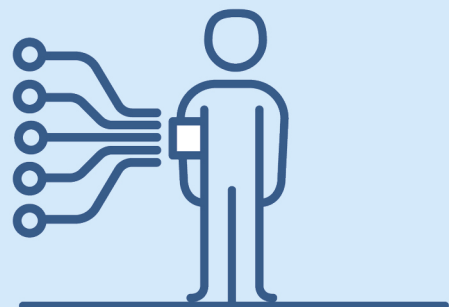


Nordic
Innovation

Investor approaches and perspectives on Nordic Health Tech



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This publication is also available online in a web-accessible version at:
<https://pub.norden.org/us2023-455/>

1. Preface

The Vision for Nordic cooperation is for the Nordic region to become the most integrated and sustainable region by 2030. Nordic Innovation aims to advance the Nordic countries to be the most sustainable and integrated health region in the world by 2030. As part of the Life Science & Health Tech program Nordic Innovation is working on strengthening export opportunities, better collaboration between Nordic testbeds, and the sharing and use of Nordic health data.

A key component in making the Nordic region an innovation hub for Health tech and Med-tech companies is the access to risk capital. And for that, the Nordic companies and the environment that surrounds them must be attractive for investors to choose to invest.

Nordic Innovation wanted a snapshot of what the investor landscape for companies that work within technologies for health, looks like, we wanted the opinion of the investors, and we wanted to see to what degree the investors look across the Nordic region for investment opportunities.

Our goal is that the findings will inspire Nordic companies to be more aware of the views and investment patterns of the investors in this space and be able to capitalize on these. Furthermore, we hope this report encourages new investors to explore the opportunities in Nordic Health Tech.

Disclaimer: This report is part of the Nordic Innovation program Life Science & Health Tech. Venture Challenge is responsible for all its content.

Oslo, October 2023
Svein Berg, Managing Director
Nordic Innovation

2. Introduction

2.1 Project background and objectives

The Nordic Health Tech sector has experienced significant attention in recent times and has become one of the most important industries for the Nordic Venture Ecosystem, in terms of venture capital investments and in terms of strategic importance for each Nordic country. As an intersection of technological advancement and healthcare needs, in an era of aging populations and increasing chronic diseases, it offers a plethora of opportunities for innovation, growth, and investment that many different types of investors can benefit from.

In spite of this, the general perception for many founders and stakeholders in the Nordic Health Tech industry is that there is an overall lack of available capital for health tech and med tech companies and that there is a lack of enough specialised investors investing in Nordic Health Tech. The aim of this report is to address and analyse some of these assumptions by understanding investors perspectives of the Nordic Health Tech sector and of the investment opportunities emerging from it. This report tries to understand who are the main investors investing in Nordic Health Tech, what are their main investment patterns and what are the main investment risks they perceive from investing in the sector. Furthermore, the report tries to identify what are the main strengths and challenges of the Nordic Health Tech Sector, what are the main barriers preventing more investments into Nordic Health Tech companies and what can be done to attract more investments in the space.

This report offers valuable insights to government officials, investors, and health tech founders to take action and to contribute in the development of a stronger Nordic Health Tech ecosystem. This report also aims to attract new stakeholders into the space, such as new investors and entrepreneurs, to inspire the Nordic ecosystem to develop and provide better support schemes to investors and startups operating in the field, and to reinforce the public and corporate engagement and contribution to Nordic health tech. This report also hopes that more research and explorations can be done to better understand some of the findings of this report and how to better support the development of a common Nordic venture capital market and the closing of the funding gap for all companies in the region.

Venture Challenge wants to sincerely thank all investors that accepted to be part of the survey and the interviews, as well as the main project partners that enabled all Nordic investors ecosystems to be equally represented in this report: Startup Norway (Norway), Klak (Iceland), Canute (Denmark), Nordic Node (Sweden), Helsinki Partners (Finland). Finally, we want to thank Nordic innovation for their role in developing a more integrated and unified Nordic Venture ecosystem, for their active work in promoting innovation, entrepreneurship and investments in Nordic Digital Health, Med Tech, Bio Tech and Life Science, and for their continuous efforts to improve healthcare and access to health, not only for the Nordic population, but potentially for the larger global population as a whole.

2.2 Scope of the Report

This report dives into a comprehensive analysis of the Nordic Health Tech sector from the perspective of one of its main stakeholders: the investors. While a project trying to understand the perception of investors has the potential to explode in terms of scope and depth, there are specific research topics that we aim to answer in this report. These topics can be broken into three themes: Investments, Funding, and Ecosystem, each containing their own areas of interest.

On investments

1. How does the current levels of investments look like for Nordic Health Tech companies?
2. Who is investing in Nordic Health Tech and how do they typically do it?
3. What are the main barriers preventing investors from investing in Nordic Health Tech?
4. What can be done to overcome these barriers and attract more capital into Nordic Health Tech?

On funding

1. Is the level of funding for health tech startups sufficient in the Nordics?
2. Which sectors and stages get more funding?
3. Which Nordic countries get more funding or are leading in Health Tech?

On Ecosystem and Region

1. How is the Nordic Health Tech ecosystem perceived?

2.3 Methodology

Survey method

In order to evaluate the perception of investors about the attractiveness of investing in Health Tech in the Nordics a survey carried out. This survey was designed in a dynamic way so that different respondents with different profiles were asked questions that were appropriate to them. Overall, four profiles were created based on two traits; location (Nordic vs. Non-Nordic) and investment in Nordic health tech (currently invests in health tech vs. doesn't have any investment in Nordic health tech yet). Overall, 120 investors filled out the survey. Of these investors:

Type of investor	% respondents
Angel Investor	55%
Venture Capital	40%
Family Office	22%
Private Equity	7%
Incubator / Accelerator	6%
State Investor	4%
CVC	3%

- Most of them identified themselves as Angel Investors, Venture Capitalist or Family Offices.
- 70% were early-stage investors that invest in pre-seed and seed.
- 70% were generalist investors and 30% were health tech focused investors
- 80% were investors based in the Nordics, and 20% based outside the Nordics.
- Within the Nordics, all 5 Nordic countries were evenly represented with Norway being the most represented and Finland being the least.

Interview method

To complement the data gathered through the survey, a total of 25 interviews were conducted. For each Nordic country, 5 public and private investors with prior investments or focus in Health Tech were selected to be interviewed. The purpose of these interviews was to define the scope of the report, get more detailed qualitative data, and understand and analyze the results of the survey. Furthermore, several startups as well as Health Tech ecosystem players, such as incubators and clusters, were invited to participate in the project and provide input on the focus of the report and the interpretation of some of the findings.

Data gathering and reviewing

Additionally, the survey and interviews were combined with desk research on sample data from [Nordic9](#) and [PitchBook](#), as well as [Medicon Valley Alliance](#) Reports on Nordic Health. This project has also used previous Nordic Innovation reports on Nordic Health Tech.

Report scope and limitations

This report aims to understand better how investors perceive the Nordic Health Tech sector. Just like any study, we must acknowledge certain constraints that limit the broadness of our analysis, subsequently impacting the applicability of our findings. To provide clarity on the scope of this report, we've outlined some limitations that should be taken into consideration when utilizing its insights for decision-making:

- **Diverse Ecosystem:** The Nordic Health Tech landscape is teeming with diverse stakeholders. This report specifically centers on the perspective of investors. However, it's crucial to recognize that other stakeholders may influence our findings, even though they aren't addressed within this study.
- **Representation Disparity:** Our research uncovered disparities in the representation of different investor groups. This bias in data may either favor overrepresented groups or yield insufficient data for underrepresented ones, making it challenging to derive robust conclusions.
 - Overrepresented: Early Stage Investors, Nordic Investors, Generalist investors
 - Underrepresented: International Investors, Specialist Health Tech investors, and Investors who do not typically invest in healthcare.
- **Definition Variability:** Health Tech and its sub sectors lack a standardized definition. This means that different respondents may provide varying answers, even if they essentially refer to the same concept.

3. Summary

3.1 General findings

Investments in Nordic Health Tech. Nordic Health Tech has undergone a dynamic investment journey, attracting nearly 7 billion USD in investments to date since 2019, and growing by 92% compared to pre-pandemic levels. 2021 received a historic level of venture investments although, since then, investments have seen a correction of 30–50% as the market adjusted post-pandemic. Within the broader Nordic venture landscape, Health Tech's share shifted from 16% in 2019 to 9% in 2022, as overall investments in Nordic Venture have grown faster than investments in Nordic Health Tech. Nevertheless, Nordic Health Tech ranks among the top 5 Nordic sector with most investments and maintains a substantial presence on the European stage, representing 15% of European Health Tech investments and over 2% of European Venture investments. Geographically, Sweden and Denmark continue to dominate, attracting 70–80% of Health Tech investments, while all Nordic countries experienced growth in the aftermath of COVID-19.

Investor approach in Nordic Health Tech. The survey findings indicate a robust 64% of investors actively engaged in Nordic Health Tech with at least one investment in the field in the last 5 years, reflecting a growing interest. These investors divided into Generalists (69%), Thematic investors (14%), and Specialists (17%), often possess health-related backgrounds (80%), mostly related to prior work experience in the field (70%). They favor early-stage and tend to invest into Health Tech companies based in their same country, limiting cross-border investments. Key criteria when assessing investments include team quality, a proven market demand, and the strength of the IP. Most investors saw returns exceeding 1x from investments done in the last 5 years and anticipate increasing allocations due to the sector growth and relevance, despite current market challenges. Most investors believe M&A is the most viable option to exit Nordic Health Tech deals.

- *By type of investors, Generalist* tend to invest broadly among Health Tech sub-sectors, while specialist investors concentrate their investments among Digital Health, Med Tech and Bio Tech. Generalist are sourcing companies from entrepreneur networks, other investors, and startup inquiries mainly. While specialist are sourcing mainly from Universities & TTOs, incubators and other investors. Most specialist are very likely to lead an investment round in Health Tech and co-invest with other health specialist and professional investors. While generalist are not very likely to lead a Health Tech deal and tend to

co-invest with angels and preferably with other co-investors with expertise in health.

- *By investor location*, Finnish and Icelandic investors are investing more broadly in Health, with investors betting equally in most sub sectors. Norwegian and Swedish investors are mostly focusing on Digital Health and MedTech. While Danish investors are predominantly investing in Digital Health.

Main barriers to invest in Nordic Health Tech. Over 36% of surveyed investors, despite having a mandate for Nordic Health Tech investments, have yet to engage in the sector. The primary barrier for 57% of these non-investors is the difficulty in finding suitable opportunities, attributed to limited access to high-quality deal flow or not encountering the right company. An additional 14% highlight extended development and approval timelines as a major hurdle, impacting time-to-market and capital requirements. Other noteworthy barriers include the absence of networks in the Nordics to co-invest with (10%), insufficient health knowledge (5%), and concerns about the attractiveness of the exit market for these companies (5%). Investors currently involved in Nordic Health Tech underscore the significance of prior health knowledge, particularly in BioTech and Life Science investments. Digital Health and Consumer Health also require expertise, especially according to specialist investors, while opinions vary regarding Med Tech.

Investment risk in Nordic Health Tech. Investors in Nordic Health Tech identify several key risks, including extended sales cycles for B2B and B2G models, prolonged time to market and revenue, and a shortage of follow-on capital hampering company growth. Public healthcare system dominance poses another challenge. Generalist investors note a lack of specialized co-investors, while specialists highlight small, fragmented markets and insufficient clinical validation. Non-Health Tech investors perceive market regulations and a scarcity of high-quality deal flow as risks. Investors also point out weaknesses in Nordic Health Tech founders, primarily their constrained access to capital, limited understanding of target customers (especially health corporations and public entities), deficiencies in commercial and communication skills, a penchant for small markets, team-building challenges, and a lack of growth-oriented mindset.

Perceived level of available funding for Nordic Health Tech companies. Investor perceptions of available funding for Nordic Health Tech companies vary significantly based on investor type and sub-sector. Overall, 62% rate funding as average, but active investors tend to be more critical, with 31% believing it's below average. When it comes to stage, most investors perceive there is the right amount of funding for health tech companies at the pre-seed and seed stages, however they see a lack of funding at later stages. Especially at the growth stage (pre-IPO), where almost half of the investors interviewed perceive that there are below

average levels of funding. Most sub-sectors are viewed as adequately funded, except for BioTech, which is seen as underfunded. Investors in each country have also different perceptions of the level of available funding for their local companies. Norwegians, Swedes and Fins perceive their companies to be receiving less funding than average. While Icelanders believe their companies to actually be receiving the right amount of funding, and the Danes indicate that the available funding for Danish companies is above average.

Opportunities and Strengths of Nordic Health Tech Ecosystem: Investors highlight key strengths in the Nordic Health Tech ecosystem, including quality education, specialized talent, strong healthcare systems, government support, and IP generation, with specialists noting the quality of the deal flow. Most investors pointed out Digital Health and BioTech and Life Science as the most promising sub-sectors in Nordic Health Tech. Each Nordic country has their own most promising sub-sectors, with BioTech in Norway, MedTech in Sweden, Digital Health in Denmark, and multiple sectors in Finland and Iceland. Unanimous agreement centers on AI and healthcare automation as the most impactful trends in the next 5 to 10 years, alongside trends like remote monitoring, precision medicine, digital therapeutics, and the integration of health data into apps, with mentions of robotics and data privacy and ethics trends, albeit to a lesser extent.

3.2 General recommendations

Recommendations to reduce risks and increase investments in Nordic Health Tech

Reducing Time to Market and Sales Cycles:

- **Establish More Local Testbeds:** Create additional opportunities for Nordic health tech companies to gain early clinical evidence and validation, enabling faster market entry and sales. (e.g., Meru Health in Finland).
- **Streamline Public Procurement:** Improve public sector engagement and procurement processes with local and national health providers to facilitate quicker adoption of health tech solutions. (e.g., DFØ in Norway).

Expanding Market Reach:

- **Foster Nordic-US Market Expansion:** Facilitate Nordic health tech companies in establishing themselves in the US market to attract capital from US investors, recognizing it as a prime market for health tech growth and investment.

- Support companies in Go-To-Market Strategy development and implementation: Support Nordic Health Tech founders developing sound go-to-market strategies targeting markets with high growth potential and in helping them to successfully establish their companies in new markets and attract capital from investors in those markets.

Enhancing Investor Expertise:

- Develop Health Tech Angel Investors: Encourage health professionals to become angel investors, boosting both capital and expertise within the Nordic Health Tech ecosystem.
- Attract STEM Graduates: Engage STEM graduates and PhDs, particularly those with backgrounds in medicine, biology, or chemistry, to join the venture industry as industry experts, advisors, angels, or venture partners.
- Support Generalist Investors: Provide education and training for generalist investors interested in health tech investing, promoting co-investments with health specialists.
- Promote Thematic Health Tech Investors: Encourage more active investors in Nordic Health Tech to become thematic investors, focusing on health tech for increased specialization and investment activity.

Enhancing Access to Investment Opportunities:

- Strengthen University Connections: Forge stronger links between universities and technology transfer offices (TTOs) with the broader Nordic investor community to expand access to health tech deal flow.
- Cultivate Health Tech Angel Networks: Develop health tech-focused angel investors and networks to facilitate co-investment opportunities with generalist investors.
- Create Investor Arenas: Establish platforms for local Nordic investors, non-Nordic and non-Health Tech investors to connect with active investors and health tech companies in the Nordic Health Tech ecosystem.

Addressing Capital and Exit Challenges:

- Foster Corporate-Startup Collaboration: Encourage greater engagement of Nordic health corporates with the health tech ecosystem to improve the exit landscape, promoting partnerships and acquisitions.
- Support Capital Raising: Assist Nordic Health Tech companies in raising capital from European and international investors, showcasing successful stories for inspiration.

