

dealroom.co x **octopus** ventures

European Health & Biotech

2021 half-year update

1 July 2021



Today's data will
be available on
health.dealroom.co



The screenshot displays the Healthtech database interface on health.dealroom.co. The page is organized into a grid of category-based tiles, each showing a list of companies and their combined funding. The categories include:

- Continuous vital monitoring** (Combined funding € 283M): Withings, Humii, Liva Healthcare, AKTIA, Corintech, Bambi Medical, eDevice, HumaniCare, Nectarine Health, Current Health, Biovation, Coala Life.
- Femtech** (Combined funding € 175M): Woom Fertility, SteadySense, Grace Health, Deoxy, Syrona Health, Mimeno, Coroflo, Inne, Fertility Focus, Clue App, Elvie, Ava, Natural Cycles.
- Home test** (Combined funding € 161M): Atlas biomed gr, 1Drop Diagn, Selfdiagnostics, Better2Know, SkinVision, Vatic health, Bloom Diagnosti, Binx Health.
- Dental monitoring** (Combined funding € 50M): Dental Monitori.
- Muscle activity monitoring** (Combined funding € 62M): FeetMe, Ssense, Atlantic Therap, Walk With Path, SENS innovation, Elsa Science, Gyrogear.
- Diabetes: Glucose level monitoring** (Combined funding € 357M): Ascensia Diabet, Diabeloop, MySugr, CeQur, Quanta Dialysis, Indigo Diabetes, ViCentra, xbird, Inreda Diabetic.
- Neurological and mental health** (Combined funding € 137M): Ours, Dream, FLOW Neuroscien, Onera, Signifier Medic, NightBalance, Maand.
- Digestive tracker** (Combined funding € 21M): (No companies listed).
- Monitoring of patients** (Combined funding € 3M): Cureity, Careco.
- Telemedicine, AI doctor booking** (Combined funding € 1.9B): Iry, Doctolib, DocPlanner.

The interface includes a search bar at the top, navigation icons on the left, and a user profile in the top right corner.

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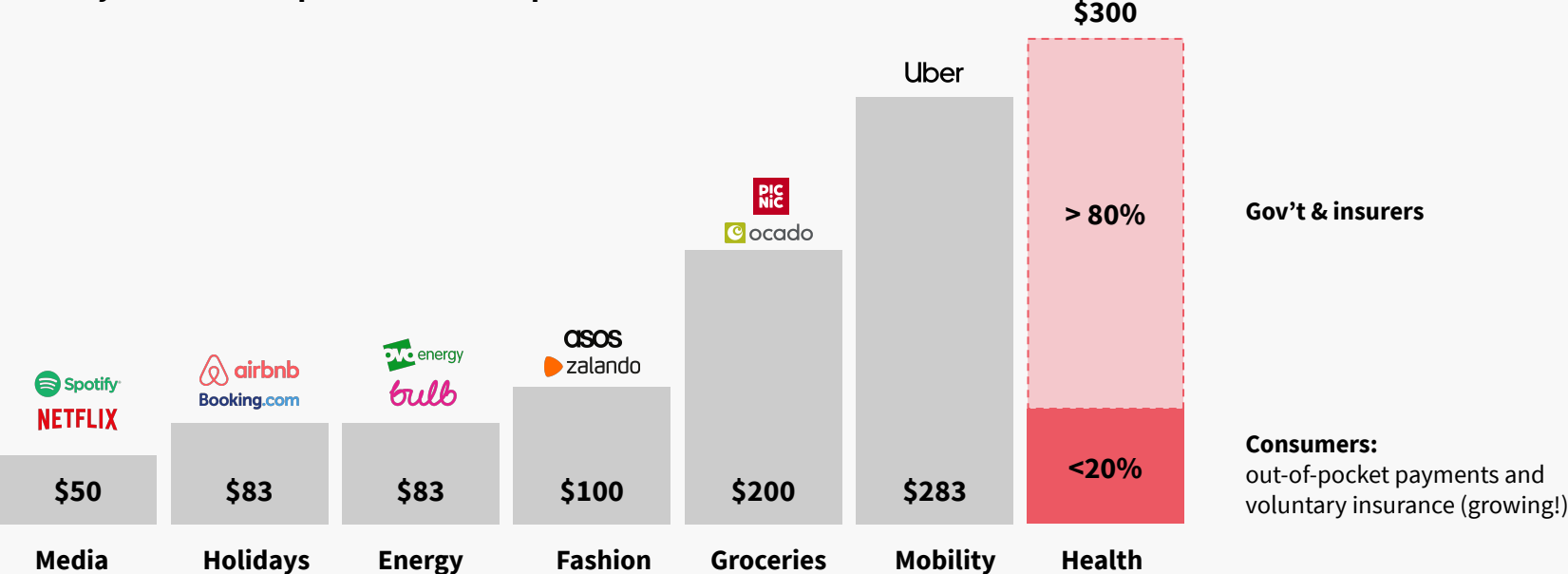
Investor landscape

1

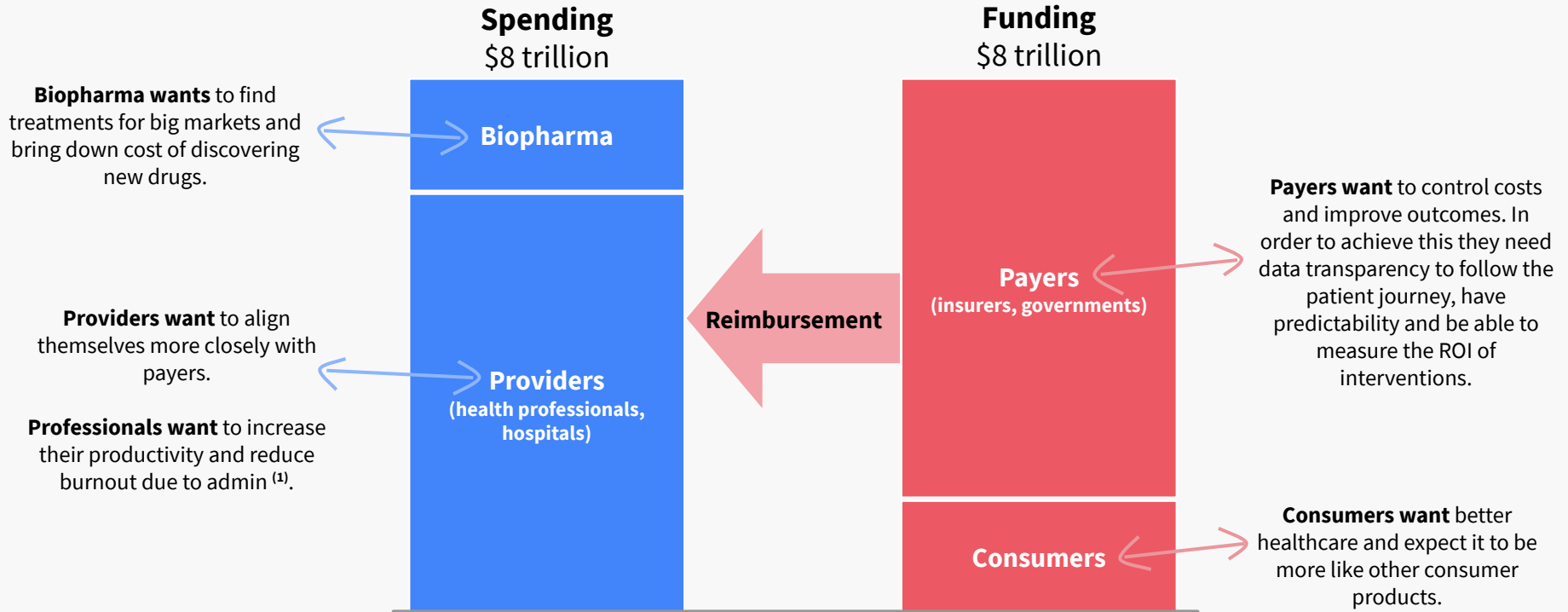
Healthcare shifting gears

Healthcare is one of the largest spending categories for households. But almost all spending is indirect (insurance & tax). Consumer influence is limited, but growing.

Monthly household expenditure in Europe ⁽¹⁾



In healthcare, it's the insurers and governments ("payers") that hold the power. They want to control costs and improve outcomes — an opportunity for tech.



