

# The Future of Healthtech 2025

October 2025



# Contents

04	Market Highlights
06	Investment Landscape
12	Spotlight: The New Face of Healthtech

15	Spotlight: AI and the Revenue Cycle Arms Race
19	Global Exits

## EXECUTIVE SUMMARY

# For Healthtech AI, Back Office Is Front and Center

### **Healthtech is attracting a bigger share of venture capital (VC)**

**investment in 2025 than ever before.** Investment in provider operations is driving the surge. So far this year, \$5.5B has been invested in activities that support the delivery of healthcare, such as scheduling, documentation and billing. That puts provider ops well on track to surpass its 2021 record of \$7.8B.

To be more specific, AI in provider operations is drawing a crowd. AI companies didn't just rack up a few more healthtech deals and a bigger percentage of dollars this year — their share has leaped nearly 60% since 2024. Valuations are climbing, but deals are also getting bigger. Among healthtech mega-deals this year, AI-enabled provider operations swept up 73% of the total.

Healthtech has historically been focused on clinical care, dominated by alternative care models such as telehealth and care management. Now there's a new focus on front- and back-office administrative tools, and alternative care makes up less than 10% of total sector investment.

**The biggest opportunities for AI in healthcare right now are solving business problems, not medical care problems.** Using AI to alleviate inefficiencies and business friction is freeing up time for more critical things, like caring for patients.

That isn't to say that over time, AI won't be a transformative part of healthcare across the board. AI is developing into an integral part of the medical toolkit. Many changes appear set to stay and expand across alternative care, analytics, non-invasive monitoring, imaging and surgical tools.

While the expanded investment into new areas of healthtech is encouraging to see, sometimes these increases don't align with the demands of the venture economy. Many of the biggest deals are tapping into larger investment firms that aren't traditionally involved in healthcare. Inflated premiums can contribute to a bigger and bigger investment bubble — time will tell how the market responds to this runup.

Healthcare is a tricky business at the best of times. It requires a deep understanding of the nuances of everything from clinical specialties to billing, workflows, purchasing processes and regulations. The timelines for successful investments are long, and the rule book is ever-changing. Partnering with trusted advisors who have sector battle scars and offer sage advice can help prudent companies scale for both today and tomorrow.



**Jennifer Friel Goldstein**

Head of Relationship Management for  
Technology & Healthcare Banking  
[jgoldstein@svb.com](mailto:jgoldstein@svb.com)

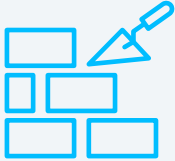




# Market Highlights

# Key Takeaways

## Three Themes Emerging About the Future Of Healthtech



### The New Healthtech Is Here

#### **Administrative AI is driving healthtech investment.**

2025 is already the best year for provider operations investment since 2021. If activity stays consistent, 2025 will be the biggest year for provider ops ever.

Healthtech is now definitively an administrative sector, not a clinical one. In 2021, alternative care was 42% of healthtech investment dollars. Today, it's down to 9%. Provider operations was 19% of investment four years ago; now it's 44%. There's no question: The AI boom has been good to provider operations.



### Strategic Buying to Build

#### **Consolidation through M&A has become the most realistic exit.**

Strategic investors like UnitedHealth Group, Boston Scientific and CVS — along with private equity (PE) — have stepped in as liquidity providers, especially through roll-ups and platform building.

Meanwhile, recent IPOs are showing real strength. Tempus and Hinge Health showed that strong companies with solid fundamentals have a lot of appeal to public markets. But even Omada is looking better as the bottom line improves.

Companies that have been holding off, waiting for the IPO market to recover, should take heart.



### Early-Stage Inflation Is Getting Worse

#### **Seed and Series A AI valuations are bigger than the 2021 boom.**

Valuations for AI companies are growing across the board, but the bubble is worse for seed and Series A companies. Median valuations in the early-stage have blown past the previous highs of 2021.

Massive growth in buzzy early-stage tech is what you'd expect to see in an investment bubble, but mid- and late-stage valuations are growing too.

Not every company that emerged during the dot-com boom was Webvan or Flooz.com. Some AI applications are noise, but some of them are very real. Infrastructure companies or those tackling long-standing problem areas like revenue cycle are the best bets to stick around.



# Investment Landscape

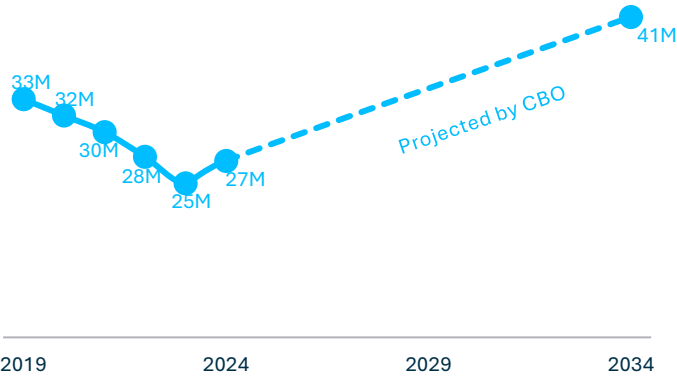


# An Apple a Day Is Not a Care Plan

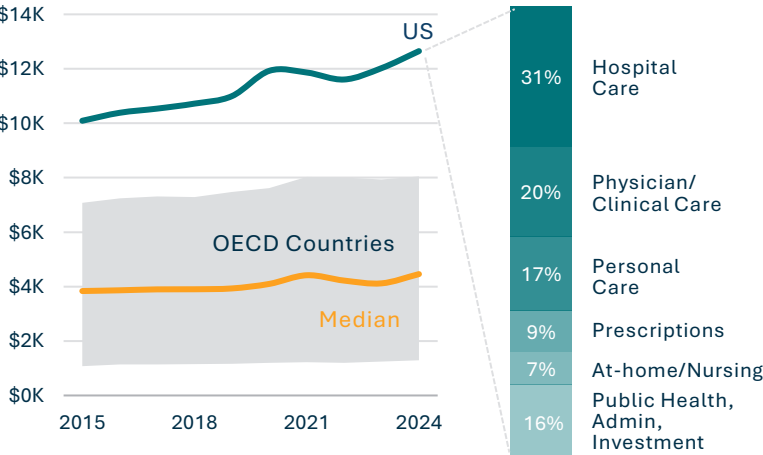
The steady growth of health insurance coverage in America is starting to reverse course. In 2024, the number of uninsured people in the US went up to 27 million, the first increase since 2019. Now, federal budget cuts and changes in eligibility requirements for Medicare and Medicaid could add 14 million more uninsured in the next decade.<sup>1</sup> That has troubling implications for costs and outcomes as more people potentially avoid or postpone needed treatments. We're already seeing the start of this dynamic play out. The percentage of Americans avoiding medical care, mental health treatment and medication purchases are all increasing from their low marks in 2021. But avoiding treatments doesn't really save money. The missed doctor's appointment can easily become a much costlier emergency room visit later.

Hospital visits account for 31% of total US healthcare spending, which contributes to the US spending twice the median per capita on healthcare as other developed countries. US healthcare spending may be an outlier, but outcomes aren't. For healthtech founders, the opportunity is clear. Cutting waste and improving efficiency should lead to direct benefits for payers, providers and patients. But declining coverage rates make the task that much harder. Payers and self-insured employers have been the biggest buyers of healthtech solutions. As their covered populations drop, the total addressable markets for those solutions will drop too.

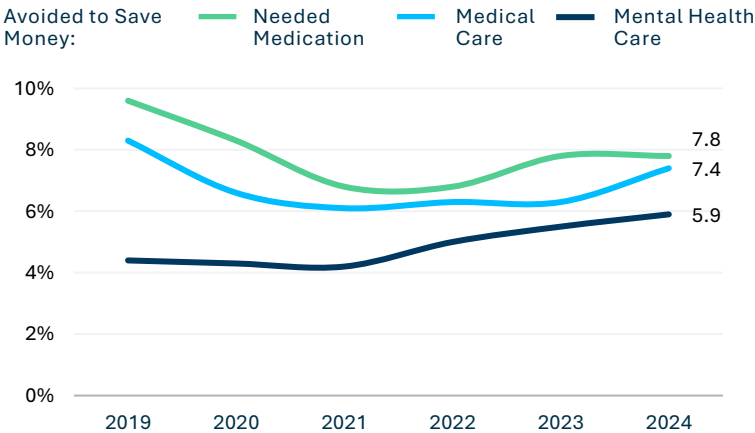
Out: Americans Having Health Insurance  
Uninsured People Living in the US<sup>1</sup>



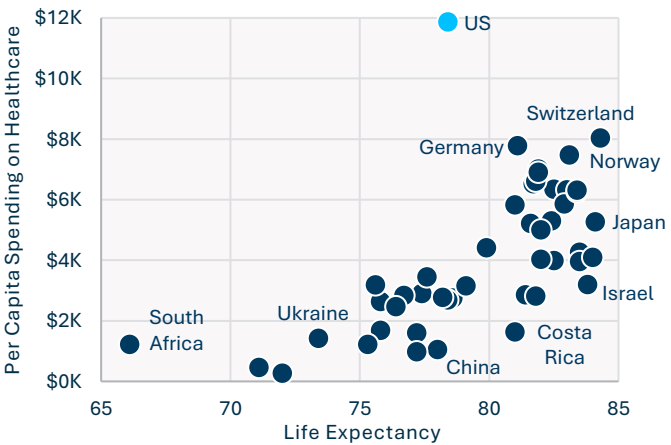
US Spends the Most on Healthcare...  
Per Capita Spending<sup>3</sup> on Healthcare By Country



In: Avoiding Treatment To Save Money  
Percentage in the US Who Avoided Treatment in the Last 12 Months<sup>2</sup>



...But Is Middle of the Pack for Outcomes  
Healthcare Spending and Life Expectancy by Country<sup>4</sup>



Notes: 1) Historic estimates from the National Center for Health Statistics. Projections based on Congressional Budget Office analysis. 2) National Health Interview Survey results from the National Center for Health Statistics. 3) In 2020 constant dollars. 4) Data as of 2023. Source: National Center for Health Statistics, US Census American Community Survey, Centers for Disease Control, Congressional Budget Office (CBO), OECD and SVB analysis.

