

## Corporate venture investors stay strong



[Edwin Elmhirst](#)



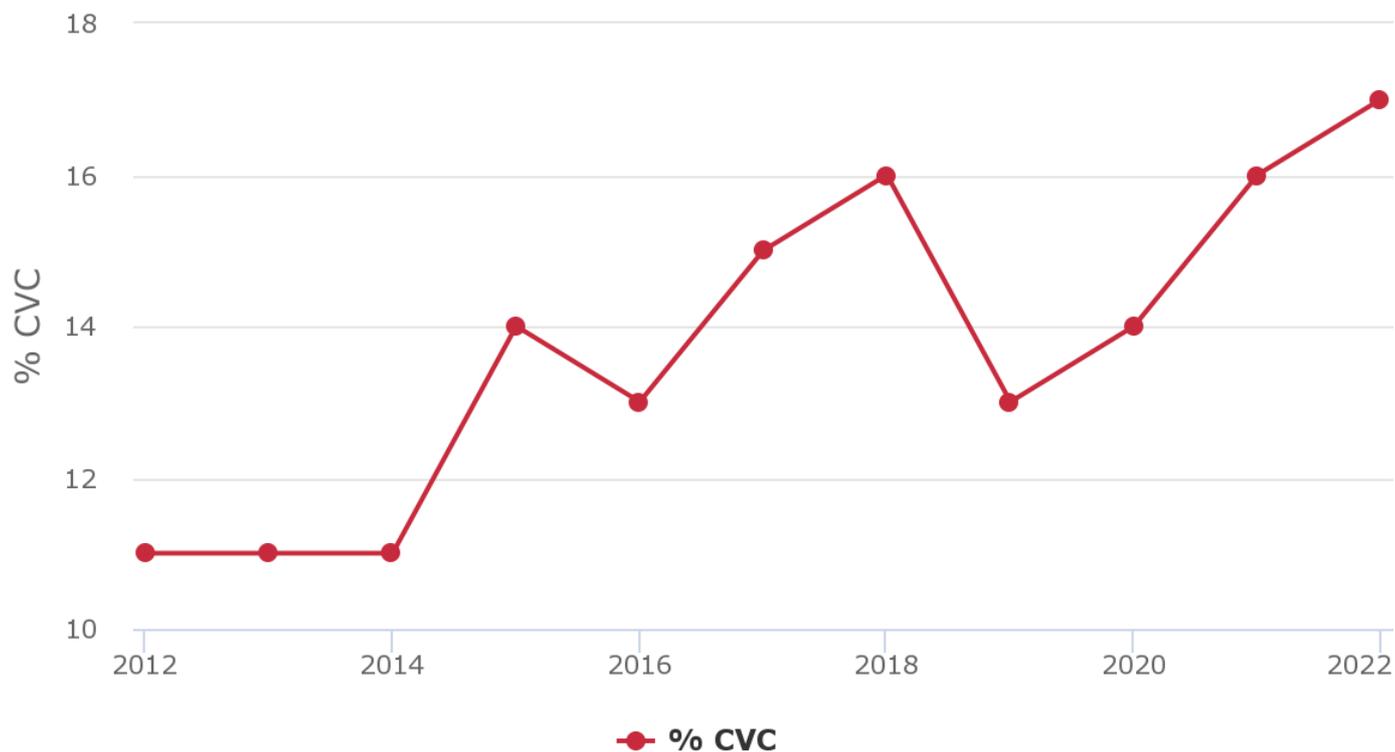
### **The big names in biotech venture investment might be pulling back, but funds backed by pharma are still out there.**

The retrenchment has begun in the venture world, *Evaluate Vantage's* [recent look at funding](#) found, with subdued equity markets taking their toll on deal activity in the second quarter. A closer look at who is still spending reveals a huge pullback by the sector's largest investors.

Participation from the healthcare corporate venture funds – meaning those backed by a company whose primary interest lies in drug and/or medical device development – seems to be holding up, however. Over the first half of this year, 17% of financing rounds involved at least one corporate fund. That would represent a decade-long high should the figure hold up over the full year.

This trend makes sense, considering that crossover rounds have all but disappeared thanks to the closing of the IPO window. These large financings, struck just ahead of a float, were the domain of the sector's big venture funds, as well as other financial firms and hedge funds.