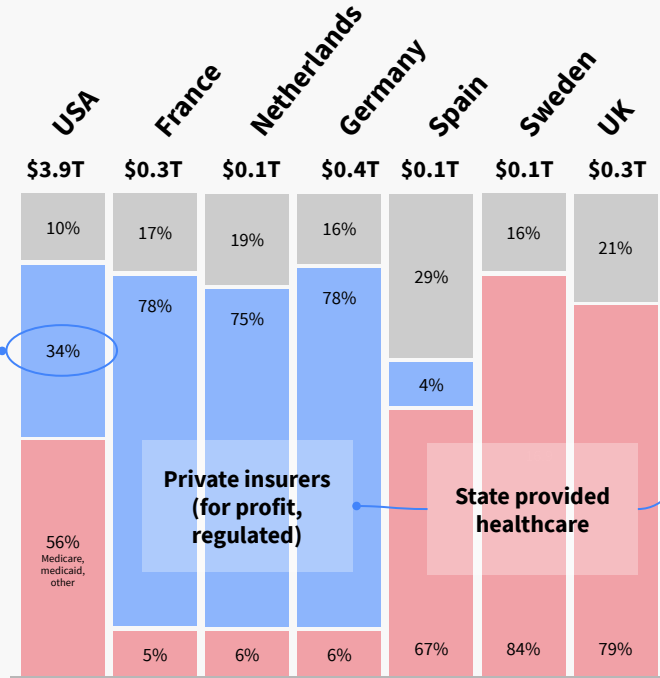
In Europe, government and insurers have the power. In the USA, employers play an important role and they can adopt innovation much more easily.

- Consumers (out-of-pocket) and other
- Compulsory insurance
- Government schemes



USA

In the US, employers play a big role in private insurance. Those employers want to control their healthcare premiums. This means startups can go to market by striking deals with corporates; even with a product that does not yet have clinical evidence. An example is Livongo.



Europe

In Europe, governments, private insurers and regulators have the power together. They want to control costs, but coordination is required to get things done. This means significant time between when a technology is accepted by regulators, when it is adapted in the healthcare system and when innovators are able to generate revenue.

Governments and regulators are increasingly putting incentives in place to improve outcomes and reduce costs - a huge opportunity for tech companies.

Germany



Digital Healthcare Act adopted in 2019 to support digital health innovation

€500 incentive for startup video consultations

First country to cover prescribed apps: Kalmeda (tinnitus), Velibra (anxiety)

Sweden



Integrated electronic health record solutions (EHRs) and e-prescriptions in Sweden's 21 regions since 2018

Teleconsultation reimbursed since 2016, enabling startups (KRY, Min Doktor, Doktor.se)

UK



NHSX Innovation Accelerator and \$330M AI in health investment pledged

Central digital records locator and booking app

Video consultation available through every doctor's surgery

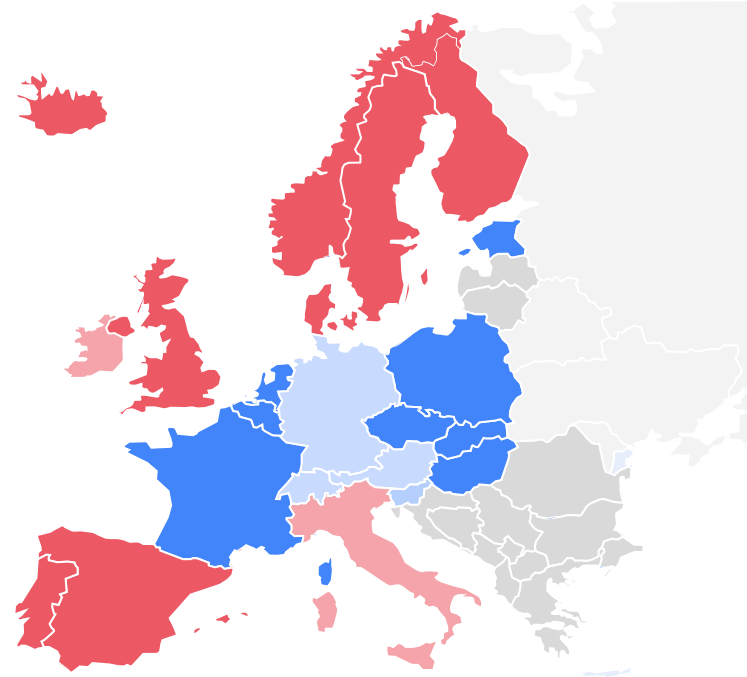
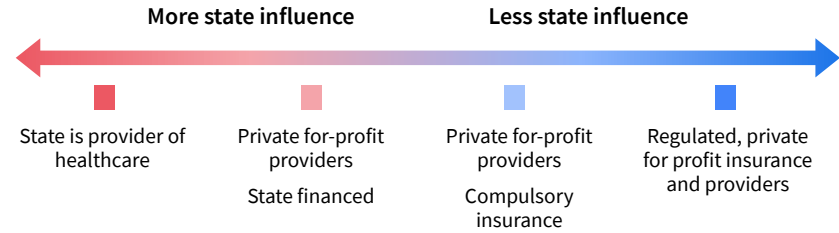
France



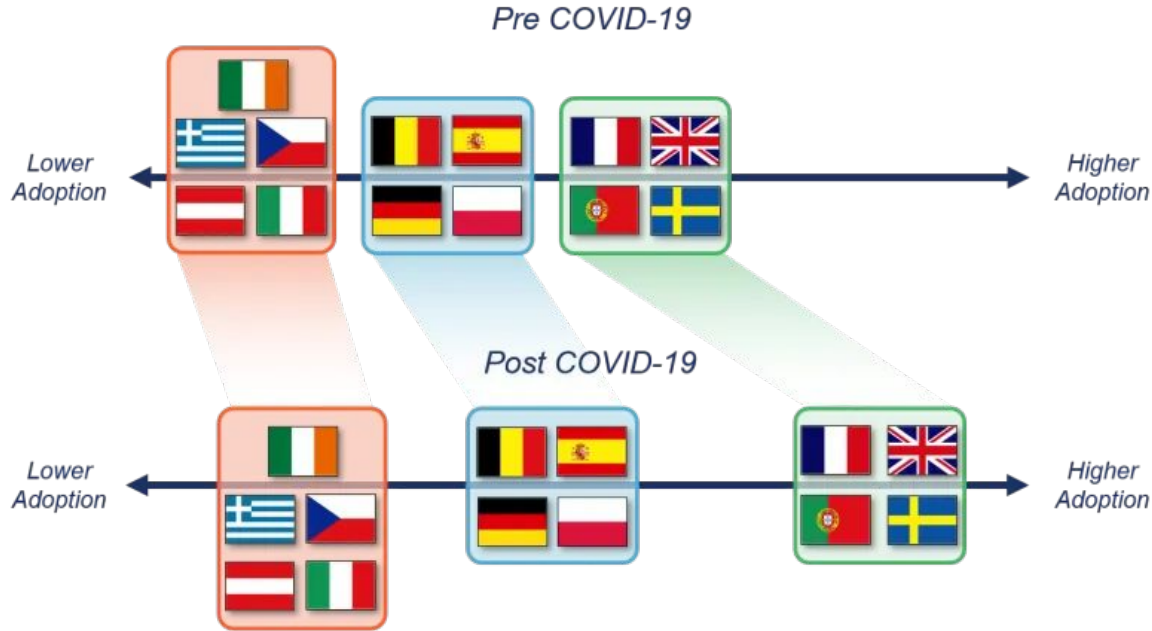
Online diagnosis & treatment since 2018

Cross-border treatment: EU doctors teleconsulting patients in France

KRY (Livi) and Doctolib market leaders in French telemedicine



Covid-19 accelerated telehealth across the continent.



Initial Stage

COVID-19 will have **limited impact** on adoption, as additional infrastructure is needed

Developing Stage

Adoption will **continue to grow** alongside with the development of the regulatory framework and reimbursement

Established Stage

Adoption of telemedicine will **continue to grow** following COVID-19, due to established ecosystem, like legislative framework and reimbursement in place

Covid-19 was merely a catalyst for underlying trends that were already long underway. The more meaningful shift will occur in the next two years and beyond.

