

# Funding in MedTech

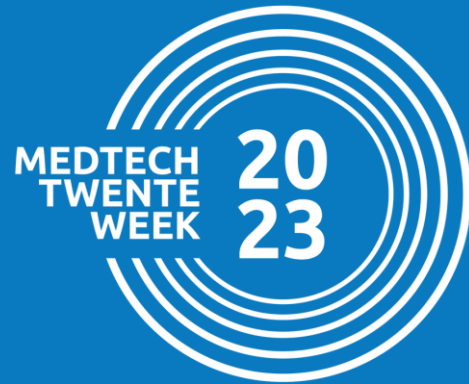
*14:00 – 15:00*

**Latest MedTech Funding Trends, Challenges & Opportunities**

*Bram ten Bok, Investment Manager Health Oost NL*

**How To Get Funded**

*Albert-Jan de Croes, Investment Specialist Novel-T*



## Latest MedTech Funding Trends, Challenges & Opportunities

MedTech Twente Week November 2nd 2023

Bram ten Bok

*Investment Manager Health*

bram.tenbok@oostnl.nl

# Agenda

- 1) Short introduction
- 2) Global MedTech VC trends
- 3) Trends we see: challenges & opportunities



# 1) Introduction







## Bram ten Bok

- Investment Manager Health
- MedTech
  - Medical Devices
  - In-Vitro Diagnostics
  - Digital Health
- MSc. in Business Administration  
(Track: Entrepreneurship, Innovation & Strategy)

UNIVERSITY  
OF TWENTE.



# About Oost NL

The regional development agency for the Dutch provinces Gelderland and Overijssel, that comprise East Netherlands. Oost NL:

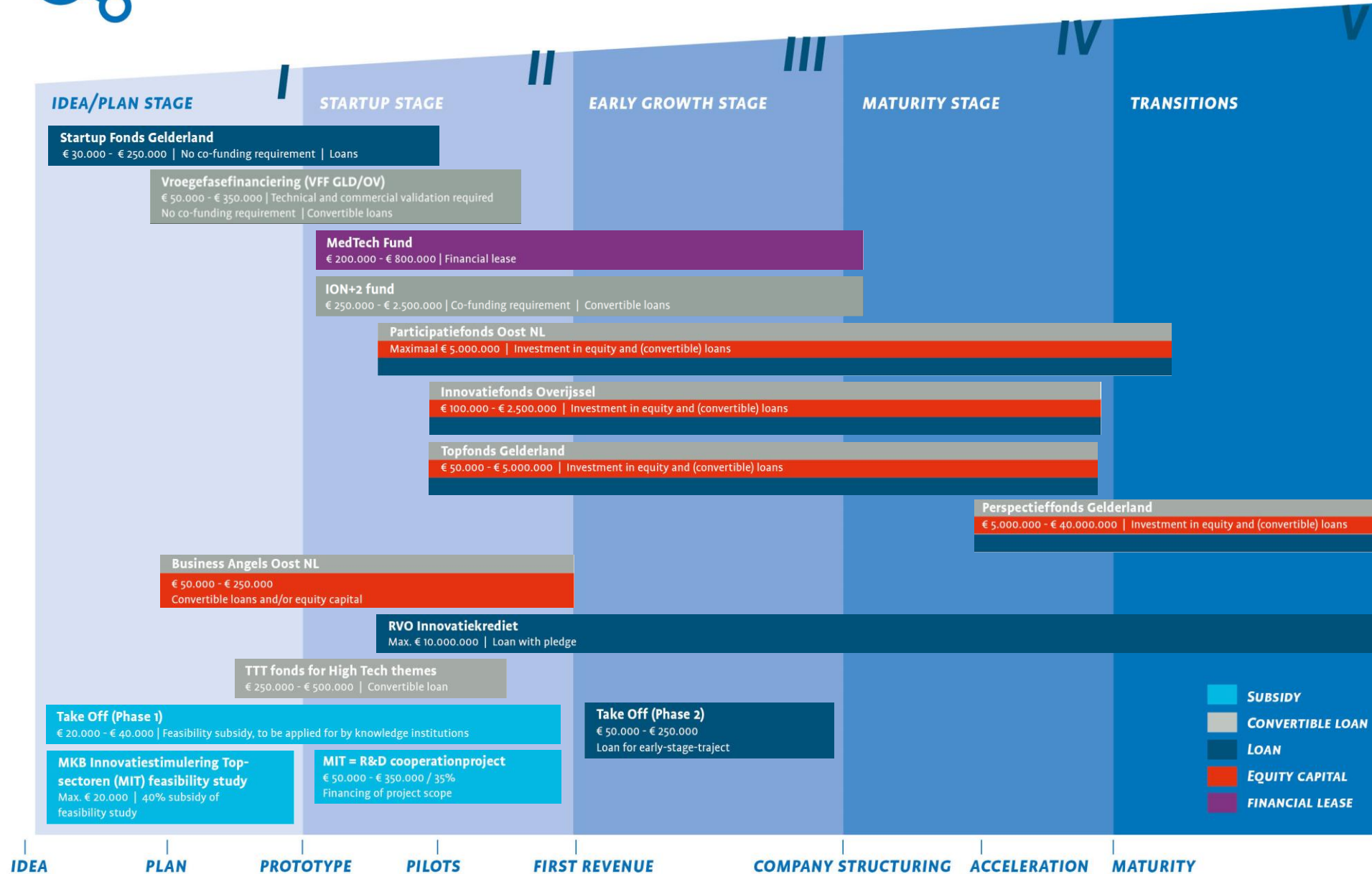
- attracts new (foreign) companies.
- performs investments (+/- € 600m AUM) and provides financing to start-ups, scale-ups and SME's in strategic growth areas.
- assists individual companies in the process of innovation and internationalization.

