KPMG

Unlocking the potential of UK HealthTech

Data driven insights and recommendations to unlock the potential of UK HealthTech

3 April 2025

What are we going to cover in today's session

- Background and research context
- Research approach
- Key findings
- Recommendations
- Current funding opportunities
- Open discussion

01

Background and research context

02

Research approach

Research approach

1. A review of existing research and data regarding the UK HealthTech sector

2. A primary research phase, including:
   a. A survey of UK HealthTech businesses
   b. UK HealthTech Key Informant Interviews
   c. UK MedTech Trade Association inputs

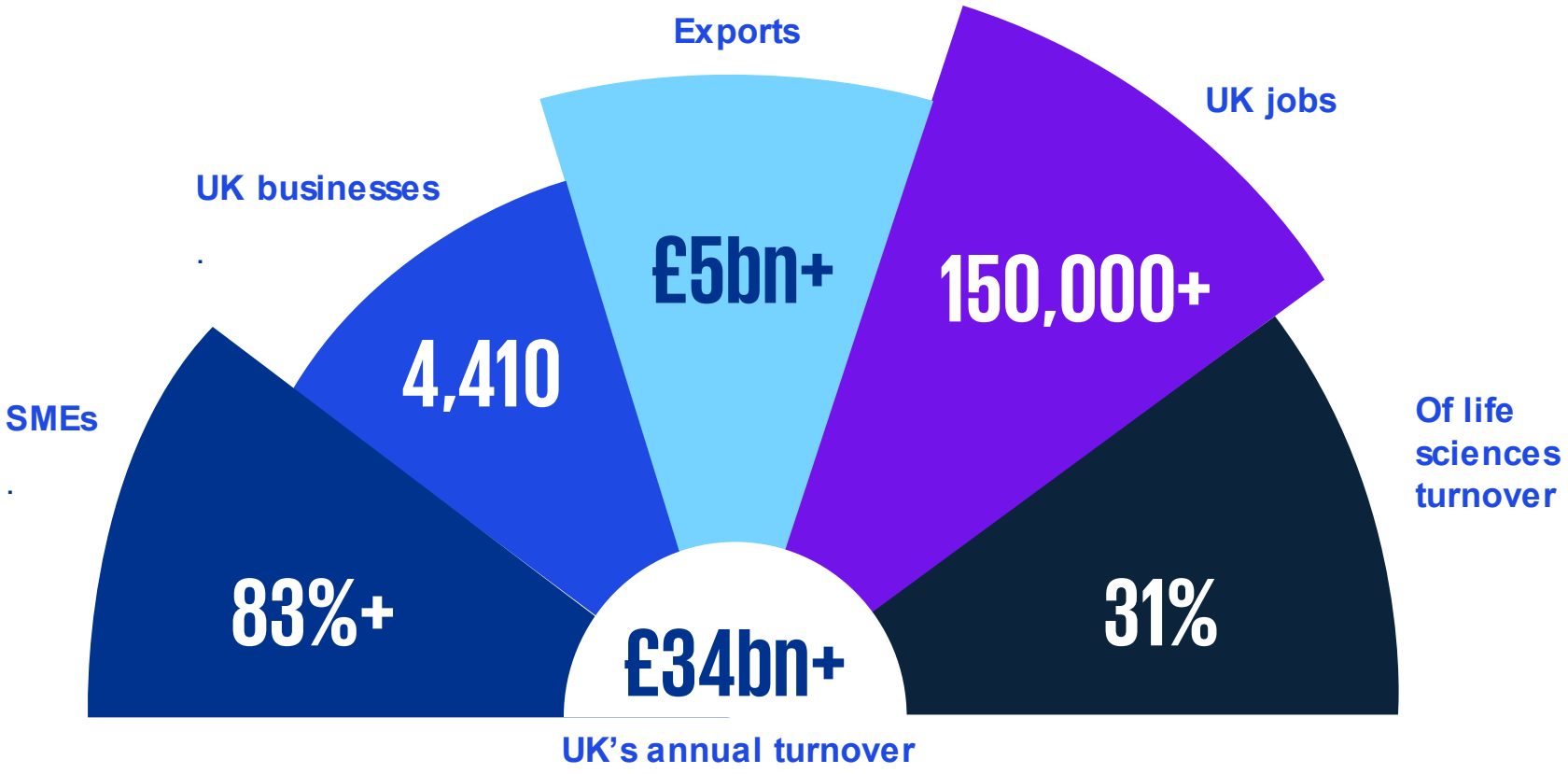
03

Key findings

3.1

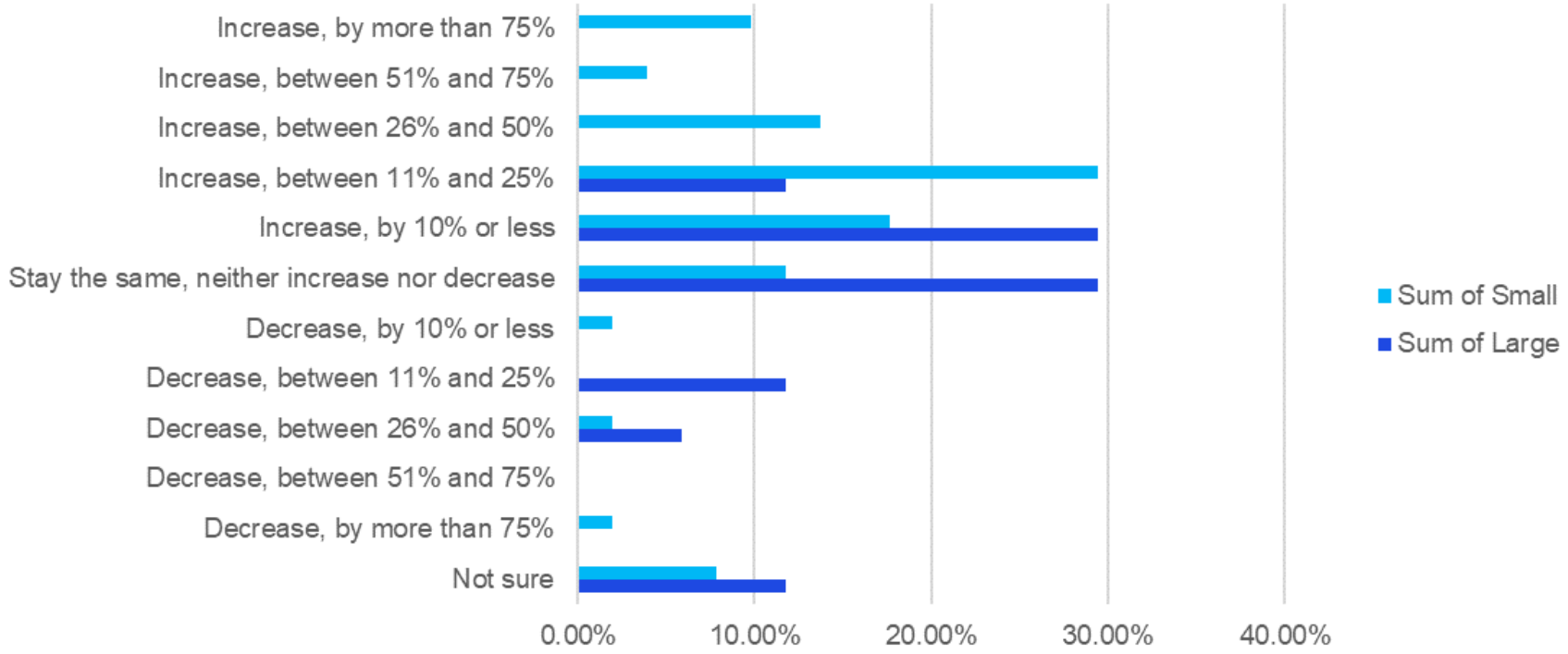
Economic contribution

Economic contribution of HealthTech



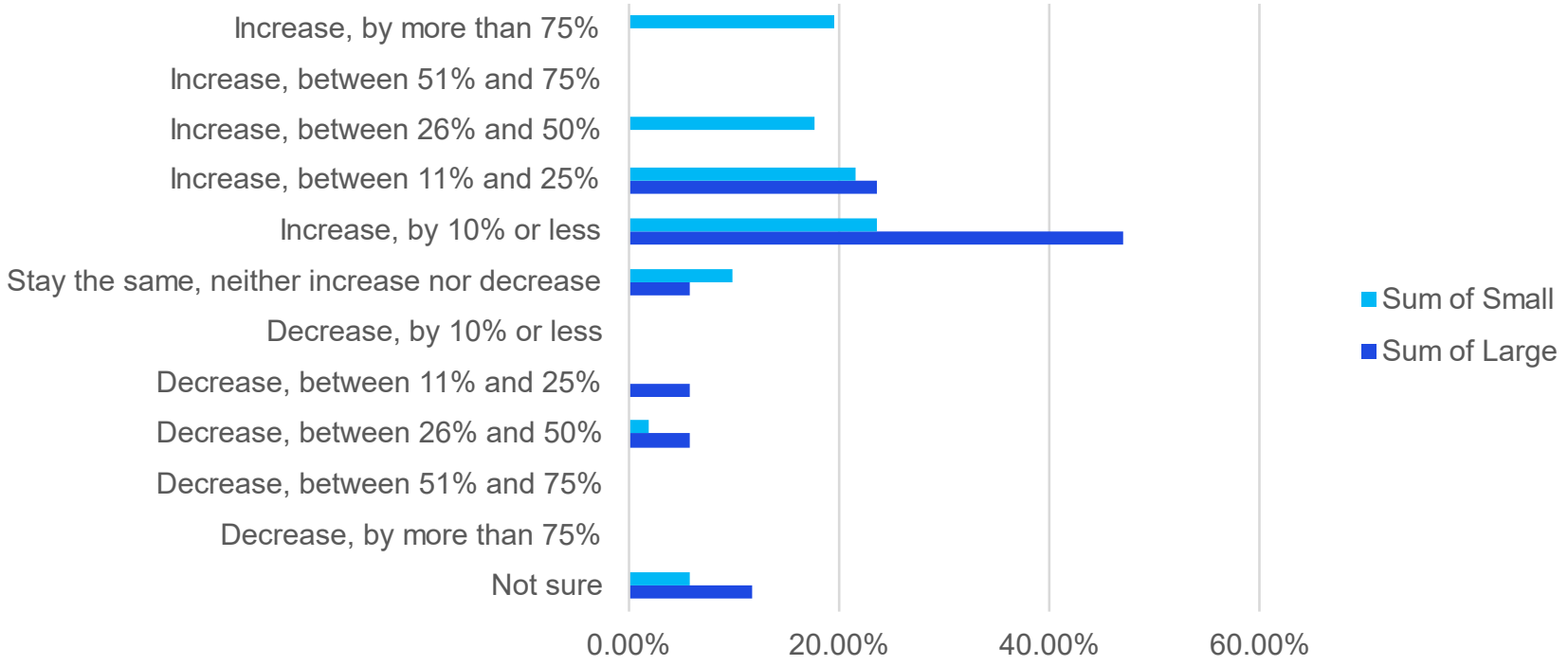
Economic contribution of HealthTech

Figure 1.3: How do you expect your headcount in the UK to change in the next 12-24 months?



