



**MEDICAL ALLEY Q3/2022
VENTURE REPORT**

MEDICAL ALLEY VENTURE REPORT

The Medical Alley Venture Report is a quarterly analysis of investment, M&A and other factors driving growth in Medical Alley — The Global Epicenter of Health Innovation and Care.

If you're leading a startup, managing acquisitions, or looking to invest in one of the world's leading health innovation ecosystem – contact [Filip Kostal](#) or [Kylie Jordan](#).

This report will examine market insights relevant to business stakeholders in Medical Alley and around the world in Q3/2022, including:

- Medical Alley Starts & Global highlights
- Private and public markets activity
- Continued SBIR/STTR funding growth
- Job development in Medical Alley

MEDICAL ALLEY STARTS

Medical Alley Starts is a venture platform to lower the cost of starting, scaling and pivoting new ventures in Medical Alley.

- **A Global Investor Network:** Connecting Startups to investors from pre-seed to growth.
- **Global Corporate Partner Network:** Facilitating partnership, M&A, JVs and other engagements with healthcare's global leaders.
- **Ready Reserve Entrepreneur Volunteers:** A network of experienced entrepreneurs ready to lend their expertise to your venture.
- **The Global Epicenter Campaign:** Connection to MAA's national branding campaign to position Medical Alley as The Global Epicenter of Health Innovation and Care®

MEDICAL ALLEY STARTS – Q3/2022 HIGHLIGHTS

- Continued expansion of investor and corporate development networks.
- Provided **465 services** to **187 companies**, including 132 supplier referrals, 65 peer to peer connections, 62 corporate development connections, and 48 investor introductions. This represented a 20% increase over Q3/2021.
- Hosted Tap the Cash, an event bringing almost 90 startups and investors together.



MEDICAL ALLEY GLOBAL – Q3/2022 HIGHLIGHTS

- Supported 69 global companies.
- Hosted delegations from Austria and the United Kingdom, and a reverse trade mission from Nigeria and Senegal.
- Visited Montreal to engage with Québec accelerator program cohort.



Q3/2022 TAKEAWAYS

The Medical Alley community broke the billion-dollar mark for the fourth year in a row. Almost a half billion was raised in Q3/2022 alone.

In an unstable macroeconomic environment with inflation and interest rates concerns, growth and late-stage deals dominated the fundraising tables. SBIR/STTR grants doubled for the quarter, providing critical early-stage support.

Third quarters are historically down quarters in M&A and public markets capital raises. Medical Alley was no exception, reporting the fewest deals of 2022.

OVER \$1.2 BN RAISED IN 2022

In Q3/2022, companies raised nearly half billion dollars, bringing 2022 over the billion-dollar mark for the year with a quarter to spare.

Medical Alley companies raised \$186 million in private venture funding, and a total of 17 companies reported raising private capital.

For the second straight quarter, biopharma outperformed medical device, showing the continued diversification of the region.

In an otherwise quiet quarter for public markets, Inspire Medical Systems raised \$243.8 million in a secondary offering to fund growth. An additional \$18 million was raised by three other companies.

The amount of SBIR/STTR funding doubled quarter over quarter, critical for early-stage startups. Year to date, Medical Alley companies were awarded over \$31 million in SBIR/STTR funding.

Q3/2022 Startup Funding

Private Capital	\$186,329,724.00
Public Capital	\$261,878,937.50
SBIR/STTR	\$19,792,944.00
Total	\$468,001,605.50

Q3/2022 LEADERBOARD

Biopharma companies lead all sectors in private funding (nearly \$79 million). Medical device companies were second at \$67.5 million, and digital health companies raised nearly \$40 million.

The largest publicly announced raise in Q3/2022 was Monteris Medical with \$35 million.

Largest Publicly Announced Private Raises in Q3/2022

Monteris Medical	\$35 million
Nexben	\$18.3 million
Gravie	\$15 million
GT Metabolic	\$15 million
Aria CV	\$13 million

COMPANY HIGHLIGHT – Inspire Medical (1/2)

Despite a challenging environment, you've continued to grow. How have you kept the momentum?

Inspire is an innovative neurostimulation therapy for moderate to severe obstructive sleep apnea. This is a very large and rapidly growing market [with 2mn new cases per year], and unfortunately, the standard of care is not effective for a significant portion of patients. We have sustained our momentum by focusing on the patient and ensuring the best patient outcomes. To date, we have implanted over 36 thousand patients. We have very strong clinical and health economics data, broad payer coverage, including most commercial plans, Medicare and Veterans Affairs, and we always put the patient first. This means we are always looking for ways to not only improve our therapy, but to help patients in their journey to access treatment, be it through our call centers, our in-house prior authorization support or our digital investments including our on-going e-scheduling pilot.



What has been the biggest change, in your view, for the device between when Inspire Medical Systems started, and today?

We are currently on the fourth generation of our Inspire therapy with aspirations to launch our fifth-generation device in early 2024. We have made continued improvements to our technology and digital platform by listening to our patients and our surgeon partners. These advancements include reducing the size of the IPG; reducing the number of incisions from three to two; shifting from polyurethane to silicone-based leads, which enable easier implantation and improved long-term performance; upgrading our patient remote to Bluetooth technology, a key aspect of our SleepSync™ technology that enables remote patient monitoring for the sleep doctors; and full-body MRI approval, giving patients who may need MRIs peace of mind. These technological advances, especially moving to the 2-incision approach, have resulted in shorter procedure times, bringing our average procedure to 90 minutes. In 2023, we plan to launch our connected programmer, which will enable sleep doctors to do remote programming of our device. As previously noted, we aim to launch Inspire 5 in early 2024. This upgrade will remove the pressure sensor and incorporate sensing inside the neurostimulator using an accelerometer to measure respiration, further simplifying the procedure.

COMPANY HIGHLIGHT – Inspire Medical (2/2)

Inspire Medical raised a large secondary offering this year, what will the capital fund?

We completed a capital raise in August 2022 and added roughly \$244mn to our balance sheet. We spent roughly \$20mn of the proceeds to pay debt, as such we currently have no debt remaining on our balance sheet. Given the large, underpenetrated market opportunity in front of us, we will continue to invest in our therapy, commercial organization and direct-to-consumer campaign. We will also invest in technologies that can advance our therapy and market adoption, similar to the investments we announced with Ognomy and EnsoData last year. For background, Ognomy is a digital technology built by sleep physicians to facilitate sleep apnea diagnosis virtually, while EnsoData is a technology that integrates with the sleep labs' existing software and diagnostic devices, automatically analyzes and scores sleep studies and requires no change to existing clinical workflows.

We have over \$400mn on our balance sheet which puts us in a very strong position to continue to advance our therapy and market adoption while ensuring patient outcomes.



COMPANY HIGHLIGHT – Gravie

What does your company do?

Gravie is rebuilding health benefits from the bottom up, focused on the consumer. Comfort™, Gravie's flagship product, is the nation's first-of-its-kind health plan that provides 100% coverage on most common healthcare services, including preventive care, mental health care, specialty care, urgent care, labs & imaging, generic prescriptions and more. Gravie is focused on building health benefits everyone can love, removing pain points and improving the member experience at every turn. For any out-of-pocket expenses, there's now Gravie Pay™, which expanded broadly to Gravie health plan members in September after a yearlong pilot. This interest-free, pay-over-time option makes it easier for members to obtain the financial flexibility they need, with the ability to spread payments out for up to 12 months with no interest or fees.

Plus, with Gravie Care™, health benefits just got a whole lot easier. Gravie Care advisors help members evaluate plan options, enroll in coverage, verify network coverage, get care when they need it, decipher EOBs and bills, and so much more.

With its innovative plan designs and a unique user-friendly service model, Gravie puts members on a path towards better health and wellbeing. Gravie is seeing impressive growth and momentum, in addition to garnering national recognition as an innovative company doing good, with accolades ranging from Ernst & Young Entrepreneur of the Year Heartland finalist to Inc. Magazine's Best in Business award winner.

What are the big milestones to come in the next few years for your company?

Gravie is one of the fastest growing health benefits companies in America, with ten-fold growth over the past two years. In 2022, Gravie raised \$75 million in a Series E round of financing led by Georgian, and has almost doubled employee headcount, hiring across all departments. With our Comfort plan, we've helped members access over 20,000 no-cost healthcare services. Over the next few years, we will continue to focus on deepening relationships with brokers, employers and members nationwide, building on our innovative platform with health benefits people can love.

What do you like the most about Medical Alley's entrepreneurial ecosystem?

Medical Alley's entrepreneurial ecosystem has been a great resource for Gravie as an innovator and disruptor in the healthcare space. We've enjoyed joining important conversations – as panelists and podcast guests – discussing topics from price transparency to the impact of the pandemic, and the future of health benefits. Seeing what other great leaders in the space are doing is incredibly motivating and makes us hopeful about the future of healthcare.

The logo for Gravie, featuring the word "GRAVIE" in a bold, blue, sans-serif font.

COMPANY HIGHLIGHT – Nexben

What does your company do?

Nexben is a fintech company with a patent-pending payment technology that transforms the way insurance benefits are distributed, sold and purchased. We seamlessly facilitate payment transactions between employers, brokers, insurers and exchanges.

Why is a payment solution needed?

As employees shop and secure coverage from the carrier of their choice, it is up to the employer to figure out how to manage the reimbursement process which can quickly become administratively cumbersome. It is not just paying one carrier anymore. The sheer volume of transactions is not scalable without a payment solution.

What do you like the most about Medical Alley's entrepreneurial ecosystem?

What comes to mind is how Medical Alley brings to light the multitude of players in the healthcare space who are working to solve real-life issues. Often these are issues many don't even realize exist or that a solution is possible to overcome the issue. Also, the collaborative ecosystem to share and learn from each other. We are all working in the innovation space, so hearing what others are doing as they move forward is beneficial. We are swimming in uncharted waters.

What are the big milestones to come in the next few years for your company?

