Future of HealthcareTech 2023
## Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Investments</td>
</tr>
<tr>
<td>10</td>
<td>Spotlight: Value-Based Care</td>
</tr>
<tr>
<td>13</td>
<td>Strategics in Healthtech</td>
</tr>
<tr>
<td>16</td>
<td>Subsector Trends and Predictions</td>
</tr>
<tr>
<td>19</td>
<td>Global Exits</td>
</tr>
<tr>
<td>23</td>
<td>Authors</td>
</tr>
<tr>
<td>24</td>
<td>Glossary</td>
</tr>
</tbody>
</table>
Executive Summary

We are pleased to bring you the Future of Healthtech 2023 Report, a comprehensive analysis of the trends, opportunities and challenges in today’s healthtech innovation market.

We began 2023 with a cautious outlook, and there’s no disputing that this year has been difficult for stakeholders across the innovation economy. However, economic conditions have stabilized this summer and continue to show signs of strengthening. Public markets show early signs of improvement, inflation is decelerating, interest rates may be near their apex and the general pullback in investment has stabilized.

Still, the current investment environment presents ongoing challenges, marked by fewer deals, slower investment pace, smaller check sizes and downward pressure on valuations. Companies face more scrutinious investors and are working against heightened demand for strong unit economics and paths to profitability. Many later-stage companies are revising growth projections and cutting costs to avoid fundraising this year to escape difficult valuation conversations.

Despite these challenges, there are reasons for optimism. Performance of healthtech publics started to demonstrate resiliency this year, representing the first positive trends in over a year (page 20). Similarly, the M&A market has started to show signs of life with rising deal volume (pages 20-22). There are promising bright spots in investment, such as value-based care, with an uptick in strategic acquisitions by large payers and retailers leading the way (page 11).

The new investment environment has reset valuations to match achievable growth and profitability targets. This adjustment, while painful for many, will lead to more functional markets. Venture fundraising has rebounded after the late-2022 dip, and ample dry powder remains available for right-sized investment into the healthtech innovation economy. While the near-term outlook remains choppy, our belief in the resilience of the innovation economy remains unwavering. The most innovative companies will not only survive this new investment landscape but also emerge stronger because of it.

Raysa Bousleiman  
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Silicon Valley Bank

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Silicon Valley Bank
Investments
Healthtech investment and deal pace this year are relatively stable, following a steep drop in 2022. In 2022, the public market’s dramatic pullback, global geopolitical factors, and federal interest rate hikes caused sharp drops in investment dollars from 2021’s historic highs. Hinting at a bottom, quarter-over-quarter (QoQ) investment has been relatively flat the last three quarters. This stabilization suggests we may be in a new investment environment marked by fewer deals, smaller check sizes and slower investment pace.

There has been considerable downward pressure on valuations this year, with a marked increase in flat or down rounds. Later-stage companies priced in 2021’s frenzied market especially felt the burn. In 2022, it’s likely that many companies had enough runway from 2021 financings to avoid raising new capital in 2022. Now, the time has come for companies that previously avoided down rounds by raising insider extensions to seriously consider valuation resets. The new investment environment has reset valuations to match more modest growth and higher profitability targets in 2023.

Venture fundraising has rebounded since its dip in H2’22, and ample capital remains available for right-sized investment into healthtech companies.

<table>
<thead>
<tr>
<th>Geography</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>$16,289</td>
<td>$40,051</td>
<td>$18,485</td>
<td>$6,886</td>
</tr>
<tr>
<td>EU &amp; UK</td>
<td>$2,170</td>
<td>$4,257</td>
<td>$4,582</td>
<td>$1,267</td>
</tr>
<tr>
<td>Total</td>
<td>$18,459</td>
<td>$44,308</td>
<td>$23,067</td>
<td>$8,153</td>
</tr>
</tbody>
</table>

Notes: 1) All 2023 data is through 8/1/2023.
Source: PitchBook, SVB proprietary data and SVB analysis.
Wave of Down Rounds; Disclosed Valuations Few and Far Between