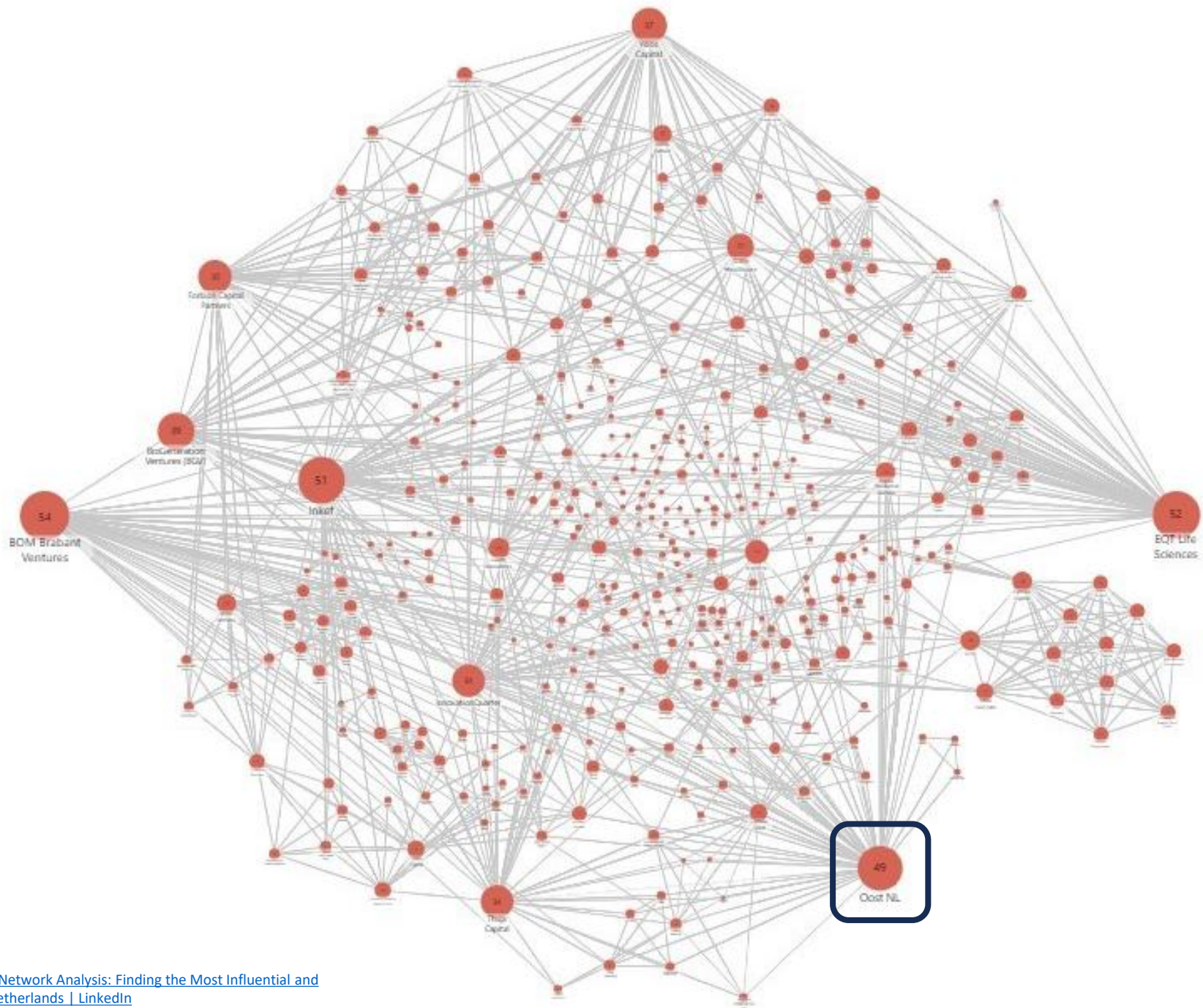






# Funding opportunities for start-ups in Gelderland and Overijssel

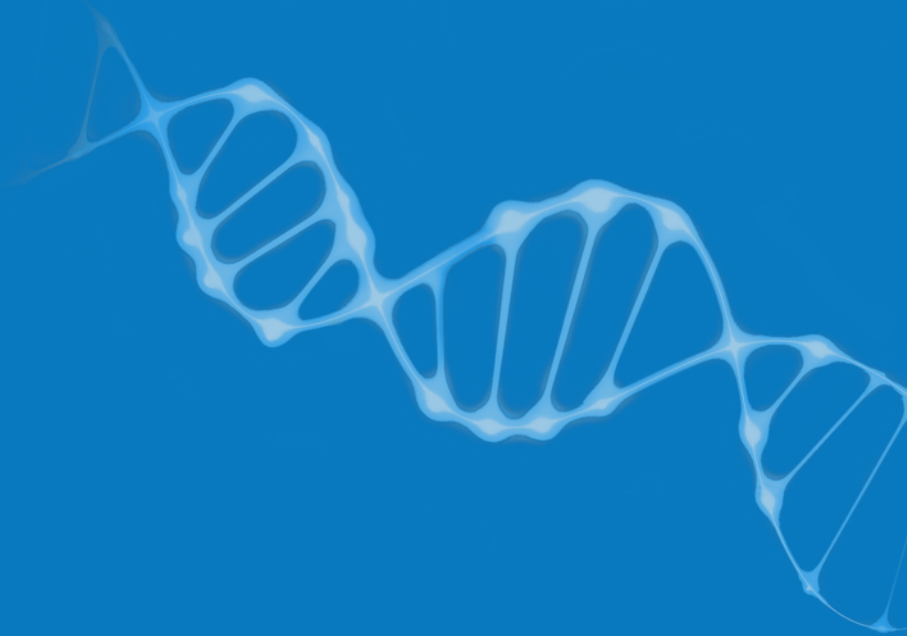




Source: [A Co-investment Network Analysis: Finding the Most Influential and Connected Investors in Netherlands | LinkedIn](#)



