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2026 Healthcare Outlook

Healthcare's rebound to accelerate in 2026

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

Key highlights

- 2026 should see rebound in activity across biopharma and healthcare services with continued strength in healthtech and HCIT.
- Early indications are that AI is improving clinical trial success rates, potentially doubling historical norms.
- We provide a full analysis by clinical phase along with ramification for early-stage life science investor return profiles. The bottom-line is that funding in the early stage has been weak, and prospective return profiles have never been better. We provide lists of companies and investors specializing in these areas.
- Continued high medical costs are likely to drive more significant healthcare reforms, with activity heating up in 2026. We highlight potential areas of reform.
- We expect continued convergence in capability development plays in healthcare IT and healthtech, which should lead to substantial acquisitions of VC-backed healthtech companies by PE-backed HCIT companies.
- We expect IPO exit activity to pick up across all healthcare.

Overview

We see 2026 as providing one of the best investing opportunities we have seen in decades across a number of subsectors. In biotech, M&A activity began to pick up in the second half of 2025 and should see further improvement in 2026 as US healthcare policy uncertainty clears and additional rate cuts spur more speculative investing postures. Add to that additional fuel from recent M&A activity, including bidding wars in the GLP-1 space, which also highlight Big Pharma's determination to mitigate its upcoming patent cliff. The H2 2025 rebound in the XBI biotech index should also support a thawing of the IPO market in 2026.

Biotech venture funding remains depressed, given poor fund performance levels from pandemic-induced misallocations. However, fundamental advancements in drug discovery are nothing short of revolutionary. We believe AI-driven advancements in drug discovery will nearly double Investigational New Drug application success rates going forward, all while reducing development timelines and costs. We expect the return on investment (ROI) potential to be much greater than the 2012 to 2014 vintage, which delivered 19.5% IRRs for life sciences VC investors. Early-stage assets, which have been underfunded, will likely see the greatest return profiles, given AI-derived trial improvement is greatest in the earliest clinical stages.

Beyond drug discovery, AI is expected to continue reducing physician administrative hours in 2026, along with the accompanying burnout, thereby extending the careers of physicians. This should help alleviate predicted provider shortages, as additional provider workflows are automated by AI scribing platforms through either organic product development or acquisitions. Will 2026 be the year when AI begins to reverse the exponential expansion of the administrative state in healthcare—an endemic that began in 1966? Healthcare administration employment increased 3,200% from 1970 to 2010, while physician employment only grew 150% over the same time.[1] We anticipate significant advancements in 2026 in AI scribes, clinical decision support, and clinical workflow agents, with payor adoption of AI solutions continuing to lag provider adoption, having real-world implications for payer cost trends in the near term.

Additionally, the potential elimination of enhanced low-income subsidy premium tax credits and continued more stringent Medicaid enrollment will sustain cross-subsidization pressures on commercial medical cost trends. Given these overall pressures, we expect provider-based administrative layoffs will be meaningful in 2026 as AI workflow automation begins to be deployed at scale.

1: "Expert Forum: How Hospital Admin Boom Could Reduce Burnout," Athenahealth, November 7, 2017.

2026 should also be active on the policy front, and movements to implement much-needed reimbursement reforms in Medicare will pick up steam. We also expect to see movement on health insurance underwriting regulations, as commercial health insurance has become an anchor tied around the neck of the American consumer. We should also see increased interest in greater adoption of defined contribution (ICHRA) solutions, alternative health plans, and direct primary care alternatives in 2026.

Medtech enters 2026 with renewed momentum. Venture investment is poised to reach a three-year high, driven by increased investment in the diagnostic, surgical, and cardiology segments, and fueled by the momentum of AI. Still, VC investors have become more selective, concentrating capital in late-stage companies that lead their respective innovation categories and have a greater chance of exiting. We expect M&A in the sector to pick up pace as large strategics, having shed noncore assets through a series of divestitures, now look to AI-driven technologies to defend against emerging competitors. The IPO window remains selective but not fully closed, with several medtech companies making the leap to the public markets this year, including Heartflow, Caris, and BillionToOne. We also view the pending Medline listing as a key test case for public investor appetite for traditional, non-AI-native medtech business models.

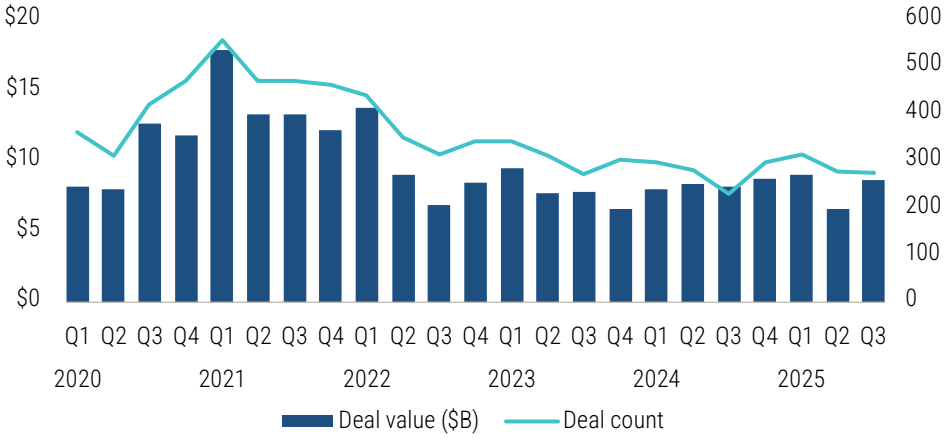
Medtech's frontier technologies, including neurostimulation, smart implants, and augmented reality surgery, are entering early commercialization and look to follow the trajectory of renal denervation, which recently secured a Center for Medicare and Medicaid Services (CMS) coverage determination after years of development. Looking ahead, 2026 is shaping up as a transition year for the sector, with a rebound in VC and PE activity, more stable tariff conditions, and potential coverage pathway reforms for FDA-authorized breakthrough devices on the horizon.

OUTLOOK

Biotech, pharma, & biotools

Biopharma VC activity looks to have bottomed in Q2 2025, but we expect Q3's improvement to continue in 2026 as recent and expected additional rate cuts increase risk appetites across capital markets.

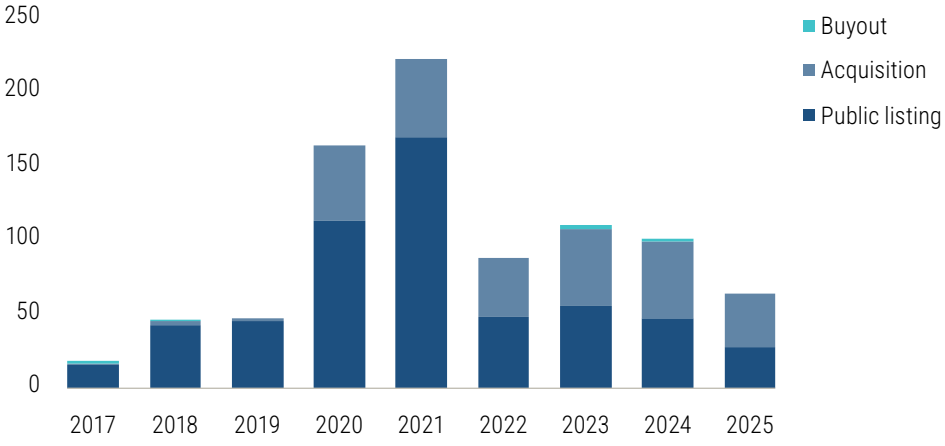
Biopharma VC deal activity by quarter



Source: PitchBook • Geography: Global • As of October 31, 2025

Exit values have picked up with a few bigger deals, although deal counts have remained muted. Given the misallocation of capital during the 2020 to 2021 frenzy, we are more cautious about the number of successful exits emerging from that vintage. Nonetheless, Big Pharma remains active in the M&A space, seeking new growth drivers as legacy franchises come under pressure from generics. Persistent acquisition interest is sustained across both novel modalities, such as CAR-T cell therapies and antibody-drug conjugates, as well as select small-molecule assets with differentiated mechanisms or oncology indications.

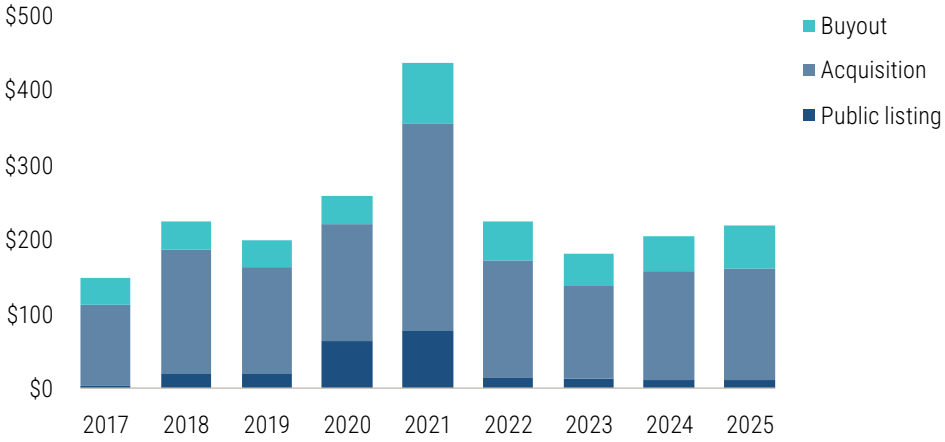
Biopharma VC exit count by type



Source: PitchBook • Geography: Global • As of October 31, 2025

Just 13.4% of all biopharma deals closed through September have gone to pre-seed/seed startups compared to the previous five-year average of 17.5%, as investors are prioritizing clinical-stage assets or moving away from the sector entirely to pursue faster growth opportunities in other tech verticals. AI offers a potential solution, de-risking and reducing the cost basis of drug discovery. Its ability to transform research & development (R&D) may be crucial to fostering a return of early-stage deal activity.

Biopharma VC exit value ($B) by type



Source: PitchBook • Geography: Global • As of October 31, 2025

We believe AI advancement in drug discovery has profound implications for biotech venture investing, with some important subtleties to appreciate. When examining the early cohort of assets developed by AI-native biotechs, research revealed an 80% to 90% Phase I success rate,[2] which is significantly higher than the industry average of 40% to 65%. Phase II outcomes, however, were in line with historical averages at 40%, based on a limited sample of just 10 trials. Although the dataset is nascent, the higher Phase I success rates may reflect improved target selection, as AI models incorporate multi-omic, patient-level, and real-world data to identify disease-specific mechanisms and reduce off-target toxicity. Should these early results persist as we expect, this preliminary data suggests the probability of success may increase from approximately 8% to 18%. Additionally, by lowering the cost and timeframe of discovery, AI-native biotech companies can produce more shots on goal without escalating costs—a structural de-risking.

2: "How Successful Are AI-Discovered Drugs in Clinical Trials? A First Analysis and Emerging Lessons," Drug Discovery Today, Madura K.P. Jayantunga, et al., June 2024.

Potential impact of AI on clinical trial success rates by phase[3]

	Current success rate	Future success rate	Improvement %
Phase I to II	52%	80%	54%
Phase II to III	29%	40%	38%
Phase III to NDA/BLA submission	58%	60%	4%
Submission to approval	91%	92%	2%
Overall	**7.9%**	**17.7%**	**124%**

Source: PitchBook • Geography: Global • As of October 31, 2025

The ramifications of this are profound. First, current AI-native drug discovery company premium valuations (2x non-AI native) are justified by this data and do not reflect the potential for lower approval times and development costs. The second is that the improvements in success rates are expected to be primarily in the earlier phases (phases I & II), and as such, we would expect the greatest improvement in step-up valuations to be in these earlier phases, which will occur more quickly and at lower costs. These assets have been capital-deprived; faster validation cycles could meaningfully improve capital recycling in a segment historically constrained by long development timelines and limited early liquidity. We believe this significantly improved risk-reward dynamic should attract substantial capital inflows in 2026. We see the potential return environment exceeding the 2012 to 2014 life sciences VC investment vintage IRR returns of 19.5%.

