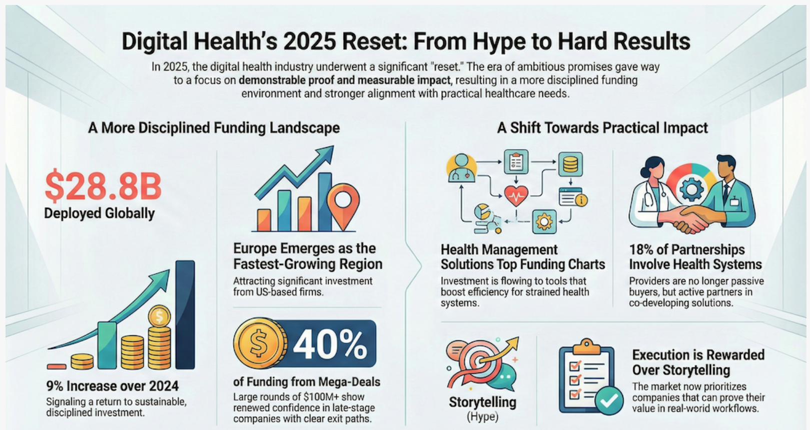
EINPRESSWIRE

Digital health funding hits USD 28.8B in 2025 as mega-deals drive market reset

Digital health raised USD 28.8B in 2025 as capital concentrated into proven winners; mega-deals surged and buyers demanded workflow ROI—shaping 2026.



2025 was digital health's reset year: USD 28.8B raised, fewer deals, higher proof

BOSTON, MA, UNITED STATES, January 12, 2026 /EINPresswire.com/ -- Galen Growth today published its new flagship report, Global Digital Health 2025: Re-Priced, Re-Proved, Re-Focused, providing a data-driven assessment of how the sector reset in 2025 — and what that reset means for investment, partnering and adoption decisions in 2026.

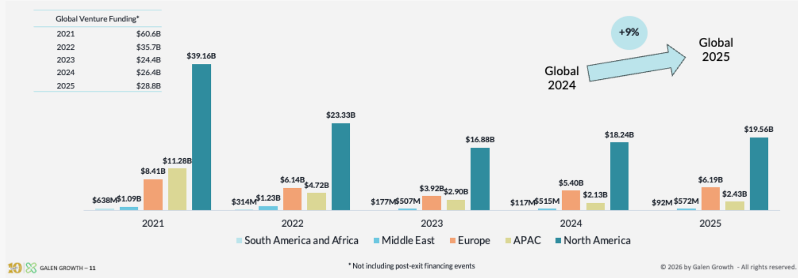
The findings arrive as healthcare executives and investors prepare for the J.P. Morgan Healthcare Conference week (12–15 January 2026, San Francisco), where market narratives are typically stress-tested against real financing appetite, partnership priorities and exit expectations.

> "2025 was the year digital health re-priced and re-proved itself. The market rewarded execution: ventures that can prove impact, deliver inside real workflows, and scale through defensible channels."
>
> *Julien de Salaberry, CEO, Galen Growth*

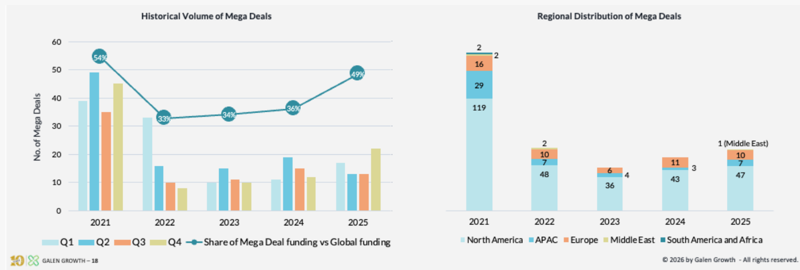
2025's headline: fewer bets, bigger cheques, higher proof

Galen Growth's analysis finds that global digital health venture funding reached USD 28.8B in 2025 (excluding exits), up 9% year-on-year, deployed across 1,335 deals (down 33% year-on-year). This divergence, with funding value up while deal count fell sharply, reflects a decisive shift: capital did not return evenly after the post-2021 correction; it concentrated into operational winners with demonstrable adoption, credible unit economics, and implementation capability.

