

Medtechs rake in the venture cash



[Elizabeth Cairns](#)



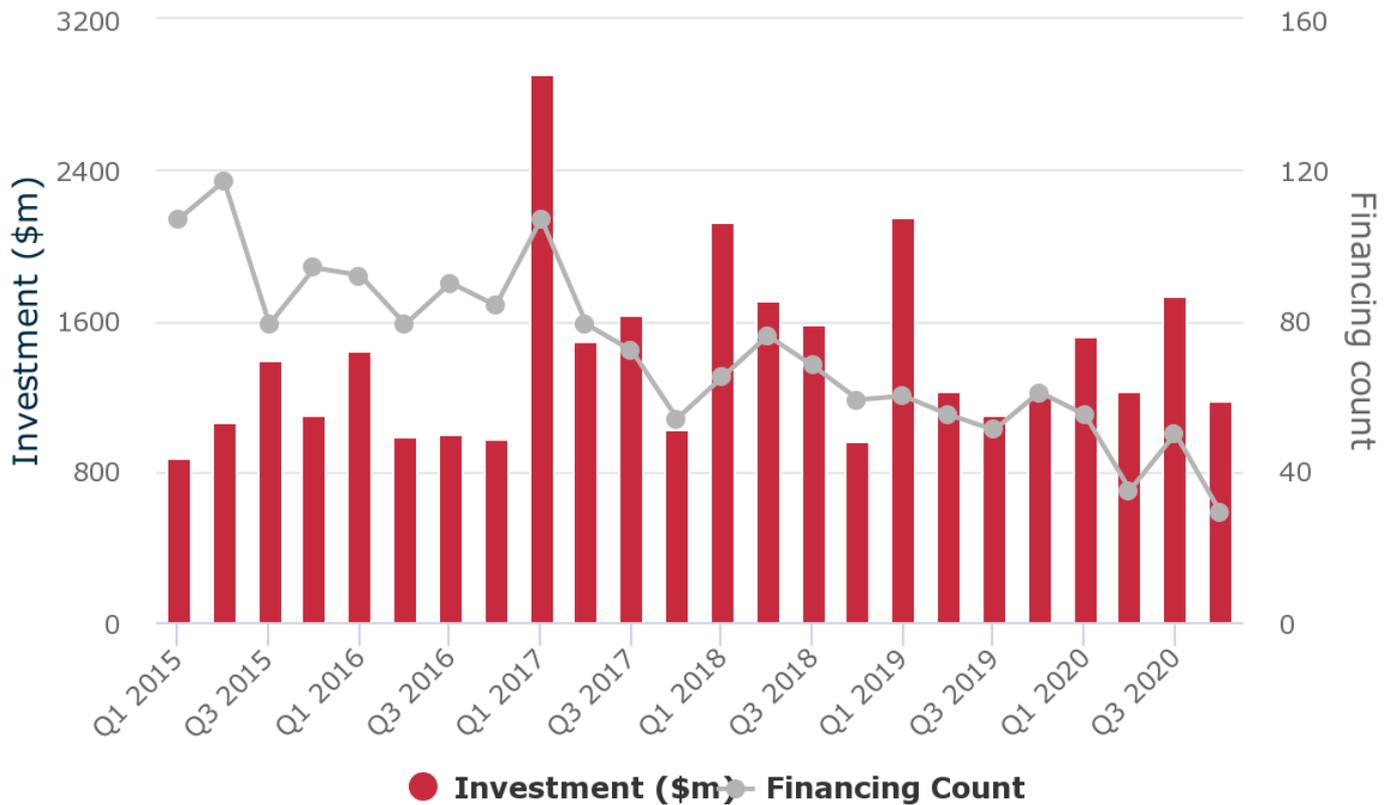
In terms of private investments, 2020 was the year of the liquid biopsy.

Looking at the cash raised by private medical device companies last year you would be hard pressed to find any evidence of a pandemic at all. Venture investors poured \$6.4bn into the sector, with the particularly strong performance in the second half putting the total markedly above 2019's.

And some of the very biggest investments have already paid off handsomely. The liquid biopsy developers Grail and Thrive hooked nine-figure rounds and were promptly bought for billions of dollars each, by Illumina and Exact Sciences respectively. The VCs backing their fellow cancer blood test specialists Freenome and Caris Life Sciences doubtless also had takeovers in mind.

In fact diagnostics companies dominate the top 10 rounds. In addition to the four liquid biopsy groups, Everlywell, Karius and Oxford Nanopore Technologies - two of which are working on tests for Covid-19 - also enjoyed sizeable cash injections. Diagnostics developers, with their relatively cheap and easily scalable technology, are always appealing to VCs, but 2020 was something special.

Medtech VC investment, 2015-20



EvaluateMedTech

Perhaps the wider environment pushed investors towards these safe bets. But there is a growing consensus that liquid biopsies, though new, are a technology on which oncologists will come to rely. The first US approvals for such tests, from Guardant Health and Roche, were awarded in August, and a third, from Grail, is set for launch without FDA oversight in the second quarter of 2021.

Investors' interest in liquid biopsy plays might also have been influenced by Covid-19. Since liquid biopsies can be conducted much more quickly and simply than tissue biopsies, the pandemic has boosted uptake. Guardant's chief executive, Helmy Eltoukhy, told *Evaluate Vantage* in May that the company's mobile phlebotomy service, which enables blood draws at the patient's home, had picked up considerably during the pandemic.

He added that even after successful vaccination programmes Covid-19 could become a seasonal virus much like flu, and since cancer patients are often immunocompromised there could be an ongoing argument for a form of cancer testing that does not require doctor or hospital visits.