Competing for biotech capital globally

China has taken a meaningful share of biotech IPO and M&A exits in 2025. While the year-to-year data is highly volatile, the trend appears to be somewhat positively sloped. In a more competitive global environment, we believe a few structural changes would enhance US competitiveness and improve investment returns for life sciences investors. The foremost change would be the requirement for truly independent boards with governance structures that mandate the following three structural changes:

- Asset light business model: (no long-term real-estate commitments)
- Diversification to lower-cost geographies
- Use of a gig-based workforce for administrative and financial functions (milestone-based investing embedded in governance-endpoint failure means speedy resolution and return of remaining capital to investors)

3: "Clinical Development Success Rates and Contributing Factors 2011–2020," Biotechnology Innovation Organization, David Thomas, et al., February 2021.

GLP-1s: M&A environment and Medicare

The GLP-1 market has become one of the most competitive segments in global pharma as major players race to secure next-generation metabolic assets through both internal R&D and acquisition. More than 120 assets are currently in development across 60 companies, creating a deep pool of potential M&A targets. The high-profile battle between Pfizer and Novo Nordisk for Metsera underscores the escalating strategic urgency in this space. We expect competition to intensify as differentiation windows narrow and policy tailwinds expand reimbursement and regulatory support.

From a policy perspective, the Trump administration recently announced an agreement with Novo Nordisk and Eli Lilly to expand coverage and reduce prices for GLP-1 therapies, applying most-favored nation (MFN) pricing through Medicare and Medicaid alongside a direct-to-consumer offering via TrumpRx. The deal could expand the addressable market for GLP-1 therapies by an estimated 7 to 15 million people while alleviating mounting reimbursement pressures following widespread coverage denials. Expanded CMS coverage strengthens the case for broader GLP-1 label indications and reinforces long-term cardiometabolic franchise strategies. Tariff exemptions announced with the deal provide near-term administrative relief, although future Medicare reimbursement and pricing negotiations may introduce margin pressure.

Later entrants are positioned to benefit from a clearer regulatory pathway for obesity pharmacotherapy and a larger patient and prescriber base, which may accelerate adoption curves for differentiated products. However, the deal further consolidates the position of incumbents who have already invested heavily in manufacturing capacity and supply chains, raising the competitive bar for newcomers.

For investors, the clearer regulatory stance reduces a major source of uncertainty stemming from prior HHS hesitancy. As shown by the Pfizer-Novo bidding war for Metsera, M&A activity is likely to remain elevated as large pharma companies without metabolic exposure compete for differentiated GLP-1 and related agonist programs. Valuations will hinge on the extent to which emerging candidates can demonstrate improvements in adherence drivers—such as tolerability, oral bioavailability, and lower dosing—or pursue novel multi-agonist approaches that could expand into adjacent indications such as nonalcoholic steatohepatitis (NASH) or chronic kidney disease. As competition for late-stage assets intensifies, acquirers may move upstream, targeting earlier-stage, higher-risk platforms that offer novel biology or delivery modalities.

MFN and TrumpRx

Although recent agreements may begin to shape GLP-1 coverage strategies, the broader impact of TrumpRx remains uncertain. Officially scheduled to launch in early 2026 via the TrumpRx.gov portal, the program is positioned as a direct-to-consumer (DTC) drug purchasing platform intended to bypass pharmacy benefit managers and benchmark US pricing to international reference rates. Pfizer was the first to announce participation in September, listing six drug therapies under the program in exchange for a three-year tariff reprieve, a model that was likely to attract other large pharma

companies seeking similar concessions. And Novo Nordisk and Eli Lilly have since also joined the program, offering GLP-1 therapies such as Wegovy, Ozempic, and Zepbound at discounted prices of about $350 per month, well below list price, although likely still higher than copays under comprehensive insurance plans. Early discussions have also cited a price of $149 per month for oral GLP-1 therapies expected to launch in 2026.

Despite headline price reductions, it remains uncertain whether the TrumpRx model will meaningfully lower patient out-of-pocket cost, although the benefit to pharma companies is clear as they avoid the potential for heavy import tariffs. At a high level, the TrumpRx initiative underscores a growing push to bypass pharmacy benefit managers and improve price transparency. It also reflects how healthcare dollar purchasing power is shifting toward the patient as consumer, as post-pandemic telehealth frameworks become more permanent. In our view, however, without material reforms to the drug supply chain and pricing mechanisms more broadly, TrumpRx may prove largely symbolic in the near term, with limited implications for biopharma valuations and private market investors.

Expected exits

- **Verdiva Bio:** Founded in 2024 and based in the UK, Verdiva Bio develops next-generation obesity treatments, including a weekly oral GLP-1 receptor agonist. The company raised a landmark $411 million Series A in 2025, positioning it to independently advance early clinical development. While leadership has indicated an intent to pursue full development, several members of the executive team steered Aiolos towards a rapid M&A exit when it was acquired by GSK shortly after launching. As evidenced by the Metsera bidding war, Big Pharma is willing to pay a premium for cardiometabolic assets. However, given the early stage of its Phase 2-ready lead program, investors may prioritize Phase 2 readouts to maximize sale value.

- **ReCode Therapeutics:** ReCode Therapeutics is developing next-generation genetic medicine delivery through its selective organ targeting (SORT) lipid nanoparticle platform. Effective delivery remains a key bottleneck in genetic medicine, as current LNP systems often lack the tissue specificity and precision required for nonliver targets. ReCode has two active Phase 1 clinical trials in respiratory diseases and additional undisclosed programs targeting liver and CNS indications. As the field moves beyond liver-mediated indications, IP around organ-specific targeting has become increasingly valuable, underscored by the acquisition of Capstan Therapeutics by AbbVie in August of 2025. With validated platform potential and early clinical progress, ReCode is well positioned for strategic interest from large-cap biopharma.

- **Kailera Therapeutics:** Kailera Therapeutics, another obesity-related biotech, recently raised $600 million to take its injectable Zepbound challenger into Phase 3 trials. The funding also provides runway for development of two other oral GLP-1 programs. Their late-stage assets position Kailera among the most advanced private competitors in the GLP-1 space, with differentiated dosing and formulation profiles that could enable broader patient access and improved adherence.

Healthcare services

Utilization has been steadily rebounding post-pandemic, with different approaches during that period exacerbating underlying health conditions. Additionally, population demographics support higher utilization among the Medicare population as the early baby boomers transition into their highest acuity years. This trend is likely to continue with much of the remaining baby boomer generation. For 2026, 2027, and 2028, payer mix will be challenging because of the potential expiration of enhanced premium tax credits for Patient Protection and Affordable Care Act (ACA) health insurance exchange plans and tightening Medicaid eligibility requirements. This puts further pressure on commercial rates to health insurers and stresses affordability in this market as health insurance premiums now account for 30% of a family's budget.[4] Affordability for unsubsidized health insurance is rapidly nearing a breaking point, with 9% premium increases on tap for 2026 and the potential for high single-digit increases in 2027 as well.[5] As a result, we believe the US health insurance industry is likely to undergo significant regulatory reforms in the near future.

While the ACA appropriately eliminated the exclusions for preexisting conditions, other provisions, including underwriting regulations, were ill-advised and have led to the acceleration of the affordability crisis in healthcare since 2008. Commercial health insurance has subsidized public programs since their inception in 1966, and since 2008, health insurance premiums for a family of four have increased 100% on average.[6]

Individual coverage health reimbursement arrangement plans, which allow employers of any size to reimburse employees for some or all of the premiums the employees pay for health insurance they purchase on their own, are a meaningful component of a long-term solution that will at least offer an avenue for employers to delink their wage costs from a hyperinflationary healthcare system. However, the regulations require employees to be enrolled in an ACA-compliant plan that adheres to ACA underwriting regulations. These underwriting regulations need to be changed to allow for more affordable coverage. We provide a few examples of potential underwriting regulation changes that would improve the risk pool of the exchanges, both near and long-term.

Suggested ACA underwriting regulation changes

- **Restore actuarial fairness to age bands:** Expand from a 3:1 to a 5:1 ratio to incentivize enrollment of the healthy younger portion of the population without subsidizing other age demographics.

- **Grant states essential health benefits and actuarial value tiers flexibility:** The "metal levels" (Bronze, Silver, Gold, and Platinum) set a minimum "generosity" floor. The least-generous plan, Bronze, must still cover an average of 60% of all medical costs. This effectively outlaws lower-cost, "catastrophic-only" plans that many healthy individuals would prefer, pushing them out of the market entirely.

4: "2025 Employer Health Benefits Survey," KFF, October 22, 2025.
5: "Business Group on Health Survey: 9% Health Care Cost Increase for 2026," Business Group on Health, August 19, 2025.
6: "Employer Health Benefits: Annual Survey, Kaiser Family Foundation, Gary Claxton, et al., September 2008.

- **Eliminate the "silver-loading" subsidy distortion:** This severs any rational price signal, creates massive market distortion, and shifts billions in "hidden" costs to the federal government. The HHS-HCC Risk Adjustment program attempts to mitigate the resulting risk-selection, but it is an ineffective "patch" on a broken premium benchmark.

- **Unleash wellness incentives.** Offer a simple "safe harbor" that allows employers and insurers to offer significant financial rewards—up to 50% of the premium, for example—for verifiable health outcomes, such as managing blood pressure, A1c, or tobacco cessation. This empowers individuals and introduces a powerful incentive for health.

- **Eliminate the tobacco surcharge restriction.** The 1.5x cap (50% surcharge) is a political number, not an actuarial one. The lifetime morbidity and mortality costs associated with tobacco use result in a claim-cost differential far in excess of 50%. By capping the surcharge, the ACA forces nonsmokers to subsidize the health costs of smokers.

Recommendations

PPMs, ambulatory surgical centers (ASCs), multispecialty clinics and networks, and third-party administrators would be our exclusive focus for deployment. Activity in 2025 has been subdued, with a focus on tech-enabled services, as existing sponsor-backed companies acquire AI capabilities to prevent product obsolescence and address the existential threat posed by competing technologies.

We see PPMs and multispecialty clinics and networks as best positioned to benefit from the use of AI in their practices. This begins with ambient AI scribing technologies, coupled with AI clinical and decision-support capabilities and AI workflow agents, including revenue cycle management (RCM) agents. Combined, these tools will reduce administrative burden and support, improve physician and practice efficiency, and relieve physician burnout through ROI and administrative staff reductions. In a one-on-one meeting, Joel Rush, a partner at McDermott Will & Schulte, indicated interest in multispecialty practices linking up with ASC assets where synergies exist, such as in gastroenterology and urology. Other such examples of collaboration between PPMs and ASC operators include orthopedic practices, cardiology practices, and retinal practices. We will likely continue to see the strategy of integrating ASCs into physician practice platforms accelerate as site of care continues to shift from hospitals to outpatient settings.

Potential exits

- **Eyecare Partners:** Eyecare completed an LBO in February 2020 at a $3.5 billion valuation.
- **U.S. Renal Care:** The company completed an LBO in July 2019 at a $2.7 billion valuation.
- **Duly Health and Care (formerly DuPage Medical Group):** The company completed an LBO in August 2017 at a $1.5 billion valuation.