Healthtech VC Up, Flat/Down and Undisclosed Valuation Rounds by Year

US, EU and UK

- Percentage of deals that were flat or down rounds
- Percentage of deals that were up rounds
- Percentage of deals that were undisclosed valuation rounds

<table>
<thead>
<tr>
<th>Year</th>
<th>Flat/Down Rounds</th>
<th>Up Rounds</th>
<th>Undisclosed Valuation Rounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>51%</td>
<td>38%</td>
<td>9%</td>
</tr>
<tr>
<td>2020</td>
<td>51%</td>
<td>38%</td>
<td>9%</td>
</tr>
<tr>
<td>2021</td>
<td>56%</td>
<td>39%</td>
<td>4%</td>
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<tr>
<td>2022</td>
<td>63%</td>
<td>32%</td>
<td>5%</td>
</tr>
<tr>
<td>2023</td>
<td>78%</td>
<td>15%</td>
<td>9%</td>
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</table>

This year has brought a wave of down and flat rounds — that is, for the ones where valuations were disclosed. Valuations have been increasingly unreported, with a record 78% of undisclosed valuation deals this year. The actual volume of down and flat rounds may be higher than the data suggests. While these valuation haircuts are undoubtedly painful for companies and their stakeholders, it has also led to a right-sizing of the market to a more sustainable future.

Notable 2023 Healthtech Up Rounds

US, EU and UK

<table>
<thead>
<tr>
<th>Step-Up</th>
<th>Stage</th>
<th>Deal size</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0X</td>
<td>Series F</td>
<td>$260M</td>
<td>Provider Operations</td>
</tr>
<tr>
<td>1.8X</td>
<td>Series B</td>
<td>$80M</td>
<td>Healthcare Navigation</td>
</tr>
<tr>
<td>1.4X</td>
<td>Series D</td>
<td>$80M</td>
<td>Provider Operations</td>
</tr>
<tr>
<td>2.2X</td>
<td>Series C</td>
<td>$75M</td>
<td>Provider Operations</td>
</tr>
<tr>
<td>1.2X</td>
<td>Series D</td>
<td>$71M</td>
<td>Alternative Care</td>
</tr>
<tr>
<td>2.6X</td>
<td>Series B</td>
<td>$62M</td>
<td>Provider Operations</td>
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<tr>
<td>2.0X</td>
<td>Series B</td>
<td>$60M</td>
<td>Clinical Trial Enablement</td>
</tr>
<tr>
<td>2.3X</td>
<td>Series D</td>
<td>$54M</td>
<td>Clinical Trial Enablement</td>
</tr>
<tr>
<td>3.3X</td>
<td>Series C</td>
<td>$45M</td>
<td>Provider Operations</td>
</tr>
<tr>
<td>1.4X</td>
<td>Series C</td>
<td>$34M</td>
<td>Alternative Care</td>
</tr>
</tbody>
</table>

Note: 1) Step-up multiple calculated by dividing the pre-money valuation on the current venture round by the post-money valuation on the preceding venture round. Source: PitchBook, SVB proprietary data and SVB analysis.
Small Check Sizes in 2023; VBC Is Bright Spot

It is not surprising that there has been a 116% decrease in mega-deal investments from 2021 to 2022 and 80% decrease from 2022 to 2023 given the bolus of cash companies raised in 2021 and 2022. This year, just 1% of deals were mega-deals, down from 2022 (4%) and 2021 (8%). Further, just 23% of investment dollars were mega-deals, down from 2022 (38%) and 2021 (61%).

Despite there being a lot of available investment dollars on the sidelines, investors are being disciplined on valuation. Many later-stage companies are revising growth projections and cutting costs to avoid fundraising this year to escape difficult valuation conversations. Valuations were very generous in 2021 and 2022, supported by strong public markets, which we do not have today.

High-quality companies that have been able to demonstrate strong unit economics have been able to secure late-stage funding rounds. Alternative care and provider operations earned the majority of mega-deals. Value-based care (VBC) was a bright spot, with half of this year’s mega-deals focused on value-based care delivery or enablement: Carbon Health, Monogram Health, Strive Health, Aledade and Vytalize.

