Israel Advanced Technology Industries

רשות החדשנות
Israel Innovation Authority

With the support of: pwc

IATI Israel's Life Science & Health-Tech

Annual Industry Report 2025-26

In cooperation with:

Tel Aviv Sourasky Medical Center Ichilov · Sheba Medical Center · Rambam Health Care Campus · Soroka Medical Center · Clalit · Hadassah University Medical Center · The Edith Wolfson University Medical Center · Schneider Children's Medical Center of Israel · Clalit · Tzafon Medical Center · Assuta · Clalit Health · Maccabi Healthcare Services · Leumit · Meuhedet · Alyn Hospital · Bnai Zion Medical Center

Connecting Israel's Tech EcoSystem

Executive Summary

The Health Tech Industry in Israel – A Look to the Future

The 2025-26 report reflects a more challenging yet resilient year for Israel's Life Science & Health-Tech industry. After the recovery seen in 2024, total investment declined by ~40% in 2025 to ~US$1.6B, with more than 90% coming from private investors.

Despite the funding slowdown, the sector's underlying base remained stable: ~1,800 active companies, ~81,000 employees and 67 new companies established during 2025. Early 2026 opened at a similar pace to the previous two years.

The decline was most visible in deal size and private funding: private investment reached ~US$1.45B across 165 deals, the lowest level in five years, and the average deal size fell below US$10M.

According to the comprehensive annual report by IATI and the Israel Innovation Authority, in collaboration with PwC Israel, the 2025 investment picture was uneven across subsectors.

Biomed continued to show relative resilience, with funding levels broadly stable over the last three years. By contrast, Medical Devices investment dropped by more than 60%, reflecting investors' caution toward longer and more capital-intensive development cycles.

The public markets also remained weak. Israeli life sciences companies raised only ~US$115M on U.S. exchanges, a decline of more than 80%, and there were no new life sciences IPOs on TASE.

The industry continues to contribute significantly to the Israeli economy, through exports, high-quality employment and globally relevant innovation. In 2025, pharmaceutical exports were ~US$1.7B and medical equipment exports were ~US$3.3B, broadly in line with 2024.

Activity remains concentrated in key hubs: Tel Aviv leads with 310 companies, followed by Rehovot/Ness Ziona (120), Jerusalem (112) and Haifa (83). Biomed represents ~30% of companies but employs more than half of the workforce.

We remain cautiously optimistic. The data show a tougher financing environment, but also a stable foundation for renewed growth if patient capital, global partnerships and public support continue.

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Israel's entrepreneurial spirit, exceptional scientific capabilities and strong clinical-data infrastructure continue to support innovation in Life Sciences and Health-Tech.

This year's report places a special spotlight on AI in Drug Development. AI is changing discovery and development by shortening timelines, improving clinical success potential and moving the industry from trial-and-error toward predictive, data-driven models.

Globally, ~12% of recent pharma-biotech collaborations are AI-driven, representing ~US$30B in aggregate deal value. Israel is already active at this intersection, with ~30 AI-enabled drug development companies, ~70% supported by the Israel Innovation Authority.

This annual report is based on industry databases, company and transaction data, public sources and IATI's survey of leading life sciences and HealthTech venture funds.

The Israel Innovation Authority remained a key stabilizing force in 2025, investing ~NIS 560M in HealthTech — ~29% of all Authority investments. The Startup Fund allocated more than 45% of its 2025 investments to HealthTech (~NIS 250M).

The fund survey reflects both pressure and cautious optimism: 74% identified fundraising as the main 2025 challenge; for 2026, 57% expect cautious recovery, 22% expect a return to growth and 22% expect stagnation.

This year's MIXiii Health-Tech.IL , The premier health-tech conference in Israel, will take place in Jerusalem on June 29–30, 2026, with a special focus on investors - connecting Israeli innovation with global capital, strategic partners and growth opportunities.

We wish the Life Sciences and Health Tech industries continued growth, innovation and collaboration, and hope MIXiii 2026 participants derive maximum benefit from the conference.

We thank the Israel Innovation Authority, PwC Israel and Omer Gavish for their partnership in preparing this Report and for their long-term collaboration.

IATI will continue to support the Health Tech industry as the voice and bridge between industry, government and public authorities, and represent the sector at MIXiii and beyond

Karin Mayer Rubinstein
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Yaacov Michlin
Chairman
CEO Biolight Life Sciences Ltd.
MIXiii Health-Tech.IL