Intersection of healthcare services and HCIT/healthtech-suggested Medicare policy changes

Medicare Advantage

Additional policy reform we expect on the horizon is a complete restructuring of Medicare Advantage's risk-adjustment system. The Wall Street Journal has a series of articles documenting abuses of this program.[7] We view the Medicaid program risk-adjustment programs as substantially better models than Medicare Advantage and offer a potential blueprint for risk-adjusting the Medicare Advantage program going forward. Two of the biggest differences are that the Medicaid risk-adjustment program is budget-neutral within each state, whereas Medicare Advantage risk adjustment is not budget-neutral, and the federal government funds the variation. The second is that the Medicaid program employs an all-claims-and-encounter data methodology to calculate risk scores, which enables a more accurate picture of each member's health status. In contrast, Medicare Advantage risk adjustment is based only on encounter data submitted by the health plans.

Another likely area for more significant structural changes to the Medicare program is more competition between fee-for-service (FFS) Medicare and Medicare Advantage. To better understand this dynamic, a short history lesson is required. The Medicare Advantage and its predecessor, Medicare Choice, were responses to aggressive provider coding/billing practices in the traditional Medicare FFS program. The theory was that the managed care companies could clamp down on aggressive billing and manage other costs better than an unmanaged FFS program. However, the risk-adjustment program changed this dynamic in that now both providers and the billing "cops"—the Medicare Advantage plans—became incentivized to aggressively bill the Medicare program. The various administrative care organization programs were developed to create a competitive counterweight to Medicare Advantage but suffer from the same structural risk-coding incentive flaws and are difficult to scale.

FFS + HCIT/healthtech

Going forward, we expect to see HCIT/healthtech contracts that manage FFS medical costs compete head-to-head with Medicare Advantage plans to determine which can actually manage medical costs more effectively. We foresee that healthy competition between these two approaches, each on an even footing, will drive lower medical costs.

A first step in this direction is the Wasteful and Inappropriate Service Reduction (WISeR) Model. The pilot program leverages enhanced technologies, such as AI and machine learning (AI & ML), along with human clinical review, to ensure timely and appropriate Medicare payment for select items and services.

The voluntary model will emphasize care navigation, encouraging safe and evidence-supported best practices for treating people on Medicare. WISeR will run from January 1, 2026, to December 31, 2031, in six states: New Jersey, Ohio, Oklahoma, Texas, Arizona, and Washington. Program participants will apply their technology in an assigned state to assess coverage determinations for a select set of items and services that 1) may pose concerns related to patient safety if delivered inappropriately; 2) have existing publicly available coverage criteria; and 3) may involve prior reports of fraud, waste, and abuse.

7: "Insurers Pocketed $50 Billion From Medicare for Diseases No Doctor Treated," The Wall Street Journal, Christopher Weaver, et al., July 8, 2024.

PE healthcare IT

We continue to see PE-backed HCIT duking it out in the marketplace with VC-backed healthtech for AI supremacy in product offerings. The stakes could not be higher with survival at stake. As such, we expect to see convergence with niche or expanded product capabilities at VC-backed AI companies being acquired by PE-backed HCIT firms, although most likely not subsegment leaders, which have achieved substantial valuations that should prevent acquisition by PE-backed companies. We have seen leading PE-backed HCIT companies such as ModMed and Innovacer astutely running into open space to where the ball will skillfully be delivered in the early development of their platforms' ambient AI scribe product capabilities. However, for others who have missed the boat in this area, acquisition-based catch-up is likely, in our view.

Recommendations

The four HCIT subsectors in which we would exclusively invest would be RCM, utilization management (UM) & payment integrity, TPAs, and benefits platforms & care navigation. RCM capabilities will be in ever-increasing demand from core hospital system partners, given the cuts to Medicaid and enhanced premium subsidies. In addition, these capabilities are core functions required by numerous AI scribes and will ultimately be key differentiators of those platform models. Valuations and capital are flowing freely to these companies, and they will have the resources to acquire those capabilities and integrate them into their platforms.

The health plans are under considerable distress from higher-than-expected medical cost trends and are desperate for cost management solutions (UM & payment integrity). In addition, employers are desperate for solutions beyond the BUCAs (Blue Cross and Blue Shield, UnitedHealth Group, Cigna, and Aetna). We view the market as ripe for health plan alternatives, and the core functions needed for these alternatives are performed by TPAs.

Patient engagement and experience are taking a back seat to cost management solutions. However, patient engagement and experience platforms used by BUCAs and major hospital systems are woefully inadequate compared to the technological capabilities employed in other sectors.

Value-based care enablement has been under pressure because of Medicare Advantage reimbursement pressures. We believe 2025 should mark the zenith of these reimbursement pressures and expect a gradual, multiyear margin recovery.

Potential exits

- **AthenaHealth (EHR):** The company raised $7 billion in debt in January 2025 and has hired a CFO, Tom Cowhey, with public markets CFO experience.
- **Zelis Healthcare (network management, price transparency, reference-based pricing, in-network pricing, member engagement, payment integrity, payments, and communications):** Zelis announced its intention to go public on October 4, 2025, with a most recent private round valuation of $17 billion.
- **Ensemble Health (RCM):** The company was rumored to be in talks regarding a potential LBO as of May 2025, for an estimated $12 billion valuation.

Medtech

Medtech enters 2026 in an improving position. After a two-year downtrend in capital deployment, the tone from investors is more optimistic, although selectivity remains high. Global medtech VC activity is set to reach a three-year high, and PE has also been more active in the sector, as valuations have become more reasonable post-pandemic, and founders are seeking exits after lengthier hold times. As we noted in our recently published Medtech VC Paradox analyst note, capital has been concentrating around higher-quality assets instead of retreating entirely, and strategic investors are reengaging around companies nearing clinical milestones, particularly in cardiology, orthopedics, and diagnostics. Other top areas to watch heading into 2026 include neurostimulation, AI-powered surgical navigation, and precision medicine.

Our Paradox report found that time-to-exit in medtech exceeds both healthtech and biotech, reflecting the sector's higher burden of clinical validation, regulatory clearance, and payer coverage. These longer cycles make patient capital and structured milestones essential for realizing value, and investors that align funding stages with clear proof points—clinical, regulatory, or reimbursement—are best positioned to drive durable outcomes. We also hold the view that the under-appreciated early stage in medtech could offer strong returns for those willing to back high-quality seed and Series A opportunities.

Investment selectivity, partly offset by ongoing tailwinds from AI hype, is also mirrored in the exit market. The IPO window remains narrow, but several life science companies have tested the public markets this year, with Heartflow, Caris Life Sciences, and BillionToOne all going public since June. Post-IPO public market reception has been mixed, however, as the broader markets remain choppy. A potentially even more consequential medtech IPO is on the horizon, as PE-backed medical supplies giant Medline Industries has filed an S-1 in preparation for a public listing. Medline represents a more traditional type of medtech company, and its reception from public investors will serve as a key test case of investor appetite in the traditional, non-AI-native medical device space. Medline's IPO plans are also a strong indication that tariff uncertainties are less top of mind now that the global tariff situation has mostly stabilized, although ongoing US-China negotiations are an exception.

Historically, M&A has been the sector's primary outlet for liquidity, and we expect that to continue. Large-cap strategics have spent the past two-plus years digesting earlier acquisitions and moving through a sequence of spin-offs. With balance sheets now healthy, there are signs they intend to be more active going into the next period, as they do not want to be left behind in an AI-powered world. And as valuations have normalized from the zero-interest-rate policy period, incremental M&A acceleration is expected into 2026, focusing on tuck-ins that add AI or data-driven capabilities or can meaningfully improve scale against emerging competitors.

The frontier of medtech innovation is edging closer to commercial reality after years of development groundwork. Technologies such as neurostimulation, smart implants, and augmented reality surgery platforms are in the earlier stages of commercialization, while other innovation areas, such as surgical robotics and liquid biopsy blood tests, have early market leaders alongside a strong roster of earlier-stage challengers. The development

of the renal denervation (RD) market illustrates the progress of emerging technologies in medtech. Following CMS's proposed coverage framework, Medtronic and Recor Medical have led early payer engagement efforts, while newer entrants, such as DeepQure and Geneticure, are exploring phenotype-driven approaches. RD's long path to reimbursement reflects how a once-experimental therapy can lead to commercial viability—a trajectory that neurostimulation, bioelectronics, BCI, and other frontier technologies hope to follow.

Consumer diagnostics have pushed medtech into new territory, aligning with an emerging theme of healthcare consumerization. Companies such as Function Health, Superpower, and Neko Health are blending wellness, screening, and medical-grade imaging to create DTC entry points that blur the traditional boundary between medical tech and digital health. While AI adoption is slower-moving in the devices and diagnostics sector—with exceptions in medical imaging and precision medicine, among other areas—smart implants, surgical navigation, and AI-powered cardiology and neurology imaging are all key areas where AI is poised to meaningfully enhance standards of care.

On the policy front, tariffs on China-sourced components remain a manageable but persistent headwind, prompting a gradual shift to onshore US suppliers. Executives have reduced their estimated tariff impacts in recent earnings calls, although many large medtech firms still expect more than $100 million in tariff-related costs this year. There is also some risk tied to the ongoing Section 232 investigation—a trade law provision to restrict imports deemed harmful to national security—initiated by the Trump administration in September, which could lead to broader medtech tariff actions next year.

The movement of the Ensuring Patient Access to Critical Breakthrough Products bill through the Ways and Means Committee signals growing legislative support for streamlined Medicare coverage of breakthrough devices, and the legislation could reach a vote in the full House in 2026. Should the bill pass, it could shorten commercialization timelines and impact investor confidence in the commercialization of emerging medical technologies. Still, there remain other significant policy and regulatory headwinds—for example, market dynamics are in flux in Medicare Advantage, where payers are tightening authorization and pricing criteria and, in some cases, pulling back from state-level markets. Combined with reduced ACA subsidies and cuts to Medicare, these dynamics could temper procedure volumes, particularly in orthopedics, and potentially affect PE-backed consolidation strategies in the years ahead.

Potential exits

- **Medline Industries (medical supplies):** PE-backed Medline has filed an S-1 and could list in the coming weeks. Likely to be one of the largest-ever healthcare IPOs.
- **Freenome (cancer testing):** Liquid biopsy startup Freenome could follow the path of Exact Sciences and Guardant Health, looking to IPO in the coming years. Acquisition by a diagnostic-focused strategic is also a possibility.
- **SetPoint Medical (neuromodulation):** SetPoint has raised the most capital among neurostimulation startups ($580 million) and has a PitchBook Exit Predictor success probability of 87%.

Healthtech

The VC healthtech market has experienced significant swings in both investment and growth over the past half-decade. Global healthtech VC funding peaked at $29.9 billion in 2021, cratered to a low of $11.8 billion in 2023, and has been on a slow rebound since. However, meaningful exits remain scarce, underscoring the sector's recalibration following the pandemic-era highs, although pockets of the sector are now seeing higher AI-driven valuations. A few examples include the agentic AI platform Hippocratic AI, which, as Sergei Polevikov pointed out in his commentary, "Theranos 2.0," has raised more than $400 million in aggregate funding on a reported revenue base of less than $20 million,[8] and significant VC dollars going into the competitive AI ambient scribe subsector. Our recap of HLTH USA 2025 also explored how digital health AI is becoming more practical and workflow-driven as AI adopters on the provider side move from a broad recognition of AI potential to expecting differentiated use cases and high interoperability in order to consider adoption.

