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HEALTHCARE TRANSACTIONS REPORT

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EXECUTIVE SUMMARY

Private capital deployment in July reached \$125B across 220+ healthcare transactions, underscoring the sector's continued appeal as both a defensive allocation and a hub for innovation. Capital flows consolidated into scaled platforms and late-stage assets, with private equity and strategics deploying significant capital into buyouts and pipeline acquisitions. Early-stage investment, while active in deal count, remained selective. The market favored scale over experimentation, with large-cap M&A and private equity buyouts driving the majority of capital deployed.

Pharmaceutical Services & Distribution led with \$51B (41% of capital; 8% of deals), anchored by Sycamore Partners' \$24B take-private of Walgreens and Bain/Kohlberg's \$10B recapitalization of PCI Pharma Services. Biotechnology followed closely at \$30B (24% of capital; 24% of deals), fueled by Merck's \$10B acquisition of Verona Pharma and Sanofi's \$9.1B acquisition of Blueprint Medicines. Medical Devices & Tools accounted for \$21B (17% of capital; 19% of deals), highlighted by Becton Dickinson's \$17.5B sale of its Bioscience division to Waters Corporation. Healthcare Services & Payers captured \$13B (10% of capital; 20% of deals), while Digital Health & IT represented \$10B (8% of capital; 29% of deals), the highest transaction count across all verticals.

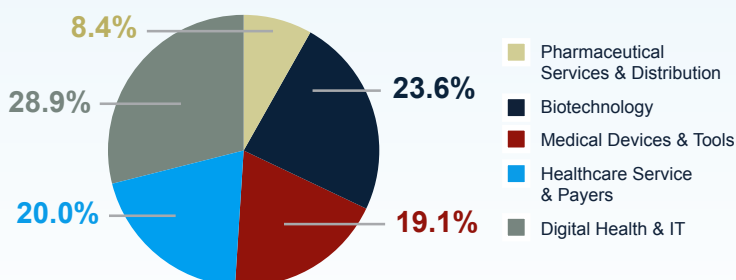
By investment type, strategic M&A and buyouts dominated with \$109B (87% of capital; 47% of deals), concentrated in platform-scale transactions and healthcare services businesses. Venture capital represented 41% of deal volume but just \$3.1B (2% of capital), reinforcing the bifurcation between scaled buyouts and selective early-stage bets. Growth equity activity was modest, accounting for less than 1% of total capital deployed.

July reinforced healthcare's dual-track environment: scale-driven consolidation led by PE and strategics in distribution, services, and payers, versus innovation-driven bets in biotech, devices, and digital health.

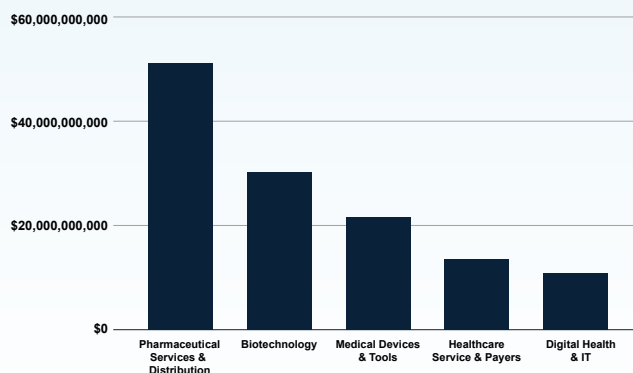
Key Takeaways for Investors and Operators:

- **Strategic Consolidation** – Large pharmaceutical and medtech companies are making high-value acquisitions to secure category leadership. Sanofi's \$9.1B purchase of Blueprint Medicines and BD's \$17.5B sale of Biosciences to Waters highlight intensified competition in rare diseases and diagnostics. These deals signal that mid-market innovators in these segments may become acquisition targets sooner than expected.
- **Deepening Role of AI** – AI is now a foundational theme across healthcare. Venture capital is channeling into AI-native companies addressing both administrative efficiency and clinical applications. For example, Ambience Healthcare raised \$243M (Series C, ~\$1.25B valuation) backed by Oak HC/FT, a16z, OpenAI Startup Fund, and Kleiner Perkins. Carlsmed secured \$52.5M (Series C, B Capital/USVP) for AI-driven spine surgery. These financings identify a likely future M&A target class: clinical AI platforms.
- **Private Equity Roll-Ups** – PE firms continue to pursue buy-and-build strategies in highly fragmented verticals like behavioral health and medical devices. Active consolidators included Lee Equity Partners and Inverness Graham.
- **Venture/Innovation** – While VC contributed only 2% of capital, it remains critical to pipeline innovation. High deal count in biotech and digital health underscores the importance of venture as the feeder system for future strategic M&A.
- **Focus on Services and Technology** – Digital Health & IT, Biotechnology, and Healthcare Services & Payers were the most active sub-industries by deal volume. This concentration highlights where consolidation is most likely to accelerate: tech-enabled services, next-generation therapies, and payer/provider delivery models.

