

Investing in Tomorrow's Healthcare



Gavin McCartney – Global Sector Leader Health and Med Tech



A Guide to MedTech VC and PE Investments
in 2023

In the medical technology ecosystem, venture capital and private equity funding serve as the lifeblood that nurtures breakthrough innovations.

In 2023, the medical technology (MedTech) sector's unprecedented expansion is fueled by a combination of factors, including an aging global population, increased healthcare spending, and a rising demand for personalized care.

As the MedTech field thrives, its scope rapidly broadens to encompass various subsectors such as medical devices, implants, diagnostics, imaging software, and the automation and robotics of surgical procedures. This diverse range of technologies illustrates the industry's versatility and adaptability in meeting the ever-changing needs of healthcare providers and patients alike.

Amidst this dynamic landscape, venture capital (VC) and private equity (PE) investments emerge as essential catalysts for MedTech companies' success. By providing financial support and resources, VC and PE firms enable these companies to flourish and adapt to evolving healthcare demands.

The MedTech Industry's Investment Landscape in 2023

A [recent report](#) revealed the current state of affairs in the MedTech industry. This year has been marked by significant MedTech advancements. However, the industry faces challenges including inflation, higher interest rates, a frozen IPO market, and the financial health of health system end-markets, leading to a slowdown in VC and PE activity.

In 2022, there were 439 VC deals with a combined value of \$8.7 billion, down from 561 deals and \$9.7 billion in 2021. Despite this, nonsurgical medical treatments raised nearly \$1.4 billion, while medical aesthetics experienced consistent growth in VC funding since 2020. Surgical robotics emerged as an area of interest, with over \$700 million in funding in 2022 alone.

Various markets within MedTech are growing, with the global diagnostics market estimated at over \$500 billion. The total addressable market (TAM) for dental tech, sleep tech, and hearing tech for audiology devices is projected to expand by 2030, reaching \$34 billion, \$29 billion, and \$16.5 billion, respectively. Health wearables' global TAM is currently at \$20 billion.

The surgical devices market is expected to reach \$110 billion by 2030, growing at a 7% CAGR. In a separate segment, the global market for medical imaging analysis software is projected to hit \$12 billion by 2030 with a 9% CAGR.

Startups face risks like strong incumbent competition, difficulty displacing existing provider workflows, and the need to avoid connected device fatigue for patients.

How MedTech Companies Can Attract VC and PE Investment

VC and PE funding play a pivotal role in propelling innovation and growth. This financial lifeline is crucial for several key aspects:

- **Research and development (R&D):** The journey from concept to creation demands a substantial infusion of time and resources. While MedTech enterprises often possess ample time, the financial aspect can pose a challenge. VC and PE firms step in, funding the R&D process and enabling these companies to introduce new and improved products to the market.
- **Scaling production:** Ambitious MedTech companies inevitably need to amplify their production capabilities to reach hospitals, medical facilities, and patients worldwide. This scaling process, however, comes at a steep price, necessitating capital for manufacturing enhancement, skilled personnel recruitment, and infrastructure investment. Here, VC and PE firms can provide essential backing.
- **Marketing and sales:** A groundbreaking MedTech innovation holds little value if it remains unknown. Marketing and sales, though costly, are indispensable for success. VC and PE investments can help offset these expenses.

It is evident that MedTech companies often require VC and PE investment for continued growth. However, not just any company can secure this kind of backing. Investments are becoming increasingly selective, and MedTech enterprises must adopt a proactive approach to funding procurement.

To attract VC and PE funding, MedTech companies should:

- **Develop a distinctive value proposition:** MedTech companies must emphasize their unique product or service features, benefits, and advantages to showcase a competitive edge.
- **Cultivate connections and relationships:** MedTech leadership needs to make full use of industry events, conferences, and networking sessions to forge connections with potential investors, partners, and mentors.
- **Exhibit growth and momentum:** MedTech companies should showcase ongoing product development, customer acquisition, and revenue generation to make a compelling investment case.
- **Employ the right leadership:** The C-suite and board of a MedTech company can be game-changers. VC and PE firms invest in people, seeking leaders with the skills, ambition, and grit to drive growth, profits, and handle the pressures of scaling a business and ongoing R&D. A lack of such leadership can hinder funding prospects.

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Exceptional Leadership is the Best Medicine

The MedTech industry in 2023 offers immense potential for innovation and investment, yet it also faces significant challenges. Success in this field requires exceptional, forward-thinking leaders to guide organizations.

MedTech leaders must prioritize patient safety, data privacy, and ethical considerations while fostering development and growth. They should also build strategic alliances with healthcare providers, insurers, and research institutions. Technical expertise in medical technology, devices, and software, as well as biotechnology, digital health, and data analytics, is crucial. Strong business acumen, strategic thinking, and the ability to foresee industry trends are also essential.



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Stanton Chase excels at identifying and nurturing dynamic leaders with the skills needed to attract venture capital and private equity investments, setting us apart in the MedTech sector.

[Click here](#) to contact one of our consultants.

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About the Author

[Gavin McCartney](#), a Partner at Stanton Chase London, serves as the Global Sector Leader for the Health and MedTech sector. He brings extensive experience managing executive search assignments for clients at global, regional, and local levels, conducting searches across Europe, US, Africa, the Middle East, and Latin America.

Gavin's international executive search expertise includes working with multicultural teams in the life sciences and healthcare industry. He handles mandates ranging from C-suite to VP and director positions across various functional areas. Furthermore, complementary to mature global MedTech organisations, Gavin's experience extends to supporting early to commercialised-stage start-ups and SMEs, navigating the unique challenges of small, fast-growing, and investor-backed organisations.

[Click here](#) to learn more about Stanton Chase's Health and MedTech sector.

About Stanton Chase

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