

## As Theranos Dissolves, Healthcare Startup Funding Hits Record High

Venture capital funding into healthcare startups hit a record high last month, according to an analysis conducted by Pitchbook for *Forbes*. Over \$20 billion has gone into 1,186 deals during the first eight months of 2018, up 59% from a year ago and up nearly 180% from a decade ago. Looking strictly at the data, you'd never know that the CEO of blood-testing firm Theranos, a former biotech darling once valued at \$9 billion, had just told shareholders it planned to dissolve its business.

[In a letter to shareholders](#) obtained [by the Wall Street Journal](#) and published Tuesday night, Theranos CEO David Taylor wrote that Theranos was in default under its Fortress credit facility and owes at least \$60 million to unsecured creditors. This, of course, follows the indictment of Theranos founder [Elizabeth Holmes](#) and her ex-boyfriend Ramesh "Sunny" Balwani, and the flood of shocking details about the company's inner workings that *WSJ* reporter John Carreyrou chronicled in his book *Bad Blood* [published earlier this year](#).

Still, Theranos' myriad problems appear to have had little impact on current healthcare investors' choices. By early March this year, biotech startups [had already raised more](#) money than in all of 2013. That trend has continued throughout the year. While fundraising was down about 11% this past August compared to August 2017, healthcare startups still raised \$1.98 billion across 118 deals. For some perspective, healthcare startups raised \$950 million spread among 86 deals in August 2008. Five years ago it was \$1 billion spread among 127 deals.

And, it's worth noting that Pitchbook doesn't even count regenerative medicine firm Samumed's \$438 million August fundraise in its \$20 billion total because that was private equity funding, not VC. At a \$12.4 billion valuation, according to Pitchbook, Samumed continues to be valued more than any publicly traded biotech firm without approved drugs, though many of its investors remain anonymous.

Still, the money keeps flowing. With \$350 million from The Carlyle Group, [concierge-style primary care group One Medical](#) had the largest venture capital fundraise in August, giving the 11-year-old company a \$1.5 billion valuation, according to Pitchbook. (One Medical has not commented on its valuation.)

The largest fundraise in the pharma and biotech sector last month came from an internet billionaire. Inspired by his father's pancreatic cancer diagnosis in 2012, the founder of Rakuten, [Hiroshi Mikitani](#), started Rakuten Aspyrian to develop a photoimmunotherapy platform for cancer. According to Pitchbook, he personally invested \$150 million in the San Diego-based company's Series C.

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