What's Inside

01
Israel's Life Sciences Industry - 2025 Snapshot

02
AI for Drug Development

03
Israel Innovation Authority 2025 Activity Summary

04
IATI's top VC & Investment Funds Survey

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Israel Innovation Authority

Israel's Life Sciences Industry – 2025 Snapshot

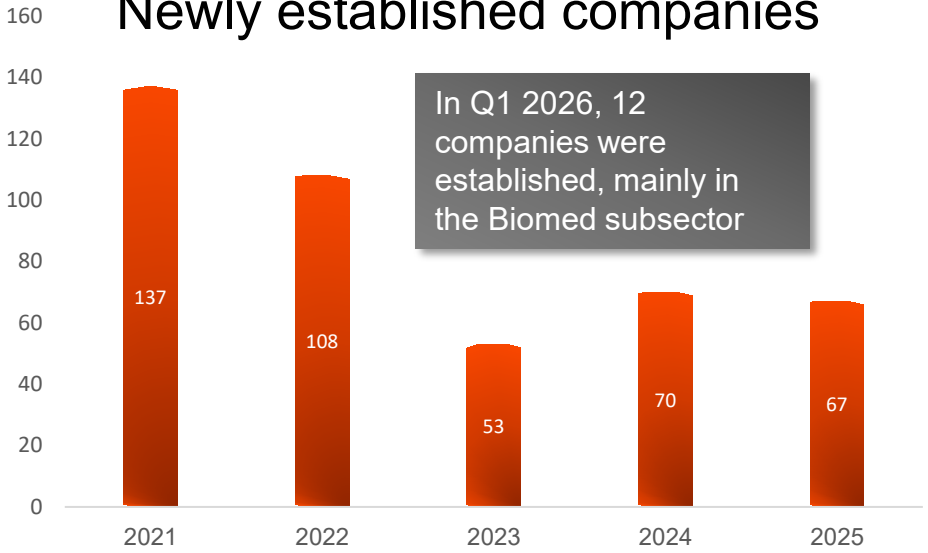
Israeli Life Sciences Companies in numbers

Steady ecosystem over the last few years

Source: IVC Online Database
IATI Database

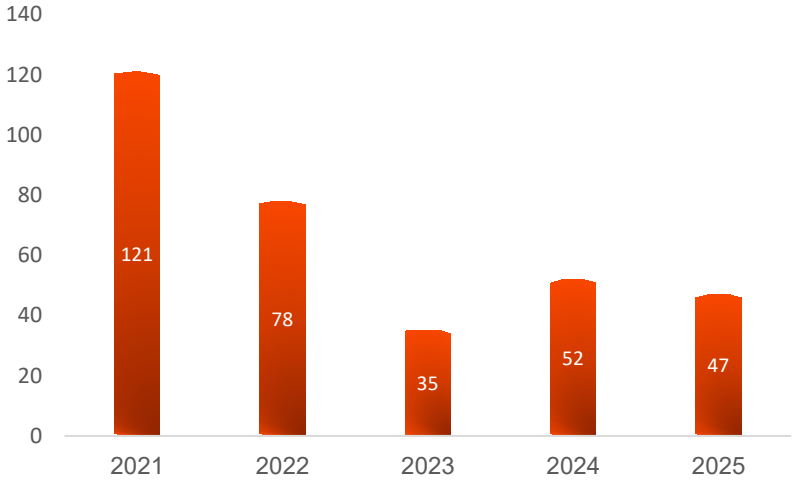
Israeli Life Science change in companies' operations

Newly established companies



In Q1 2026, 12 companies were established, mainly in the Biomed subsector

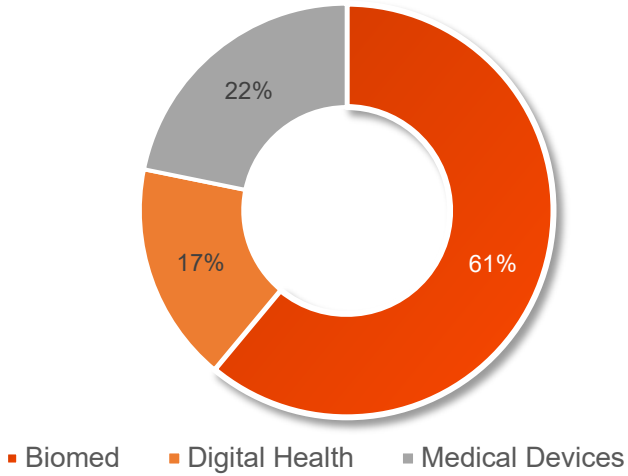
Companies ceased operations



Source: IVC Online Database
IATI Database

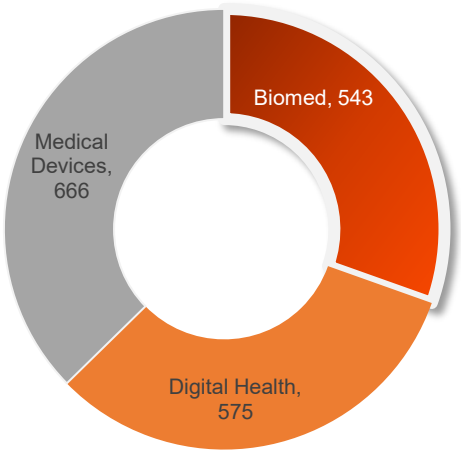
Israeli Life Science Employees overview

Employees by Sub Sector



Although Biomed represents only 30% of total companies, this subsector employ more than 50% of the industry's total employees

Active companies by Sub Sector



Source: IVC Online Database
IATI Database

Israeli Life Sciences Companies by Location

Tel Aviv is leading not only in the total number of companies, but also in each Sub Sector