As more employers seek to offer their employees more personalized benefits packages, the market for employer-sponsored group health insurance is transforming and growing. The seismic shift to defined contribution health benefits made possible through Individual Coverage Health Reimbursement Arrangements (ICHRA) – also referred to as the 401(k) of health benefits – will require a many-to-many premium payment solution. Nexben is the only fintech payment solution on the market to seamlessly process these premium payments. Over the next few years, we are focused on powering up the entire industry so individual employees can seamlessly purchase the coverage that best meets their unique needs.

We'll be focusing on:

- Building out our market-leading technology, introducing new products and unlocking opportunities with new distribution partnerships.
- Educating the industry on how to leverage an ICHRA to control health care costs and provide more personalized choices to their employees.

The logo for Nexben, featuring the word "nexben" in a lowercase, sans-serif font. The "n" and "e" are in a light blue color, while the "x", "b", and "en" are in a darker blue. A small trademark symbol (TM) is located at the end of the word.

SBIR/STTR FUNDING

- A total of 19 companies received SBIR/STTR funding, a 40% increase over Q2/2022.
- Value of grant funding more than doubled as well; companies received almost \$20 million.
- SBIR/STTR continues to be a valuable source of funding for early-stage companies and the MNSBIR (formerly Minnesota SBIR/STTR Accelerator) can support companies applying for grants.

OTHER NIH FUNDING

- Medical Alley companies received \$282 million in other NIH funding, most of any quarter this year.
- University of Minnesota (\$152 million | 302 projects) and Mayo Clinic (\$109 million | 162 projects) claimed the two top spots for the third straight quarter.

M&A ACTIVITY COOLS OFF

- After two strong quarters, M&A activity involving Medical Alley slowed down. This correlates with global M&A activity, which declined for the second straight quarter, as reported by Pitchbook.
- In Q3/2022, Medical Alley Association tracked only 11 M&A transactions. The only transaction with reported value was the acquisition of Minnesota Rubber and Plastics for \$950 million.
- Since 2012, third quarters have averaged the lowest M&A activity of any quarter.

ANGEL TAX CREDIT

- The Angel Tax Credit Program is a critical tool to grow Minnesota's startup ecosystem. By attracting investment, the credit fosters a welcoming environment for startups and generates growth for decades to come.
- For 2022, \$5 million in credits were available, \$2.5 million of which were reserved for minority and women-owned businesses, as well as businesses located in Greater Minnesota. Those credits were exhausted on May 27. An additional \$7 million dollars of funding was proposed during the 2022 legislative session. However, legislators adjourned without approving an omnibus tax bill and the fund has not been refilled.
- Generating over \$450 million in investment for 430 Minnesota startups and emerging companies since its inception in 2010, the ATCP helps entrepreneurs from around the state access capital to start and grow their business in Minnesota.
- Efforts by Medical Alley Association helped create the Angel Tax Credit in Minnesota, and we continue to advocate for the program. If you'd like to get involved in government affairs and policy efforts for 2023, please contact Shannon Watson (swatson@medicalalley.org).

MEDICAL ALLEY WORKFORCE

- In a state where every eighth person is employed in healthcare, employment remained steady both from a quarter over quarter (Q/Q) and year over year (Y/Y) perspective.
- Providers (the largest employer category at ~380 thousand employees) grew by 0.88% Q/Q.
- Medical device (2.04%) and biotech and pharma (2.04%) also grew Q/Q.

*Federal jobs data has a 6-month delay so the most current data in Q3/2022 is for Q1 of 2022.

MEDICAL ALLEY JOB BOARD

- Medical Alley Association's job board is a **free for members** job site and is among our highest trafficked pages.
- In Q3/2022, there were **135 postings**, a **31% decrease Q/Q**.
- **50** unique companies posted on our job board.

The screenshot shows the Medical Alley Job Board interface. At the top, there is a navigation menu with links for About, Advocacy, Insights, Newsroom, Resources, Membership, Events, Job Board, Webinars, and Podcast. Below the navigation is a red banner with the text "MEET THE ORGANIZATIONS DRIVING DIVERSITY, EQUITY, AND INCLUSION IN MEDICAL ALLEY". The main content area is divided into two columns. The left column contains search filters for Job Title, Company Name, Employment Type, Location, and Keywords, each with a text input field and a dropdown menu. The right column contains a text block explaining the job board's policies and a table of job postings. The table has columns for Job Title, Posting Date, and Closing Date. The first row is highlighted in red and shows an Executive Administrator position at The Medical Alley Association, posted on 10/24/2022 and closing on 11/07/2022. The second row shows a Global Product Manager, Surgical Devices position at Olympus Surgical Technologies America, posted on 10/27/2022 and closing on 12/01/2022. The third row shows a Global Product Marketing Director position at Olympus Surgical Technologies America, posted on 10/27/2022 and closing on 11/03/2022. The fourth row shows a Senior Product Marketing Manager, Surgical Devices position at Olympus Surgical Technologies America, posted on 10/27/2022 and closing on 11/03/2022.

MEDICAL ALLEY About ▾ Advocacy Insights ▾ Newsroom Resources ▾ Membership ▾ Events ▾ Job Board Webinars Podcast

MEET THE ORGANIZATIONS DRIVING DIVERSITY, EQUITY, AND INCLUSION IN MEDICAL ALLEY

Job Board

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f FINNESSE
PARTNERS

Job Title
Enter job title

Company Name
▾

Employment Type
▾

Location
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Keywords
Enter keywords

Search Reset

Medical Alley Association members can post unlimited openings on our job board at no cost! Use the "Post a Job" button to the left. Looking to get even more eyes on your job openings or want to amplify key positions? Add a recruitment amplification package. Not a member but want to post an open position? Postings are available - contact us for pricing details.

All job postings are publicly available. For questions or for nonmember/amplification package pricing information, contact Member Engagement Leader Kristi Pogatchnik at kpogatchnik@medicalalley.org.

Job Title	Posting Date	Closing Date
 Executive Administrator The Medical Alley Association	10/24/2022	11/07/2022
 Global Product Manager, Surgical Devices Olympus Surgical Technologies America	10/27/2022	12/01/2022
 Global Product Marketing Director Olympus Surgical Technologies America	10/27/2022	11/03/2022
 Senior Product Marketing Manager, Surgical Devices Olympus Surgical Technologies America	10/27/2022	11/03/2022

CONTACTS

Frank Jaskulke, VP of Intelligence –
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Kylle Jordan, Global Principal –
kjordan@medicalalley.org

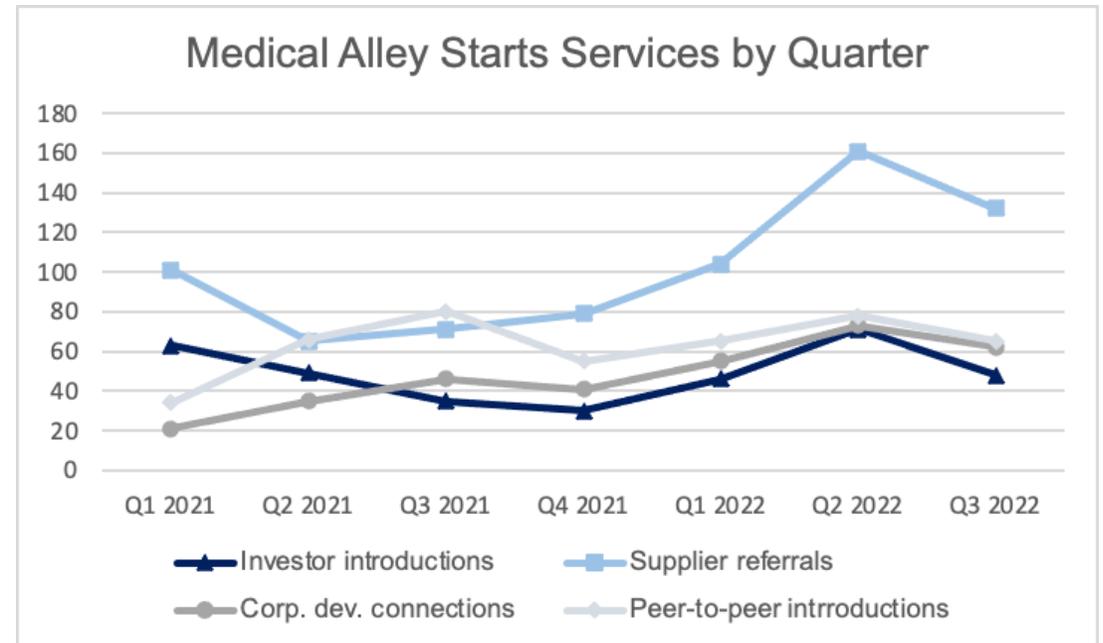
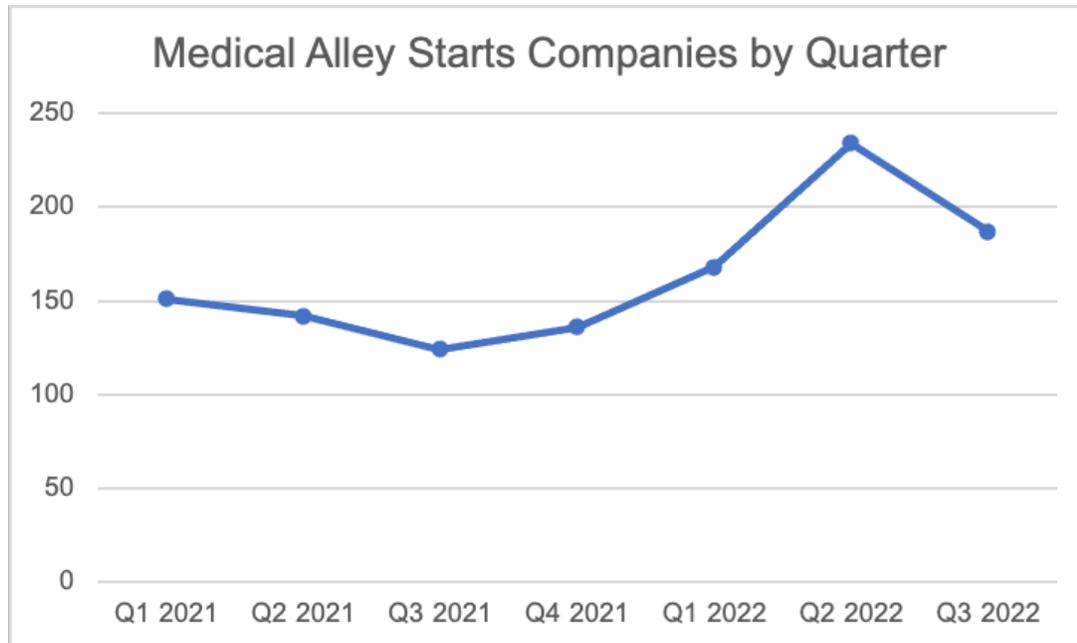
Filip Kostal, Startup Principal –
fkostal@medicalalley.org

