

The Future of Healthtech 2022





Executive Summary

The Future of Healthtech 2022

Market reset from 2021's blockbuster levels marked by flight to quality and early-stage investment

In just the past nine months, the healthtech industry has seen dramatic shifts. Venture capital investment and deal pace are slowing from their peak in 2021, with valuations lowering and check sizes decreasing.

Rising interest rates, inflation and global geopolitical factors all created record market volatility. Public healthtech companies saw their shares drop at record paces.

These shifts all indicate a healthtech market reset is underway. We've moved from a growth-at-all-costs era to an era that emphasizes clear value creation, whether it's through improving health outcomes, access, or affordability.

Investment has shifted into earlier stages where valuations are corrected from last year's sky-high levels. With a record amount of dry powder available to healthtech startups, and mergers and acquisitions on the rise, there is still a tremendous opportunity for healthtech companies to grow.

The healthcare industry, presenting new and emerging challenges in 2022, remains ripe for innovation and is more resilient during periods of downturn.

Looking forward, healthtech companies will need to focus on delivering measurable value to continue driving innovation.

“

I think this is one of the best times to be starting a company and one of the best times to be building responsibly."

Hemant Taneja, Managing Partner General Catalyst



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Healthtech Market Highlights

Healthtech 2022 Statistics

\$23B

US and EU¹ healthtech investments in 2022², down from 2021 peak

-40%

decline in mega-round (\$100M+) investments³

18

unicorns formed in 2022

\$1.6B

record seed/Series A investment in Q1'22

19%

of 2022 healthtech investments went to female-founded⁴ companies

16%

increase in private VC-backed M&A

2

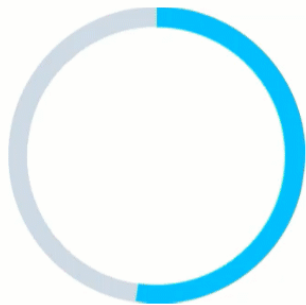
acquisitions by Big Five tech⁵ companies

0

US and EU VC-backed IPOs⁶ in 2022

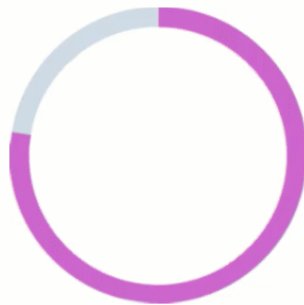
Notes: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. 3) Mega-round defined as funding round \geq \$100M. 4) Female-founded companies refer to companies with at least one female founder. 5) Big Five tech includes Alphabet, Amazon, Apple, Microsoft and Meta. 6) IPO statistics only include venture-backed IPOs with a minimum of \$25M proceeds raised. Source: PitchBook, SVB proprietary data and SVB analysis.

SVB Healthtech Market Share



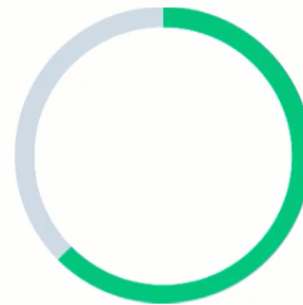
51%

of US healthtech
companies have
worked with SVB.



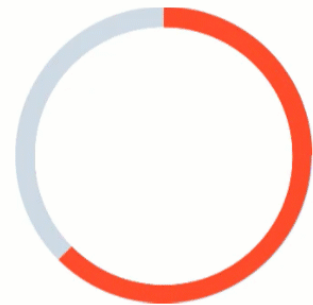
79%

of female-founded US
healthtech companies
have worked with SVB.



61%

of US virtual and hybrid
care companies have
worked with SVB.



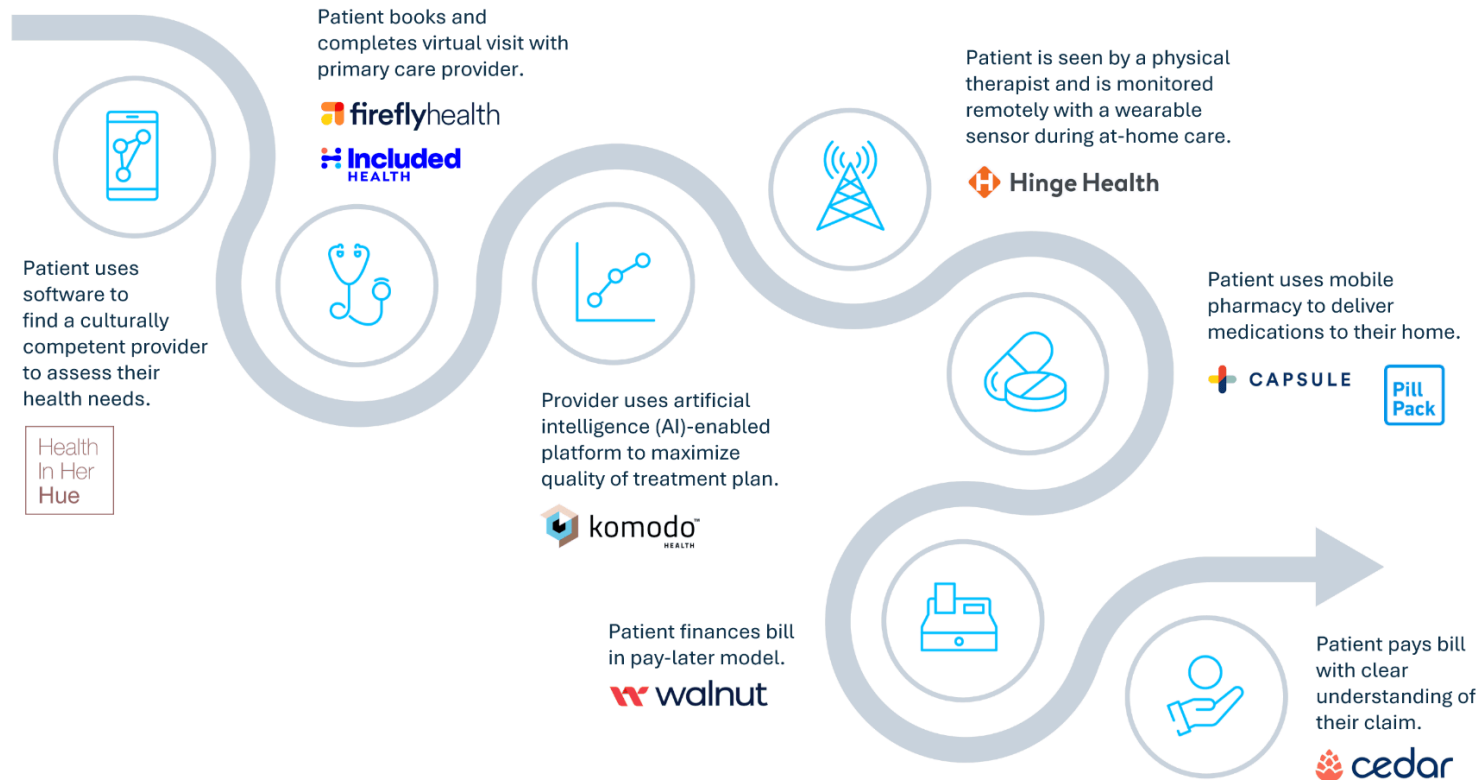
61%

of US women's
health companies
are SVB clients.

Note: Only includes US venture-backed companies that have raised \$5M+ in 2022. Source: PitchBook, SVB proprietary data and SVB analysis.

Innovation Opportunities Along the Patient Journey

Adding tech-enabled products within the patient journey can increase accessibility, personalization, transparency, and quality of care. The patient journey below highlights the various ways healthtech has improved the consumer experience and quality of healthcare.



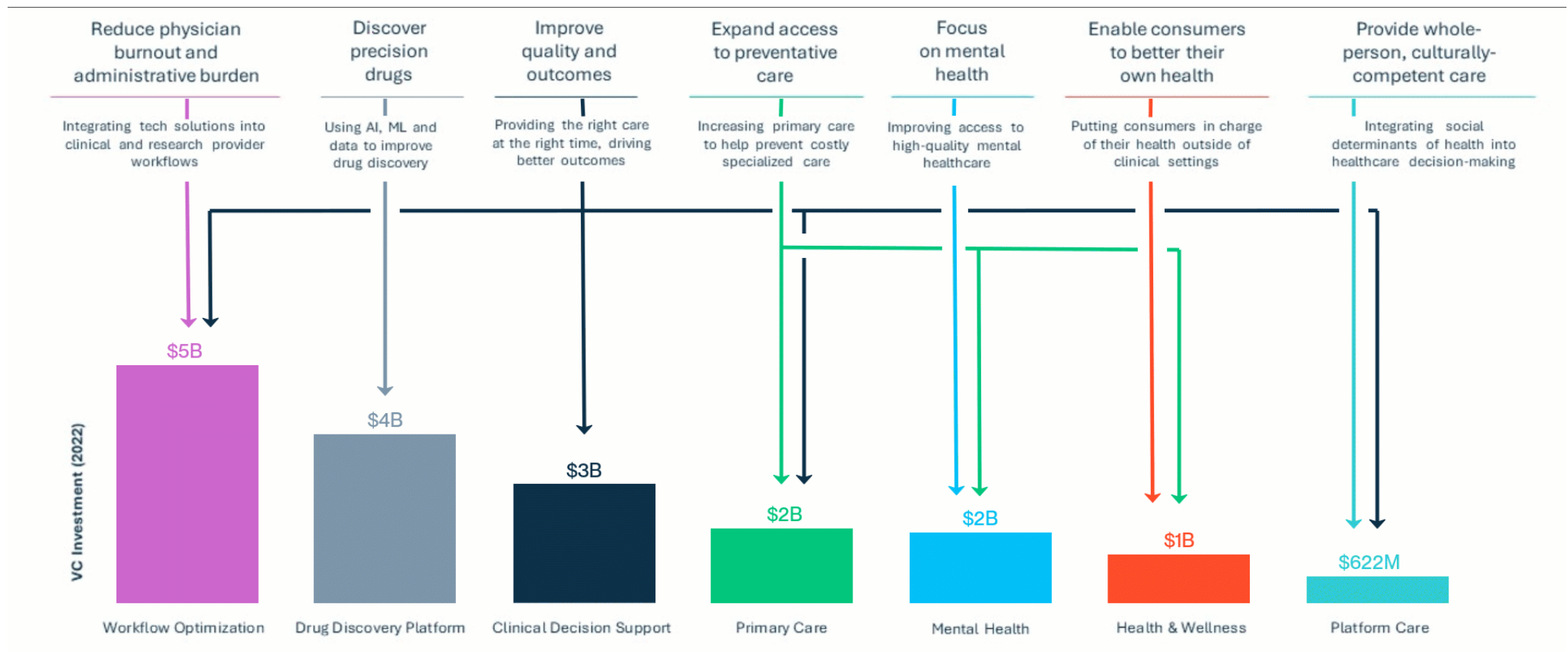
Vertical integration allows consumers to utilize an all-in-one solution.

Parsley Health

Companies like Parsley Health are providing end-to-end integration for their users.

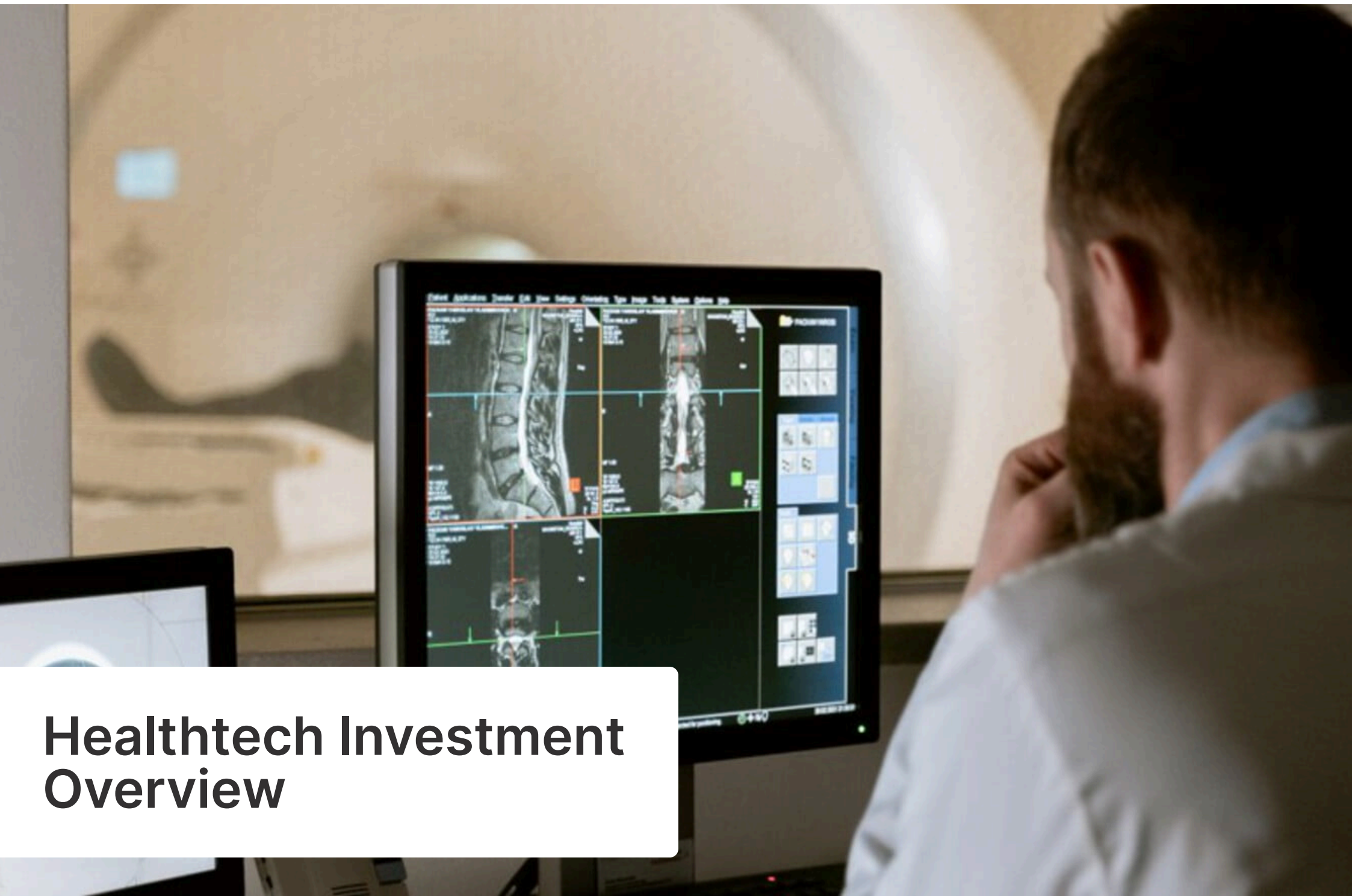
We look forward to seeing more vertically-integrated solutions as consumers demand these features in a convenient one-stop shop.