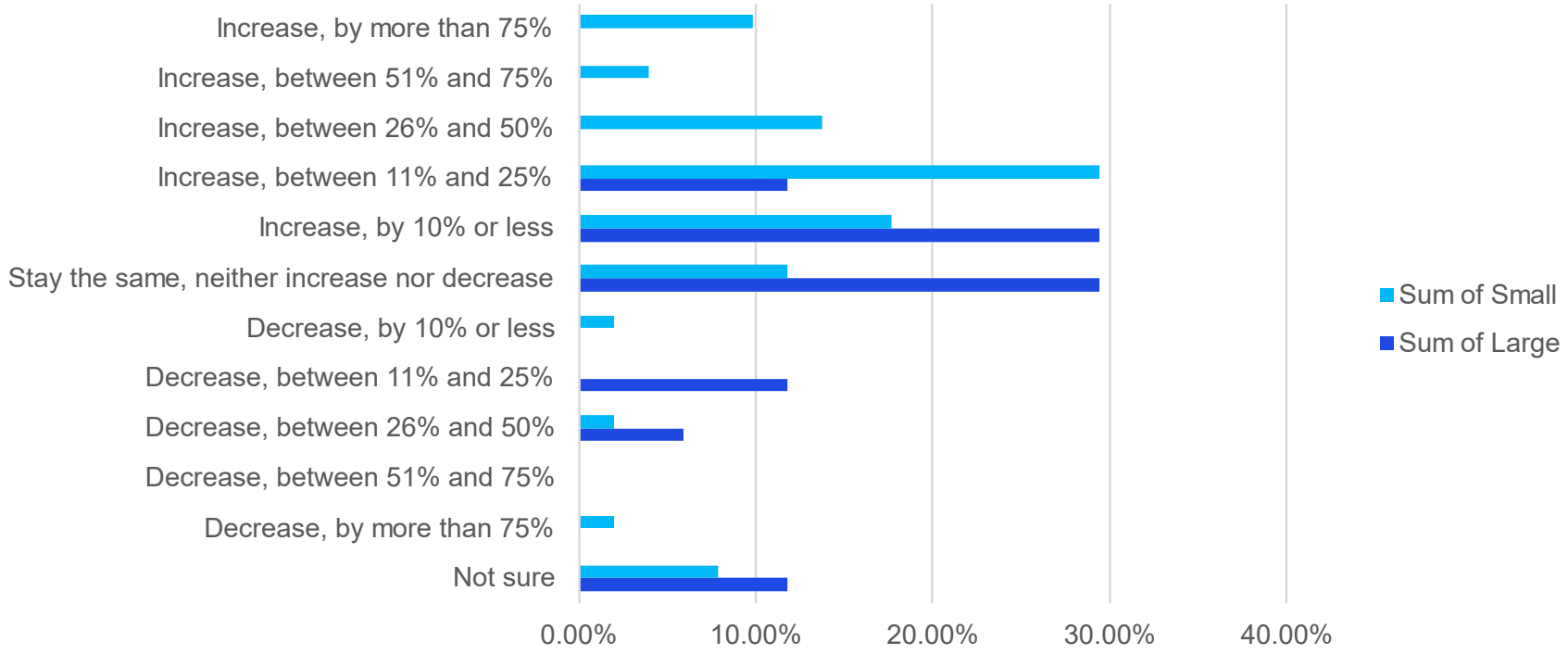
Economic contribution of HealthTech

Figure 1.6: How do you expect your turnover from UK operations to change in the next 12-24 months?



The UK as a net importer of HealthTech

Figure 1.4: Approximately what proportion of your UK organisation's product / service revenue is derived from export?



3.2

Sector representation

Beyond the Golden Triangle

Figure 1.1: Where is your organisation's registered address in the UK?

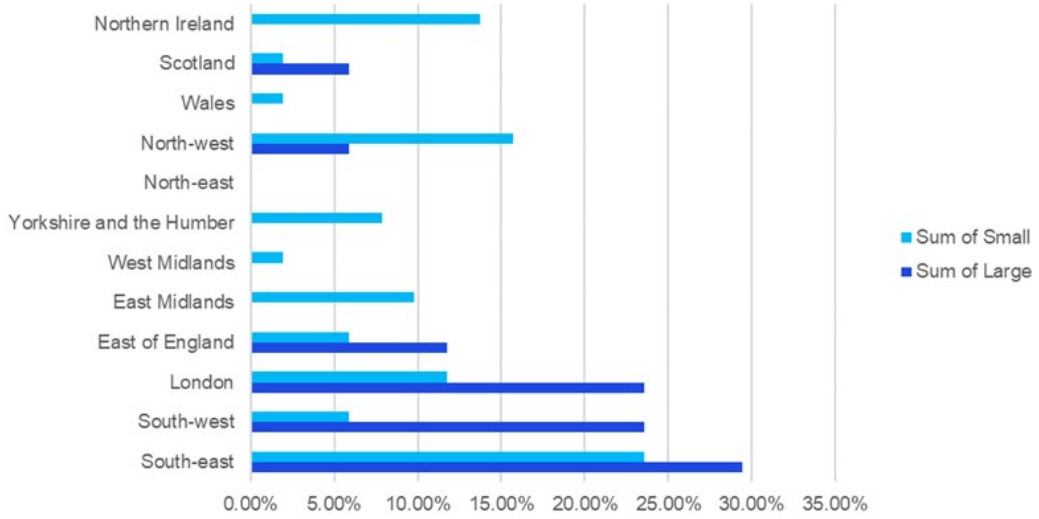
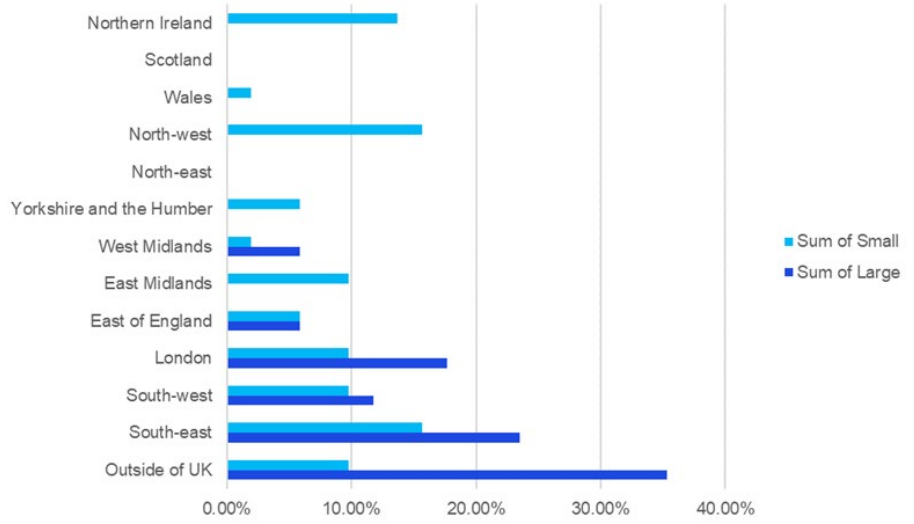
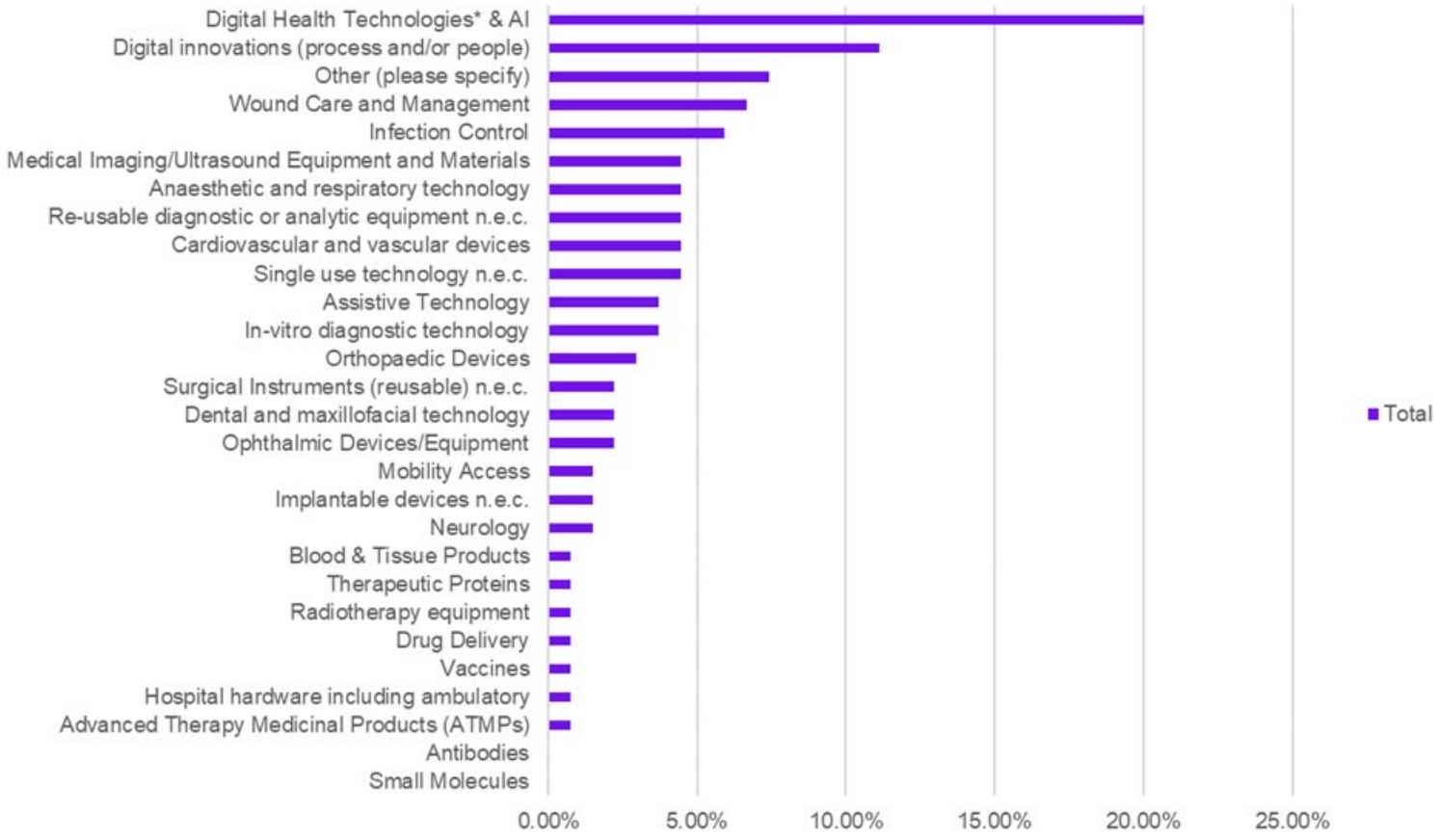


Figure 1.2: Where is your organisation's head office located?