Reece DeVries, Data Analyst & Engineer -
Rdevries@medicalalley.org

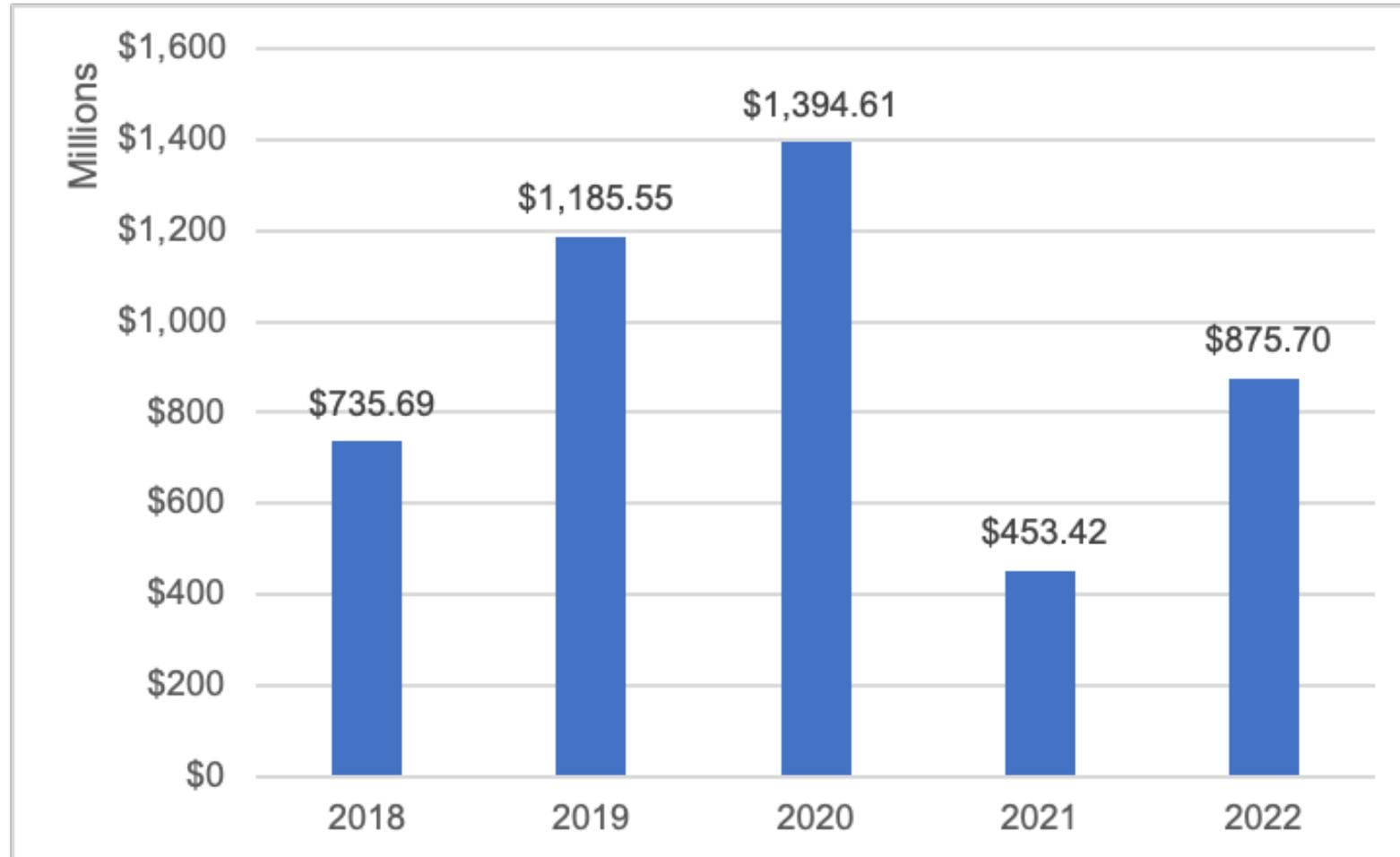


APPENDIX

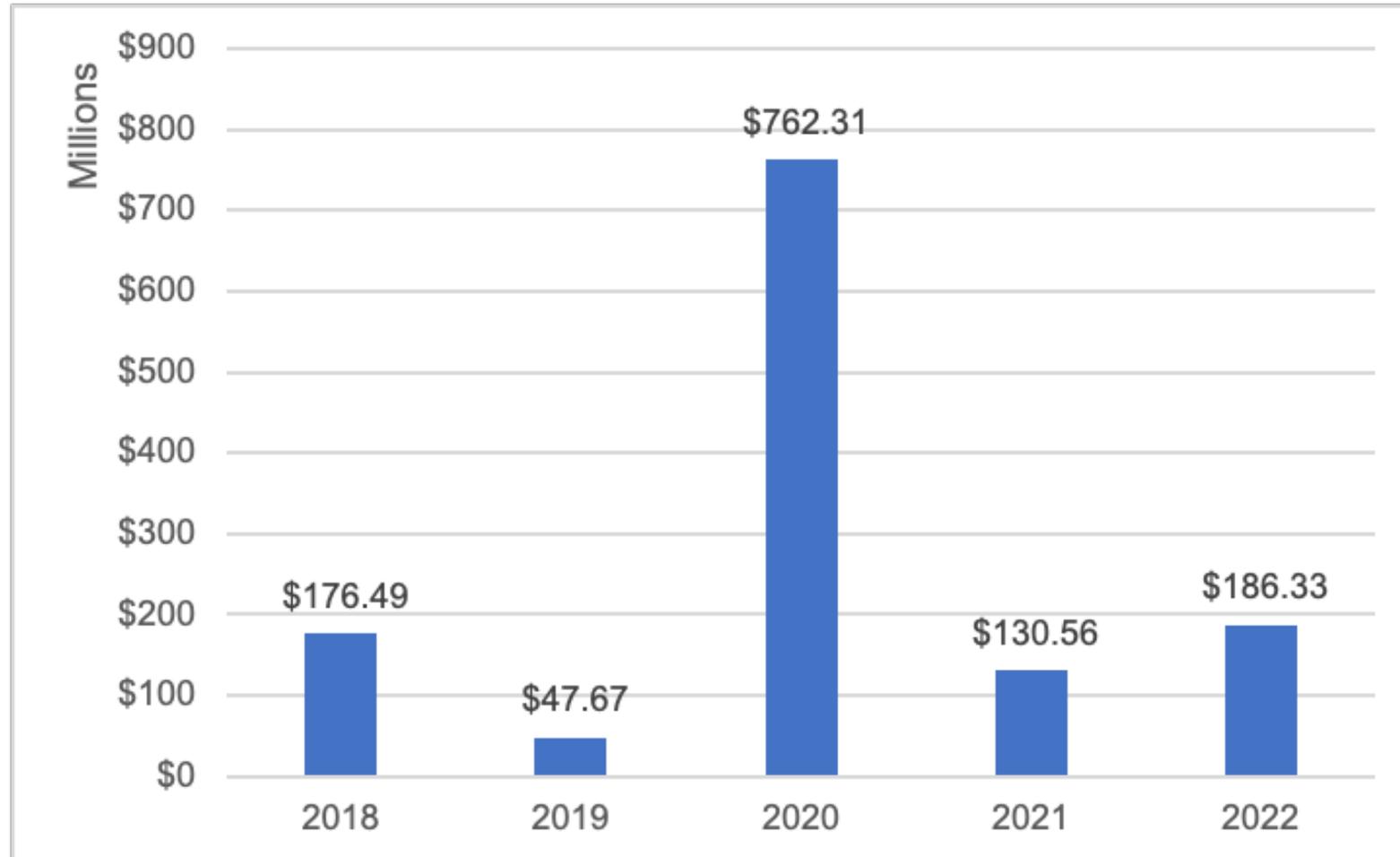
MEDICAL ALLEY STARTS SERVICES



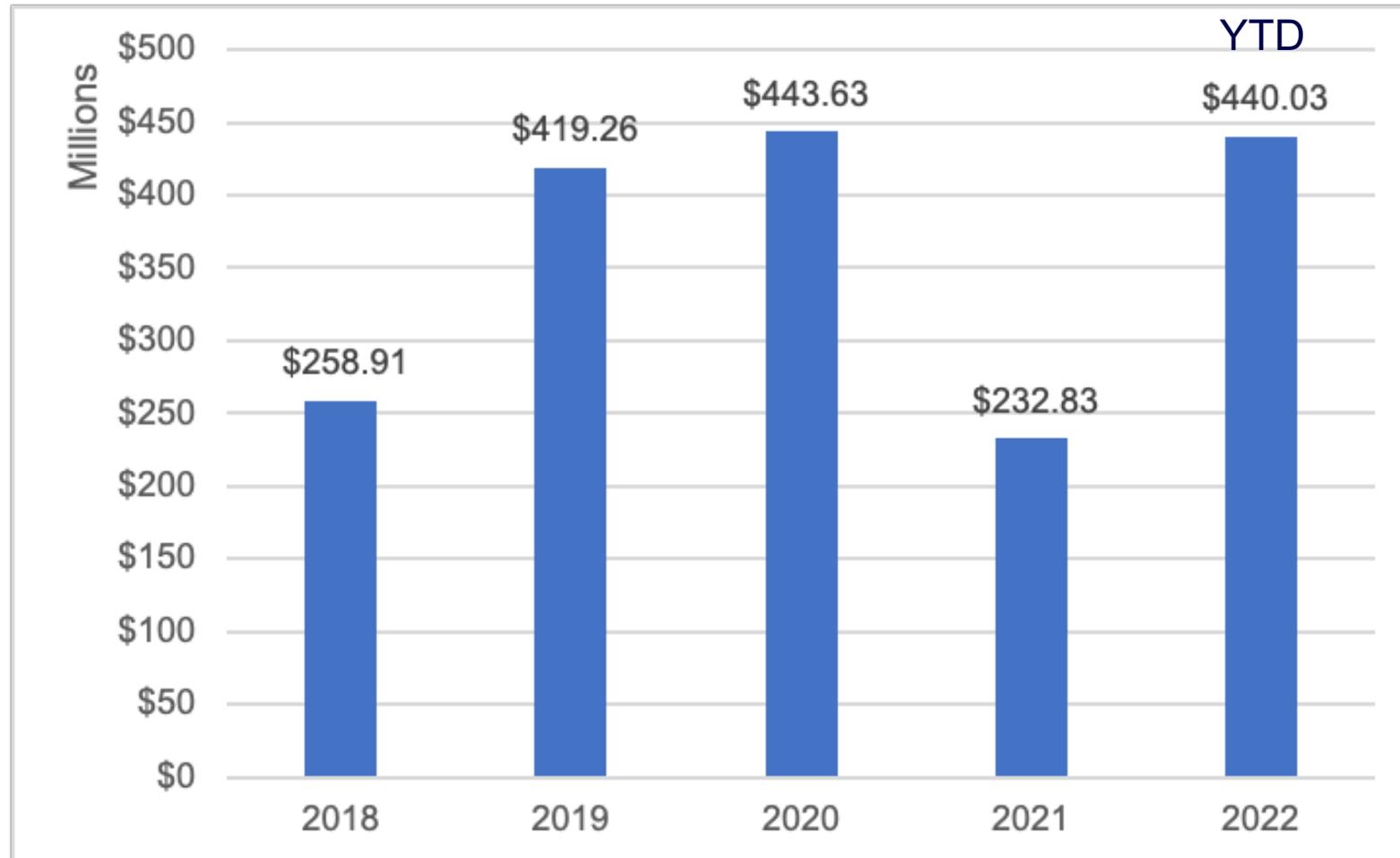
HEALTHCARE PRIVATE RAISES BY YEAR