# Up and Down and Down Again

2025 looked really good for healthcare investment for about six months. Through March, healthtech was on pace for an impressive year. The drop-off from the first quarter to the second quarter muted that hope, but wasn't far out of line from other recent quarter-to-quarter drops.

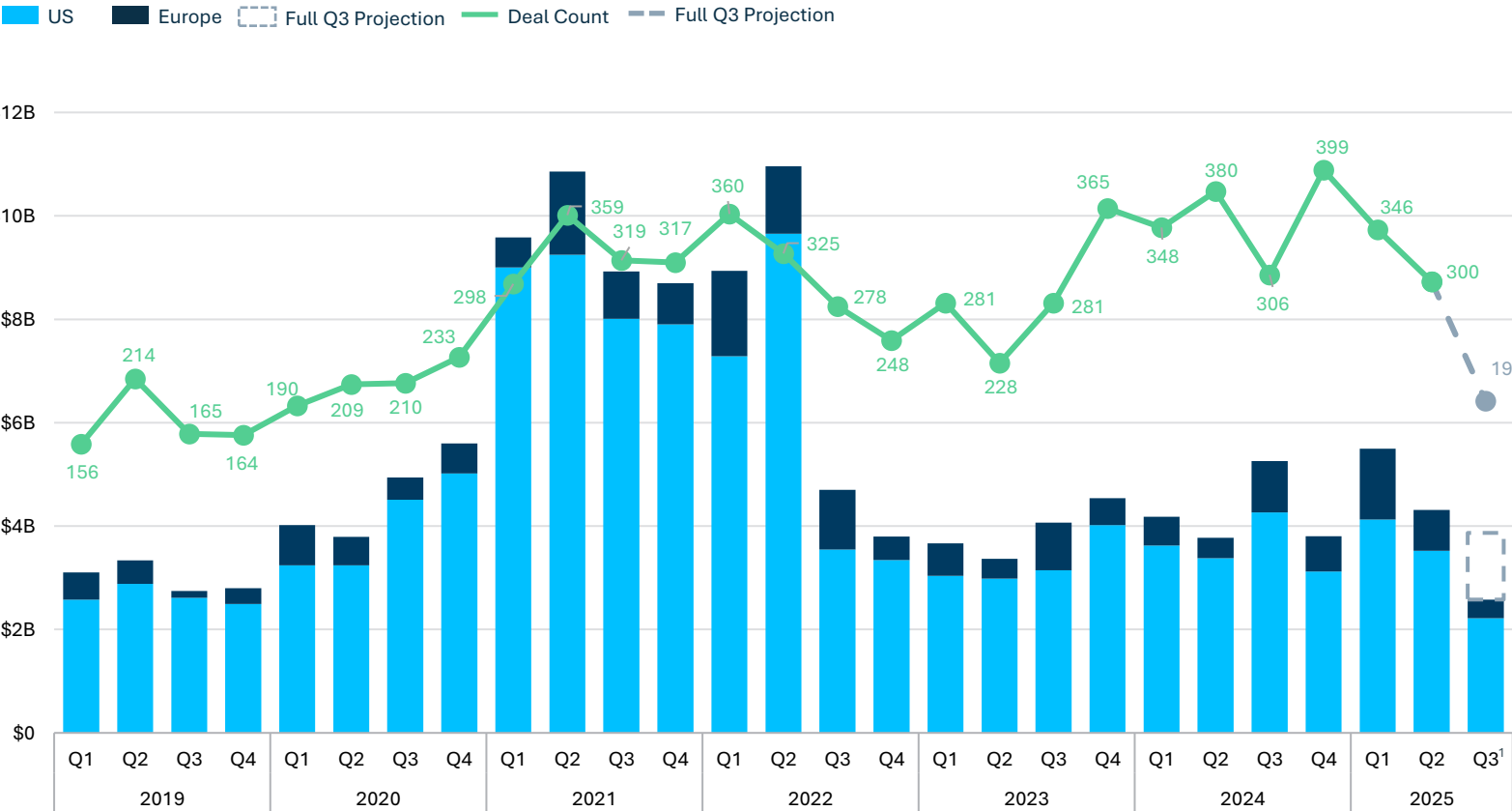
European investment made the first quarter stand out, but that pace has fallen off significantly. More than a quarter of all healthtech investment went to Europe in the first quarter. Then total investment in Europe dropped 43% in the second quarter and continued to fall.

Late-stage deals had buoyed the first quarter, and a lack of them is hurting the third. Based on July and August, Series C+ spending is projected to fall about 65% between the first quarter and the third, dropping more than \$1.1B.

The situation isn't actually that bad. Averaged through August, healthtech projects out to an impressive \$18.5B by the end of the year. Even with the big drop in deals, it's not that unlikely. Q4 has shown about 30% more deals than Q3 each of the last two years. With around 260 deals and an average deal size of \$15.6M — exactly the average since the end of the pandemic boom — Q4 would raise \$4B and bring the annual total to a respectable \$17.7B.

## A Deal Count Dip or A Short-Term Blip?

US and Europe Healthtech VC Deals and Dollars



Geography (\$M)	2021	2022	2023	2024	2025 <sup>1</sup>
US	\$34,160	\$23,831	\$11,761	\$14,238	\$9,870
Europe	\$3,901	\$4,563	\$2,258	\$2,599	\$2,511
Total <sup>2</sup>	\$38,061	\$28,393	\$14,019	\$16,837	\$12,381

Notes: 1) All 2025 data as of 08/31/2025. 2) Totals may not add up due to rounding.  
Source: PitchBook Data, Inc., SVB proprietary data and SVB analysis.



# Chat, What's Another Word for Bubble?

Capital pouring into AI healthtech has raced ahead of evidence. Nearly half of all AI-enabled medical device recalls happened within the first year of clearance — double the rate for devices overall. The FDA's 510(k) pathway, which fast-tracks approval without requiring human testing, has enabled speed but also left early performance issues unchecked.

The mismatch between investor optimism and clinical scrutiny is also showing up in adoption. Hospitals are leaning on lower-risk tools like scheduling assistants and revenue cycle automation that add efficiency without touching clinical workflows. For instance, about 46% of hospitals and health systems now use AI in their RCM operations. But higher stakes applications — such as autonomous imaging, hospital digital twins and GenAI-driven clinical decision support — remain largely on the sidelines, slowed by safety concerns, workflow challenges and regulatory gaps.

Valuations keep climbing, but the pattern is clear: Capital has moved faster than validation. Until evidence catches up, health systems will continue favoring incremental AI gains over transformative bets.

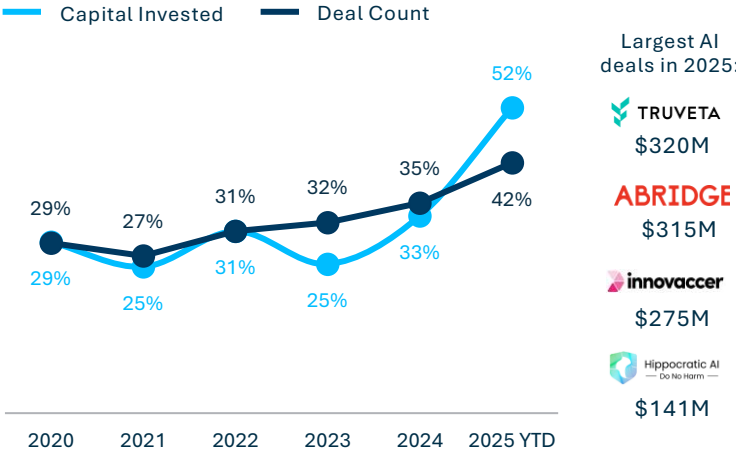
“Paper becomes software, software becomes data, data becomes AI. It’s obviously revolutionary... [but] we’re in a failure-of-imagination phase. People can’t really wrap their heads around everything it will change. For a while, people couldn’t think of anything to do with a TV camera other than film a play.”