Healthtech
impact



Covid-19 and its second-order effects

Industry-wide shifts

Leading up to 2020

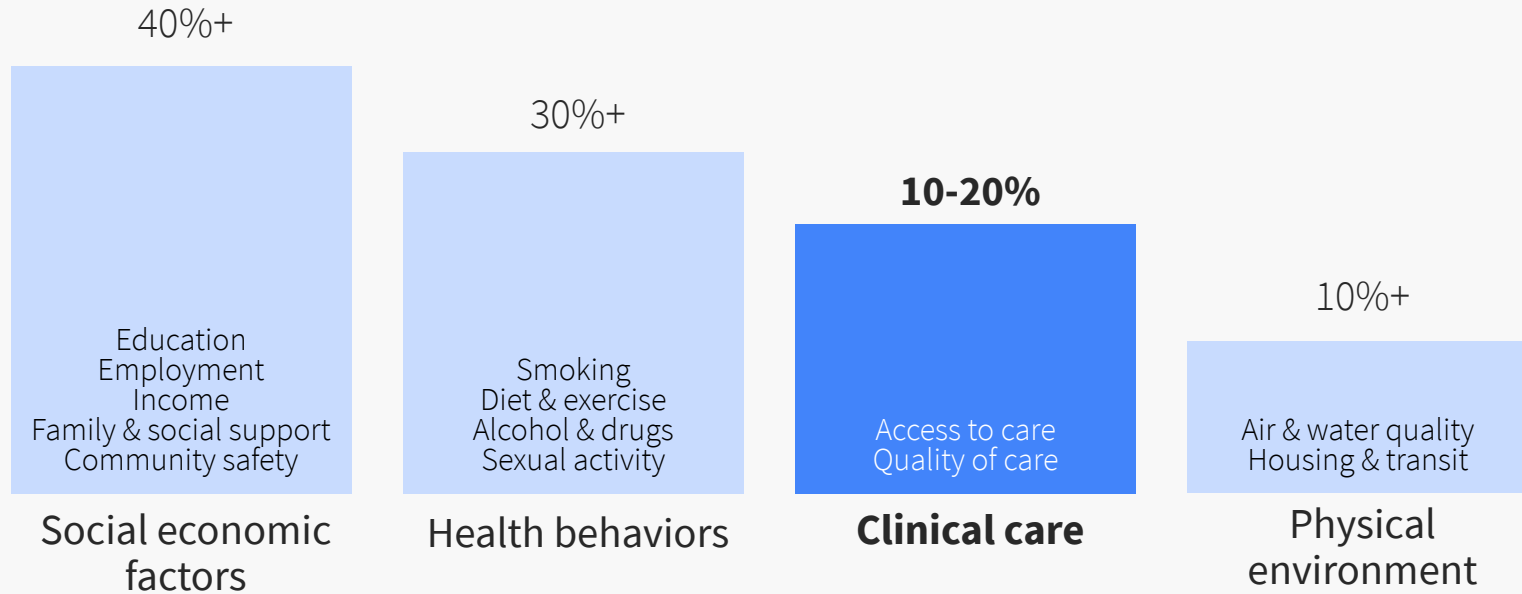
- Payers pushing for value-based care
- Growing number of connected devices/IoHT
- Accelerations in AI, NLP, DNA sequencing, editing, digital therapeutics
- Digitally native population

- Regulations around virtual care loosened
- Trust in virtual care increased
- The US finalized new rules around data interoperability
- Tech's been proven in battle (e.g. mRNA)

- Some new regulations made permanent
- Providers need to align with payers more than ever: more focus on value-based care
- Consumers expecting increased virtual care
- Large amounts of late-stage venture capital

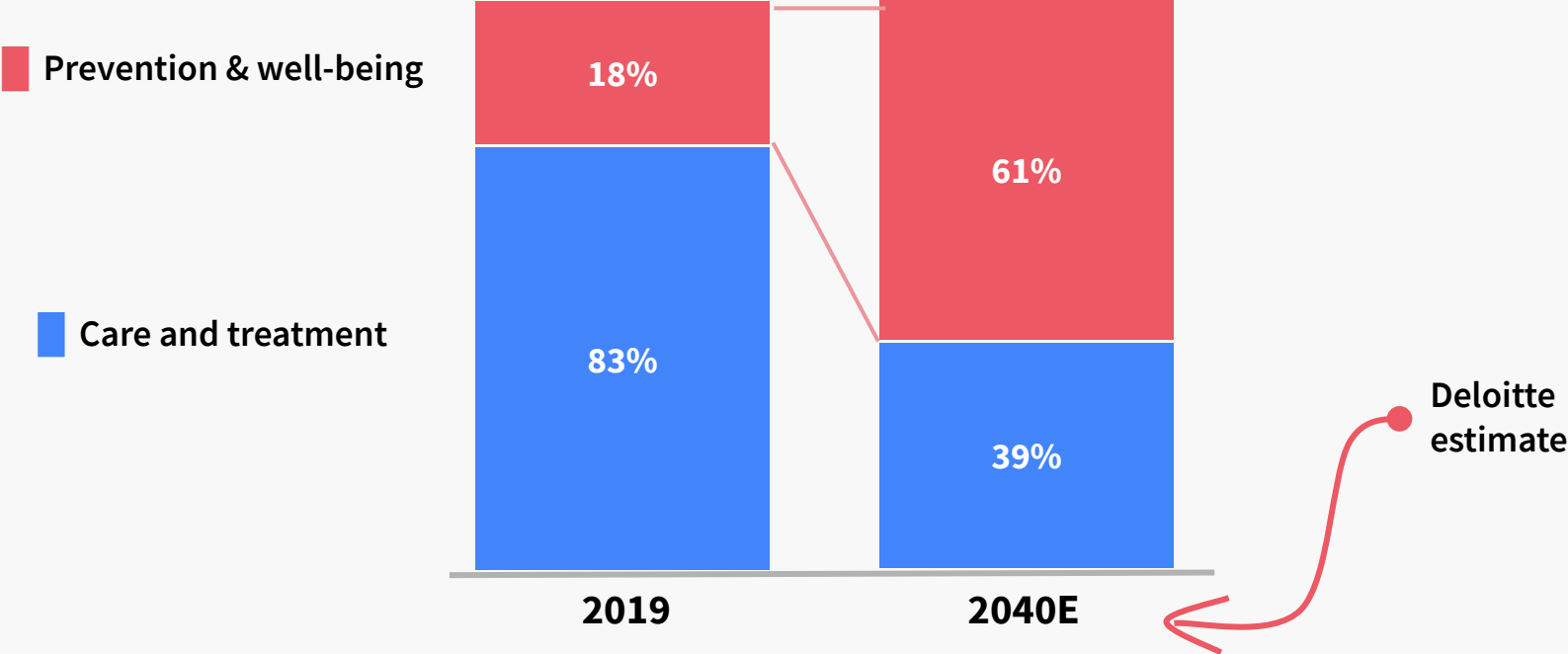
Time

Healthcare ≠ better health: healthcare is only a 10-20% contributing factor to quality and length of life. Tech plays role across all four.



Source: [County Health Rankings](#). Ranges added by Dealroom to reflect other studies.

The holy grail for healthcare = prevention and early detection. This paradigm shift has been long in the making, now accelerated by tech.



2

European Health & Biotech investment

Investment in European healthtech grew 2.6x, hitting €4.9B in the first half of 2021.

VC investment in European healthtech startups » [view online](#)

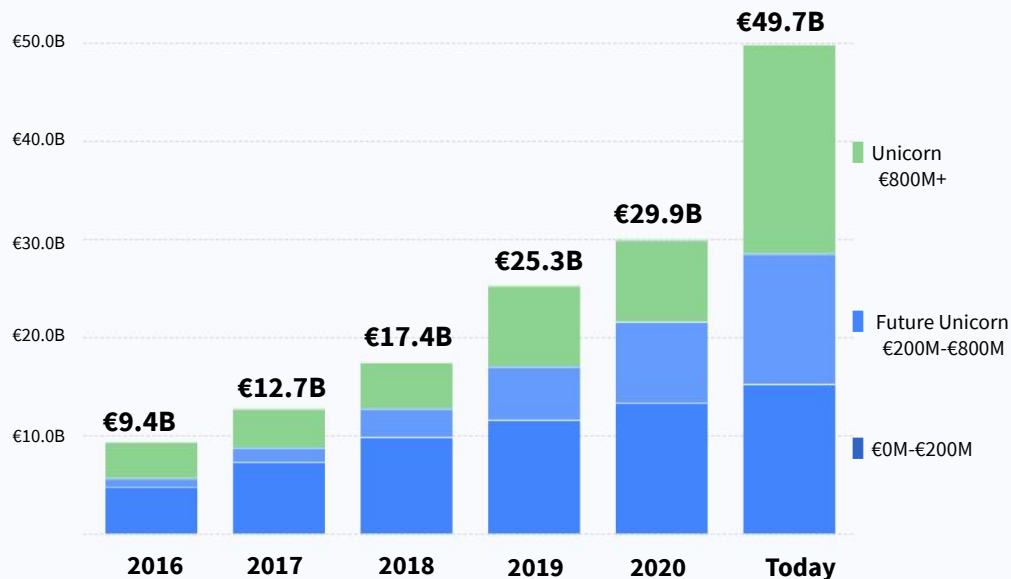


Top rounds in 2021




 \$600M Series D	 \$525M Series D	 \$312M Series D
 £195M Series H	 \$245M Series D	 €185M Series D
 \$130M Series C	 \$115M Series C	 \$104M Series E

European Healthtech companies are now worth €50 billion.