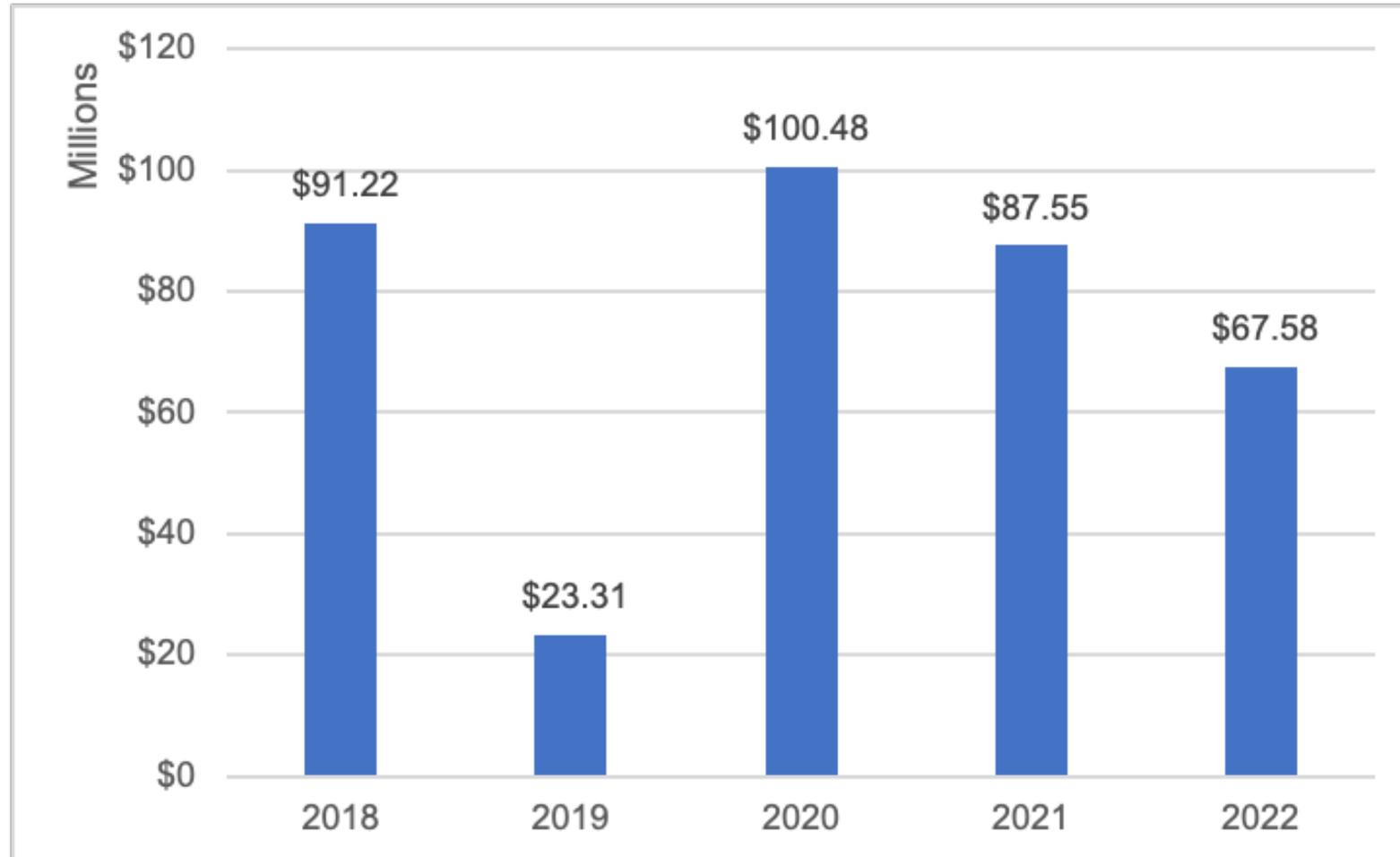
HEALTHCARE PRIVATE RAISES BY QUARTER – Q3



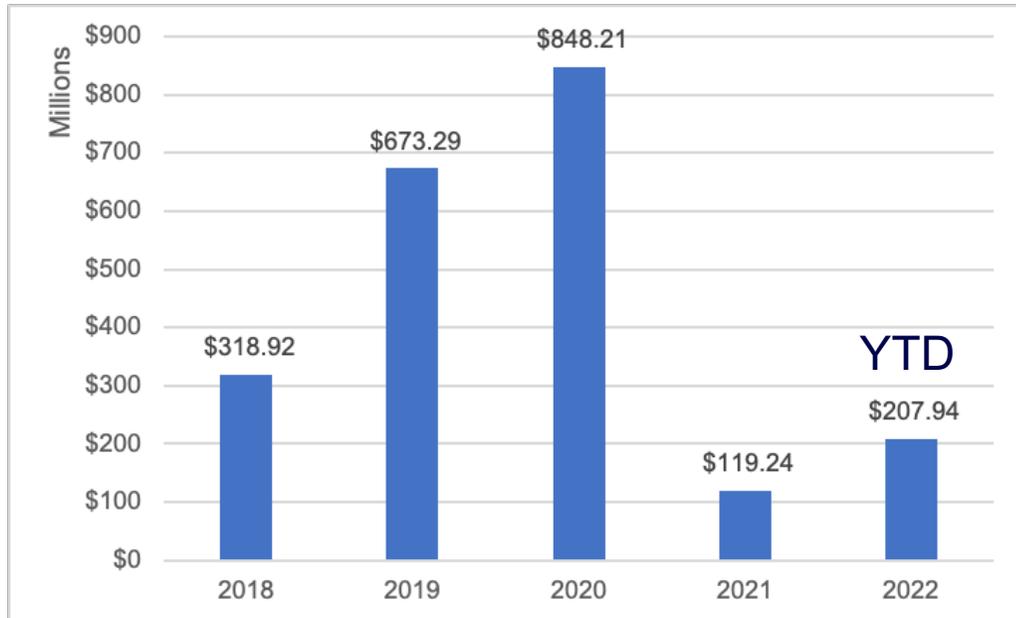
MEDICAL DEVICE PRIVATE RAISES BY YEAR



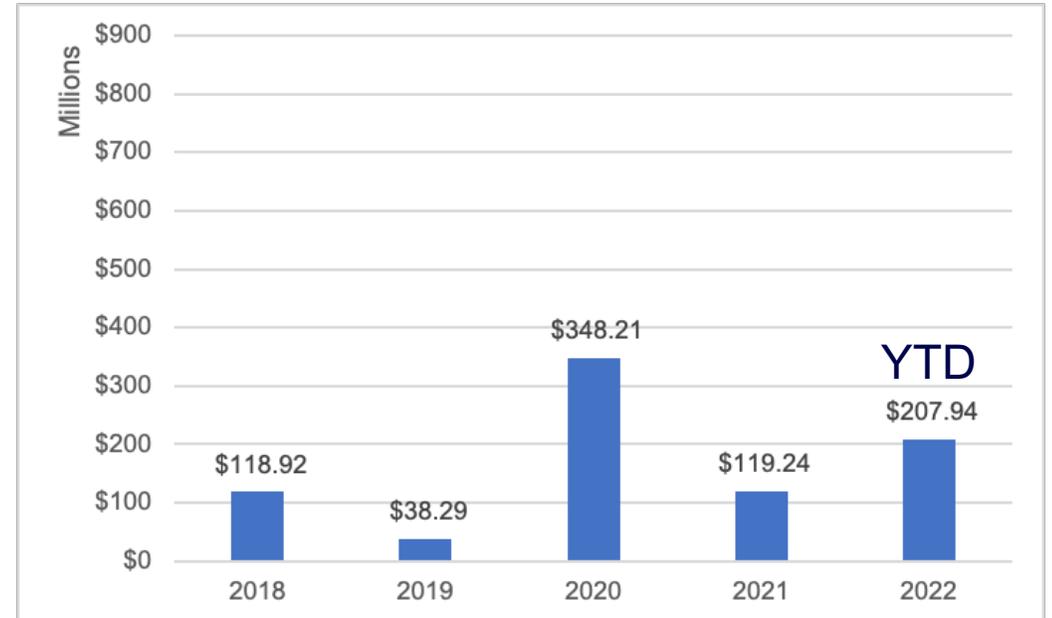
Q3 MEDICAL DEVICE PRIVATE RAISES BY YEAR