**F-PRIME** CAPITAL PARTNERS  
Carl Byers  
Partner, F-Prime Capital

**svb** Silicon Valley Bank  
A Division of First Citizens Bank

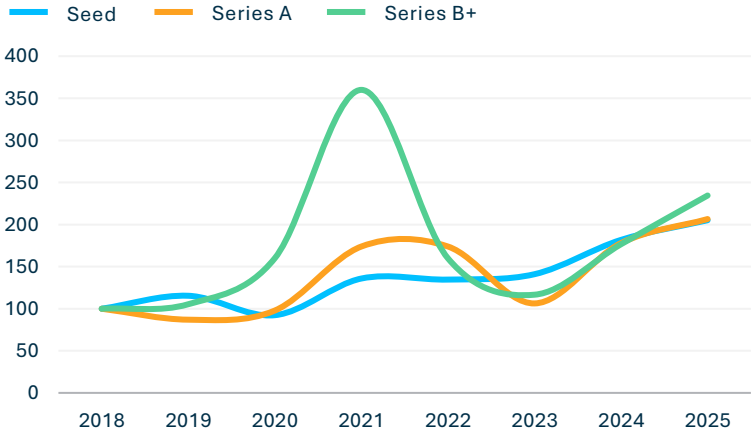
## AI Gold Rush? Share of AI Deal Value Surges

Share of AI in US and European Healthtech VC Deal Value and Count<sup>1</sup>



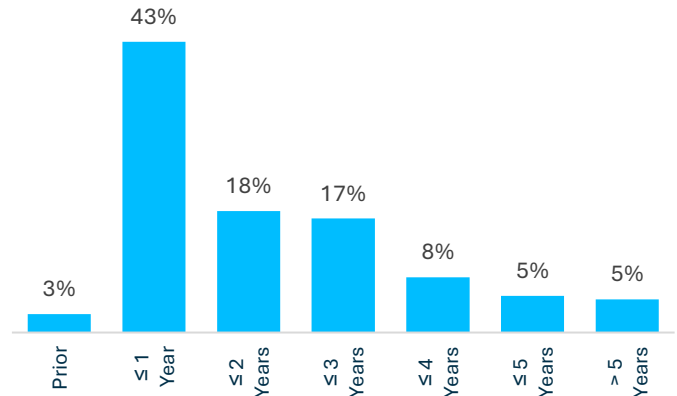
## The Bubble Inflates

Median Pre-Money Valuation for US VC-Backed AI Companies, Indexed to 2018



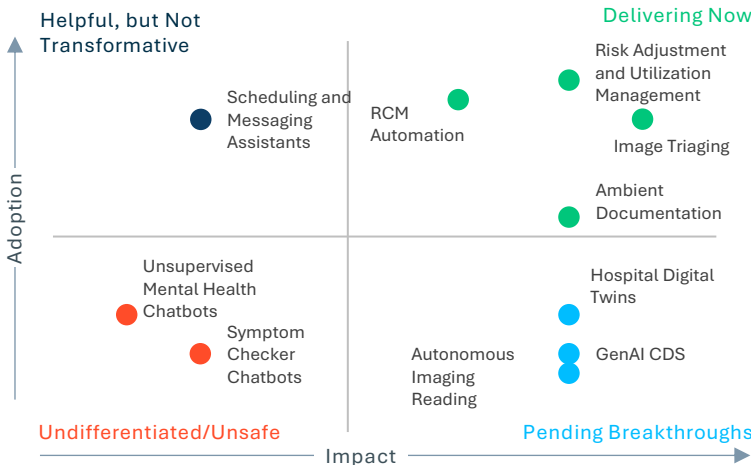
## AI Launches Outpace Clinical Scrutiny

Percentage of Recalled AI Medical Devices by Years Elapsed Since FDA Clearance, as of November 2024



## The Reality Check on AI's Adoption

Impact vs. Adoption of AI Tools in Healthcare



Notes: 1) AI is defined using Pitchbook Data, Inc.'s AI/ML taxonomy.  
Source: JAMA Health Forum, American Hospital Association (AHA), PitchBook Data, Inc. and SVB analysis.

# Mega-Rounds Go Ops

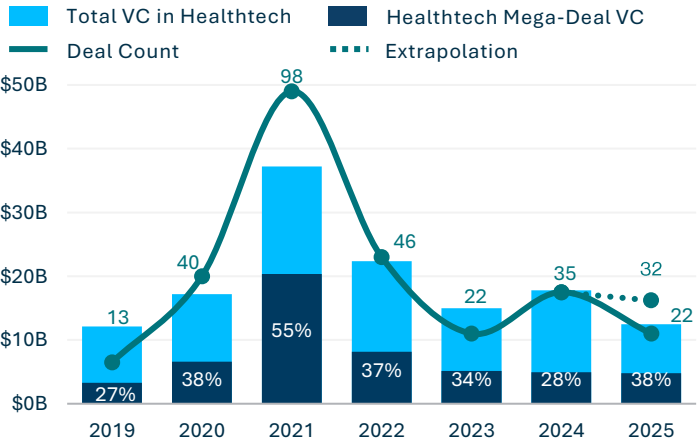
Mega-rounds in healthtech peaked in 2021, but the market has since settled into a steadier pace. While overall deal counts are lower, mega-rounds are 38% of total investment into healthtech this year, remaining a significant share of total capital raised.

The focus of these deals has shifted. Where alternative care once led, provider operations now dominate, representing the majority of mega-deals in 2025. While we’ve seen this shift to provider operations in non-mega-deal investments as well, investors are concentrating on these technologies that provide health data platforms and AI-driven documentation rather than alternative care bets.

Investor mix is equally telling. A small group of repeat investors like Andreessen Horowitz, General Catalyst and Google Ventures (GV) are driving many of the largest rounds, often alongside strategic healthcare investors like CVS Ventures, Kaiser Permanente and Medtronic. Several of these funds have been among the most active generalist funds to participate in healthtech deals in the past five years, continuing to exert outsized influence and growing valuations sharply when they participate. While these generalist investors did not contribute to a particular valuation premium in 2022 and 2023, over the last two years they have added a considerable valuation premium to mega-deals, with 2025 having a 22% premium over mega-deals without their participation.

## Mega-Deals Stabilize After the Surge

US and Europe Healthtech VC Investment and Share of Mega-Deals<sup>1</sup>



## Who’s Fueling the Largest Rounds?

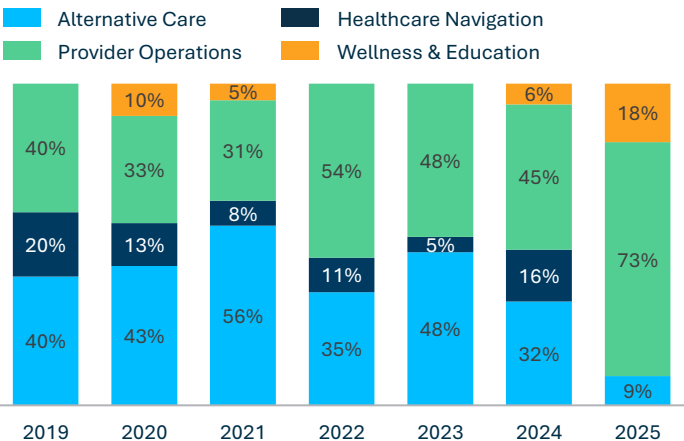
Most Active US and Europe Healthtech Mega-Deal Investors In 2025<sup>2</sup>

Investor	Mega-Round Investments in 2025
andreessen horowitz	Function Health, Abridge, Hippocratic AI, Tennr, Ambience Healthcare
GENERAL CATALYST	Hippocratic AI, Ambience Healthcare, Neko Health, Commure
GV	Isomorphic Labs, Tennr, OpenEvidence
KLEINER PERKINS	Hippocratic AI, Ambience Healthcare, OpenEvidence
Lightspeed	Abridge, Tennr, Neko Health

Notes: 1) Investment and deal counts as of 08/31/2025. 2) A mega-deal is any deal greater than \$100M. Source: PitchBook Data, Inc. and SVB proprietary data.