Key Challenges Healthtech Entrepreneurs are Solving



Note: VC investment includes investment into US, EU and UK-based companies as of 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

Healthtech Investment Overview



Investment Overview

Investment Slows as Market Rebalances from 2021's Boom

Healthtech investment and deal pace is down this year from its unprecedented levels in 2021. This downturn is expected, as the market rebalances from 2021's unsustainable activity.

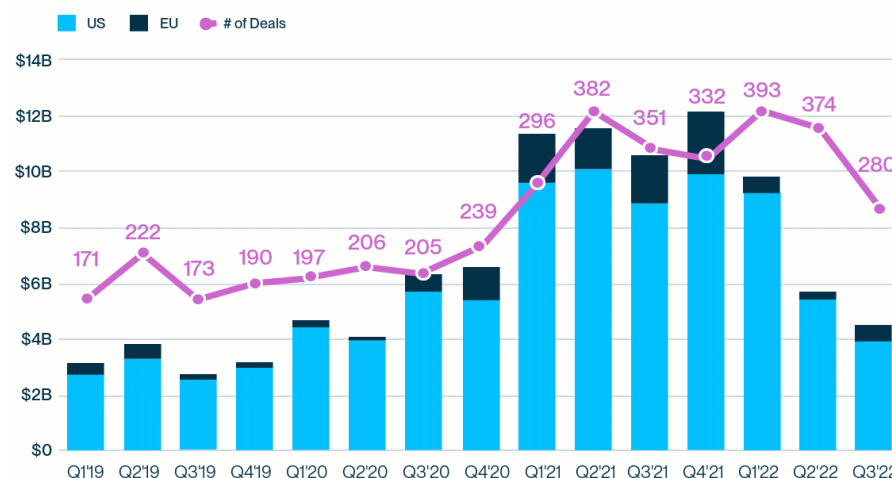
Last year, robust private and public equity markets, peaked VC fundraising and new investors pouring capital into healthtech at record rates pushed investments and valuations to all-time highs.

This year, tumultuous public markets, global geopolitical factors and rising interest rates all rebalanced healthtech

investment, with an especially sharp drop in Q3'22 (\$4.4B), down 39% from Q2'22 and down 67% from its peak in Q2'21.

Now, we are seeing investments shift to high-quality companies that are improving health outcomes, access or affordability. There is also a shift to earlier stages where valuations are normalized. At the later stages, valuations are correcting for companies that haven't yet grown into their inflated valuations.

Healthtech VC Deals and Dollars, US and EU¹



Notes: 1) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis

Investment Overview

Later-stage companies are generally closing fewer deals at lower valuations, marked by a 40% decrease in mega-deal investments from 2021 to 2022. With a record amount of dry powder available to healthtech startups, there is still a tremendous opportunity for healthtech companies to grow.

We estimate that US and EU healthtech investment will reach \$27B in 2022.

Healthtech VC Dollars by Geography

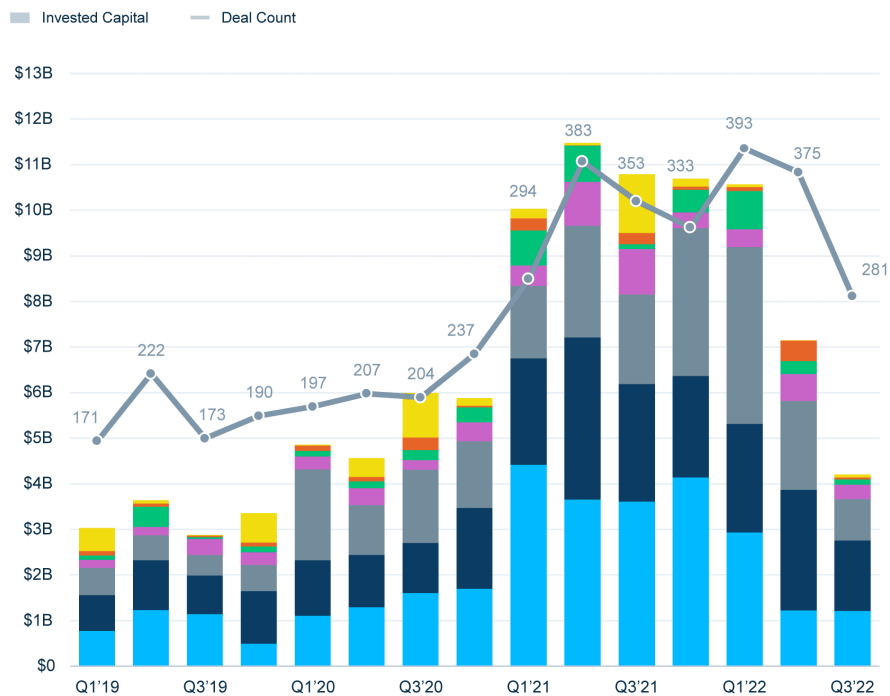
Geography	2019	2020	2021	2022 ²
US	\$11.4B	\$19.4B	\$39.2B	\$18.6B
EU ¹	\$2.0B	\$2.2B	\$4.7B	\$4.1B
Total	\$13.4B	\$21.6B	\$42.9B	\$22.7B

Notes: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/2022. Source: PitchBook, SVB proprietary data and SVB analysis.

Investment Overview

Healthtech Subsectors: Provider Operations Leads 2022 Investment

Healthtech VC Deals by Subsectors, US and EU¹














































Notes: 1) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis.

Investment Overview

Most Active VC Investors by Subsector

Number of Deals,¹ US and EU, 2022²

Overall		Alternative Care		Provider Operations		Clinical Trial Enablement		Wellness & Education	
25	GENERAL CATALYST 	10	GENERAL CATALYST 	8	LRVHEALTH  Insightful Capital	10	CASDIN  CAPITAL LIFE SCIENCE INVESTMENTS	3	M13 
18	ALUMNI VENTURES GROUP 	8	ALUMNI VENTURES GROUP 	7	INSIGHT PARTNERS 	10	ALEXANDRIA  Venture Investments	3	WELLtech  — VENTURES —
16	INSIGHT PARTNERS 	7	7Wire Ventures 	7	GENERAL CATALYST 	8	LU+ 	3	techstars 
16	Gaingels 	6	Human Capital 	6	PLUGANDPLAY 	8	CATALIO  CAPITAL MANAGEMENT	3	STARTUP  + HEALTH
15	G/ 	5	leaps 	5	Y Combinator 	7	INSIGHT PARTNERS 	2	SOCIALSTARTS 
14	F/PRIME 	4	WTI 	5	OPTUM 	6	G/ 	2	ROUTE 66  VENTURES
13	OPTUM 	4	WELLINGTON MANAGEMENT 	5	Gaingels 	6	khosla ventures 	2	PLUGANDPLAY 
13	LU+ 	4	OPTUM 	5	G/ 	6	FORESITE  CAPITAL Funding the Future of Healthcare	2	Goodwater 
12	Y Combinator  ³	4	BOX GROUP  ³	5	FCA VENTURE PARTNERS  ³	5	50 Y Fifty Years  ³	2	SEQUOIA  ³

Notes: 1) Most active investors defined as by count of deals in which investor participated (new or follow-on). 2) All 2022 data through 9/30/22. EU includes UK-based companies. 3) Additional investors have the same number of deals but are not included because of space limitations. Source: PitchBook, SVB proprietary data and SVB analysis.

Investment Overview

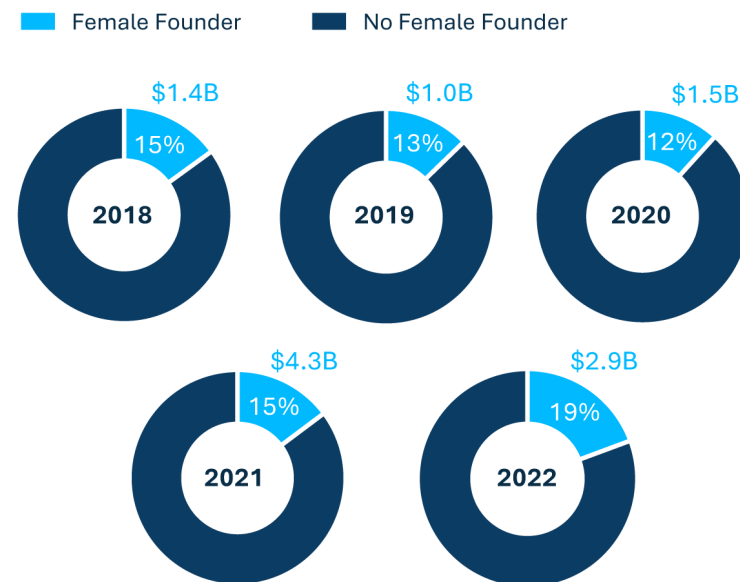
Female Founders Break Investment Record in 2022

Female-founded¹ healthtech companies broke a record in 2022, receiving 19% of all capital invested. This is well ahead of VC investment across other healthcare sectors (biopharma, dx/tools, device), where only 12% went to female-founded companies.

Female-founded companies are becoming more prevalent, and their valuations are increasing. Two companies in 2022 hit unicorn status (Bellabeat and Wheel).

While overall healthtech valuations are down from their peak in 2021, there were more female-founded companies valued over \$100M in 2022 (29 companies), a 12% increase over 2021.

Invested Capital by Founder Gender, US and EU²



Notes: 1) Female-founded companies refer to companies with at least one female founder. 2) EU includes UK-based companies. All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

Investment Overview

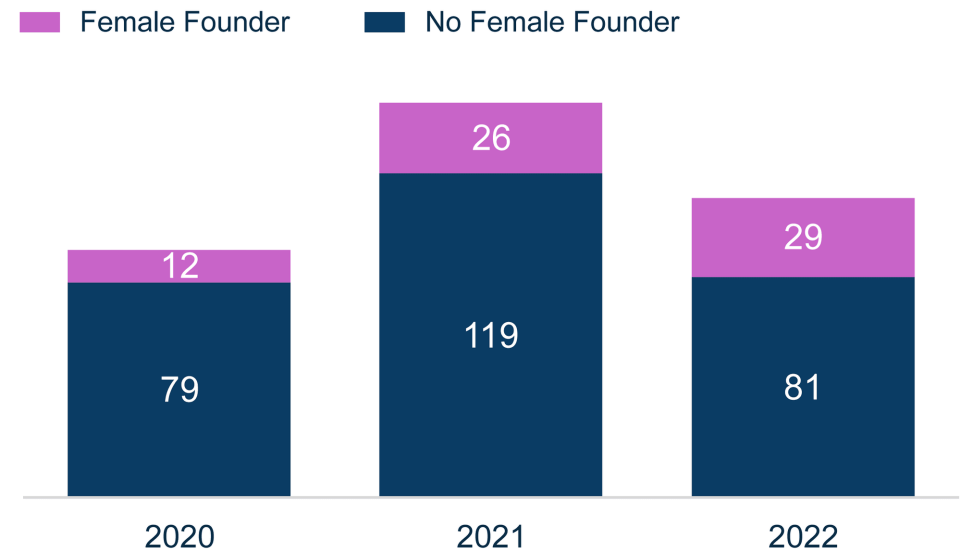
Female-Founded Company Valuations

The higher concentration of female founders among the highest-valued healthtech companies is a promising development for the industry.

Increasing perspectives and the pool of knowledge due to diversity will create better solutions to healthcare's toughest problems. Women can not only provide unique lenses to these challenges, but can also strongly identify with female consumer bases.

With VCs now holding record amounts of dry powder following a record fundraising season, it is crucial that investors consider diverse founders and challenge traditional funding inequities.