For the year-to-date, there have been 22 healthtech VC deals above $100 million, representing more than $5.9 billion of total funding.[9] A few themes stand out: Ambient AI scribes are a leading funding category, with a notable VC deal for Ambience Healthcare ($243 million), and two investment rounds for Abridge totaling more than $500 million. Other AI platforms account for a strong portion of overall funding for leading startups as well, with Transcarent, Innnovacer, and OpenEvidence raising $481 million, $275 million, and $210 million, respectively. The sector's standout deal YTD was Oura's $907 million funding round, which underscores its innovation in the wearables space and its role in fueling growing demand for smart rings—which in our view is a "rising tide lifts all boats" dynamic.

Public markets are cautiously reopening, with Hinge Health and Omada Health among the first to test investor appetite for scaled care-management platforms, as both went public earlier this year. We expect other B2B2C platforms to lead the next wave of IPOs over the next 12 to 18 months, even as we expect few listing announcements heading into the holiday period and gear up for JPM week in January. Other late-stage startups at the top of our list for a potential future listing include Quantum Health, Maven, Headspace, and Color Health. These companies and other healthtech startup leaders are increasingly ROI-driven and partnership-oriented, reflecting a shift among payors and employers toward outcomes-based contracting and sustained engagement rather than simply adding point solutions for a fuller benefit roster.

Since 2021, few deals have mirrored the Headspace-Ginger merger, which combined Headspace's mindfulness platform with Ginger's teletherapy capabilities to create a more integrated behavioral health offering. In contrast, the success of MSK-focused Hinge Health shows what's possible when a "point solution" pursues success in its core market. Notably, competitor Sword Health is charting a different course, recently expanding into mental health to position itself as a more holistic platform. That is not to say M&A has been absent in digital health—in fact, 2025 has been relatively

8: "Theranos 2.0," Medium, Sergei Polevikov, November 6, 2025.
9: As of November 13, 2025.

active, given the number of scaled companies, and a more challenging capital markets environment. Transactions such as Transcarent's merger with Accolade, Remedy Meds' combination with Thirty Madison, and LetsGetChecked's integration with Truepill (now Fuze Health) underscore a push to reach scale and achieve cross-vertical integration. PE-backed platforms have been following suit, with New Mountain Capital's RCM platform Smarter Technologies a key example—a company formed through the merger of previously independent companies SmarterDx, Thoughtful.ai, and Access Healthcare.

On the provider side in healthtech, automation has evolved into a "bots versus bots" dynamic as payers and providers deploy AI to optimize revenue and billing collection. Providers appear to be winning the adoption race: A recent survey from Menlo Ventures shows provider-side AI penetration nearly double that of payers.[10] With commercial rate increases running in the double-digit range for 2026, health plans are signaling awareness of their lag and will likely step-up their pace of AI implementation, particularly in payment integrity, including downcoding (post-billing adjustments).[11, 12] We expect the gap in adoption to persist structurally for the next few years, with a resultant impact on medical costs. Looking ahead, we also expect to see areas of collaboration between payors and major health systems, such as in prior authorizations. Cohere Health is an outstanding example of designing a solution through integrating payer and provider workflows in prior authorizations. The company's customers are seeing 90% of prior authorizations being automated, with 96% of prior authorizations approved in seconds and 47% administrative cost savings. The company raised $90 million in a Series C in May 2025, with a $750 million post-money valuation. Cohere's PitchBook exit predictor score is 90%, with an IPO as the most likely outcome.

Potential exits

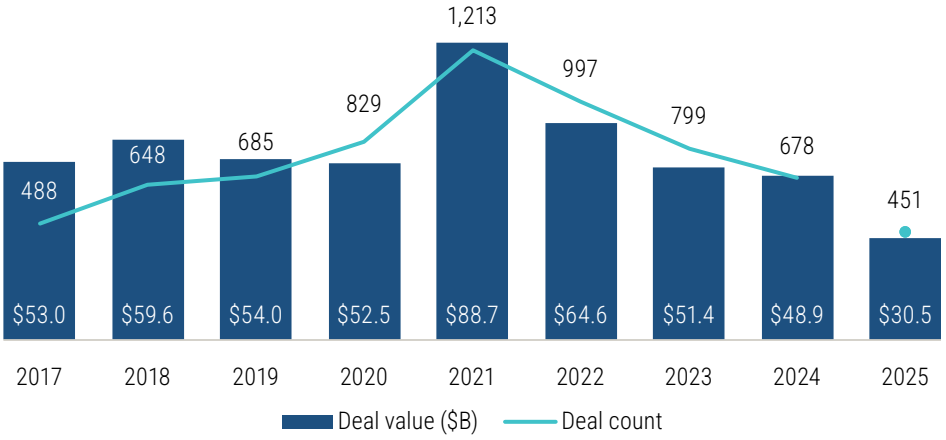
- **Sword Health (Virtual MSK):** Founder Virgílio Bento has openly discussed IPO plans and expects the company to list by 2028. Sword Health has a clear public comparable in Hinge Health with a current market cap of $3.5 billion.
- **Quantum Health (care navigation):** PE investors Warburg Pincus and Great Hill Partners are likely to pursue an exit soon. The company has strong financials and has been EBITDA-positive for years.
- **Cohere Health (prior authorization):** Has a high PitchBook exit predictor score at 90% and is set to benefit from strong demand for AI-powered prior authorization.
- **Spring Health (mental healthcare):** Long near the top of our Digital Health IPO watchlist, Spring Health recently hired a head of IR with public company experience.

10: "2025: The State of AI in Healthcare," Menlo Ventures, Greg Yap, et al., October 21, 2025.
11: "These States Are Pushing Back Against Insurer 'Downcoding,'" Modern Healthcare, Noah Tong, November 12, 2025.
12: "Medicare Picks Tech Vendors to Run AI Prior Authorization Pilot in Six States," Stat10, Brittany Trang, November 6, 2025.

Appendix

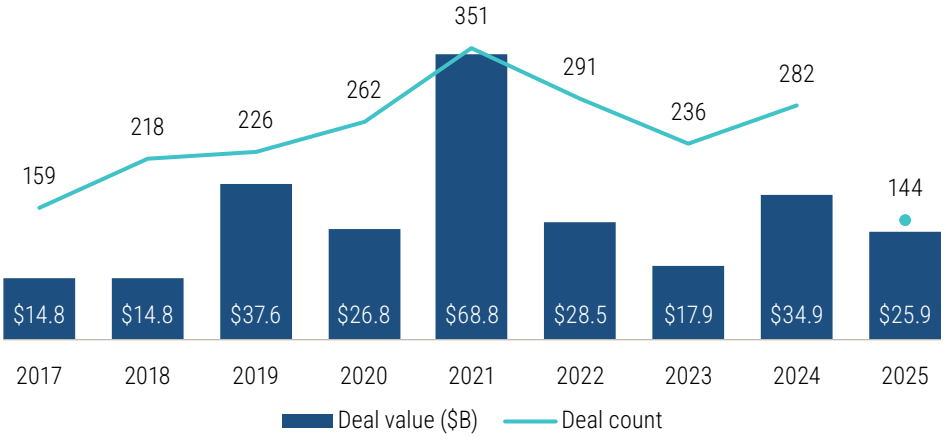
Deal activity by vertical

Healthcare services PE deal activity



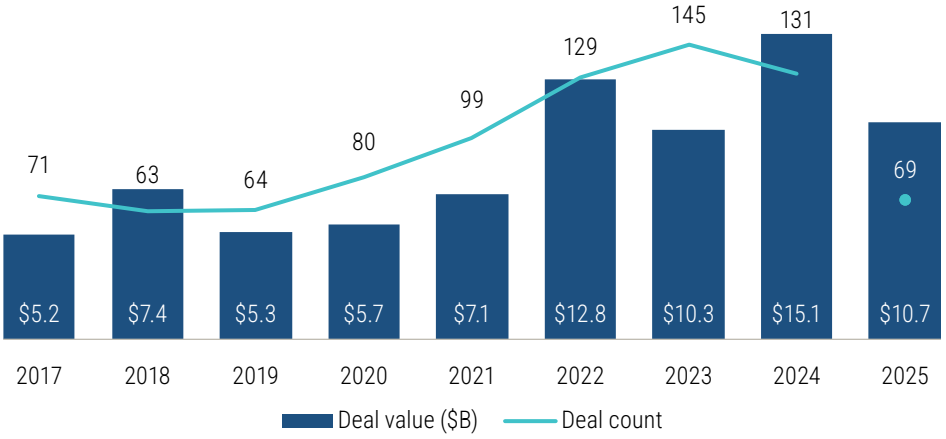
Source: PitchBook • Geography: Global • As of October 31, 2025

Healthcare IT PE deal activity



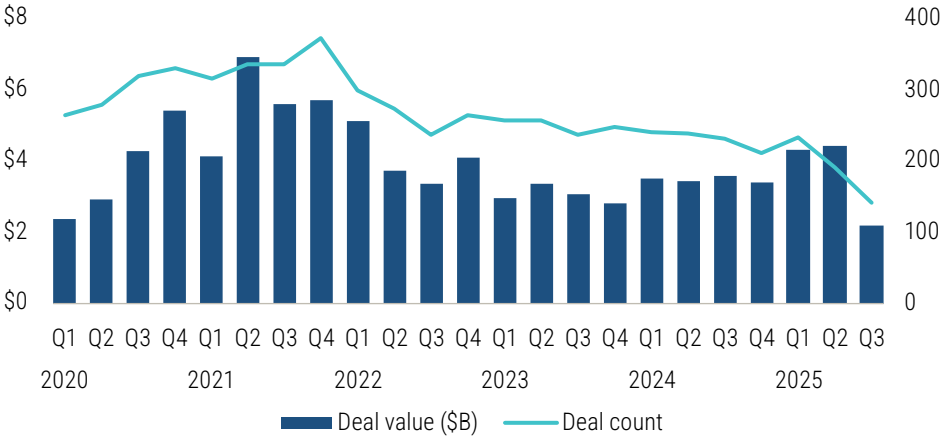
Source: PitchBook • Geography: Global • As of October 31, 2025

Medtech PE deal activity



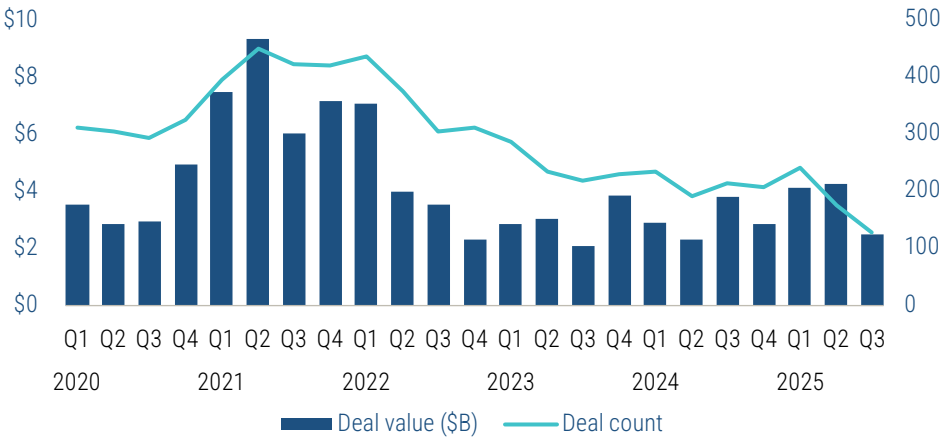
Source: PitchBook • Geography: Global • As of October 31, 2025