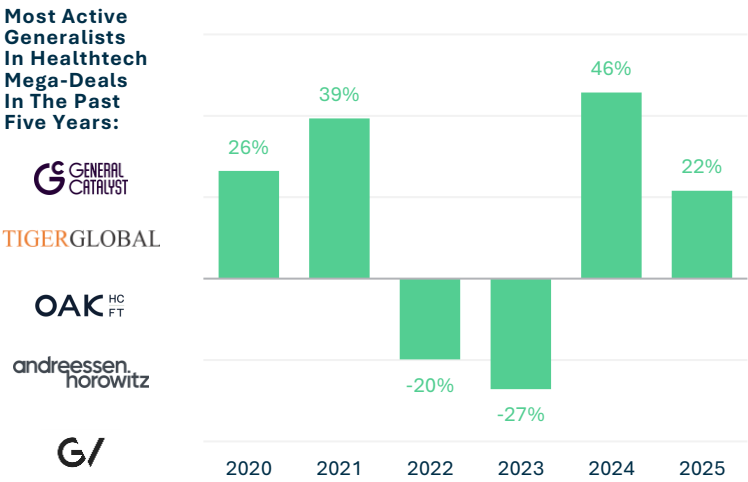
## Provider Ops Dominate Mega-Deals

US and Europe Healthtech VC Mega-Deal Breakdown by Indication



## Generalist Funds Drive Up Valuations

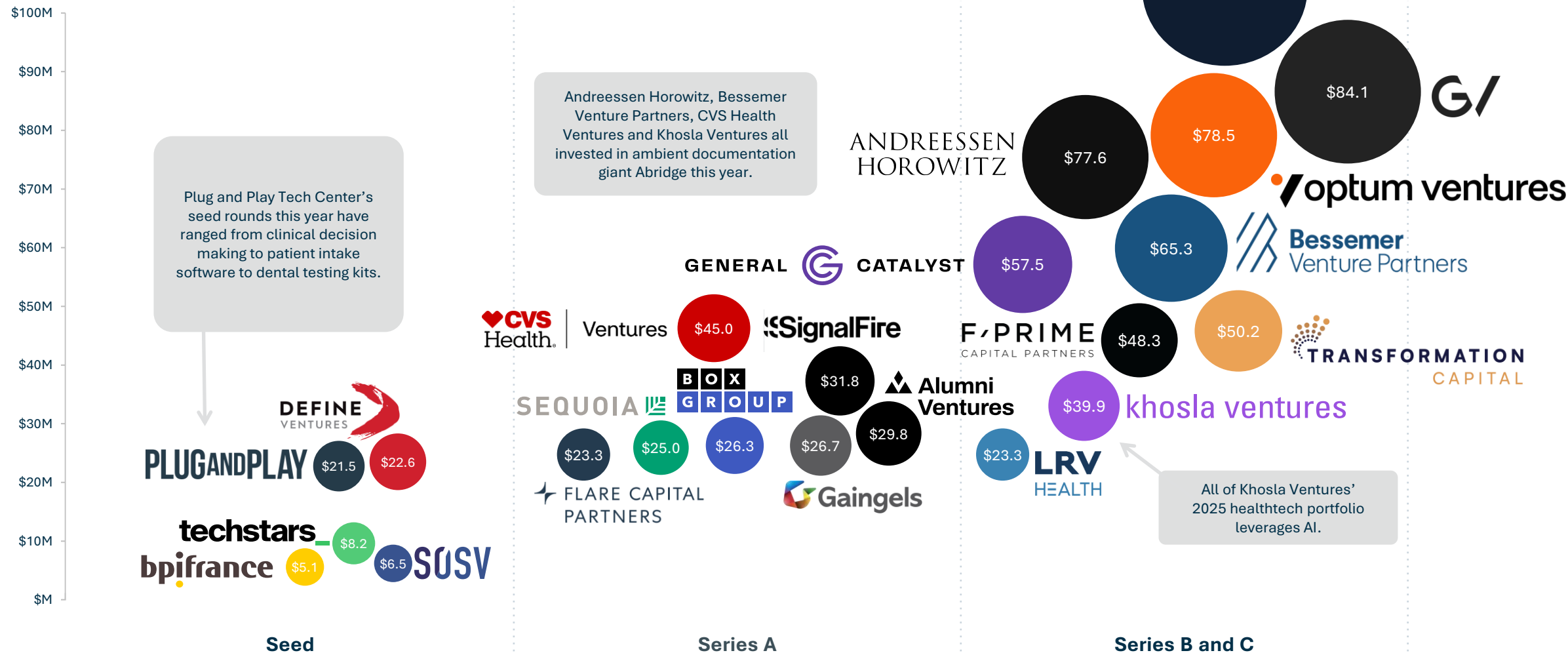
Valuation Premium or Discount in US and Europe Mega-Deals if Most Active Generalist Investors Participate in Deal



# Most Active<sup>1</sup> Healthtech Investors

Notable Investors, US and Europe (2024-2025)<sup>2</sup>

Average Healthtech Investment Size (\$M) and Most Frequent Round



Notes: 1) Most active investors calculated as investment activity in identified rounds in US and European healthtech companies. 2) All 2025 data as of 08/31/2025. Dates of financing rounds subject to change based on add-on investments. Additional investors not listed due to space limitations. Source: PitchBook Data, Inc., conversations with investors and SVB proprietary data.





# Spotlight: The New Face of Healthtech

# Healthtech Moves to the Back Office

It wasn't that long ago that alternative care — clinical tools like virtual primary care, remote specialties or asynchronous prescribing — was the central pillar of healthtech. Investment peaked in 2021 at 42% of all healthtech dollars. Starting in 2023, however, provider operations — tools for revenue cycle management, patient outreach, scheduling, analytics and other front or back office tasks — has taken the plurality of cash. Now provider ops has 44% of all healthtech investment, and alternative care is down to 9%, barely passing \$1B in 2025 so far.

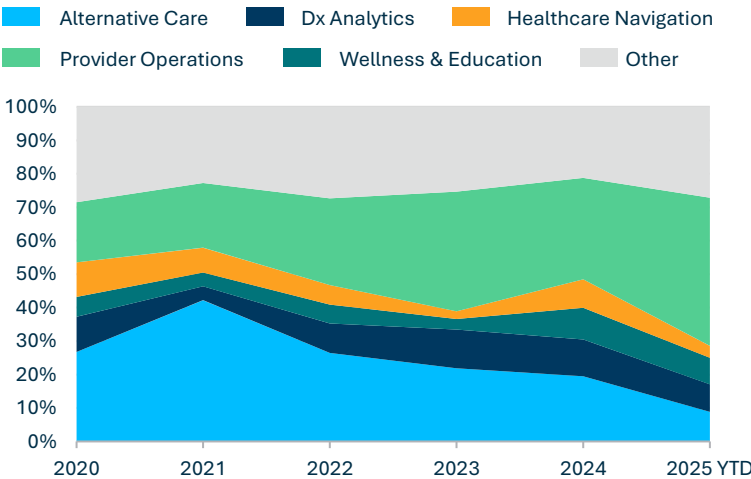
The new low is a result of products that couldn't scale and technology that rapidly became table stakes in most clinical platforms. Payments are complicated in alternative care and margins are thin, especially when compared to outwardly similar SaaS companies. Expansion is limited by clinician hiring, state licensing and payer enrollments. Provider ops software, on the other hand, has clearer business cases, faster return on investment and benefits more from the rapid growth of AI, especially GenAI. Now ambient documentation has taken off as the new hottest tool in the healthcare kit, at least as far as investing goes.

Wave one of digital health built the foundation. Wave two flooded the market with new care models and platforms. The new wave of healthtech is about intelligence... generative and agentic AI systems that don't just document or support the delivery of care, but will redefine how care is delivered, managed, and scaled."

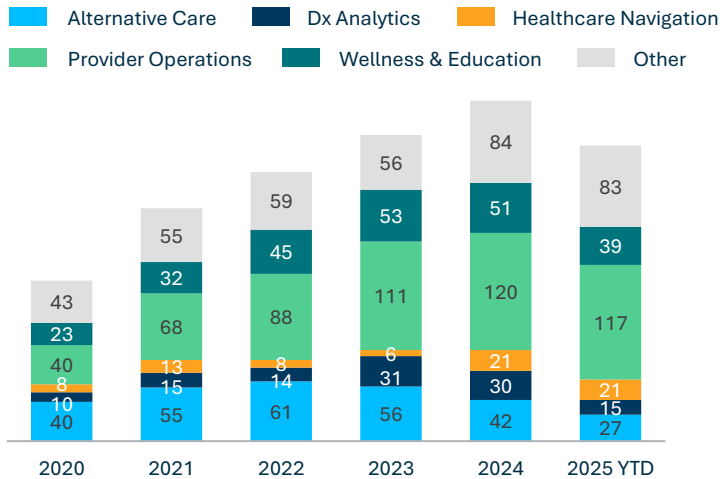
**LRV** Keith Figlioli  
**HEALTH** Managing Partner, LRVHealth

**svb** Silicon Valley Bank  
A Division of First Citizens Bank

Provider Ops: The New Face of Healthtech  
Percentage of Healthtech VC Investment Spending by Subsector

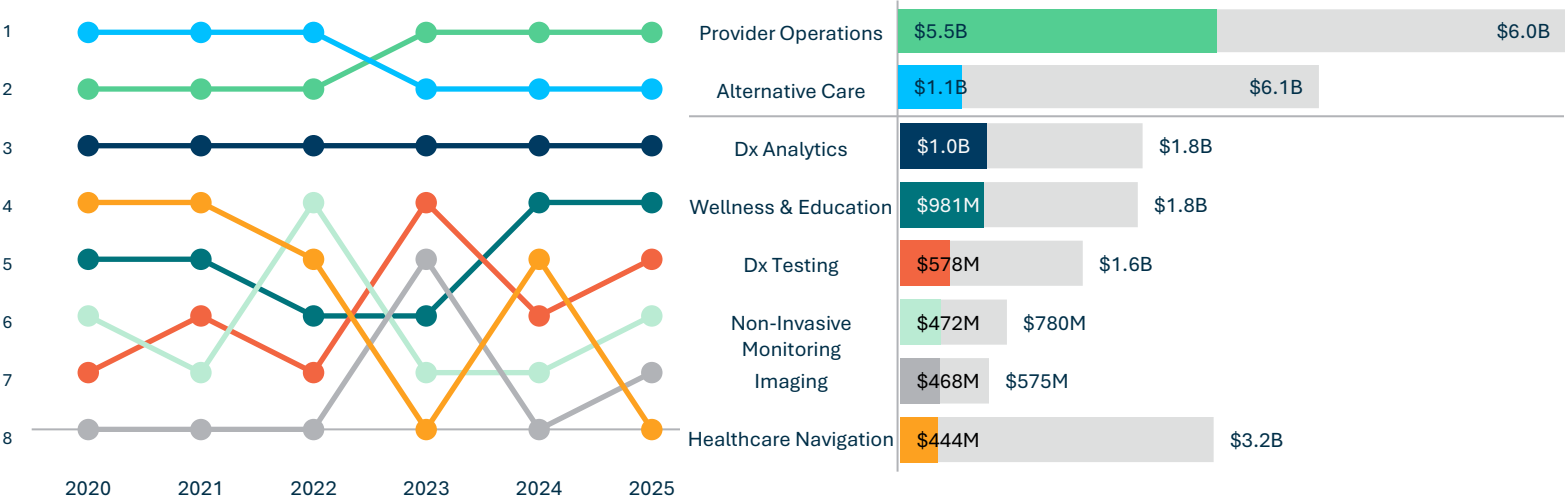


Foundational Shifts  
US and Europe Healthtech Seed Rounds by Subsector



## Swap at the Top, Busy on the Bottom

Rank in VC Deal Count by Healthtech Subsector and Total VC invested in 2025 YTD vs 2022