Healthtech Mega-Deals by Top Subsectors, 2023

<table>
<thead>
<tr>
<th>Alternative Care</th>
<th>Provider Operations</th>
<th>Clinical Trial Enablement</th>
<th>Healthcare Navigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon Health</td>
<td>HeartFlow</td>
<td>Paradigm</td>
<td>gravie</td>
</tr>
<tr>
<td>monogram health</td>
<td>ShiftMec</td>
<td></td>
<td></td>
</tr>
<tr>
<td>patient21</td>
<td>Aledade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strive Health</td>
<td>Vytalize</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>shiftkey</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1) Mega-deals are venture-backed investments ≥ $100M. 2) Shiftmed’s $200M deal includes debt.
Source: PitchBook, SVB proprietary data and SVB analysis.
Healthtech Investment by US Region: Northeast Leads and Southeast Steps Up

### Dollars and (deals) by top cities

<table>
<thead>
<tr>
<th>Top Cities</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bay Area</td>
<td>$11.7B (237)</td>
<td>$6.2B (165)</td>
<td>$6.2B (165)</td>
</tr>
<tr>
<td>New York</td>
<td>$8.4B (183)</td>
<td>$3.0B (156)</td>
<td>$1.1B (88)</td>
</tr>
<tr>
<td>Boston Area</td>
<td>$3.4B (92)</td>
<td>$2.0B (87)</td>
<td>$685M (56)</td>
</tr>
<tr>
<td>Chicago</td>
<td>$6.4B (17)²</td>
<td>$657M (19)</td>
<td>$115M (15)</td>
</tr>
<tr>
<td>Austin</td>
<td>$794M (26)</td>
<td>$539M (25)</td>
<td>$112M (9)</td>
</tr>
<tr>
<td>Nashville</td>
<td>$369M (11)</td>
<td>$284M (16)</td>
<td>$462M (5)</td>
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</table>

Notes: 1) All 2023 data is through 8/1/2023. 2) On 4/1/2022, Chicago-based VillageMD raised $5.2B of venture funding from Walgreens Boots Alliance. Source: PitchBook, SVB proprietary data and SVB analysis.

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FUTURE OF HEALTHTECH 2023

8
Key Challenges Healthtech Entrepreneurs Are Solving

- **Reduce physician burnout and administrative burden**
  - Integrating tech solutions into clinical and research provider workflows

- **Improve quality and outcomes**
  - Providing the right care at the right time, driving better outcomes

- **Focus on behavioral health**
  - Improving access to high-quality mental healthcare

- **Expand access to preventive care**
  - Increasing primary care to help prevent costly specialized care

- **Clinical trial enablement**
  - Using technology to empower clinical trial operations

- **Enable consumers to better their own health**
  - Putting consumers in charge of their health outside of clinical settings

- **Improve women’s health access and outcomes**
  - Increasing awareness to health equity gaps & addressing underserved care needs, including specialized care for women

VC Investment (2023)

- Provider workflow optimization: $2.3B
- Clinical decision support: $1.8B
- Behavioral health: $887M
- Primary care: $815M
- Clinical trial enablement: $687M
- Health & wellness: $575M
- Women’s health: $530M

Note: 1) Investment into US, EU and UK-based companies as of 8/1/2023.
Source: PitchBook, SVB proprietary data and SVB analysis.
Spotlight: Value-Based Care
The State of Value-Based Care

Mind the (care) gap The US healthcare system has long struggled with steadily rising healthcare costs, overburdened providers and poorer relative outcomes. Even though the US spends much more of its GDP on healthcare than other countries, it has worse results. Compared with other high-income countries, the US has the highest rate of preventable deaths and infant deaths. The US has a history of inequality in access to care, with people of color and low-income individuals more likely to experience adverse health outcomes than the rest of the population. These issues stem in part from an inefficient fee-for-service (FFS) reimbursement model, which dictates how providers are paid for the services they provide. Under FFS, providers are paid for each service they provide and are rewarded for volume – they’re paid more if they deliver more care, even if they don’t achieve desired health outcomes. Because the FFS model focuses on volume rather than quality of care, it creates misaligned incentives for providers. Value-based care (VBC) aims to change this dynamic by tying the reimbursement providers receive to the results they deliver to patients, rather than care volume. Providers are rewarded for hitting certain healthcare outcomes, quality and cost measures.