## Stepping up? Proportion of venture rounds with corporate involvement



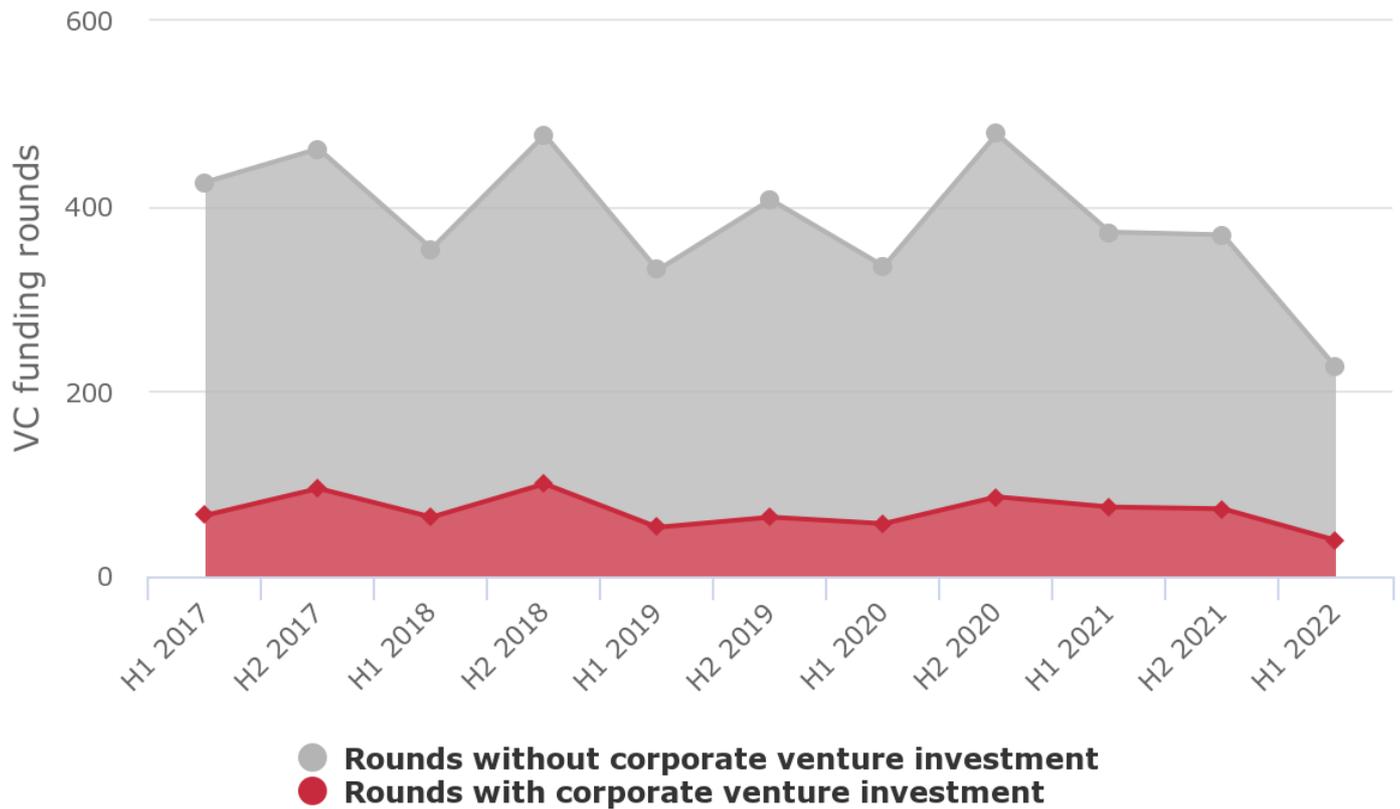
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Corporates are less likely to play a role in these crossover rounds, perhaps explaining the apparent uptick in these groups' participation. Lack of crossover rounds, meanwhile, has a lot to do with the drop in the sector's total venture haul this year.

This analysis was constructed using *Evaluate Pharma* data, and covers financings across the drug development and device spaces. Our definition of a corporate fund includes only those backed by a healthcare-focused business.

It is worth pointing out that the charts below probably underplay corporate funds' involvement in the venture world. Some rounds will contain more than one of these entities, but a round is only counted once in this analysis.