Source: Pitchbook Data, Inc. and SVB proprietary data

# How Decisions Are Being Made

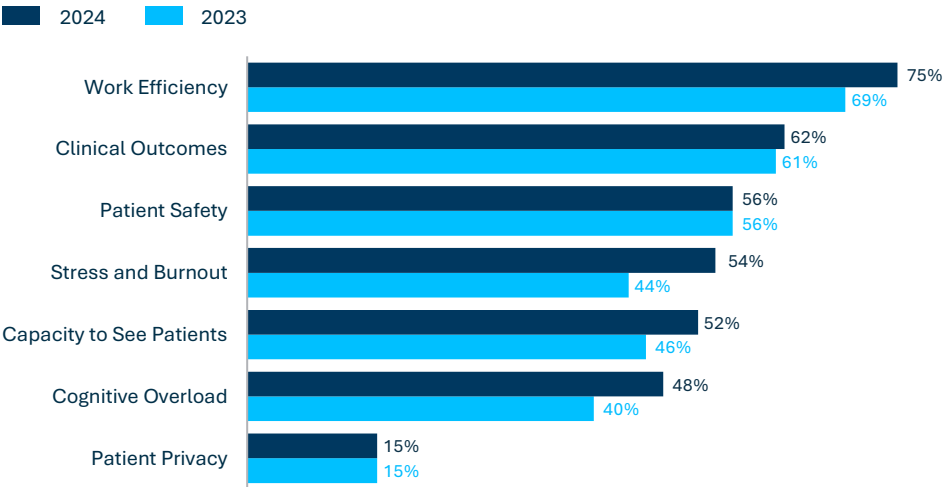
There's nothing inevitable about AI in healthcare. When it's prospering, it's because AI tools are offering real value, addressing long-standing issues and helping solve significant problems. In an industry plagued by staffing shortages, automation is invaluable. Workflows that are still overwhelmingly — and sometimes painfully — manual need tools that can bring efficiency, let clinicians focus on patients, and even help bring staff home at night.

When AI can't be relied on or trusted, however, it won't make inroads. Patient safety is non-negotiable in healthcare, so large language models (LLMs) that struggle to provide consistent, accurate advice won't find clinical adopters. Patient privacy and data security are almost as important. Watch a hospital administrator's face when someone mentions HIPAA violations, and you'll understand why transparent data policies are essential. A promising use case is in helping supplement clinicians domain knowledge. Chatbots may never be independent providers, but they're good test takers. Top LLMs are performing as well as competitive human applicants on medical licensing exams and general knowledge tests.

Clinicians and administrators aren't the only people who need to be convinced. Most patients are happy to provide consent for ambient AI until corporate partners and data policies are explained. Then willingness to give consent drops by 33%. Earning trust is going to be more important for AI healthcare companies than any technical challenge.

## Physicians Trust AI Most for Efficiency, Less for Privacy

Change in Physician Belief That AI Tools Can Be Helpful



These aren't pilots or test cases anymore. For a lot of buyers, it's not even a technology purchase, really. There are shortages of physicians, nurses, revenue cycle specialists. People are saying 'What if we took a portion of what we have budgeted for these positions, and spent it on tech that lets us increase productivity for the staff we actually have?' They're looking at this as a labor purchase more than anything else."

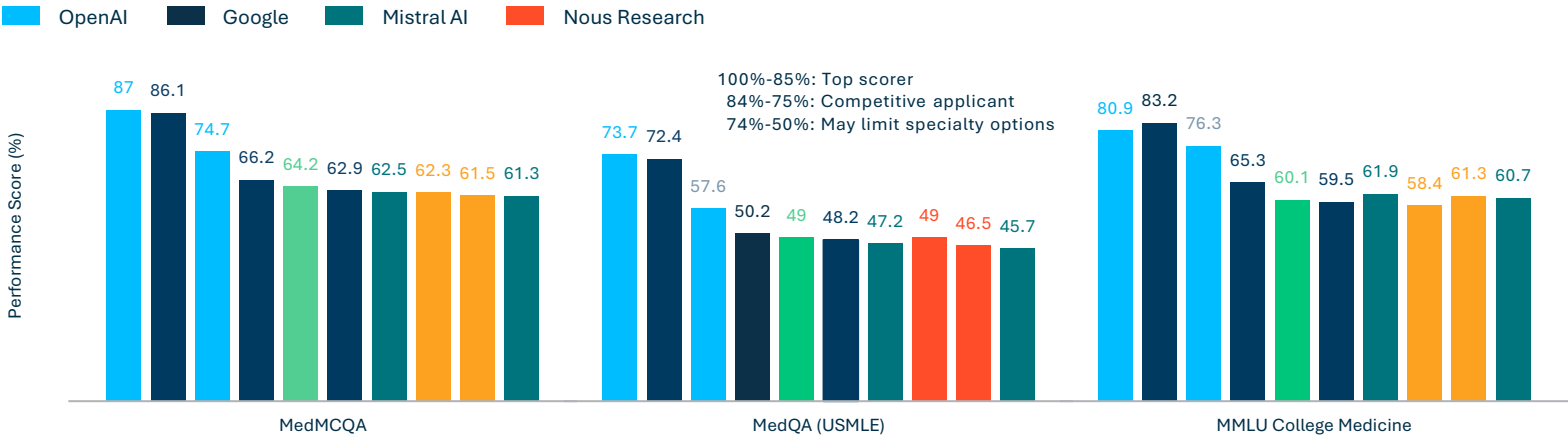


BIO+HEALTH

**Julie Yoo**  
General Partner, a16z

## LLMs Aren't Doctors...Yet

MMLU<sup>1</sup> Benchmark Results for Medical LLM Models



Notes: 1) Measuring Massive Multitask Language Understanding (MMLU) benchmark covers multiple-choice questions from different knowledge domains, including college-level medical knowledge. Medical Multiple-Choice Question Answering (MedMCQA) dataset covers Indian post-graduate medical school entrance exam questions. Medical Question Answering (MedQA) dataset covers questions from the United States Medical Licensing Exam (USMLE).  
Source: Journal of the American Medical Association, Hugging Face Open Life Science Medical Leaderboard, PitchBook Data, Inc., SVB proprietary data and SVB analysis.





# Spotlight: AI and the Revenue Cycle Arms Race

# The AI Arms Race

Providers and payers are both looking to AI to help increase revenue and decrease costs. These are the AI-enabled tools and technologies that are being deployed right now, less hindered by most of the regulations and scrutiny that hold back clinical AI software. In this AI arms race, agents and bots are competing against each other to see which side can maximize its advantage.

## Providers Want Fewer Denials




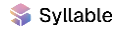

20% of all claims are denied.  
60% of denied claims are not appealed.

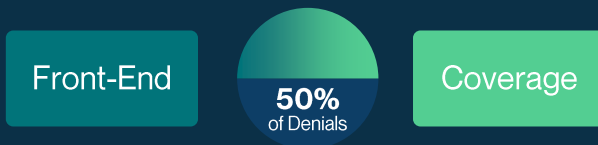
## Battle Lines in the Claims Wars

## Payers Want Lower Costs



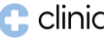

\$32B in improper Medicare payments went out in 2024.  
3%-10% of healthcare spending attributed to fraud, waste or abuse.

- Faster payments and cash flow
- Efficient clinical and administrative workflows
- Billing and price transparency














- Minimum accurate reimbursement amounts
- More efficient administrative workflows
- Reductions in unnecessary procedures
- Easy detection of fraudulent or inaccurate claims











- Maximized claims value
- Reduction in underpayments and clawbacks
- Fewer denials, easier appeals
- Less staff and provider work and rework for billing



- Minimum accurate payments
- Elimination of overpayments and corrections
- Contractual compliance with payment schedules
- Predictable payment amounts from Medicare and Medicaid

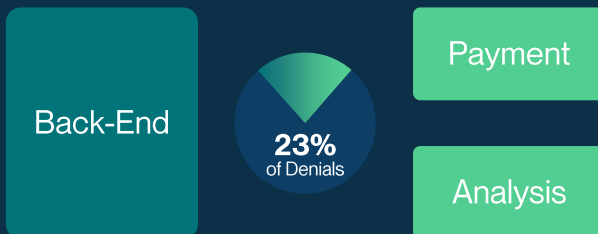






- Data on denial and appeal trends
- Visibility into performance and payment barriers
- Faster reconciliation and better payment tracking
- Population health analysis and benchmarks




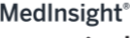









- Accurate patient risk prediction and stratification
- Performance rating predictions
- Population health analysis and benchmarks
- Medical loss ratio performance and predictions

# Take a Note: AI the Scribe

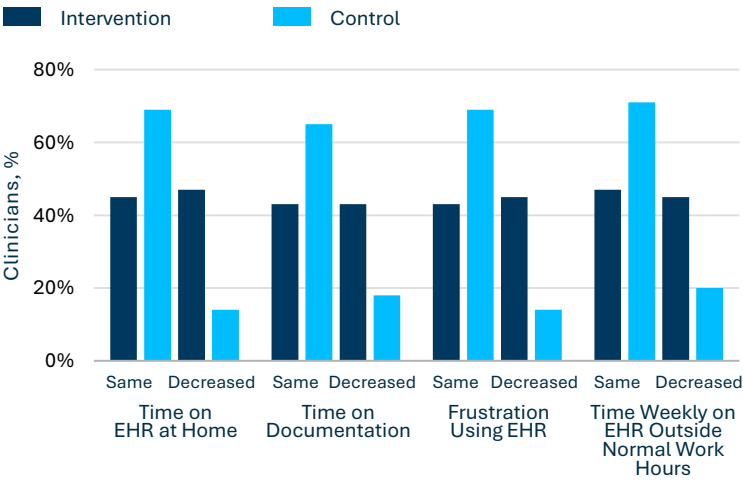
Providers are increasingly willing to use AI. Overwork and manual tasks in electronic health records (EHRs) have been a burden on physicians and other healthcare workers for decades. AI companies promise tools to help in difficult areas like documentation, billing, care plans, messaging and pre-visit planning.