Medtech VC deal activity by quarter



Source: PitchBook • Geography: Global • As of October 31, 2025

Healthtech VC deal activity by quarter



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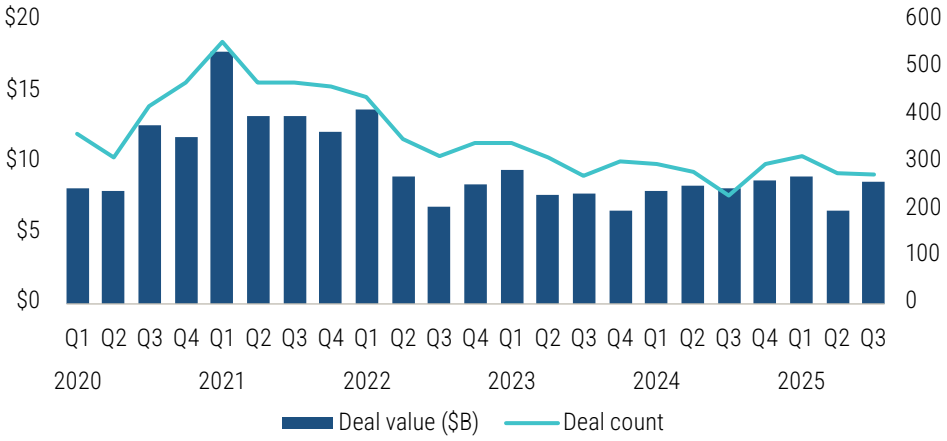
Biopharma VC deal activity by quarter



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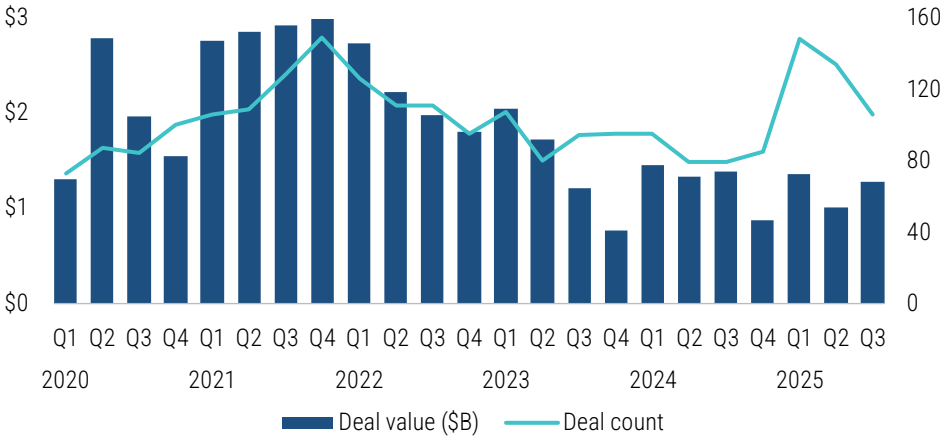
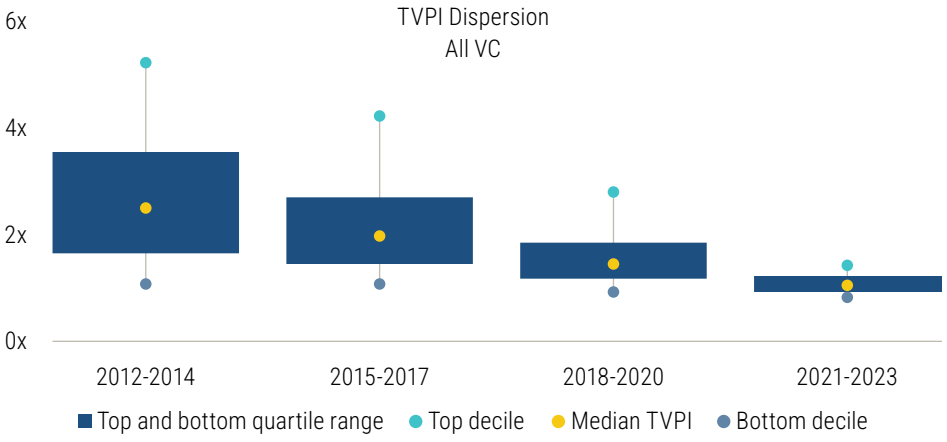
Pharma biotools VC deal activity by quarter



Source: PitchBook • Geography: Global • As of October 31, 2025

Dispersion of biopharma VC fund returns



Source: PitchBook • Geography: Global • As of October 31, 2025

Vertical breakdowns

Global VC deal count by vertical

	2017	2018	2019	2020	2021	2022	2023	2024	2025
All VC deals	**34,370**	**38,686**	**40,246**	**42,355**	**58,161**	**55,336**	**45,535**	**42,177**	**30,836**
Biopharma	785	987	1,091	1,536	1,926	1,418	1,203	1,082	925
Healthtech	708	970	1,080	1,231	1,685	1,425	968	842	587
Medtech	757	907	961	1,190	1,357	1,073	995	919	606
Healthcare services	15	14	15	12	18	11	11	4	1
Pharma services	34	42	34	47	34	23	7	6	5
Pharma biotools	190	268	256	344	492	443	376	338	399
Healthcare IT	101	94	97	62	55	46	23	18	6
Biopharma	2.3%	2.6%	2.7%	3.6%	3.3%	2.6%	2.6%	2.6%	3.0%
Healthtech	2.1%	2.5%	2.7%	2.9%	2.9%	2.6%	2.1%	2.0%	1.9%
Medtech	2.2%	2.3%	2.4%	2.8%	2.3%	1.9%	2.2%	2.2%	2.0%
Healthcare services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pharma services	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Pharma biotools	0.6%	0.7%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%	1.3%
Healthcare IT	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
% of Total	**7.2%**	**8.1%**	**8.5%**	**10.2%**	**9.4%**	**7.9%**	**7.7%**	**7.5%**	**8.0%**

Source: PitchBook • Geography: Global • As of October 31, 2025

Global VC deal value ($B) by vertical

	2017	2018	2019	2020	2021	2022	2023	2024	2025
All VC deals	**$221.7**	**$349.0**	**$341.1**	**$380.7**	**$751.7**	**$526.7**	**$363.7**	**$392.9**	**$413.8**
Biopharma	$11.4	$20.8	$21.4	$39.9	$55.6	$37.3	$31.0	$32.6	$27.1
Healthtech	$5.4	$8.8	$8.5	$14.2	$29.9	$16.9	$11.8	$11.8	$12.6
Medtech	$6.7	$8.8	$10.0	$15.0	$22.3	$16.3	$12.2	$13.9	$11.6
Healthcare services	$0.4	$0.6	$0.3	$0.2	$0.2	$0.1	$0.2	$0.0	$0.0
Pharma services	$0.1	$0.6	$0.6	$1.5	$1.1	$1.4	$0.5	$0.1	$0.1
Pharma biotools	$3.4	$4.4	$3.0	$7.6	$11.5	$8.7	$5.7	$5.0	$4.1
Healthcare IT	$1.2	$0.7	$0.8	$0.7	$0.9	$0.4	$0.2	$0.3	$0.1
Biopharma	5.1%	6.0%	6.3%	10.5%	7.4%	7.1%	8.5%	8.3%	6.6%
Healthtech	2.4%	2.5%	2.5%	3.7%	4.0%	3.2%	3.2%	3.0%	3.0%
Medtech	3.0%	2.5%	2.9%	3.9%	3.0%	3.1%	3.4%	3.5%	2.8%
Healthcare services	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%
Pharma services	0.0%	0.2%	0.2%	0.4%	0.1%	0.3%	0.1%	0.0%	0.0%
Pharma biotools	1.5%	1.3%	0.9%	2.0%	1.5%	1.7%	1.6%	1.3%	1.0%
Healthcare IT	0.5%	0.2%	0.2%	0.2%	0.1%	0.1%	0.0%	0.1%	0.0%
% of Total	**12.2%**	**12.3%**	**12.7%**	**20.3%**	**15.8%**	**14.9%**	**16.7%**	**16.0%**	**13.2%**

Source: PitchBook • Geography: Global • As of October 31, 2025

North America VC deal count by vertical

	2017	2018	2019	2020	2021	2022	2023	2024	2025
All VC deals	**12,925**	**13,951**	**15,237**	**15,337**	**21,404**	**19,920**	**16,543**	**16,353**	**13,150**
Biopharma	413	494	531	730	889	665	564	548	445
Healthtech	414	536	613	662	937	811	585	546	412
Medtech	374	416	459	533	608	510	478	460	332
Healthcare services	15	14	15	12	18	11	11	4	1
Pharma services	15	23	17	12	15	12	4	3	2
Pharma biotools	97	122	122	146	197	172	144	137	176
Healthcare IT	85	79	79	52	45	31	16	13	5
Biopharma	3.2%	3.5%	3.5%	4.8%	4.2%	3.3%	3.4%	3.4%	3.4%
Healthtech	3.2%	3.8%	4.0%	4.3%	4.4%	4.1%	3.5%	3.3%	3.1%
Medtech	2.9%	3.0%	3.0%	3.5%	2.8%	2.6%	2.9%	2.8%	2.5%
Healthcare services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Pharma services	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Pharma biotools	0.8%	0.9%	0.8%	1.0%	0.9%	0.9%	0.9%	0.8%	1.3%
Healthcare IT	0.7%	0.6%	0.5%	0.3%	0.2%	0.2%	0.1%	0.1%	0.0%
% of Total	**10.3%**	**11.3%**	**11.5%**	**13.5%**	**12.3%**	**10.8%**	**10.6%**	**10.3%**	**10.2%**

Source: PitchBook • Geography: Global • As of October 31, 2025

North America VC deal value ($B) by vertical

	2017	2018	2019	2020	2021	2022	2023	2024	2025
All VC deals	**$96.8**	**$154.1**	**$163.6**	**$180.9**	**$376.9**	**$249.1**	**$173.4**	**$223.5**	**$282.4**
Biopharma	$8.3	$14.3	$14.2	$23.5	$33.5	$24.6	$17.9	$21.8	$18.0
Healthtech	$3.7	$5.2	$5.7	$9.4	$20.4	$11.4	$9.2	$8.8	$9.5
Medtech	$4.1	$5.5	$6.1	$8.6	$10.8	$10.1	$7.3	$9.2	$7.3
Healthcare services	$0.4	$0.6	$0.3	$0.2	$0.2	$0.1	$0.2	$0.0	$0.0
Pharma services	$0.1	$0.5	$0.3	$0.9	$0.9	$0.9	$0.5	$0.0	$0.0
Pharma biotools	$2.6	$2.9	$2.2	$4.1	$5.5	$4.5	$3.1	$3.2	$2.7
Healthcare IT	$1.2	$0.7	$0.7	$0.7	$0.9	$0.2	$0.1	$0.3	$0.1
Biopharma	8.6%	9.3%	8.7%	13.0%	8.9%	9.9%	10.3%	9.7%	6.4%
Healthtech	3.8%	3.4%	3.5%	5.2%	5.4%	4.6%	5.3%	4.0%	3.4%
Medtech	4.2%	3.6%	3.7%	4.8%	2.9%	4.0%	4.2%	4.1%	2.6%
Healthcare services	0.4%	0.4%	0.2%	0.1%	0.1%	0.0%	0.1%	0.0%	0.0%
Pharma services	0.1%	0.3%	0.2%	0.5%	0.2%	0.4%	0.3%	0.0%	0.0%
Pharma biotools	2.7%	1.9%	1.3%	2.3%	1.5%	1.8%	1.8%	1.4%	0.9%
Healthcare IT	1.2%	0.4%	0.4%	0.4%	0.2%	0.1%	0.1%	0.1%	0.0%
% of Total	**19.4%**	**18.3%**	**17.3%**	**25.5%**	**18.6%**	**20.0%**	**21.8%**	**19.1%**	**13.0%**

