

Business Opportunities in Digital Health:

Views from the European Market

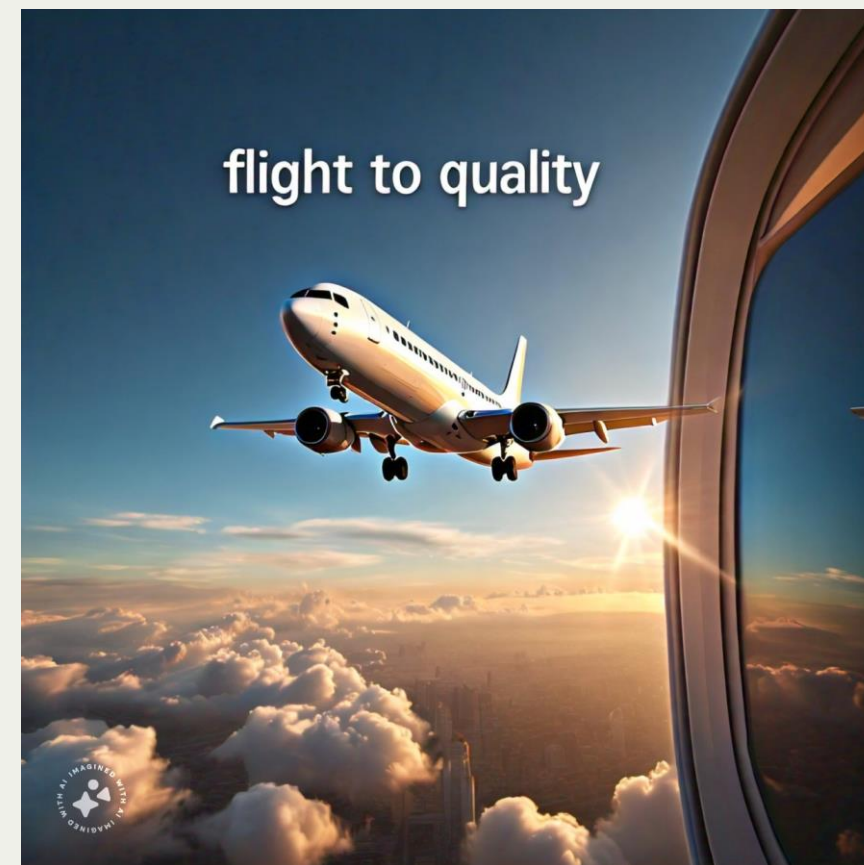
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Echos From The Market

FEW DEALS – HIGHER QUALITY – LOW RISK – EXCEPT AI

- Funding to digital health (DH)
 - is going up again (\$3.7B in Q1 vs 2.5B in Q4), back to levels seen in 2018/19
 - but **# of deals** (272 in Q1-24) hit a **10-year low** – from 550
- Deal size is growing (avg \$16.4m, up 38% QoQ) shifts to growth stage deals (early stage got harder) – **High Quality – Lower Risk**
- Mega deals are **AI**-related (Zephyr AI's \$111m Series A)
- M&A due to **AI** tech – few exits (1 IPO in Q1)
- Nvidia is the largest CVC investor in the sector in Q1'24
- **AI**, obesity and oncology remain key drivers of investment going forward