- Engage Diverse Investors: Involve Pension Funds, Family Offices, and Corporate Venture funds in Nordic health tech investments to bridge the funding gap, especially in later-stage rounds.
- Mobilize State Investors: Encourage Nordic state investors to allocate more capital into Nordic health tech, supporting later-stage companies and co-investing with other investors or funds.

4. Nordic Health Tech

4.1 State of Nordic Health Tech

The current state of Health Tech in the Nordic region portrays a landscape marked by dynamic innovation, promising potential, and strategic investment. Renowned for their robust technological infrastructure, advanced healthcare systems, and a culture of innovation, the Nordic countries have positioned themselves at the forefront of the global Health Tech arena.

Across the Nordics, digital health solutions, medical technology (medtech), biotechnology (biotech), and consumer health innovations converge to form a multifaceted ecosystem. This ecosystem is characterized by a vibrant mix of startups, established companies, research institutions, and government initiatives, all contributing to the rapid advancement of Health Tech. It has a long history that includes some of the titans within the industry such as the Danish Novo Nordisk (est. 1923), the #2 biotech company in the world with a market cap of almost half a trillion dollars, and Genmab (est. 1999), the Swedish Sobi (est. 1939), and the Finnish Orion Corp. (est. 1917). Denmark is the 5th highest exporter of life science on a per capita basis in the world while Sweden ranks 10th.

This is supported by a strong education system in the various disciplines of health sciences. The Swedish Karolinska Institute is ranked 7th in the world in Life Science & Medicine by Faculty. The Medicon Valley region which includes Eastern Denmark and Southern Sweden is considered to be top 5 in the world for research in Biochemistry Molecular Biology, and Clinical Neurology as well as the top 10 in another seven health-related fields.^[1]

This furthers the Nordic region's reputation as a hub for life sciences and technology innovation has translated into a rich pool of talent, expertise, and collaborative networks. These leading universities and research institutions play a pivotal role in nurturing the next generation of Health Tech pioneers, while established companies provide a platform for the commercialization of cutting-edge technologies.

1. Mention MedValley report.

The quality of the education allows the region to be an extensive producer of patents in the field. For 2021: Denmark had 699 patents (195 in Pharma, 241 in Biotech top 10 globally, 263 in Medtech), Sweden had 459 patents (133 in Pharma, 72 in Biotech, 254 in Medtech), Finland had 121 patents (34 in Pharma, 24 in Biotech, 63 in Medtech), Norway had 90 patents (34 in Pharma, 24 in Biotech, 32 in Medtech) and Iceland had 42 patents (18 in Pharma, 2 in Biotech, 22 in Medtech).

The Nordic Health Tech sector also benefits from a supportive regulatory environment and a comprehensive public healthcare system that fosters innovation while ensuring patient safety and data privacy. This combination of robust regulation and innovation-friendly policies has created an environment conducive to the development and adoption of novel Health Tech solutions.

In addition, the region is benefiting from a number of tailwinds that help push the health tech industry forward:

Affluent Region: Nordic countries — Denmark, Finland, Iceland, Norway, and Sweden — are well-positioned to foster growth in the Health Tech industry. The region is affluent, ranking as the tenth-largest economy globally in terms of GDP. This economic prowess, coupled with the region's digital advancement, provides a robust foundation for tech-centric ventures.

Aging Population: As of 2022, an estimated 20% of the Nordic region's population is over 65 years old, a demographic trend that amplifies the need for advanced health solutions and services.^[2] The region has also shown resilience and adaptability in health crisis management, with effective responses to the COVID-19 pandemic.

Universally Available and Equitable Healthcare System: Healthcare in the Nordic countries is universally available and state-covered, offering a cost-efficient and inclusive health model. These countries typically rank highly in life expectancy, reflecting the efficacy of their healthcare systems. For instance, as per the latest OECD data, the average life expectancy in Norway is 82.5 years, with Sweden (82.7 years), Denmark (81 years), Finland (81.7 years), and Iceland (82.9 years) showcasing similar trends.^[3]

Extensive Health Data Records: The Nordic countries have some of the most comprehensive health data registers globally.^[4] These registers contain information on patient demographics, diagnoses, treatments, and outcomes, which are collected consistently across the entire population. They are a valuable resource for medical research and a crucial asset for developing.

2. [The population of the Nordic region](#)

3. [The OECD Better Life Index](#)

4. [The Potential of Nordic Health Data](#)

AI and data-driven solutions in health tech: The ability to use these extensive registers for research purposes, combined with the region's robust digital infrastructure and high levels of digital literacy, positions the Nordic countries at the forefront of health tech innovation. It opens opportunities for developing personalized medicine, improving diagnostics, and tailoring treatment plans based on comprehensive, real-world data. In addition to this, the Nordic countries have strong legal frameworks in place to protect patient privacy and regulate data usage, ensuring that this data can be used responsibly and ethically.

High Digital Literacy Level: According to the Digital Economy and Society Index (DESI) 2022, all Nordic countries ranked within the top 10 in terms of digital performance, reflecting their populations' high level of digital skills and engagement. With such a high digital literacy level of a population, the Nordic region shows promising potential for the successful integration of digital health solutions into everyday healthcare practices.

Robust Ecosystem: There are world-class industry clusters in the region such as "Medicon Valley" in Denmark and Southern Sweden which is one of the leading life science clusters in Europe, housing a vibrant ecosystem of startups, established companies, and research institutions.

While the Nordic Health Tech landscape is undoubtedly thriving, challenges and opportunities coexist. The sector's growth potential is countered by barriers such as access to sufficient funding beyond the seed stage, the need for specialized investors with deep Health Tech knowledge, and the complexity of navigating regulatory frameworks. This report aims to unpack some of the investment barriers within the Nordic HealthTech ecosystem by talking to investors and understanding their perspectives on the industry.

4.2 Defining Health Tech

Firstly, we shall define the term Health Tech in the context of this report. The definition of HealthTech often includes a broad spectrum of multidisciplinary fields and technologies aimed at improving healthcare delivery, accessibility, efficiency, and outcomes. The meaning of the term often varies based on the context and the scope of inclusion.

For example, the World Health Organization defines health technology as "the application of organized knowledge and skills in the form of devices, medicines, vaccines, procedures and systems developed to solve a health problem and improve quality of lives".^[5] This definition is more encompassing, allowing for traditional and well-established medical practices.

5. (World Health Organization. (2011). Health technology. In: World Health Organization.

On the other hand, some industry experts tend to have a more narrow view. According to Dr. Patricia Mechael, a health tech pioneer, "Health technology or digital health involves the use of digital information, data, and communication technologies to improve health care delivery, patient care, medical research, and community health outcomes".^[6]

In our view, to assess overall investor sentiment of the sector, a broader definition that also includes life sciences would be beneficial. Life sciences with their subdomains such as biotechnology, pharmaceuticals, biomedical technologies, life systems technologies, and medical devices play a huge role in health innovation and therefore, for the purpose of this report, a more encompassing definition of health tech is used. Health Tech, inclusive of life sciences, is the interdisciplinary field leveraging technology, digital information, and life sciences, including biotechnology and other biological discoveries, to innovate and enhance healthcare services, delivery, research, and outcomes. This definition not only encapsulates digital health solutions but also includes the application of biological discoveries, which are critical in fields like drug discovery, genomics, and personalized medicine.

Within the scope of this report, we broke down Health Tech into four subsectors: Biotech, Medtech, Digital Health, and Consumer Health. Internally the following high-level definitions were created to facilitate communication however there is an understanding that any participant in the study would use their own definition that could be equivalent to a lesser or greater extent so differentiation between subsectors might differ.

BioTech: The creation of new technologies and products through Biological or Chemical processes. These are generally therapeutics that leverage some combination of small molecules, biologics, cell therapies, immunotherapies, and genetics amongst other biochemical processes.

MedTech: The creation of medical devices for the screening and diagnostics or treatment of medical issues. This could include things like cancer diagnostics devices, diabetes monitoring systems, or new materials for hip replacements.

Digital Health: The creation of products or technology that help digitalize the medical industry. They are often business-to-business solutions that help hospitals, doctors' offices, and imaging centers run their organizations in better and more efficient ways. Some examples include telehealth, AI to manage doctor workflows, and systems to manage patient records.

6. (Mechael, P. (2019). The evolution of digital health: from mHealth to artificial intelligence. In: Journal of Public Health and Emergency. 3: 20. doi: 10.21037/jphe.2019.09.01)

Consumer Health: Any technology or product that targets consumers directly without going through traditional medical industry distribution channels (doctors, hospitals, etc.). These solutions often help consumers take greater control over their own health by democratizing access to personal health data. It can include things like personalized genetic testing ([23andMe](#)) or wearables ([Oura](#)) amongst others.

4.3 Current Investment Landscape^[7]

Since the year 2020, Nordic Health Tech has emerged as a significant player in the global venture capital landscape. As of September 2023, the industry has attracted almost 7 billion USD in investments since 2019, experiencing an overall growth of 92% in venture investments, according to data from Nordic9.

Nordic Health Tech, in particular, witnessed a historic year in 2021, when over 2,2 billion USD of investments were poured into it. 2021 was a historic year for global Health Tech companies that benefited from an increased public and private awareness of the importance sector due to the consequences of the COVID-19 crisis. In the US, almost 40 billion USD in investments were registered for the sector in 2021,^[8] while in Europe, the number reached over 15 billion USD.

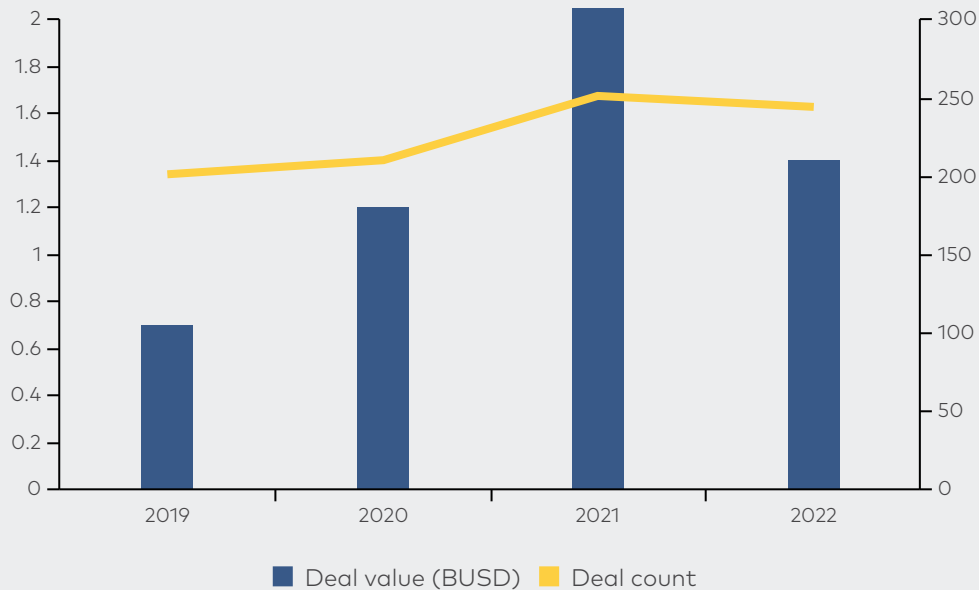
Since 2021, investments in the space have experienced a significant decline, which many explain as a natural “market correction” of the venture market after a decade of low interest rates and a global pandemic. Health Tech in 2022 experienced higher investments than pre-COVID times, however significantly lower than 2021 numbers, with investments 35% down in the Nordic region, 31% down in the US, and 25% down in Europe.

7. All data from [Nordic9](#)

8. <https://www2.deloitte.com/us/en/insights/industry/health-care/healthcare-technology-trends.html>

Investments in Nordic Health Tech

Source: Nordic9



Nordic Health Tech's Share of Total Venture Investments^[9]

The Nordic Venture Ecosystem is on an upward trajectory, marked by substantial growth. From 2019 to 2022, investments in Nordic Ventures for all sectors, have surged by a remarkable 244%, culminating in a total of 17.4 billion USD in investments in 2021.

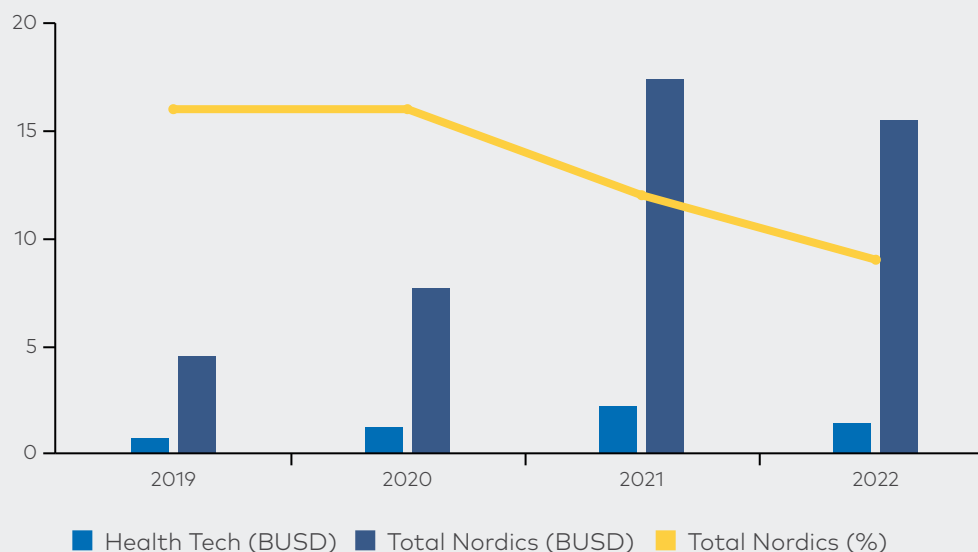
In order to understand the relevance and weight of the Nordic Health Tech landscape, we have to compare it with the overall Nordic Venture sector. While Health Tech is one of the fastest-growing sectors in the Nordics, the pace of investments over the same period, 2019 to 2022, has been comparatively slower, registering at 92%. This means, that even though Nordic Health Tech has experienced a significant increase in investments and the sector is enjoying an increased visibility in the Nordic venture landscape, unfortunately, it is not growing at the same pace as other emerging Nordic industries, such as Energy or Manufacturing, which is leading to a reduction in Health Tech's overall share within the Nordic investment landscape, declining from 16% in 2019 to 9% in 2022.

On a European level, investments into Nordic Health Tech represent almost 15% of all Health Tech investments in Europe, and over 2% of all investments into European Venture.

9. All data from [Nordic9](#)

Share of Nordic Health Tech investments over total investments in Nordic Venture

Source: Nordic9



Country-Specific Insights in venture investments^[10]

The investment landscape for Nordic Health Tech also looks very different for each Nordic country. Within the Nordic region, Sweden and Denmark emerge as the primary beneficiaries of Health Tech investments, consistently receiving 70–80% of the total funding. This is not surprising, as both countries have Health and Life Science industries with decades of development, research, and investments. On average, of all total investments in Nordic Health Tech, 40% go to Sweden, 35% to Denmark, 11% to Norway, 9% to Finland and 5% to Iceland.