DIGITAL HEALTH PRIVATE RAISES BY YEAR

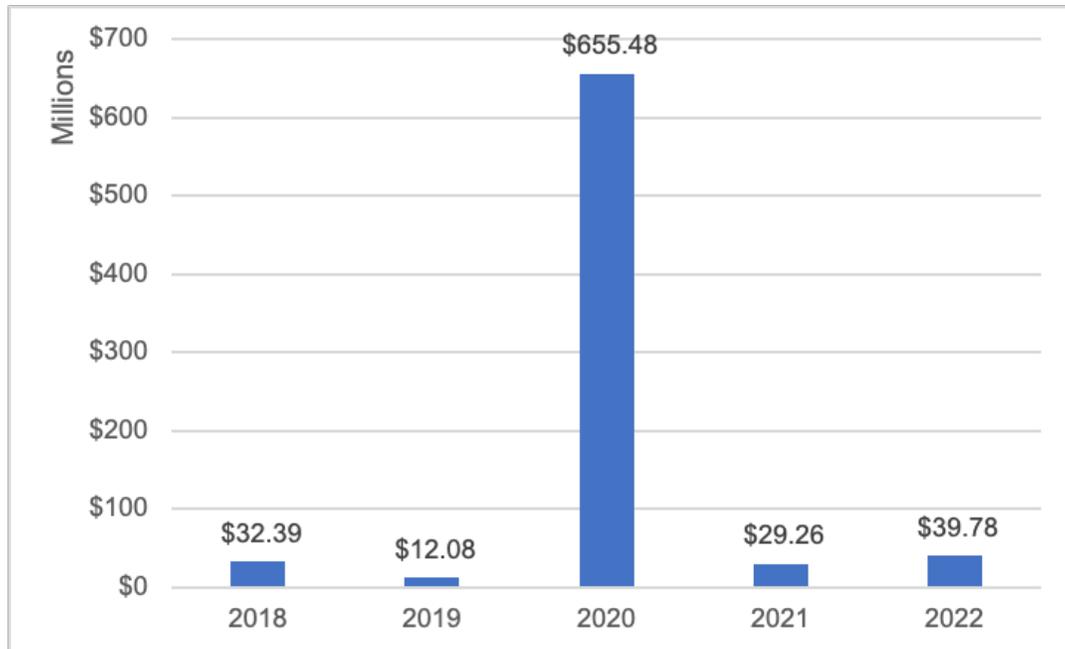


Including Bright Health Group

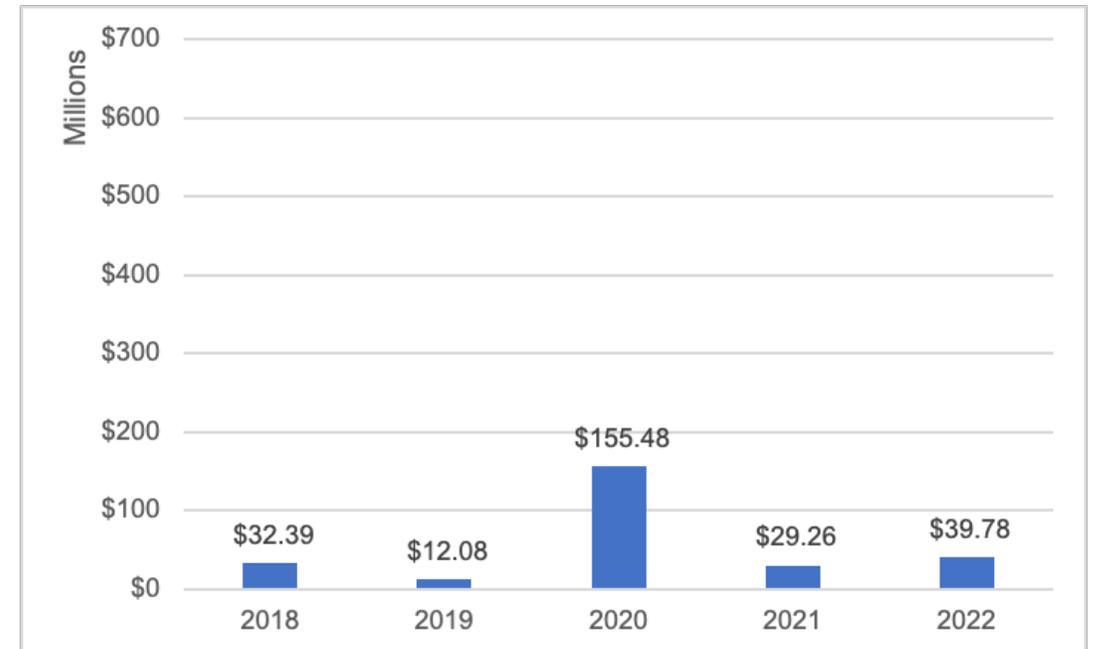


Not including Bright Health Group

Q3 DIGITAL HEALTH PRIVATE RAISES BY YEAR

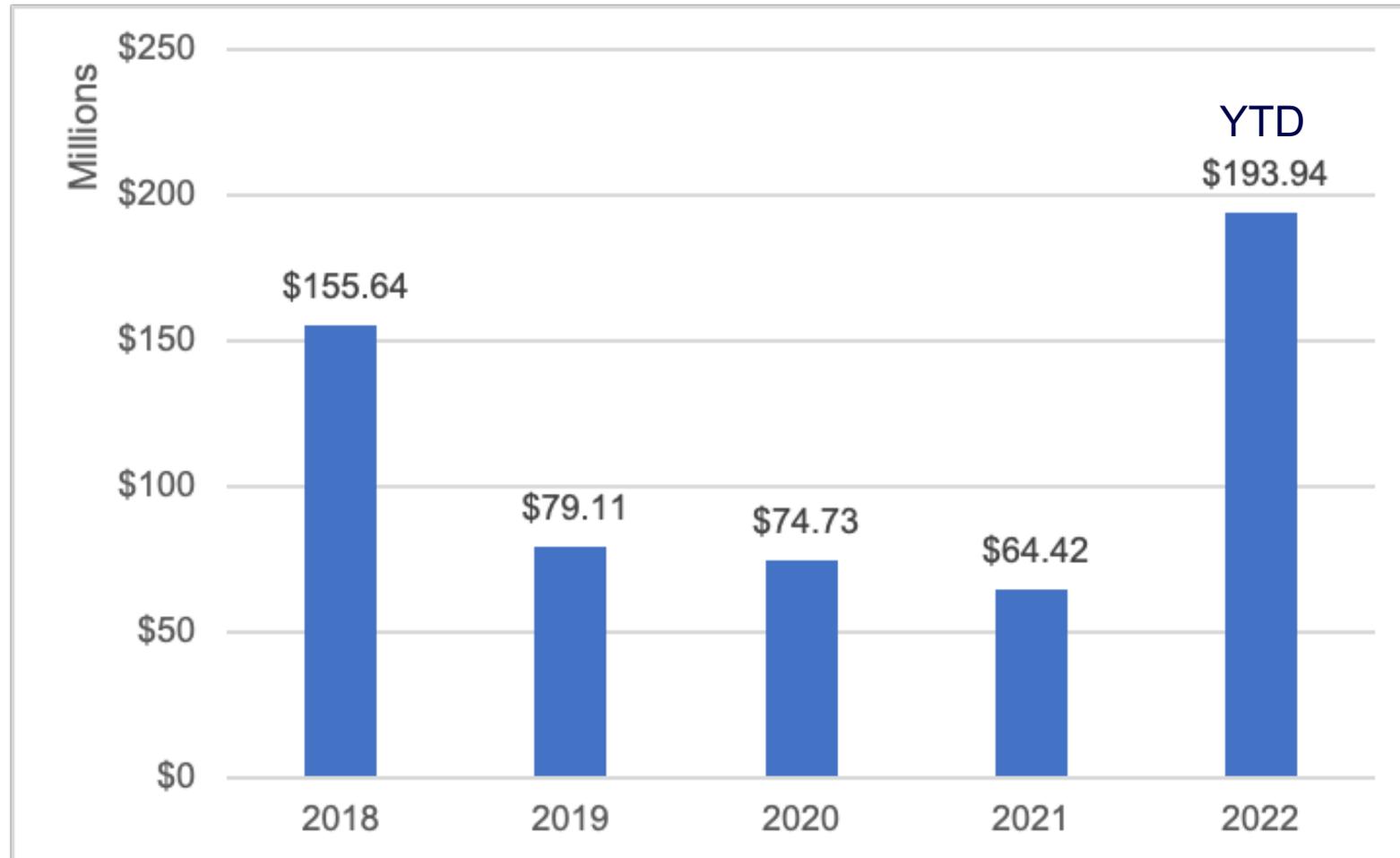


Including Bright Health Group

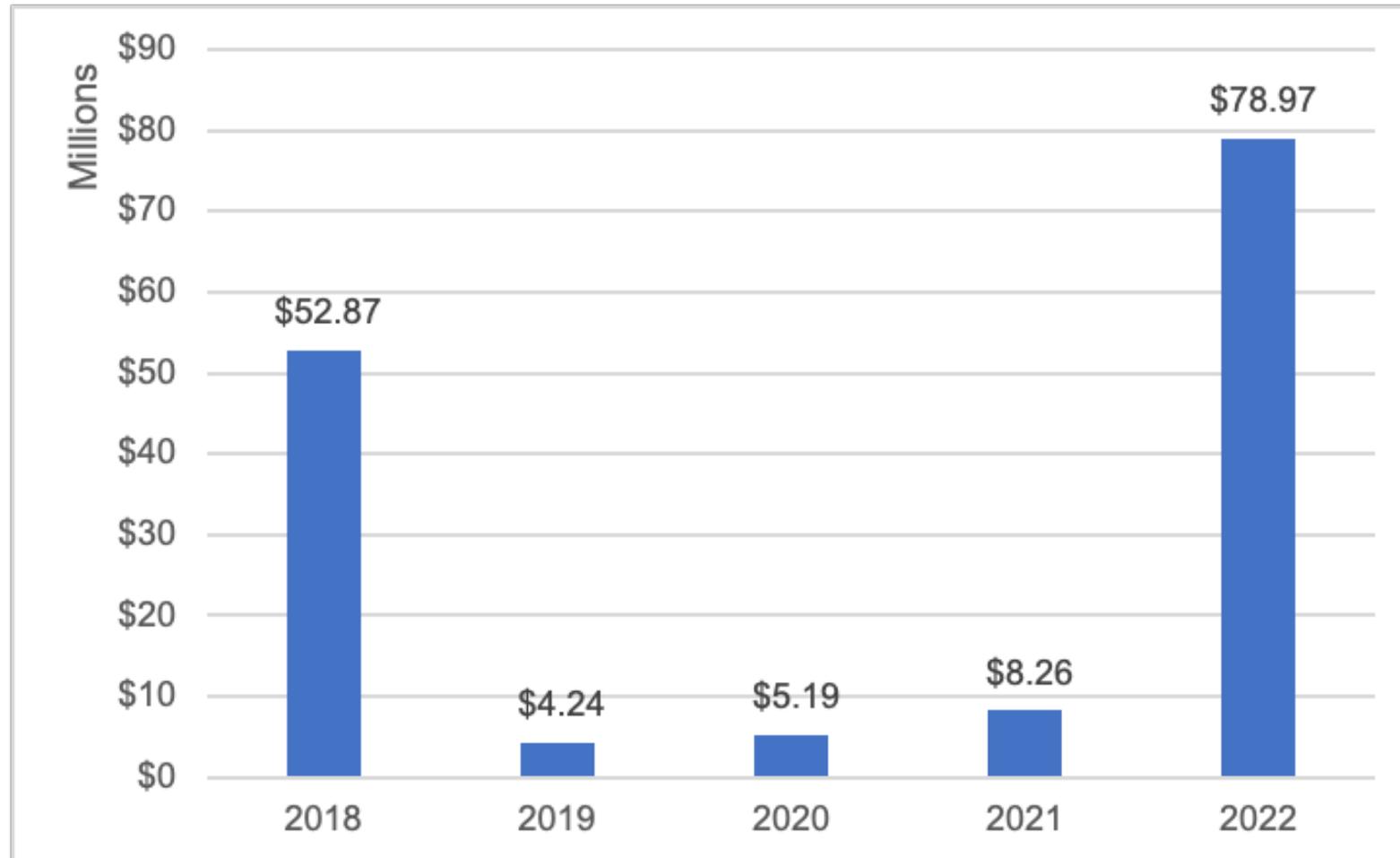


Not including Bright Health Group

BIOTECH & PHARMA PRIVATE RAISES BY YEAR



Q3 BIOTECH & PHARMA PRIVATE RAISES BY YEAR



M&A TRANSACTIONS

Transaction	Value (if reported)
<u>PenRad Technologies acquired by Intelrad</u>	-
<u>MediMatrix acquired by ASG</u>	-
<u>NCI Inc acquired by Thomas Scientific</u>	-
<u>NXC Imaging acquired by Canon</u>	-
<u>First Healthcare Compliance acquired by Panacea Healthcare Solutions</u>	-
<u>BioPharma Global acquired by Pace</u>	-
<u>Meridian BioGroup acquired by Pace Analytical</u>	-
<u>Minnesota Rubber and Plastics sold for \$950 Million</u>	\$950 million
<u>Stat-Technologies Acquires Walltek Medical</u>	-
<u>Boston Scientific Announces Acquisition of Obsidio, Inc.</u>	-
<u>LTS Acquires of Tapemark Inc.</u>	-

NON-SBIR/STTR NIH FUNDING IN MINNESOTA – Q3/2022

NIH Funding (Non-SBIR/STTR, training, research centers, other)		
Organization	Projects	Total Funding
EJH & Associates, Inc.	1	\$150,000.00
Essentia Institute of Rural Health	1	\$1,039,259.00
Fond du Lac Reservation	3	\$794,311.00
Gillette Children's Specialty Healthcarre	1	\$436,860.00
HealthPartners Institute	4	\$5,510,813.00
Hennepin Healthcare Research Institute	10	\$7,850,927.00
Mayo Clinic Rochester	162	\$109,200,966.00