Combined enterprise value of European healthtech startups

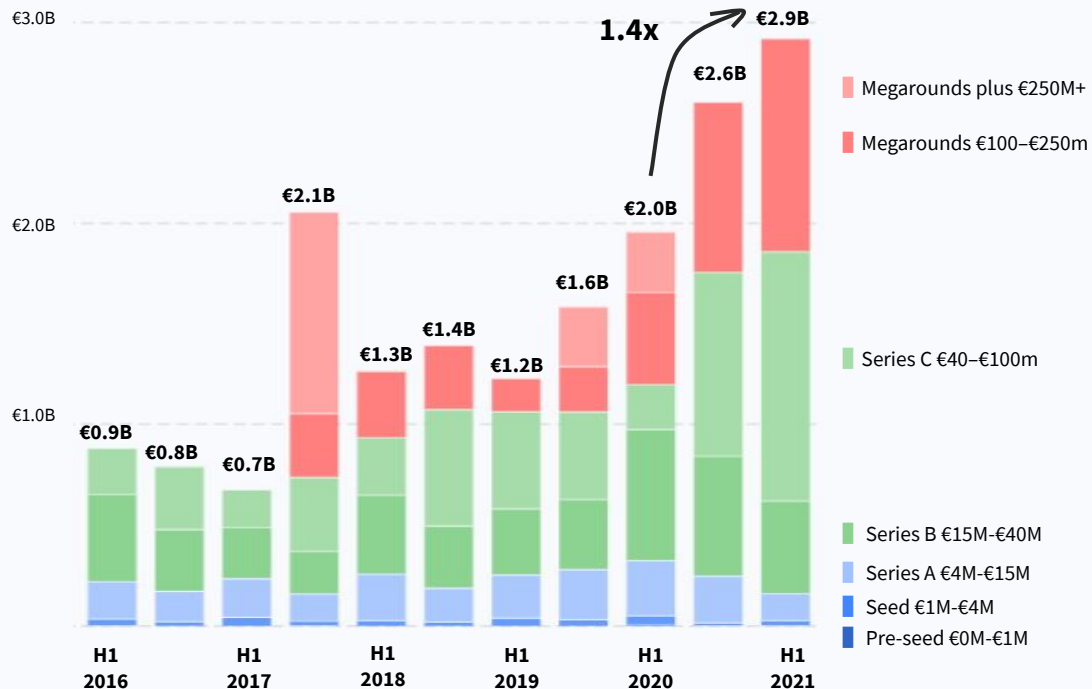


Most valuable European healthtech companies

 Exscientia Drug discovery with AI	 NANOPORE Nanopore DNA sequencer	 Benevolent ^{AI} Drug discovery with AI
 babylon Digital care	 kry Digital care	 wefox Health insurance
 COMPASSION Navigating Mental Health Pathways Psilocybin therapy	 alan Health insurance	 Doctolib Digital care

Investment in European biotech is also on a record level.

VC investment in European biotech startups » [view online](#)

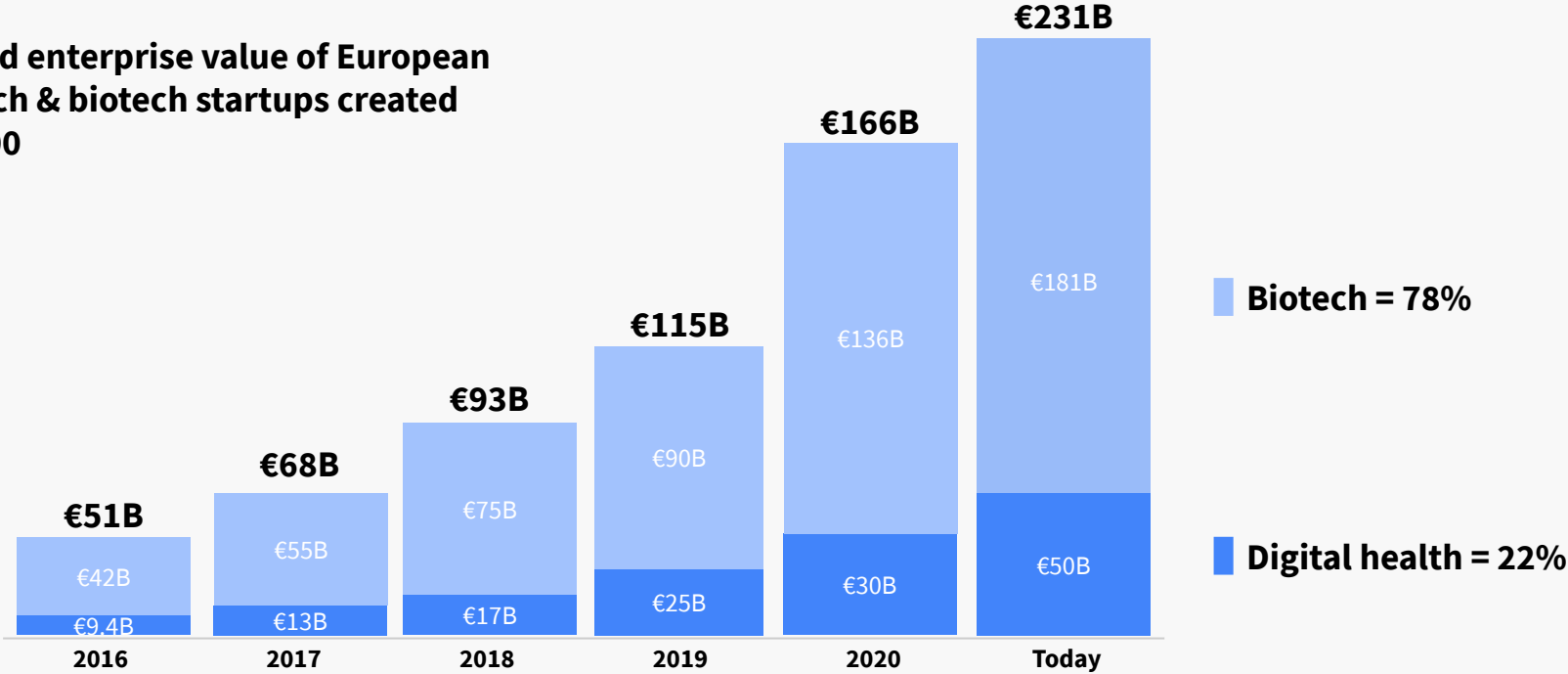


Top rounds in 2021

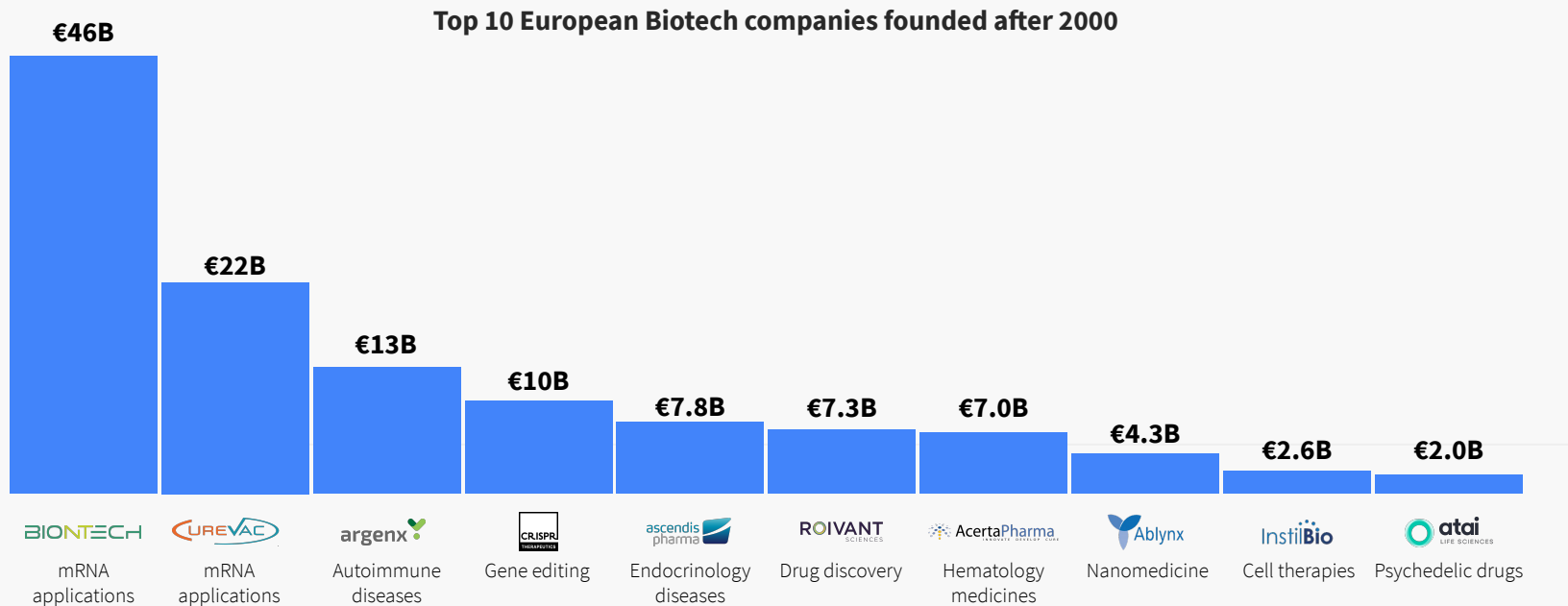
 \$250M Series A	 €160M Series A	 \$168M Series B
 \$157M Series D	 \$148M Series C	 €127M Series B
 \$125M Series B	 \$110M Series C	 \$92M Series C