## 2) Global MedTech VC trends

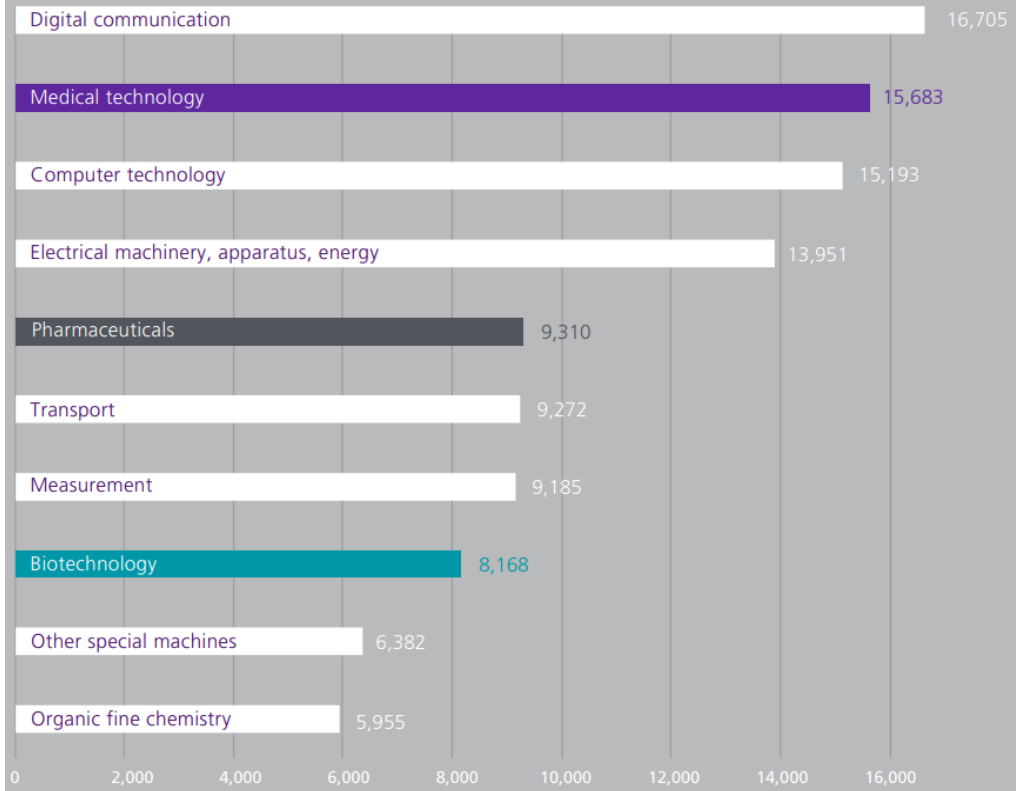


# Industry characteristics

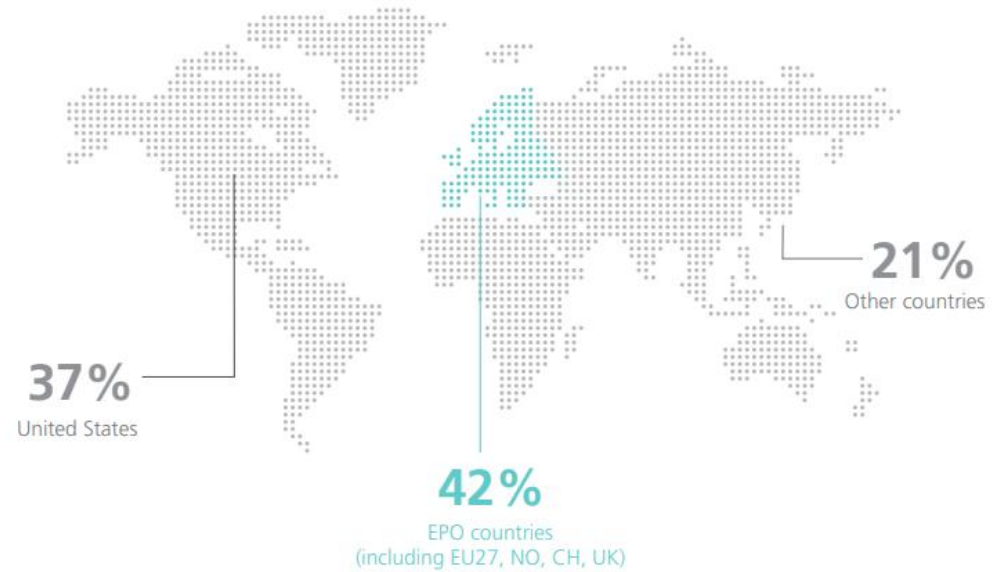
- Medtech is a **mature industry**
- Massive incumbents that have the capital to buy or build their way to innovation
- Acquisitions are a routine element in medtech
- Patents are an important consideration for medical technology innovation; **medtech startups with patents receive greater overall funding at higher valuations** than their nonpatent peers.