Minneapolis VA Medical Center	8	N/A
Minnesota State Dept. of Agriculture	5	\$2,110,287.00
Minnesota State Dept. of Health	1	\$112,208.00
National Institute for Pharm Tech/Education	1	\$1,976,692.00
St. Olaf College	1	\$321,331.00
University of Minnesota	302	\$152,058,653.00
Recombinetics	2	\$943,024.00
Total Non-SBIR/STTR	502	\$282,505,331

SBIR/STTR FUNDING IN MINNESOTA – Q3/2022

SBIR/STTR		
Advanced Medical Electronics Corporation	2	\$990,573.00
Agitated Solutions Inc.	1	\$281,978.00
Agitated Solutions, LLC	1	\$305,538.00
Aster Labs, Inc.	2	\$1,730,944.00
Champaign Imaging, LLC	1	\$407,385.00
Claritytek, Inc.	1	\$445,324.00
Headwaters Innovation, Inc.	1	\$265,844.00
Imbio, LLC	1	\$251,508.00
Innovative Design Labs, Inc.	2	\$1,546,365.00
Koronis Biomedical Technologies Corporation	3	\$2,270,756.00
MarPam Pharma, LLC	2	\$1,309,537.00
Minnesota Healthsolutions Corporation	6	\$4,011,940.00
Minnesota Resuscitation Solutions, LLC	2	\$1,323,227.00
Moai Technologies, LLC	2	\$1,271,612.00
Remastered Sleep LLC	1	\$293,675.00
Reshape Lifesciences, Inc.	1	\$300,000.00
Shape Medical Systems, Inc.	1	\$1,223,664.00
Vergent Bioscience, Inc.	1	\$1,124,282.00
Wincs International, LLC	7	\$438,792.00
SBIR/STTR Total	38	\$19,792,944.00

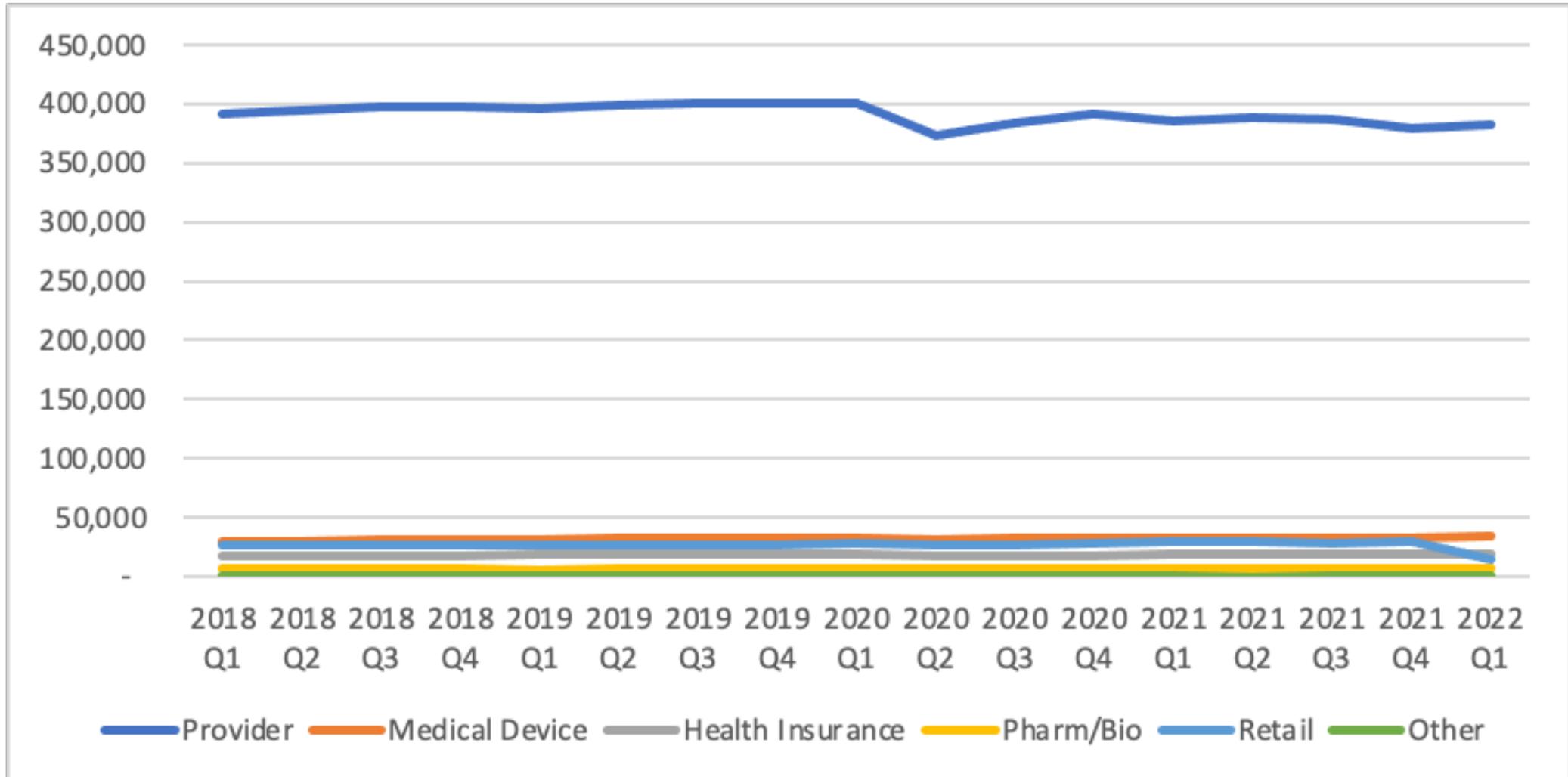
HEALTHCARE JOBS IN MINNESOTA

Q1/2022 QCEW Employment Data by NAICS Codes			
NAICS Category	Q1/2022 Monthly Average	Q/Q Change	Y/Y Change
Health Insurance	19175	0.05%	1.24%
Medical Device	33567	2.34%	4.94%
Other	507	4.75%	14.44%
Pharm/Bio	6643	2.04%	-6.22%
Provider	383325	0.88%	-0.70%
Retail	15008	-48.52%	-47.90%