# Venture funding rounds



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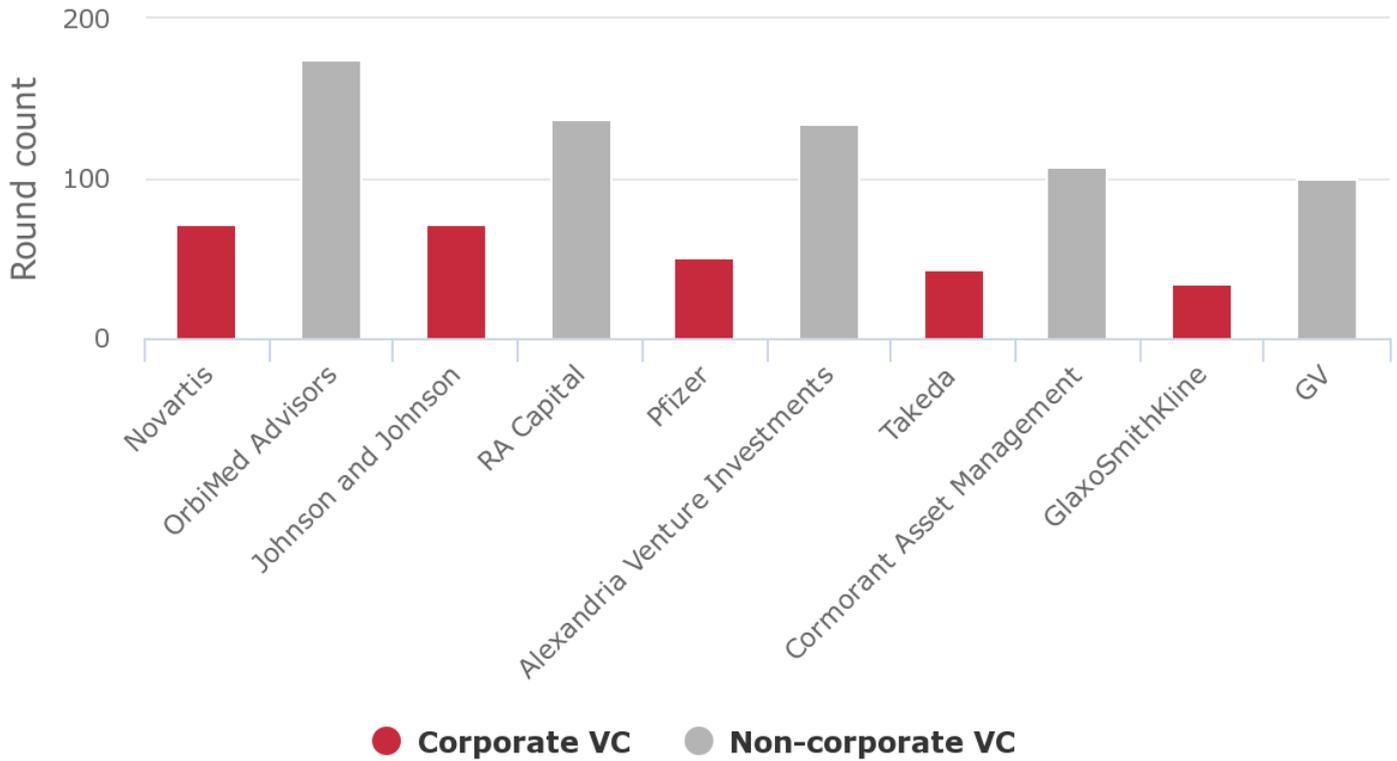
It is also notable that what looked like a pullback in corporate activity in 2019 and 2020 turned out to be a blip. A closer look finds that the rebound had a lot to do with an acceleration by a couple of companies. Lilly and Takeda have both notably stepped up their direct investment activity in the past couple of years.

Novartis and Johnson & Johnson remain the most active corporate venture investors, however. The latter is an enthusiastic backer of early device groups, as well as drug developers.

These corporates' investments are nowhere near the scale of those made by the big financial funds, of course, in terms of the volume of deals or the sums deployed. But should the current malaise develop into an prolonged economic downturn, big pharma's cash will no doubt start to play an even more important role in this ecosystem.

# 2017-H1 2022 VC round involvement

Top 5 corporate and non-corporate investors over the period



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