Companies Valued Over \$100M by CEO Gender, US and EU¹



Note: 1)) EU includes UK-based companies. All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

Investment Overview

Notable 2022 Financings with Female Founders

Unicorn

Provider Operations

wheel

1/19/22
\$150M Round
\$1.0B Post

UPFRONT

9/6/22
\$72M Round
N/A

PicnicHealth

4/18/22
\$60M Round
\$410M Post

Clinical Trial Enablement

LifeMine

3/23/2022
\$175M Round
\$525M Post

MOMA
THERAPEUTICS

5/10/22
\$150M Round
\$295M Post

PPRENTICE

1/19/22
\$100M Round
\$527M Post

Alternative Care

ada

2/10/22
\$120M Round
N/A

eleanor health

4/7/22
\$79M Round
N/A

cenegenics

5/4/22
\$50M Round
N/A

Wellness & Education

Hello Heart

5/5/22
\$70M Round
\$600M Post

Happy Health

8/24/22
\$60M Round
N/A

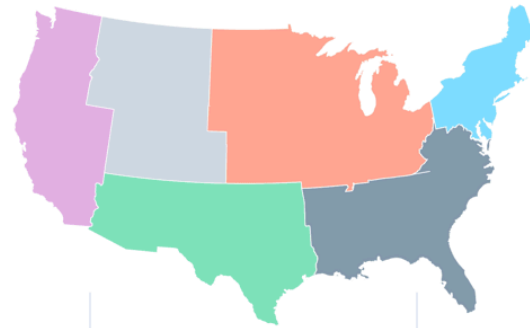
bellabeat

8/1/22
\$20M Round
\$1.0B Post

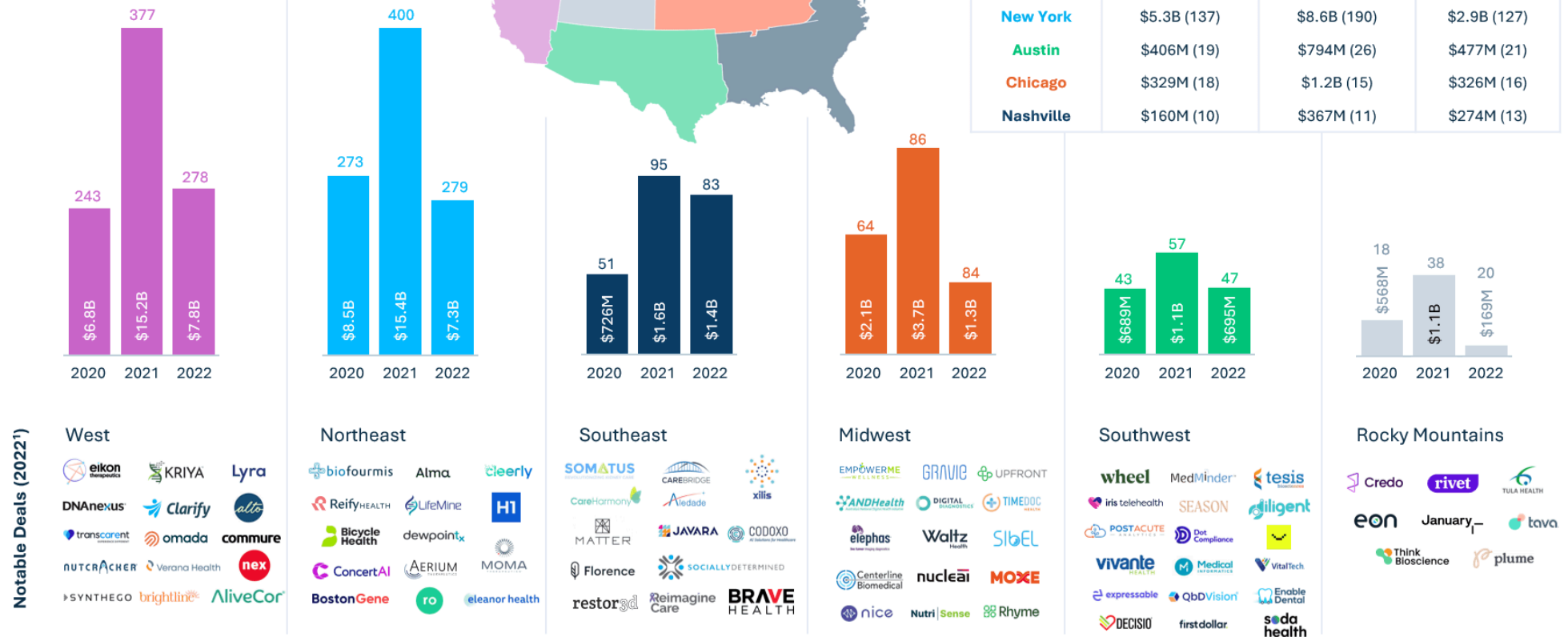
Note: All 2022 data is through 9/30/22. Financing date, size and post-money valuation listed when available. Source: PitchBook, SVB proprietary data and SVB analysis.

Investment Overview

Healthtech Investment by US Region



Top Cities	2020	2021	2022 ¹
Bay Area	\$5.5B (175)	\$11.7B (237)	\$6.2B (165)
Boston Area	\$2.5B (80)	\$5.4B (110)	\$3.5B (81)
New York	\$5.3B (137)	\$8.6B (190)	\$2.9B (127)
Austin	\$406M (19)	\$794M (26)	\$477M (21)
Chicago	\$329M (18)	\$1.2B (15)	\$326M (16)
Nashville	\$160M (10)	\$367M (11)	\$274M (13)

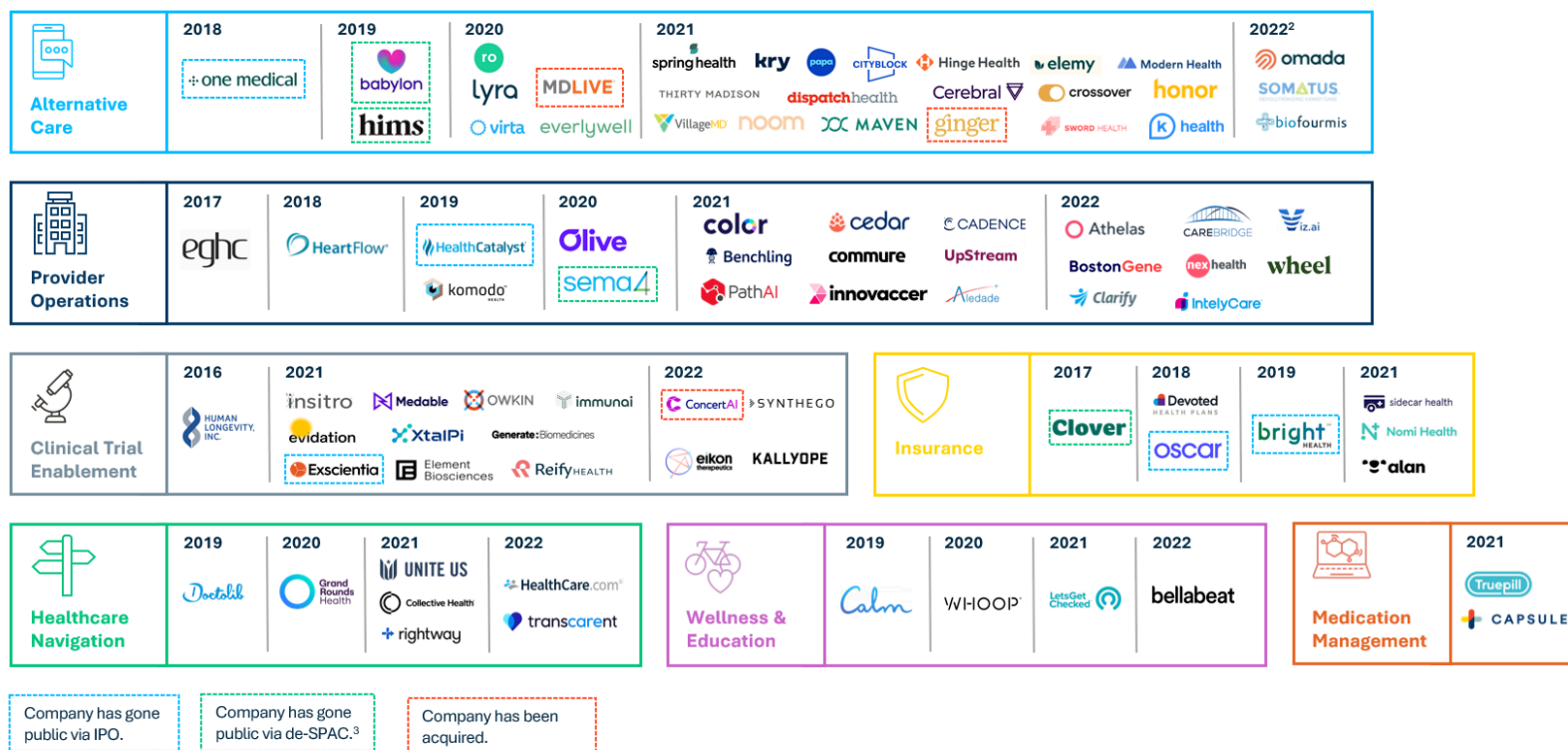


Notes: 1) All 2022 data is through 9/30/2022. Source: PitchBook, SVB proprietary data and SVB analysis.

Investment Overview

Healthtech Unicorns by Birth Year and Subsector

US and EU¹

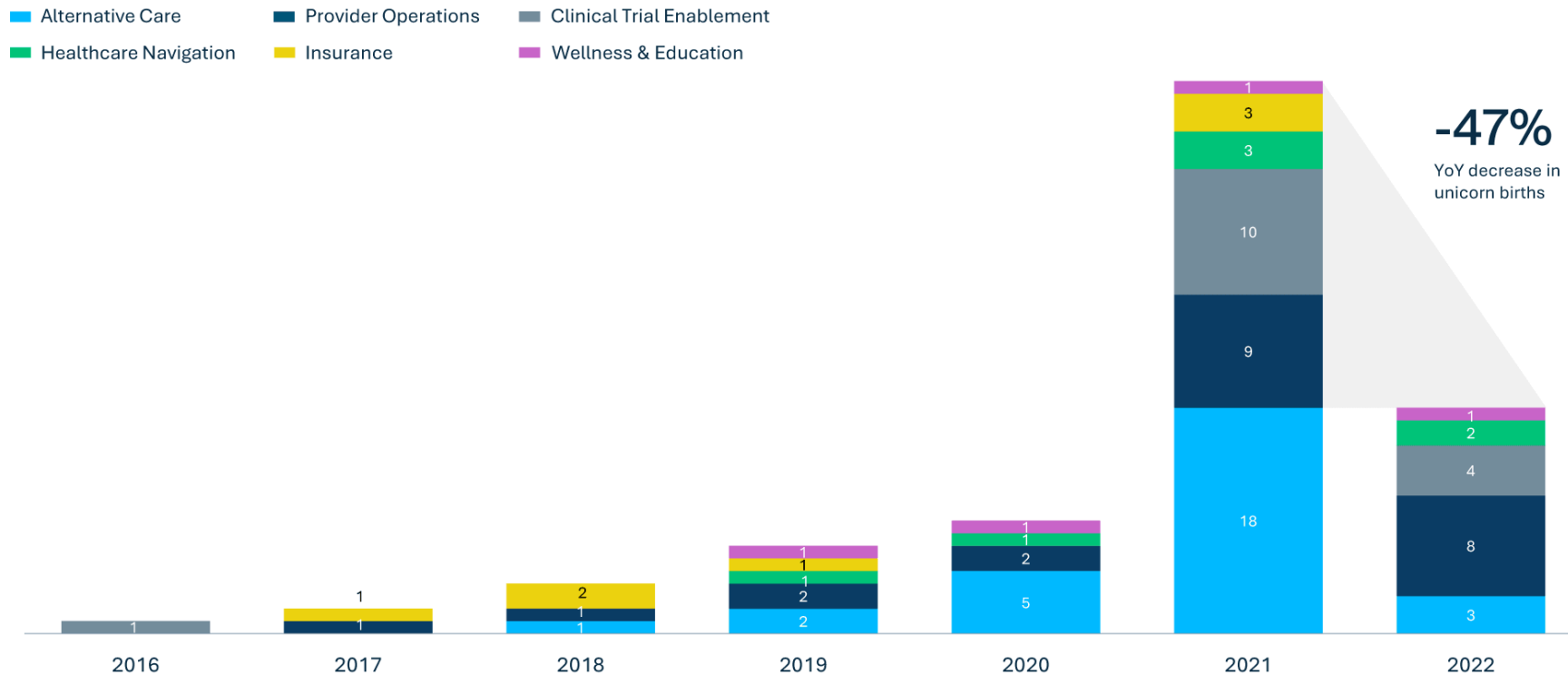


Note: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. 3) De-SPAC is a company merger of the special purpose acquisition company (SPAC), the buying entity and a target private business. Source: PitchBook, SVB proprietary data and SVB analysis.

Investment Overview

Healthtech Unicorn Births Down from 2021 Peak

US and EU¹



Note: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.



Spotlight: Mental Health

Mental Health

Demand Soars, Valuations Uniquely Up

Mental health¹(MH) companies weren't immune to the market downturn this year, with investment slowing from 2021's blockbuster levels.

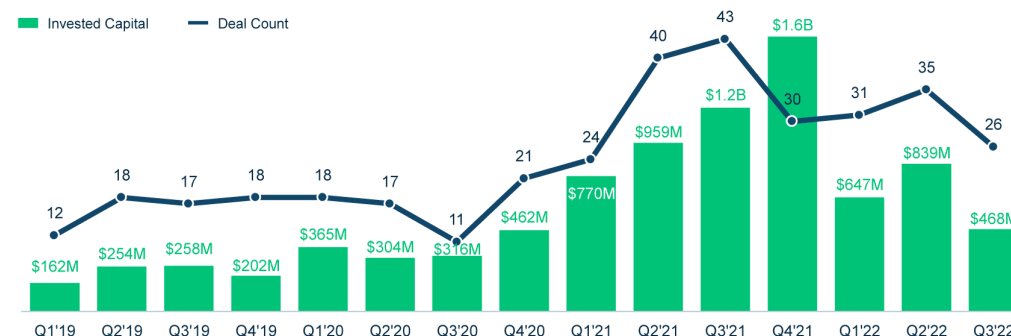
However, while the broader healthtech industry saw median deal sizes and valuations decrease in 2022, MH companies actually saw increases.

Many MH solutions rapidly expanded and scaled their platforms this year, enabled by record amounts of capital deployed to them in 2021.

As a result, employee-sponsored MH benefits have shifted from a nice-to-have to a must-have. They've improved accessibility and gained traction among employees, with high engagement rates and promising outcome improvements. Demand for these solutions continues to grow, providing opportunities for MH companies to expand.