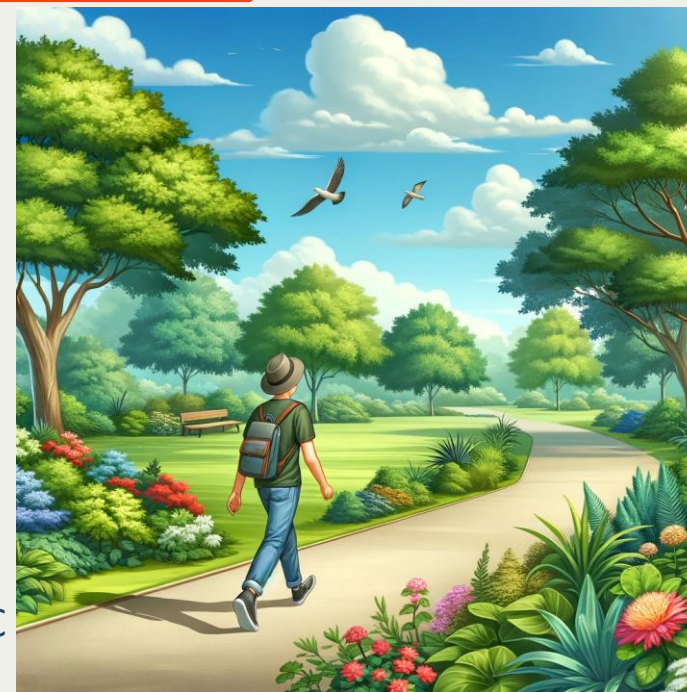
Why Digital Health?

1. Demographics : 10B ^3 => €\$ Trillions
2. Collision and merger between information technology and biology
3. From a quasi-blind, primitive, statistics-based, 1-on-1 approach towards an enlightened, personal, tech-enabled, distributed, self-service approach.



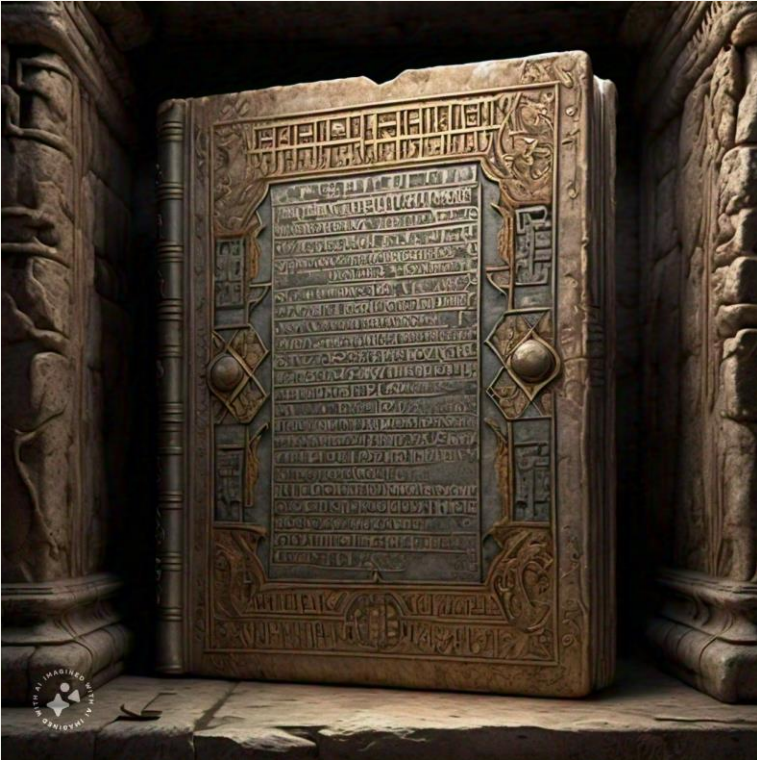
Intuitively DH looked like a walk in the park...but!

- Diversity of business models.
- Diversity of commercial strategies (doesn't digital mean SEO + SEM + SoMe + SMO ?)
- Heavily regulated.
- Cultural practices in healthcare geo-specific.
- Payer dependent + payment rails country-specific.
- Relevance of US market.
- Hospital market.
- Completely new market - unknown by doctors and patients = education needed (€€€ and T).