▶ PERCENTAGE OF TOTAL HEALTHCARE TRANSACTIONS BY VERTICAL (DEAL COUNT)



▶ CAPITAL DEPLOYED BY VERTICAL



TOP FIVE HEALTHCARE TRANSACTIONS

Rank	Target / Investor	Description	Asset Class	Financing Type	Vertical	Transaction Value
1	Walgreens (WBA) / Sycamore Partners	A global pharmacy-led health and wellness retailer.	Buyout	Take-Private	Pharmaceutical Services & Distribution	\$23.7B
2	Becton, Dickinson Bioscience / Waters Corporation	A division of Becton Dickinson focused on biosciences and diagnostic solutions.	Strategic	Acquisition (M&A)	Medical Devices & Tools	\$17.5B
3	Verona Pharma (VRNA) / Merck (MRK)	A clinical-stage biopharmaceutical company developing respiratory therapies.	Strategic	Acquisition (M&A)	Biotechnology	\$10.0B
4	PCI Pharma Services / Bain, Kohlberg	A contract service provider for pharmaceutical and biotech development, manufacturing, and supply chain.	Buyout	Recapitalization	Pharmaceutical Services & Distribution	\$10.0B
5	Blueprint Medicines / Sanofi (SAN)	A biotech focused on precision therapies for rare diseases and cancers.	Strategic	Acquisition (M&A)	Biotechnology	\$9.1B



KEY VERTICALS

Pharmaceutical Services & Distribution

Transaction Value: \$51.5B

Takeaway: This vertical is becoming PE's defensive anchor. Capital is chasing integration of drug development, logistics, and retail pharmacy, with AI-led workflow optimization attracting early venture interest.

The Pharmaceutical Services & Distribution vertical led in July 2025, with major transactions driven by consolidation and a strategic push toward technology-enabled solutions. High-value buyouts dominated the landscape, including two separate multi-billion deals. Leading the way was Sycamore Partners' bid to take Walgreens Boots Alliance (NASDAQ: WBA) private in a \$23.7 billion turnaround transaction. Rather than a pure scale play, this deal reflects sponsor appetite for distressed or underperforming healthcare retail assets that can be repositioned under private ownership. The transaction underscores both the challenges facing retail pharmacy and the opportunity for sponsors to unlock value through restructuring, carve-outs, and digital transformation.

"This partnership positions us to accelerate our turnaround, enhance the customer and patient experience, and become the first choice for pharmacy, retail and health services. We look forward to closing and entering this next chapter."

— Tim Wentworth, Chief Executive Officer, Walgreens Boots Alliance

In a parallel move, Bain Capital and Kohlberg recapitalized PCI Pharma Services in a transaction that values the company at approximately \$10 billion, including debt. Headquartered in Philadelphia, PCI provides integrated drug development, manufacturing, and packaging services and has grown rapidly under Kohlberg's ownership. The recapitalization provides fresh capital to expand capacity and pursue acquisitions, reinforcing investor conviction in pharma outsourcing amid rising demand for biologics and complex injectables.

Other significant deals further solidified this trend. An affiliate of EQT sold a \$2.6 billion stake in Galderma Group AG (SWX: GALD), a Swiss-American pharmaceutical company specializing in skincare and aesthetics. The importance of specialized supply chains was also a key theme, as seen in Patient Square Capital's \$2 billion leveraged buyout of dental and animal health supplier Patterson Companies (NASDAQ: PDCO), while the sale of French generic drugmaker Biogaran to BC Partners for over \$914 million demonstrated the continued appeal of targeted divestitures. Additionally, a notable stalled transaction was the \$11.75 billion secondary buyout of Stada Arzneimittel AG by CapVest Partners, a German company specializing in generics and consumer healthcare, a deal that, had it gone through, would have further altered the market landscape.