Market leaders in MH are also assuaging the provider shortage, which has reached a tipping point.²

Mental Health VC Deals and Dollars, US and EU³



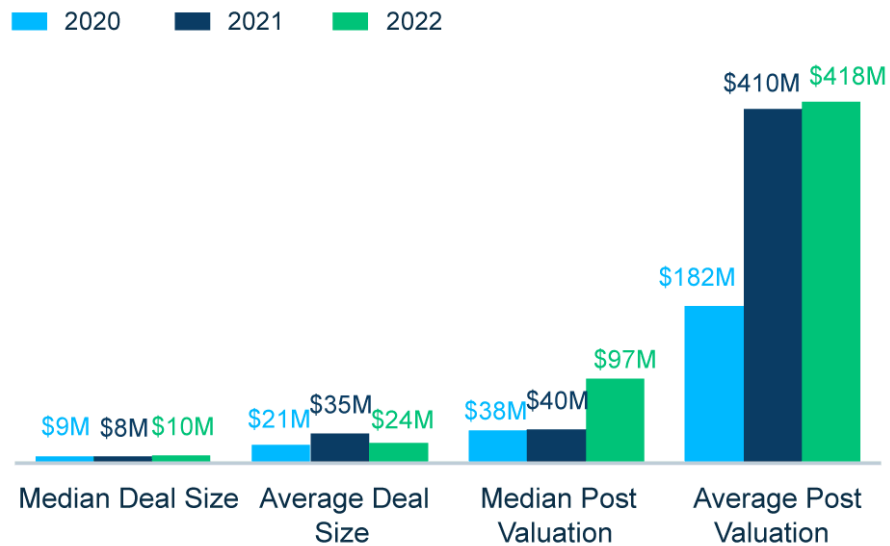
Notes: 1) This analysis does not include the \$2B raised this year (as of 9/30/22) by healthtech companies with mental health offerings that are not exclusively focused on mental health. 2) [AAMC report](#). 3) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis.

Mental Health

The hybrid care model in particular has exploded in popularity, as in-person care remains the most trusted by patients while virtual options improve access and offer more touchpoints at lower costs.

As demand continues to soar and MH tops concerns of consumers, employers, investors, payers, and providers, we believe MH investment will remain steady in 2023.

Deal Size and Valuation by Year, US and EU¹



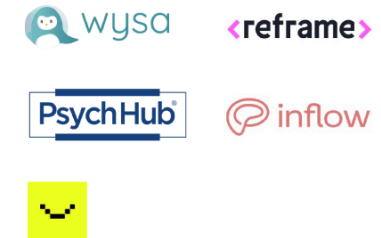
Notes: 1) EU includes UK-based companies, 2) All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

Notable 2022² Deals

Alternative Care



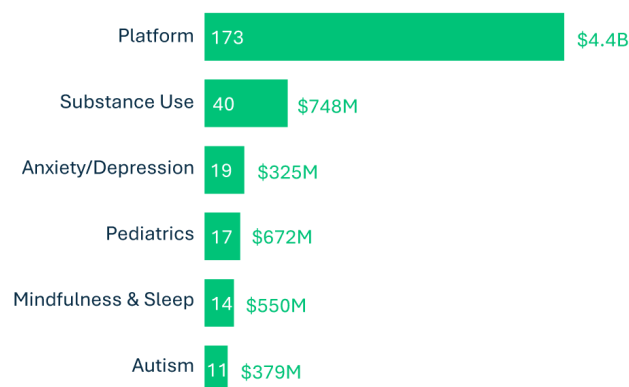
Health & Wellness



Mental Health

Point Solutions Evolving into Platform

**MH Deals and Dollars by Top Conditions
US and EU¹, 2020-2022²**

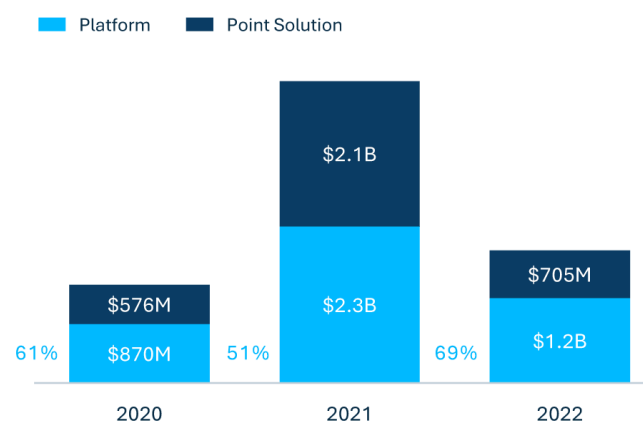


Last year saw a sharp rise in investments into point solution³ companies focusing on a single

MH disorder. This created a highly competitive landscape saturated with point solutions.

Since then, we've seen many point solutions evolve into platform⁴, expanding service offerings to

Investment by Platform or Point Solution, US and EU²



other areas of MH. Platform solutions dominated MH this year, earning 69% of investments, up from 51% last year.

As MH care demand soars, we expect more point solutions to

expand to platform to grow their patient bases. Despite market saturation, point solution valuations have risen in 2022. Their focus on single conditions allows for high-quality, specialized healthcare, especially for higher-

Notes: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. 3) Point solution defined as companies focused on single indication or disorder. 4) Platform solution defined as companies that target a combination of mental and behavioral health conditions. Source: PitchBook, SVB proprietary data and SVB analysis.

Mental Health

acuity MH disorders like treatment-resistant depression, OCD, etc. Interestingly, point solution median deal size in 2022 (\$12M) is double platform's (\$6M).

We've also seen an increase in culturally competent MH services that meet the social, cultural, and linguistic needs of patients. For example, the Bronx-based company Health in Her Hue connects Black women to appropriate healthcare providers, including MH providers.

Going forward, we expect to see more companies expand access to culturally-competent MH care.

Notable 2022¹ Point Solution Deals

Substance Use



Boulder



◀reframe▶

Quit Genius

Deal over \$50M

Anxiety/Depression



Pediatrics



Parallel



Mindfulness & Sleep



Autism





**Sector to Watch:
Women's Health**

Women's Health

Women's Health Breaks Records

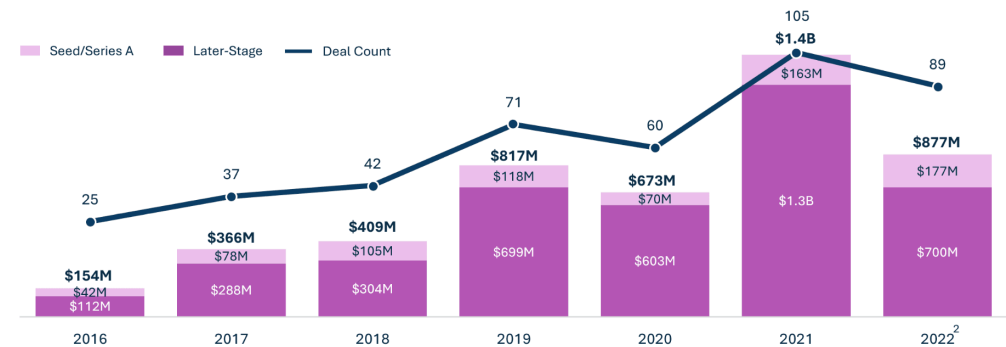
The women's health (WH) industry has never seen more momentum than now. This year, the largest WH devoted fund closed, early-stage investment hit a new record, and the second-ever WH unicorn (Bellabeat) was born. The overturn of Roe v. Wade in 2022 also sparked attention to WH, highlighting the necessity for WH innovation and fueling mission-driven founders to continue moving the needle.

Last year, investments hit an all-time record of \$1.4B. This year is slightly down from 2021 but is already 30% above 2020's full-year investments.

We have seen investments shift to early-stage, as new entrants provided new solutions for WH challenges. Seed/Series A investments hit a record \$177M in the first three quarters of this year alone, up 9% from 2021.

The increase in investments despite the market's broader downturn is promising for the WH industry. As these companies grow and mature, they can scale to serve more women and their diverse health needs.

Investment by Company Stage, US and EU¹



Notes: 1) EU includes UK-based companies 2) All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

Women's Health

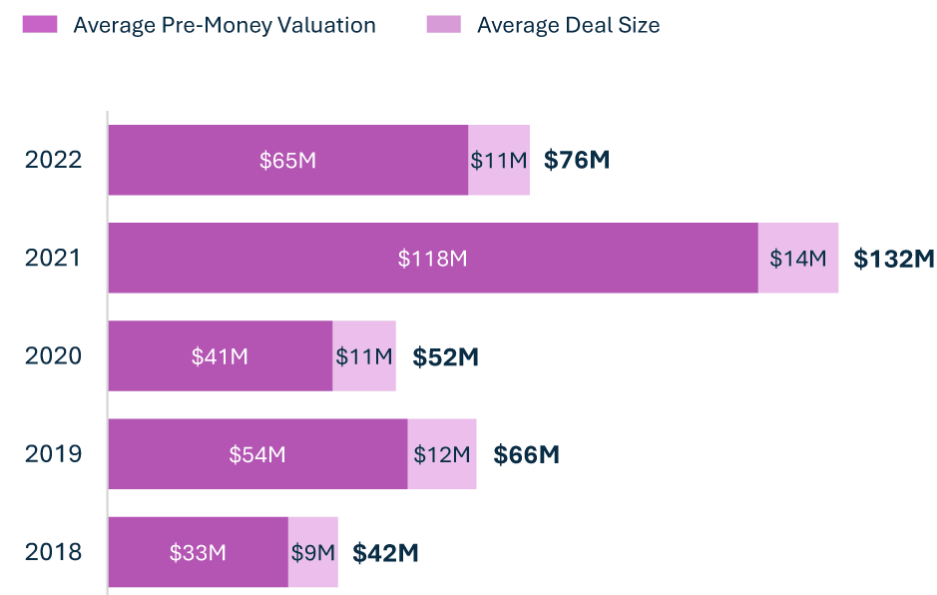
Highest-Valued Private Companies 2022¹, US and EU²

Company	Indication	Valuation
Bellabeat	Platform	\$1.02B
Billion to One ³	Pregnancy	\$950M
Mirvie ³	Pregnancy	\$155M
Gaia	Fertility	\$125M
Wildflower	Pregnancy	\$115M

<https://svb.turtl.co/story/svb-the-future-of-healthtech-2022/page/6/2>

"50% of the population isn't niche," says Maria Velissaris, founding and general partner of SteelSky Ventures. Velissaris's perspective highlights the immense opportunity WH companies hold to serve the health needs of half our population.

Average Post-Money Valuations, US and EU²



Investors will likely strike on the investment opportunities in WH as the industry continues to grow and provide new solutions for the health needs of women.

Notes: 1) Highest-valued defined by post-money valuation on private round in 2021–Q3'22. 2) EU includes UK-based companies. 3) This company overlaps with the dx/tools sector.

Source: PitchBook, SVB proprietary data and SVB analysis.

Women's Health

Fertility and Pregnancy Lead Investment

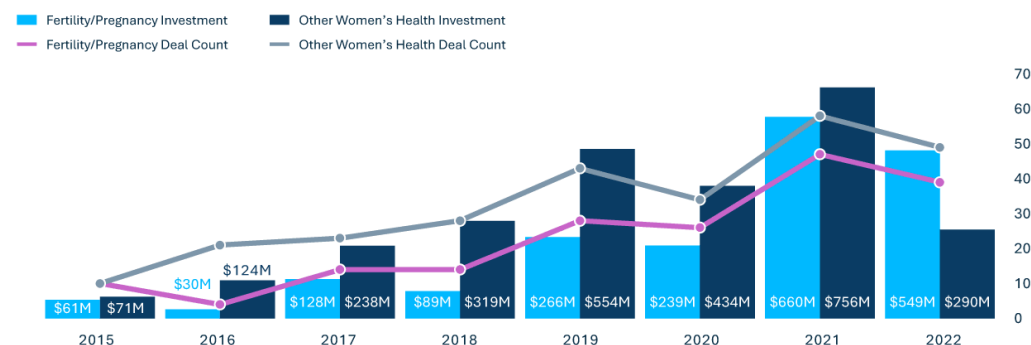
Fertility and pregnancy companies dominated WH investment in 2022, accounting for a record 68% of all investment. Historically, therapeutic areas other than fertility and pregnancy, such as pelvic floor health and menopause, have received more combined investments and have shown substantial growth.

We anticipate increased investment into therapeutic areas outside of fertility and pregnancy as they garner more attention.

We also notice several WH alternative care companies moving towards whole-person care. Maven Clinic recently announced the addition of menopause care to their platform, and Kindbody expanded their platform into women's mental health.

Tia and Parsley Health both aim to take a holistic approach when providing care, offering gynecological services alongside primary care.

Fertility & Pregnancy vs Other¹ Women's Health Deals and Dollars, US and EU²



Notes: 1) Other companies are focused on single indications such as breastfeeding, mammography, women's mental health, and breast cancer. 2) EU includes UK-based companies. All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

Women's Health

These new models applied in fertility and pregnancy are improving maternal health outcomes by increasing access to specialty providers, including OBGYNs, nutritionists, and mental health providers.

Companies focusing on hormone health are increasing productivity in women who suffer from debilitating and historically undiagnosed hormone-related conditions.

We predict that personalized, whole-person care will continue to grow, as WH is not a one-size-fits-all solution.

These companies are not only serving 50% of the population, but are also helping to reduce stigmas, raising awareness, and dismantling the taboo culture around WH.