Source: PitchBook • Geography: Global • As of October 31, 2025

China VC deal count by vertical

	2017	2018	2019	2020	2021	2022	2023	2024	2025
All VC deals	**7,090**	**7,588**	**5,818**	**6,235**	**8,905**	**8,445**	**7,666**	**6,673**	**4,515**
Biopharma	102	156	179	302	436	338	282	213	190
Healthtech	47	69	53	36	68	27	15	9	9
Medtech	130	176	133	245	298	214	170	133	93
Healthcare services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pharma services	12	9	11	25	11	8	2	1	2
Pharma biotools	46	59	50	90	157	127	108	67	85
Healthcare IT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Biopharma	1.4%	2.1%	3.1%	4.8%	4.9%	4.0%	3.7%	3.2%	4.2%
Healthtech	0.7%	0.9%	0.9%	0.6%	0.8%	0.3%	0.2%	0.1%	0.2%
Medtech	1.8%	2.3%	2.3%	3.9%	3.3%	2.5%	2.2%	2.0%	2.1%
Healthcare services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pharma services	0.2%	0.1%	0.2%	0.4%	0.1%	0.1%	0.0%	0.0%	0.0%
Pharma biotools	0.6%	0.8%	0.9%	1.4%	1.8%	1.5%	1.4%	1.0%	1.9%
Healthcare IT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% of Total	**4.7%**	**6.1%**	**7.3%**	**11.1%**	**10.9%**	**8.4%**	**7.5%**	**6.3%**	**8.3%**

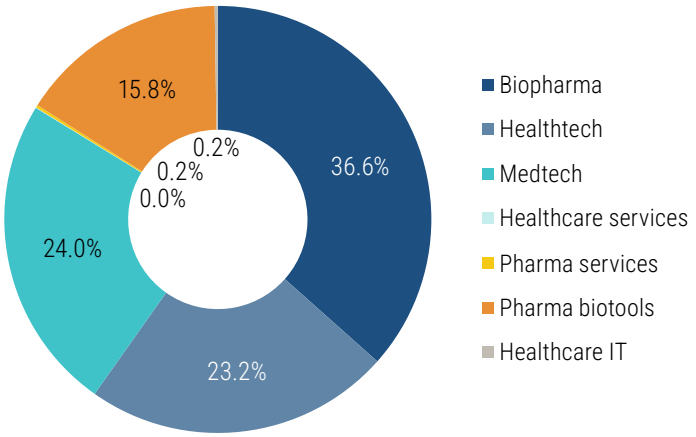
Source: PitchBook • Geography: Global • As of October 31, 2025

China VC deal value ($B) by vertical

	2017	2018	2019	2020	2021	2022	2023	2024	2025
All VC deals	**$67.2**	**$118.8**	**$82.3**	**$95.7**	**$148.2**	**$91.1**	**$65.5**	**$50.7**	**$33.4**
Biopharma	$1.0	$2.7	$2.8	$9.3	$11.7	$7.0	$4.8	$3.2	$2.6
Healthtech	$0.7	$2.4	$0.7	$2.1	$3.4	$0.3	$0.2	$0.1	$0.2
Medtech	$1.3	$1.1	$1.0	$3.2	$5.5	$2.5	$1.4	$1.3	$1.4
Healthcare services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pharma services	$0.0	$0.1	$0.1	$0.4	$0.2	$0.5	$0.0	$0.1	$0.1
Pharma biotools	$0.3	$0.5	$0.5	$2.5	$3.6	$2.4	$1.3	$0.4	$0.5
Healthcare IT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Biopharma	1.5%	2.2%	3.4%	9.7%	7.9%	7.6%	7.4%	6.3%	7.7%
Healthtech	1.1%	2.0%	0.9%	2.2%	2.3%	0.4%	0.3%	0.2%	0.6%
Medtech	1.9%	0.9%	1.3%	3.4%	3.7%	2.8%	2.1%	2.6%	4.3%
Healthcare services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pharma services	0.0%	0.1%	0.1%	0.4%	0.1%	0.5%	0.0%	0.2%	0.2%
Pharma biotools	0.5%	0.4%	0.6%	2.6%	2.4%	2.7%	2.0%	0.9%	1.4%
Healthcare IT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% of Total	**5.0%**	**5.6%**	**6.2%**	**18.3%**	**16.3%**	**13.5%**	**11.8%**	**10.0%**	**13.9%**

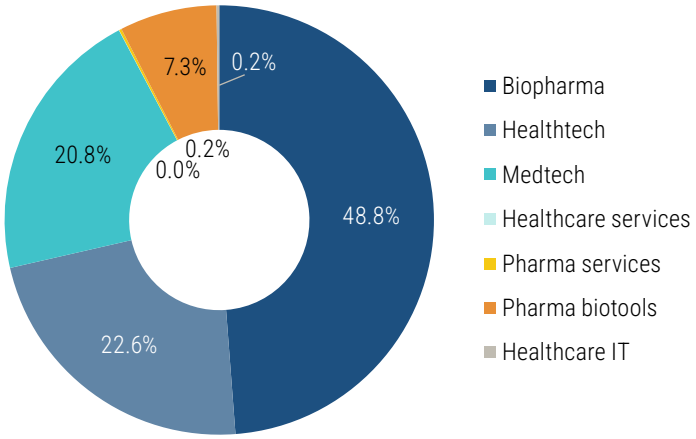
Source: PitchBook • Geography: Global • As of October 31, 2025

Share of VC deal count by vertical



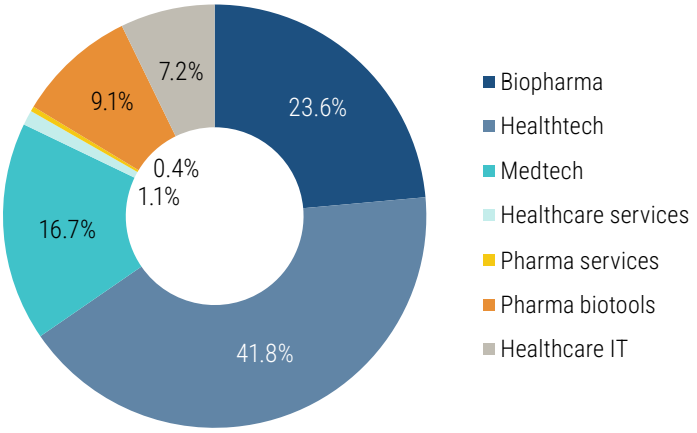
Source: PitchBook • Geography: Global • As of October 31, 2025

Share of VC deal value by vertical



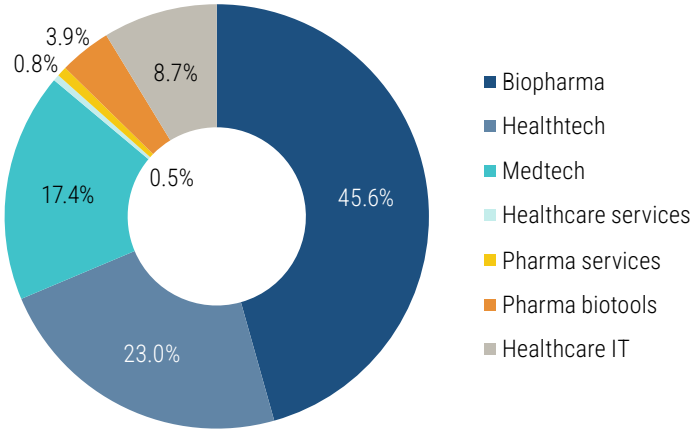
Source: PitchBook • Geography: Global • As of October 31, 2025

Share of VC exit count by vertical



Source: PitchBook • Geography: Global • As of October 31, 2025

Share of VC exit value by vertical



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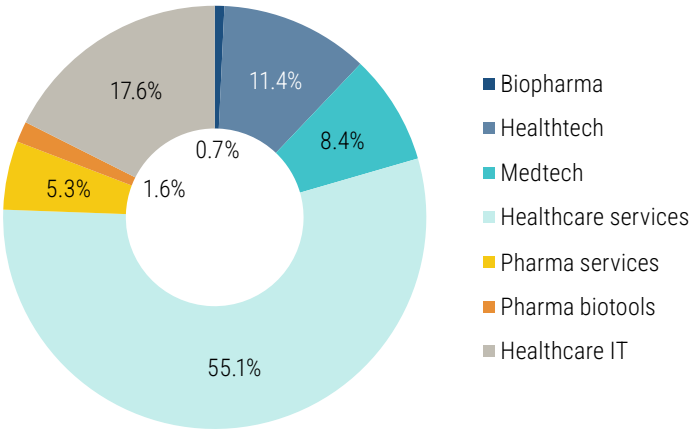
Share of PE deal count by vertical



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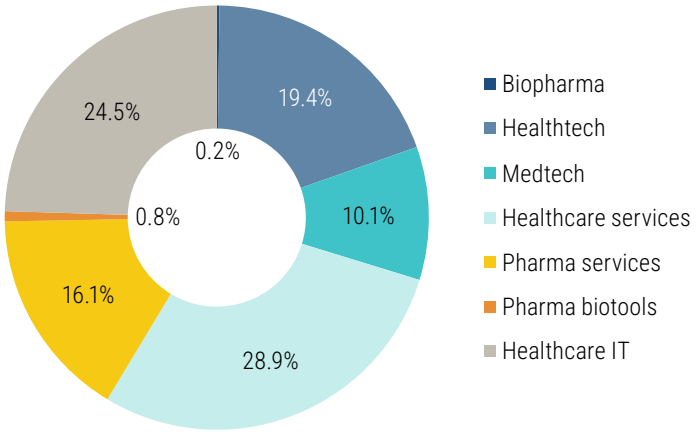
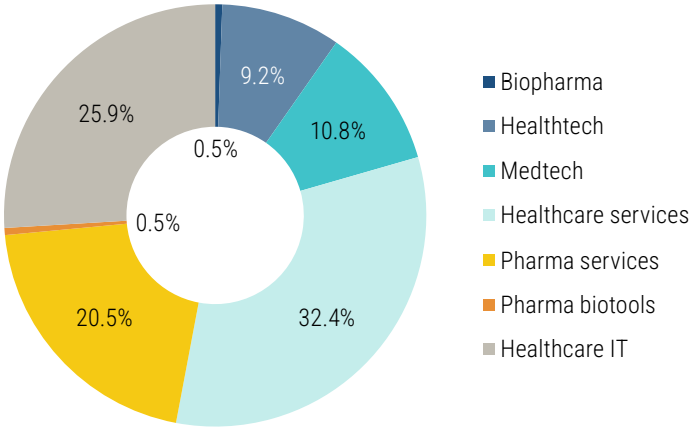
Share of PE deal value by vertical



