

# VENSA NA CAPITAL

## CLOSES ITS THIRD MEDTECH FUND

*Six-year-old Vensana Capital has amassed \$1 billion to manage, with the closing of its latest fund, Vensana Capital III. Device investments offer few appealing exit opportunities, but with a string of successes as evidence, Vensana co-founder Justin Klein says investors who understand the landscape are benefiting from learnings that enable them to navigate it well.*

► WENDY DILLER

Six years ago, Justin Klein, MD, and Kirk Nielsen left jobs at high-powered, well-established venture capital firms to form Vensana Capital, which focuses entirely on medical device investments. (See “Vensana—Is MedTech Investing on the Rebound?” MedTech Strategist, February 27, 2020.)



JUSTIN KLEIN

At the time, medtech was emerging from a decades-long drought and seemed a poor alternative to investment in

other life sciences subsectors. Klein and Nielsen believed, however, that the timing was ripe for its revival. They have since made good on their word.

In January 2025, Vensana closed on Vensana Capital III, which has raised \$425 million in committed capital. The fund was oversubscribed, with support from Vensana’s existing limited partners (LPs), as well as new institutional investors. The firm now has nearly \$1 billion under management, including its \$225 million starting fund and a \$325 million raise in 2021.

The medical devices sector struggled between 2008 and 2015, but Klein is currently optimistic, observing that “a lot is working well in the device, digital health, and diagnostics industries.” Companies such as **Inspire Medical Systems** (sleep apnea; IPO), Inari Medical (peripheral vascular disease; **Stryker** bought it in February 2025 for \$4.9 billion), and Shockwave Medical (heart disease; **Johnson & Johnson** bought it for \$13.1 billion in 2024) in particular, have built significant businesses, and VC investments in rapidly advancing fields like robotics and structural heart disease are driving growth in the sector, he observes.

The sector has become more efficient, with large strategic companies recognizing that their expertise clearly lies in leveraging economies of scale and directly acknowledging that they need venture-backed innovation to differentiate themselves from competitors and grow their markets. As for their part, venture capitalists committed to medtech have refined their strategies to enable more consistently successful exits and returns, despite a largely closed IPO window.

These learnings include greater commitment to high-quality product development, quality assurance and documentation, and funding Level I clinical trials that demonstrate clinical utility. This holds true even for categories like orthopedics and aesthetics, which traditionally have favored lower regulatory burden products, says Klein. These efforts are expensive but produce robust clinical evidence that validates the safety and efficacy of new products for diverse stakeholders beyond FDA regulators, notably payors, making it more likely for new products to achieve reimbursement in line with their value propositions, he explains.

Moreover, the industry has become better at interacting with the FDA and more sensitive up front to reimbursement constraints, enabling investors to pick opportunities that leverage existing coding and coverage policies. These insights reduce capital requirements, leading to more reasonable timelines and higher returns for LPs, Klein says. “In every phase, we have figured out how to invest in and operate companies more efficiently.”

Vensana should know how big a contrast this is to the early years of this century. The firm has partnered with more than 20 companies to date and has seen six exits totaling nearly \$3 billion in value, including the acquisitions of Artelon, Intact Vascular, Personal Genome Diagnostics (PGDx), Relievant Medsystems, and Vesper Medical, as well as the initial public offering of **CVRx**.

Vensana won't disclose its returns on specific exits, although Klein says both IRRs and multiples on capital have been strong. The firm performs in the top quartile of all healthcare venture funds, which medtech venture funds traditionally have not done, he points out.

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As an example, a \$20 million bet it made on Artelon in 2023—after the long-struggling company had finally cleared regulatory and reimbursement hurdles—paid off less than a year later, when Stryker agreed to buy the foot and ankle start-up for an undisclosed price. (See “Vensana’s \$20 Million Bet on Artelon’s Potential in Soft-Tissue Repair,” *MedTech Strategist*, August 10, 2023.) A series of investments it led in Relievant Medsystems, which developed a nerve ablation platform for treating chronic low back pain, resulted in the sale in late 2023 of that company to **Boston Scientific** for \$850 million in cash, plus contingency payments. And most recently was the Stryker deal for Inari Medical.

## **Current Challenges: Longer Fund Durations, Converging Healthtech and Devices**

Fundraising for Vensana III is a testament to both the health of the ecosystem and its challenges. The outreach began in earnest in May 2024 and essentially closed by September—a relatively short timeframe.

“It took a few months—and 47 years for me to raise Vensana III,” Klein jokes. “We had extremely strong responses from LPs, but it takes additional work to talk to them about medtech as opposed to drugs.”

Along the way, Vensana confronted common hurdles currently besetting VCs. The availability of abundant—some say too