Investment by Application, US and EU¹

	2020		2021		2022 ²	
Applications	Dollars	Deals	Dollars	Deals	Dollars	Deals
Fertility	\$107M	13	\$211M	22	\$253M	13
Pregnancy	\$132M	12	\$448M	25	\$296M	27
Platform	\$253M	15	\$508M	17	\$75M	14
Menopause	\$57M	4	\$16M	6	\$46M	4
Pelvic Health	\$89M	9	\$53M	12	\$76M	9
Oncology	\$0	0	\$12M	5	\$79M	10
Birth Control	\$11M	3	\$63M	7	\$5M	2
Menstruation	\$9M	7	\$94M	7	\$2M	3

Notes: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

Women's Health

Largest 2022¹ Deals by Indication

Fertility/Pregnancy



Platform

kindbody
Caraway
HerMD

Menopause

EVERNOW
vira
LiSa Health

Women's Oncology²

PRELUDE²_{DX}
THERAPIXEL
DYSIS

Pelvic Health

Materna²_{Medical}
SEL²
innovo

Notes: 1) All 2022 data is through 9/30/22. 2) These companies overlap with the biopharma, device or dx/tools sectors. Source: PitchBook, SVB proprietary data and SVB analysis.

Healthtech Subsector: Alternative Care



Subsector: Alternative Care

Dramatic Shift to Early Stage Alternative Care Opportunities

Last year alternative care (AC) companies earned the bulk of healthtech investments, with new investors deploying record amounts of capital into the subsector and raising valuations.

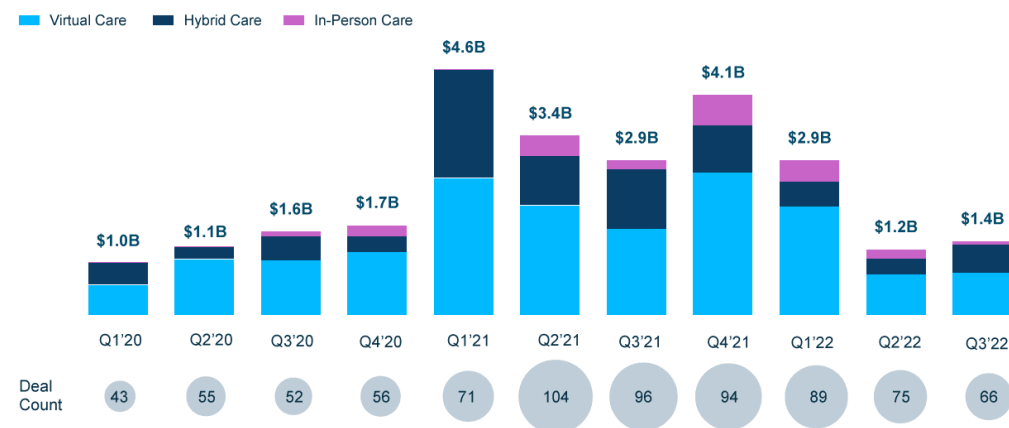
Consequently, AC companies saw the sharpest decrease in investments and later-stage valuations this year.

Despite the steep drop, investment this year (\$5.6B) is still well ahead of 2020's total (\$5.4B).

Investment dramatically shifted to earlier stages where valuations are lowered from 2021's levels. Growing opportunities at the earlier stage indicate that AC companies are not slowing down.

Now that virtual care is ubiquitous in 2022, investment is shifting to companies delivering quality outcomes. Mature AC companies must not only prove their profitability but also their ability to take on risk and accountability with buyers to deliver quality outcomes.

Alternative Care VC Deals and Dollars, US and EU¹



Notes: 1) EU includes UK-based companies. Source: Pitchbook, SVB proprietary data and SVB analysis.

Subsector: Alternative Care

Virtual and hybrid care models have proven especially effective in providing high-quality primary care and mental healthcare. A recent study showed that virtual primary care increased mental health screenings and improved chronic condition management.¹ These two therapeutic areas received over half of all virtual care investment in 2022.

Virtual care also provides more flexibility to physicians, improving optimism about the effects of AC on physician burnout.² Even as virtual care continues to explode and as in-person models receive less investment, in-person will always be necessary for complex care delivery.

Notable 2022¹ Deals

Virtual Care

Focused on providing care that enables a patient to see a provider remotely



Hybrid Care

Focused on providing care that is a combination of in-person and virtual



In-Person Care

Focused on providing care that requires the patient to physically visit a provider



Notes: 1) All 2022 data is through 9/30/2022. Source: Pitchbook, SVB proprietary data and SVB analysis.

Subsector: Alternative Care

Shift to Integrate and Provide Whole-Person Care

A record number of point solution AC companies formed in 2021, creating a highly competitive landscape saturated with point solutions.

As point solutions continue to compete for the same providers and employers and point solution fatigue increases, companies will grow to integrate and expand platforms.

Many companies that started as point solutions have already evolved to offer platform care, such as Honor and Hinge Health. This can provide AC companies with additional revenue streams

and improved care models, and we expect to see more of this activity in Q4'22 and 2023.

Shifts to whole-person care drove investments into primary care and platform care this year, which earned 43% of 2022 investment. Going forward, AC companies may need to prove they can integrate, scale, improve health outcomes and be profitable or reimbursable by payers.

AC Investment by Top Applications, US and EU¹

	2020		2021		2022 ²	
Application	Dollars	Deals	Dollars	Deals	Dollars	Deals
Mental Health	\$976M	54	\$3.8B	101	\$1.5B	60
Primary Care	\$2.3B	59	\$5.0B	94	\$1.7B	51
Women's Health	\$242M	16	\$485M	32	\$308M	32
Platform Care³	\$823M	16	\$1.5B	17	\$622M	8
Senior Care	\$350M	13	\$1.0B	16	\$262M	10

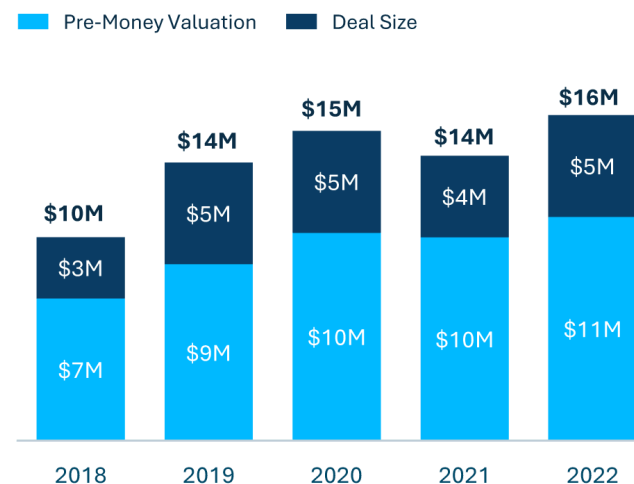
Notes: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. 3) Platform care combines primary care with at least one form of specialty care. Source: PitchBook, SVB proprietary data and SVB analysis.

Subsector: Alternative Care

Mental health AC companies earned a record 28% of all AC dollars in 2022, up from 17% in 2020. We also saw significant interest in senior care companies, as the aging population increasingly faces complex and costly healthcare challenges.

At the early stages, we've seen more AC companies offering culturally centered, whole-person care. Leaders in the space include Folx Health (\$25M Series A, 1/19/21), Zocalo (\$7M seed round, 9/19/22) and Hurdle (\$6M seed round, 1/7/21).

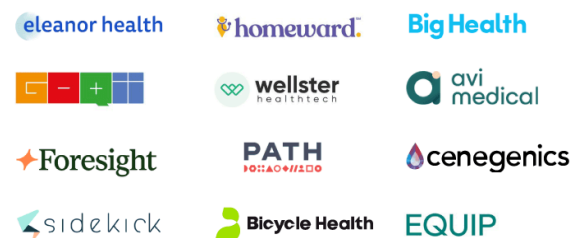
Median Series A Post-Money Valuations, US and EU²



Notable 2022¹ Deals, US and EU²

2020 Deal Count (Grey), 2021 Deal Count (Dark Blue), 2022 Deal Count (Blue)

\$50M to \$99M



18 27 12

\$100M to \$150M



11 20 6

>\$150M



5 27 7

Notes: 1) All 2022 data is through 9/30/2022. 2) EU includes UK-based companies. Source: Pitchbook, SVB proprietary data and SVB analysis.



Healthtech Subsector: Provider Operations

Subsector: Provider Operations

Providers Must Evolve to Reinvent Care Amid Physician Shortage

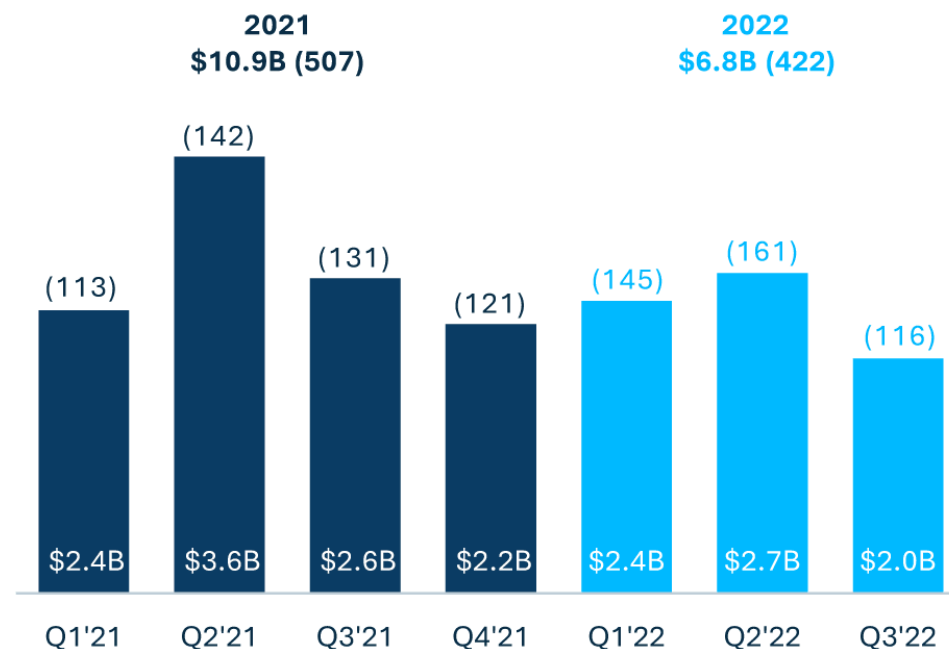
Now more than ever, traditional providers are forced to evolve to improve clinician capacity and compete with the tech-enabled alternative care (AC) solutions that rapidly scaled last year.

Although the healthcare industry has seen marked improvements in innovation adoption since 2020, it still lags behind other industries. Historically, tech adoption by providers is slow, hindered by providers resisting new solutions.

Providers must adopt provider operations (PO) solutions to expand consumer-preferred virtual offerings, improve provider workflows, assuage physician burnout and facilitate the adoption of value-based care models.

The pandemic accelerated the physician shortage, leading some providers to adopt PO solutions to expand virtual care options or streamline provider workflows to improve capacity.

PO Dollars and (Deals), US and EU¹



Notes: 1) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis.

Subsector: Provider Operations

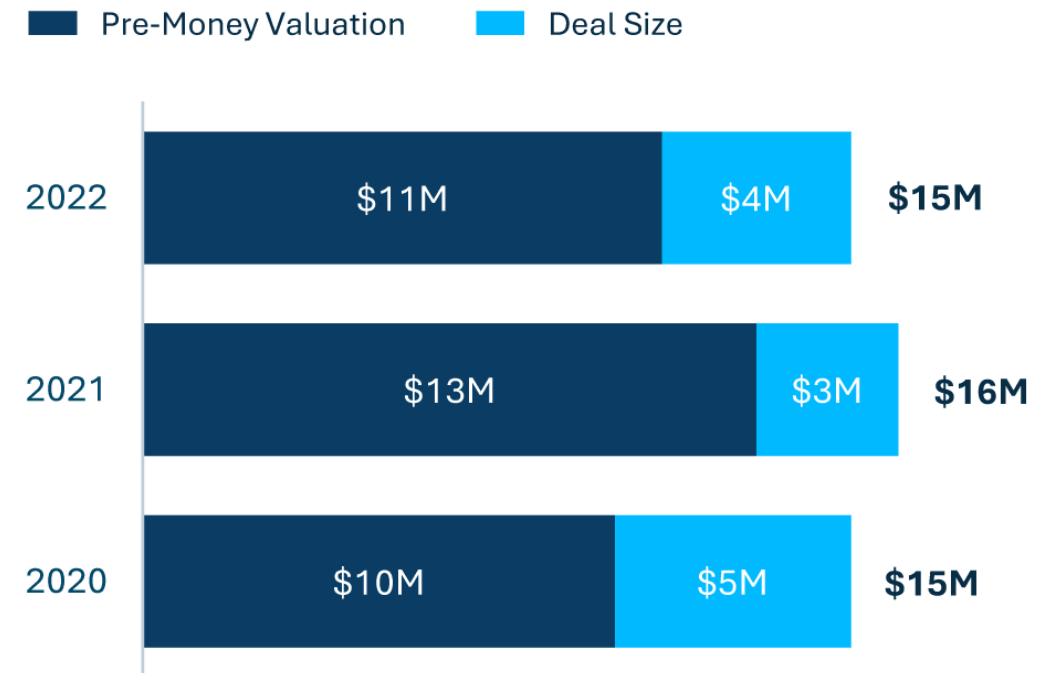
However, many have lagged in adoption and have alleviated the gap by restricting patient care. Since the pandemic's onset, over 18% of US hospitals have reduced service hours, and 14% cancelled or delayed elective procedures.¹

As pressure mounts on providers to adopt technology solutions, investment in PO solutions will remain high. We expect PO to continue to lead healthtech investment in 2023.

PO Investment by Application

	2020		2021		2022 ²	
Applications	Dollars	Deals	Dollars	Deals	Dollars	Deals
Workflow Optimization	\$2.8B	178	\$6.6B	284	\$4.0B	236
Clinical Decision Support	\$2.4B	133	\$4.3B	233	\$3.0B	188

Median Series A Post-Money Valuations, US and EU³



Notes: 1) [Deloitte report](#). 2) All 2022 data is through 9/30/22. 3) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis.