The need for a formal redefinition of HealthTech

Figure 1.5: In which HealthTech subsector(s) does your organisation primarily operate?

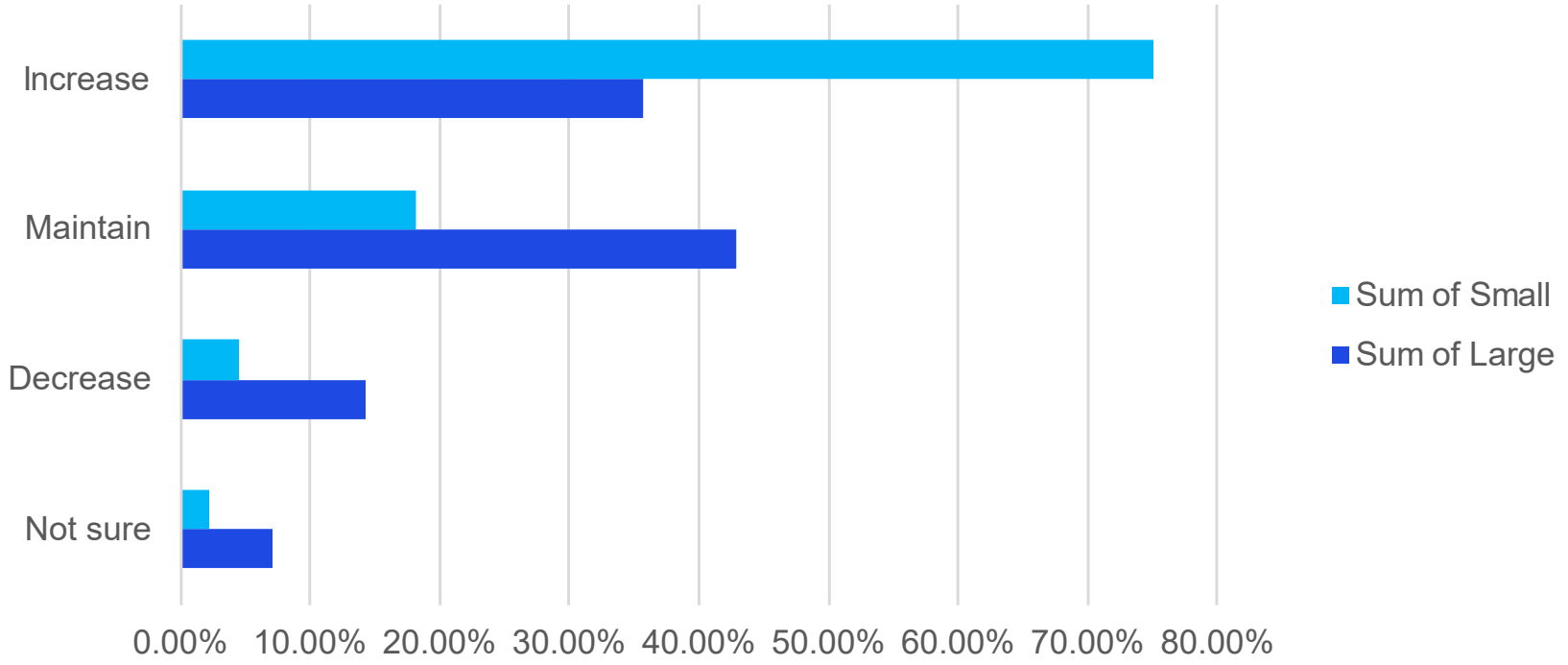


3.3

Innovation and R&D landscape

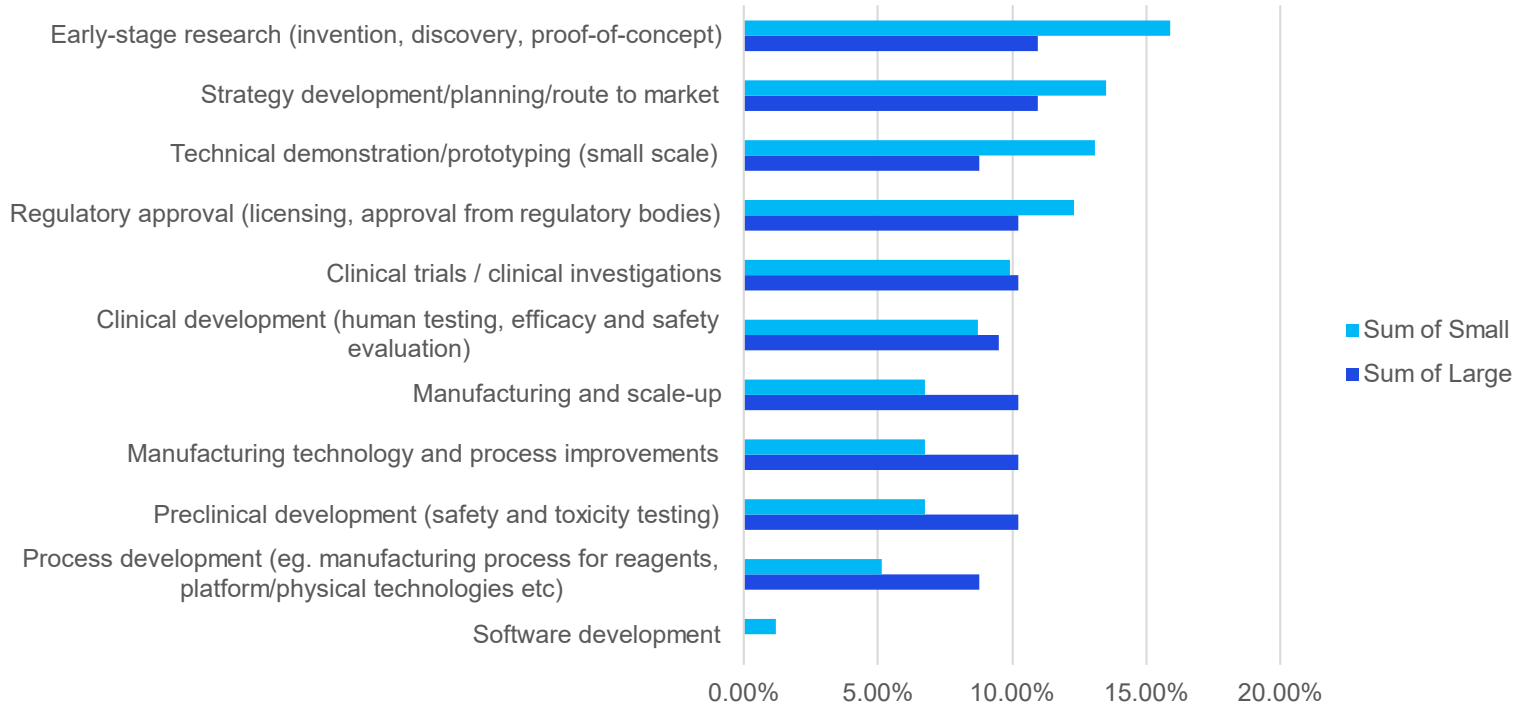
Strong commitment to R&D

Figure 2.2: Do you plan to maintain, increase or decrease UK R&D activity specific to HealthTech in the next 5 years?



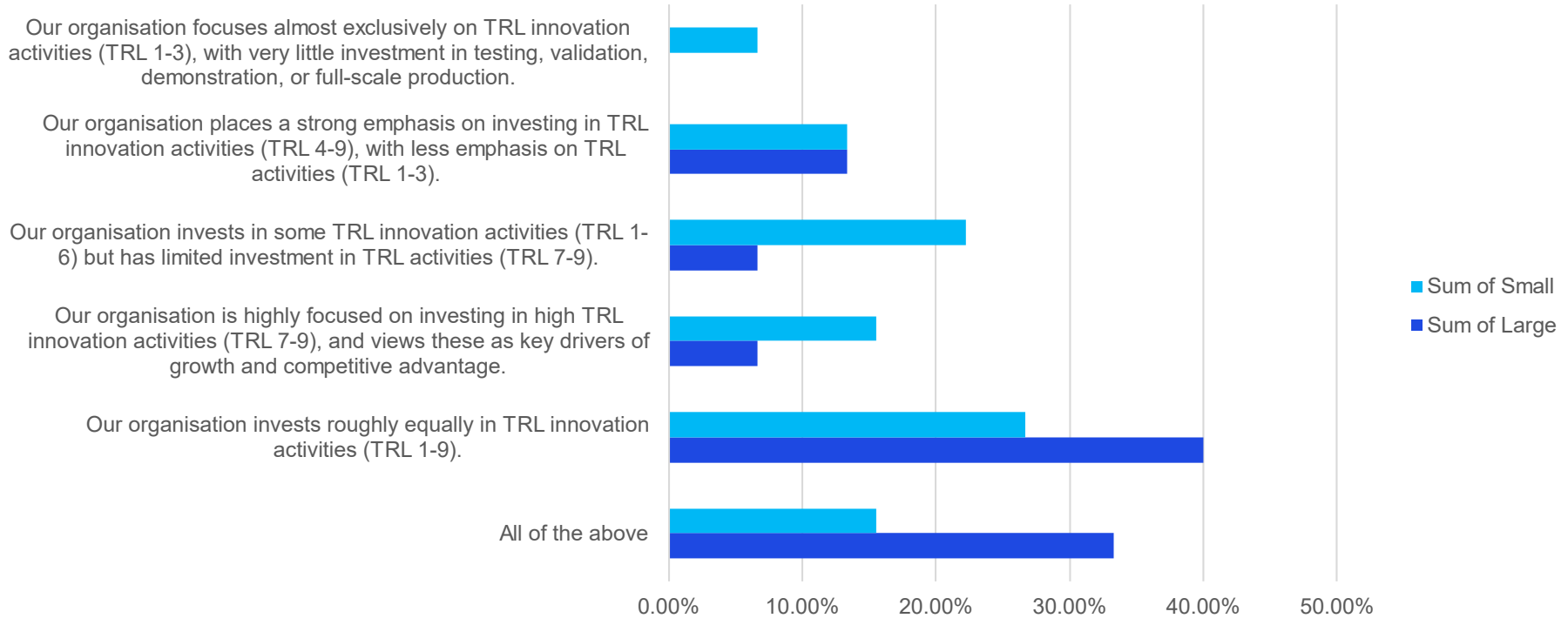
Disparity in innovation lifecycle

Figure 2.6: Please indicate the R&D activities that your organisation engages in the UK and overseas specific to HealthTech