Challenges Despite recent momentum, VBC’s adoption comes with challenges. One of the biggest hurdles is the financial risk providers must take on to participate in VBC contracts. Risk-based reimbursement models take time to achieve profitability, which is a risk that providers and investors are taking on at different levels. Most providers were built in a predominantly FFS system, and must take on the operational and technical challenges that come with adapting to VBC, including care coordination, risk assessment and health outcomes measurement, all while navigating the limitations of the differing state CPOM laws. Meaningful capital is also required to meet upfront capital reserves and there is a long delay in receiving cash payments.

Undeniable pressure and momentum Though VBC adoption is still a work in progress, there is impressive recent momentum that is guiding the transformation. CMS is leaning further into VBC models, and in 2022 announced its aim to have all Medicare beneficiaries cared for by providers in value-based care models by 2030. Some changes are being made around the edges, but it appears that VBC is here to stay. Payers, who are feeling the squeeze of rising medical costs, are doubling down on VBC models and growing partnerships with primary and specialty care VBC companies. VBC enablers, which offer technology-driven solutions to help providers and payers adopt VBC models, are seeing substantial growth and VC investment. Providers are realizing that while VBC comes with risk, it also allows for better outcomes, less administrative burden and more predictable revenue, with freedom to use those dollars more flexibly to meet patient needs. They can spend more time on preventive, holistic, equitable care that FFS models didn’t adequately support. Several recent strategic acquisitions by large payers and retailers in the VBC space has contributed to the positive momentum. This momentum is likely to accelerate as we see more incentives and government initiatives, outcomes measurement data from early adopters and innovative technology solutions. With the current strains on our system growing to unsustainable levels, the pressure has never been higher for VBC adoption and innovation in this space.

LAN Goal Statement

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>Commercial</th>
<th>Medicare Advantage</th>
<th>Traditional Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>25%</td>
<td>25%</td>
<td>55%</td>
<td>50%</td>
</tr>
<tr>
<td>2025</td>
<td>30%</td>
<td>30%</td>
<td>65%</td>
<td>60%</td>
</tr>
<tr>
<td>2030</td>
<td>50%</td>
<td>50%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

“Organizations who do not reshape their business and delivery model to support an outcomes-oriented approach to care will be less successful if not outright unsustainable in the future healthcare economy.”

John Fryer (SVP and National Head of Markets, Lumeris)

The definition of VBC is subject to debate, but in the broadest sense, we consider it to include risk-taking entities, the companies caring for specific, high-cost populations (even if they do not take financial risk), as well as the technologies, products and services that enable the shift to VBC. Thus, the business models of VBC companies vary widely. Some derive 100% of their revenues from shared savings, some receive a combination of FFS revenue and shared savings, while others contract with risk-taking entities and are paid on a per-member-per-month (PMPM) basis.

Full or global risk models involve two-sided risk, whereby providers share in both the upside of savings and the downside if care costs more than estimated. If costs come in lower than the benchmark, providers retain a predefined portion of the savings dollars. On the flip side, costs that are higher than the benchmark result in loss. Moderate risk models can involve one-sided risk or a capitated amount. Others take on no direct risk but offer tech-powered solutions to enable providers and payers to adopt VBC models. As these tools evolve, we anticipate more payers and providers to dive deeper into VBC.

Many companies have a combination of these various revenue models and risk levels, allowing providers and payers to dip their toes into VBC risk.

Primary care
Initial focus and investment in VBC have been in the primary care setting. As the gatekeepers of the health landscape, they play a key role in preventive care, chronic condition management and care coordination with specialists.

Specialty care
Focus and investment are on specialties with high cost and complexities.

End-to-end VBC
Companies with providers who deliver VBC to patients. Care often includes virtual options that reinforce and supplement in-person care. Care uses analytics, care coordination, patient engagement and provider integration to reduce costs and improve outcomes. Care often includes a focus on patients’ social determinates of health to improve outcomes and promote health equity. The best platforms have an inviting user interface to meaningfully engage patients.

