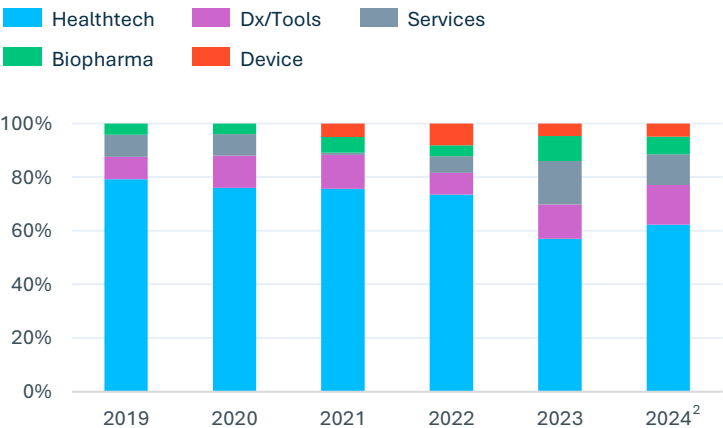
Acquisitions in healthtech are still led by healthcare companies, accounting for 82% of 2024 deal acquirers. Acquisitions by tech companies, however, have dropped dramatically over the last 12 months. Large technology companies and strategic acquirers have particularly slowed their acquisition pace. Amazon is still working to integrate One Medical into its expanding healthcare suite. Google and Microsoft have remained active in investing but haven't made any healthtech acquisitions since 2022.

Walgreens and Walmart have both dropped out of the retail clinic space, leaving CVS as the last major player standing. After spending \$10.6B to acquire Oak Street Health and \$8B to acquire Signify, it isn't surprising to see the pharmacy giant taking a breather. Of course, it still found time to snap up Medicare Advantage startup Hella Health. Based on investment activity from CVS Health Ventures, a specialty care provider might be next on their list.

Private M&A Deals¹ by Acquirer Type
Global



Healthcare Acquirers by Sector



Notes: 1) M&A data only includes private, venture-backed M&A. 2) 2024 data as of 8/31/2024.
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.

Notable Private M&A Deals¹ by Acquirer Type

Healthcare acquirer

Date: 8/21/2024
Price: \$525M
Acquirer: LetsGetChecked

Date: 7/24/2024
Price: \$675M
Acquirer: Edwards Lifesciences

Date: 9/2/2024
Price: \$93M
Acquirer: Samsung Medison

Private equity acquirer

Date: 4/24/2024
Price: Undisclosed
Acquirer: WindRose Health Investors

Date: 2/22/2024
Price: Undisclosed
Acquirer: WindRose Health Investors

Notable Private M&A Markdowns

Target

Acquirer(s)

Details

Truepill raised over \$370M in total VC funding and hit a \$1.6B valuation in 2021. It was acquired for \$525M.

Twill raised over \$150M in total VC funding and hit a \$573M valuation in 2021. It was acquired for \$35M.

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Julie Betts Ebert is a Managing Director on the National Life Science & Healthcare team at Silicon Valley Bank, covering the Mid-Atlantic and Southeast markets. Julie provides specialized banking services and debt-financing solutions and advice on strategic growth to life science companies across all sectors and life stages.

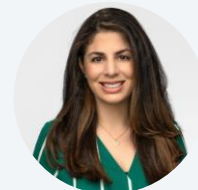
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Definitions

Deal Descriptions

Venture-backed defined as any company that has at least one venture capital investor within its private financing deal history.

Corporate Investor defined as both corporate venture and parent company investment into venture-backed companies.

Years to Exit defined as the time from the close of a company's first institutional round of financing to the M&A, IPO or de-SPAC.

Alternative Care Definitions

Primary Care defined as solutions for preventive health measures by a provider or licensed care coach for adults (ages 18 to 64).

Senior Care defined as solutions for preventive health measures by a provider or licensed care coach for elders (ages 65 and older).

Pediatrics defined as solutions for preventive health measures by a provider or licensed care coach for children (<18 years of age).

Platform Care defined as companies that combine primary care and specialty care.

Mental Health defined as companies treating psychiatric disorders and substance use.

Neurology defined as solutions for pain, Alzheimer's disease, motor functions, autism, motion sickness, fall prevention and select sleep disorders.

Women's Health defined as reproductive monitoring and primary care for women.

Gastrointestinal defined as disorders of the digestive system, such as irritable bowel syndrome.

Digital Therapeutics (DTx) defined as companies that have clinically validated software-based solutions to prevent, manage or treat conditions.

Subsector Definitions

Workflow Optimization defined as the automation and/or integration of a provider's day-to-day processes.

Clinical Decision Support defined as solutions that help a provider make the right decision at the right time.

Drug Discovery Platform defined as data-driven drug discovery.

Mobile Trials defined as decentralized clinical trials.

Health & Wellness defined as solutions that encourage a healthier lifestyle; users do not directly interact with a provider.

Medication Compliance defined as solutions for medication adherence and tracking.

Pharmacy Benefits defined as solutions to increase access to prescription drugs and increase affordability.

Acquirer Definitions

Healthcare Acquirer defined as a company whose main business segments are within the life science and healthcare industry.

Geography Definitions

Bay Area defined as all the cities within the Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma counties.

Boston Area defined as any cities within Massachusetts.

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