Source: PitchBook • Geography: Global • As of October 31, 2025

Share of PE exit count by vertical



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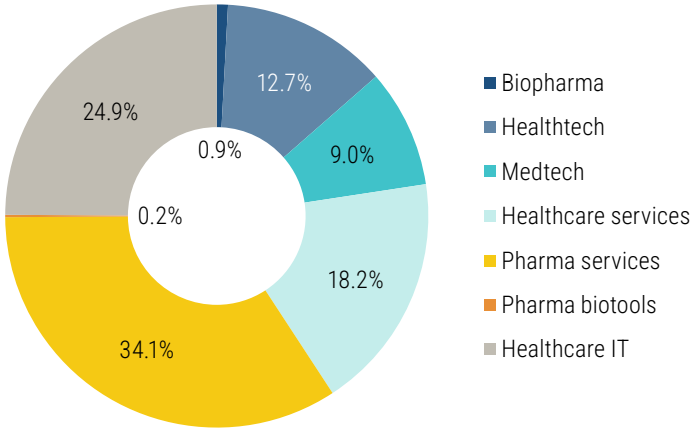
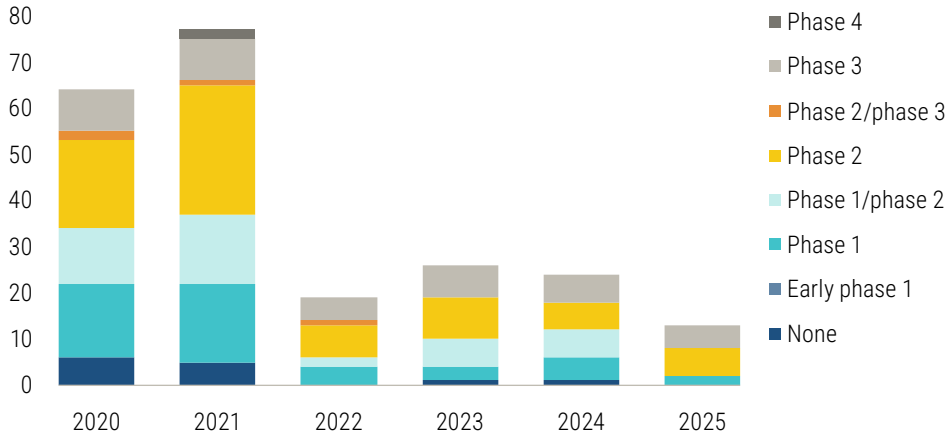
Share of PE exit value by vertical



Source: PitchBook • Geography: Global • As of October 31, 2025

Biopharma VC-backed IPO count by highest phase



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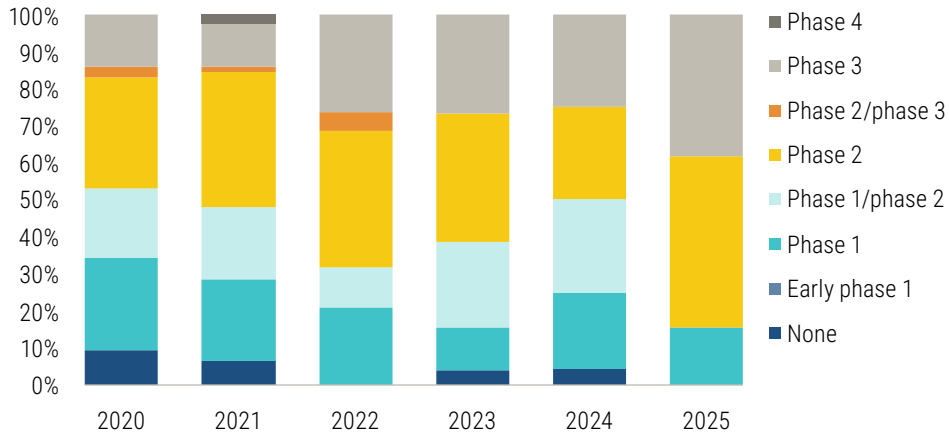
Share of biopharma VC-backed IPO by highest phase



Source: PitchBook • Geography: Global • As of October 31, 2025

If VCs who are actively allocating capital would like us to ask one or more of the founders below whether they would like to speak to you, please email us. If we think you are a good potential match for a given founder/startup, we will reach out to them to see if they will take a meeting.

AI drug discovery technologies company list

Company	Total raised ($M)
Tempus AI (NAS: TEM)	$1,411.8
XtalPi Technology (HKG: 02228)	$733.6
Lila Sciences	$435.0
Owkin	$334.1
EvolutionaryScale	$182.0
BenchSci	$166.7
Unlearn	$134.8
DPTechnology	$128.7
CytoReason	$123.0
Cradle	$102.5
Chai Discovery	$100.0
BioMap	$100.0
Chemify	$98.1
Causaly	$90.7
Huashen Zhiyao	$84.6
Bioptimus	$76.4
Pi Health	$72.7
Standigm	$71.2
Quibim	$71.0
Innoplexus	$68.3
Tandem AI	$67.5
PhaseV	$65.0
Form Bio	$64.0
Koneksa	$61.5
GATC Health	$55.2
Vium	$53.9
Noetik	$52.0
1859	$51.2
Manas AI	$50.6
Montai Therapeutics	$50.0
Latent Labs	$49.0
Profluent	$44.0
Fable Therapeutics	$43.5

Source: PitchBook • Geography: Global • As of October 31, 2025

AI drug discovery technologies company list, continued

Company	Total raised ($M)
Peptone	$40.3
Pictor Labs	$39.4
Nabla Bio	$36.9
Chemical.AI	$34.0
Achira	$33.0
Transcripta Bio	$32.6
Reverie Labs	$31.5
Cognivia	$29.8
Inductive Bio	$29.4
Great Bay Bio	$28.8
Ziwig	$25.7
Ridge Bio	$24.7
Kvantify	$24.3
Ordaos	$24.2
Xellar Biosystems	$23.8
VeriSIM Life	$21.7
iLoF	$21.4
Iktos	$21.0
Anima Biotech	$20.0
LeadArt Biotechnologies	$20.0
QuantHealth	$19.6
Promise Bio	$17.0
Convoke	$16.6
Lifespin	$16.4
Arctoris	$16.4
Genialis	$15.7
ProteinQure	$15.5
Shuimu Molecular Biotechnology	$15.3
Axiom	$15.0
Tellic	$15.0
HumanFirst	$14.9
Orakl Oncology	$14.9
MoleculeMind	$14.8

Source: PitchBook • Geography: Global • As of October 31, 2025

AI drug discovery technologies company list, continued

Company	Total raised ($M)
Avicenna Biosciences	$14.5
Matwings Technology	$14.0
Aspect Analytics	$13.9
Liying Biotechnology	$13.7
Tamarind Bio	$13.6
Aptamer Sciences (KRX: 291650)	$12.9
InSilicoTrials	$12.3
Pangea Biomed	$12.0
Chemotargets	$12.0
Molcure	$11.9
DeepLife	$11.8
Pepticom	$11.6
Hours	$11.5
Phenomics Health	$11.5
Adaptyv Bio	$11.0
BIOPTIC	$11.0
VM Discovery	$10.6
Topos Bio	$10.5
Culmination	$10.0
Pythia	$10.0
ZebiAI	$10.0
Synthesize Bio	$10.0
Ingenix.ai	$9.8
Proteinea	$9.5
Nova in Silico	$9.3
Variational AI	$9.2
QSimulate	$9.1
Cimplrx	$8.6
Micrographia Bio	$8.0
Perpetual Medicines	$8.0
Brainvivo	$8.0
CarbonSilicon	$7.2
Known Medicine	$7.2

Source: PitchBook • Geography: Global • As of October 31, 2025

AI drug discovery technologies company list, continued

Company	Total raised ($M)
Ignota Labs	$7.2
Atommap	$7.1
Sortera Bio	$6.9
Quantum Screening	$6.8
Biolevate	$6.5
iSiP	$6.1
Synlico	$6.0
Therna Therapeutics	$6.0
Altis Labs	$6.0
Qulab	$6.0
Deepflare	$5.8
Tres Alchemix	$5.8
Bio-AI	$5.8
RevolKa	$5.7
Ormoni Biosciences	$5.6
Potato	$5.5
HITS	$5.5
NuMedii	$5.4
Omniscope	$5.3
BioCorteX	$5.2
Xias Bio	$4.8
Syntensor	$4.5
Olio Labs	$4.5
Menten AI	$4.0
Facible	$3.8
AI VIVO	$3.6
AMPLY Discovery	$3.3
CircNova	$3.3
Boltzmann Labs	$3.2
InVirtuoLabs	$3.1
deepmirror	$3.1
BioSymetrics	$2.7
mo:re	$2.5

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AI drug discovery technologies company list, continued

Company	Total raised ($M)
DeepRx	$1.1
Cell Bauhaus	$0.9
BioSimulytics	$0.7
BioCurie	$0.5
BICO Group (STO: BICO)	$0.0
Nanomics	$0.0
B-12	$0.0
Blank Bio	$0.0
Standard Model Biomedicine	$0.0
L&P Solution	$0.0
Misogi Labs	$0.0
Alchemy Bio	$0.0
Azulene Labs	$0.0
Azulene Labs	$0.0
LUCAI Bio	$0.0
Simulacra AI	$0.0
Yun Ho Bio	$0.0
Mair Therapeutics	$0.0
Moltech Innovations	$0.0
BioAI-global	$0.0
Empirical Bio	$0.0
Zhiyao Yuanchuang Medical	$0.0
Valinor	$0.0
TheCellCompany	$0.0
ProtOS	$0.0
Alvus Health	$0.0
NAIAD	$0.0
Expert Systems	$0.0
Toursun Synbio	$0.0
EpiVax	$0.0
AinB	$0.0
Dayhoff Labs	$0.0
DreamFold	$0.0

Source: PitchBook • Geography: Global • As of October 31, 2025

AI drug discovery technologies company list, continued

Company	Total raised ($M)
Deep Forest Sciences	$0.0
BioLM	$0.0
AceMap	$0.0
Partex	$0.0
Molab.ai	$0.0
310.ai	$0.0
Myria Biosciences	$0.0
Neon Biotechnology	$0.0
TRACER	$0.0
Quantumzyme	$0.0
Medra	N/A
AminoAnalytica	N/A
Ro5	N/A
VantAI	N/A

Source: PitchBook • Geography: Global • As of October 31, 2025

AI-derived drug discovery asset-based company list

Company	Total raised ($M)
Xaira Therapeutics	$1,300.0
XtalPi Technology	$733.6
Generate:Biomedicines	$693.0
insitro	$643.2
Formation Bio	$618.8
Isomorphic Labs	$579.1
InSilico Medicine	$549.3
Valo	$530.0
Enveda	$530.0
Pathos	$467.0
Recursion Pharmaceuticals (NAS: RXRX)	$448.0
Exscientia	$409.1
Genesis Therapeutics	$327.4
Metis Pharmaceuticals	$314.7
Cellarity	$294.0
Frontier Medicines	$255.5
Seismic Therapeutic	$247.3
Deep Genomics	$241.0
Absci	$234.2
Iambic	$227.0
Atomwise	$225.5
HotSpot Therapeutics	$210.0
Terray Therapeutics	$200.0
Outpace Bio	$199.0
Peptilogics	$194.8
Accutar Biotech	$193.7
Verge Genomics	$172.0
Superluminal Medicines	$157.7
CHARM Therapeutics	$150.0
BigHat Biosciences	$148.3
Celsius Therapeutics	$148.0
Character Biosciences	$137.0
Evozyne	$135.2

Source: PitchBook • Geography: Global • As of October 31, 2025

AI-derived drug discovery asset-based company list, continued

Company	Total raised ($M)
Healx	$133.7
TRIANA Biomedicines	$126.0
Inceptive	$120.0
Octant Bio	$114.9
NeoCura	$114.5
Congruence Therapeutics	$97.0
LabGenius	$93.4
Empress	$80.2
ENSEM Therapeutics	$77.0
Vesalius Therapeutics	$75.0
neoX Biotech	$73.0
Brenig Therapeutics	$73.0
DeepCure	$71.4
Vilya	$71.0
AQEMIA	$69.5
Sensorium Therapeutics	$63.7
Gordian Biotechnology	$60.0
Athos Therapeutics	$59.7
Moonwalk Biosciences	$57.0
Deep Apple	$57.0
Kimia	$55.0
Novasenta	$55.0
Aria Pharmaceuticals	$54.3
HelixNano	$52.2
Noetik	$52.0
Nine Square Therapeutics	$50.0
Prologue	$50.0
ReviR Therapeutics	$50.0
Envisagenics	$48.8
SOM Biotech	$48.1
Tahoe Therapeutics	$47.0
Creyon	$45.5
Atomic AI	$42.0

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AI-derived drug discovery asset-based company list, continued