Beyond consolidation, a clear trend emerged in the integration of AI and technology to enhance pharmaceutical workflows. Venture and growth debt funding flowed into innovative platforms, with Argon AI securing \$5.5 million in seed funding for its pharmaceutical AI platform and Phil raising \$60 million to expand its specialty pharmacy platform. This investor interest reflects a continued shift toward digital solutions that improve efficiency and patient care. The clinical trials segment also saw robust activity, with The IMA Group acquiring Medical Research Network (MRN), which specializes in decentralized trials, while Phlow Corp., a company focused on manufacturing essential medicines to prevent drug shortages, raised \$37 million in a Series C round, emphasizing the strategic importance of a resilient pharmaceutical supply chain.



Biotechnology

Transaction Value: \$29.5B

Takeaway: Strategics are prioritizing targeted acquisitions to secure category leadership in rare diseases, oncology, and vaccines. LPs should expect biotech M&A activity to remain elevated as pharma combats patent cliffs.

Biotechnology deals were dominated by large-scale acquisitions by major pharmaceutical companies, reflecting a strategic imperative to acquire pipelines and innovative platforms. The largest deal of the month was Merck's (NYSE: MRK) definitive agreement to acquire Verona Pharma (NASDAQ: VRNA) for \$10 billion, a deal that will add a late-stage respiratory medicine to Merck's portfolio. Similarly, Sanofi (PA: SAN) was highly active, completing its acquisition of Blueprint Medicines for \$9.1 billion to expand its rare disease and immunology pipeline. Sanofi also announced a separate agreement to acquire privately-held Vicebio for \$1.6 billion, gaining access to its "Molecular Clamp" technology for developing next-generation vaccines. This trend of targeted acquisitions by big pharma underscores a focus on strengthening specific therapeutic areas through the acquisition of novel platforms.

"This acquisition underscores our commitment to innovative treatments and our ability to execute a science-led, value-driven strategy. Ohtuvayre expands our cardio-pulmonary portfolio, addressing an unmet need in COPD with its unique mechanism, while driving growth and value. We look forward to welcoming Verona Pharma's talented team."

— Robert M. Davis, Chairman and CEO, Merck

The M&A activity extended beyond big pharma, with private equity firms also making significant moves. A consortium led by Nordic Capital and Permira announced an agreement to take Bavarian Nordic A/S (CPH: BAVA), a Danish vaccine manufacturer, private in a \$2.9 billion deal.

This move aims to accelerate the company's growth strategy under private ownership. Additionally, AbbVie (NYSE: ABBV) acquired Capstan Therapeutics for \$2.1 billion, securing an in vivo cell engineering platform that could transform the treatment of autoimmune diseases.

Beyond M&A, venture funding remained robust, particularly for early-stage and platform companies. Notable Series A rounds included Dispatch Bio's \$216 million raise for its universal cancer treatment platform and ARTBIO's \$132 million financing for its radiopharmaceutical program. MapLight Therapeutics closed the largest private financing of the month with a \$372.5 million Series D round, highlighting investor confidence in its clinical-stage central nervous system disorder program. Other significant raises included Avalyn Pharma's \$100 million Series D and NUCLIDIUM's \$99 million Series A. These deals demonstrate continued investor appetite for groundbreaking technologies with the potential to address high unmet medical needs.



Medical Devices & Tools

Transaction Value: \$20.9B

Takeaway: Medical Devices & Tools are entering a new cycle of consolidation and AI integration, with major M&A, sponsor take-privates, and renewed IPO activity pointing to reopening liquidity windows for precision and next generation medtech.

The Medical Devices & Tools vertical saw a mix of consolidation and strategic investments in July 2025, with major deals focused on expanding product portfolios, enhancing manufacturing capabilities, and acquiring innovative technologies. The most significant transaction of the month was the announced \$17.5 billion merger between Waters Corporation and Becton, Dickinson's Biosciences & Diagnostic Solutions business. This deal is set to create a new leader in life sciences and diagnostics, combining Waters' expertise in laboratory instruments with BD's offerings in flow cytometry and diagnostics.

“Waters’ transformation, driven by strong execution and innovation, positions us for the next chapter. We see significant opportunity to expand in flow cytometry and specialty diagnostics, doubling our addressable market to ~\$40B and accelerating growth in areas like bioseparations, bioanalytical characterization, and multiplex diagnostics, while boosting recurring revenues.”

— Udit Batra, Ph.D., President and Chief Executive Officer, Waters

In another major deal, InfuSystem Holdings (NYSE: INFU) acquired Apollo Medical Supply for \$1.4 billion, strengthening its medical equipment and supplies distribution network. ZimVie (NASDAQ: ZIMV), a company specializing in spine and dental solutions, agreed to be taken private by ARCHIMED for \$730 million, while Zydus Lifesciences Limited (NSE: ZYDUSLIFE) acquired Amplitude Surgical (PA: AMPLI) for \$280 million, a French company focused on orthopedic surgery.

