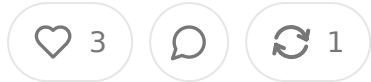


# Raising capital in health tech when the market has no patience for excuses

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## Abstract

This is a practical guide for health tech founders navigating venture capital fundraising in the current cycle. Data is drawn from Carta's State of Private Market reports spanning 2024 through 2025, covering tens of thousands of startups and hundreds of thousands of funding instruments across every stage.

## Key themes:

- The two-speed venture market: early-stage compression vs. late-stage resurgence
- What seed, Series A, and pre-seed metrics actually look like right now
- Dilution math in healthcare vs. the broader market, and why health tech founders get hit harder
- How fundraising timelines have stretched and what that means for runway planning
- Capital concentration dynamics and what it takes to be one of the chosen few
- The AI premium and how to use it without sounding ridiculous
- Tactical positioning and narrative for health tech specifically
- Common mistakes founders make before they even get in the room

## Key stats:

- Total VC raised on Carta: ~\$81.2B in 2024, ~\$120B in 2025
- Seed rounds down 28% YoY in Q1 2025; Series A deal count down 18% in Q2 2025
- Median seed pre-money valuation: \$16M (Q3 2025); Series A median: \$47.9M (Q3 2025)
- Median time between Series A and Series B: 2.8 years as of Q1 2025, a record
- Healthcare sector seed dilution: 20% median; health tech specifically: 16.4% (Q3 2025)
- AI premium at Series A: 38% higher valuation vs. non-AI; at Series E+: 193% premium
- Health tech pre-seed: \$319M raised YTD through Q3 2025, third largest sector total cash

## **Table of Contents**

Abstract

Introduction: Stop Fundraising Like It's 2021

The Two-Speed Market and Why Early Stage Got the Short End

Pre-Seed and Seed: Fewer Deals, But the Bar Just Moved

Series A: The Real Chokepoint

The Dilution Problem Is Worse in Healthcare Than You Think

Runway Math Has Become Existential

Capital Concentration and What It Actually Takes to Win It

The AI Premium: How to Use It Without Embarrassing Yourself

Positioning Health Tech When Investors Are Already Skeptical

The Tactical Playbook That Actually Works

Closing Thought: Discipline Is the New Hustle

## **Introduction: Stop Fundraising Like It's 2021**

There's a specific kind of founder who is genuinely dangerous to themselves during the fundraising process. Not dangerous in a dramatic way. Just quietly, expensively so. They build a deck that would have worked in 2021, set a timeline based on how long their friend's round took in 2022, and walk into meetings expecting the enthusiasm of a bull market that ended three years ago. The mental model is inherited, outdated, and quietly fatal to otherwise viable companies.

This guide exists to replace that map with the one that actually reflects the terrain.

The venture market has been through a hard reset since 2022 and the data is unambiguous about what that means. Carta tracks tens of thousands of startups and hundreds of thousands of funding instruments, and across their full dataset the trend is consistent: total dollars are up, but deal counts are falling, rounds are taking longer to close, early-stage activity continues to compress while late-stage capital concentrates, and investors are more selective than at any point in the modern era. Total capital raised on Carta climbed from around \$81 billion in 2024 to nearly \$90 billion in 2025. Sounds like great news. Except deal count in H1 2025 was down 15% versus H1 2024. Fewer companies are getting funded while more total money is flowing. The math on who benefits from that dynamic is not flattering for the average founder.

Health tech sits in a particularly complicated spot inside this market. Healthcare has always attracted capital skeptically. Investors love the scale of the problem and the size of the addressable market, then immediately start worrying about payer dynamics, regulatory timelines, clinical adoption friction, and the graveyard of v

funded companies that built genuinely useful products that health systems never actually deployed. The current market amplifies all of that caution. It also creates opportunities for founders who understand how to navigate it.

The goal here is specificity. Not “build relationships early” as advice, but exactly those relationships need to look like and when they need to start. Not “demonstrate traction” as guidance, but what specific traction signals are moving the needle with investors at each stage in 2025 and into 2026. The founders who raise capital in this environment are not necessarily building better companies than those who don’t. A lot of it comes down to how well they understand the game being played.

## **The Two-Speed Market and Why Early Stage Got the Short End**

The simplest mental model for the current venture market is two separate conveyor belts running at different speeds. One covers early stage, mostly pre-seed through Series A. The other covers mid and late stage. They are moving in opposite directions.

On the early side, capital pulled back hard starting in 2022 and has not fully recovered. Seed funding in 2024 declined around 12.5% from the prior year on Carta dataset. Series A capital dropped about 6.7% over the same period. The correction continued into 2025. Seed rounds on Carta were down 28% year over year in Q1 2025. In Q2 2025, Series A deal count dropped 18% year over year and cash raised fell 15%. These are not rounding errors.

On the late stage side, the opposite happened. Series B capital rose 17% in 2024. Series C jumped over 40%. Series D spiked nearly 79%. And by Q4 2025, total capital raised hit \$36.1 billion in a single quarter, the highest since mid-2022. The hangover from the correction is over, at least if you’re already past Series A and growing fast.

The divergence is not random. Venture funds made enormous bets during the pandemic boom, many of which are still on the books. Those portfolio companies need follow-on capital. Rather than deploy aggressively into new, unknown seed opportunities, many firms are reserving capital for their existing winners. The p

term for this in venture circles is “portfolio support.” What it feels like from the outside is that investor enthusiasm for new deals has evaporated.

Add to that the exit market problem. IPO windows opened briefly and mostly closed again. Strategic acquisitions continue, but not at the volume needed to recycle capital and keep the LP return flywheel spinning. Without exits, funds cannot report distributions. Without distributions, fundraising for new funds is harder. Without new funds, check-writing slows. Health tech feels this particularly acutely because healthcare IPO markets move in waves, and when the window closes, the whole sector stalls.

The practical upshot is that raising at the early stage requires a much stronger company than it did three years ago, takes longer than founders expect, and exists in a smaller universe of active investors than the boom years suggested. Understanding this is step one. Everything else is downstream of it.

## Pre-Seed and Seed: Fewer Deals, But the Bar Just Moved



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