### Graph 1 – Top 10 technical fields in patent applications

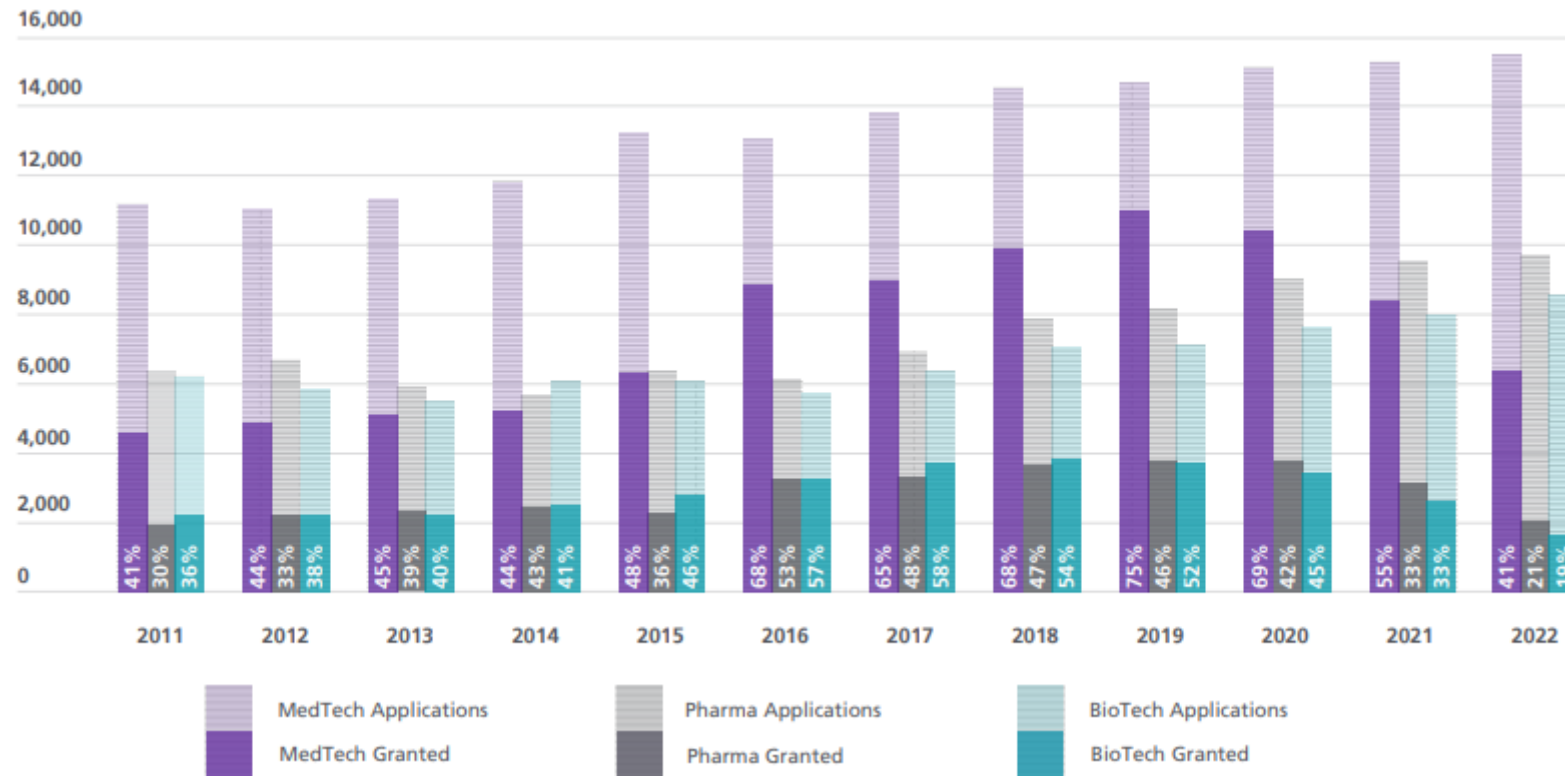
Number of patent applications filed with EPO, 2022 (ref. 3)



Source: Medtech Europe's Facts and Figures (2023)



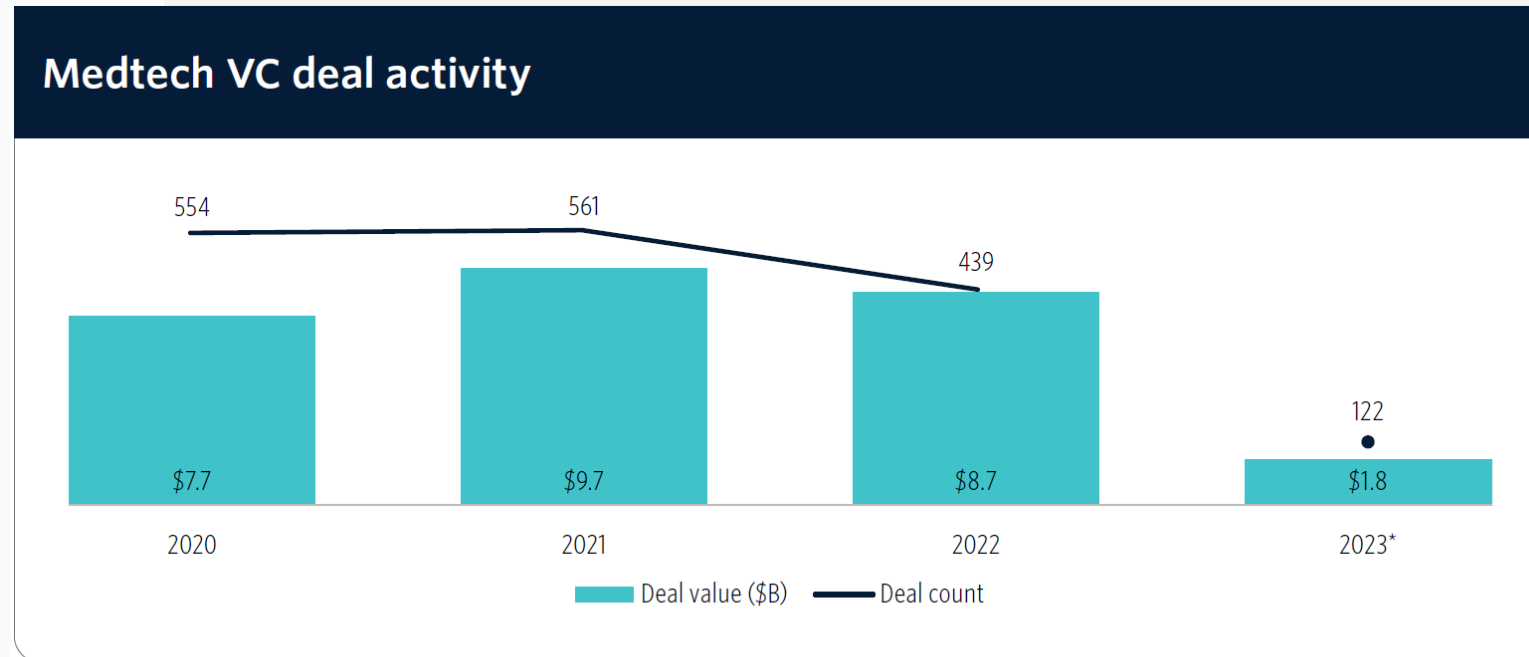




Source: Medtech Europe's Facts and Figures (2023)