VBC enablement
Companies with technology and services that help providers, payers, and patients adopt and perform in VBC models. They may also focus on patient engagement and participation. Enablers that generate a compelling return on investment and reduce provider pain points around VBC are likely to be attractive.

Technology solutions
Solutions span across patient engagement, care coordination, billing/coding, provider-payer connectivity, prior authorizations, virtual care offerings, real-time patient data, clinical decision-making, healthcare outcomes measurement and more.

The Spectrum of Value-Based Care

Value-Based Care Market Map

Note: List is not exhaustive, select healthtech companies represented. Source: PitchBook, SVB proprietary data and SVB analysis.
Strategics in Healthtech
Vertical Integration for Payers: Notable Deals and Partnerships

Payers want to capitalize on recent industry changes and innovation and are actively acquiring/investing/partnering with healthtech companies to help them engage with members more frequently/effectively and to ultimately lower costs. Payer investments are commonly paired with a contract, pilot or partnership, as most of, but not all, venture investment is earmarked for strategic investment. Some solutions are better received by providers when they come from an “independent” company rather than from the payer directly. Payers are interested to see how these smaller, more nimble companies are able to affect change. By investing/partnering, they can get a seat at the table to see what’s most effective. There is some evidence of point solution fatigue, so investment may slow in some verticals as they wait to see how their various bets play out.

<table>
<thead>
<tr>
<th>Providers</th>
<th>Pharmacy</th>
<th>Insurance</th>
<th>Benefits management</th>
<th>Data services</th>
<th>Diagnostics/ biopharma/ devices</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Healthcare + Optum</td>
<td>genoa healthcare</td>
<td>surest</td>
<td>EQUIAN</td>
<td>scipher</td>
<td>Cellworks</td>
</tr>
<tr>
<td>Cigna</td>
<td>divvyDOSE</td>
<td>Bright Health Group</td>
<td>Brighter</td>
<td>flume</td>
<td>Zerigo Health</td>
</tr>
<tr>
<td>Elevance Health formerly known as Anthem</td>
<td>EXPRESS SCRIPTS</td>
<td>MDLIVE</td>
<td>monogram health</td>
<td>buvy</td>
<td>doc.ai</td>
</tr>
</tbody>
</table>

**Notes:**
- List is not exhaustive, select healthtech companies represented.
- Source: PitchBook, SVB proprietary data and SVB analysis.

**Market cap**

- United Healthcare + Optum: $469B
- Cigna: $86B
- Elevance Health formerly known as Anthem: $104B

**TTM revenue**

- United Healthcare + Optum: $349B
- Cigna: $186B
- Elevance Health formerly known as Anthem: $166B

**Investments and M&A since 2018**

- United Healthcare + Optum: 28
- Cigna: 34
- Elevance Health formerly known as Anthem: 28
Vertical Integration for Retailers: Notable Deals and Partnerships

Retail giants and big tech are increasingly pushing into healthcare, leveraging the trust they have built with consumers in their respective specialties/domains to control more of the healthcare journey. Retailers like CVS and Walgreens are leveraging their broad brick-and-mortar networks and close proximity to their local communities to deliver superior, more accessible care for patients. We’ve seen both take large steps in the form of hefty investments and acquisitions underscoring interest in both primary and specialty care. Similarly, Amazon has been seeking to deploy its virtual prowess into healthcare with various forays over the years, including its acquisition of One Medical/Iora health. As these market moving acquisitions continue to be digested, it will be interesting to monitor how effective these non-traditional healthcare entities are in winning longitudinal patient trust away from traditional health systems.

Note: List is not exhaustive, select healthtech companies represented.
Source: PitchBook, SVB proprietary data and SVB analysis.
Subsector Trends and Predictions
Healthtech Subsectors: Provider Operations Leads 2023 Investment

Healthtech VC Deals by Subsector
US, EU and UK

- **Alternative Care**
  - **Total Raised (2023): $2.2B**
  - Provides primary or specialty care outside of a hospital or private practice

- **Wellness & Education**
  - **Total Raised (2023): $1.3B**
  - Informs users of healthy lifestyle and medical best practices, often with a diagnostic or device element