Europe's Healthtech & Biotech companies are now worth €231 billion.

Combined enterprise value of European healthtech & biotech startups created since 2000



The top 10 most valuable European Biotech companies represent 65% of the value.



Most global VC investment activity and value creation has been in the engagement layer: building new user experiences.

Combined enterprise value of companies founded since 2000 by segment and innovation layer

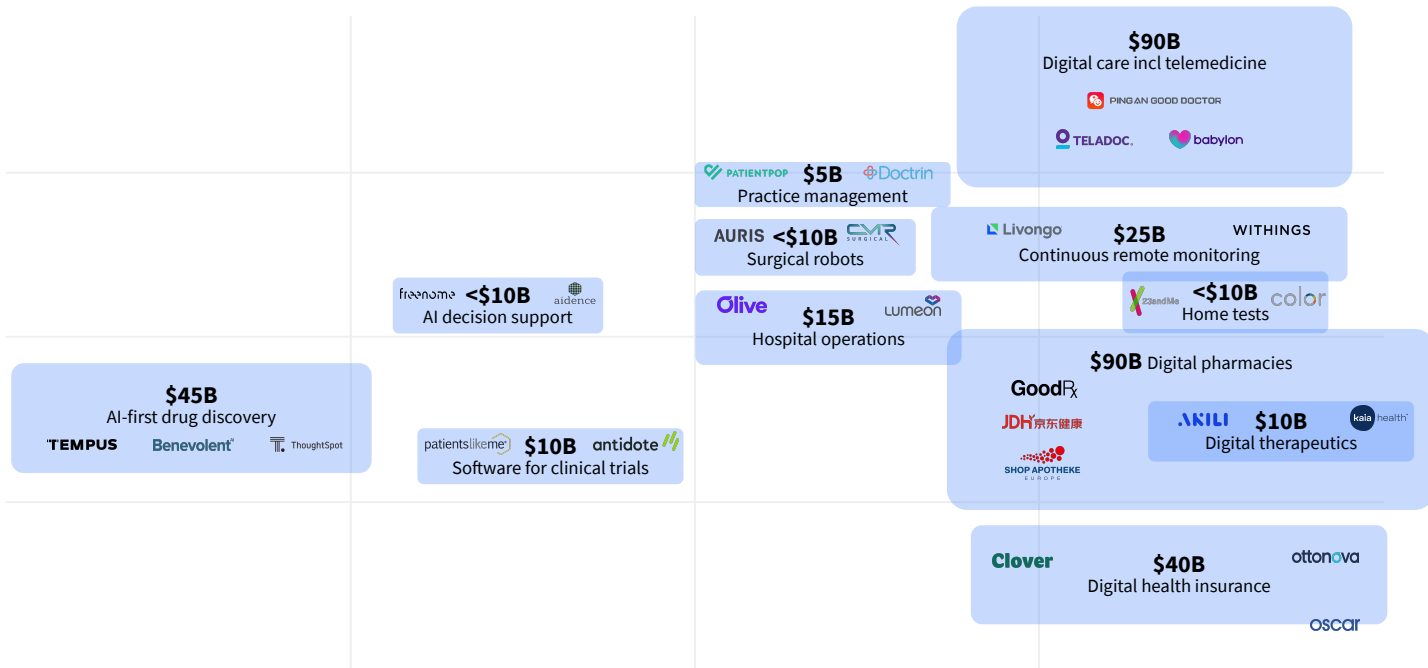


Professionals

Providers

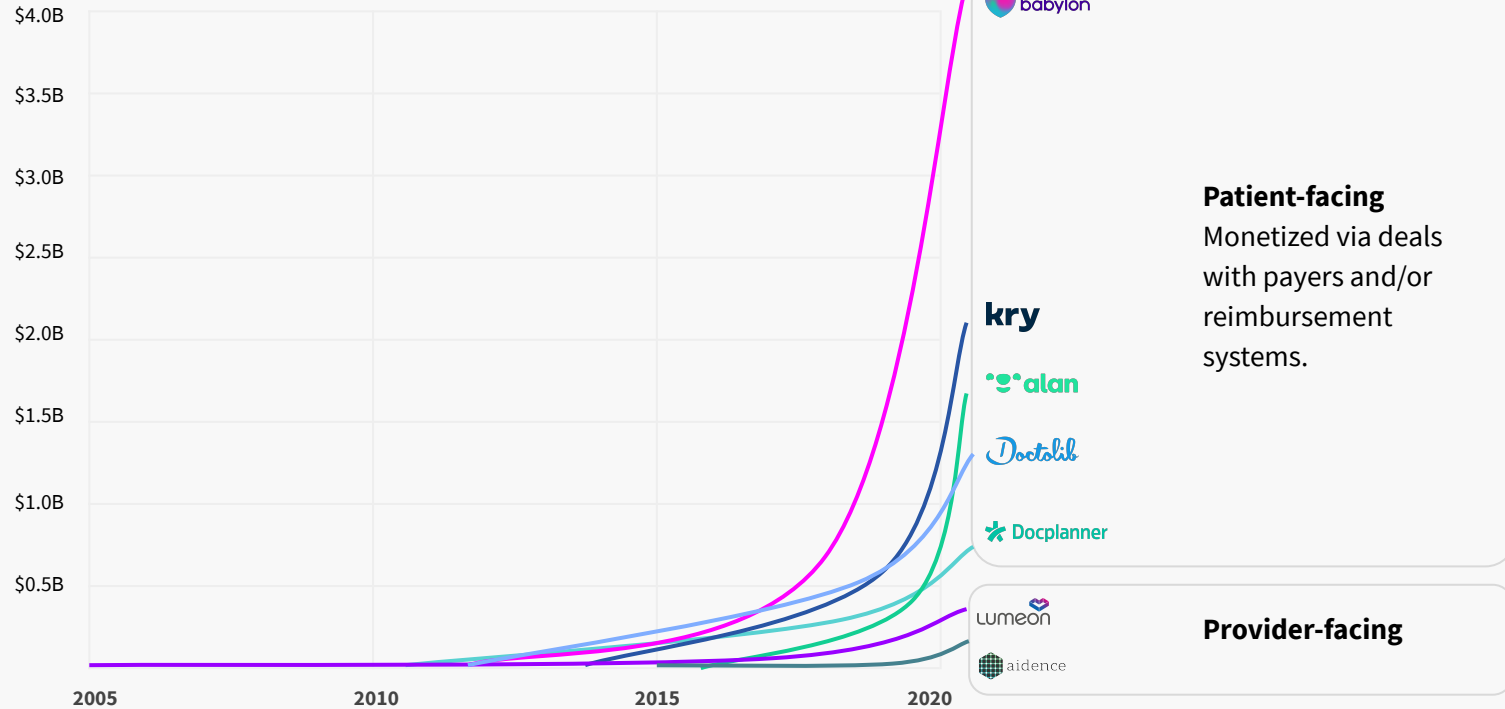
Biopharma

Payers



B2C has been scaling faster. B2B takes longer to unlock, but is at least as big an opportunity.