Money flocked to (1) AI drug discovery, (2) telemedicine, (3) mental health - non-therapeutic, self-service B2C markets, (4) wearables, (5) digital therapeutics

Biotech-investing is very codified



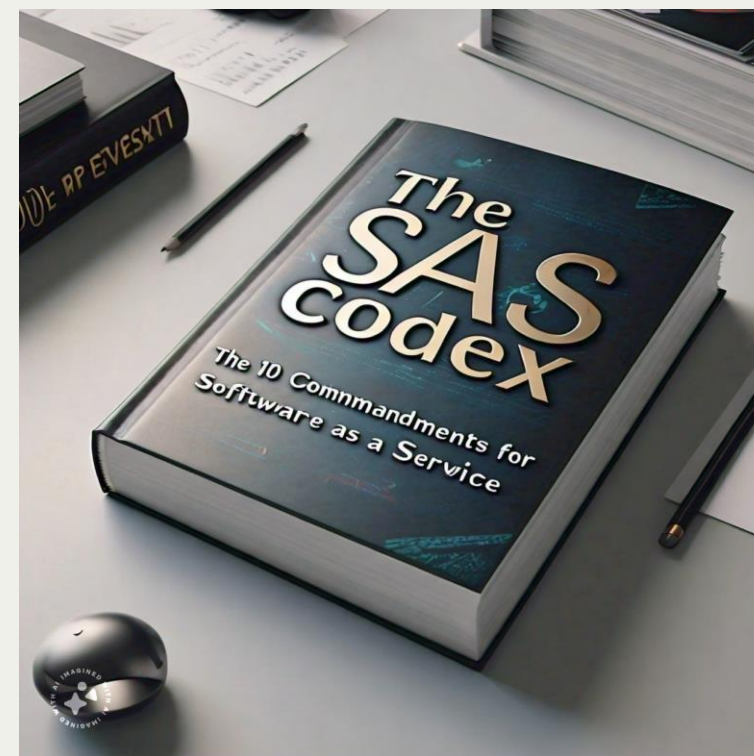
- **Intellectual Property (IP) Value**
Patents on novel drugs, medical devices is at the core of the industry.
- **Regulatory Milestones** dictate financing rhythm and amounts. Each successful step through phases of clinical trials (Phase I, II, III) typically increases value.
- **Strategic Partnerships and Alliances:** Collaborations with larger pharmaceutical companies or academic institutions can provide biotech startups with necessary resources, credibility, and pathways for scaling.
- **Exit Strategy:** initial public offering (IPO) or acquisition by a larger company.

It's straightforward.

SaaS-investing is very codified

- SaaS sector metrics and KPIs are standardized.
- The revenue model (how you make €) always presents the same dynamics.
- You market and sell directly to businesses (B2B) or to consumers (B2C) (direct control on growth).
- CLV/CAC should be at least 3x.
- CAC tends start low and rise significantly over time.
- There's no re-payment of earned revenues, no big liabilities accrued.
- Typically unregulated.

It's straightforward.



PDTx-investing is an uncharted territory

Digital health takes SaaS backwards and turns it sideways so you can be sure no investor will have been able to intuitively makes sense of it.



PDTx sector metrics and KPIs are unknown.

The revenue model always presents different dynamics.

You market and sell to prescribers who sell to patients.

No direct control over growth.

CLV/CAC starts below 1x

CAC tends start high and decrease significantly over time.

There can be re-payment of earned revenues, big liabilities accrued.

Heavily regulated with rules changing and inflation.

Not very straightforward...

DH Sector could do better

There's simply no track record, no history of how to reliably create value in this market for this [generation] VC world.

That creates **uncertainty**.

Markets **hate** uncertainty...

Behind uncertainty hides...a mountain of gold

Growth in the **health sector** is typically **highly predictable and stable** over the long term.

[that is not the case in SaaS across other industries].

KPIs can be codified, regulation act as strong moats,...intrinsic value is higher than for SaaS

Our value-added

- Understanding the sophisticated mechanics of success of SaaS + Biotech and Digital Health
- Patient investor
- Governance
- Strategy
- Fund raising
- Hiring
- Internationalisation
- Deep insights into AI



Thank you

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