Top 10 VC rounds of 2020

Date	Company	Investment (\$m)	Round	Focus
Dec 17	Verily	700.0	Undisclosed	Diabetic care; ophthalmics; patient monitoring
May 6	Grail	390.0	Series D	In vitro diagnostics - liquid biopsy
Aug 26	Freenome	270.0	Series C	In vitro diagnostics - liquid biopsy
Jul 29	Thrive Earlier Detection	257.0	Series B	In vitro diagnostics - liquid biopsy
Oct 27	Caris Life Sciences	235.0	Undisclosed	In vitro diagnostics - liquid biopsy
Dec 3	Everlywell	175.0	Series D	In vitro diagnostics - various, inc Covid-19
Feb 24	Karius	165.0	Series B	In vitro diagnostics - infectious disease
Mar 6	Insightec	150.0	Series F	Diagnostic imaging
Jan 2	Oxford Nanopore Technologies	144.5	Undisclosed	In vitro diagnostics - various, inc Covid-19
Feb 4	Outset Medical	125.0	Series E	Nephrology

Source: EvaluateMedTech.

The biggest round of 2020, however, did not go to a testing company. Nearly two years after the \$1bn investment that put it on top of [2019's leaderboard](#), Verily obtained \$700m from current investors, including its majority owner, Alphabet, as well as Silver Lake, Temasek and the Ontario Teachers' Pension Plan.

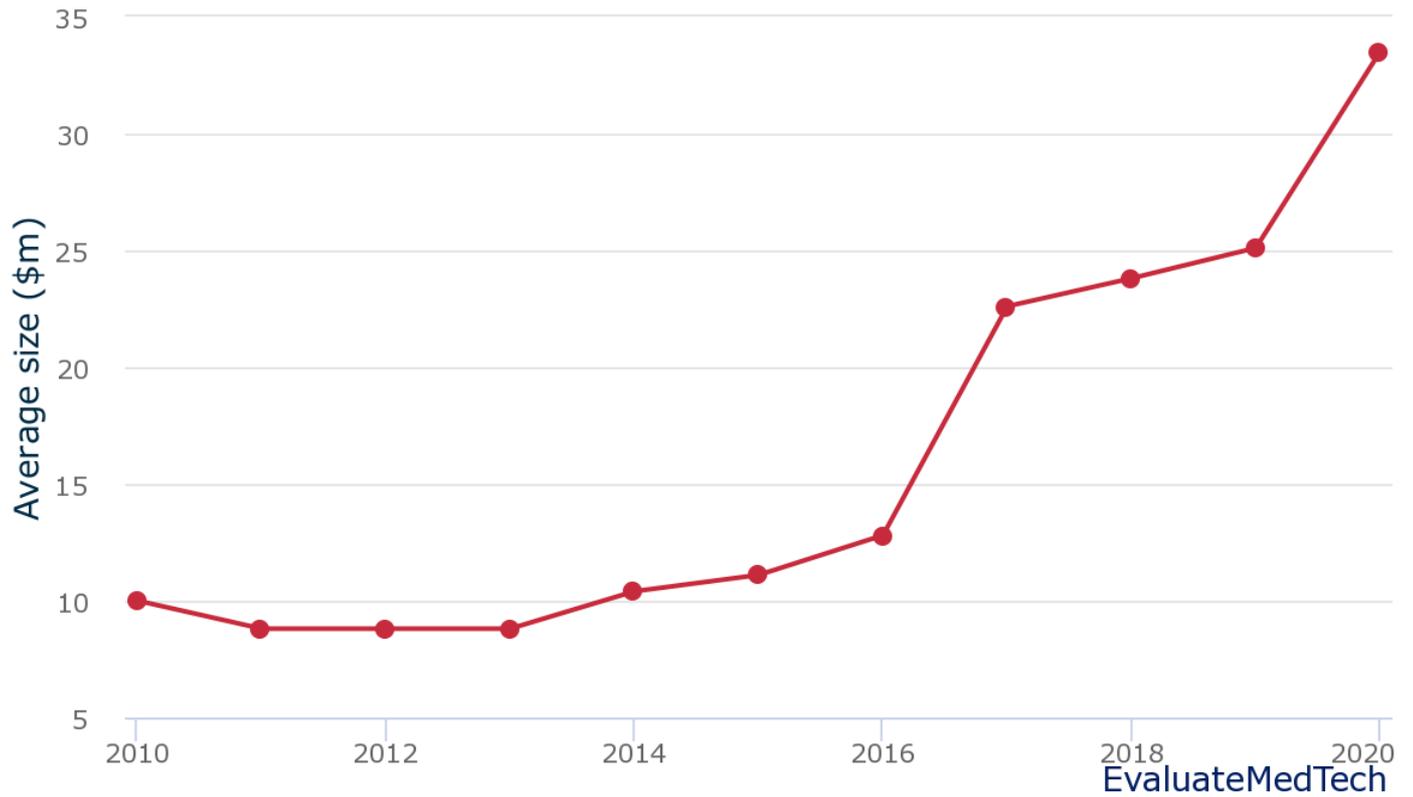
Verily's history of vast fundraisings is emblematic of another trend that predates Covid-19: deals are getting bigger. With just 170 deals closed in 2020, the average size was a flabbergasting \$37.4m.

14 of the deals done last year were worth \$100m or more, equalling the record set in 2018. And syndicates can be vast: there were no fewer than 23 participants in Freenome's \$270m series C.

There is safety in numbers, of course, but it is to be hoped that VCs regain the ability to see the advantages of earlier, riskier investments as the pandemic winds down. That said, it is difficult to argue with the case studies provided by Grail and Thrive.

Bigger - but better?

Average size of medtech VC deals, 2010-20



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