

Investment in Healthtech Startups Jumps Amid COVID-19

Venture capital-backed deals in healthtech companies hit \$8.2bn in Q1 2020

Prior to the outbreak of COVID-19, healthtech was already a sector of increasing interest among investors. But as a result of COVID-19, more alternative assets professionals are looking for opportunities in the healthtech sector, and there has been an uptick in venture capital dealmaking in the space. Between January and March 2020, the total value of global venture-backed healthtech deals jumped by 76% from Q1 2019 reaching \$8.2bn, the highest quarterly total on record. Activity has been dominated by North America, comprising 56% of the total number of deals, followed by Europe with 21% and Asia with 17%. The largest venture-backed healthtech deal completed in Q1 2020 was the \$285mn Series E financing held by ClassPass Inc. This momentum has continued into Q2, with a further \$3.2bn in healthtech deals made since the start of April – at this pace, 2020 will be a record year for the sector by some distance.

For more information and analysis, see Preqin’s blog on venture capital deals in healthtech here:

<https://www.preqin.com/insights/blogs/healthtech-deal-values-soar-amid-global-battle-against-covid19/26862>

Christopher Beales, Private Equity Spokesperson:

“Healthtech was already an area of some interest to venture capital investors, as Preqin discussed at the start of the year. But the COVID-19 pandemic has thrown the potential of the sector into sharp relief. Remote consultations, prescription delivery, digital therapeutic and wellness classes – demand for next-generation healthcare solutions has boomed. As such, startups and investors are jumping to try and meet that need, and a sector that was already expanding has been given a real shot of adrenaline.”

Key Healthtech Deals Facts:

- In our [April 2020 survey](#) of over 100 investors active in alternative assets, **36% said that they are targeting healthcare-focused investments in 2020 because of COVID-19’s impact.**
- Global **venture-backed healthcare deal value increased from \$4.7bn in Q1 2019, to \$8.2 in Q1 2020.**
- Regionally, **in Q1 2020, 239 deals were completed in North America, 87 in Europe and 73 in Asia.**
- The largest venture-backed healthtech deal completed in Q1 2020 was the **\$285mn Series E financing held by ClassPass Inc.**
- **In Q2 2020, as at 18th May 2020, 158 healthtech deals have been completed with a value of \$3.2bn.**

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