Company	Total raised ($M)
Gandeeva Therapeutics	$40.0
Mosaic Therapeutics	$39.1
Artivila Therapeutics	$38.8
Unnatural Products	$38.4
Turbine	$38.0
Anagenex	$37.2
Herophilus	$37.1
Cyrus Biotechnology	$36.6
JURA Bio	$32.6
Reverie Labs	$31.5
Evaxion (NAS: EVAX)	$30.3
Revelio Therapeutics	$30.0
MindRank	$30.0
Fulmz AI	$29.1
PostEra	$28.4
Synvida	$28.1
Auransa	$26.5
Qubit Pharmaceuticals	$26.4
1910 Genetics	$25.7
Synkrino Biotherapeutics	$25.0
Xbiome	$24.1
Arpeggio	$23.4
Gain Therapeutics	$23.0
Deargen	$22.5
PharmCADD	$22.5
Eleven Therapeutics	$22.0
Nobias Therapeutics	$21.8
Insamo	$21.5
ArtisanBio	$21.0
Pangea Bio	$20.4
ArrePath	$20.0
Protai Bio	$20.0
Oncocross (KRX: 382150)	$19.9

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AI-derived drug discovery asset-based company list, continued

Company	Total raised ($M)
Mana.bio	$19.5
Orogen Therapeutics	$18.3
AI Proteins	$18.2
Redesign Science	$17.0
Baseimmune	$16.7
OccamzRazor	$16.6
Piton Therapeutics	$15.3
Biolojic Design	$15.2
Etcembly	$15.1
Metanovas Biotech	$15.0
Model Medicines	$14.8
Biobab AiBIO	$14.3
Pragma Bio	$14.2
Fauna Bio	$13.2
Aizen Therapeutics	$13.0
Aigen Sciences	$12.0
CellVoyant	$11.8
Genome Biologics	$11.1
Meliora Therapeutics	$11.0
Cosmica Biosciences	$10.1
Aureka Biotechnologies	$10.0
New Equilibrium Biosciences	$10.0
BioGeometry	$10.0
ZWI Therapeutics	$10.0
PharmEnable Therapeutics	$10.0
Leash Bio	$9.4
Nanite	$9.0
Algen	$9.0
CoSyne Therapeutics	$8.8
MultiOmic Health	$8.8
Acelot	$8.7
Gero	$8.2
Antiverse	$8.2

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AI-derived drug discovery asset-based company list, continued

Company	Total raised ($M)
Lantern Pharma (NAS: LTRN)	$8.1
Harmonic Discovery	$8.0
AIxplorerBio	$7.6
Evariste	$7.5
Serotiny	$7.0
A2A Pharmaceuticals	$6.8
Biovista	$6.3
KaiPharm	$6.1
RevolKa	$5.7
Panorama Medicine	$5.7
Wild Biotech	$5.6
Invea Therapeutics	$5.5
VRG Therapeutics	$5.5
Converge	$5.5
Differentiated Therapeutics	$5.0
Forth Therapeutics	$4.7
La Jolla Labs	$3.5
iOncologi	$3.3
Bullseye Bio	$2.5
PentaBind	$2.3
Amprologix	$1.0
Convexia	$0.0
Ephla Bio	$0.0
KiraGen Bio	$0.0
Punuozhiyao	$0.0
BenevolentAI	N/A
BioXcel Therapeutics (NAS: BTAI)	N/A
Denovicon Therapeutics	N/A

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If LPs who are actively allocating capital would like us to ask one or more of the GPs below whether they would like to speak to you, please email us. If we think you are a good potential match for a given GP, we will reach out to see if they will take a meeting.

Early-stage biopharma investor list

Investors	HQ location
ARCH Venture Partners	Chicago, US
Atlas Venture	Cambridge, US
Curie.Bio	Boston, US
ATEM Capital	New York, US
Dimension	New York, US
Cure Ventures	Boston, US
Apollo Health Ventures	Berlin, Germany
Creacion Ventures	Cambridge, US
Avalon Bioventures	La Jolla, US
Aditum Bio	Oakland, US
Bering Capital	San Francisco, US
Bioqube Ventures	Brussels, Belgium
Accelerator Life Science Partners	Seattle, US
ALSA Ventures	London, United Kingdom
RM Global Partners	New York, US

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Multistage biopharma investor list

Investors	HQ location
Flagship Pioneering	Cambridge, US
RA Capital Management	Boston, US
Avoro Capital	New York, US
Eventide Asset Management	Boston, US
Pureos Bioventures	Schwyz, Switzerland
Forbion	Naarden, Netherlands
Versant Ventures	San Francisco, US
EcoR1 Capital	San Francisco, US
Third Rock Ventures	Boston, US
Sofinnova Investments	Menlo Park, US
The Column Group	San Francisco, US
MPM BioImpact	Boston, US
Casdin Capital	New York, US
Inveready Asset Management	San Sebastian, Spain

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Multistage biopharma investor list, continued

Investors	HQ location
Decheng Capital	Menlo Park, US
Samsara BioCapital	Palo Alto, US
Nextech Invest	Zurich, Switzerland
Vida Ventures	Los Angeles, US
Omega Funds	Boston, US
Abingworth	London, UK
Medicxi	London, UK
Westlake Village BioPartners	Westlake Village, US
Telegraph Hill Partners	San Francisco, US
DCVC Bio	San Francisco, US
venBio	San Francisco, US
Droia Ventures	Zaventem, Belgium
Avalon Ventures	San Diego, US
Longwood Fund	Boston, US
Pappas Capital	Durham, US
Aisling Capital	New York, US
Biomatics Capital	Seattle, US
BioGeneration Ventures	Naarden, Netherlands
Ysios Capital	San Sebastian, Spain
BioMedPartners	Basel, Switzerland
Indaco Venture Partners	Milan, Italy
Columbus Venture Partners	Valencia, Spain
CTI Life Sciences Fund	Montreal, Canada
Sunstone Life Science Ventures	Frederiksberg, Denmark
Bios Partners	Fort Worth, US
Hadean Ventures	Oslo, Norway
4BIO Capital	London, UK
Emerging Technology Partners	South San Francisco, US
GeneChem	Montreal, Canada
OMX Ventures	Lincolnshire, US
Digitalis Ventures	New York, US
Epidarex Capital	Bethesda, US
Sanderling Ventures	San Mateo, US
V-Bio Ventures	Ghent, Belgium

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Multistage biopharma investor list, continued

Investors	HQ location
T1D Fund	Boston, US
Acorn Bioventures	New York, US
Agent Capital	Waltham, US
Remiges Ventures	Seattle, US
Altitude Life Science Ventures	Kirkland, US
Israel Biotech Fund	Rehovot, Israel
Visionary Venture Fund	Newport Beach, US
Eir Ventures	Stockholm, Sweden
Sound Bioventures	Malmo, Sweden
Helicase Venture	Boston, US
Longevity Vision Fund	New York, US
Claris Ventures	Turin, Italy
Mission Bay Capital	San Francisco, US
Borealis Ventures	Hanover, US
Curative Ventures	Dallas, US
Valence Life Sciences	New York, US
Dynamk Capital	New York, US
3B Future Health Fund	Luxembourg, Luxembourg
Codon Capital	San Francisco, US

Source: PitchBook • Geography: Global • As of October 31, 2025

Early-stage diversified life science investor list

Investors	HQ location
Apple Tree Partners	New York, US
Amplitude Ventures	Montreal, Canada
AdBio partners	Paris, France
Pioneer Fund	San Francisco, US
Modi Ventures	Houston, US
NLC Ventures Netherlands	Amsterdam, Netherlands
General Inception	Palo Alto, US
Pittsburgh Life Sciences Greenhouse	Pittsburgh, US

Source: PitchBook • Geography: Global • As of October 31, 2025

Multistage diversified life science investor list

Investors	HQ location
ArrowMark Partners	Denver, US
Perceptive Advisors	New York, US
F-Prime Capital	Cambridge, US
Sofinnova Partners	Paris, France
EQT Life Sciences	Amsterdam, Netherlands
Northpond Ventures	Cambridge, US
Longitude Capital	Menlo Park, US
Catalio Capital Management	New York, US
5AM Ventures	San Francisco, US
Kurma Partners	Paris, France
Lightstone Ventures	Portola Valley, US
Lumira Ventures	Toronto, Canada
Delos Capital Partners	Cambridge, US
RiverVest Venture Partners	Saint Louis, US
Vertex Ventures HC	San Francisco, US
Mission BioCapital	Cambridge, US
Novalis LifeSciences	Portsmouth, US
Sectoral Asset Management	Montreal, Canada
Seroba Life Sciences	Dublin, Ireland
Venture Investors	Madison, US
Fountain Healthcare Partners	Dublin, Ireland
Panakes Partners	Milan, Italy
Red Tree Venture Capital	Redwood City, US
Adjuvant Capital	New York, US
New Rhein Healthcare	Philadelphia, US
ShangBay Capital	Palo Alto, US
LifeSci Venture Partners	New York, US
Medical Excellence Capital	New York, US
Newton BioCapital	Brussels, Belgium
Bluebird Ventures	Palo Alto, US
DEFTA Partners	San Francisco, US
Time BioVentures	Los Angeles, US
quadraScope Ventures	Littleton, US
Mammoth Investors	Fort Wayne, US

Source: PitchBook • Geography: Global • As of October 31, 2025

Multistage diversified life science investor list, continued

Investors	HQ location
Forepont Capital Partners	New York, US
Genesys Capital	Toronto, Canada
Alta Life Sciences	Barcelona, Spain
Cross Border Impact Ventures	Toronto, Canada
AB Magnitude Ventures Group	Cambridge, US
CARMA FUND Management	Munich, Germany

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Multistage diversified healthcare and life science investor list

Investors	HQ location
Andreessen Horowitz	Menlo Park, US
Deerfield Management	New York, US
Polaris Partners	Boston, US
Revelation Partners	Sausalito, US
Alta Partners	Jackson, US
aMoon Fund	Ra'anana, Israel
Questa Capital	Washington, DC
Arboretum Ventures	Ann Arbor, US
Vensana Capital	Minneapolis, US
Wellington Partners	Munich, Germany
Hatteras Venture Partners	Durham, US
Peregrine Ventures	Or Yehuda, Israel
ARTIS Ventures	San Francisco, US
New Leaf Venture	New York, US
Asabys Partners	Barcelona, Spain
iBionext	Paris, France
Vesalius Biocapital Partners	Strassen, Luxembourg
LionBird	Tel Aviv, Israel
Triventures	Tel Aviv, Israel
Seae Ventures	Boston, US
DigiTx Partners	San Francisco, US
re.Mind Capital	Sliema, Malta
Civilization Ventures	San Francisco, US
SpringTide Ventures	Boston, MA US

Source: PitchBook • Geography: Global • As of October 31, 2025

Multistage diversified healthcare and life science investor list, continued

Investors	HQ location
Thuja Capital Management	Utrecht, Netherlands
iGan Partners	Toronto, Canada
Windham Capital Partners	New York, US
AIF	New York, US
Saisei Ventures	Cambridge, US
Nina Capital	Barcelona, Spain
Wavemaker Three-Sixty Health	Pasadena, US
Hambrecht Ducera Growth Ventures	New York, US
HealthX Ventures	Madison, US
MBX Capital	Claymont, US
Boutique Venture Partners	Palo Alto, US
Pier 70 Ventures	Seattle, US
Aphelion Capital	Mill Valley, US

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Q4 2025 PitchBook Analyst Note: AI in Drug Development

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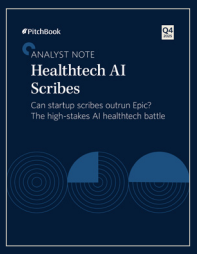

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