Enterprise value



3

Investor landscape

European Healthtech & Biotech investors.

Sector agnostic European funds

European funds with dedicated Healthtech focus

U.S. / Asian funds active in Europe

European funds with dedicated Biotech focus

European funds that do biotech and healthtech

Series B+



Series A

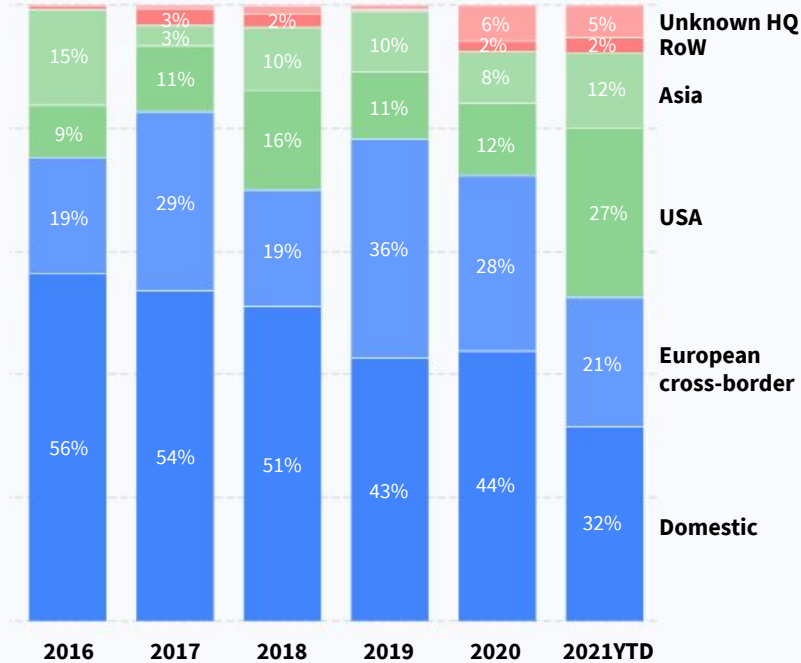


Seed

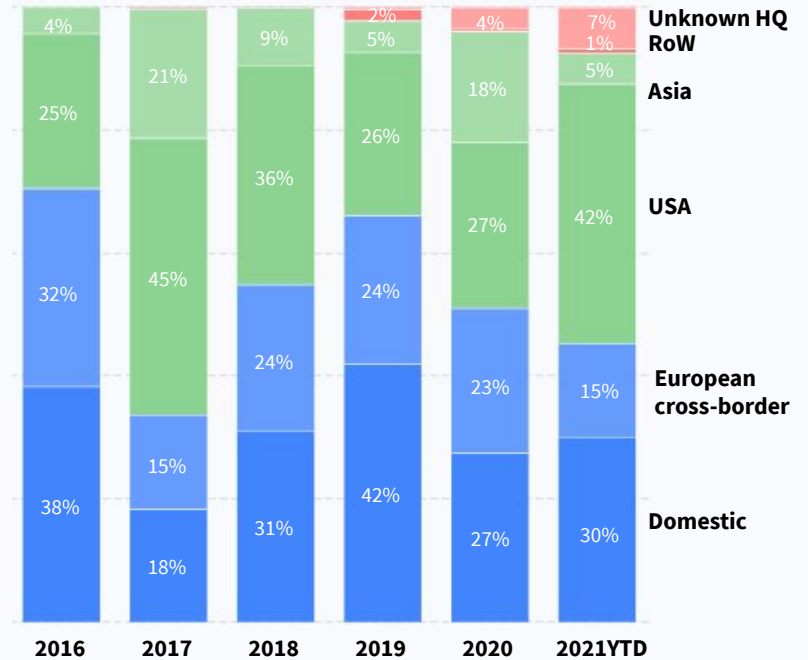


US investors account for nearly half of investment in European health & biotech startups.

Investment in European healthtech startups by source of capital

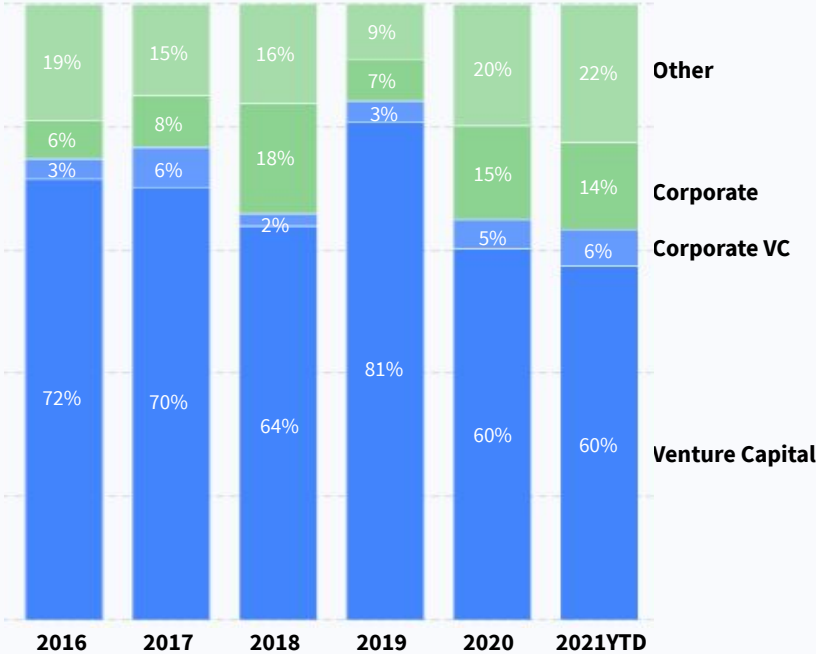


Investment in European biotech startups by source of capital

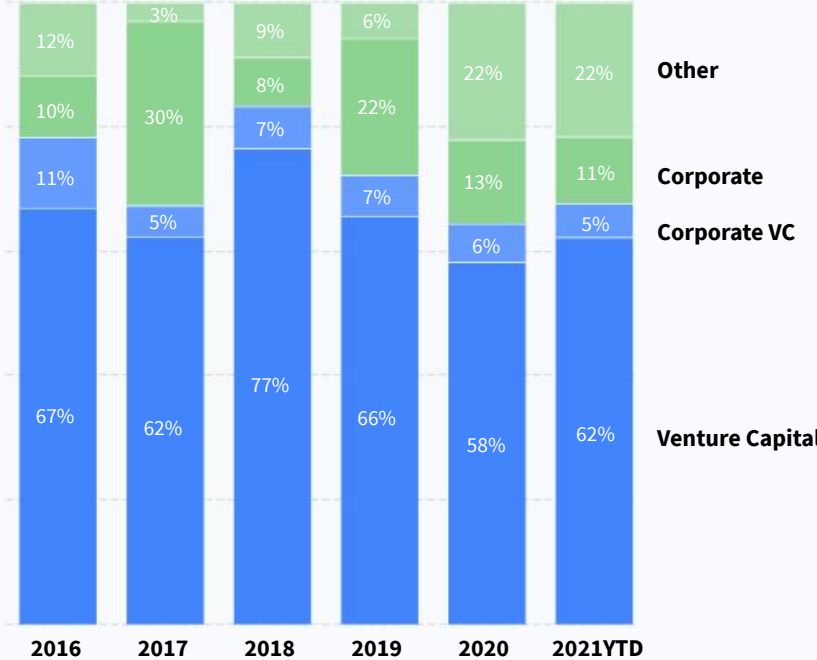


VCs are the main contributors in funding for European healthtech and biotech startups.

Investment in European healthtech startups by source of capital



Investment in European biotech startups by source of capital



Exciting things are happening at the intersection of Health & Biotech.