Beyond M&A, venture funding remained strong, particularly for next-generation medical technologies. Kardium, a company developing innovative cardiac ablation systems for atrial fibrillation, closed a \$250 million Series D funding round, one of the largest private financings of the month. The funds are earmarked for supporting the commercial launch of its Globe System, which leverages pulsed field ablation (PFA) technology to treat irregular heart rhythms with a lower risk of damage to surrounding tissues. Other notable venture rounds included Neuros Medical's \$56 million Series D for its neurological pain solutions and GT Medical Technologies' \$53 million Series D for its targeted radiation therapy for cancer. These investments signal a strong focus on less invasive procedures and targeted therapies.

A new wave of deals also focused on the integration of AI and digital health, as seen with Axonius' \$180 million acquisition of medical device security firm Cynerio and Carlsmed's (NASDAQ: CARL) \$100.5 million IPO which provides AI-personalized spine surgery technology. The public listing of Carlsmed, which uses AI and 3D printing to create custom spinal implants, highlights renewed investor appetite for next-generation medical device listings that leverage cutting-edge technology to improve patient outcomes. The investment in these high-growth companies signals a strong focus on less invasive procedures and targeted therapies.



Healthcare Services & Payers

Transaction Value: \$13B

Takeaway: Cross-market hospital partnerships and payer-adjacent services are scaling aggressively, but regulatory scrutiny is intensifying. Sponsors must diligence reimbursement risk and labor models more deeply.

July 2025 saw an exceptionally active month for Healthcare Services & Payers, driven by a mix of platform-building, regional health system consolidation, and investments in specialized care verticals. With nearly \$13 billion in disclosed transaction value, the vertical comprised roughly 10% of overall healthcare capital deployed while representing a sizable portion of deal flow, underscoring investors' continued appetite for scalable, service-oriented models.

The month was anchored by large-scale strategic and PE-backed acquisitions. Among the most notable was Virtua Health and ChristianaCare's \$6 billion LOI to form an eight-hospital nonprofit health system across four states, signaling heightened momentum for cross-market health system partnerships. Meanwhile, KKR's \$2.3 billion take-private of Assura, a UK-based healthcare property investor, underscored continued global interest in healthcare real estate platforms. Other standout transactions included Manipal Health's \$701 million acquisition of Sahyadri Hospitals from OTPP, and Ontario Teachers' \$1.2 billion investment into DONTE Group, reflecting ongoing enthusiasm for multi-site, cash-generative hospital and specialty care providers.

"We are very excited to partner with Javier and his team. DONTE is a high growth potential company with unique strengths: its devoted dentists and professionals, its brands, its history of success and its ambition to offer high quality dental care to everyone in society."

— Inaki Echave, Senior Managing Director and Head of EMEA Private Capital at Ontario Teachers

Investor activity also highlighted growing focus on outpatient, home-based, and tech-enabled care models. Deals such as Astrana Health's \$708 million acquisition of Prospect Health, MidOcean Partners' financing of The Carpenter Health Network, and Lee Equity Partners' bolt-on acquisitions in behavioral health and addiction treatment demonstrate confidence in mission-aligned platforms with recurring reimbursement streams. At the growth stage, investments in companies like AbsoluteCare (\$135 million minority round) and Baraya Extended Care (\$124 million Series B) showcased sustained interest in value-based care for complex and chronic populations.

Despite robust activity, the vertical faces persistent challenges. Regulatory scrutiny of private equity involvement in hospital systems, post-acute care, and behavioral health remains a critical factor shaping investor strategy. Reimbursement complexity and labor shortages in skilled nursing, home health, and specialty settings continue to weigh on scalability and margin expansion. Nevertheless, the breadth of July's activity, spanning nonprofit consolidation, multi-billion-dollar real estate transactions, and early-stage innovation in longevity and specialty care, demonstrates that Healthcare Services & Payers remains one of the most resilient and dynamic verticals in the healthcare ecosystem. Investors appear committed to platforms that combine defensibility and mission alignment with the potential for long-term growth and demographic-driven demand.



Digital Health & IT

Transaction Value: \$10.2B

Takeaway: Digital health is shifting from point solutions to scaled platforms. Integration risk rises, but consolidation offers the chance to create market leaders across AI-native infrastructure and workflow automation.