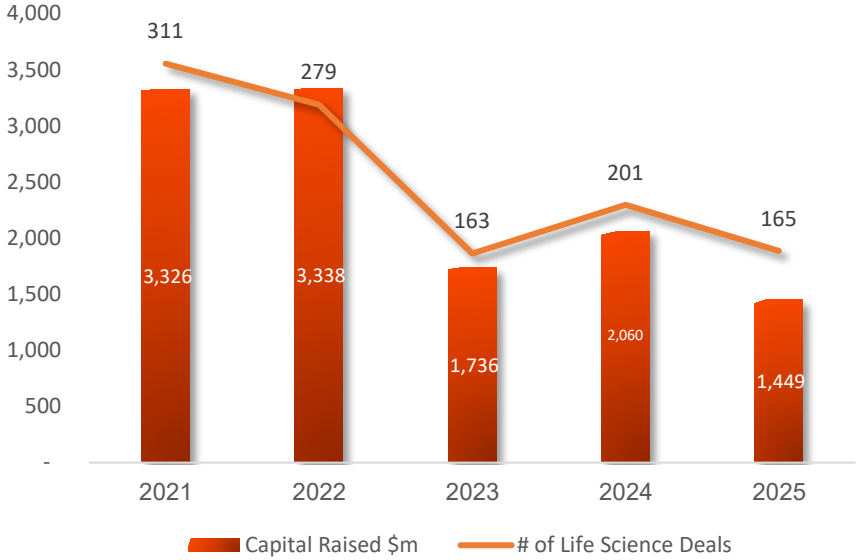
TOP 5 CITIES

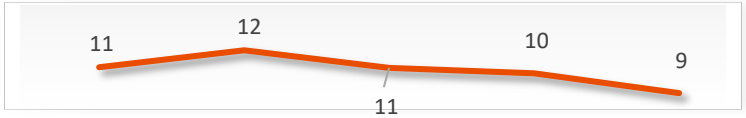
Source: IVC Online Database
IATI Database

Capital Raised by **Israeli Life Sciences** Companies - Private Equity ($ million)

2025 investments were significantly impacted by the uncertainty in the markets, resulted in a decrease in investments to the lowest level in the last five years.

Companies' valuations and the size of investment rounds were also decreased, bringing the total average deal size to less than $10 million, and less than $6 million in the Medical Devices sub sector.





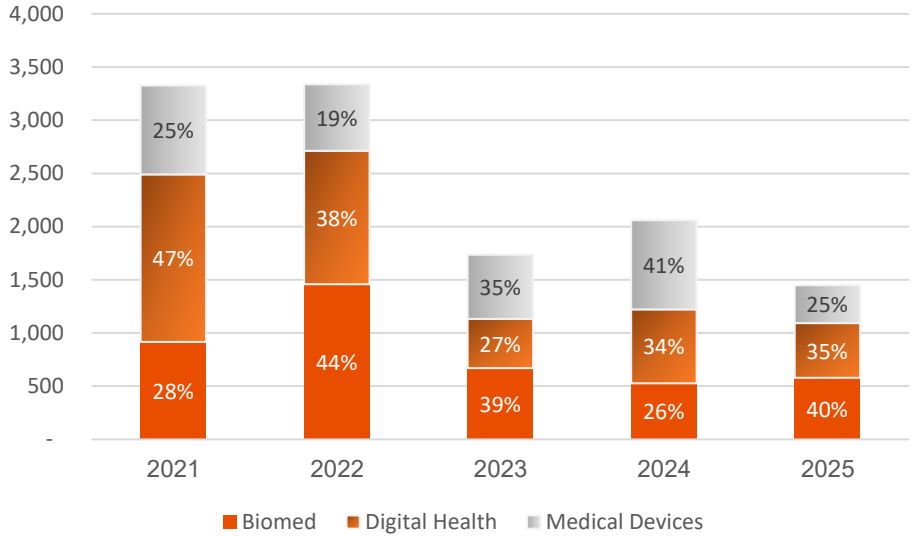
Average Deal Size ($ million)

Source: IVC Online Database
IATI Database

Capital Raised by **Israeli Life Sciences** Companies - Private equity by Sub Sector ($ million)

Investments in the Medical Devices sub sector decreased by more than 60%.