Healthtech Subsector: Clinical Trial Enablement

Subsector: Clinical Trial Enablement

CTE Scratching the Surface of AI, ML-Based Discovery

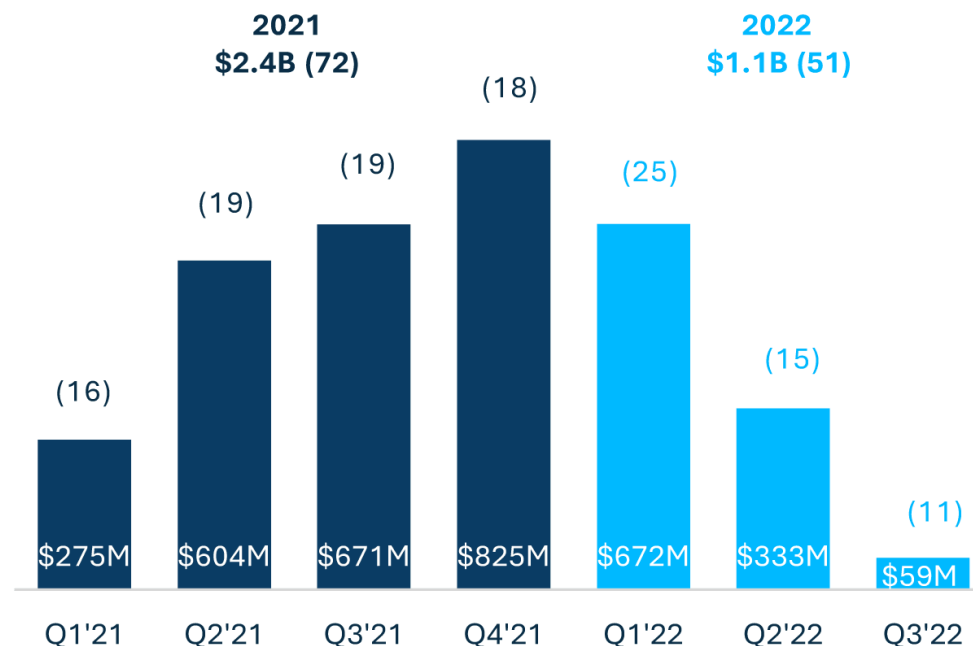
VC investment into clinical trial enablement (CTE) has grown 2.5x over the past five years. This year's total of \$1.1B is higher than any year on record other than 2021 (\$2.4B). Although Q3'22 marks the lowest quarter since Q1'18 (\$59M), investors are bullish in the space.

While most other healthtech subsectors have seen valuations drop this year, median later-stage CTE valuations are only 7% lower than in 2021.

Early-stage valuations increased dramatically as well, following investor patterns across healthtech to act early to avoid higher later-stage valuations and expensive financings.

There has been a broad industry commitment to patient recruitment, up 250% from 2020 and the focus of Reify Health, CTE's largest deal of 2022 for \$220M. Larger public companies like Walgreens are entering the space and utilizing community trust and embeddedness to recruit more diverse patients to trials.

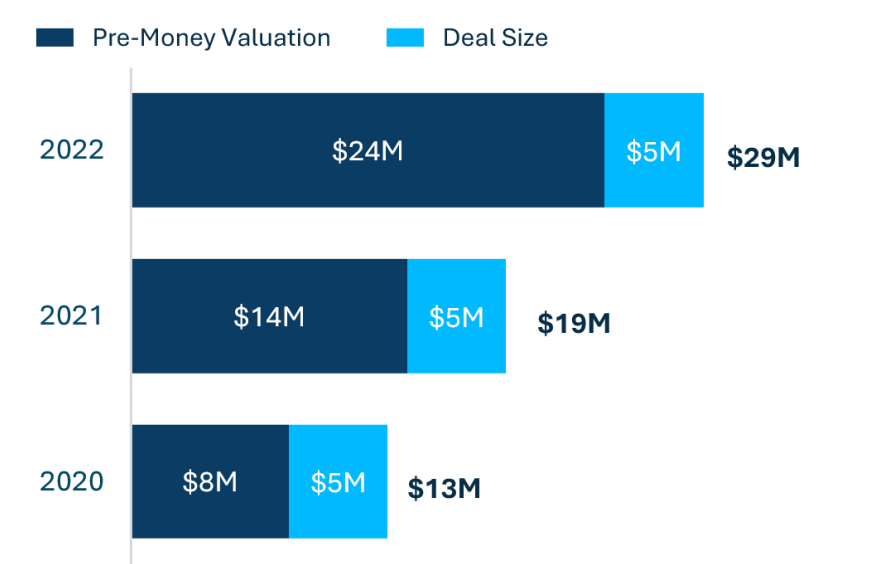
CTE Dollars and (Deals), US and EU¹



Notes: 1) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis.

Subsector: Clinical Trial Enablement

Median Series A Post-Money Valuations, US and EU¹



Healthtech has only scratched the surface in terms of using data, AI and ML to develop drugs, but this is an area that is rapidly growing.

Biopharma VCs have deep pockets and will continue to approach companies using tech capabilities to aid CTE.

CTE Investment by Application, US and EU¹

	2020		2021		2022²	
Applications	Dollars	Deals	Dollars	Deals	Dollars	Deals
Drug Discovery	\$559M	\$26	\$1.5B	51	\$668	28
Workflow Optimization	\$97M	6	\$459M	12	\$347M	12
Patient Recruitment	\$7M	2	\$122M	5	\$38M	6
Mobile Trials	\$102M	3	\$224M	3	\$6M	2

Notes: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

A photograph showing three people sitting in a circle in a meeting room. On the left, a young woman with dark hair, wearing a yellow shirt and a blue plaid jacket, is smiling. In the center, a man with a beard, wearing a light blue button-down shirt over a tan t-shirt and jeans, is also smiling. On the right, another man with a beard, wearing a light blue button-down shirt and dark pants, is smiling. They are all looking towards each other, suggesting an active conversation. The room has a wooden door in the background and a blue wall. The foreground is slightly blurred, showing the back of a person's head and shoulders.

Healthtech Subsector: Wellness & Education

Subsector: Wellness and Education

Wellness Companies Shift to Outcomes, B2B

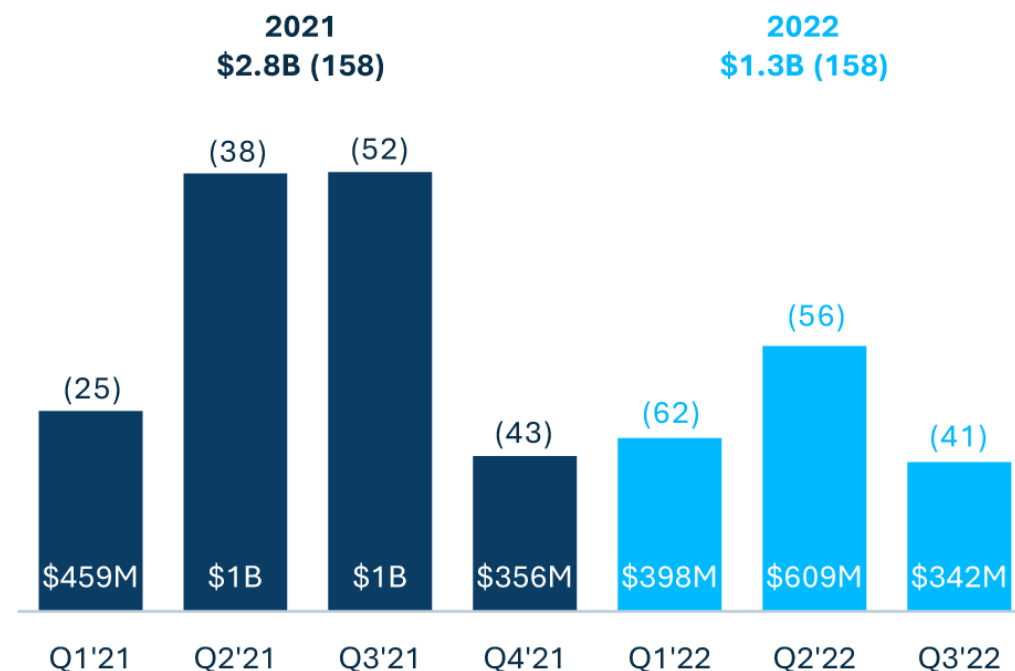
As healthtech investor focus shifted to quality and outcomes this year, health & wellness (H&W) investment focused on companies offering improved healthcare outcomes. These companies often pair a user-friendly consumer application with devices or diagnostic tests.

As H&W companies shift their focus to improving outcomes, we've seen some of these companies evolve into the clinical space. For example, mindfulness app Headspace expanded their platform by acquiring Ginger, a therapy provider, for \$3B in 2021.

H&W companies are also shifting away from direct-to-consumer (D2C) models to business-to-business (B2B) models. With consumer inflation at all-time highs, and digital customer acquisition costs skyrocketing, competition to capture consumer dollars is high.

Shifting to B2B and business-to-consumer (B2C) paves paths for H&W companies to scale engaged customer bases by working within existing healthcare system infrastructures, and acquiring consumers through health systems, payers and employers.

Wellness and Education Dollars and (Deals), US and EU¹



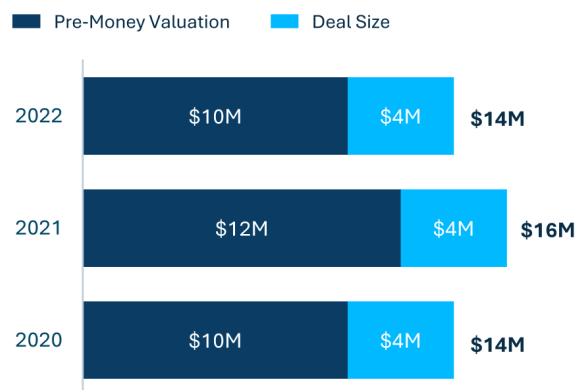
Notes: 1) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis.

Subsector: Wellness & Education

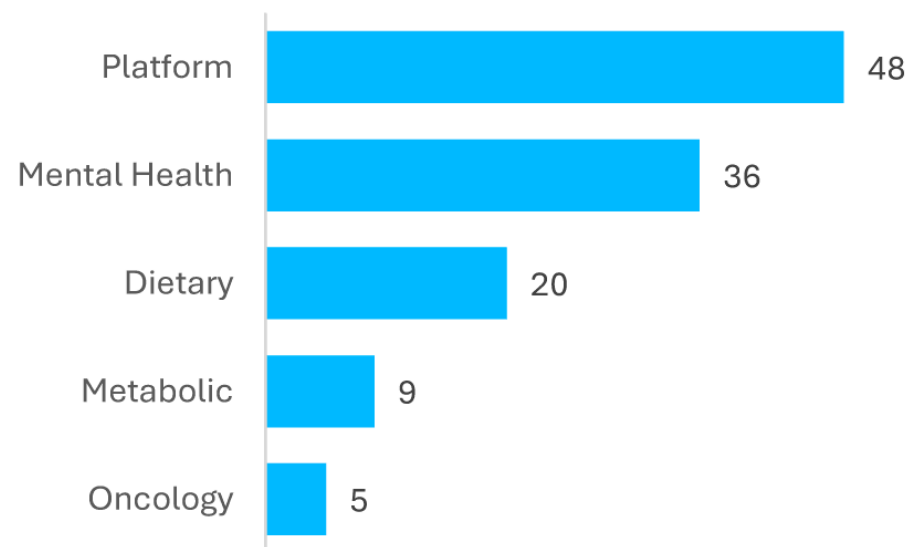
In 2021, many new investors entered the H&W space as the pandemic substantially increased the prioritization of wellness by consumers across the globe. Interestingly, new investor activity in 2022 was sustained, with 72% of investors into H&W companies in 2022 being new to the company.

Consumerization of healthcare has grown significantly in 2022. As H&W companies lead the shift in focus to the consumer experience, we predict there will be an even stronger consumer presence shaping the healthcare landscape in 2023.

Series A Post-Money Valuations, US and EU¹



Health & Wellness Deals by Focus Area US & EU¹, 2020-2022²



Notes: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

A male doctor with a beard and glasses, wearing a white lab coat over a blue shirt and dark tie, is smiling while looking at a tablet computer. A stethoscope is draped around his neck. The background is a blurred clinical setting with a bookshelf and a human anatomy chart.

Healthtech Subsector: Healthcare Navigation

Subsector: Healthcare Navigation

Healthcare Navigation Expands Offerings, Early Stage Lags

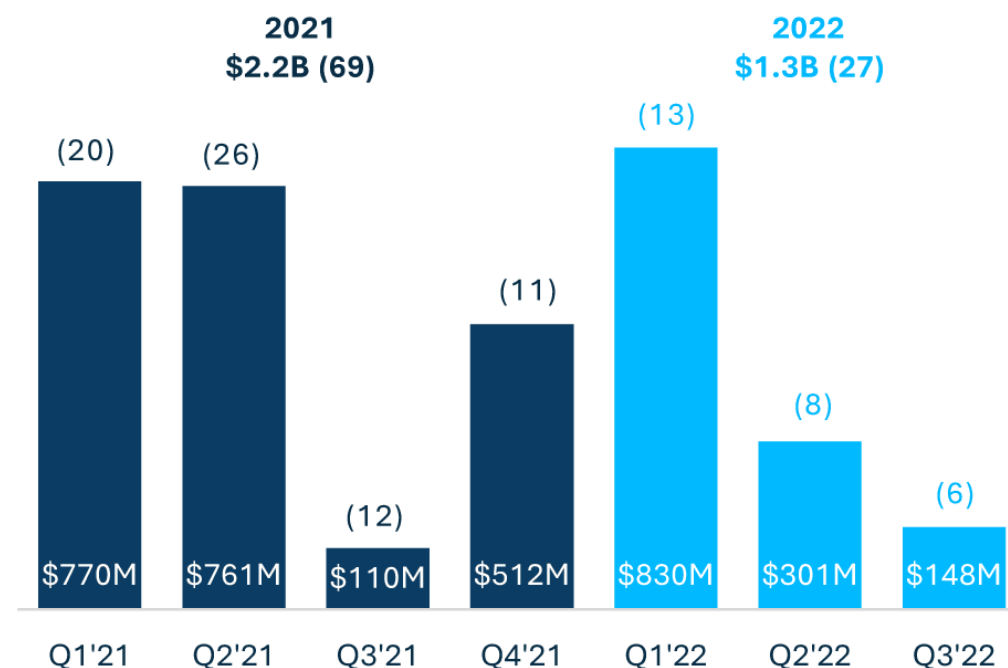
Healthcare navigation (HN) saw the largest-ever investment quarter this year in Q1'22 with \$830M invested. Although 2022 dollars and deal counts are down from 2021, average deal size is up 38%, from \$32M in 2021 to \$47M in 2022. A handful of large 2022 HN deals drive the average up: HealthCare.com (\$212M), Transcarent (\$200M) and Alma (\$130M).