The report further finds that mega-deals (USD 100M+) accounted for 49% of all digital health funding in 2025, with 65 mega-deals totalling USD 14.0B. This "winner-takes-more" dynamic materially shaped headline averages and signalled that investors increasingly underwrote scale, distribution, and an improving exit window rather than early-stage experimentation.



Europe Strengthened, the US Remains the Centre of Gravity



Capital Concentration: Digital Health Mega-Deals Dominate Outcomes

Evidence, workflow fit and buyer power became the gating criteria

The report emphasises that the tightening was not solely a capital markets story. Buyers — particularly health systems — asserted sharper demands around workflow fit and measurable ROI, raising the threshold for what qualifies as "innovation" worth scaling. In parallel, providers increasingly shaped innovation pathways: providers accounted for 18% of more than 2,370 partnerships disclosed in 2025, signalling deeper co-development and integration activity focused on operational constraints such as workforce shortages and rising demand.

In funding, the report points to a strong finish and renewed late-year conviction: global quarterly funding deals reached a five-year low in Q4 (277 deals), yet average deal size rose 2.2x year-on-year to a five-year high of USD 34.1M in Q4 — reinforcing the pattern of fewer, higher-conviction financings.

The report also notes that Health Management Solutions emerged as a leading cluster by funding momentum, with funding increasing by 50% and overtaking TechBio — consistent with the market's pivot towards workflow-adjacent categories that can deliver measurable operational value.

Regional signals: Europe accelerated while the US remained the centre of gravity

Europe led regional growth in 2025, with funding rising 15% year-on-year, making it the fastest-growing region in the analysis, while North America maintained leadership in total funding volume. The report also captures differing regional dynamics in product formation, with North America and Europe skewing towards software solutions, while Asia Pacific and the Middle East show higher reliance on mobile applications.

Exits and consolidation: a pause in M&A, early signs of public market life

After a surge in M&A activity in 2024, the sector pivoted in 2025 from consolidation to capital formation: acquisition volume fell 9%, returning to 2023 levels, while fundraising took centre stage. The report observes early signs of public market activity improving into 2026, even as SPAC activity remained limited in 2025.

A critical undercurrent: capital stress remains elevated outside the winners

While headline funding improved, the report flags continued capital stress for many ventures that have not raised within the typical runway window. Global averages show only 23% of early-stage, 31% of growth-stage, and 47% of late-stage ventures raised funding in the last 18 months — leaving a substantial share of the ecosystem exposed to cash shortages and prompting expectations of continued consolidation and down-round risk for mid-tier players.

What this means for 2026 decision-making

Galen Growth frames 2026 as a year where discipline will outperform breadth:

- Investors: "Risk has shifted from technology feasibility to execution and adoption." Diligence should focus on repeatable go-to-market, implementation burden, gross margin trajectory, retention/expansion, and evidence quality aligned to purchasing criteria — with fewer "story rounds" and longer diligence cycles.
- Corporations: Partnering should shift from broad innovation scouting to fewer, deeper relationships anchored in distribution and proof, treating integration readiness and evidence plans as gating criteria tied to measurable operating outcomes.
- Providers/Health systems: Procurement leverage is increasing. Standardise venture requirements around interoperability, measurable ROI and workflow fit, and de-prioritise pilots without a credible pathway to scale.
- Startups/Ventures: "AI and novelty no longer substitute for proof." Winners will be those who design for integration, instrument outcomes, demonstrate impact quickly, and build repeatable unit economics.

Report access and platform coverage

The full report is available for download here: [insert link]. The analysis is powered by HealthTech Alpha, Galen Growth's digital health intelligence platform, which tracks 16,000+ digital health ventures and billions of data points across the ecosystem to support investment, partnering and market intelligence workflows.

Methodology (high level)

The report includes digital health ventures incorporated after 2002 and qualified under Galen Growth's taxonomy; venture funding covers all stages up to (but excluding) exit events; and subsidiaries of large corporations are excluded. Analytics presented are based on Galen Growth's proprietary algorithms.

About Galen Growth
Galen Growth is a specialist digital health intelligence firm providing independent, data-driven research, analytics, and market insights to decision-makers across healthcare.

About HealthTech Alpha
HealthTech Alpha is Galen Growth’s intelligence platform for digital healthcare technology, enabling stakeholders to research companies, products, evidence, funding, partnerships and market signals across the global digital health ecosystem.

julien de salaberry
Galen Growth Inc
email us here
Visit us on social media:
LinkedIn
X