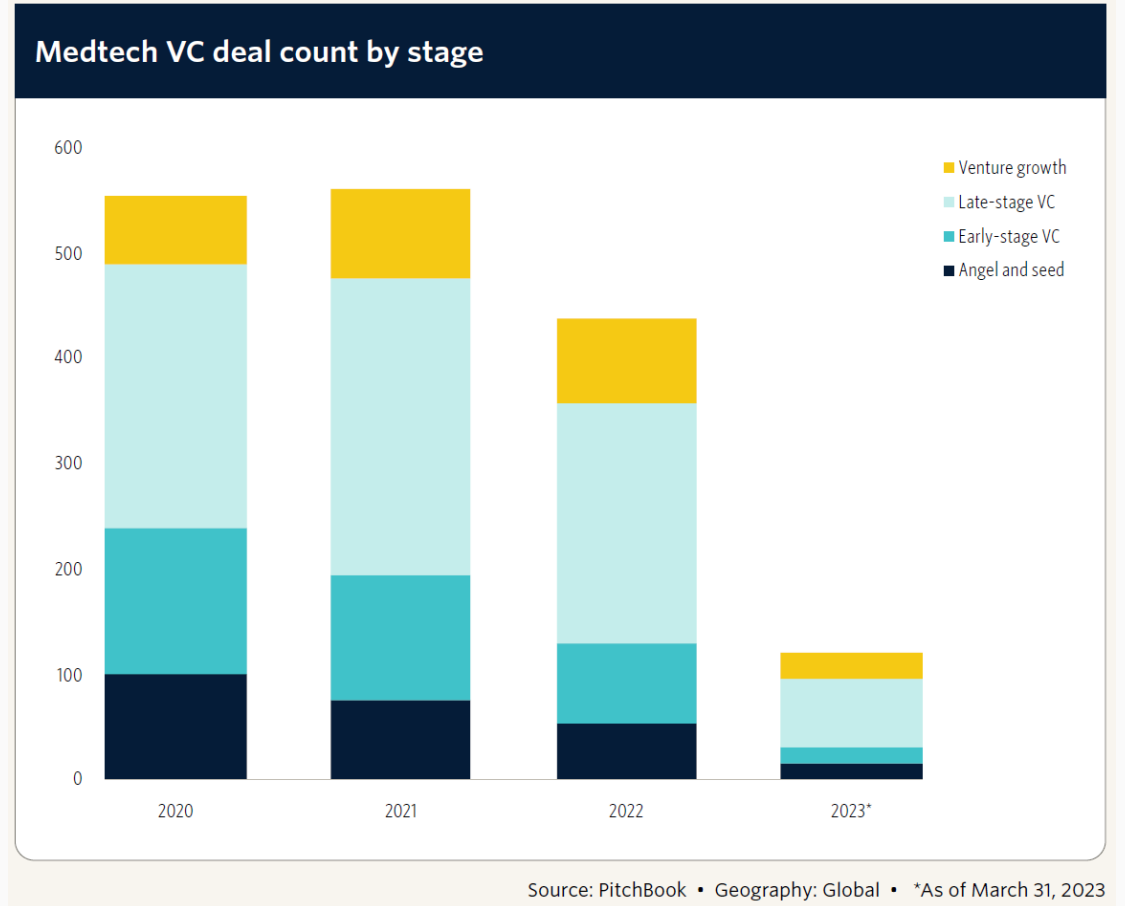
# Some interesting VC numbers...

- There were 439 VC deals in medtech with a combined deal value of \$8.7 billion in 2022, down from the 561 deals and deal value of \$9.7 billion in 2021.
- While this wasn't a significant difference on a year-over-year basis, **total funding has declined each quarter since early 2022**, which is in line with ongoing deterioration in the overall VC funding environment.



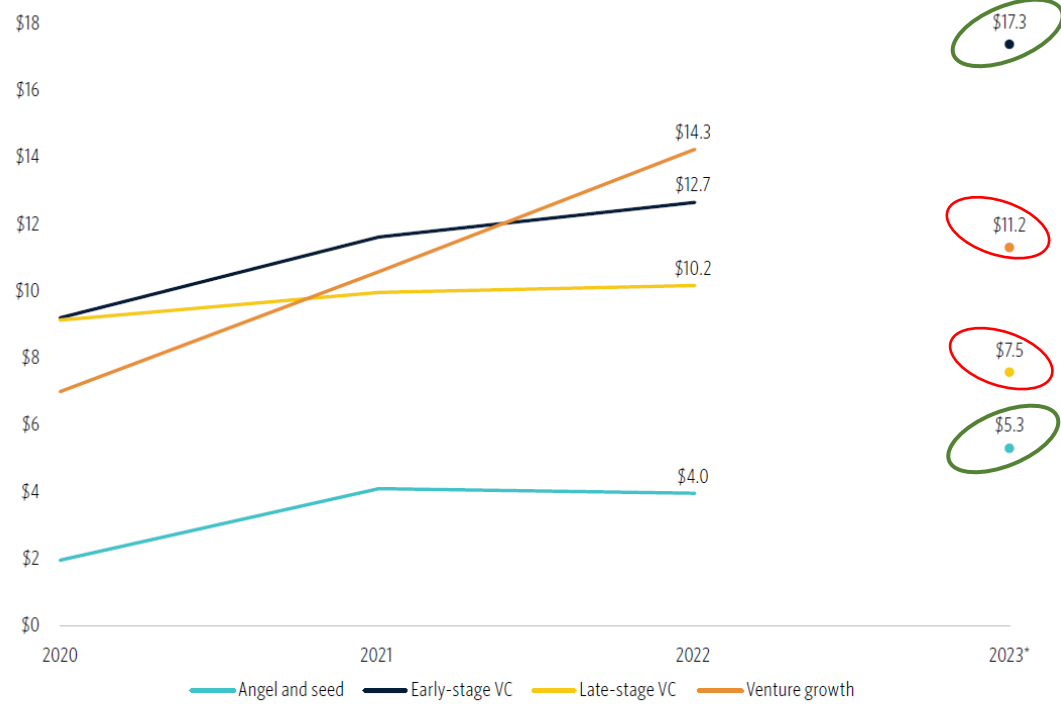
# Trends in the early-stage

- Notably, **early-stage deals have seen the largest declines**, with funding down 30% year-over-year.
- While the downward trend can be attributed to factors affecting venture capital across the board such as **inflation, higher interest rates, and the frozen IPO market**, there are also reasons affecting medtech in particular, such as the **challenging financial health of health system end-markets**.
- **Investment at the level seen in 2021 and 2022**, with a combined \$18.3 billion of deal funding across two years, **is unlikely to be repeated**.