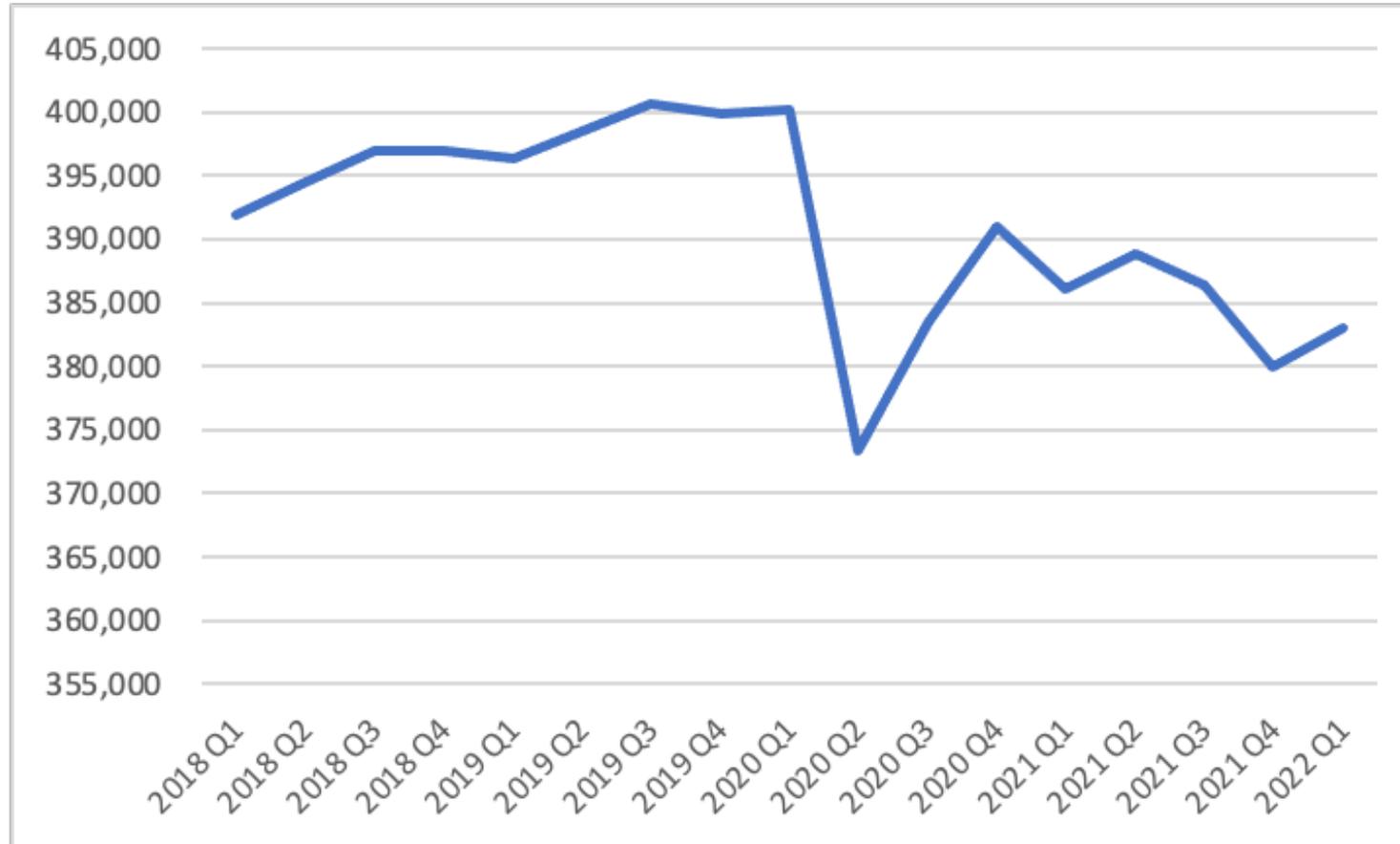
Note 1: Data is undercounted as digital health/health IT workforce cannot be measured fully.

Note 2: Q/Q and Y/Y drop in Retail NAICS category may be due to change in self-reporting by companies

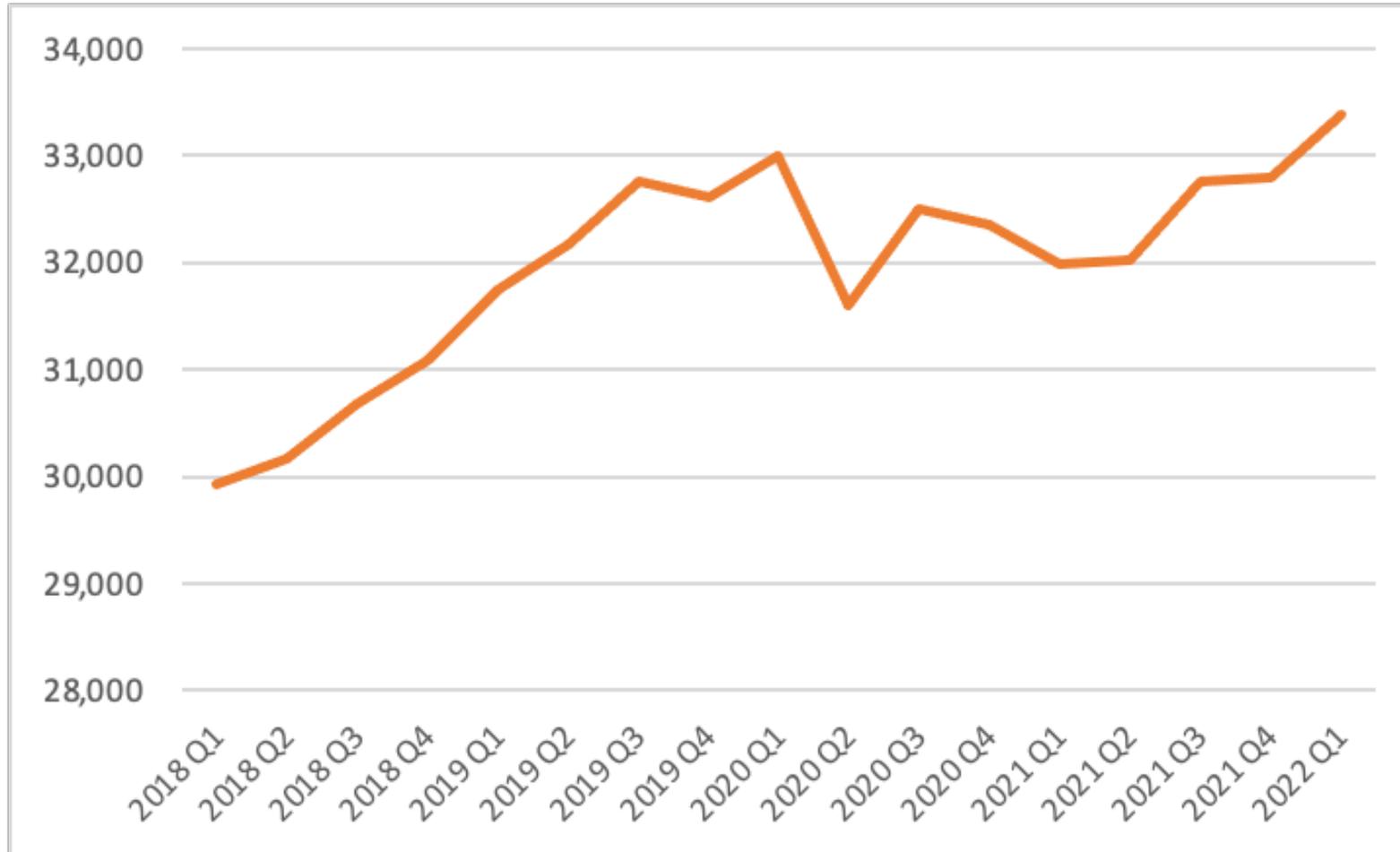
AII HEALTHCARE – QUARTERLY EMPLOYMENT IN MINNESOTA