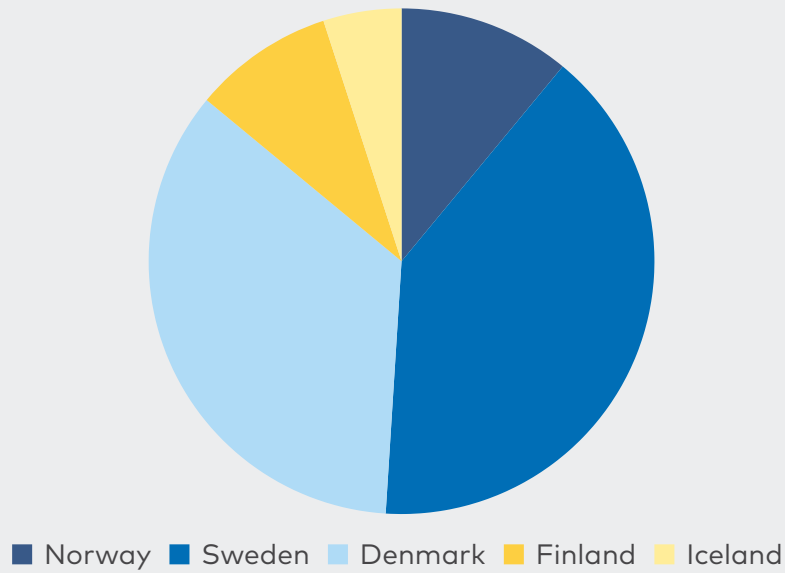
All countries have experienced growth in Health Tech investments. The COVID-19 pandemic acted as a catalyst for increased investments across all Nordic countries in their Health Tech sectors. From 2019 to 2021, Norway experienced an impressive growth of 184%, Sweden led the pack with a remarkable 500% growth during the same period, Denmark showed substantial growth at 182%, Finland experienced moderate growth at 15% and Iceland surprisingly saw a significant uptick of 63%.

However, from 2021 all Nordic countries have observed a reduction of 30–50% in Health Tech investments, except for Iceland, which saw an astonishing 154% growth in 2022 compared to the previous year. For 2023, it is expected Nordic Health Tech investments to moderately increase from 2022 numbers.

10. All data from [Nordic9](#)

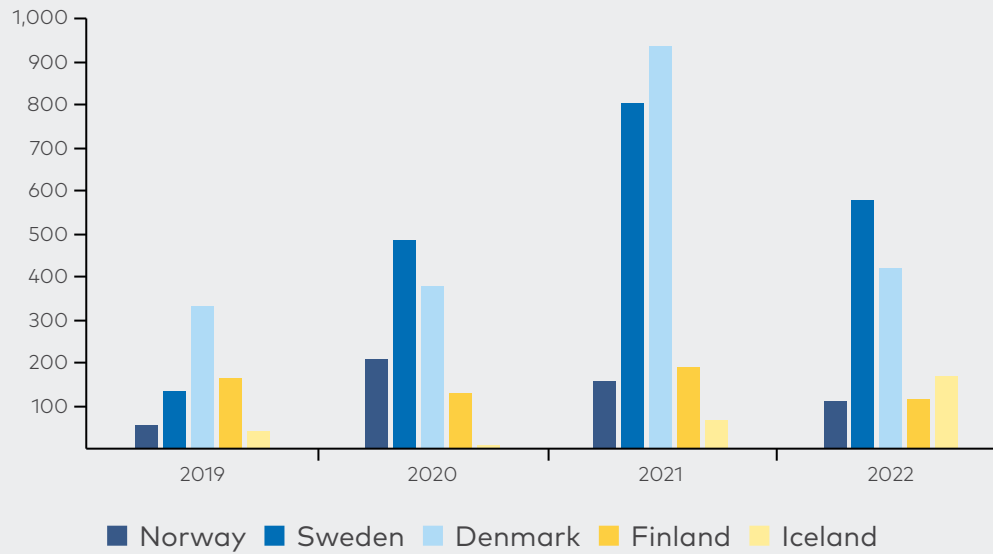
% of Nordic Health Tech investments by country

Source: Nordic9



Investments in Health Tech by country (MUSD)

Source: Nordic9



5. Investor approaches in Nordic Health Tech

5.1 Investors with investments in Nordic Health Tech

The first step of our analysis is to better understand the investors already engaged in the Health Tech sector in the Nordics which in this report we defined as those with *at least one previous investment in this space done in the last 3 years*. Time frame in this context is important, as we understand that an investor that did a deal in Health Tech more than 3 years ago cannot be considered an engaged or active investor in the space.

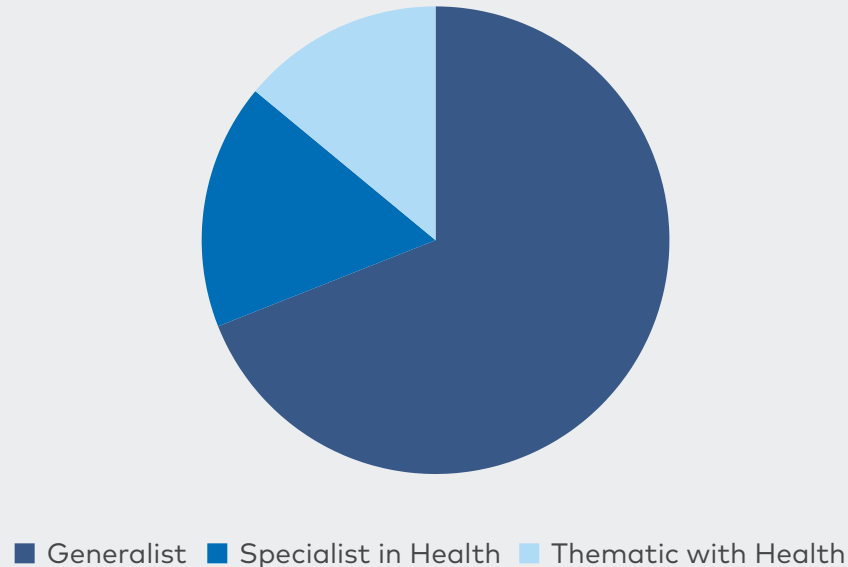
Based on the data gathered from these 80 investors, the aim of the section below is to understand further what a typical investor in Nordic Health Tech looks like. In particular, to understand further their level of knowledge and expertise in Health, their investment patterns, preferences and strategies when investing in Nordic Health Tech and their historical returns and their future investment expectations for the industry.

Three types of Health Tech Investors

From the survey analysis and the mapping of the investors investing in Nordic Health Tech, we have been able to identify three main types of Health Tech investors:

1. Generalist investor, with one or more investments in a Nordic Health Tech company
2. Thematic investor, with a focus on Health Tech
3. Specialist investors in one or more sub-sectors within Health Tech

Types of investors in Nordic Health Tech (% survey responses)



Generalist investors are those private or institutional investors that either have a broad investment mandate, meaning that could invest in any relevant sector or theme, or that do not have a mandate at all. In the survey, almost 70% of the investors investing in Nordic Health Tech fall into the category of generalist investors. Examples of these investors include for example [Alliance Venture](#) in Norway, [Spintop Ventures](#) in Sweden, and [Frumtak Ventures](#) in Iceland.

Thematic investors are those investors that have a more narrow scope or focus for their investments, and that tend to focus on a few sectors, themes, or technologies to invest in. As the Venture Ecosystem evolves and new players come in, private and institutional investors choose to narrow their focus, from generalist investors to thematic investors, to win a competitive advantage and to dedicate time and resources to the sectors more relevant to them. In the survey, almost 15% of the investors fell into the category of Thematic investors with a focus on Health. Examples of these investors include for example [People Ventures](#) in Denmark, [Innovestor](#) in Finland or [Farvatn Family Office](#) in Norway.

Finally, **Specialist investors** are those investors with a higher expertise, knowledge, or specialization of one or few specific fields, and are in those areas where they focus the majority of their investments. In particular, Specialist Health investors are those investors, private and institutional, that solely invest in Health and its

adjacent sub-sectors. Specialist Health investors can choose to invest broadly in Healthcare, investing in everything from Digital Health software to Med Tech hardware, or focus on one or more of the Health Tech sub-sectors, for example, investing only in Life Science. In the survey, a bit less than 20% of the investors fell into the category of Specialist Health investors. Examples of these investors include [Hadean Ventures](#) in Norway and [Novo Nordisk](#) in Denmark.

It is both surprising and encouraging to witness such a high turnout of generalist investors actively investing and involved in Nordic Health Tech. This observation underscores the fact that the health sector, often perceived as niche, actually possesses a broader appeal. Such active participation of generalist investors suggests that the Health Tech sector's potential is increasingly being recognized beyond specialized circles, hinting at its growing significance in the larger investment ecosystem.

The distinction between generalist investors, thematic with Health, and specialists in health, will be used in the report to assess better the different investor perspectives in Nordic Health, to understand better the different investment patterns between generalist and specialist investors investing in Health, and to identify concrete actions to support generalist investors increase their investments, knowledge, and exposure into Nordic Health Tech companies.

Even though specialist and thematic investors represent a small portion of the investors interviewed (over 30% of the survey respondents taken together), we consider that their perspectives provide great insights to a better understanding of investor practices in Nordic Health Tech and we estimate a data sample of 20–25 health tech focused investors to be sufficient and representative of the current Health tech investor landscape investing in Nordic Health Tech.

Investor background in Health

Lack of health education or expertise is believed to be one of the main barriers for investors to invest in Health Tech. Furthermore, there exists a general belief in the Nordic Health Tech ecosystem that there is a lack of specialized investors in health tech. In order to start addressing some of these assumptions, we wanted to understand first if investors investing in the field had any background related to health.

Overall, the results of the survey show that over 80% of the investors that are currently investing in health, 64 out of the 80 investors with at least one investment in Nordic Health Tech, have some sort of background in Health. Either by completing a degree in a Health-related domain or by having previously worked in the field.

Education background in Health. More concretely, the data shows that over half of the investors investing in Nordic Health tech have a formal education in health tech-related disciplines like Biology, Chemistry, Medicine, and Nutrition. Among those however, only a small fraction of the fraction has advanced degrees such as a Doctorate Degree or Post Doc (6% and 2% of the total, respectively).

Educational background in health does differ between generalist and specialist investors. Specialist investors are by nature more likely to have an educational background in health compared to generalist investors (60% of the specialists, compared to 50% of the generalists). Furthermore, specialist investors are also much more likely to have advanced degree levels in the field, such as Ph.D. and post-doc. (20% of specialists compared to 5% of generalists). Such a distinction implies that when it comes to accessing the top end of domain-specific knowledge, especially in nuanced scientific areas, specialist investors hold a distinct advantage over other health tech sector investors. This could also explain why specialist investors are more likely to invest in health tech companies with science-driven products or services (see section 5.1.3).

Professional Experience in Health. When it comes to prior professional work experience in health-related fields, overall, most investors investing in Nordic Health Tech have some sort of previous professional experience related to health (almost 70%). Among these investors, the most likely professional prior experiences are: 1) Working as a Health Tech investor (30% of respondents), 2) Working as a corporate manager in the field of Health (28% of respondents) 3) Working as a founder or employee in a Health startup (24% of respondents).

Professional experience does not differ that much between generalist and specialist investors. Specialist investors are equally likely to have prior professional experience in health, and this experience tends to also be related to working as health investors, as managers in a Health corporation, or as employees in Health startups. The only main difference is that specialist investors investing in Nordic Health Tech are more likely to also have prior experience from working in academic settings in the field of health or from working as medical doctors or clinical professionals (30% of specialist investors indicated an academic or medical professional background, compared to 10% of the generalist investors)

The fact that investors in Nordic Health Tech come from various educational backgrounds and career experiences shows that there are many different paths a typical investor in Nordic Health Tech could take before entering the world of health tech investment. Interestingly, no matter their background, it appears that at least in the Nordic Venture Ecosystem, investors' real-world experience in the healthcare field often is more relevant than their formal education in health-related subjects. This could mean that more corporate or startup employees in the field of Health

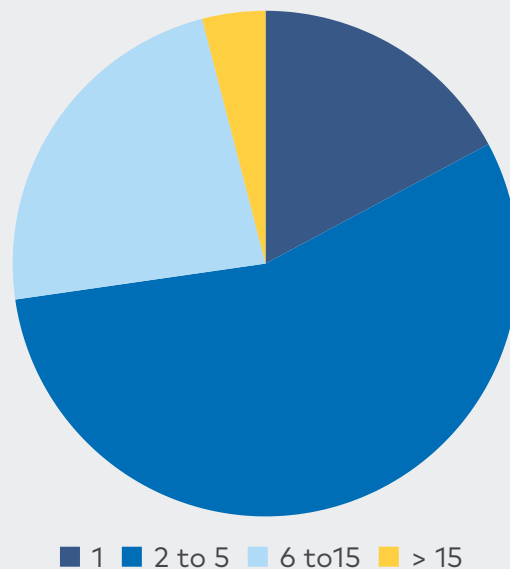
could aspire to become angels and Venture Capitalists in Nordic Health Tech. Or that many more generalist investors can become Health Tech investors with the right training, practice and support.

Furthermore, the survey findings might also indicate that the Nordics could benefit from a stronger connection between the Health Tech ecosystem and the academic institutions and professional healthcare organizations. As Health innovation evolves, specifically in the fields of life science and biotech, there will be an increased need of deeply specialised health tech investors. And therefore, more scientific graduates, academics, and medical professionals could be incentivized to enter the investment landscape and become specialized health investors.

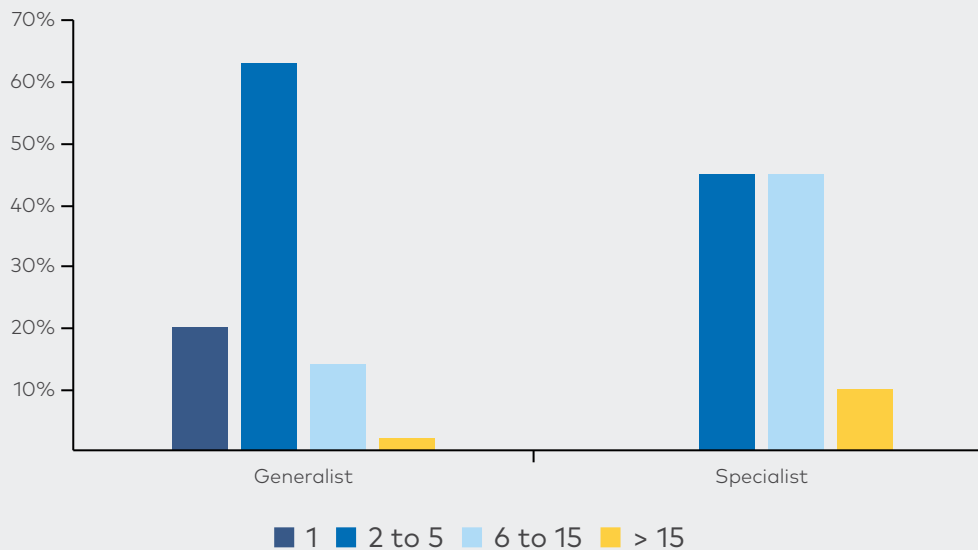
Investment activity and preferences

The next thing this report wants to understand is how active these investors are when investing in Nordic Health, where are they investing, and what are their preferences and main patterns when investing in Nordic Health Tech.

Frequency of investments in Nordic Health Tech: All investors



Frequency of investments in Nordic Health Tech: Generalist vs Specialists



Frequency of investments

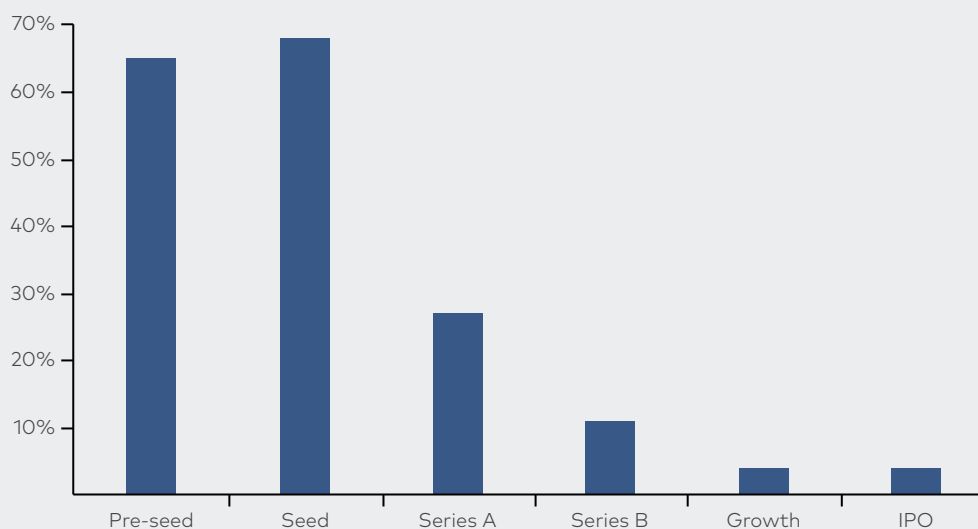
Overall, more than half of the investors have completed 2–5 deals in Nordic Health Tech over the last 3 years, translating roughly into one investment a year.