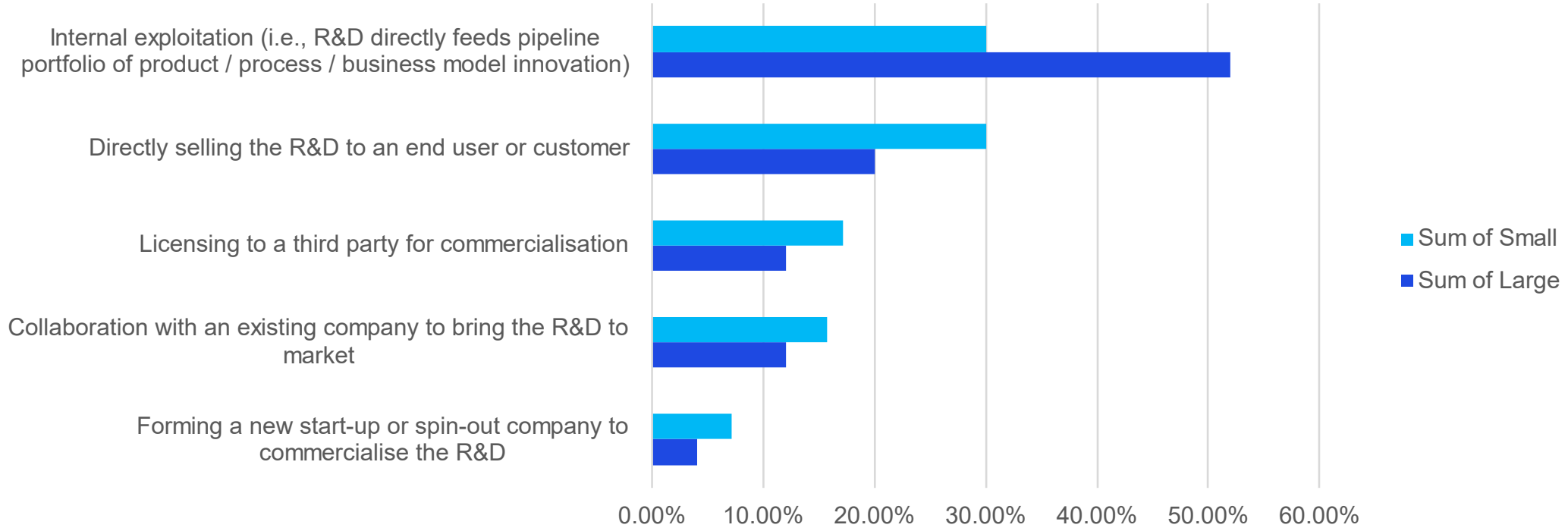
R&D focus

Figure 2.8: Which of the following best describes your organisation's investment in R&D activities specific to HealthTech across the range of Technology Readiness Levels?



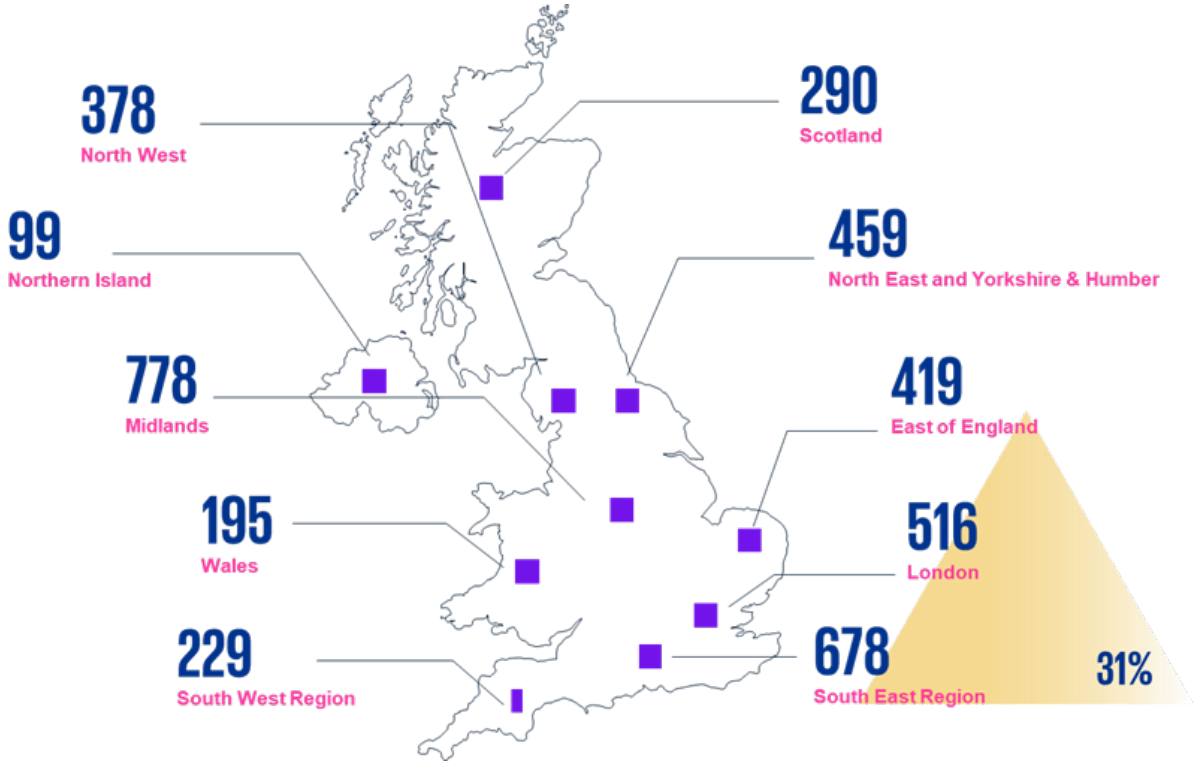
Routes to commercialisation

Figure 5.5: What methods or pathways does your organisation utilise to commercialise your R&D specific to HealthTech?



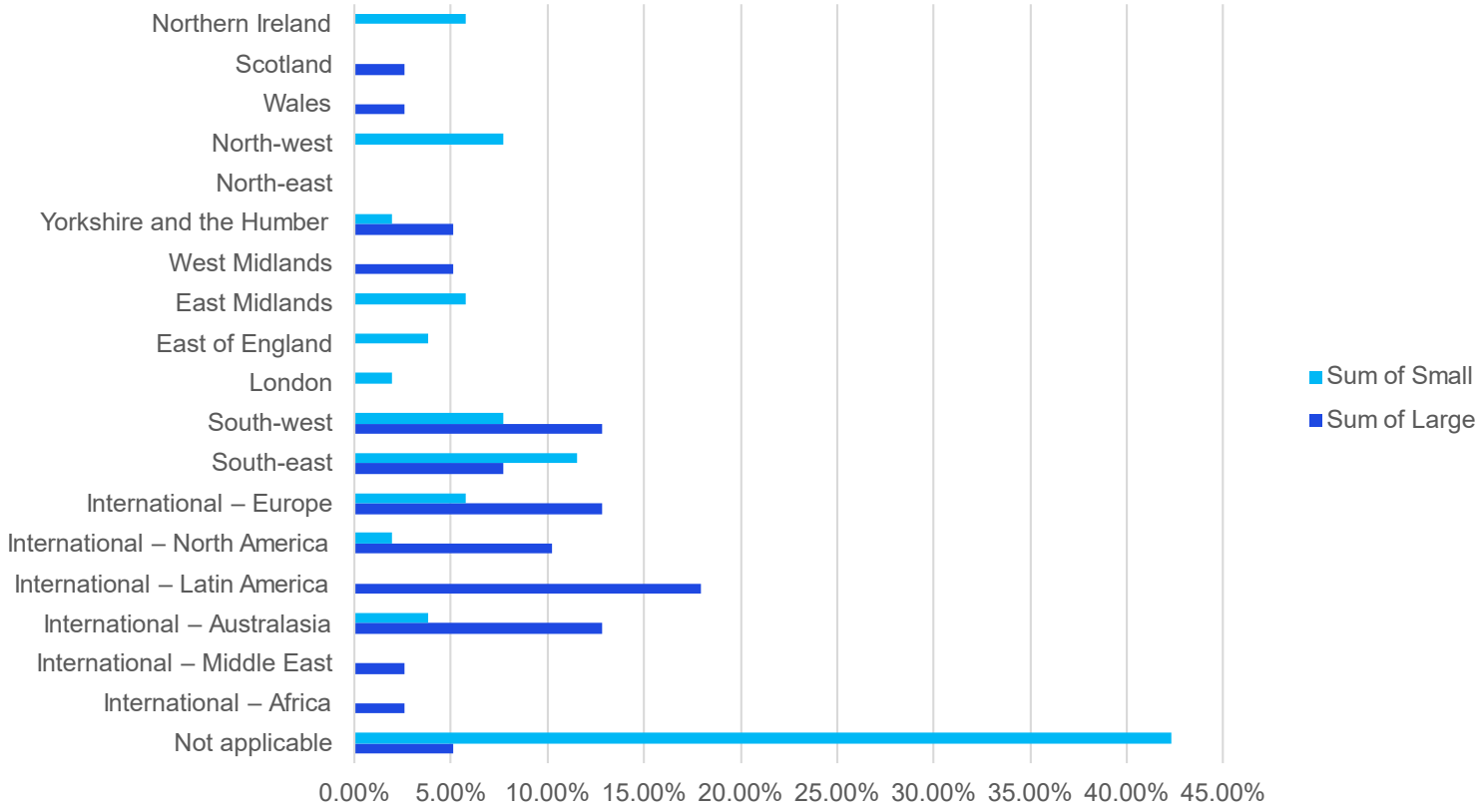
Committed to manufacturing in the UK

Figure 3.1: Numbers of HealthTech manufacturers in 2020



Committed to manufacturing in the UK

Figure 3.6: Where is your organisation's manufacturing activity located specific to HealthTech?



Committed to manufacturing in the UK

Figure 3.7: Do you plan to maintain, increase, or decrease the level of UK-based manufacturing activity in the next 5 years specific to HealthTech?