Investors are jumping on these trends. Investment has flowed into the space, reliably doubling annually since 2023. With that much coming in, you'd expect a bustling competitive space. You'd be wrong. Of the \$2.75B that's been invested since 2022, more than half has gone to just five companies. Of the nearly \$1.5B already invested in 2025, 40% went to just a single company, Abridge.

This capital has concentrated while an existential threat looms. Microsoft's Nuance partnered with leading EHR vendor Epic in 2017. While Abridge partnered with Epic in 2023, the EHR giant has reportedly divested its shares while announcing a suite of integrated AI tools. Competition emerging from within an EHR is the single biggest worry of most healthcare startups. To compete with behemoths like Microsoft, Google or OpenAI, startups need to showcase the agility and domain expertise larger companies struggle with. Companies like Eleos and Rad AI that have picked specialty niches may end up with an easier competitive path than anyone trying to compete as a generalist solution.

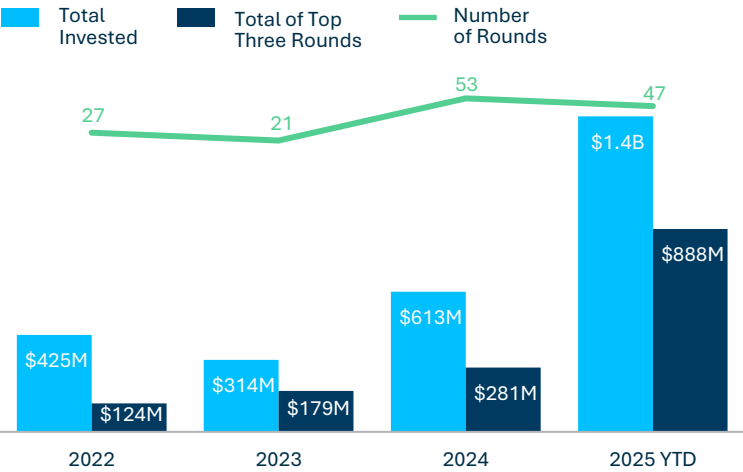
### Time's A-Wasting

Provider Survey Responses Before and After Using AI Clinical Documentation<sup>1</sup>



### Documenting the Big Winners

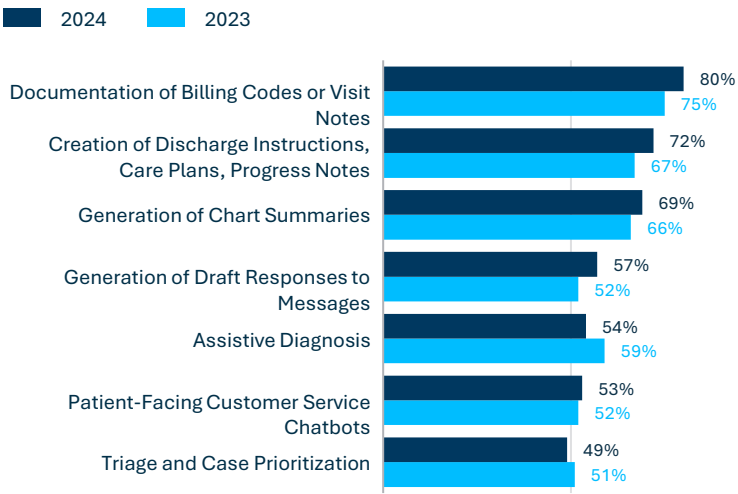
Total VC Dollars Invested and Number of Deals in AI Documentation and Total Invested in Top Three Rounds



Notes: 1) Survey was conducted between June and August 2023 and included family medicine, internal medicine and general pediatrics clinicians in North Carolina and Georgia. 2) Survey was conducted among practicing physicians based on AMA professional data. Source: Journal of the American Medical Association, American Medical Association, PitchBook Data, Inc., SVB proprietary data and SVB analysis.

### AI in the Clinic: Who Wants What

Reported Relevance of AI Use Case to Physician Practice<sup>2</sup>



### Big Bucks From Big Names

Notable 2025 AI Scribe and Documentation Startups and Investors

Start-Ups		Investors	
	Total Raised		
ABRIDGE	\$565M	MENLO VENTURES	Heidi Health, Frontera, Layer Health
Ambience	\$243M	GENERAL CATALYST	Phare Health, Commure
commure	\$200M	ANDREESSEN HOROWITZ	Abridge, Ambience Healthcare
Nabla	\$70M	F-PRIME CAPITAL PARTNERS	Eleos Health, Spry Therapeutics
Rad AI	\$68M	FLARE CAPITAL PARTNERS	Layer Health, Suki
eleos	\$60M		



# Medical Coding: The Unsung Hero

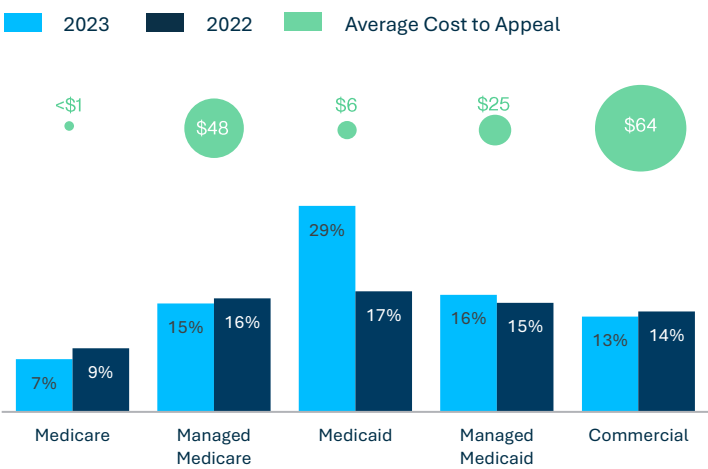
It can be hard to understand just how important accurate medical coding is for patients, providers and payers. While documentation is usually more associated with clinical outcomes, the medical codes used for a patient can determine how they are evaluated by risk assessment software, what procedures or care options are available to them, or what’s recommended by clinical decision support algorithms. With billions of claims submitted each year and high costs to appeal, the revenue implications are impressive.

The cost is obvious in fee-for-service (FFS) contracts, where payments are directly connected to the activities that are billed. But coding is essential in value-based contracting too. For example, incomplete hierarchical condition codes (HCC) — like not capturing diabetes complications or coding for excessive BMI but not obesity — lead to inaccurate risk adjustment factors (RAFs), reducing the expected total cost of care and affecting the potential shared savings or costs.

Unfortunately, AI coding is still struggling to work autonomously. The best results currently come from human experts reviewing and approving the recommendations of AI, with more ROI coming from reduced workloads and time-savings than from increased accuracy. For now, those limitations mean that even the most promising start-ups in the space carry a more modest value, with Athelas’ \$200M the largest deal seen so far this year.

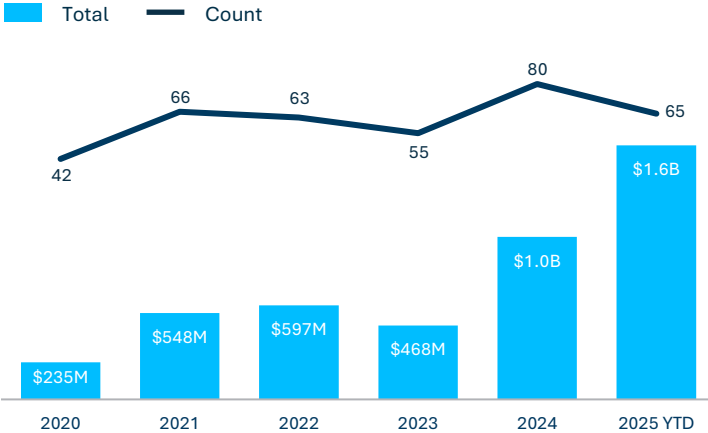
## Claims Costs Aren’t Appealing

Percentage of Initially Denied Claims and Average Actual Cost to Appeal<sup>1</sup>, by Payer Type



## Deciphering Healthcare’s Alphabet Soup

US and Europe Total Investment and Investment Volume in AI-Enabled Medical Coding



Notes: 1) Cost includes labor and administrative costs associated with claims appeals.  
Source: International Journal of Science and Research, New England Journal of Medicine, PitchBook Data, Inc., SVB proprietary data and SVB analysis.