Between generalists and specialists, the differences in activity are quite significant. Generalists tend to invest less often in Nordic Health Tech compared to specialist investors. While over 80% of generalist investors have invested in more than one Nordic Health Tech company, less than 15% of them have invested in more than 5 in the last 3 years. A generalist investor would not typically invest in more than one Nordic Health Tech startup a year, and this seems to be a standard practice as generalist investors tend to manage portfolio risk by diversifying their investments across different sectors and trends.

On the other hand, 100% of specialist investors have indicated to have invested in more than one Nordic Health Tech company in the last 3 years and more than 50% of them have invested in more than 5 companies in the same period, which is almost 2 per year. A specialist investor would typically invest in more than one Nordic Health Tech startup a year, however, it would not typically invest in more than 5 a year. Most funds invest in up to 30 companies during a period of 4 to 5 years, making the frequency of investments for specialist investors standard among the general venture practice.

Even though specialist represent less than 20% of the investors part of the survey, their higher transaction frequency underscores their leading position in the ecosystem, as not only industry experts but also as the driving forces that likely shape the investment trends and dynamics within the region. Understanding their investment strategies and preferences becomes therefore key to understanding investment practices and barriers in Nordic Health Tech.

Stage of investments: All investors



Stage of investments

Most investors interviewed in the survey indicated that their preferred stages to invest in Nordic Health Tech was a pre-seed and seed, with almost 70% of the respondents indicating so. This preference for early stage could be explained because of the high representation of angel and early stage VCs in our respondent set and an underrepresentation of later stage investors in the survey data. In any case, these findings could also lead to a possible conclusion that will be later explored in the report and it is that there could be a potential funding gap in the later stages and growth capital for Nordic Health Tech. Point 6.4 looks further into this topic.

Geographical investment distributions

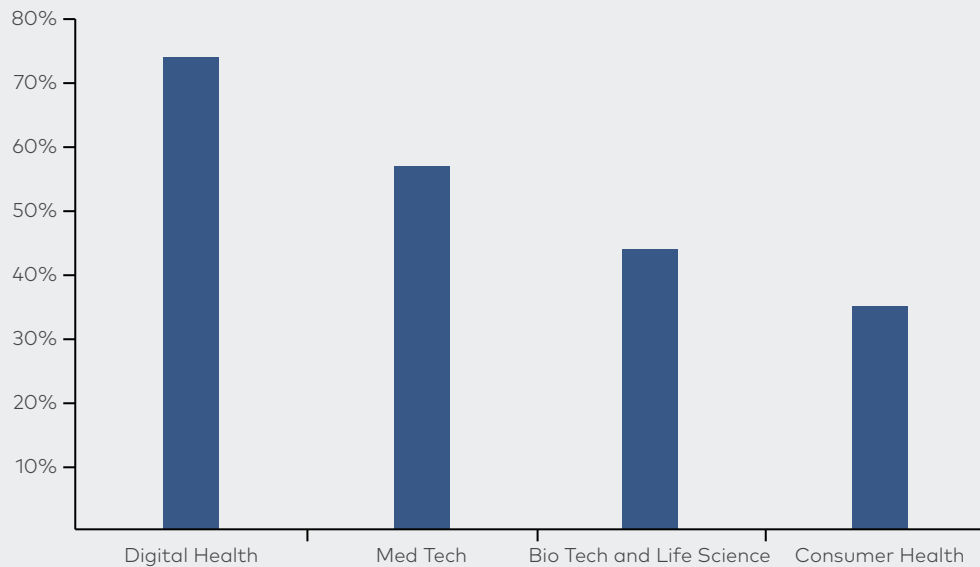
Diving into the geographic distribution of investments, perhaps one of the most significant discoveries of this report is the evidence that there's a clear trend among Nordic health investors: they predominantly back Health Tech firms within their own nation. This is, the report answers found out that more than 90% of Nordic investors are currently investing in their local Health Tech startups, however less than 25% of Nordic investors are investing in Health Tech companies from neighbour countries. For example, the survey showed that 95% of Norwegian investors are investing Norwegian Health Tech startups, while only 5% are investing in Swedish Health Tech startups, for example.

Table: Where are investors investing based on investor location (in percentages % of investors respondents)

Where are investors investing	Where are investors located				
	Norway	Sweden	Denmark	Finland	Iceland
Norway	95%	0%	0%	25%	15,4%
Sweden	5%	93,8%	10%	25%	7,7%
Denmark	5%	12,5%	100%	0%	7,7%
Finland	15%	6,3%	0%	100%	0%
Iceland	5%	0%	0%	0%	92,3%

Some countries are more likely to invest in other Nordic countries than others, as is the case for Finland with a significant proportion of investments in Norway and Sweden. However, these numbers are relatively small to draw any important conclusion. Most importantly, such a domestic focus might be limiting the scope and diversity of opportunities. Encouraging cross-border investments could not only increase the volume of investments in Nordic Health Tech but it could also foster a more interconnected Health Tech ecosystem and a more integrated Nordic capital market.

Sector investment distributions: all investors



Sector investment distributions

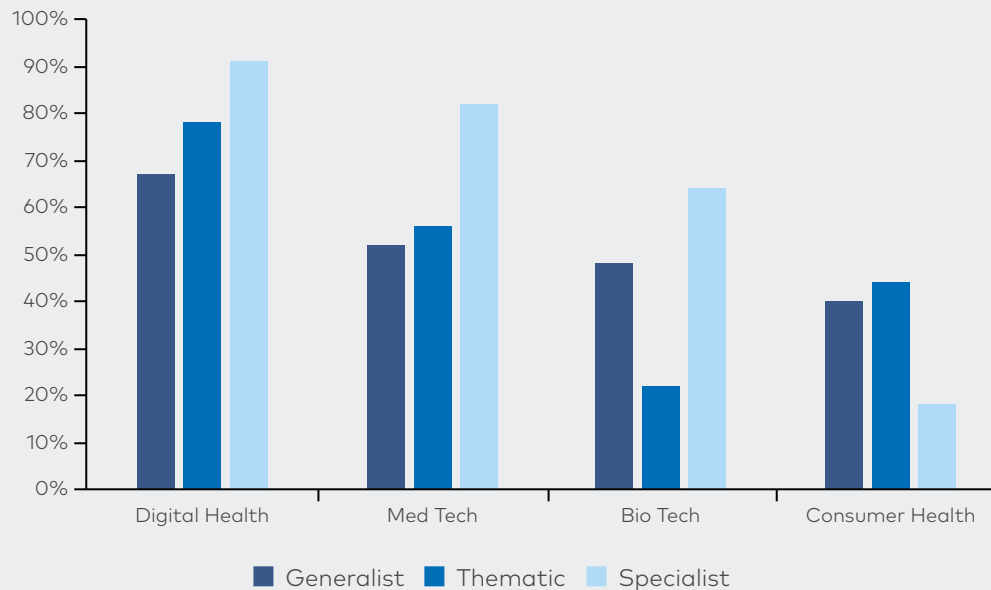
When it comes to sector investment distributions, Digital Health stands out as the sector with most investors investing in it, with almost 80% of investors respondents indicating to have done at least one investment in the sector. On the other side, Consumer Health is the Nordic health sector with the least number of investors investing in it, with over 35% respondents indicating so. Interestingly, almost 60% of the investor respondents have at least one investment in MedTech, revealing a strong interest in MedTech from the investors interviewed. Finally, less than half of investors surveyed have at least one investment in BioTech or Life Science. Later in the report we will explore investor perspectives of each of the health tech sub-sectors.

This report has also found some interesting findings on how Health sector investments are distributed based on the type of investor investing:

Differences by type of investor focus

Specialist investors are more likely to have done prior investments in Digital Health (91%), Med Tech (82%) and BioTech (64%). And are less likely to invest in Consumer Health (18%). Generalist investors and thematic investors are also more likely to invest in Digital Health companies over other types of health sub-sectors, and they have similar approaches towards Med Tech (where over half of them are investing) and Consumer Health (where over 40% are investing).

Sector investments by type of investor

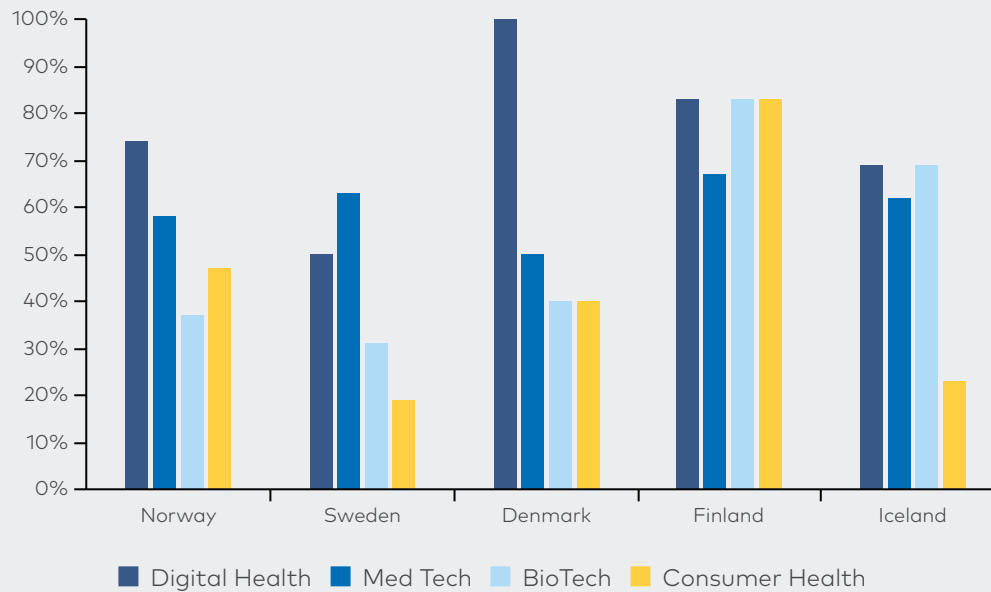


From these findings we can conclude that the main difference between generalist investors and specialist investors is that generalist tend to invest less often and more broadly in Nordic Health Tech, while specialist investors tend to invest more often and more concentrated into Nordic Health Tech, this is, focused into few Health Tech sub-sectors. Furthermore, the main difference between Generalist investors and Thematic investors is that Thematic investors are significantly less likely to invest in BioTech and Life Science. Thematic investors are also less likely to have any educational background in health related fields (almost 60% of the respondents did not have any education in health), and this could be a possible explanation of the finding.

Differences by investor location

From the survey, we found out that Norwegian investors are more likely to invest in digital health (74%), followed by Med Tech (50%), and less likely to invest in Life Science and Biotech (37%). Swedish investors are more likely to invest in Med Tech (63%) and digital health (50%) and are less likely to invest in BioTech and Consumer Health (20–30%). Danish investors are the most likely to invest in Digital Health (100%), followed by Med Tech (50%). Finnish investors are very likely (83%) to be investing in Digital Health, BioTech, and consumer, and a bit less likely to invest in Med Tech (67%). Icelandic investors are equally likely to invest in Digital and Biotech and Med Tech (60–70%), however not very likely to invest in Consumer Health (23%).

Sector investments by investor location



From this overview, there are some elements we can conclude: Finnish and Icelandic investors seem to be investing more broadly in Health, with investors betting equally in most sub sectors. Norwegian and Swedish investors are mostly focusing on Digital Health and MedTech. While Danish investors are predominantly investing in Digital Health.

It is surprising to see from the results of the survey how few investors from Scandinavia, this is Norway, Denmark and Sweden, indicated to be currently investing in BioTech. (And even more surprising for the case of Denmark, with one of the largest BioTech industries in Europe). There is one factor to take into consideration. The survey shows how many investors are investing in each sector, and not necessarily the volume of investments. Taking into account that almost 70% of survey respondents are generalist investors, we can conclude that the BioTech space, at least for Scandinavia, could be concentrated into a few players, responsible for most of the investments in the industry.

Sourcing and evaluating Nordic health tech

Investors invest in good companies and good investment opportunities. In the survey we also asked investors about their main sources of deal flow for Health Tech companies as well as the most important factors for them to evaluate an investment opportunity and decide to invest.

Sources of dealflow. For all investors, there are three main sources of dealflow to get into the right Nordic Health Tech companies: 1) Entrepreneurial networks, meaning founders referring each other (64%) 2) Other investors, meaning investors sharing opportunities (64%) 3) Inbound, meaning good companies reaching out directly to the investors (62%). For specialist investors however, the main source of Health Tech deal flow for them are Universities and Tech Transfer Offices (82%), followed by incubators and accelerators (73%), and other investors in the ecosystem (73%). It is less likely for them that good health tech companies reach out to them directly (50%).

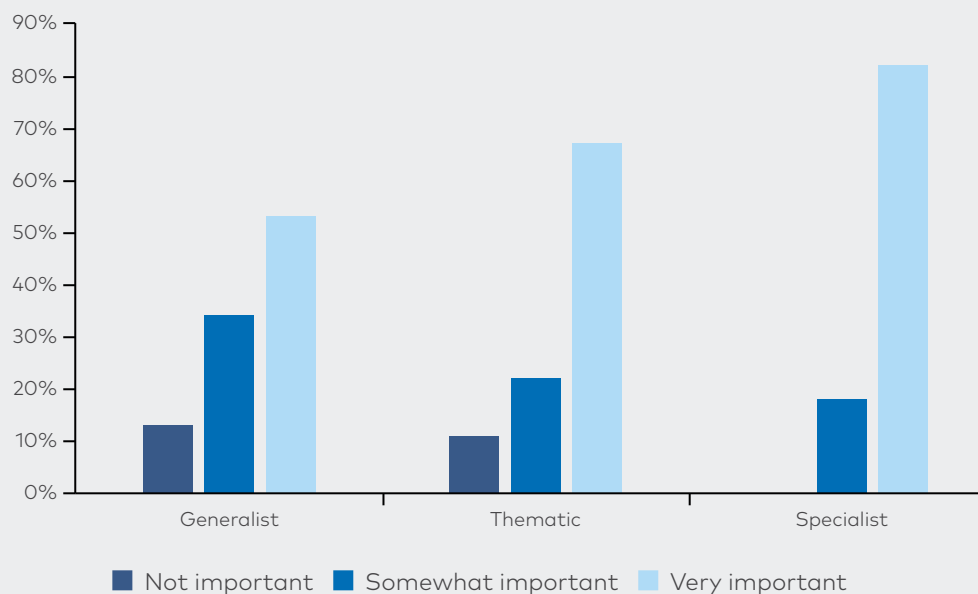
Evaluating Nordic Health Tech. For all investors in the survey, the three most important factors when evaluating a Nordic Health Tech company are: 1) The team (87%), 2) A proven market need (43%), and 3) The strength of the IP or research (35%). Specialist investors also highlight these factors as the three most important when evaluating Nordic Health Tech, however, they slightly reduce the importance of the team (73%) and increase the importance of the market need (64%) and IP research (45%). Thematic investors, on the other hand, besides team (78%) and market need (44%), put more emphasis on the importance of product differentiation (56%) rather than the strength of the IP research (11%).