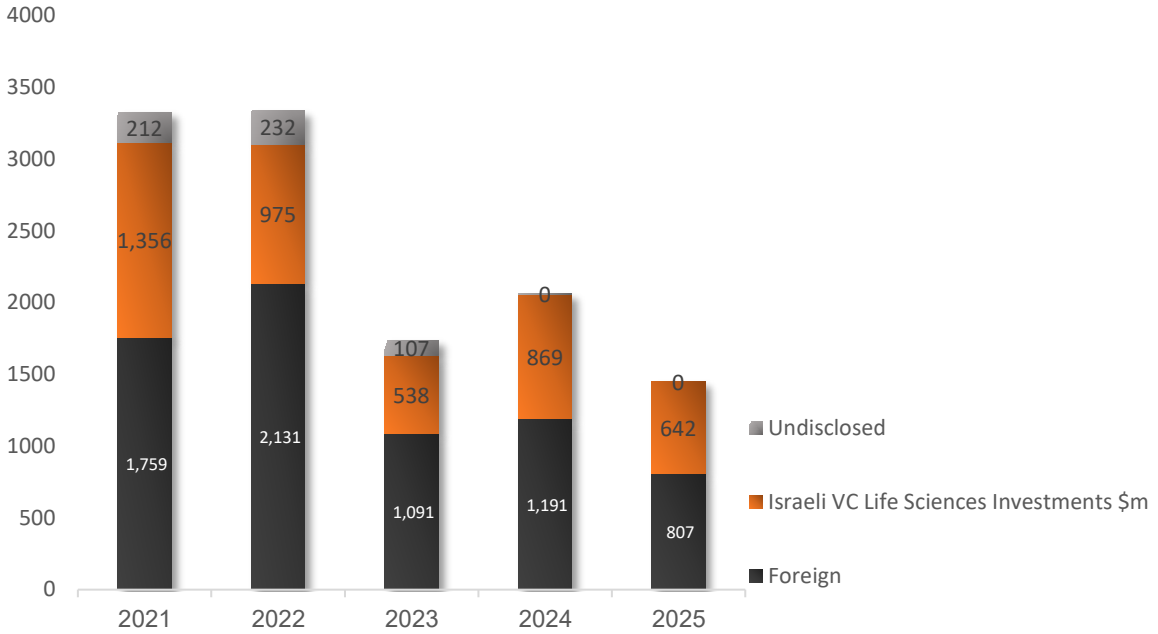
Investments in the Biomed sub sector are stable in the last 3 years and were less impacted by the geopolitical situation than other sub sectors.



Source: IVC Online Database
IATI Database

Capital Invested in Israeli Life Science Companies: **Israeli vs. Foreign Investors - Private Equity ($ million)**

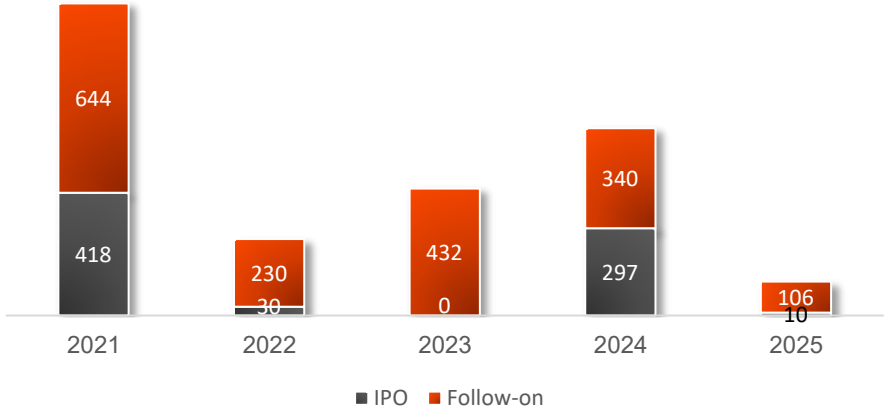
Similar trends for both Foreign and Israeli investors.
No significant change in the investment's percentages for each group out of the total investments.



Source: IVC Online Database
IATI Database

Public Offerings by Israeli Life Sciences Companies on Wall Street

Following the weakest year in the last 5 years, 2026 started with a single follow-on transaction raising an amount of $33 million.



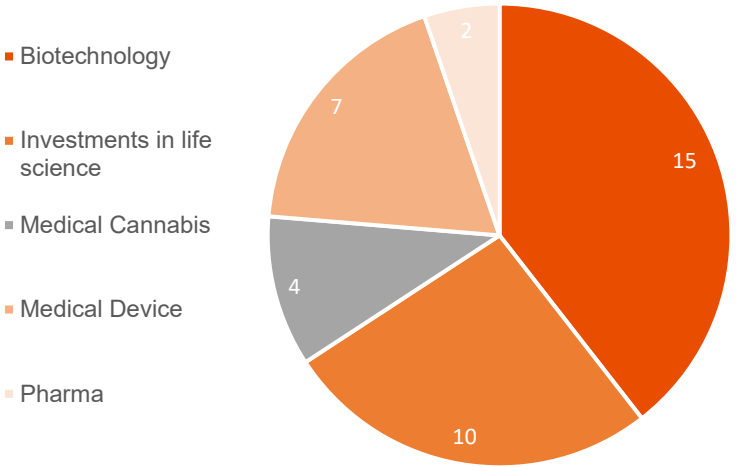
Source: IVC Online Database
IATI Database

Top 3 Deals in 2025:

AlphaTAU | microbot medical | NANOVIBRONIX® Therapeutic Waves in Motion

Life Science Companies on Tel Aviv Stock Exchange (TASE) by sector*

Number of Companies by Sub-Sector



2025 Funding Snapshot

Million Dollars	3.2
IPO	0
Follow-ons	2

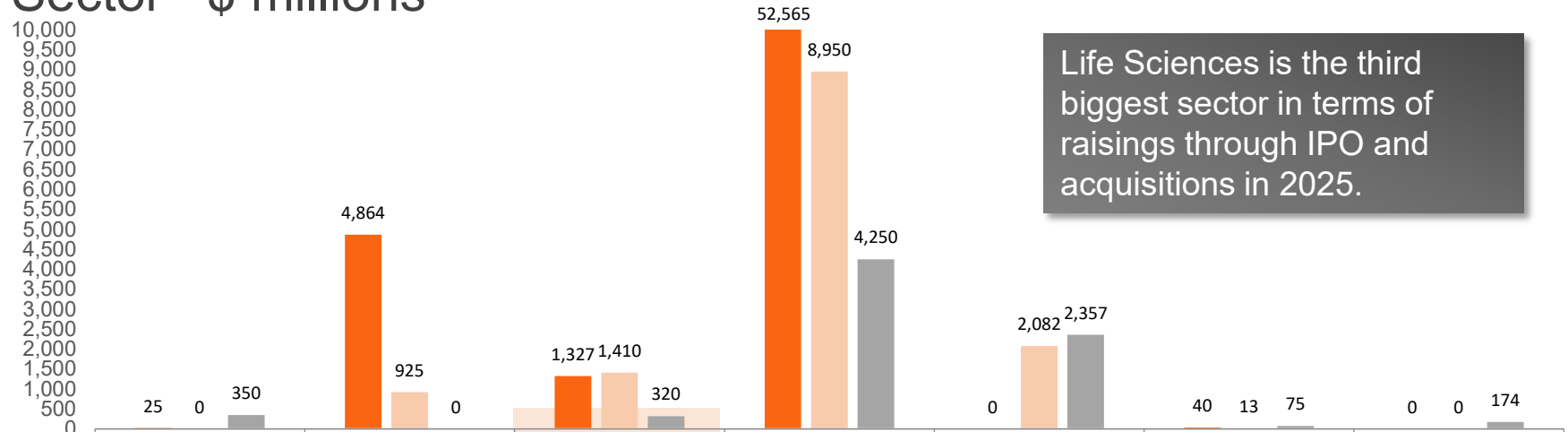
During 2025, there was a decrease of 15% in the number of companies, due to changes in companies' operations or delistings.

40% of the companies are also listed on Wall street

Source: Tel Aviv Stock Exchange

(*) There may be differences between sub-sectors definitions in this figure compared to the other sections in this report

Acquisitions and IPOs* of Israeli Companies by Sector– $ millions



Life Sciences is the third biggest sector in terms of raisings through IPO and acquisitions in 2025.

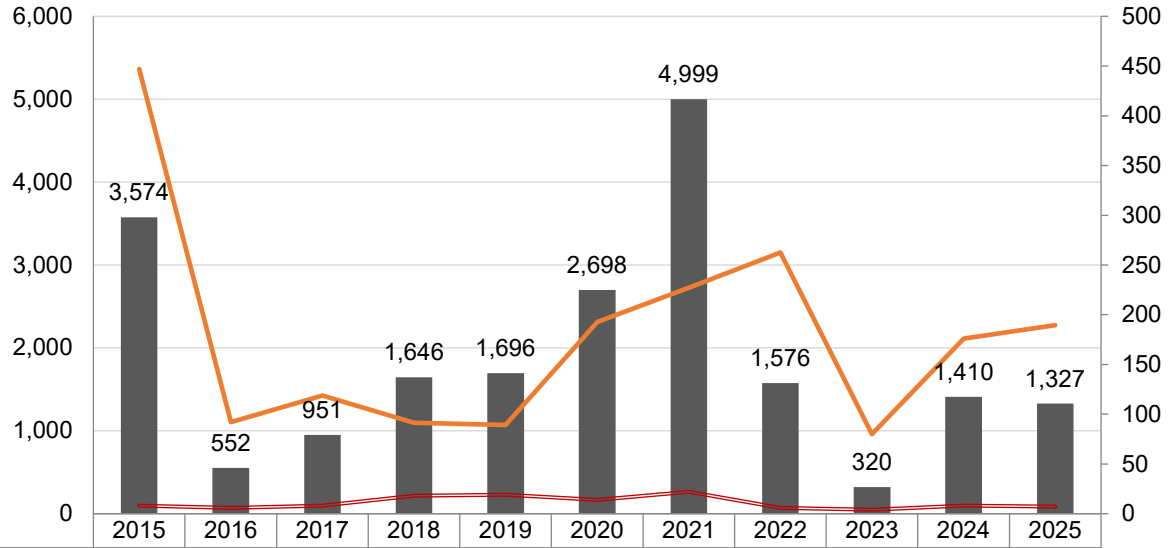
	Semiconductors	Miscellaneous Technologies	Life Sciences	IT & Enterprise Software	Internet	Cleantech	Communications
2023	350	0	320	4,250	2,357	75	174
2024	0	925	1,410	8,950	2,082	13	0
2025	25	4,864	1,327	52,565	0	40	0