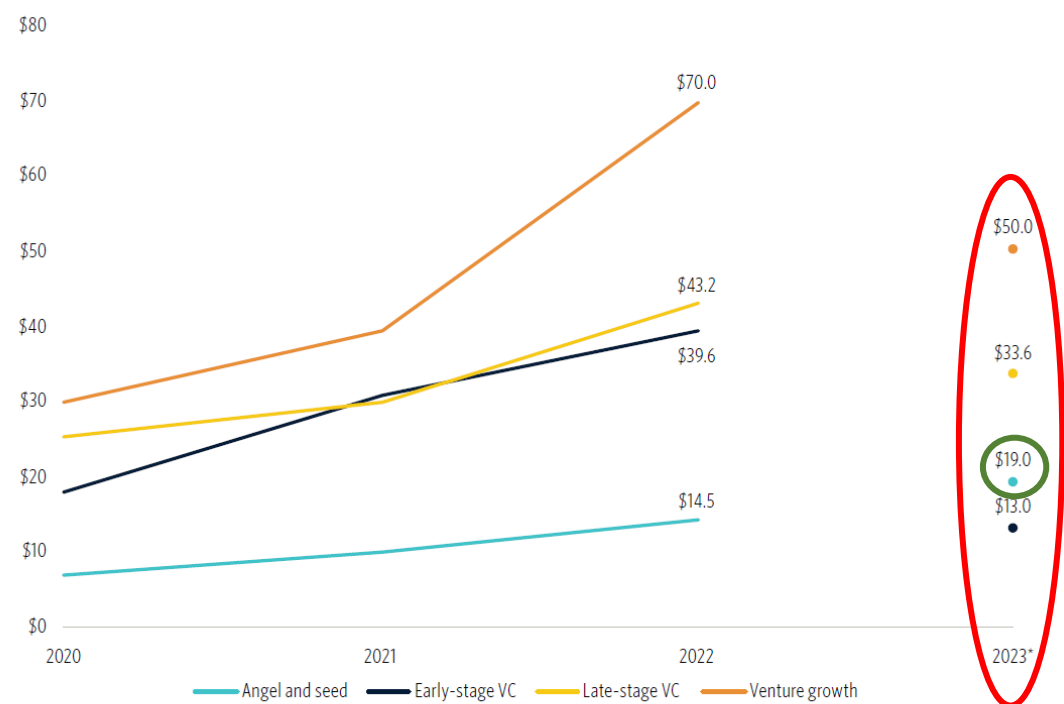


### Median medtech VC deal value (\$M) by stage



Source: PitchBook • Geography: Global • \*As of March 31, 2023

### Median medtech VC pre-money valuation (\$M) by stage



Source: PitchBook • Geography: Global • \*As of March 31, 2023

The background is a solid blue color. On the left side, there is a large, light blue arrow shape pointing to the right, composed of many thin, parallel lines. On the right side, there is a decorative graphic of a DNA double helix structure, rendered in a light blue, semi-transparent style.

### 3) Trends we see; challenges & opportunities

# Challenges

Seed/early-stage	Later/growth-stage
<ul style="list-style-type: none"> <li>Increased R&amp;D costs, mainly due to outsourced third party services (affected by inflation)</li> </ul> <p><b>Result:</b> more € needed to successfully finalize product development phase</p>	<ul style="list-style-type: none"> <li>Tight labour market; hard to find and retain employees (specifically good sales reps)</li> </ul> <p><b>Result:</b> employment incentive package in addition to salary</p>
<ul style="list-style-type: none"> <li>Regulatory challenges under MDR/IVDR, due to capacity issues at Notified Bodies</li> <li>12 to 18 months leadtime is not uncommon (!)</li> </ul> <p><b>Result:</b> more € needed to realize point of first commercial sales</p>	<ul style="list-style-type: none"> <li>Scaling from initial (pilot)sales (&lt;€3m) to widespread adoption is (increasingly) difficult               <ol style="list-style-type: none"> <li>1. Reimbursement</li> <li>2. Clinical guidelines</li> <li>3. Hospitals under pressure; strong focus on cost-cutting</li> </ol> </li> </ul>
<ul style="list-style-type: none"> <li>Early-stage VC's are moving away from traditional MedTech.</li> </ul> <p><b>Result:</b> hard to build strong consortia</p>	<ul style="list-style-type: none"> <li>Later-stage VC's are looking for more (and convincing) clinical evidence; CE and/or FDA approval</li> <li>M&amp;A is looking for serious commercial traction (preferably &gt; €3-4m sales   in multiple countries   proven to be scalable)</li> </ul>



# Opportunities

Seed/early-stage	Later/growth-stage
<ul style="list-style-type: none"> <li>Specialized accelerator-programs               <ul style="list-style-type: none"> <li>IMEC iStart <a href="https://imec.istart.nl">imec.istart named the world's best accelerator program for university startups - imec.istart (imecistart.nl)</a></li> <li>HealthTechXL <a href="https://www.healthtechxl.nl">HealthTechXL gives extra impetus to startups in advanced medical technology in Brainport Eindhoven   HighTechXL</a></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Strong call for a fit-for-purpose ‘Box 3’ that also incorporates a ‘start-up perspective’               <ul style="list-style-type: none"> <li><a href="https://www.techleap.nl">De impact van box-3 op het Nederlandse tech ecosysteem (techleap.nl)</a></li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Non-dilutive funding options to leverage investor financing (e.g. InnovatieKrediet)               <ul style="list-style-type: none"> <li>In 2023 €30m for technical development and €30m for clinical development</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Hospitals are actively engaging with ‘innovators’ to implement proven technologies               <ul style="list-style-type: none"> <li><a href="https://www.funxlab.nl">Innovation call mProve Funxlab</a></li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Strong call for more efficient and fit-for-purpose CE-marking system               <ul style="list-style-type: none"> <li><a href="https://www.medtecheurope.org/medtech-europe-open-letter-to-commissioner-kyriakides.pdf">medtech-europe open-letter-to-commissioner-kyriakides.pdf (medtecheurope.org)</a></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>European Innovation Council supports start- and scale-ups throughout their lifecycle (also in commercialization phase)               <ul style="list-style-type: none"> <li><a href="https://www.europa.eu">EIC Accelerator (europa.eu)</a></li> </ul> </li> </ul>