- **Insurance**
  - **Total Raised (2023): $90M**
  - Develops novel models for privately insured, Medicaid and/or Medicare populations

- **Provider Operations**
  - **Total Raised (2023): $4.1B**
  - Increases efficiency and accuracy of provider-provider, provider-patient interactions, including clinical decision support

- **Healthcare Navigation**
  - **Total Raised (2023): $102M**
  - Guides users to relevant providers and/or payers based on their needs

- **Clinical Trial Enablement**
  - **Total Raised (2023): $687M**
  - Solutions to accelerate digitization of clinical trials

- **Medication Management**
  - **Total Raised (2023): $102M**
  - Aids users in access and adherence to their prescribed medicine

Notes 1) All 2023 data is through 8/1/2023.
Source: PitchBook, SVB proprietary data and SVB analysis.
## Most Active Healthtech Investors by Subsector

### Number of New Healthtech Deals¹
US, EU and UK (2022-2023)

<table>
<thead>
<tr>
<th>Overall</th>
<th>Alternative Care</th>
<th>Provider Operations</th>
<th>Clinical Trial Enablement</th>
<th>Wellness &amp; Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>14</td>
<td>15</td>
<td>10</td>
<td>8</td>
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<tr>
<td>33</td>
<td>11</td>
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<td>6</td>
<td>7</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

Notes: 1) Most active investors defined as count of new deals in which investor participated (no follow-on deals). All 2023 data is through 8/1/2023. 2) Additional investors have the same number of deals but are not included because of space limitations.

Source: PitchBook, SVB proprietary data and SVB analysis.
Global Exits
Last year marked the sudden end to the strong healthtech venture-backed IPO activity seen in 2019-2021. This year, the IPO window remains closed with zero IPOs in 2023.

Macroeconomic factors affecting market volatility hit healthtech stocks harder than other sectors, with median performance of -67% in 2022. This year, however, despite ongoing public market headwinds, the healthtech sector started to demonstrate resiliency, trading up +6% in Q1 and +25% in Q2 as many notable names posted double-digit gains.

Similarly, the M&A market has started to show signs of life with rising deal volume. Activity started strong in Q1 (39 deals) but tapered off in Q2 (12), with Q2 down 340% from the peak in Q4 2021 (54). We anticipate increased activity in H2’23 and H1’24 as companies run out of cash and are forced to raise at a lower valuation or sell.

While the market remains challenging for financing and deal activity, the signs of life witnessed in H1’23 represent the first positive trends in more than a year. The slow but steady thawing of the market is marked by rising levels of investor dry powder, high demand for new capital, and a narrowing bid/ask between investors/buyers and companies.

Healthtech YTD Stock Performance

Global

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) IPO data only includes venture-backed IPOs since 2015 with minimum $25M proceeds raised. Performance measured by change in index value as of 1/1/2023.

Source: S&P Capital IQ, PitchBook, SVB proprietary data and SVB analysis.
Valuation Disconnect Impacts M&A Pricings

While healthtech acquisition volume has tapered slightly in H1’23, median prices were significantly down. There were only four publicly disclosed private healthtech M&As over $50M in 2023 (2022 had 8 and 2021 had 36) and zero over $1B (2021 had 4).

Acquirers have struggled with valuation disconnect, driven by big step-ups and resulting in lofty post-money valuations we saw with regularity in 2020 and 2021.

Three deals this year had larger prior private round post-money valuations than exit values: Flame Biosciences (0.8x), MedAware Systems (0.7x) and Glide Health (0.2x). Deals with strong multiples include InstantScripts (4x) and DW Aligners (4x). Deal pricing will likely remain unsettled as private valuations correct.

Of note, there were several AI-powered ultrasound analysis tech acquisitions this year by healthcare publics. Caption Health was acquired by GE HealthCare for $150M in February. DiA Imaging Analysis was acquired by Philips for $100M in May.