July 2025 saw sustained momentum in Digital Health & IT, with more than \$10 billion in disclosed transaction value driven by a handful of landmark carve-outs and take-privates alongside steady venture and growth financing. The vertical remained one of the busiest across healthcare, with activity spanning clinical AI, data infrastructure, revenue cycle, and digital patient engagement. Despite only 8% of capital deployed, Digital Health & IT had the highest transaction count across all verticals. While capital deployment skewed toward several outsized transactions, this robust deal volume reflected a broad base of platform building and category consolidation across the stack.

Performance was anchored by large strategic and sponsor-led moves. Siemens' \$5.1 billion carve-out of Dotmatics underscored enduring demand for foundational R&D and data platforms. Blackstone's \$1.1 billion platform deal for AGS Health and KKR's \$438 million take-private of GPI highlighted investor conviction in scaled, cash-generative healthcare IT and services. On the payer/provider enablement side, Waystar's \$1.3 billion agreement to acquire Iodine Software and Machinify's ~\$670 million take-private of Performant Healthcare pointed to continued consolidation in payment integrity and automation. Rounding out M&A, Samsung acquired Xealth, VitalHub bought Novari Health for \$31.5 million, and symplr purchased AMN's Smart Square for \$75 million, while add-ons such as Knipper Health's acquisition of eBlu Solutions and Tandym's purchase of Entitech Solutions reinforced the roll-up thesis in workflow and IT services.

"The future of the U.S. healthcare system requires modernization of IT infrastructure, including patient-centric data networks. Performant plus Machinify plus the ecosystem of companies that we are building at New Mountain Capital will unlock the potential for a new system that is aligned with a more productive care model that is both more efficient and delivers better patient outcomes."

— Matt Holt, Managing Director and President of Private Equity at New Mountain Capital

Investor themes also concentrated on AI-native infrastructure, value-based enablement, and ops-critical software. Clinical and operational AI was a standout, with Aidoc raising \$150 million, Ambience Healthcare securing \$243 million for AI documentation, Ultromics closing \$55 million for AI cardiology, and OpenEvidence raising \$210 million to modernize clinical knowledge. Value-based and provider platform tools continued to attract capital, including Vytalize Health (\$55 million), Arbutal Health (\$31 million), Charta Health (\$22 million Series A), and C8 Health (\$18 million). Enterprise and facility operations software remained in favor, led by MaintainX's \$150 million Series D at a \$2.5 billion valuation, alongside supply, maintenance, and data orchestration tools such as MediShout, Circulate Health, Synfini, and Validate Health.

The month also saw robust activity in specialized and international niches. Men's and women's health and pharmacy/benefit adjacencies advanced with Numan (\$57 million), Liki24 (\$9 million), and a busy pipeline around prior authorization and pharmacy automation including Asepha. Early-stage bets proliferated in AI-driven diagnostics and research infrastructure, from Blue Box Biomedical Solutions and Biorce to Magentiq Eye, Bitfount, Respiree, and Nudge, signaling continued enthusiasm for tools that compress time to insight and bring precision into everyday care pathways.

Amid the strength, familiar challenges persisted. Integration risk rises as sponsors stitch together point solutions into end-to-end platforms; reimbursement and revenue-cycle complexity create exposure to policy shifts; and data privacy, model governance, and hospital IT budgets remain gating factors for AI adoption at scale. Even so, July's breadth and depth of activity reinforce Digital Health & IT as a core allocation for investors seeking scalability and defensibility.



LOOKING FORWARD

Attractive opportunities ahead include:

▶▶ **Biopharma & Vaccines**

Strategic buyers will continue targeting late-stage respiratory, immunology, and vaccine assets to offset patent cliffs and secure growth pipelines.

▶▶ **Diagnostics & AI Tools:**

Precision diagnostics and AI-native platforms are poised for accelerated consolidation as adoption moves from pilots to scaled workflows.

▶▶ **CDMO & Outsourced Services:**

Biologics, injectables, and radiopharma manufacturing are high-demand areas attracting strong investor interest.

▶▶ **Provider Platforms:**

Multi-site operators and carve-outs will gain traction as investors seek scalable, capital-efficient care delivery models.

▶▶ **Payers & PBM Innovation:**

Carve-outs and adjacencies in pharmacy benefit management and payer services present near-term opportunities for roll-ups and platform-building.

BOTTOM LINE

Healthcare investing is running on two parallel tracks. On one, scaled buyouts and strategic consolidation are reshaping distribution, services, and payers. On the other, AI-native and precision technologies in biotech, devices, and digital health are creating the next wave of category leaders. Both tracks remain investable, offering distinct origination opportunities across the sector.



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