## Baseline LLMs Can’t Crack Medical Codes

LLM Performance in Three Medical Code Sets

Testing Criteria (ICD-9, ICD-10-CM, CPT)	Best Performers	Worst Performers	Notes
Exact Code Matching	1. GPT-4 2. GPT-3.5 3. Gemini-Pro	4. Llama2-70b Chat	No model had a successful exact match rate > 50%
Billable Code Generation	1. GPT-3.5 2. GPT-4 3. Gemini Pro	4. Llama2-70b Chat	In ICD-10-CM testing the top success rate was 72%
Incorrectly Generated Codes	1. GPT-4 2. GPT-3.5	3. Gemini Pro 4. Llama2-70b Chat	
Fabricated Codes	1. GPT 3.5 2. GPT-4	3. Llama2-70B Chat 4. Gemini	

## Hierarchical Coding

Notable 2025 AI Medical Coding Start-Ups and Investors

Start-Ups	Investors
<div><div>Athelas</div><div>Powered by Commure</div></div> <div>Total Raised: \$200M</div>	<div><div>First Round</div><div>Candid Health, Brellium, Suki</div></div>
<div><div>Suki</div></div> <div>\$70M</div>	<div><div>GENERAL CATALYST</div><div>Athelas, Taxo</div></div>
<div><div>Charta</div></div> <div>\$30M</div>	<div><div>468 Capital</div><div>Taxo, Toothy</div></div>
<div><div>KODE</div></div> <div>\$27M</div>	<div><div>BainCapital</div><div>Charta, Fira Health</div></div>
<div><div>Aarintra</div></div> <div>\$21M</div>	<div><div>kima ventures</div><div>Parallel, Kaelio</div></div>



# Global Exits

# Unicorns Queue Up

Healthtech IPOs tell a story of broken expectations. The IPO boom of 2021 quickly gave way to a freeze, as public markets reset valuations and the window for new listings shut. By 2022, IPOs were virtually absent, leaving M&A as the only consistent path to liquidity for healthtech companies.

The companies that did go public between 2020 and 2022 have struggled. Many now trade well below their offering valuations. Eighteen percent have been acquired or merged, but a handful maintain meaningful public market caps. The wave of listings did not translate into lasting public success.

Meanwhile, unicorns keep piling up. Of the 10 most valuable private healthtech companies, eight haven't raised at a higher valuation in over three years. That long wait underscores a tough reality: Large, late-stage companies are stuck between lofty private valuations and public markets unwilling to meet them. The result is a backlog of unicorns with uncertain exit paths, waiting for either market conditions to improve or valuations to come back to earth.

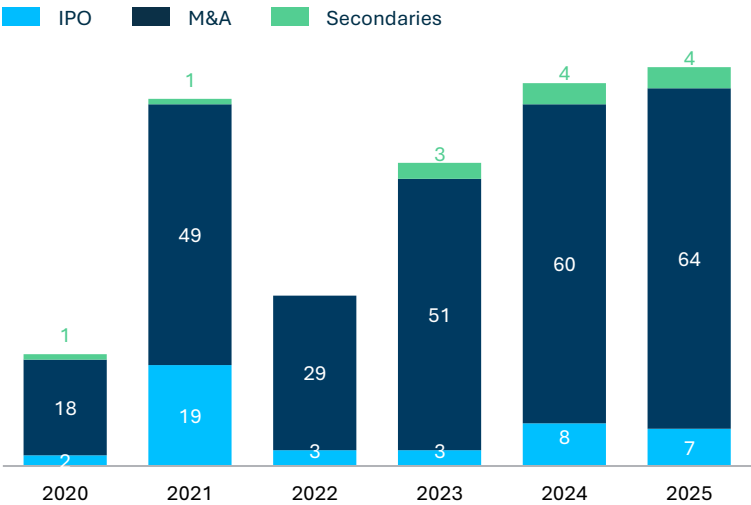
“While the IPO window shows a few bright spots, PE-backed combinations remain active. For many digital health companies, strategic M&A represents a practical path to scale and liquidity.”

**polarispartners**  
Marissa Bertorelli  
Principal  
Polaris Partners

**svb** Silicon Valley Bank  
A Division of First Citizens Bank

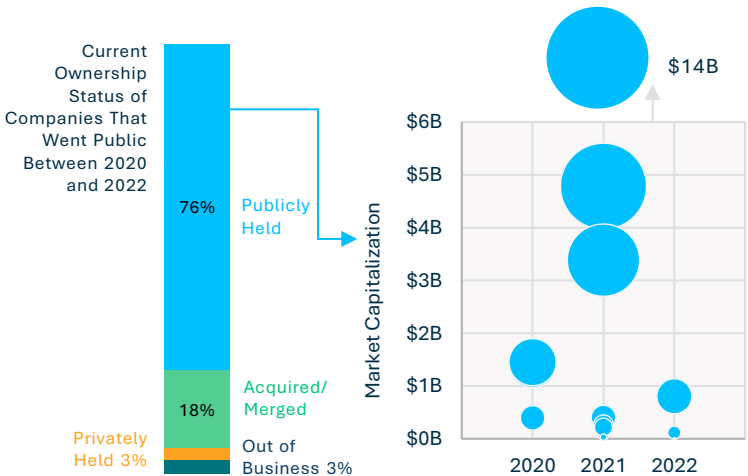
## Exit Pathways Show Uneven Recovery

Global VC-Backed Healthtech Exits by Type<sup>1</sup>



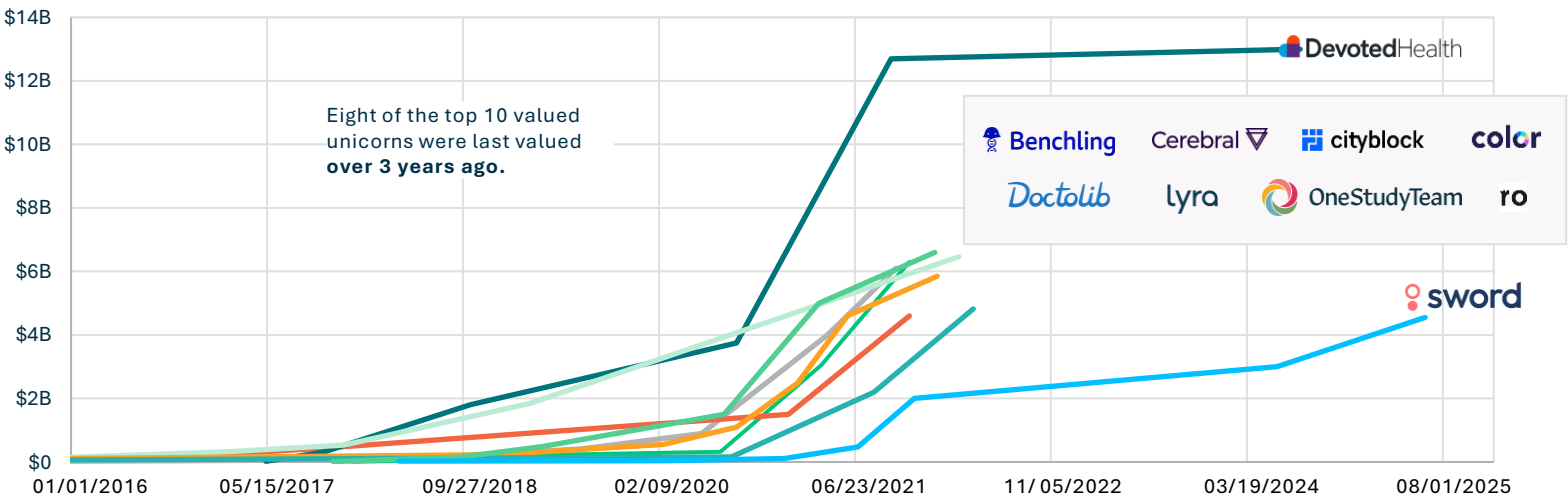
## Where Are the IPOs of '20-'22 Now?

Ownership Status of IPOs From 2020-2022, Current Market Capitalization of Publicly Held Companies



## The Journey Is a Long Road for Exits in Waiting

Post-Money Valuations of the Currently Top 10 Valued US and European Healthtech Unicorns That Have Not Exited Yet<sup>2</sup>



Notes: 1) Exit counts vary from last year's report due to a switch to a new database. 2) Unicorn data as of 07/31/25.  
Source: PitchBook Data, Inc., CB Insights and SVB proprietary data.



# Consolidation Hits High Gear

With the IPO market largely shut, M&As have become healthtech’s dominant path to liquidity. Late-stage companies that once expected to go public are instead seeking strategic buyers or PE sponsors willing to step in as liquidity providers. This shift has turned M&A from a secondary option into the default exit strategy for much of the sector.

After a lull in 2022 and 2023, private exit counts have rebounded and are on pace to set new highs in 2025. PE consolidation is focusing on health IT platforms, specialty-specific software and infrastructure services, which have been increasingly attractive to buyers because they combine predictable revenue with high scalability and margins.

Headline PE-backed exits — including Cotiviti’s purchase of Edifecs and PharmaCord’s acquisition of Mercalis — show the scale of capital flowing into these deals. These buyers are not only seeking immediate efficiencies, but also positioning portfolio companies for future growth, secondary sales or eventual reentry to the public markets when conditions improve.

