

Trends in Early Stage
Life Science investing

Where is the money coming from
and going to in 2021?

Larry Miller
Managing Director, Life Science
Innovation Works

Where can I find an investment?

It's here, you just need to know How to find it!



It was the best of times, it was the worst of times....

Covid related investments up across the funding continuum

:Devices, diagnostics, therapies treatments. remote monitoring and therapy, behavioral health

Everything else

Clinical trials delayed pushing out evidence for regulatory approvals, milestone triggers for follow on investments

Investors have put “covid filter” on top of their normal due diligence requirements slowing investment decisions

The Pittsburgh region held its own!

→ At the regional level during 2020,

\$214 million was invested into 39 life sciences companies life sciences compared to \$200 million invested into 37 companies in 2019. Some of the larger investments were made in: Alung Technologies, BlueShere Bio, Carmell, CytoAgents, Knopp Biosciences and Peptilogics.



Pre Seed and Seed Investment Trends 2020 to 2021

Pre covid: → CY 2020 shaping up to be a banner year

Covid hits:

Seed-stage and first time financing (led by angel and seed investors) activity remained flat in 2020 (\$10.1B/2020 versus \$10.0B/2019) as due diligence meetings shifted to teleconferencing and not in person meetings, thus elongating the due diligence process.

But a \$2M resiliency lead to 46 follow on investments, BFTDA state, RK Mellon, IW

Evaluate management's plan pre-covid, during covid and post covid looked , looking for 12 month runway, co investors required

VC Trends over last 2 years



National Trends in Venture Capital

- Despite 2020 macro headwinds from the COVID-19 pandemic, the VC industry remained resilient with record investments \$156.2B/2020 versus \$138.1B/2019, 13% increase.
- Late-stage investments accounted for over 66% of deal value in 2020 as VCs turned to supporting existing portfolio companies with capital infusions to maintain operations and accelerate growth.
- At the sector level, biotech & pharma benefited from the race for a COVID-19 vaccine and rapid shifts from in-person treatments to telehealth. Companies in this sector recorded record amount of capital (\$27.4B/2020 versus \$17.3B/2019). This trend will be predicted to continue in 2021 as VCs have a renewed interest in vaccines and antivirals.
- Investing by corporate VCs (CVC) continued in 2020 reaching \$113.0B/2020 over \$99.3B/2019, a X% increase, as corporations strengthened their commitment to investing in early stage technology companies.

A Local Example: River Front Ventures, IW's Micro VC

RFV reserves going into portfolio companies, \$3 M in follow on, Series A investments

Continuing “fit to revenues” follow on funding

Tough fundraising environment for RFV2, seed to series B

And Beyond.....

Best years for

IPOs=direct to public

Cross over rounds= private to public

SPACS Crossover round + IPO

M&A= Big Pharma still looking to bring startups in house

Private placements 50% increase 20 vs 19. Crisper, gene therapy eg. more cross over investors investing in private side

Recognition of Innovation Support at the Federal, State and Local level is growing!



Covid relief in PA fund.PA: IW 46 investment s in 4 months

University investment funds, accredited programs, business case competitions adding \$M to start increasing in the University setting

Federal government looking at 2 bills which would support TBEDs and States, historically \$M

- It's time to make [telehealth flexibilities enacted during the COVID-19 pandemic permanent](#), House health subcommittee chairwoman Rep. Anna Eshoo, D-Calif., said Tuesday. Fierce Healthcare

Best of Times

- Teladoc continues to soar high after its acquisition of Livongo and the ongoing demand for virtual care. The telehealth giant's [2020 revenue reached \\$1.1 billion with 10.6 million virtual visits](#), up 156% from 2019.
- Cigna, a longtime partner of and investor in MDLive, plans to acquire the virtual care company and fold it into its Evernorth subsidiary. [Paige Minemyer has more details.](#)
- And ... Ensoma banked \$70 million in February to advance genomic medicine, while Innovaccer joined the ranks of digital health unicorns with a \$105 million funding round. Read more about [those health tech deals and other funding news last month.](#) - [Heather Landi](#)

[Fierce Healthcare, 3/1/2021](#)

Best of times: February deals from Fierce Healthcare

Virtual care expansion: Online medical appointment booking company Zocdoc **banked \$150 million** in new growth financing led by Francisco Partners.