HN companies focused on price transparency saw the first-ever deal over \$100M this year for Walnut (\$110M).

Models such as buy now, pay later are disrupting the traditional method of payment and are offering more consumer flexibility and accessibility to expensive healthcare.

As healthcare costs continue to increase, we expect more investment into price transparency companies.

Healthcare Navigation Dollars and (Deals), US and EU¹



Notes: 1) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis.

Subsector: Healthcare Navigation

Several companies have established themselves as front-runners in HN, raising capital consistently year after year.

Seven of the eight companies who raised at least \$50M in 2022

also raised capital in 2021, establishing continued success and growth after 2021's record year. Meanwhile, early-stage entrants into the HN market have received less investment this year than any other year, with just two

deals. Many HN companies have evolved to offer additional services, such as telehealth and insurance plans. We expect this to continue as consumers demand HN features in every healthcare experience.

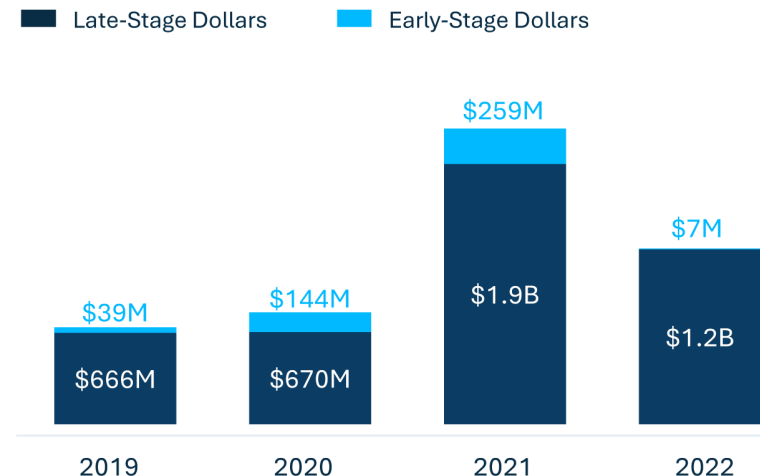
Investment by Application, US and EU¹

	2020		2021		2022 ²	
Applications	Dollars	Deals	Dollars	Deals	Dollars	Deals
Provider Matching	\$591M	21	\$1.2B	35	\$433M	10

Open full table in browser:

<https://svb.turtl.co/story/svb-the-future-of-healthtech-2022/page/11/2>

Investment by Company Stage, US and EU¹



Notes: 1) EU includes UK-based companies. 2) All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.



Healthtech Subsector: Medication Management

Subsector: Medication Management

Growth and Mega-Deals Persist in Medication Management

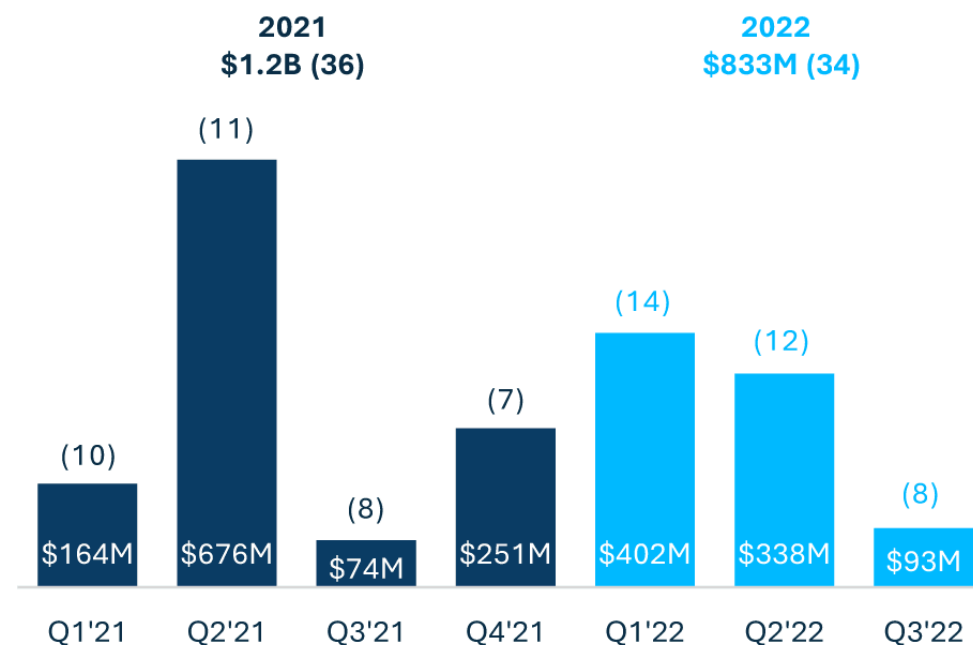
Medication management (MM) investment hit \$831M this year, up 29% from \$644M in 2020. Interestingly, deal count has remained steady at 36 in 2021 and 2022, despite dollars falling 41%.

This is due to larger average deal sizes this year. In fact, there were the same amount of MM mega-deals (3) in 2021 and 2022. This contrasts the broader healthtech industry, which saw a sharp drop (40%) in mega-deal financing.

Two of the three mega-deals were in pharmacy benefit companies, which offer solutions to increase access and affordability of prescription drugs. These deals mark the first-ever mega-deals in pharmacy benefits, which is historically the smallest application.

Investment is driven by the skyrocketing price of prescription drugs, which has grown at a faster rate than inflation over the past seven years, up 35% since 2019¹ in the US.

Medication Management Dollars and (Deals) US and EU2



Notes: 1) [Kaiser Family Foundation Report](#). 2) EU includes UK-based companies. Source: PitchBook, SVB proprietary data and SVB analysis.

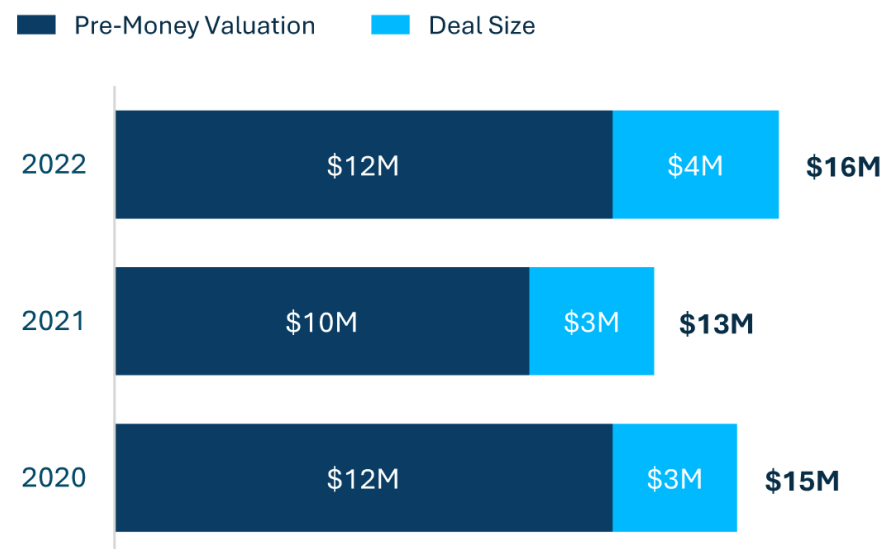
Subsector: Medication Management

Increased investment in MM also supports the overall flight to quality shown throughout healthtech. For example, a US-based study showed that post-hospital discharge medication delivery improved adherence by 57%¹, highlighting the vast opportunity within this sector to improve healthcare quality.

Investment by Application, US and EU²

	2020		2021		2022 ³	
Applications	Dollars	Deals	Dollars	Deals	Dollars	Deals
Medication Delivery	\$496M	11	\$822M	14	\$311M	12
Medication Compliance	\$83M	9	\$164M	11	\$75M	9
Workflow Optimization	\$42M	4	\$128M	10	\$150M	10
Pharmacy Benefits	\$31M	4	\$50M	1	\$279M	3

Median Series A Post-Money Valuations, US and EU²



Notes: 1) [American Heart Association Report](#). 2) EU includes UK-based companies. 3) All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.



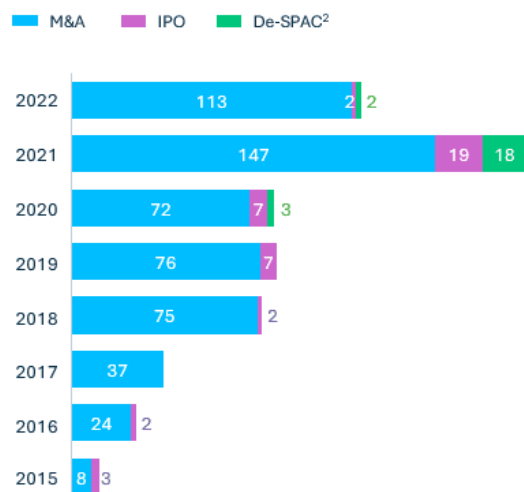
Healthtech Global Exits

Global Exits

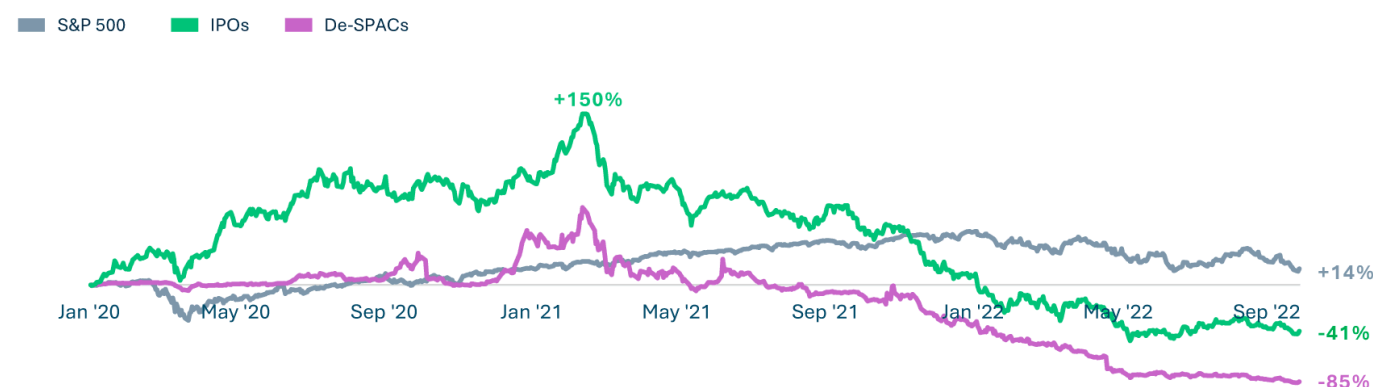
Healthtech IPO window slams shut

Healthtech's IPO window shut this year, marking an end to the wave of new listings from 2019-2021. This year's IPOs, both in Q3, were international provider operations companies ClouDr and Lunit, based in Hong Kong and South Korea, respectively.

VC-Backed Exits by Year¹



VC-Backed IPO and De-SPAC Performance³



Inflation, supply chain constraints, interest rate hikes and the situation in Russia and Ukraine all contributed to the stock market's worst first half since 1970. The volatility hurt performance across all sectors, but especially in healthtech, with median 2022 performance at -58%.¹

Despite last year's influx in healthtech IPOs, the end-of-year 2021 performance was disappointing, with the majority of healthtech stocks trading negatively. This revealed the public market's dissipating enthusiasm for tech-enabled healthcare growth stories.

Notes: 1) IPO data only includes venture-backed IPOs since 2015 with minimum \$25M proceeds raised. 2) De-SPACs graphed by date of announcement of intent to de-SPAC. 3) Performance measured by change in index value as of 1/1/20. All 2022 data is through 9/30/22. Source: S&P Capital IQ, PitchBook, SVB proprietary data and SVB analysis.

Global Exits

Public performance of VC-backed unicorns born in 2015-2021 was mostly negative in 2021, with all trading negatively except One Medical (+45%) and Health Catalyst (+92%). This year, performance worsened with only One Medical (+22%) trading positively following Amazon's announcement to acquire the company.

SPACs, which exploded in popularity last year, seem to have fallen out of vogue, with all trading negatively. Median de-SPAC performance since merger close reached a record low in Q3'22 (-80%), down significantly from 2021 (-35%). As uncertain market conditions continue, we expect healthtech companies to remain private and delay IPO plans, while considering M&A opportunities.

VC-Backed IPO Performance, US¹

	Description	Median 2019 Performance	Median 2020 Performance	Median 2021 Performance	Median 2022 Performance
Healthtech IPOs	US VC-backed Healthtech IPOs since 2015	+18%	+98%	-10%	-58%
Tech IPOs	US VC-backed tech IPOs since 2015	+44%	+135%	+32%	-45%

Notes: 1) IPO data only includes venture-backed IPOs since 2015 with minimum \$25M proceeds raised. Source: S&P Capital IQ, PitchBook, SVB proprietary data and SVB analysis.