Source: Exit Report 2024 - PwC Israel
IATI Database

* Not including follow-on offerings

Acquisitions and IPOs* of Israeli Life Sciences Companies – $ millions

2025 is the sixth year in a row with a single acquisition exceeding $0.5 billion



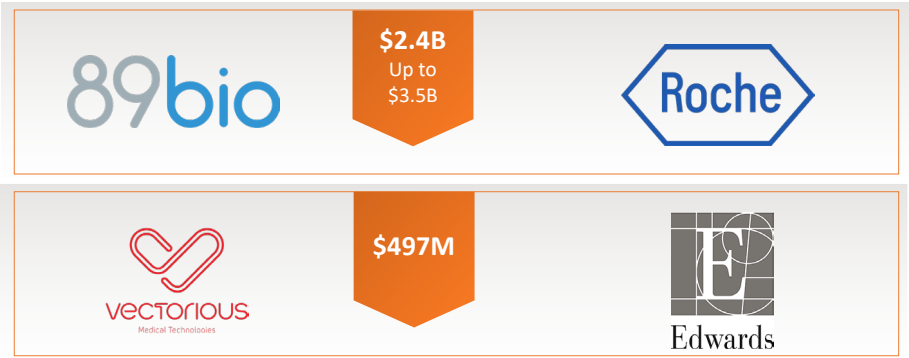
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
סה"כ במיליוני דולר	3,574	552	951	1,646	1,696	2,698	4,999	1,576	320	1,410	1,327
מספר עסקאות	8	6	8	18	19	14	22	6	4	8	7
גודל עסקה ממוצעת במיליוני דולר	447	92	119	91	89	193	227	263	80	176	190

Source: 2025 Exit Report - PwC Israel
IATI Database

* Not including follow-on offerings

Top Acquisitions and Follow-On Offerings

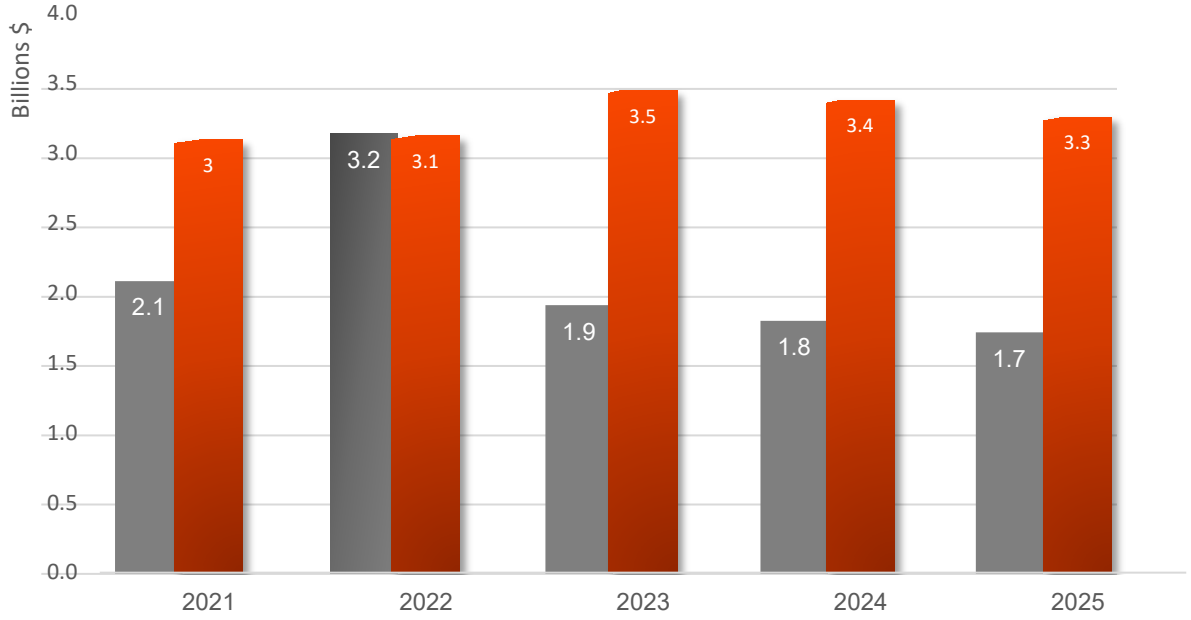
In 2025:



Source: 2025 Exit Report - PwC Israel
IATI Database

Life Sciences Products
Exports from **Israel** ($ Billion)

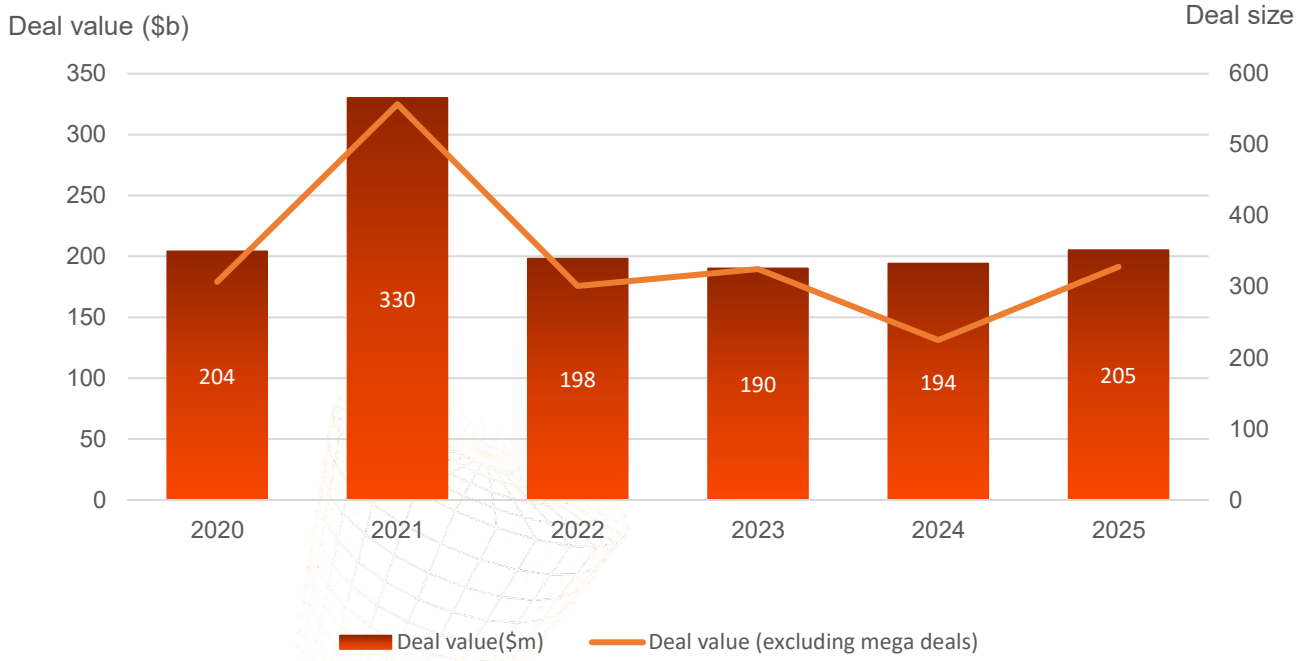
Except for a one-time peak in 2022, exports of Life Science products is stable over the years with minimal impact or the war.