Big data: Innovaccer joined the ranks of digital health unicorns when it secured **\$105 million** in a series D funding round, bringing its valuation to \$1.3 billion. The round was led by Tiger Global Management and existing investors Steadview Capital, Dragoneer, B Capital Group, Mubadala Capital and M12 (Microsoft's venture fund), which participated in the round, as well as new investor OMERS Growth Equity.

Cancer genomics company: **Personal Genome Diagnostics** has raised \$103 million in series C funding led by Cowen Healthcare Investments. Other investors in the round include Northpond Ventures, Vensana Capital, Rock Springs Capital, Kern Capital, Sands Capital, PFM Health Sciences, Windham Ventures, New Enterprise Associates, Innovatus Capital Partners and Catalio Capital Management.

ER infrastructure: RapidSOS, a company that built a platform to make it easier for first response teams to do their jobs, just **banked \$85 million** to scale its technology. The company's series C funding round was led by global venture capital and private equity firm Insight Partners. The investment brings RapidSOS' total funding to \$200 million.

Behavioral health: Modern Health has closed a **\$74 million series D** investment round. The investment round was led by Founders Fund. Lachy Groom also invested in the round. The infusion of cash comes on the heels of Modern Health's \$51 million series C raise in 2020.

Genomics medicine: **Ensoma** closed a \$70 million series A funding round. 5AM Ventures led the round joined by F-Prime Capital, Takeda Ventures, Viking Global Investors, Cormorant Asset Management, RIT Capital Partners, Symbiosis II and Alexandria Venture Investments.

Best of times: February deals from Fierce Healthcare

Medical practice: Eden Health **nabbed \$60 million** in series C funding it plans to use to scale its healthcare practice for employees at companies nationwide. Growth stage investor Insight Partners led the funding along with Amigos Health, Aspect Ventures, Company Ventures, Flare Capital, Flexcap Ventures, Max Ventures and PJC.

Pharmacy benefit manager: Capital Rx has just closed a **\$50 million series B funding round**. The round was led by Transformation Capital and also included investment from Edison Partners, who led the PBM's series A round.

Medical management: Medisafe **raised \$30 million** in series C funding. Sanofi Ventures and Alive Israel HealthTech Fund co-led the round, joined by Leumi Partners, Menora Mivtachim, Consensus Business Group and earlier backers Pitango Ventures, 7Wire Ventures.

Virtual musculoskeletal market: Sword Health secured a **\$25 million financing round** backed by investors Todd Cozzens, managing partner at Transformation Capital and former healthcare investor at Sequoia Capital. Existing Sword investors Khosla Ventures, Founders Fund, Green Innovations, Vesalius Biocapital and Faber Capital also contributed to the new round.

Virtual care for the LGBTQIA+: A queer and trans-venture-backed company offering virtual care, Folx Health, **scored \$25 million** in new financing led by Bessemer Venture Partners with participation from existing investors Define Ventures and Polaris.

Trends in Early Stage
Life Science investing

Where is the money coming from
and going to in 2021?

Larry Miller
Managing Director, Life Science
Innovation Works

Bibliography

Brookings Report: Capturing the next economy-Pittsburgh's Rise as a Global Innovation city:

https://www.brookings.edu/research/capturing-the-next-economy-pittsburghs-rise-as-a-global-innovation-city/pittsburgh_full.pdf (brookings.edu)

E&Y/IW reports: <https://www.innovationworks.org/wp-content/uploads/2020/03/2020-IW-EY-Investment-Report.pdf>

Fierce Healthcare: <https://www.fiercehealthcare.com/>

How do you catch the wave in 2021? Can We Be like Boston, Minneapolis or San Diego

PVCA: determine your strength(s), recruit partners to deliver the “full supply chain” to commercialization, recruit industry support, support industry, Invest

It only takes one to build out an industry Medtronic in Minneapolis:
Genentech In San Francisco, Salk in La Jolla, \$5B invested over 5 years in the Pittsburgh strip district.



Best of times!

!









W