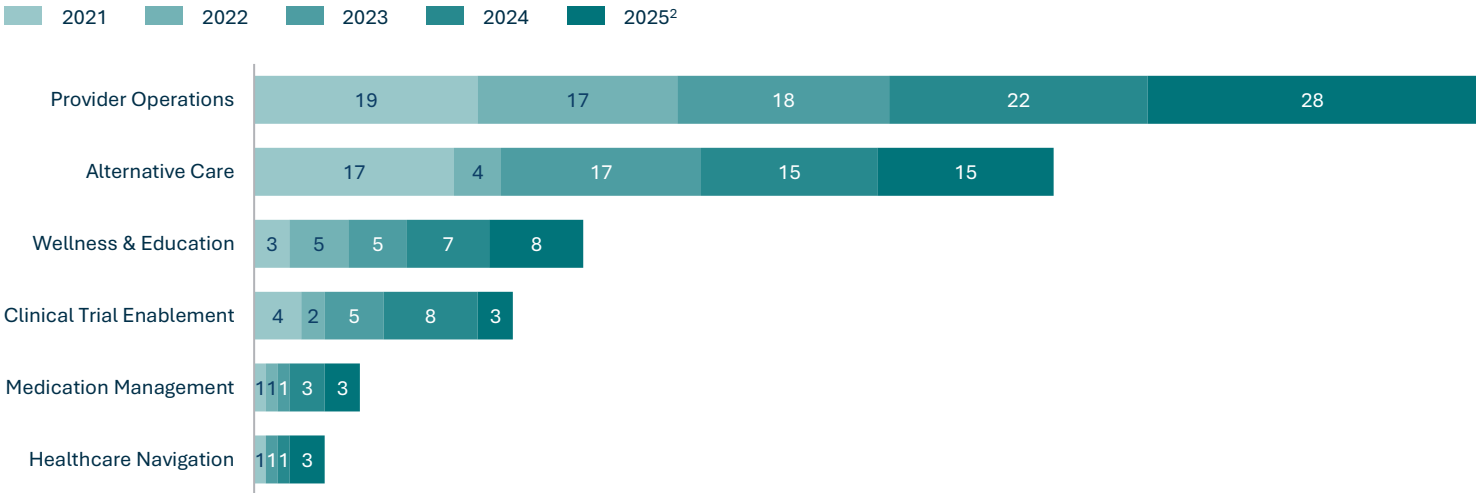
There’s a pick-up in healthtech M&A interest. Scaled organizations want the innovation and innovators want to accelerate reach and distribution.”

 Amir Dan Rubin  
CEO & Founding Managing Partner  
Healthier Capital

 **Silicon Valley Bank**  
A Division of First Citizens Bank

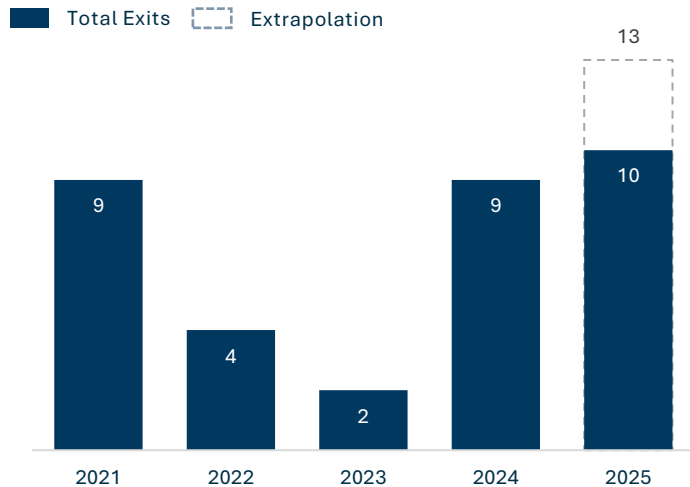
## Consolidation Among Provider Operations Becomes Common

Global Healthtech VC-Backed Private M&A Deals<sup>1</sup> by Top Subsectors



## PE Exits Pick Up Momentum in Healthtech

Global Healthtech VC-Backed PE Exits by Year



Notes: 1) Exits counts vary from last year’s report due to a switch to a new database. 2) M&A deals are as of 08/31/2025.  
Source: PitchBook Data, Inc. and SVB proprietary data.

## PE’s New Favorite Roll-Up Flavor: Health IT

Notable VC-Backed Healthtech PE Exits in 2025

Buyers	Acquisition	Total Spent	Strategic Sectors
Project A Ventures, Golub Capital, Clearlake Capital Group	Modernizing Medicine	\$5.3B	Specialty-specific EHR Software
Cotiviti	Edifecs	\$3.05B	Health Data Management Platform
Ardan Equity, Bain Capital	HealthEdge	\$2.6B	Care Management & Claims Administration
PharmaCord	Mercalis	\$1.4B	Life Science Product Commercialization Tools
TA Associates Management	Nexus	\$1.2B	Health IT Software Provider

# Authors & Acknowledgments

## Lead Authors



**Jennifer Friel Goldstein**  
Head of Relationship  
Management  
Technology & Healthcare Banking  
[jgoldstein@svb.com](mailto:jgoldstein@svb.com)

Jennifer Friel Goldstein is head of Relationship Management, Technology and Healthcare at Silicon Valley Bank, a division of First Citizens Bank. In this role, she leverages her 20+ years of experience financing innovation to develop creative capital solutions for SVB's clients, connect VC and industry stakeholders to key business opportunities, and operate a dynamic and complex banking P&L.

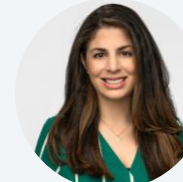
Since joining SVB in 2012, Jennifer has held a variety of leadership positions across the bank. She played key roles in developing SVB's biotech practice and the expansion into investment banking, launching SVB Capital's first dedicated Life Sciences investment fund as managing partner of Arterial Fund I.



**Dennis He**  
Managing Director  
Life Sciences  
[dhe@svb.com](mailto:dhe@svb.com)

Dennis He is a Managing Director on SVB's Life Science & Healthcare Team in the San Francisco office. Dennis partners with innovative, venture-backed, and public Life Science companies to help optimize their global banking strategy through all stages of the business. With a focus on biopharma, diagnostics, medtech and healthtech companies, Dennis provides specialized banking services and leverages sector expertise to support entrepreneurs and investors with flexible financing solutions, proprietary industry insights, and industry connections.

Dennis studied international business and finance at California State University, San Francisco.



**Nina Kandilian**  
Senior Vice President  
Healthcare Venture Capital  
Relationship Management  
[nkandilian@svb.com](mailto:nkandilian@svb.com)

Nina Kandilian is a Senior Vice President on SVB's Investor Coverage and Business Development team. She manages relationships with leading venture capital firms focused on healthcare and life sciences. 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, supporting hundreds of startups in scaling through meaningful strategic partnerships. Nina began her career at the Mass General Brigham health system leading product development and digital transformation initiatives.

Nina received her MBA at Babson College and a bachelor's degree from Suffolk University.

## Contributors

**Raysa Bousleiman**  
Vice President  
Healthcare Venture Capital  
Relationship Management  
[rbousleiman@svb.com](mailto:rbousleiman@svb.com)

## Market Insights Team Authors



**Alexander Lennox-Miller**  
Senior Researcher  
Market Insights  
[alennoxmille@svb.com](mailto:alennoxmille@svb.com)



**Anjalika Komatireddy**  
Researcher  
Market Insights  
[akomatireddy@svb.com](mailto:akomatireddy@svb.com)



A Division of First Citizens Bank

All non-SVB named companies are independent third parties and are not affiliated with Silicon Valley Bank, a division of First-Citizens Bank & Trust Company.

## Report Acknowledgments

Thank you to the following for lending their subject-matter expertise to this report:



BIO+HEALTH



# About Silicon Valley Bank

Silicon Valley Bank (SVB), a division of First-Citizens Bank, is the bank of some of the world's most innovative companies and investors. SVB provides commercial and private banking to individuals and companies in the technology, life science and healthcare, private equity, venture capital and premium wine industries. SVB operates in centers of innovation throughout the United States, serving the unique needs of its dynamic clients with deep sector expertise, insights and connections. SVB's parent company, First Citizens BancShares, Inc. (Nasdaq: FCNCA), is a top 20 US financial institution with more than \$200 billion in assets. First Citizens Bank, Member FDIC. Learn more at [svb.com](https://www.svb.com).

# #SVBHealthcare

in [Silicon Valley Bank](#)

 [www.svb.com](https://www.svb.com)

See complete disclaimers on the following page.

# Disclaimers

The views expressed in this report are solely those of the authors and do not necessarily reflect the views of SVB.

Silicon Valley Bank, a division of First-Citizens Bank & Trust Company, and First-Citizens Bank & Trust Company is not licensed to undertake banking business in any country outside the United States, or to undertake any other regulated activity in any country outside the United States.

This material, including without limitation to the statistical information herein, is provided for informational purposes only. The material is based in part on information from third-party sources that we believe to be reliable but which has not been independently verified by us, and, as such, we do not represent the information is accurate or complete. The information should not be viewed as tax, accounting, investment, legal or other advice, nor is it to be relied on in making an investment or other decision. You should obtain relevant and specific professional advice before making any investment decision. Nothing relating to the material should be construed as a solicitation, offer or recommendation to acquire or dispose of any investment, or to engage in any other transaction.

All non-SVB named companies listed throughout this document, as represented with the various statistical, thoughts, analysis and insights shared in this document, are independent third parties and are not affiliated with Silicon Valley Bank, division of First-Citizens Bank & Trust Company. Any predictions are based on subjective assessments and assumptions. Accordingly, any predictions, projections or analysis should not be viewed as factual and should not be relied upon as an accurate prediction of future results.

All credit products and loans are subject to underwriting, credit, and collateral approval. All information contained herein is for informational purposes only and no guarantee is expressed or implied. Rates, terms, programs and underwriting policies subject to change without notice. This is not a commitment to lend. Terms and conditions apply.

Investment Products:

Are not insured by the FDIC or any other federal government agency	Are not deposits and are not guaranteed by the bank or any bank affiliate	Are subject to investment risks and may lose value of the principal invested
--	---	--