Healthtech
Software

Biopharma
Biochemical formulas



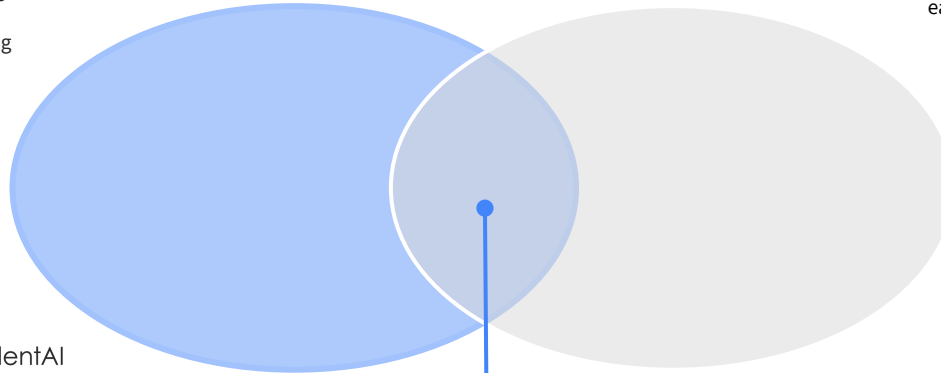
Digital therapeutics: software is the treatment, requiring clinical validation in trial and demonstrating cost effectiveness in studies



General AI which solved a major protein folding challenge (AlphaFold) potentially enabling a step change in drug discovery



Acceleration of drug discovery using AI identifying new targets, mutations, etc



- ✓ Better alignment between biopharma, providers, payers
- ✓ Faster development of treatments
- ✓ Better data on (cost) effectiveness



Accelerating clinical trials. Establishing efficacy earlier (e.g. in phase II with 100-200 patients vs. Phase III with 1,000 patients)

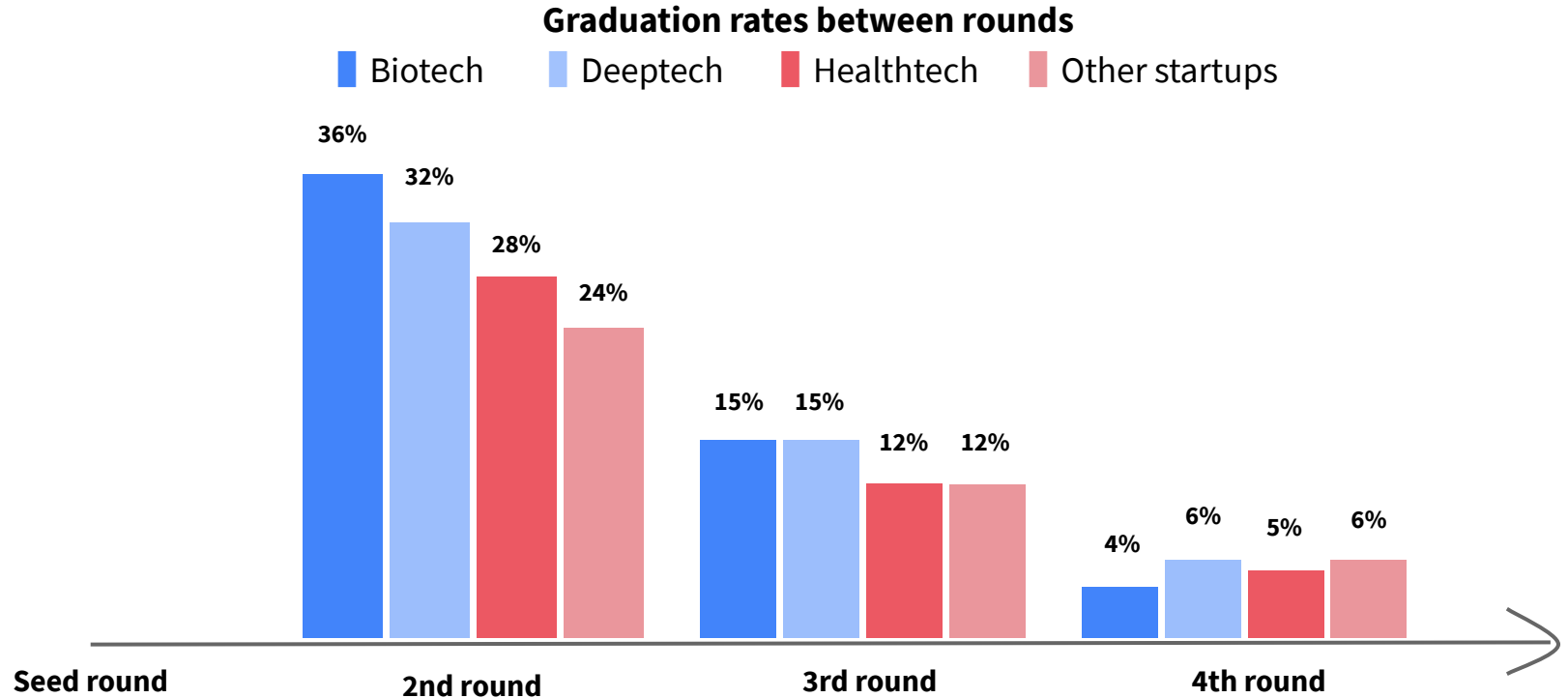


Better insights in patients beyond the clinical trial phases, improving transparency towards payers