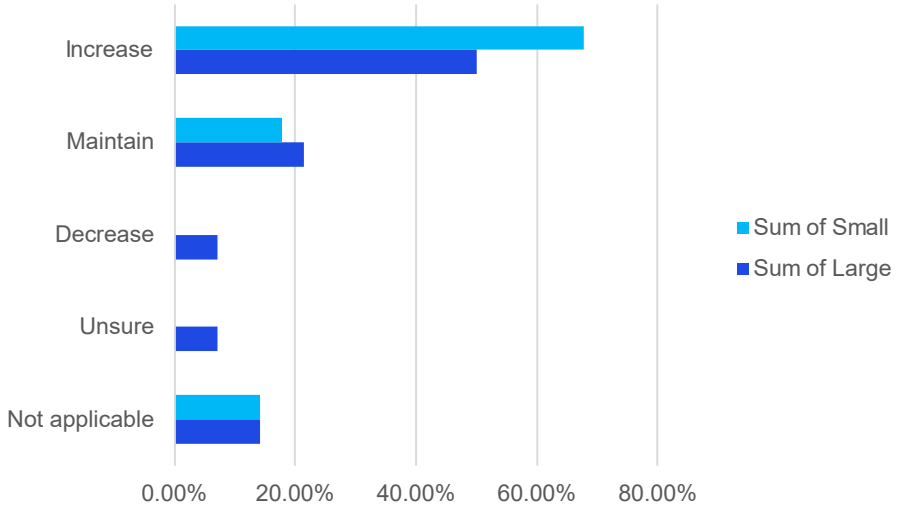
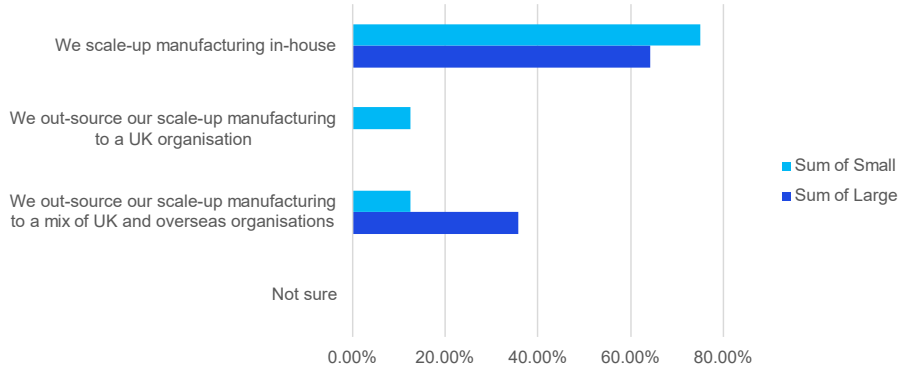


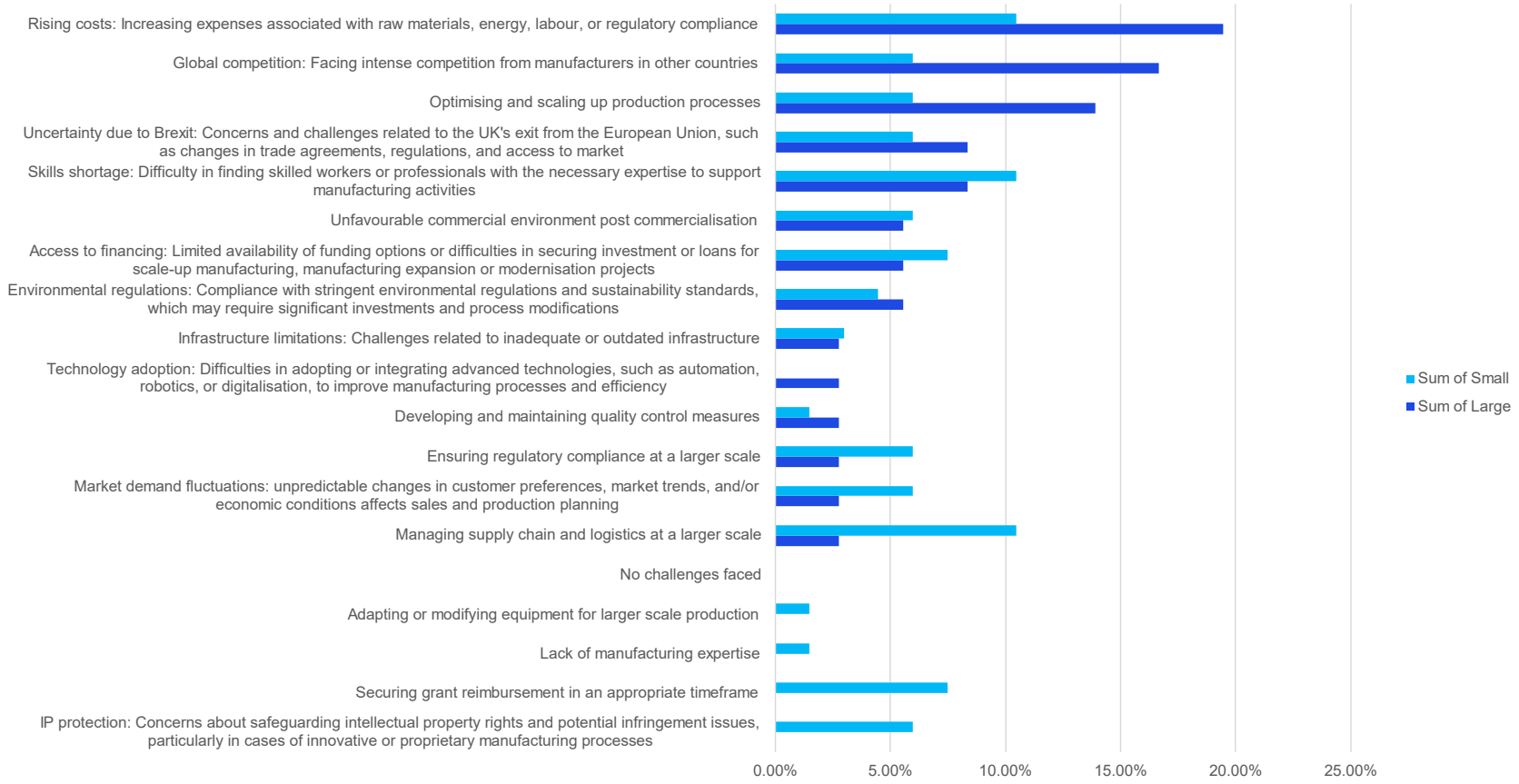
Figure 3.8: How does your organisation scale-up* its manufacturing activity?

* taking a manufacturing process from pilot scale to a scale at which it is commercially feasible



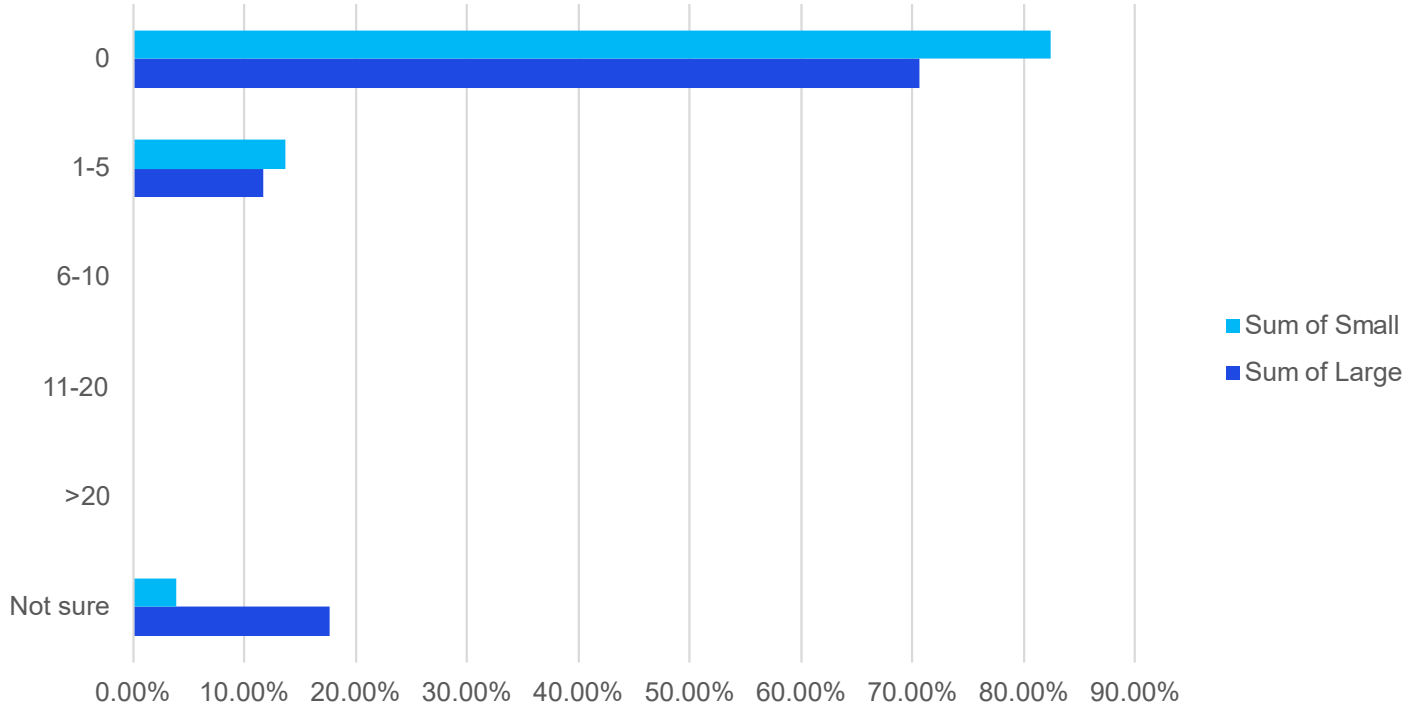
Challenges in scaling-up manufacturing

Figure 3.9: For those that manufacture, what are the top 3 challenges your business faces when scaling up from R&D to production manufacturing specific to HealthTech?



Grant funding for manufacturing / production

Figure 4.7: How many UK-based manufacturing / production grant applications have been submitted in the past 24 months specific to HealthTech?



Reliance on public funding by SMEs

Figure 4.2: Which types of government funding has your UK organisation accessed in the past 24 months, specifically related to R&D and/or manufacturing within HealthTech?