Source: The Israel Exports and International Cooperation Institute

Global Health Industries Acquisitions - Deal Volumes and Values ($ Billion)

Despite the war, the acquisition trend for the Israeli ecosystem in 2025 was consistent with the global trend



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AI in drug development

With the support of AION Labs

AI in Drug Development

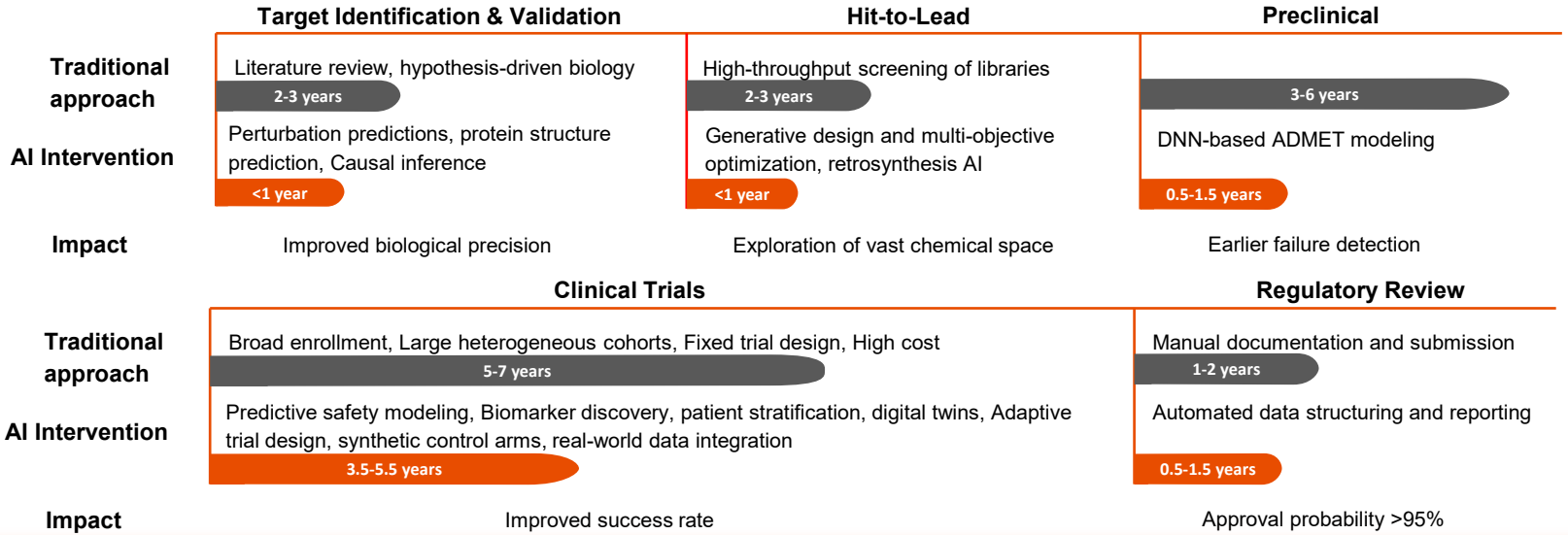
AI has been applied in pharmaceutical Research and development for nearly three decades, evolving from foundational algorithmic breakthroughs in the 1990s to real-world impact today. Early theoretical advances established the basis for biological modeling, followed by a transition from conceptual use to practical application around 2015–2020, when the first AI-driven candidates advanced through early clinical stages. Since 2021, AI adoption has accelerated across the entire drug development value chain through collaborative, data-sharing models. This progress has been driven by exponential growth in biological data, a shift from CPU to GPU computing over the past decade, enabling approximately 10^5-fold gains in processing power, and algorithmic refinement from traditional machine learning to deep learning and deep neural networks capable of capturing complex, non-linear biological relationships[1].