Importance of science-driven products. Finally, we asked investors how important was for them that the product or service was science-driven in order to invest in a Health Tech deal. Unanimously all types of investors consider it be very important and this consensus among investors increases as the level of specialisation of the investor increases in Health. In other words, the more focused and specialized the investor is in Health, the more important it is for them to invest in science-based products and services. A factor that almost becomes a must for specialist investors in health, with 82% indicating so.

Co-investing in Nordic health tech

We also asked investors about the type of role they would typically take in a Nordic Health Tech deal (lead role v follow role) and who were their most likely co-investors. But before we jump into our findings, it is important to explain what a lead investor is and the role it plays in an investment deal. Lead investors are the investors in a funding round who tend to be the first investors to commit capital to the deal, take responsibility for the due diligence process, and lead the structuring of the terms and negotiations. The job of the lead investors is to prepare the deal and the investment terms in a way that allows other investors to better understand the investment opportunity and make an investment decision, without having to dedicate much time and resources to evaluating the deal.

Importance of science-based products by type of investor



Leading v following: The role of the lead investor is particularly important in Health Tech investment deals, as Health Tech startups often navigate complex regulatory landscapes and their products tend to be scientific based or subject to clinical evidence. A leading investor in this deal would need to properly understand the product value proposition as well as the main investment risks. That is probably why the majority of generalist investors investing in Nordic Health Tech prefer not to lead the investment round (50% indicating they were very unlikely), while specialist investors would in general prefer to lead a round in health tech (with 75% indicating they were likely or somewhat likely). In sum, Specialist investors are more likely to lead a Health Tech deal.

Co-investors: most common types. Specialist investors are also more likely to invest with other professional investors in Health Tech deals, compared to the generalist. The survey shows that health specialists investing in Nordic Health Tech are much more likely to have VC and family office as the most common co-investor type (73%). While generalist investors in health co-invest more often with angels (70%).

Co-investors: health expertise. For the respondents in the survey, co-investing with health experts is a very important factor, especially for specialist investors. The majority of generalist investors (51%) and specialist investors (65%), believe it is very important to co-invest with investors with previous knowledge or expertise in Health Tech. While thematic investors are most likely to believe it is "somewhat" important (56%).

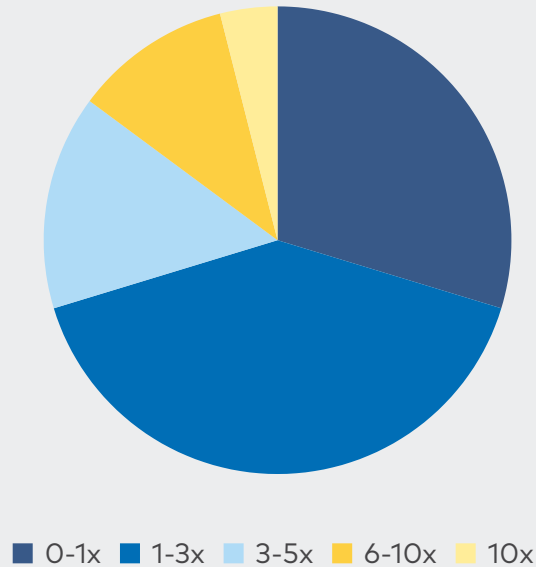
The way these investors prefer to co-invest could hint at the following patterns: Generalists would prefer to co-invest with health specialists, to bring into the deal complementary knowledge and expertise. These specialists tend to be mostly angels. Specialists would prefer to co-invest with other health specialists, as they are more likely to invest in scientific-based products and the need for health expertise becomes more important. And these co-investors tend to be professional investors like VCs and Family Offices. While thematic investors, depending on the type of health company they are investing in, and depending on their specialization, would choose different co-investors. For example, one Swedish investor interviewed who specializes in Medical hardware mentioned that when co-investing into MedTech deals he would prefer to co-invest with generalist investors, who bring software and general tech knowledge that he typically lacks.

Investment performance, liquidity, and future investments

Investors invest ultimately with the expectation of receiving returns from their investments. That is why we thought it important to understand how Nordic Health Tech currently performs in terms of returns, what are investors' expectations when it comes to future returns and liquidity events, and how they see their future investments in the field looking like.

Average Nordic Health Tech returns for the last 5 years. The majority of investors with at least one investment in Nordic Health Tech indicated a current performance above 1x (70%), and a third of them indicated a return above 3x (30%). Returns that are in line with general venture performance, where it is estimated that a third of the companies will not provide returns (<1x), a third will just return the capital invested (1–3x), and the remaining third will provide returns above 3x.

Average returns in Nordic Health Tech (last 5 years)



Expected liquidity. All investors estimate an investment horizon in Health Tech of either 3–6 years (50%), or 7–10 years (48%). Due to the nature of these investors, angels and Family Offices tend to have shorter investment horizons, expecting to exit these deals within 3–6 years. While VCs, considered to be more patient capital, tend to have longer investment horizons for these deals (5 to 10 years). Also, from this survey we can conclude that the most viable exit route for Nordic Health Tech companies is predominantly M&A, with 85% of the investors answering so. Only half of the investors in the survey believe IPOs to be a viable route for this type of company (52%).

Predictions on future returns: It is positive to see that most investors in the survey expect the returns of their investments into Nordic health tech to increase, 75% indicating so, while the remaining 25% believe the returns will stay the same. The main reasons why investors believe their returns will increase are that 1) They see the Nordic Health Tech market as a growing and more mature ecosystem 2) That is attracting more customers, more investors and more acquisitions into it, increasing the overall market activity 3) And that is providing more and better quality deal flow. The main reason why a quarter of the investors expect their returns on their investments not to change in the near future is because of the current poor market sentiment in the venture markets in general.

Predictions on future investments: Half of investors currently investing in Nordic Health Tech expect to increase their allocations into the asset class. While the other 40% estimate they will continue the same level of allocations, and over 10% will

decrease their future investments. The main reasons why half of the investors will increase their investments in the asset class are because they see 1) An increased relevance of the sector 2) Increasing investment opportunities 3) That the Health Tech market is evolving and is more mature and 4) More and more relevant technological breakthroughs happening in the health tech field. The main reasons why the other half will continue the same level of allocations: 1) Capital is more expensive 2) Still complex regulations in the health sector 3) Companies take too long to market and to generate revenue 4) They still need to see more exits in the space and 5) That there still are lot of barriers for the health tech sector to grow.

5.2 Investors without previous investments in Nordic Health Tech

Now that we fairly understand who the investors are already engaged in the Health Tech sector in the Nordics and how they are investing, the next step is to try to understand why other investors are not investing in Nordic Health Tech yet, and what would trigger them to start investing.

From the survey, over 40 of the 120 investors that participated, indicated that they have not yet made an investment in a Nordic Health Tech company, of which over half were based in the Nordics and the rest were non-Nordic investors. Most interestingly, 90% of these investors indicated that even though they do not have investments in Nordic Health Tech companies, they do have an investment mandate or focus that would allow them to do so.

Main barriers to invest in Nordic Health Tech. For 57%, the main barrier to investing in Nordic Health Tech is finding good investment opportunities, indicating that they either do not have access to quality health tech dealflow, or that they haven't found the right company yet. Another 14% mentioned that the main barrier to investment in these types of companies is the length of development and approvals, how long it takes for these companies to market and to generate revenue, and therefore how capital intensive these companies tend to be. Other important barriers mentioned by these investors include: the lack of networks in the Nordics or other Nordic countries (10%), lack of enough health knowledge and expertise (5%), or the lack of attractive exit markets for these types of companies (and that Nordic Health Tech companies go public too early) (5%).

Reasons they would consider investing in Nordic Health Tech. Still, despite the challenges, 67% of these investors expressed they would be interested in investing in Nordic Health Tech in the near future. When we asked them why, these were some of the answers: 1) "The Nordics is the region in Europe with most emerging startups in BioTech", 2) "The Nordic region provides good elements to produce good health tech companies: good policies and attitude towards health, good science, smart people, many grants and many state organizations investing in the space", 3)

"Health Tech is by far the most important sector for the future, there is a big potential", 4) "We are seeing more and more quality deal flow coming from the region and want to benefit from the opportunity."

What would make them invest in Nordic Health Tech. Nearly all of them (96%) are waiting for the right investment opportunity. Many (54%) would start investing in the space if they could team up with experienced investors in the field, ideally also present in the region. These investors would also be more prone to invest if they would see more technological breakthroughs happening in the space (50%) and if the sector could produce more successful exits and case studies (31%). Finally, a third of the respondents would also start investing if they could increase their knowledge and expertise in the field.

Where are they most likely to do their first Nordic Health Tech investment. We also asked non-Nordic health tech investors what a first investment in Nordic health tech would look like. In terms of sector, most of them (60%) would start by investing in Digital Health. In terms of company location, a third of them (30%) see Finland as the most likely country they would start looking into to make their first investment in the industry. And in terms of business model, most of them would prefer to invest in Health tech companies with B2B (83%) or SaaS (66%) business models.

6. Investor perspectives in Nordic Health Tech

Besides analysing the type of investors investing in Nordic Health Tech, their preferred investment patterns and their barriers to invest, a core component of this report is to better understand their perception on some key topics related to investing in Nordic Health Tech companies.

In particular this section focuses on 5 key areas: 1) Main investment risks related to investing in Nordic Health Tech 2) The perceived need of previous knowledge and expertise in health to be able to invest in Health Tech 3) The main strength of the Nordic Health Tech ecosystem, the level of innovation and entrepreneurship and the public and private engagement in it 4) The level of funding available for Nordic Health Tech companies 5) The main trends affecting the sector.

Perceptions are in essence opinions and therefore we do not consider these findings to be conclusive on the general performance of Nordic Health Tech. However, investor perceptions allow us to capture the general feeling on how Nordic Health Tech is performing and the areas investors believe could be improved.

6.1 On investment risks for Nordic Health Tech

We asked investors what were in their views the main risk associated with investing in Health Tech companies in the Nordic region. Unanimously, for both generalist and specialist investors, as well as active investors and not active investors, the answer was the same: Long sales cycles is the main investment risk for this type of companies. This is, the fact that these companies take a longer time to market and to start generating revenues, and that mostly rely on B2B and B2G business models.

Other important risks indicated by both generalist and specialist investors is that Nordic Health Tech investments might lack follow-on capital. In other words, for these types of companies there might not be enough investors and capital at later stages of the company growth that can ensure the company to successfully reach the market and start generating revenue. In section 6.4 we expand on the investor perception of available funding for Nordic Health Tech companies.

Furthermore, the fact that the Healthcare sector in the Nordics is predominantly public, is also indicated as a risk factor for active investors in the field. Sectors that are heavily regulated and with a large state presence, like for example education, are in general less attractive for private investors.

Finally, it is worth noting that perceived risk in Health Tech varies based on the investor you ask. Generalist investors would also mention that there is a lack of specialised co-investors to invest with. Specialists mention that the Nordic region has small and fragmented markets not optimal for ambitious Health tech companies, who should rather focus on larger markets like the US market. And non-Health Tech investors consider the market regulations, the need for clinical validations and the lack of current quality deal flow as the main risk associated with investing in this sector.

Table: Perceived investment risks associated with Nordic Health Tech by type of investor

<i>Risk, sector level</i>	All investors	Specialists	Not invested yet
1	Long sales cycle	Long sales cycle	Long sales cycle
2	Lack of follow on capital	Lack of follow on capital	Market regulation risk
3	Dominance of public sector	Small and fragmented markets	Clinical validation risk
4	Lack of specialized co-investors	Dominance of public sector	Lack of quality deal flow

We also asked investors what were in their views the main and most common weaknesses for Nordic Health Tech founders. Here the answers were not so unanimous. However, all investors, generalist, specialist and non-health tech investors, agreed that one of the main weaknesses for these founders was their lack of access to capital. Furthermore, other main weaknesses highlighted by these investors were the founders' insufficient customer understanding, related to lack of experience in working and selling to health corporations and public entities, as well as end patients and individuals.

Other perceived founder weaknesses are that they lack commercial and communication skills to be able to draft a compelling investment opportunity to investors. That they lack a growth mindset and are mostly targeting small markets, probably focusing in one or few of the Nordic countries. That they are unable to build teams, either because there is not such available talent in the region or that these companies are not competitive enough to attract top talent.

There are many things that can be done to address or reduce the perceived risks in investing in Nordic Health Tech that could ultimately attract more investments in the field. We will use section 7 to make some recommendations on this topic.

Table: Perceived weaknesses of Nordic Health Tech founders by type of investor

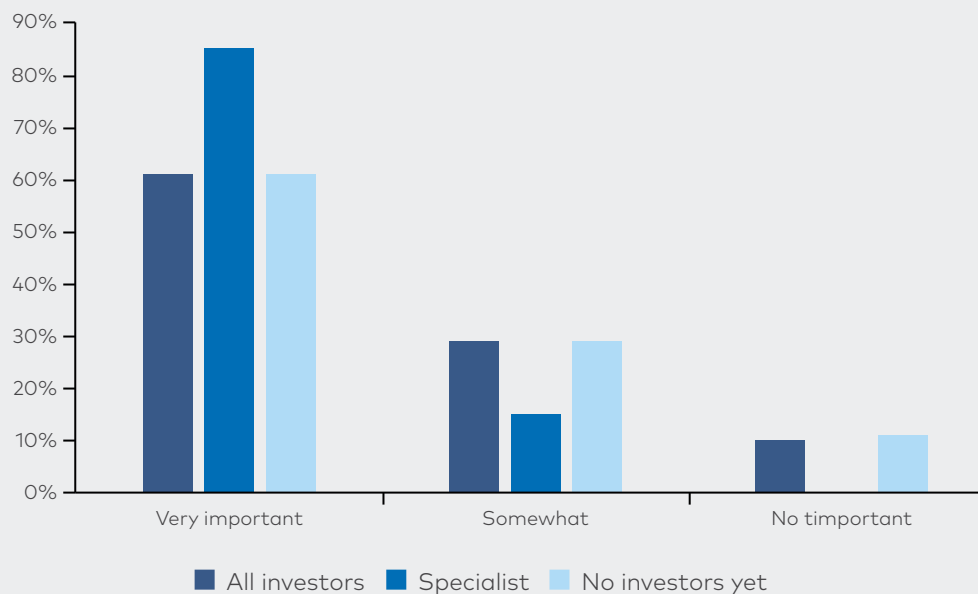
<i>Risk, company level</i>	All investors	Specialists	Not invested yet
1	Insufficient customer understanding	Lack of access to capital	Lack of growth mindset
2	Poor commercial skills	Insufficient customer understanding	Lack of access to capital
3	Targeting small markets	Unable to build teams	Targeting small markets
4	Lack of access to capital	Targeting small markets	Poor commercial skills

6.2 On the need of health knowledge and expertise

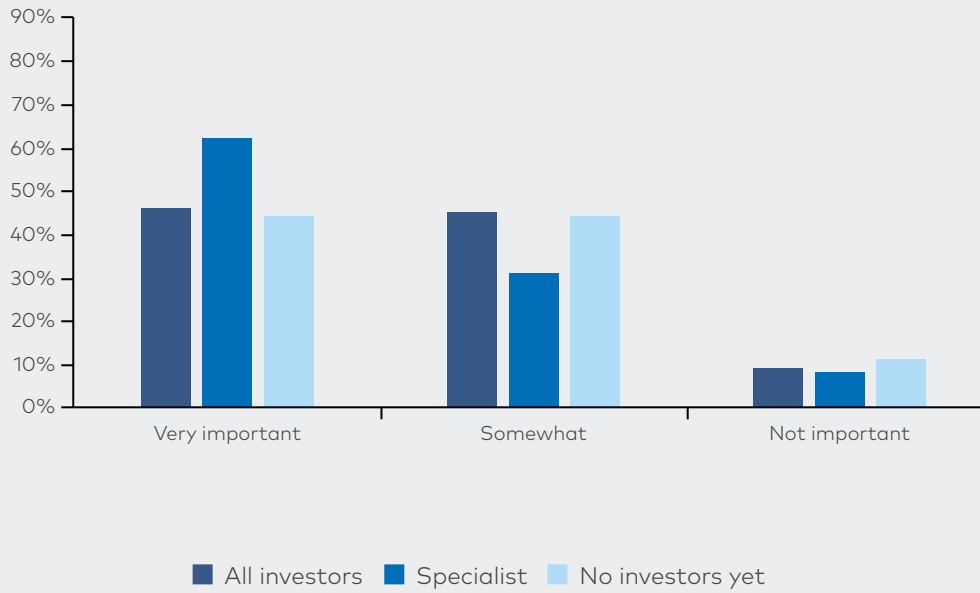
Another area where we wanted to get investor's perspective, was on the importance or unimportance of having prior health knowledge and expertise in order to invest in Health Tech. The obvious answer for this question is that: it depends. Different levels of knowledge and expertise is recommended from investors in the field depending on the Health sub-sector you want to invest in.