# European MedTech Investors



High-Tech Gründerfonds

**4 Dutch Investments**

**Seed**

**€1m – 11m Ticket**

**193 MedTech Investments Europe**



**0 Dutch Investments**

**Seed – Series C**

**€500k – 10m Ticket**

**34 MedTech Investments Europe**



**2 Dutch Investments**

**Series A**

**€2.5m – 7.5m Ticket**

**60 MedTech Investments Europe**



**9 Dutch Investments**

**Seed – Series C**

**€1m – 5m Ticket**

**24 MedTech Investments Europe**

# Case example:



**2017**  
Equity investment

**2020**  
Equity investment

2017-2018	2018-2020	2017-2022	2018-2022	2019-2022	2019-2021	2019-2022	2020-2022	2021-2023
<b>MIT</b> (Elana)	<b>MIT</b> (Xeltis)	<b>WBSO</b>	<b>Eurostars</b> (Charite, UMCU, Lazic)	<b>MIT</b> (ILT)	<b>KvW</b> (UMCU, ST Antonius)	<b>FTI</b> (Charite, Hemex, Lifetec, ESCVS)	<b>MIT</b> (Xeltis)	<b>EFRO</b> (ILT, Zonneoord)
€ 0.5M	€ 1.0M	€ 0.6M	€ 1.8M	€ 0.4M	€ 2.7M	€ 2.9M	€ 0.9M	€ 2.7M

**€ 13.5 M**

Grants committed for the upcoming years (2022-2023), all dedicated to R&D expenditure, non-dilutive, covering most of the R&D cost. This number is expected to grow since AMT applied for new grants for the coming years.





**Thank you for your  
attention!**

***East Netherlands  
Development  
Agency***

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# HOW TO GET FUNDED?

**ALBERT-JAN DE CROES**  
INVESTMENT SPECIALIST

MEDTECH  
TWENTE  
WEEK

20  
23

# **TABLE OF CONTENTS**

- Introduction
  - From project to business
  - The three steps of raising capital
  - Q&A
-



**HOPEFULLY THE FIRST OF MANY TODAY**

# “NICE TO MEET YOU”

- Albert-Jan de Croes
- Background in finance & valuations
- Spearheading Novel-T Capital Support



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**CROSS THE CHASM**

# **FROM PROJECT TO BUSINESS**



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# **PROJECT FINANCING**

- Often government funding
  - TRL based (start & end)
  - Alignment with sector goals
  - Project often can't be funded by other financing
  - Mainly research and opportunity focused (opposed to real market information)
-

# **BUSINESS FINANCING**

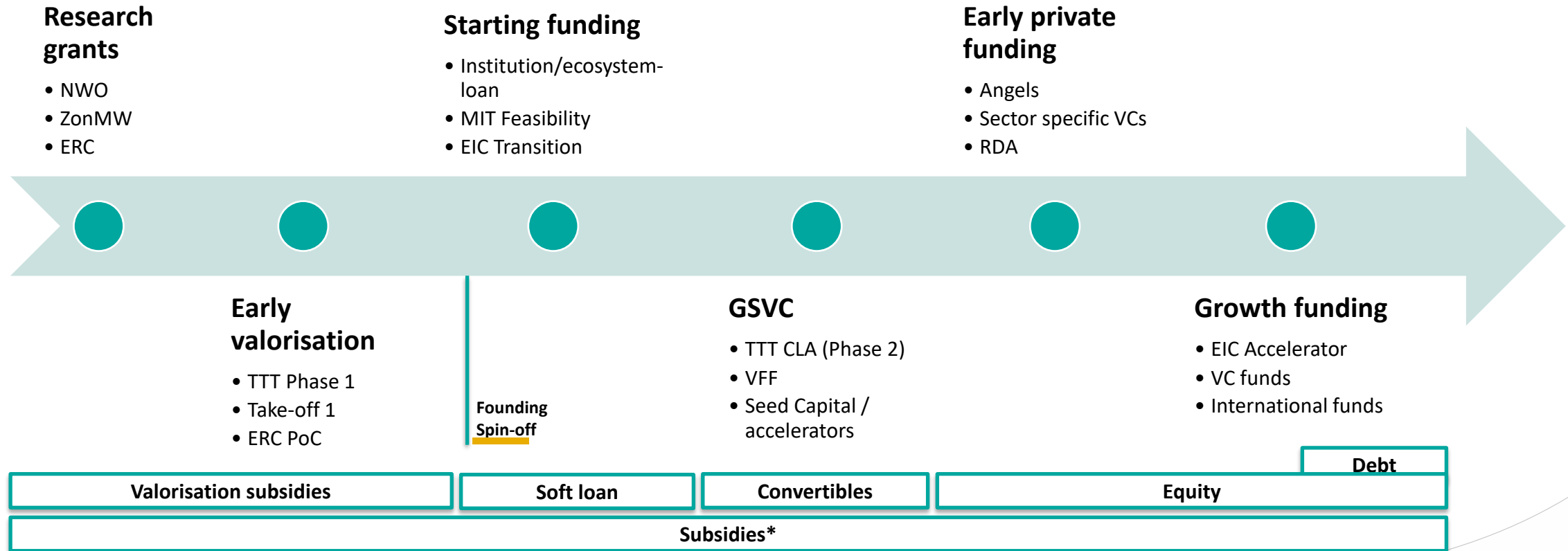
- Moving to commercial capital

## **Special attention to**

- Key criteria
  - Team
  - Traction
  - Market size
  - Strategy

- Unit economics / cost savings
  - Impact in numbers
-

# TYPICAL SPIN-OFF TIMELINE





# TYPICAL SPIN-OFF TIMELINE



Spin-off Funding Web | Use this data

Stacked by Phase | Filter | Sort | ...