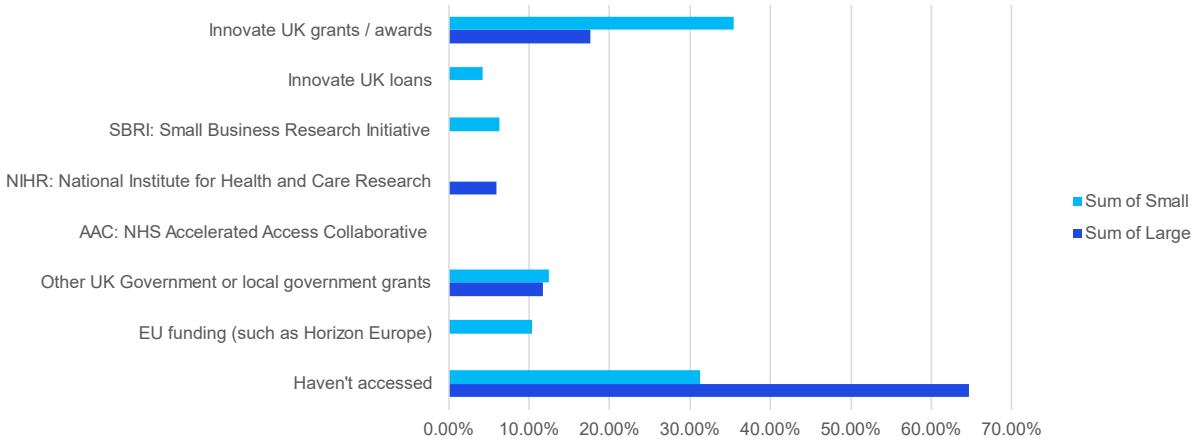
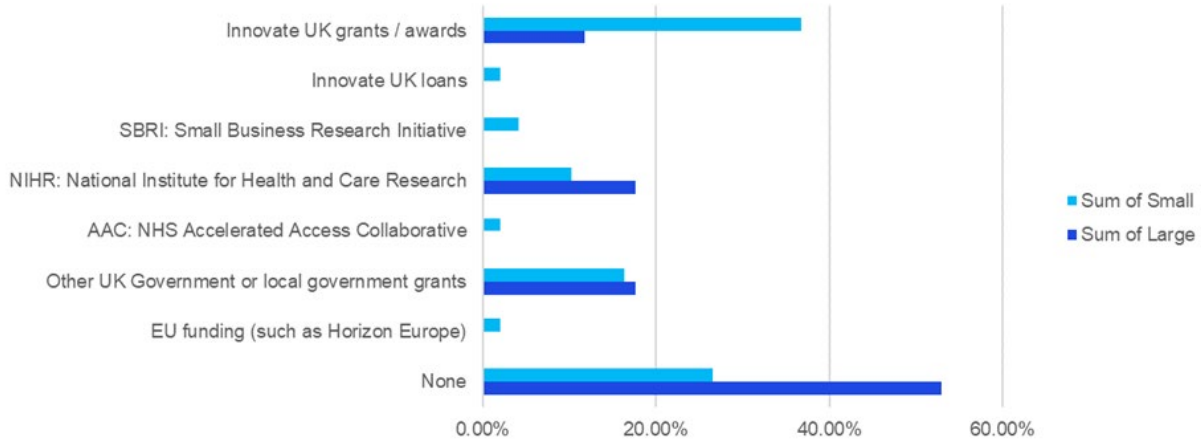
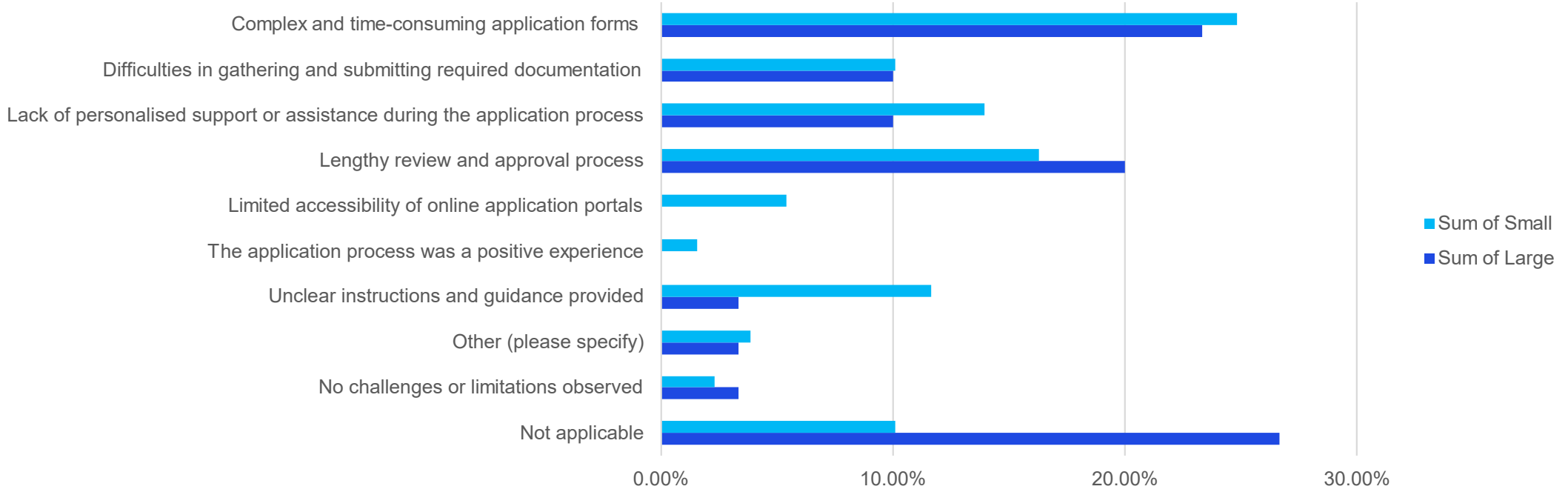


Figure 4.3: Which types of government funding does your UK organisation plan on applying to in the next 24 months (specifically related to R&D and/or manufacturing within HealthTech)?



Challenges of applying for public funding

Figure 4.4: If you have applied for government grants, have you encountered any of the following challenges during the application process?



Private funding for HealthTech

Private sector funding challenges in UK HealthTech

- Lack of private capital leading to acquisition of smaller HealthTech businesses by larger entities.
- Limited private market interest in funding R&D, with concerns over the absence of guaranteed reimbursement for effective and cost-efficient products.

Navigating investment and regulatory environment

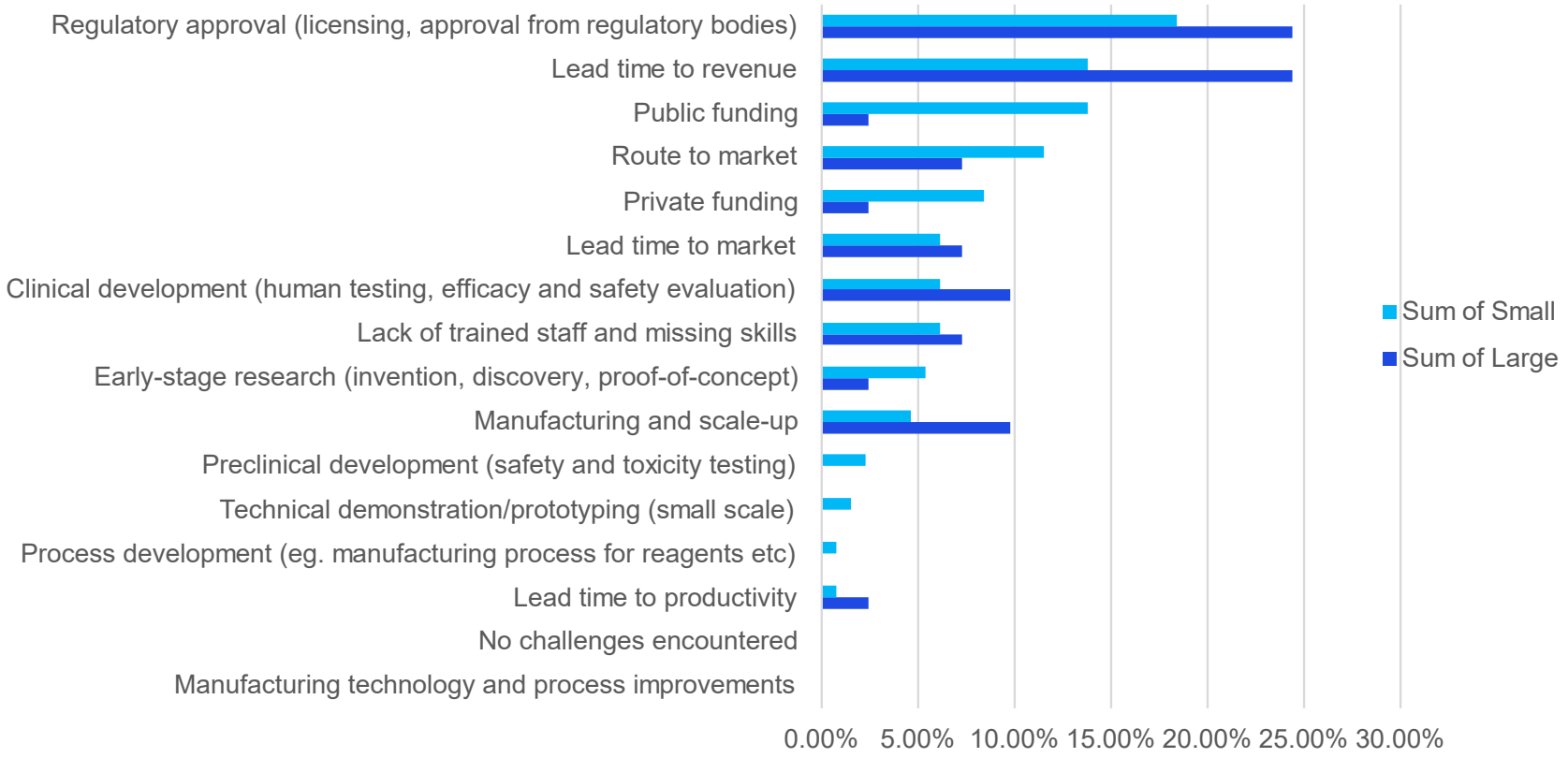
- Difficulties in navigating investment rounds in a challenging global financial climate.
- Importance of a favourable tax, legal, and regulatory framework to sustain the UK's position as a leading investment hub for HealthTech, as underscored by Lord Harrington’s Review.

3.4

Barriers to growth

Regulatory approvals present a barrier to innovation

Figure 2.9: What are the top 3 challenges your businesses faces in its R&D activity specific to HealthTech?



NHS procurement policies

Opportunities and challenges with NHS procurement

- The NHS's approach to reducing supplier numbers for cost savings and economies of scale may inhibit innovation and restrict smaller HealthTech businesses' market access

Adopting innovative technologies

- Current focus on short-term cost savings in NHS procurement processes potentially delays the adoption of innovative technologies that promise significant long-term benefits and cost savings

Strategic overhaul for sector development

- Emphasising value-based purchasing and fostering practices that encourage innovation within NHS procurement strategies is crucial for the advancement of the HealthTech sector

Collaboration to address skills shortages

Figure 2.10: Which of the following organisations have you collaborated or partnered with on an R&D project / initiative in the past 2 years?