Overall, all investors agree that if you want to invest in BioTech and Life Science it is very important to have prior knowledge or expertise in the field. And this is specially important for specialist investors, with 85% answering so. Furthermore, all investors agree that it is somewhat important to have some knowledge and expertise in Health if you want to be investing in Digital Health and Consumer Health, emphasized again by specialist investors that answered 85% so for each category. Finally, for Med Tech, the opinion is more divided. More than half of the specialists believe it is very important (62%), while generalist and non-Health investors are split between very important and somewhat important. This report suggests listening to the experts, the specialist investors, where there seems to be a more unified consensus on the health expertise recommended for each health sub-category.

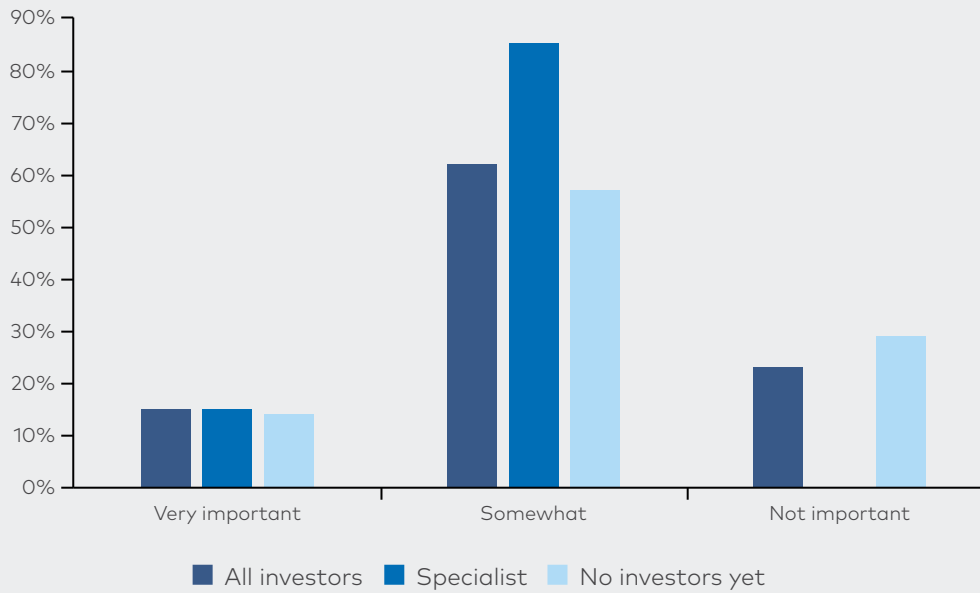
BioTech & Life Science



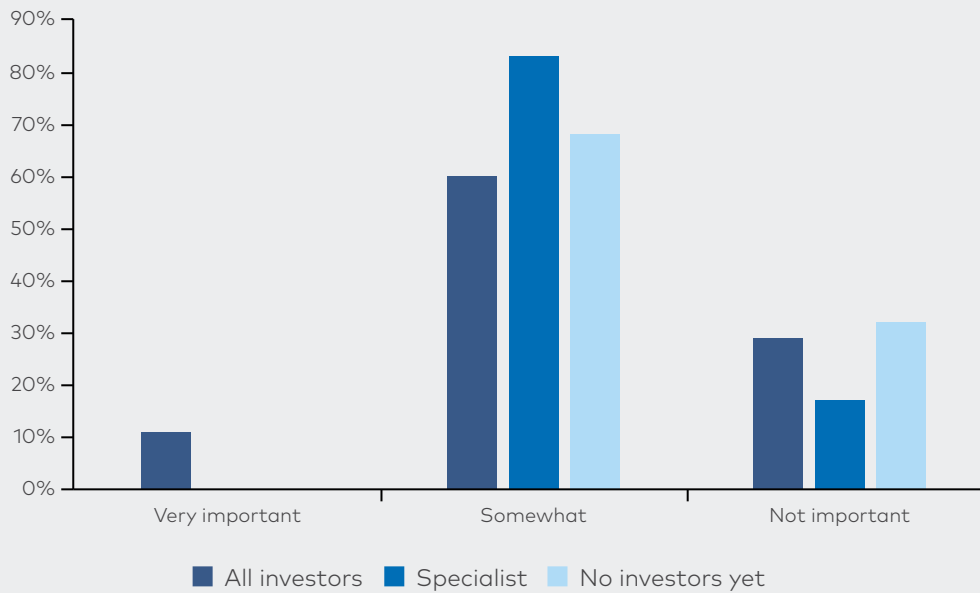
Med Tech



Digital Health



Consumer Health

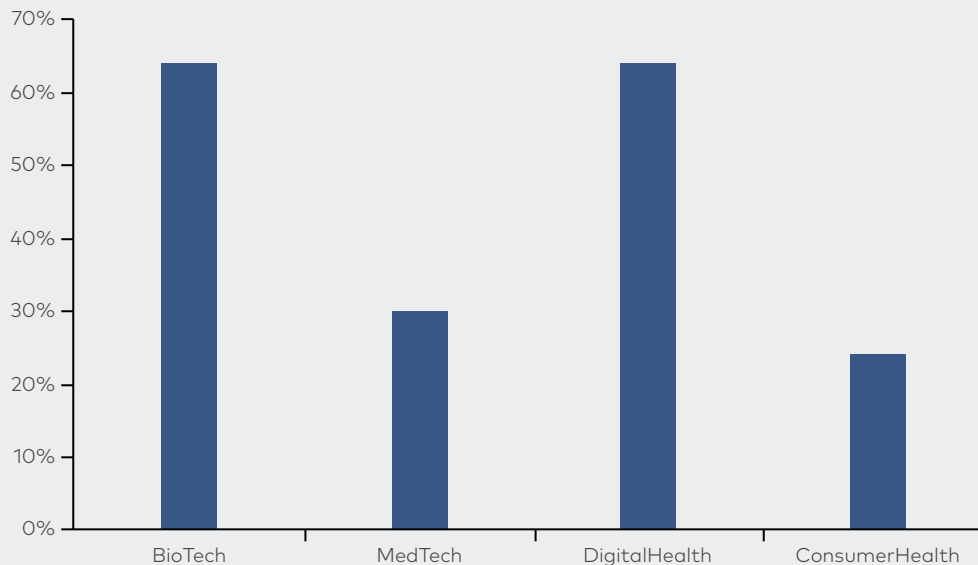


6.3 On the Nordic Health Tech Ecosystem

For this report, we also thought it could be interesting to know what is investors general perception on the Nordic Health Tech Ecosystem. What are the most promising sub-sectors in Nordic Health for them, what are the main strengths they see in this ecosystem, and their overall perception on the Nordic Health Tech ecosystem, its level of innovation and entrepreneurship and the public and private engagement in the space.

Most promising sub-sectors. Overall, investors consider that the two most promising sub sectors in the Nordic Health ecosystem are Digital Health and BioTech, with the majority of investors answering so. Here all investors agree, however they do differ in which specific sector is more promising. Specialists consider BioTech and Life Science to be the most promising sector in Nordic Health Tech, while generalist and non-Health investors, rank digital health as the most promising.

Most promising sub-sector: All investors (%)



More relevant are the different answers to this question depending on which Nordic country the investor is located. Norwegian investors point out BioTech and Life Science to be the most promising sector for them (70%). Not surprising, as in June 2023 the Norwegian government announced that the life science industry would become the fourth export industry under the national export program, fostering new exports outside the oil and gas industry.^[11] For Swedish investors it is by far MedTech (82%), an industry with a long presence and a growing influence in the country and with very active medium and large industry players. In Denmark there is unanimity that Digital Health is the most promising Health sector (100%). Denmark has been since 2018 working on a Digital Health strategy^[12] and it is on track to become the leading European hub for testbeds in digital health.^[13] In Iceland, BioTech gets the highest rate (57%), followed closely by Digital Health (50%), as the Icelandic Government increases the support schemes and initiatives for young Icelandic companies in the field.^[14] While in Finland the consensus is that BioTech, Digital Health and Consumer Health are equally promising (67%). Finland has a historic and well position MedTech industry and the survey suggests the Fins are now betting on more areas and technologies within Health, specially in areas such as applied IoT and AI in Health.^[15]

11. <https://www.regjeringen.no/no/aktuelt/helsenaring-valgt-som-neste-nasjonale-eksportfremmesatsing/id2982759/>

12. https://sundhedsdatastyrelsen.dk/da/english/digital_health_solutions/digital_health_strategy

13. <https://investindk.com/set-up-a-business/life-sciences/digital-health>

14. <https://investindk.com/set-up-a-business/life-sciences/digital-health>

Main strengths of the Nordic Health Tech ecosystem. We have many reasons to believe the Nordics enjoy a strong and robust Nordic Health Tech ecosystem. Investors of all types agree that the Nordic Health Tech ecosystem benefits from high-quality education and research institutions and high levels of specialised talent. Furthermore, even though investors think the dominance of the public sector in health could be an investment risk and a burden for Health Tech companies trying to improve Healthcare, they also believe this is a positive factor that makes the Nordic Health Tech Ecosystem stronger compared to other ecosystems. Strong and supportive governmental initiatives focused on improving entrepreneurs' conditions, fostering research and innovation and providing initial capital, are always welcomed and recognised by investors. This could also be linked to the perception that the Nordic ecosystem counts with a strong governmental support for companies and other stakeholders in the space making it a positive environment for company creation and development.

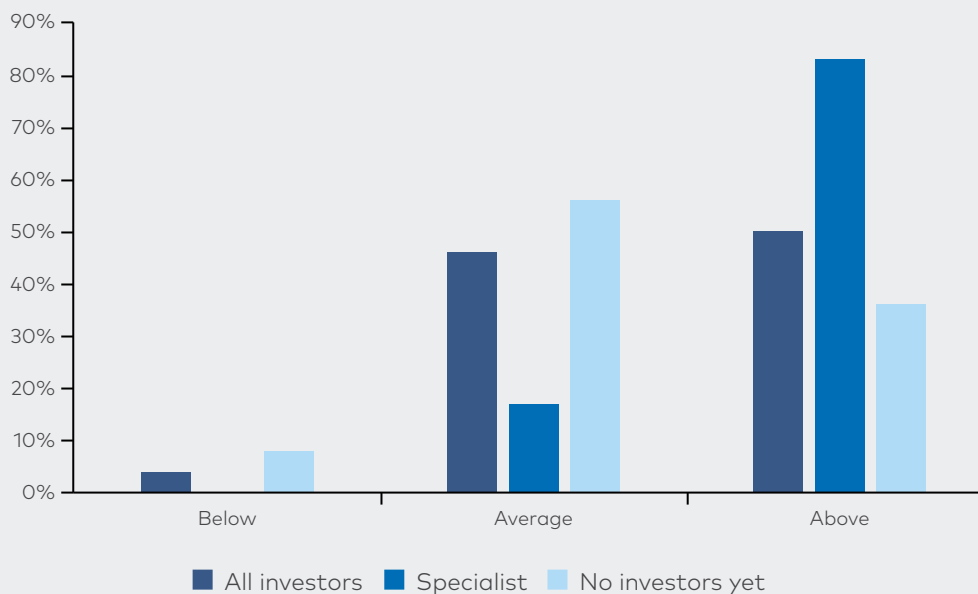
It is worth noting that specialists also highlight two other main strengths of the Nordic Health Tech Ecosystem: the high level of IP produced and the strong quality of deal flow. Something that this report finds very revealing. If specialist investors investing in Nordic Health Tech are excited about the quality of the science and the companies they are investing in, we believe the rest of the investors have many reasons to explore the field and get excited as well.

Table: Perceived main strengths of the Nordic Health Tech Ecosystem by type of investor

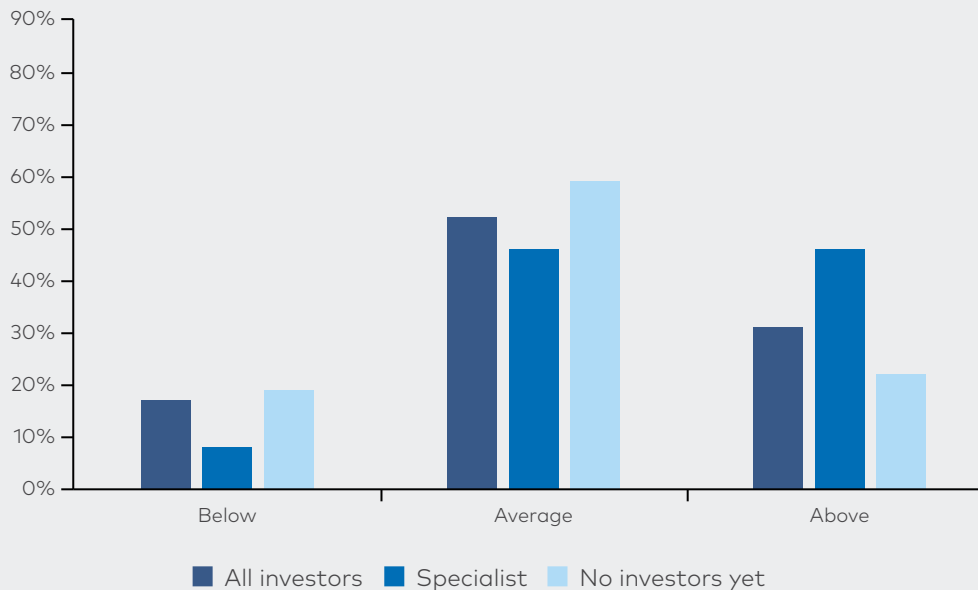
Main strengths	All investors	Specialists	Not invested yet
1	High-quality education and research institutes	High-quality education and research institutes	High level of specialized talent
2	High levels of specialized talent	Strong Health Care System	Strong Health Care System
3	Strong Health Care System	High level of IP produced	High-quality education and research institutes
4	Strong Government Support	Strong quality dealflow	High level of IP produced

Level of entrepreneurship and innovation. Innovation and entrepreneurship are two key factors for any ecosystem to thrive and evolve, and from this survey we can conclude that investors believe that in the Nordic Health Tech ecosystem these two factors are not performing equally well. Overall, generalists and specialists both agree that the level of innovation in the Nordic Health Tech ecosystem is above average compared to other sectors and geographies, specifically specialist, where 83% of them answered so. However, investors are not so excited about the level of entrepreneurship in Nordic Health Tech. Most investors believe entrepreneurship in this sector is average. Findings that could suggest that, if innovation in the space is superior, probably more efforts can be made in the region to support more of this innovation to become commercial products and to encourage the creation of new health tech companies.