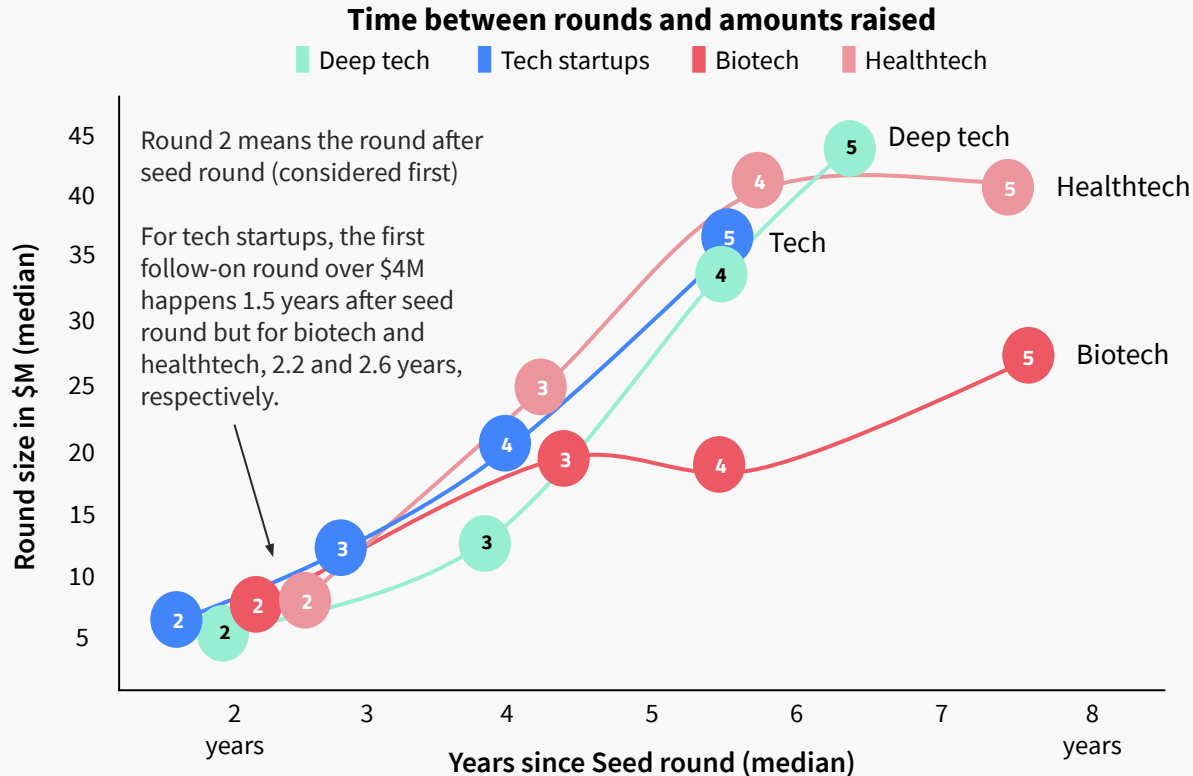


Improving patient selection, thereby reducing the need for large patient cohorts

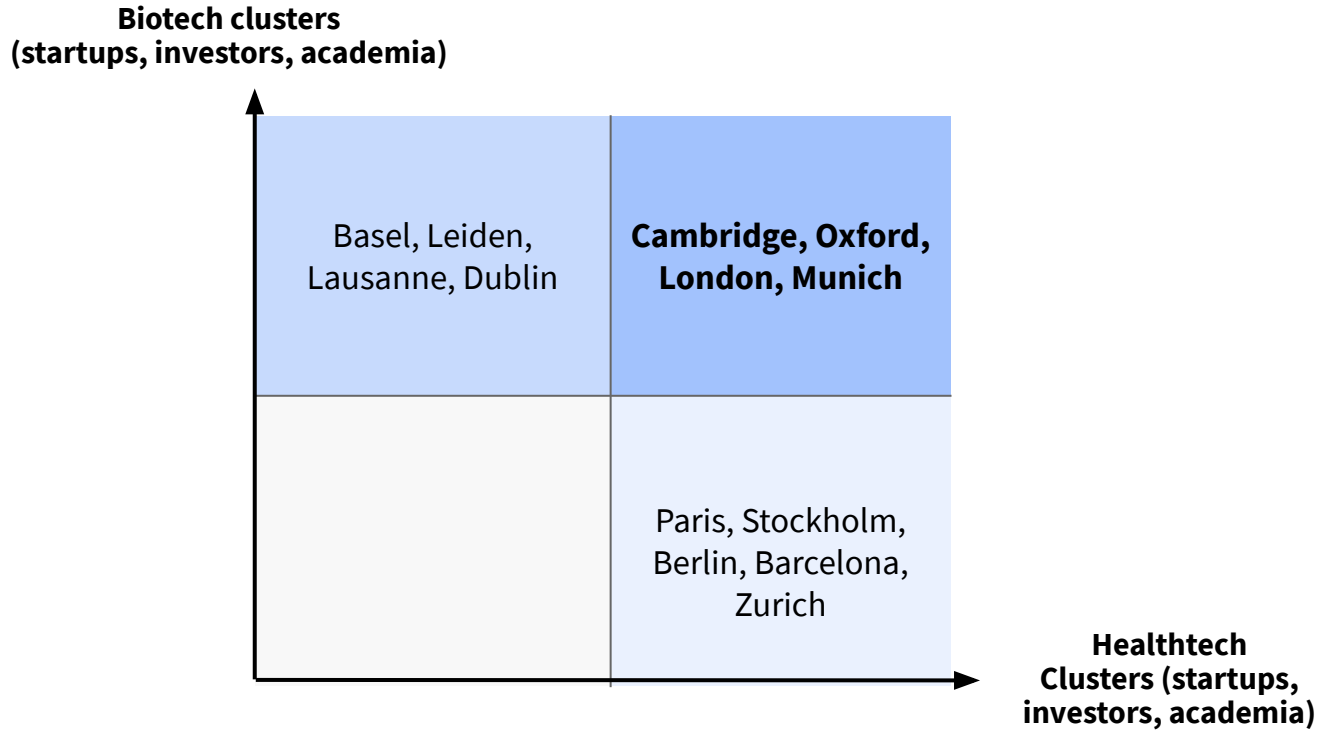
Graduation rates of Biotech startups are higher initially, and then fall in line with Healthtech and the broader market.



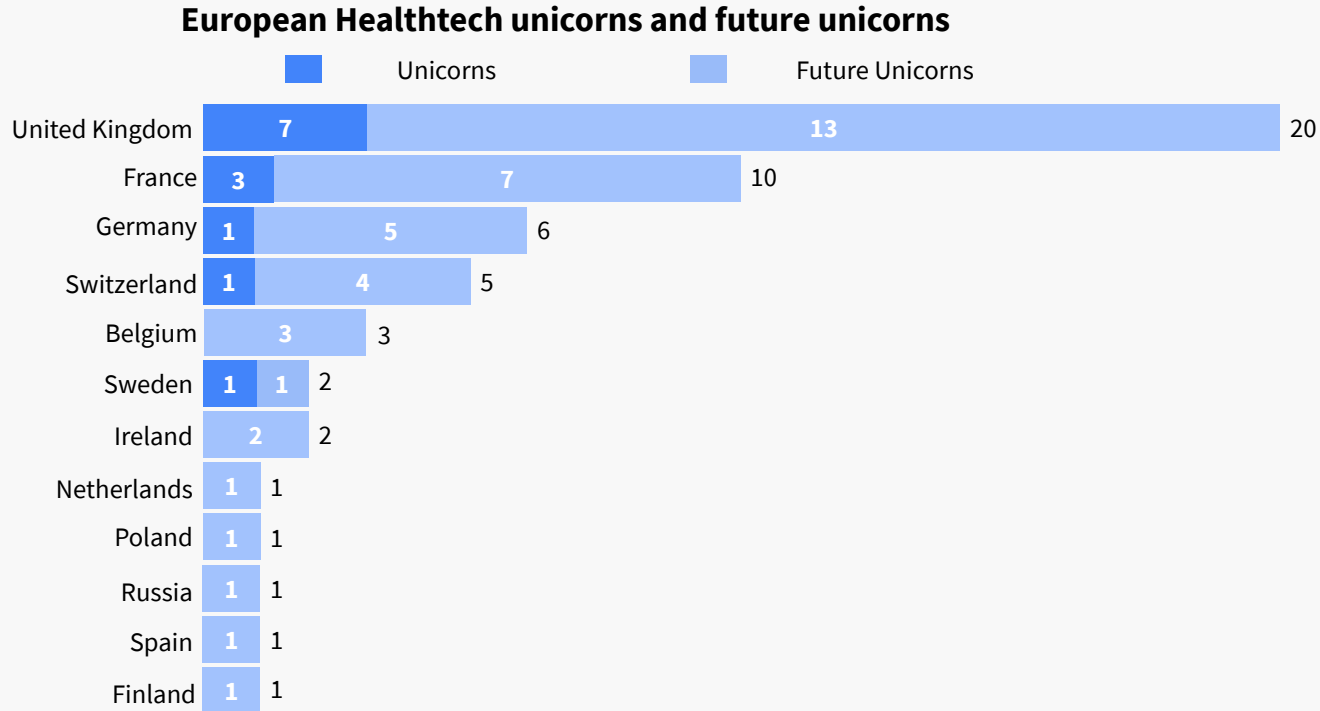
It takes (a bit) more time and capital to build a healthtech and biotech startup.



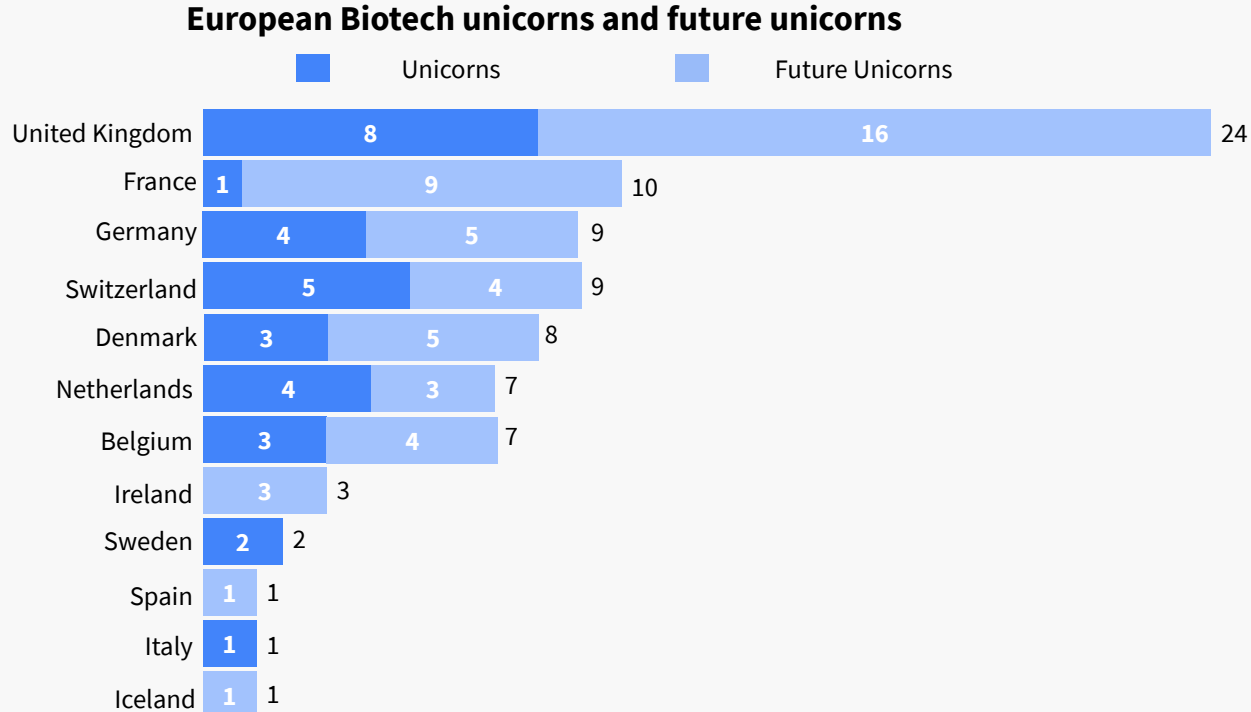
Convergence of Bio & Healthtech bodes well for hubs that are strong in both.



European healthtech: 13 unicorns and 40 future unicorns (57% in UK+France).



European biotech: 31 unicorns and 51 future unicorns (40% UK+France).



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