Phase	Item	Website	Provider	Type	Max Amount	Other Info
Research Grants	PPS - TKI	<a href="https://www.rvo.nl/subsidies-fin...">https://www.rvo.nl/subsidies-fin...</a>	TKI Specific	Subsidy		Applicable Sectors: Energie, Chemie, Waternotechno...
	Pathfinder	<a href="https://eic.ec.europa.eu/eic-fun...">https://eic.ec.europa.eu/eic-fun...</a>	EIC			
Early Valorization	Pioneers in Healthcare	<a href="https://www.utwente.nl/nl/tech...">https://www.utwente.nl/nl/tech...</a>	University of Twente	Subsidy	€60,000	Consortium Application: ✓
	ERC Proof of Concept	<a href="https://erc.europa.eu/apply-gr...">https://erc.europa.eu/apply-gr...</a>				
Starting Funding	MIT Feasibility	<a href="https://www.rvo.nl/subsidies-fi...">https://www.rvo.nl/subsidies-fi...</a>	RVO	Subsidy	€20,000	
	TOP Loan	<a href="https://novelt.com/en/services...">https://novelt.com/en/services...</a>	University of Twente			
GSVC	Take-off 2	<a href="https://www.nwo.nl/calls/take-...">https://www.nwo.nl/calls/take-...</a>	NWO	Debt	€250,000	
	TTT - Pillar 2	<a href="https://tech-transfer.nl/en/">https://tech-transfer.nl/en/</a>	RVO			
Early Privatization	Rabo Inn	<a href="https://www.rabobank.nl/en/...">https://www.rabobank.nl/en/...</a>	Rabobank	Debt	€150,000	

Uncategorized | 0 records

**NovelT**

**ORIENTATION, PREPARATION, EXECUTION**

# **HOW TO RAISE CAPITAL**



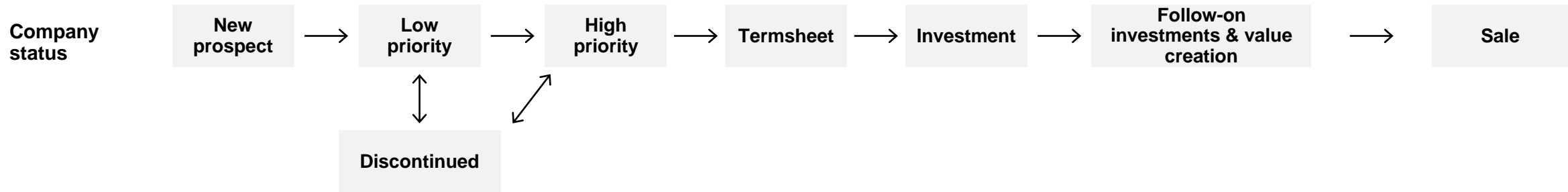
**MEDTECH  
TWENTE  
WEEK**

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**THROUGH THE EYES OF AN INVESTOR**

**HOW TO GET FUNDED?**



Key activities	Origination	Investment procedure	Portfolio management	Exit
	<ul style="list-style-type: none"> <li>• Source deals, visit events</li> <li>• Perform quick scan on prospects</li> <li>• Write short memo / 3-pager</li> </ul>	<ul style="list-style-type: none"> <li>• Issue Term sheet</li> <li>• Perform confirmatory due diligence</li> <li>• Perform negotiations</li> <li>• Write extensive memo</li> <li>• Prepare documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Manage company through Supervisory Board position</li> <li>• Steer through shareholding vote</li> <li>• Assist in strategy and fundraising</li> <li>• Seek exit opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Help negotiate sale</li> <li>• Act as shareholder</li> <li>• Write exit memo</li> </ul>

**IC approval**

✓ Short memo

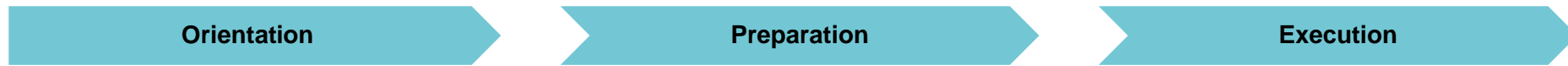
✓✓ Term sheet  
Investment

✓ Follow-on  
investments

✓ Exit memo

**SIMPLE AS ABC**

# HOW TO GET FUNDED?



**Orientation**

**Preparation**

**Execution**

**Key questions**

- Why do you need capital?
- What could you do with EUR 10M?
- What funding opportunities are available to you?
- What is your long term vision on company ownership? (exit)
- What traction/progress do you need for these funding opportunities?

- How can you align expenses with value inflection points and funding opportunities?
- What will your burn rate and runway be?
- Which investors have the best fit?

- Do you have all the knowledge to execute on your own?
- No more questions, execute

**Key documents**

- Teaser deck to start conversations

- Long- & shortlist
- Pitchdeck
- Development roadmap
- Funding roadmap
- Financial plan (incl. monthly cashflow)

- Full dataroom consisting of all previous points and:
  - Detailed businessplan
  - Legal documents
  - Resumes & employment contracts
  - IP documentation

**Company name**

---

**Name**

---

**Date**

---

**NovelT**



**Company summary**

One-liner  
Market and tech tags  
Location  
Founded date  
Business model (B2B, B2C, etc)  
Revenue status



**Funding summary**

Funding amount looking for  
Funding needed for  
Type of investor looking for  
Investment needed when



**Team**

Domain knowledge  
Prior experience  
Commitment  
Expertise



**Execution**

Ambition, vision & mindset  
(Go-to-market) strategy  
Main risks



**Value proposition**

Problem-solution fit  
Value proposition  
Traction



**Market opportunity**

Target market  
Addressable market size  
Market growth



**Growth**

Growth potential  
International potential  
Scalable business model



**Investment opportunity**

Assumptions  
Financial outlook  
Exit potential



**Competitive edge**

Unique value proposition  
Competitive strategy  
Position in value chain



**Proof**

Metrics  
Social proof  
Investment commitment  
Other proof



# HOW WE CAN HELP

## Funding

- TOP – Loan / CLA
- TTT - CLA
- Istart.NL – SAFE + CLA
- High- / MedTech Fund - Lease

## Coaching

- Orientation
- Selection
- Execution
- External support

## Training

- Capital Nights (ADVANCED & ERP)
- Conference Investor Preps
- Investor Readiness Programme
- Capital Thematic Afternoons

## Preparation

- Notion fundraising templates
- Access to Dealroom & Fundsup
- GEC Startup Funding Canvas
- Startup Funding Book

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**THANK YOU  
ENJOY MTTW**

**Albert-Jan de Croes**

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