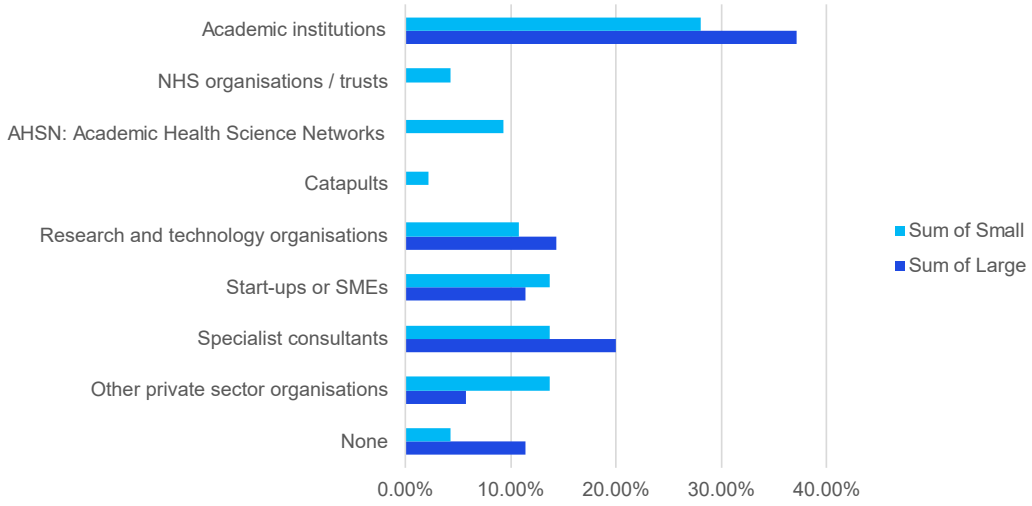
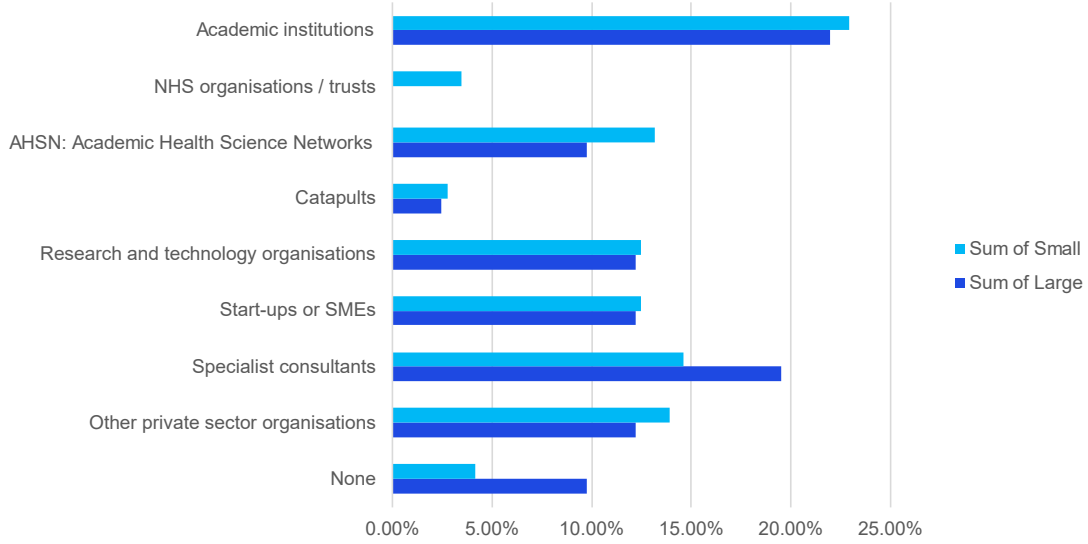
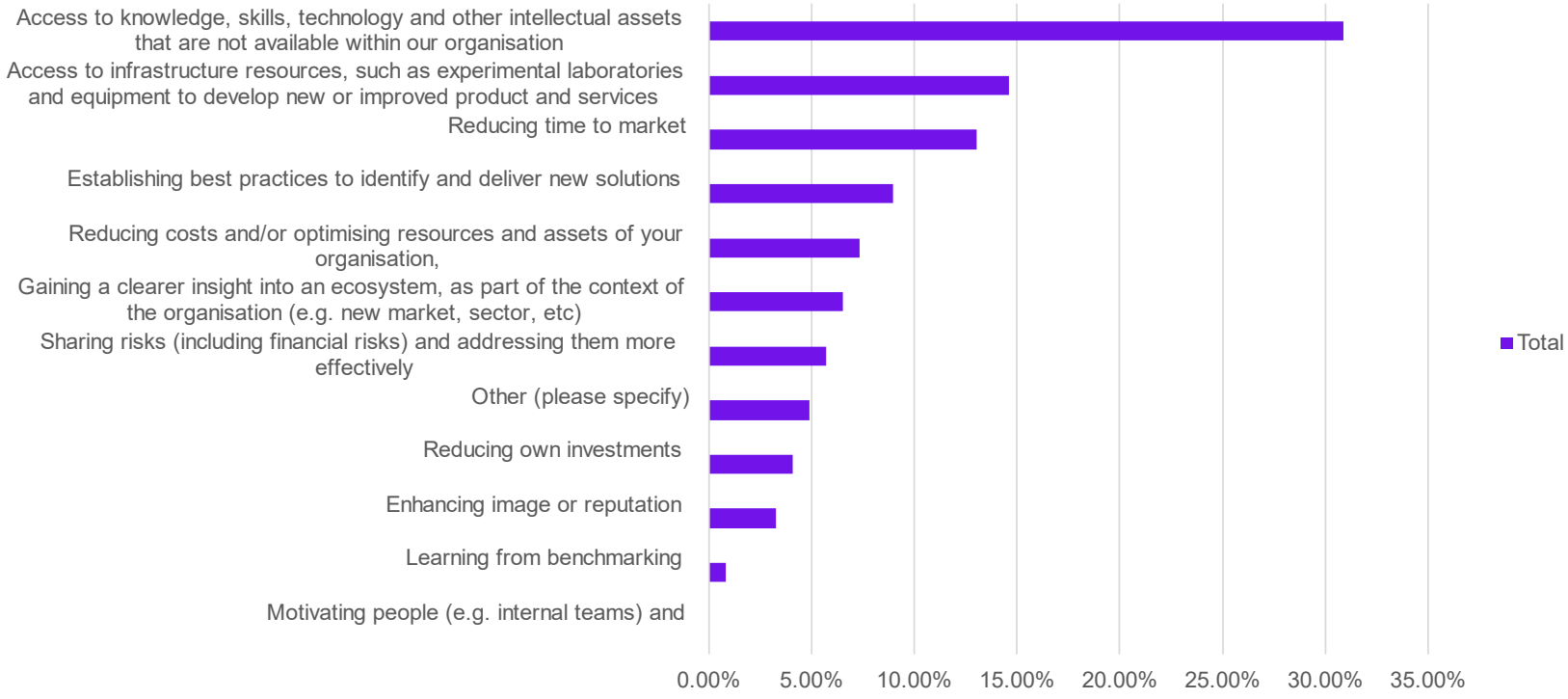


Figure 2.11: Which of the following organisations do you plan on partnering or collaborating with in the next 24 months?



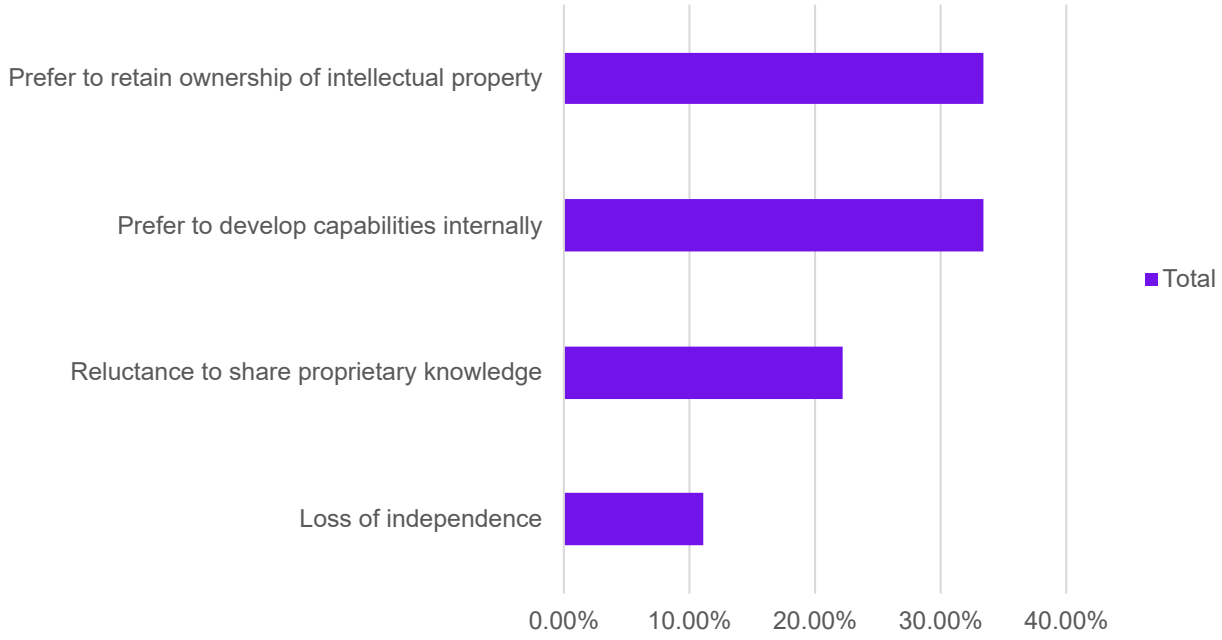
Collaboration to address skills shortages

Figure 2.12: If you have partnered or collaborated (or plan to in the next 24 months) with one or more external organisation(s), select up to top 3 reasons for doing so



Concerns over IP prohibit collaboration

Figure 2.13: If you have not partnered or collaborated (or plan not to in the next 24 months) with any external organisation(s), please explain why?

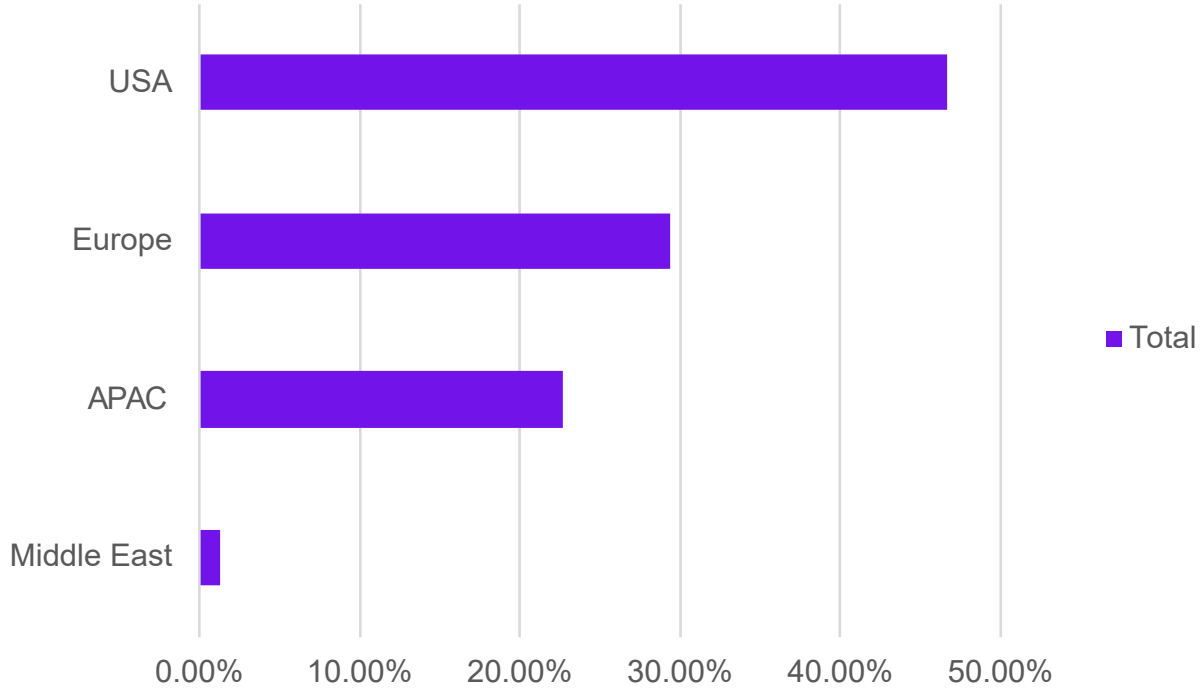


3.5

International benchmarking

International competitiveness

Figure 6.1: Which geography would you describe as the UK's main competitor when for HealthTech R&D / manufacturing organisations?