Global Exits

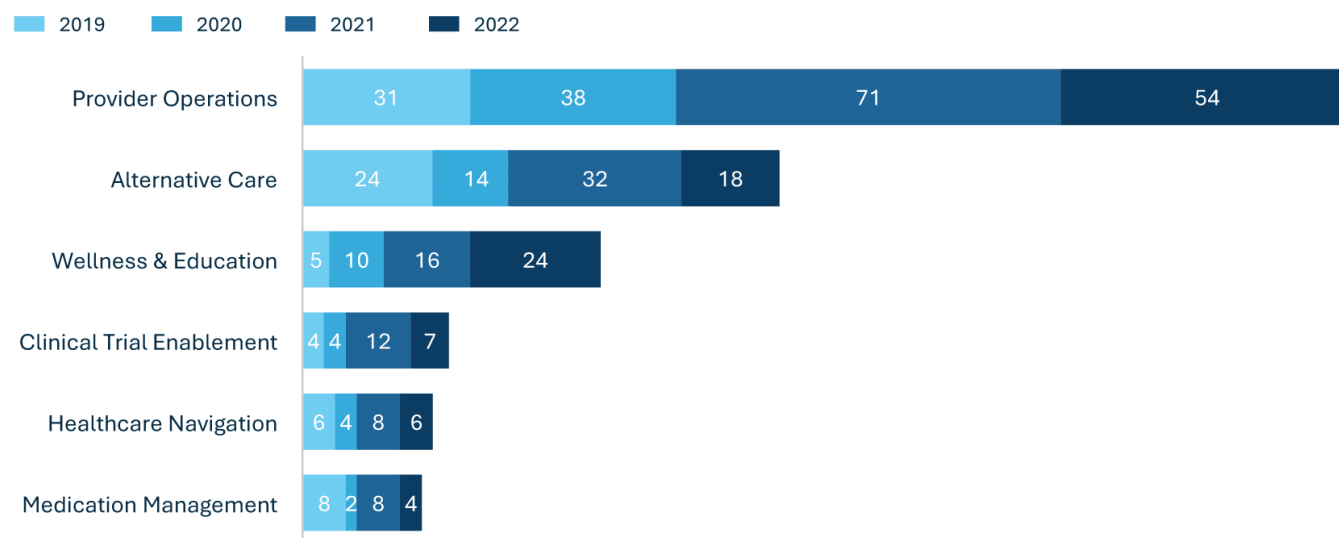
Uptick in M&A Volume, Deal Value Down

M&A deal activity in healthtech this year started strong in Q1 (48 deals) but tapered off in Q2 (33) and Q3 (30), with Q3 down 44% from the peak in Q4'21 (54). We expect M&A volume to be slightly down in Q4'22, with yearly totals behind 2021's record pace.

While M&A activity tapered slightly, median acquisition prices were significantly down. Acquirers struggled with valuation disconnect, driven by big step-ups and resulting lofty post-money valuations we saw with regularity in 2020 and 2021.

Deal pricing will likely remain unsettled as private valuations correct. This is playing out in 2022 as median later-stage post-money valuations (\$100M) are down 17% from their peak in Q4 2021 (\$121M), while public market healthtech market caps continue to drop below pre-record 2021 levels.

VC-Backed M&A¹ Deals by Top Subsectors



There were only six publicly disclosed private healthtech M&As in 2022 over \$50M and zero over \$1B (2021 had four). M&A in 2021 boasted strong return multiples² for many of the disclosed deals; however, in 2022 public market corrections have impacted return multiples for investors, as two of the six (Analytic Wizards and PlusDental) seemed to have larger prior private round post-money valuations than exit values.

Notes: 1) M&A data only includes private, venture-backed M&A. All 2022 data is through 9/30/22. 2) Return multiple defined as the acquisition price divided by the post-money valuation on the prior private round. Source: PitchBook, SVB proprietary data and SVB analysis.

Global Exits

Notable 2022 VC-Backed M&A¹ in Most Active Subsectors

Provider Operations



Acquisition >= \$100M

Alternative Care



Wellness & Education

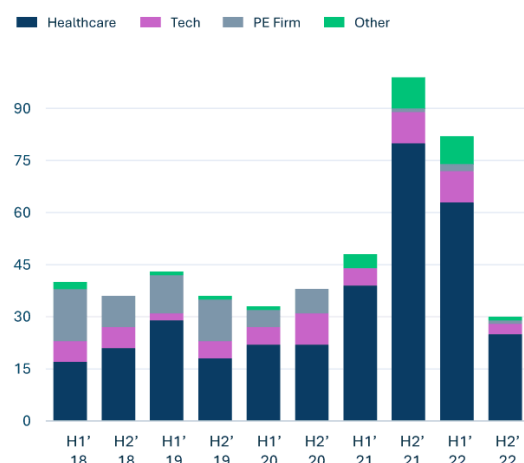


Notes: 1) M&A data only includes private, venture-backed M&A. All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

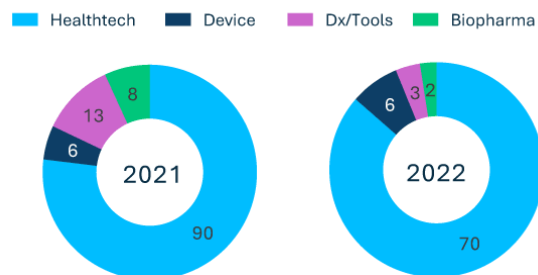
Global Exits

Healthtech Acquirers: 63% of 2022 M&A Activity

VC-Backed M&A¹ Deals by Acquirer Type



VC-Backed Healthcare Acquirers



Public healthcare companies lead private M&A activity in 2022, while acquisitions by PE firms have continued to decline since early 2021. Healthtech companies acquired the most of any other healthcare sector (biopharma, diagnostics, and device), with 70 acquisitions (86% of healthcare acquirer activity and 63% of overall activity) in 2022.

We expect well-positioned private healthtech companies, flush with cash on their balance sheets from 2021 mammoth rounds, to continue to be opportunistic acquirers in the space in Q4'22 and 2023.

This year saw some notable public M&A activity by Big 5 tech companies: Amazon (One Medical) and Microsoft (Nuance Communications). We believe large

technology companies, equipped with technology, data and cash, will continue to venture into the healthcare industry, as it remains highly challenged and ripe for innovation.

Various industry factors lead us to believe M&A will remain steady. Healthcare acquirers can leverage growth-stage companies' technology to build stronger relationships with providers and provide better navigation for patients. We expect a wave of consolidation in the next three quarters with a broad range of acquirers including large technology companies.

Notes: 1) M&A data only includes private, venture-backed M&A. All 2022 data is through 9/30/22. Source: PitchBook, SVB proprietary data and SVB analysis.

Global Exits

Notable Private M&A Deals¹ by Acquirer Industry

Technology Acquirer



3/16/22
\$23M Deal Value
Acquirer: **Dreamtech**



5/18/22
N/A Deal Value
Acquirer: **Metanomic**



1/1/22
N/A Deal Value
Acquirer: **Claroty**

Healthcare Acquirer



7/12/22
\$585M Deal Value
Acquirer: **Medtronic**



8/1/22
\$375M Deal Value
Acquirer: **Evolent Health**



3/1/22
\$100M Deal Value
Acquirer: **Roman Health**

Private Equity Acquirer



7/12/22
N/A Deal Value
Acquirer: **Bain Capital**



4/20/22
N/A Deal Value
Acquirer: **Main Capital Partners**

Notable M&A Deals by Big 5 Tech



one medical

3/16/22
\$3.9B Deal Value



1/1/18
\$753M Deal Value



1/14/21
\$2.1B Deal Value

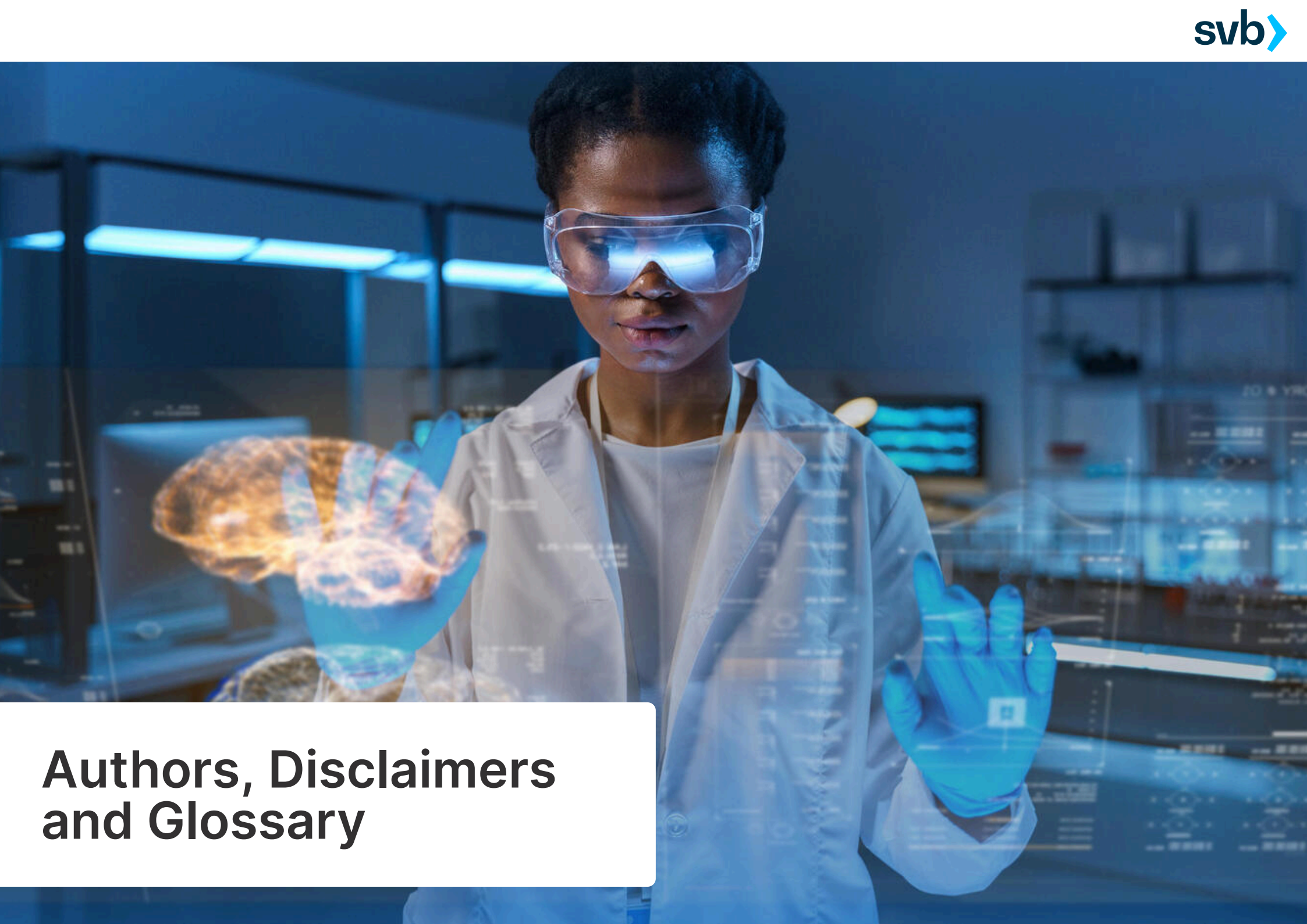


9/1/21
N/A Deal Value



3/4/22
\$18.8B Deal Value

Notes: 1) M&A data only includes private, venture-backed M&A. Source: PitchBook, SVB proprietary data and SVB analysis

A woman with dark hair, wearing a white lab coat and clear safety goggles, is in a futuristic laboratory. She is interacting with a glowing, translucent 3D model of a human brain that is suspended in the air. The background is dimly lit with blue light, showing shelves with various lab equipment and a computer monitor displaying data. The overall atmosphere is high-tech and scientific.

Authors, Disclaimers and Glossary

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Glossary

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.

Non-Healthcare Acquirer defined as a company whose main business segments are not 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 Boston, Cambridge and Waltham, Massachusetts.

Glossary

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.

Series A defined as all first-round institutional or corporate venture investment and all first-round investments equal to or greater than \$2M, regardless of investor.

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).

Alternative Care Definitions continued

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 any healthcare service 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.

Glossary

Mental Health Definitions

Providers defined as physicians, nurses, pharmacists and licensed therapists.

Patients defined as individuals who are prescribed Healthtech solutions by their healthcare provider(s).

Direct-to-Consumers defined as individuals having direct access to Healthtech solution(s) and the solution does not require provider consent.

Employers/Payers defined as companies, hospitals, health plans and insurance providers.

Omni-Channel defined as a combination of the following target customers: providers, patients, direct-to-consumers and employers/payers.

Anxiety and Depression defined as companies that primarily target anxiety and depression disorders.

Substance Use defined as companies that primarily focus on solutions for addiction and drug use.

Mindfulness defined as companies that primarily focus on improving overall well-being and happiness, often offering meditation guidance, sleep therapy and stress regulation practices.

Platform defined as companies that target a combination of mental and behavioral health conditions such as ADHD, anger, anxiety, bipolar disorder, depression, eating disorders, OCD, PTSD, schizophrenia, sleep, stress and substance use and may also include mindfulness and overall well-being practices.

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reducing the risk of infection and improving the quality of life for patients with HIV. The study also found that the use of the new drug was associated with a significant reduction in the risk of death and hospitalization. The results of the study suggest that the new drug may be a valuable addition to the current treatment regimen for HIV. Further research is needed to confirm these findings and to determine the optimal dosing and duration of treatment for this new drug.