**Figure 1**  
**Vensana Select Current Portfolio Companies**

Portfolio Company	Year Invested	Description
<b>Alleviant Medical</b> (www.alleviantmedical.com)	2023	No-implant interatrial shunt for heart failure.
<b>Apella</b> (apella.io)	2021	Digitizing the operating room, using artificial intelligence to improve surgery.
<b>Cleerly</b> (https://cleerlyhealth.com)	2021	Digital care pathway leverages noninvasive coronary computed tomography (CT) angiography to perform comprehensive coronary artery phenotyping through AI-enabled and FDA-cleared solutions.
<b>Elucent Medical</b> (www.elucentmedical.com)	2024	Precision-guided surgical navigation through In-Site Spatial Intelligence (iSI).
<b>Evident Vascular</b> (https://evidentvascular.com)	2023	Next-generation intravascular ultrasound (IVUS) platform leveraging artificial intelligence to enable superior imaging and streamlined workflows.
<b>Iveacare</b> (https://iveacare.com)	2024	Neuromodulation.
<b>Moxe</b> (https://moxehealth.com)	2022	Healthcare system data interoperability.
<b>Nyra Medical</b> (www.nyramed.com)	2022	Novel transcatheter mitral valve repair technology which depends on a proprietary implant to correct for deficiencies that otherwise lead to mitral regurgitation, while preserving the physiological valve geometry.
<b>Okami Medical</b> (https://okamimedical.com)	2024	Catheter-based therapies for peripheral vascular disease.
<b>Spyglass Pharma</b> (www.spyglasspharma.com)	2021	Intraocular lens (IOL)-mounted controlled-release drug delivery for ophthalmic conditions.
<b>Volta Medical</b> (www.volta-medical.com)	2023	AI software solutions for electrophysiologists for atrial fibrillation.

Source: Vensana Capital

much—access to alternative capital (private equity, hedge funds, traditional public investors) and fewer exit opportunities have enabled, and sometimes forced, portfolio companies to stay private longer, in some cases for years beyond the timelines originally set by their VC syndicates. The delays in liquidity in turn lead to longer fund durations and distribution cycles, which can be frustrating for LPs. The funds may have contractual obligations to LPs to make distributions by certain dates—typically 10 years—although they also often offer options to extend those terms for several years on a case-by-case basis, Klein says. In response, secondary transactions and fund sponsors that specialize in providing liquidity to funds with private holdings are a growing option.

Each Vensana fund is responsible for building a portfolio of roughly 12 to 15 companies, at a clip of four to five investments per year over a three-year cycle. The sizes of investment vary, ranging from \$15 million to \$50 million over the life of the company. Vensana remains stage agnostic, but sensitive to entry points where it can drive critical value inflections, ideally positioning the businesses for exits within three to five years, Klein continues. This is a concentrated approach to portfolio building compared to other funds because it emphasizes a high probability of success for each investment and takes an active role in building the companies. Vensana II, which was started in 2022, is midway through its investment cycle, with legroom to invest in three more companies, expected this year. At that point, Vensana III will start making investments.

Clinical conditions where Vensana sees significant need are cardiovascular disease (**Cleerly**), heart


failure (**Alleviant**, CVRx), complex arrhythmias like atrial fibrillation (**Volta Medical**), and oncology (**Chromacode**, **Elucant Medical**). Additionally, leveraging data science in areas like intraprocedural imaging and procedure-centric health system operations is an important opportunity, Klein points out (see Figure 1).

Vensana has also had some success in diagnostics, notably the sale of PGDx to **LabCorp** for \$400 million in 2023. Chromacode, which Klein's predecessor firm, NEA, originally invested in, is a longer-term play, with a PCR alternative that offers a competitive advantage to next-generation sequencing, which focuses on detecting minimally residual disease (MRD), a third pillar of oncology diagnostics, along with genomic panels to identify optimal targeted therapies for individual patients and liquid biopsies for early detection and screening.

The convergence of healthtech and medical devices has resulted in "lots of interesting technologies" and enables diverse strategies for building companies, but most tech investors do not plan on doing clinical trials, Klein says. Given the firm's strengths, the latest fund will continue to favor clinically oriented companies that require regulatory validation, which also guides its expectations around capital formation and timelines, he continues.

The ecosystem is still in the early innings of building a consistent, robust framework for digital health solutions and technologies that will be paid for at a level commensurate with their value to healthcare. This is partly because of the industry's historic approach to valuing technology and procedures according to the time required to perform them (the RUV payment system). Many digital breakthroughs, on the other hand, are clinically impactful but take seconds to use, leaving a valuation gap. While some solutions like Cleerly have earned new CPT codes and coverage policies, this takes significant effort and there are still barriers to coding for new digital health solutions that can be site-specific, like the transitional pass-through payment in the outpatient setting, Klein says.

That said, Vensana has invested selectively in digital health start-ups, such as **Apella** and **Moxe**, but these focus on customers and care delivery that Vensana understands, notably surgeons and operating room staff. Apella's technology, for example, addresses workflow issues in the operating room and procedure suites, which are major profit centers for hospitals.

Digital innovations that enhance traditional commodity devices can be compelling as well, given well-understood FDA expectations for clearance, Klein notes. The key is for the digital element to drive meaningful differentiation against conventional products, which can be demonstrated through clinical trials. The emergence of artificial intelligence also creates new opportunities for differentiation. 

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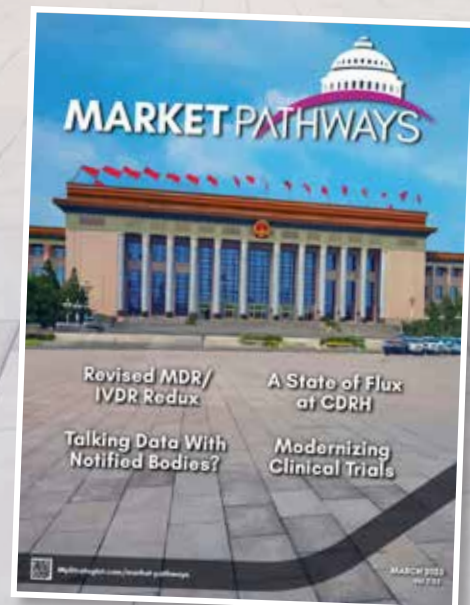
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