04

Recommendations

Dan Burton – KPMG

Address how UK-based clinical studies can be accelerated, including funding support for SMEs in this domain

Facilitate clinical testing partnerships

Enhance regulatory pathways

Improve demand signalling for health technologies

Long-term plan for UK HealthTech manufacturing

Harmonised guidelines for NHS trusts

Introduction of an open funding call for HealthTech businesses

Increase focus on funding for translation of research to production

Simplify application processes

De-risk private HealthTech investment

Balance the HealthTech sector funding environment

Optimise tax incentives for SMEs

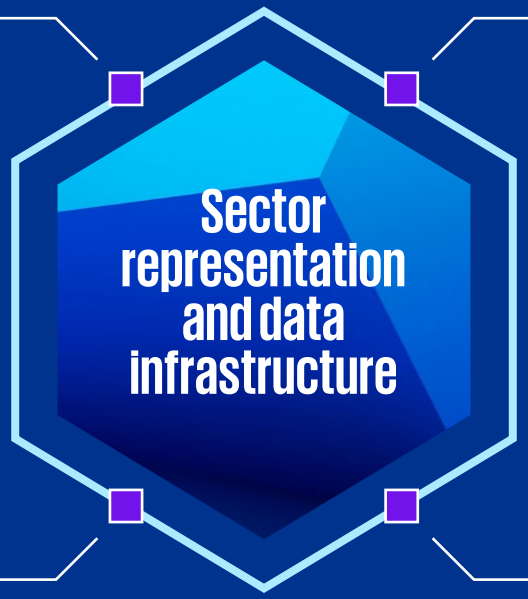
Access to global markets to increase exports

Value-based procurement

Generate greater awareness of Patent Box for wider adoption

Establish a research and data collection programme

Introduction of a Standard Industrial Classification (SIC) code



Greater reporting transparency and granularity

Geographic data should be collected for both head office location and UK registered address

05

Current funding opportunities

Dan Burton – KPMG

	Tackling Health inequalities	Investor Partnerships in HealthTech	Invention for Innovation (i4i)
Funder	WYCA	Innovate UK	NIHR
Value	£120,000	£1,400,000	£150,000
Deadline	7th May 2025	9th April 2025	None specified
Who can apply	• UK-registered SMEs with a substantial operational presence in West Yorkshire. • Includes alternative business models and charities undertaking economic activity. • Single organisations or consortia (must all individually meet eligibility criteria). • Consortium must nominate one organisation as the lead entrant.	• Single applicants only. • UK-registered micro or SME. • Be growing their innovation activities in the health technology cluster in West Yorkshire. • Carry out all its project work in the UK. • Have been invited to apply by an investor from Innovate UK's pool of investor partners.	• Lead must be located in the UK. • SMEs. • NHS organisations (including NHS Trusts and NHS Foundation Trusts), and equivalent UK authorities. • Higher education institutions (including universities and research institutes). • Not-for-profit organisations (including charities and Community Interest Companies).
About	• Grants and support to accelerate the development of innovative solutions, products or services that address health inequalities in West Yorkshire communities. • Solutions that tackle issues across different domains, including food, the environment, community engagement and healthcare access	• Grant funding for projects that grow their innovation activities in the health technology cluster in West Yorkshire, alongside private investment from selected investor partners.	• Supports R&D of digital health technologies, medical devices, active implantable devices and in vitro diagnostic devices to a point where they are de-risked for follow-on investment.

	LSIMF: EoI	Health Technology Assessment	Public Health Research
Funder	DSIT	NIHR	NIHR
Value	Discretionary	Discretionary	Discretionary
Deadline	None specified	None specified	None specified
Who can apply	• UK registered private sector businesses. • Investing in life sciences manufacturing projects in the UK. • Must be a product developer, contract development manufacturing organisation, or a generics manufacturer. • Primarily a capital investment. • A single company investment • Manufacturing project for: human medicines; medical diagnostics; MedTech products	• Organisations that can carry out high-quality health-related research. • Include >2 partners: industry, academia, and the NHS. • Collaboration with SMEs encouraged. • Charity partnerships are welcome. • Applications are accepted from within the UK. • Can address any health issue or problem.	• Researchers in England, Scotland, Wales and Northern Ireland. • It is expected that applicants will collaborate, where appropriate, with partner organisations, such as local government and voluntary organisations. • Evidence of public involvement will be sought.
About	• To increase UK health resilience by strengthening the UK's manufacturing capacity and capability. • To create economic opportunity through investments that will make a substantial contribution to GVA and provide high-wage, high-skilled jobs around the UK.	• Financial assistance to conduct research in the UK that assess the effectiveness of different healthcare treatments and tests for those who plan, provide or receive care from NHS and social care services.	• Funding available to support public health research projects. • Research is funded through two routes: commissioned and researcher-led work streams.

	Canada-UK collaborative R&D	UK Innovation & Science Seed Fund	Innovation Loas Future Economy
Funder	Innovate UK	Midven (Future Planet Capital) / DSIT	Innovate UK
Value	£300,000	£100,000-£500,000 // £1,500,000	£2,000,000
Deadline	16 April 2025	None specified	7th May 2025

Who can apply	• UK and Canadian collaborations only.
	• UK registered business of any size.
	• Collaborations must involve at least one grant claiming UK registered SME and one eligible Canadian incorporated, profit orientated SME.
	• UK lead can be UK registered:
	  • Business of any size
	  • Academic institution
	  • Charity
	  • Not for profit
	  • Public sector organisation
	  • Research and technology organisation
		• Deep tech companies are the target. This includes start-ups whose business model is based on high tech innovation in engineering, or significant scientific advances.
		• Must fulfil one of the following:
		• Be based at one a specified research campus.
		• Be working in a strategic priority area engineering biology.
		• The innovation is based on IP associated with one of a specified list of partners.
			• UK registered SME carrying out a project from or in the UK.

About	• Grants to collaborate with Canadian SMEs on joint R&D projects.	• Invest in UK innovators who are facilitating sustainable growth, enhancing the health and security of society and delivering economic gains from the UK's publicly funded research. • UKI2S makes equity and convertible loan investments (cheques £100,000 and £500,000). Follow-on rounds in the best-performing companies, up to £1.5 million.	• UK registered SME businesses can apply for loans for innovative projects with strong commercial potential to significantly improve the UK economy.

06

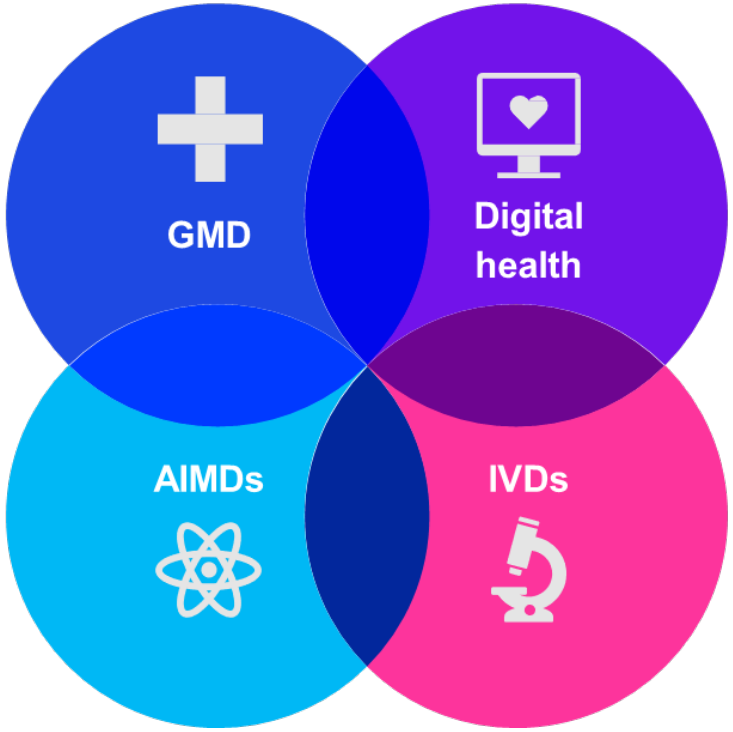
Open discussion

Defining HealthTech

Health technologies or healthtech are broadly categorised as general medical devices (GMD), active implantable medical devices (AIMDs), in vitro diagnostic medical devices (IVDs), and digital health and software

General medical devices

Includes syringes, heart valves, dressings, ECG monitors, surgical robots, CT scanners, and dialysis machines. General medical devices also includes any software used to power them.



Digital health

Digital health technologies encompass computing platforms, connectivity, software, data analytics and sensors when used to identify and manage health risks, diagnose or manage conditions, track health data, support clinicians in service delivery, or improve the efficiency and effectiveness of health systems. Digital health technologies include categories such as mobile health and apps, health information technology, wearable devices, telehealth and telemedicine, and personalised medicine.

Active implantable medical devices

Includes implants such as cardiac pacemakers, nerve stimulators, cochlear implants, and active monitoring devices.

In vitro diagnostic medical devices

IVDs are equipment or systems used in vitro to examine specimens. This includes all instruments, software, reagents and calibrators, such as blood grouping reagents, pregnancy test kits and Hepatitis B test kits.

Note: The report Medical Technology Strategy defines medical technology industry as a combination of general medical devices, active implantable medical devices (AIMDs), IVDs and digital health and software which we have defined in this report as Healthtech
Source: Medical Technology Strategy, accessed on 10 March 2023

Access the report

Get in touch

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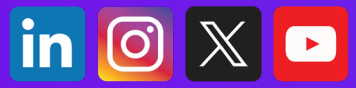

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