Level of innovation

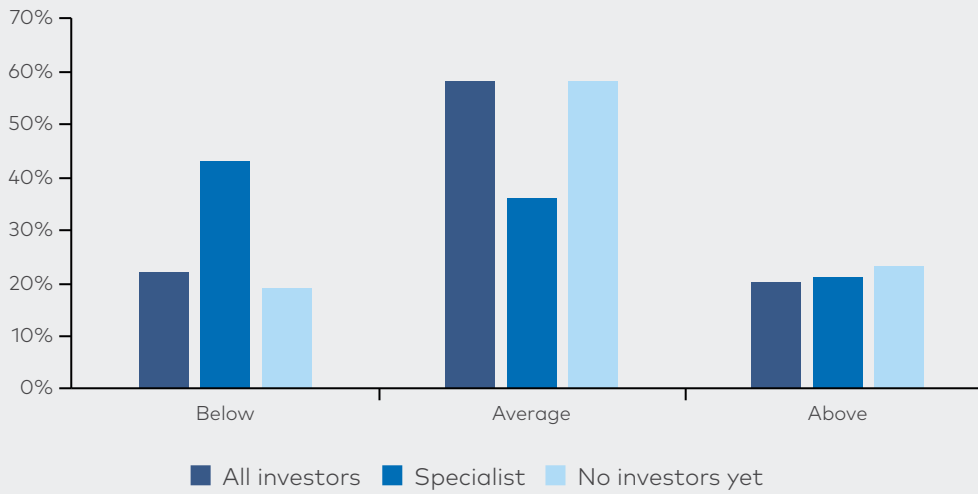


Level of entrepreneurship

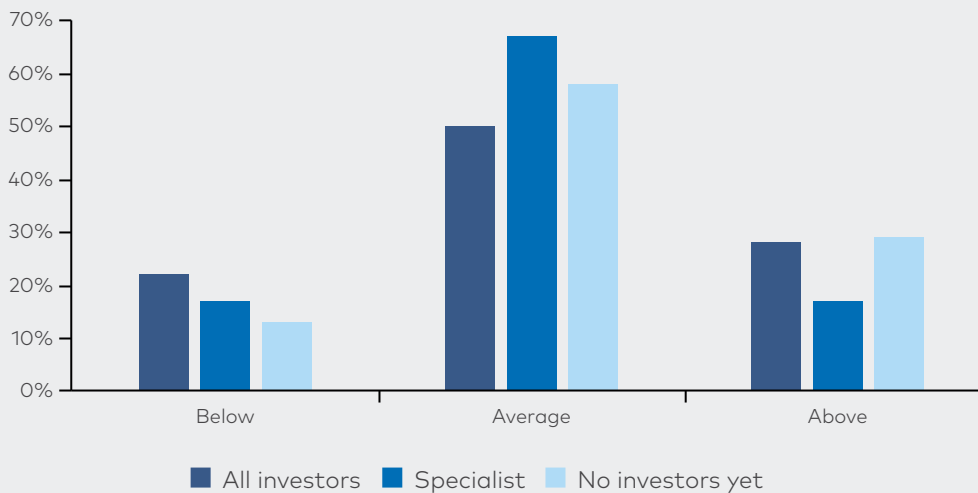


Engagement of corporations and the public sector. Furthermore, a healthy ecosystem needs the engagement of the different stakeholders, the entrepreneurs and investors on the one hand, but also the public sector and large corporations on the other. Overall investors perceive the engagement of corporations and the public sector into Nordic Health as average, compared to other sectors and geographies. Considering the public nature of Healthcare in the Nordics, the findings point out that more can be done to engage further the public sector into the health tech ecosystem and to foster the collaboration between health providers and health startups innovating in the space. More worrying is the fact that the majority of specialist investors believe that the corporate engagement in Nordic Health Tech is below average. Health corporations act as customers to many health startups, and more collaboration and test pilots is key for companies to validate their products, begin commercialisation and capture interest from investors. However, more importantly, health corporates are the most likely acquirers for health startups and the most viable exit route for investors to liquidate their investments in health tech (85% of investors indicating so). For more investments to occur in Nordic Health Tech, many investors would like to see a more dynamic and developed exit landscape for these types of companies. In section 7 we expand further on the importance of better public and corporate engagement into Nordic Health Tech as well as our thoughts and recommendations on how to improve it.

Corporate engagement



Public sector engagement



6.4 On funding for Nordic Health Tech companies

One of the most important goals of this report is to capture investors' perception on the level of funding available to Nordic Health Tech companies and to try to identify if there are significant funding gaps stopping good companies from getting the funding they need.

General perception on funding. Overall investors consider the level of funding for Nordic Health Tech companies to as average (62% answering so). In general investors believe that good Nordic Health Tech companies that deserve funding, that they are receiving the funding they need. However, perceptions drastically change based on who you ask, as well as the stage and sector.

Perception on funding by type of investor. Between investors investing in Nordic Health Tech and investors not investing in it, there is some sort of agreement that the level of funding is average compared to other sectors, however investors active in the field are a bit more pessimistic with 31% indicating the levels to be below average. Between generalist investors and specialists, however, the difference is more significant. A significant group of specialists believe the funding for the sectors is below average (43%), compared to a majority of generalist investors believing that the levels are average (68%).

Perception on funding by type of investor. Between investors investing in Nordic Health Tech and investors not investing in it, there is some sort of agreement that the level of funding is average compared to other sectors, however investors active in the field are a bit more pessimistic with 31% indicating the levels to be below average. Between generalist investors and specialists, however, the difference is more significant. A significant group of specialists believe the funding for the sectors is below average (43%), compared to a majority of generalist investors believing that the levels are average (68%).

Level of funding: Generalists v specialists

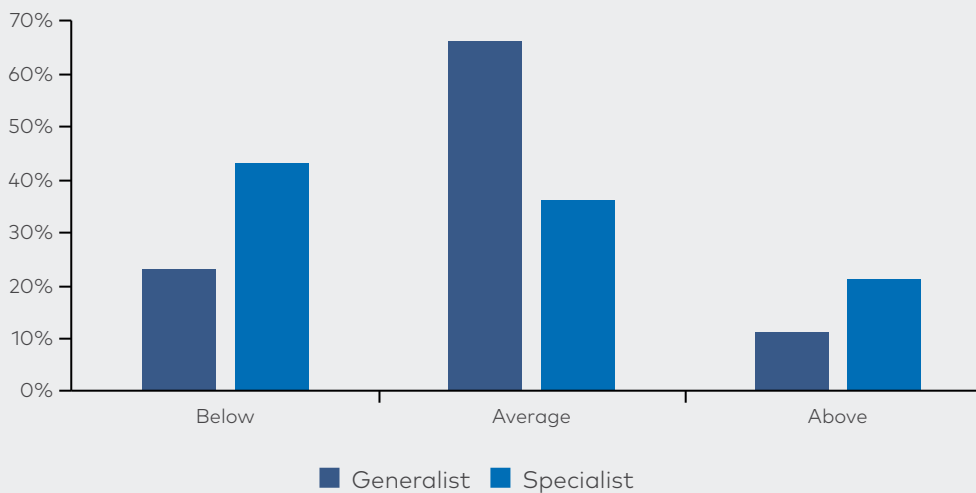


Table: Investor perception of available funding by stage and investor location

(% indicate proportion of investors that answered below average, average or above average for each funding stage)

	Total Nordics	Norway	Sweden	Denmark	Finland	Iceland
Pre-seed & Seed	Average (51%)	Below average (55%)	Below average (40%)	Average (59%) - above average (38%)	Average (50%)	Average (83%)
Series A & B	Average (52%) - below average (42%)	Average (50%) - below average (50%)	Below average (70%)	Average (57%) - below average (43%)	Below average (75%)	Average (68%)
Growth	Below average (56%)	Below average (60%)	Below average (78%)	Average (43%) - below average (43%)	Below average (75%)	Average (58%)
IPO	Average (46%) - below average (37%)	Average (50%)	Above average (50%)	Average (43%) - below average (43%)	Average (75%)	Average (67%)

From the answers in the survey and interviews with local Nordic investors, we also found that perceptions drastically change based on which Nordic country is the investor from. Norwegian investors estimate that the biggest funding gaps for local health tech companies are in the early stages (pre-seed and seed) and in the growth stage. Swedish investors are the most pessimistic, estimating that outside of their IPO market, there is a lack of funding for health tech companies at every stage. Danish investors are very confident about the level of capital available for early stage, but they consider later stage capital for health to be insufficient. This is a similar case for Finnish investors, that while they are satisfied with the level of funding in the early stages and IPO stage, they perceive a big gap of funding at growth and early growth. Icelandic investors are by far the most optimistic, indicating that health tech companies have access to the right amount of capital at every stage of the funding ladder.

Perception on funding for each sector. Overall, investors part of this survey believe that most health sectors are receiving the right amount of funding, with the majority answering so. The exception is BioTech, where in general, the perception is that there is less funding than average for Nordic companies operating in this field. Interestingly, specialist investors have a different view on the available funding for each health sub-sector. Overall specialist investors agree there is enough funding going to Digital Health and that BioTech is receiving less funding on average. However, they also perceive that MedTech companies are receiving less level of funding than average, and more surprisingly, they also believe that Consumer Health is the most underfunded sub sector in Nordic health.

Table: Investor perception of available funding by sub-sector and type of investor (% indicate proportion of investors that answered below average, average or above average for each Health Tech sub-sector)

	All investors	Specialists
Digital Health	Average (62%)	Average (54%)
Med Tech	Average (52%)	Average (46%) - below average (38%)
BioTech	Average (48%) - below average (33%)	Average (36%) - below average (36%)
Consumer Health	Average (63%)	Below average (50%)

Perception on funding for each country. The perceived level of funding going to each Nordic country is actually very different depending on the investor you ask. Overall, there is a general investor perception that Danish and Finnish Health tech companies have available the right amount of funding, with around 65% of all investors stating so. Investors, on the other hand, perceive that Norwegian and specially Icelandic health tech companies are receiving less funding, with 90% perceiving the funding for these companies to be average to below average. And finally, there is a general perception that Swedish health tech companies are receiving more funding than average, with almost 90% of investors believing so.

This report finds it very interesting that few Nordic investors agree with this overall investor perception when you ask them about the perceived level of funding for

their local Health Tech ecosystem. Norwegians, Swedes and Fins are very pessimistic and perceive their companies to be receiving less funding than average. While Icelanders, contrary to what outside investors perceive, they believe their companies to actually be receiving the right amount of funding. Danish investors, on the other hand, not only agree with the general perception that Danish health companies are receiving the right amount of funding, they are also much more optimistic about the level of funding going to these, indicating that is above average.

Table: Investor perception of available funding by country and investor location
 (% indicate proportion of investors that answered below average, average or above average for each Nordic country)

	All Nordic investors	Same country investors
Norway	Average (37%) - below average (49%)	Below average (58%)
Sweden	Average (14%) - above average (45%)	Below average (50%)
Denmark	Average (65%)	Average (60%) - above average (40%)
Finland	Average (64%)	Below average (67%)
Iceland	Below average (50%) - average (48%)	Average (89%)

The Nordic countries have many things in common, however culturally they can be very different. As the findings suggests, investor perceptions on Nordic key challenges are very different based on investor nationality or location, and are a reflection of each Nordic culture and country ecosystem uniqueness.

6.5 On trends affecting the sector

To conclude, we also asked investors to indicate the trends they believe will have the greatest impact on Nordic Health Tech over the next 5 to 10 years. Unanimously all investors, both active and outsiders, and both generalist and specialist indicated AI and the automation of healthcare as the biggest trend that will impact Nordic Health Tech. This underscores a shared belief in the transformative power of AI-driven healthcare solutions, such as AI-assisted diagnostics and predictive analytics, in revolutionizing patient care and clinical processes.

Other important trends that investors agree will impact the Nordic health sector are 1) Remote monitoring and telehealthcare 2) Rise of precision medicine and genomics 3) Digital Therapeutics and behavioral Health.

Table: Investor perception most impactful trends in Nordic Health Tech by type of investor

Main trends	All investors	Specialists	Not invested yet
1	AI and the automation of Healthcare	AI and the automation of Healthcare	AI and the automation of Healthcare
2	Remote monitoring and telehealthcare	Remote monitoring and telehealthcare	Rise of precision medicine and genomics
3	Rise of precision medicine and genomics	Digital Therapeutics and behavioral health	Remote monitoring and telehealthcare
4	Digital Therapeutics and behavioral health	Rise of precision medicine and genomics	Digital Therapeutics and behavioral health
5	Integration of health data into digital apps	Integration of health data into digital apps	Integration of health data into digital apps
6	Robotics	Robotics	Data privacy and ethics

7. Conclusions and recommendations^[16]

The rise of Nordic Health Tech

Nordic Health Tech has experienced a lot of momentum since COVID-19 and has become one of the most important industries for the Nordic Venture Ecosystem. Nordic Health Tech ranks among the top 5 industries in the Nordics that attract the biggest amount of venture capital, together with Energy, Manufacturing, or FinTech. The Health Tech sector has also become a strategic industry for most Nordic countries, with almost all of them having developed national strategic plans to increase entrepreneurship, investments, and exports in health and life science, as the public healthcare systems are struggling to keep up with the cost and demands of an aging population. Investors are aware of the increased growth and relevance of the sector and more and more are choosing to invest and be active players in Nordic Health Tech. Of all the investors interviewed for this report, almost 70% had at least one investment in the space, and over half of those had made 2 to 5 health tech deals in the last 3 years. Nordic Health Tech is attracting both generalist and health specialist investors alike, and most of them are expecting to increase their investments in this asset class, as the Nordic health tech ecosystem grows and matures, and as they see the quality of the companies in the sector to improve.

The rise of the health investor

As of today, and based on the results of the survey, only 30% of the active investors in Nordic Health Tech are considered to be health-focused investors, defined as either thematic investors with a focus on health or health specialist investors. These health-focused investors can be anything from angels, to Family Offices to Venture funds, and they are very important for the Nordic Health Tech ecosystem as they tend to invest more and more often (with 50% investing in almost 2 Nordic health tech companies a year), they are more likely to take the lead investor role in a Health Tech deal, and they invest equally in both high scientific-based sectors, such as BioTech or MedTech and less scientific-based sectors such as Digital Health. As the Nordic Health Tech Ecosystem evolves and new investors enter the space, we predict the number of health-focused investors to increase. In particular, as the

16. The conclusions and recommendations in the section below are based on findings and learnings from the 25 interviews performed with active Nordic Health Tech investors representatives of all Nordic countries, as well as from the overall findings from the survey.

Nordic venture ecosystem becomes more sophisticated and specialised we predict more generalist investors that are currently investing across industries to begin narrowing their investment focus across selected industries, to become more competitive against other investors, and to become more attractive for leading companies in the Nordics. In that line, we predict that more of the generalist investors investing in health and more of the new investors in Nordic health would become thematic investors in health, a group that currently represents less than 15% of Nordic health investors. Innovestor in Finland and People Ventures in Denmark are examples of this new up and coming trend.

Digital Health, where tech and health converge

Digital Health is and will be the favorite and most attractive sector for all types of investors. Currently, 75% of the active investors in Nordic Health Tech, both generalists and specialists, have made at least one investment in the sector in the last 3 and is pointed out by most investors to be one of the most promising sub-sectors in Nordic Health Tech. It is also the most attractive sector for non-Nordic health tech investors considering making a first investment in the space. One of the main reasons for this is that Digital Health, compared to BioTech or MedTech, has lower entry barriers for investors. According to the investors interviewed, it is recommended to have some sort of knowledge and expertise in health if you want to invest in Digital Health, but this is not as important as it is for BioTech or MedTech. Furthermore, Digital Health deals, compared to BioTech or MedTech, tend to require less exhaustive due diligence processes and tend to involve fewer investment risks associated with market regulations and market approvals. Digital health, in its broader definition, is the application of technology to the medical industry. As the name suggests, Digital Health is digitizing healthcare, an industry that many believe is not as digitized as other industries, that is very expensive and that is experiencing a fast and upward demand as the population ages and diseases become more chronic. In that sense, Digital Health is a sector offering infinite investment opportunities that are attractive for both generalist investors and specialist health investors. Digital Health is the sector where tech specialists and health specialists converge.