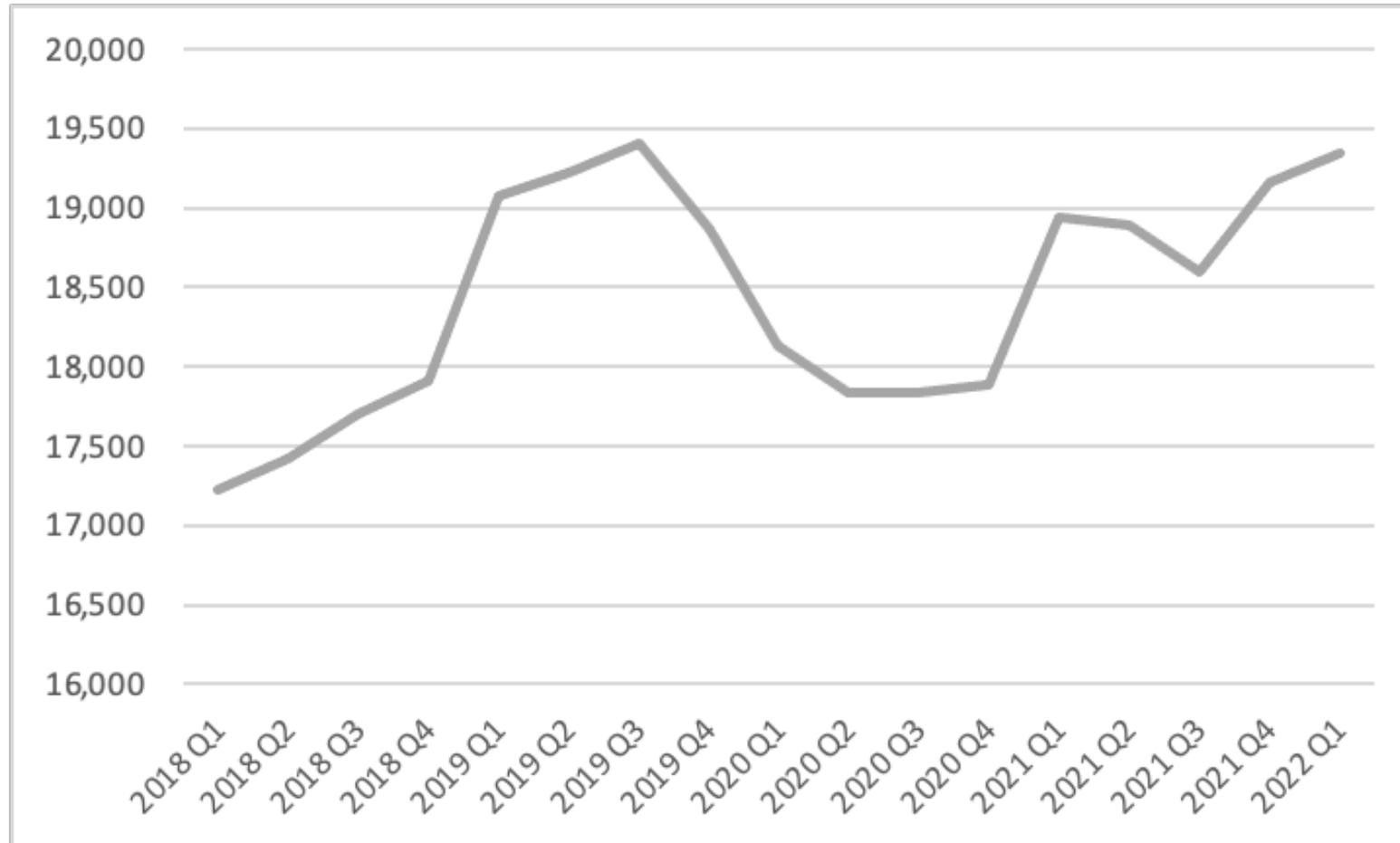
PROVIDER – QUARTERLY EMPLOYMENT IN MINNESOTA



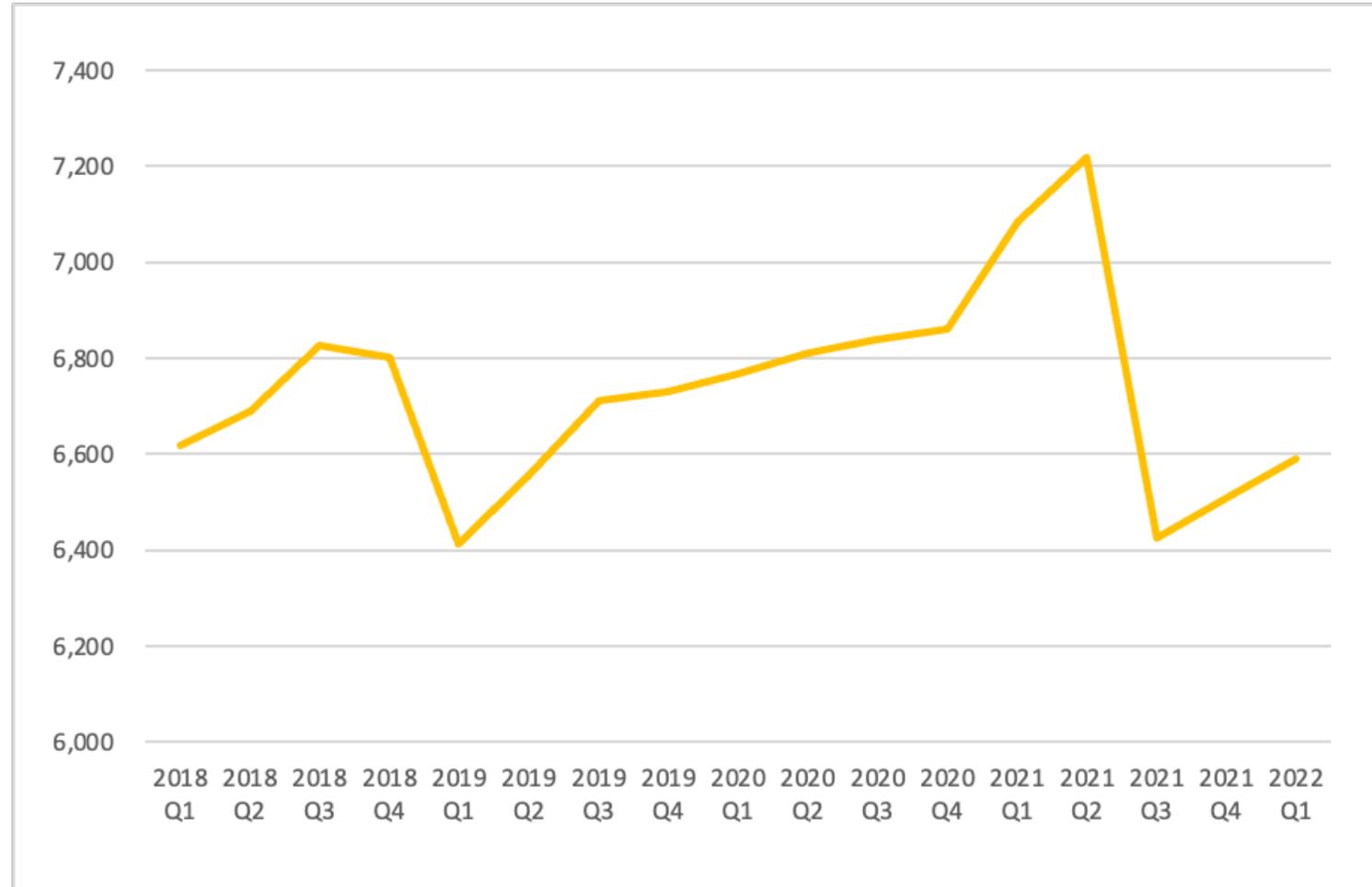
MEDICAL DEVICE – QUARTERLY EMPLOYMENT IN MINNESOTA



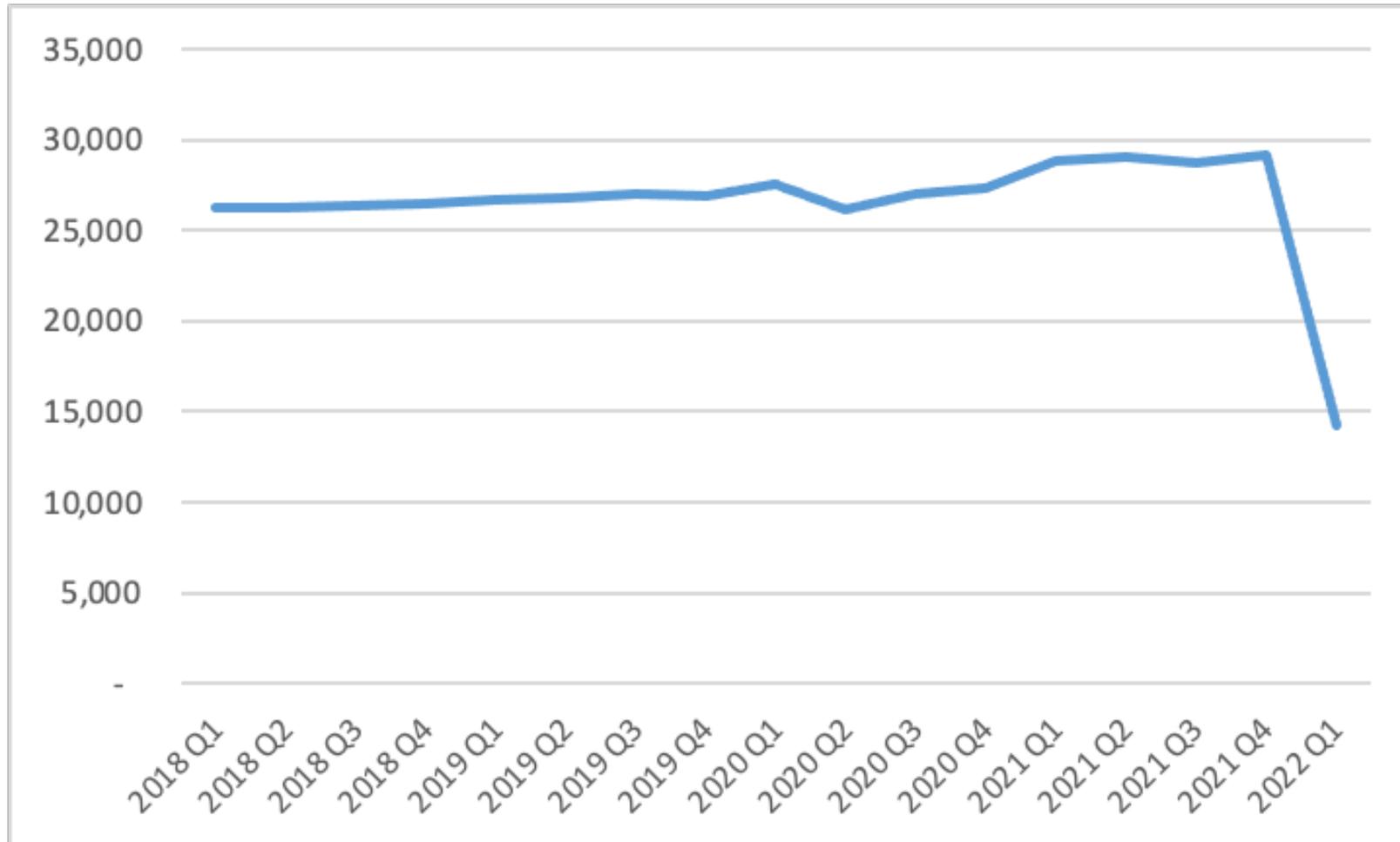
HEALTH INSURANCE – QUARTERLY EMPLOYMENT IN MINNESOTA



BIOTECH & PHARMA – QUARTERLY EMPLOYMENT IN MINNESOTA



RETAIL – QUARTERLY EMPLOYMENT IN MINNESOTA



OTHER – QUARTERLY EMPLOYMENT IN MINNESOTA