Notable Healthtech VC-Backed M&A Deals in Most Active Subsectors

Global (2023)

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<th>Subsector</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<td>2</td>
<td>8</td>
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Notes: 1) Return multiple defined as the acquisition price divided by the post-money valuation on the preceding private venture round. 2) M&A data only includes private, venture-backed M&A. Source: PitchBook, SVB proprietary data and SVB analysis.
Public and Tech Acquirers More Active in M&A

Private healthcare companies led private healthtech M&A activity in 2023, comprising 53% of deal acquirers, down slightly from 62% in 2022. However, public healthcare were more active this year, acquiring 20% of targets in 2023, up from 17% in 2022. Healthtech acquirers were much less prevalent this year, comprising just 56% of healthcare acquirer activity, down from 72% in 2022 and 74% in 2021. Instead, healthcare services, diagnostics and biopharma acquirers were more active. Private healthtech acquirers, once flush with cash on their balance sheets from 2021 mammoth rounds, may have hit pause on acquisitions to slow cash burn and preserve cash on hand.

In prior years, tech giants — Alphabet, Amazon, Apple and Microsoft — accelerated their pursuits into healthtech with notable acquisitions: Amazon’s $3.5B acquisition of One Medical (announced in 2022, completed in 2023) and Microsoft’s $16B acquisition of Nuance Communications. This year saw less activity by tech giants but notable activity from private tech companies.

Strategic acquirers led the way in notable public M&A, both in H1’23: CVS’ acquisition of VBC provider Oak Street Health for $10.6B and Amazon’s acquisition of One Medical for $3.9B.

Notable M&A Deals

**Technology acquirer**
- 1/9/2023
  - Undisclosed deal value.
  - Acquirer: Jellyvision
- 6/1/2023
  - Undisclosed deal value
  - Acquirer: Kerauno
- 4/24/2023
  - Undisclosed deal value
  - Acquirer: LexisNexis Risk Solutions

**Healthcare acquirer**
- 4/12/2023
  - Undisclosed deal value
  - Acquirer: TwentyEight
- 3/4/2023
  - $132M deal value
  - Acquirer: Weight Watchers
- 3/30/2023
  - $40M deal value
  - Acquirer: Eir Partners
- 7/17/2023
  - Undisclosed deal value
  - Acquirer: Revelation Partners and Thoma Bravo
- 3/30/2023
  - $40M deal value
  - Acquirer: Eir Partners

**Private equity acquirer**
- 3/30/2023
  - $40M deal value
  - Acquirer: Eir Partners

Following a bankruptcy filing in April, ThirtyMadison acquired the Pill Club, which was once valued at $402M.

Less than two years after Pear Therapeutics went public via a de-SPAC worth $1.6B, its assets were sold in an auction in May for $6M.

Notes: 1) M&A data only includes private, venture-backed M&A. 2) All 2023 data is through 8/1/2023. Source: PitchBook, SVB proprietary data and SVB analysis.
Jackie Spencer heads up the US Relationship Management team for Life Science and Healthcare Accelerator and Growth. Jackie and her team are focused on providing banking and financing solutions to innovative companies in the sector.

Since joining SVB in 2007, Jackie has worked across both the technology and healthcare practices from emerging market to late-stage corporate finance.

Jackie graduated from St. Mary’s College of California with honors, receiving a bachelor’s in human biology.

Julie Betts Ebert provides specialized banking services and debt-financing solutions, as well as advice on strategic growth, to life science companies across all sectors and life stages.

Previously, she led SVB’s Strategic Advisory efforts.

Prior to SVB, Julie worked for 10 years at Greenhill & Co LLC, a boutique investment bank, advising public and private companies on M&A and restructuring transactions. Before Greenhill, she worked at Prudential Securities and J.P. Morgan.

Julie received an MBA with honors from Columbia Business School and a bachelor’s from the McIntire School of Commerce at the University of Virginia with a concentration in finance.

Nina Kandilian manages relationships with traditional venture capital firms focused on healthcare and life science investments.

Prior to SVB, she led product marketing and strategy at various healthtech startups and was part of the founding team at the MassChallenge Healthtech startup accelerator program. Nina started her career at the Mass General Brigham health system in various product and digital transformation roles.

Nina received her MBA at Babson College and bachelor’s degree from Suffolk University.
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).

**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 Boston, Cambridge and Waltham, Massachusetts.
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 disorders, stress and substance use, and may also include mindfulness and overall well-being practices.
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