BioTech and Life Science, a promising sector with many challenges

Biotechnology and Life Science represent an increasingly promising sector in the Nordics, particularly endorsed by specialists, and it has become a strategic national industry for many Nordic countries. The sector, however, currently faces many challenges, such as below average levels of funding, compared to other Nordic

Health Tech sectors, high levels of expertise in health required to invest in, or few active Nordic investors in the field. While it may not yet be the go-to choice for generalist investors, it has captured the attention of niche players, with a substantial 44% of investors interviewed having already ventured into the realm of BioTech, and it is winning the interest from many non-Nordic investors and investors yet to invest in Nordic Health Tech. The Nordic Health Tech ecosystem could benefit from more Health specialist and academics actively involved in the venture industry as health industry experts, advisors or venture partners. Roles that could support generalist investors understand and invest in those types of deals. Also, more co-investments in BioTech could be facilitated and incentivized between specialist and generalist, to allow more players into the field and to remove some of the barriers preventing investors to invest in it.

Consumer Health Tech, an invisible sector where a lot can be done

Consumer Health Tech or health tech products that targets consumers directly without going through traditional medical industry distribution channels, it is as of today a small and irrelevant Health Tech sub-sector for many active investors in the field. Only 35% of investors currently investing in Nordic Health Tech indicated to have at least one investment in the sector, and only 24% of the investors surveyed believed it to be a promising sub-sector in the Nordic Health Tech industry. One of the most famous Nordic Health Tech startups, [Oura ring](#), could be considered a Consumer Health Tech startup, and opposite to most Health Tech companies, it focuses on preventing disease, rather than to cure it, and tends to rely on B2C or B2GC business models, rather than B2B or B2G models. Preventive Healthcare is becoming a more and more relevant sub-sector within Health Tech, and it is particularly relevant for Health Tech authorities and Public buyers, that are trying to understand how to reduce costs and improve efficiency of the Public Healthcare System by empowering the patient and shifting from the sick care system to the preventive care system.^[17] However, from the survey we can conclude that there is either a lack of awareness of the opportunities in the sector or lack of understanding on what Consumer Health is and how is it different from the other sub-sectors, particularly from Digital Health. Furthermore, few investors believe that the integration of health data into digital apps will be one of the main trends impacting Nordic Health Tech, a very important element for the success of these types of companies. For Consumer Health Tech and Preventive Healthcare to fully take off in the Nordic region, many efforts need to be done to level up its relevance with the other Health Tech sub-sectors, and to increase investor awareness of the investment opportunities that the space provides.

17. [Nordic Health 2030 Movement](#)

Strong Health Tech Ecosystem, but lacking a strong capital market

Investors in the survey believe that the Nordic Health Tech Ecosystem possesses many of the ingredients to become a leading ecosystem in the global health tech landscape. Most investors agree that this ecosystem benefits from high-quality education and research institutions, high levels of IP produced, high levels of innovation, a strong healthcare system, and strong governmental support. In other words, investors believe the Nordics have the right infrastructure in place to support the development of the Health Tech ecosystem. However, for an innovation ecosystem to truly thrive, it needs to have three things in place: talent, infrastructure, and capital markets. When it comes to talent, Investors believe that the Nordic Health Tech ecosystem benefits from highly specialized talent, however they do not rank the levels of entrepreneurship to be very high, suggesting that probably more efforts can be made in the region to support more scientific products to become commercial products and to encourage the creation of new health tech companies. When it comes to capital markets, there seems to be a consensus among investors that one of the main risks to investing in Nordic Health tech is the lack of capital for the companies, especially at the growth stages. Many investors believe there is not enough follow-on capital for these companies, therefore investing in the early stages can have the risk that companies are not able to secure further capital to grow, to reach the market, and to start generating revenue. Some investors also indicated that another important risk is that exit strategies for Nordic health tech investments still look very unclear, and they would need to see a better exit landscape for Nordic Health Tech companies before they would consider investing in the space.

Main barriers preventing more investments in Nordic Health Tech

In essence, the Nordic Health Tech ecosystem has the infrastructure in place, the necessary talent, and even the right national strategic policies, however, what is really missing is strong and well-functioning capital markets. Nordic Venture has experienced a significant inflow of capital in the last few years, registering an increase of 250% in venture investments in the period of 2019 to 2022. However, investments in Nordic Health Tech only grew at a 92% rate for the same period, highlighting some subjacent barriers that are preventing capital from flowing into Nordic Health Tech. To understand how to improve capital markets Nordic Health Tech it is important to understand what are the main barriers preventing more investments into the space. Below we state the main barriers to investing in Nordic Health Tech and what investors believe can be done to overcome them.

Health Tech companies, compared to other industries, have longer sales cycles and take longer to market. Most investors indicate that the main risk to investing in Health Tech is how long these companies take to market, how long it takes them to start generating revenue, and how long it takes them to sell to the end customers. Health Tech companies, unlike other companies, address one of the most important human needs, which is health, and because of that, they need to show that their products and services are safe, that they are effective, and that they make a difference in people's lives. Health tech companies, in essence, need to provide robust clinical evidence for their products and services to be able to get to market and for both public and private health providers to be able to trust and purchase their solutions. Furthermore, Health Tech companies, especially in Europe, rely on B2B and B2G2C business models, which by nature involve long and bureaucratic procurement processes that significantly reduce their growth prospects and make them less attractive or suitable for growth capital. A lot can be done to reduce Nordic Health tech companies' time to market and sales cycles and therefore reduce their perceived investment risks. Some investor suggestions include:

1. More local testbeds for Nordic health tech companies to gain the necessary clinical evidence early on to start selling. Meru Health in Finland is a success story. [Meru Health](#) was able to test its solution with the [Finnish Student Health Service](#), which was its first pilot customer, and now it offers its services to the main insurance companies in the US. "We need to offer more test beds for clinical testing at home, and these Nordic test beds should allow for larger tests and pilots. Clinical evidence is the market proof in this industry" says one investor.
2. Better public procurement processes with local and national health providers to improve public sector engagement in the Nordic Health Tech ecosystem, to allow more health organizations to purchase from smaller health suppliers, such as health tech startups, and to speed up the public purchasing process. [DFØ](#) in Norway is an example on how Nordic countries could ensure that the public procurement process has more startup-friendly criteria and that more startups enter into a pilot agreement with the main healthcare providers.

Nordic Health Tech founders, compared to other countries, are not perceived as ambitious enough by investors. Investors, particularly Venture Capital investors, seek certain return targets on their investments, and for that, they need to invest in companies with high growth and high market potential. In that sense, Nordic Health Tech companies that are targeting one or a few Nordic markets for their solutions are not perceived as attractive enough, as these markets, even if addressed together, are still very small to provide outlier returns and they are very fragmented to efficiently enter and grow in each of them. Most investors interviewed for this report indicated that the Nordic countries could work together to support more Nordic health tech companies to establish themselves in the US

and get funding from US investors, as the US health market is considered to be “the single biggest market for health tech companies by far”, pointed out a Finnish investor. One of the investors interviewed used the example of [Oura Ring](#), a Finnish company now valued at 2.5 billion USD, and how pivotal it was for them to successfully establish in the US market, something that also allowed them to attract a lot of funding from US investors. “It is not necessarily easy to successfully establish your company in the US or other highly competitive markets”, explained. That is why investors believe that more can be done on a Nordic level to support Nordic health tech companies in developing sound go-to-market strategies targeting markets with high growth potential and in helping them to successfully establish their companies in new markets and attract capital from investors in those markets.

Health Tech deals require a certain level of knowledge or expertise to invest in and many investors would prefer to invest with health specialist investors. Most investors, and especially health tech investors, believe it is somewhat important to have previous knowledge or experience in health in order to invest in Health Tech. Most investors currently investing in Nordic Health Tech indicated to have some sort of background in health, mostly from previous work experience. And investors not yet invested in the space indicated that they would start investing in the field if they could gain some knowledge or experience. Furthermore, both generalist and specialist investors prefer to co-invest with investors with certain knowledge or expertise in health, and most investors indicated the lack of specialized co-investors in health to be one of the main risks associated with investing in Nordic Health Tech. In this sense, it is clear that more efforts could be made in the Nordic Health Tech investor ecosystem to increase the number of health-specialized investors. Some of the investor’s suggestions include:

1. Supporting more health professionals to become angel investors. 70% of the investors currently investing in Nordic Health Tech gained their expertise from previous work in health corporations, startups and as health investors. More initiatives that attracted and trained health corporate managers, startup founders and employees, researchers, and clinical experts into startup investing would increase overtime capital and health expertise in the Nordic Health Tech ecosystem.
2. Attracting more STEM graduates and PhDs into the venture industry. Particularly with medicine, biology, or chemistry backgrounds. As the Nordic Venture industry becomes more specialized and as scientific research and innovation improves in the Nordic Health Tech ecosystem, there will be an increased need for more STEM PhDs working in the Nordic venture as industry experts, advisors, angels, or venture partners, among many roles. This could be achieved by providing more venture training and education to STEM professionals and by engaging further universities and academia in the Nordic Health Tech ecosystem.

3. Supporting more generalist investors to learn to invest in health tech and co-invest with health specialists. Last but not least, it is also possible to educate and train more generalist investors in health tech investing and to facilitate more co-investments between new investors and experienced health tech investors. A third of investors who are not currently investing in Nordic Health Tech indicated they would start investing if they could increase their knowledge and expertise in the field, and over half indicated they would start investing if they could co-invest with experts in the field. Learning by doing startup investing programs or co-investor networks focused on health tech are some of the initiatives that could support more generalist investors to start investing in health tech.
4. Support more active investors in Nordic Health Tech become thematic investors. Health focused investors invest more often compared to generalist investors. And most active investors in Nordic Health Tech have gained their Health experience by investing in the space. As indicated above, as the Nordic Venture ecosystem evolves and new players come in, investors would be pressured to narrow their focus and limit the number of sectors they want to be active in. More thematic investors in health tech would mean more investments in Nordic Health Tech and more specialised health investors in the Nordics. This could be achieved by working closely with active LPs investing in Nordic funds and by supporting emerging managers in the Nordics develop more focused thesis and investment strategies.

The best Nordic health tech investment opportunities are hard to access. Most investors that have not yet made an investment in Nordic Health Tech indicate the lack of access to good companies in the space as the main barrier. Most of the investments into Nordic health tech are done at a local level, attracting mostly local investors into the deal. Most active investors in the field are mainly sourcing health tech opportunities from proprietary entrepreneurs and investor networks, which are not always visible or easy to access if you are an outsider in Nordic Health Tech. Furthermore, health tech specialists tend to co-invest with other health tech specialists and other professional investors, making these circles even more exclusive and inaccessible for outsiders in the space. In that sense, many generalist investors, angels, or non-Nordic investors find it difficult to access good health tech companies to invest in and are missing out on the best Nordic Health Tech opportunities. The Nordic Health Tech ecosystem could attract more investors in the field by facilitating more co-investment opportunities between different investors and by creating more health tech arenas for outsiders to enter the Nordic Health Tech ecosystem. Some ideas include:

1. To foster better connections between universities and TTOs with the broader Nordic investor community, as mainly specialist investors are looking into these sources for health tech dealflow, and many generalist investors could be missing out on the health innovation produced in these hubs.
2. In line with the previous section, other suggestion would be to support the development of health tech angel investors and angel networks on a Nordic level that could co-invest with generalist investors, as the survey revealed that generalist investors are more likely to co-invest with angels, and they would invest more if they could co-invest with health experts.
3. Finally, to create more investor arenas for non-Nordic investors and non-Health Tech investors to connect with active investors and good companies in the Nordic Health Tech ecosystem, and for Nordic health tech investors to increase their investments beyond their local ecosystems.

Nordic Health Tech investment opportunities lack follow-on capital, present unclear exit strategies and some companies exit too early.

A third of the investors interviewed that currently are not investing in Nordic Health Tech, and even some of the active investors in the field, indicated that the Nordic Health Tech ecosystem lacks enough successful exit stories and that the current exit landscape for Nordic Health Tech is still very unclear and underdeveloped. This is a problem mainly for venture funds, which in order to return the fund and provide returns to their LPs need to invest in companies that can provide large exit scenarios. The Nordic Health Tech ecosystem has seen some significant exits with [Kerecis](#), an Icelandic company being bought at a valuation of 1.3 billion USD, or [Envirotainer](#), a Swedish company being bought at a valuation of 3 billion USD. However, in spite of these outliers, most Nordic Health Tech companies are going public too fast or being bought too early, providing small exit outcomes for their investors, and reducing their attractiveness. We believe exiting too early is not a problem in itself but the consequence of the lack of available capital for Nordic Health tech especially for later-stage rounds. The lack of growth capital is not however a Nordic only or a Health Tech only problem. It is a European-wide problem that affects all companies alike. In spite of this, the Nordic region should take this problem seriously and work together to close the funding gap for Nordic companies and foster a better exit landscape for health tech investments.

1. To improve the exit landscape in Nordic Health tech the main suggestion would be to increase the engagement of Nordic health corporates with the Nordic Health ecosystem. Corporate engagement is perceived as below average by specialist investors, and as explained in point 6.3, corporates are not only prospective customers for health tech startups but are also prospective buyers of these companies. The Nordics should promote better corporate-startup collaboration in the health tech industry that could

incentivize more health corporations to choose to partner with startups for their main challenges rather than trying to develop all their solutions in-house.

To improve access to capital for Nordic Health tech companies at later stages, the main suggestions include:

2. To support Nordic Health Tech companies in their capital raising and in attracting more European and International Health tech investors to invest in the region. Corti, a Danish company, successfully raised 60 MEUR in a Series B round from two international European funds,^[18] providing a relevant success story that could be used for further learning and inspiration to other companies.
3. Engage Pension Funds, Family Offices and Corporate Venture funds in the Nordic region to allocate more capital into Nordic Venture asset class in general and more later stage Nordic companies in particular. These types of investors are risk-averse and prefer to invest in later stages of companies, where the investment risks are lower, making them suitable later stage investors for the most promising Nordic companies.
4. To equip Nordic State investors with direct and indirect investment mandates to close the funding gap in Nordic Health Tech. Nordic state investors could increase the capital available for Nordic health tech companies at a later stage by increasing their allocations and presence in later-stage rounds and therefore co-investing with other local and international investors, or by supporting the development of more later-stage funds with a focus on health acting as cornerstone investors in these funds. Successful examples in the Nordics include Tesi's support to Innovestor Life Science fund^[19] or EIFO's active co-investment with other health tech investors in Danish growth companies.^[20]

We cannot wait to see what the future of Nordic Health Tech will bring to the Nordic population, to the entrepreneurs and startups employees working in the field, and to the present and future investors betting on the most promising products and technologies in the sector. The opportunity for Nordic Health Tech is now and we encourage everyone interested in the topic to become an active contributor to its development and success.

18. [See Techcrunch article](#)

19. <https://tesi.fi/en/news-item/innovestor-launches-health-and-life-science-fund/>

20. <https://kapwatch.dk/nyheder/venturefonde/article15829943.ece>

About this publication

Investor approaches and perspectives on Nordic Health Tech

Understanding barriers and opportunities to increase investments in Nordic Health Tech

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US2023:455

Published: 11/10/2023

Layout: Mette Agger Tang

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