Traditional drug development is well known for its high cost, long timelines, and high failure rates. On average, bringing a single new drug to market takes over a decade and costs on the order of $2.6 billion[2,3] (when accounting for the many failures along the way). Each stage of the process, from discovering a target of interest, to finding a lead molecule, through preclinical testing and multi-phase clinical trials, is laborious and loaded with trial-and-error experimentation. Moreover, an estimated ~90% of compounds that enter clinical trials ultimately fail to reach approval[4], often due to insufficient efficacy or unforeseen safety issues[5]. This means that only a tiny fraction of initial research ideas ever translates into a licensed therapy, making research and development an extremely inefficient endeavor. However, successful drug development delivers both meaningful patient outcomes and substantial financial returns. Even incremental improvements in research and development productivity could therefore create outsized benefits for patients and the broader healthcare ecosystem.

AI in Drug Development

AI is transforming drug discovery by integrating computational (“dry lab”) modeling with biological (“wet lab”) experimentation into a data-driven feedback loop across the research and development lifecycle, and by that reducing timelines, costs, and late-stage attrition:

The AI-Accelerated Drug Discovery and Development Pipeline



The promise of AI in drug development is demonstrated by a number of emerging successes and recent pharma-biotech deals:

A. Protein structure prediction and the post-AlphaFold race

DeepMind's AlphaFold marked a historic inflection point by solving protein structure prediction at near-experimental accuracy and by 2021 it released the structures of all ~20,000[6] human proteins and hundreds of millions of proteins from other organisms. This breakthrough accelerated structure-based drug design, enabling researchers to model targets that previously lacked crystallographic data[7]. Commercial platforms such as Isomorphic Labs are attempting to extend structure prediction into affinity, conformational dynamics and drug-design workflows[8]. The field is shifting from understanding what the protein looks like to how it behaves in a druggable context, making AI not just descriptive, but truly generative in therapeutic discovery.

Since the original AlphaFold 2 milestone, AlphaFold 3 has expanded the field toward biomolecular interaction prediction, using a diffusion-based architecture to predict joint structures of complexes involving proteins, nucleic acids, small molecules, ions and modified residues. This shifts the discussion from static protein structures toward interaction modeling, while experimental validation remains essential for drug discovery decisions[9].

B. The rise of AI-designed drugs

AI is beginning to reshape not only how clinical trials are conducted, but also what enters them. In recent years, multiple AI-designed drug candidates have advanced into human trials in record time, demonstrating compressed discovery-to-clinic timelines. For example, an AI-designed therapy for idiopathic pulmonary fibrosis developed by Insilico Medicine entered Phase I testing in roughly 18 months (vs 3-5 years traditional), with its fibrosis candidate (rentosertib) progressing from discovery through preclinical development in approximately 30 months, compared to an industry average of about six years. Similarly, Exscientia (now part of Recursion Pharmaceuticals) advanced an AI-designed compound for obsessive-compulsive disorder into Phase I after approximately 12 months of preclinical work, versus the typical 4–5 years required under conventional approaches[10].

As of early 2026, the AI drug discovery market is estimated at $2.6 billion, with more than 170 AI-originated programs in clinical development and 15–20 expected to enter pivotal trials within the year and estimated 50+ AI drugs in phase III by 2028. While no fully AI-discovered drug has yet received FDA approval, the first approval is anticipated in 2026–2027[11].

C. Strategic Pharma-Biotech Partnerships

One of the clearest signals of AI's maturation in drug development is the scale and structure of recent pharma-biotech partnerships. According to AION Labs' 2025 analysis of pharma-biotech transactions, AI-driven deals now account for ~12% of all partnerships, representing approximately $30 billion in disclosed upfront and milestone commitments. Eli Lilly leads in volume of AI-related transactions (six deals), followed by AstraZeneca and Sanofi. Notably, beyond small molecules and biologics, roughly 20% of AI deals focus primarily on target identification and platform capabilities, rather than licensing a specific preclinical asset, underscoring pharma's strategic shift toward acquiring discovery engines rather than single molecules[12,13].

Recent landmark partnerships highlight this shift:

* **Takeda & Nabla Bio**– A platform-driven collaboration centered on Nabla's foundation-style Joint Atomic Model (JAM) for rapid de novo antibody and multispecific design. The value lies not in a single asset, but in accelerating biologics discovery cycles to weeks rather than months.
* **Merck KGaA & Valo Health**– A licensing partnership built around Valo's AI-enabled human causal biology platform, integrating longitudinal patient data (>17 million records) to ground discovery in real-world human biology and reduce late-stage attrition by improving translational fidelity from the outset.
* **Roche & Manifold Bio**– A collaboration focused on AI-guided direct-to-vivo protein engineering and brain shuttle optimization. Rather than target discovery alone, Roche gains access to Manifold's experimental AI loop and tissue-targeting technology to overcome blood-brain barrier limitations.
* **Novartis & Relation Therapeutics**– A "Lab-in-the-Loop" AI platform integrating multi-omic human data and functional validation to strengthen early-stage target confidence in inflammatory diseases.

but it boasts strengths in technology, data, and collaborative innovation that position it as a rising hub for AI-driven drug development. Israel's strength begins with its concentration of AI expertise, rooted in a globally recognized high-tech sector and leading academic institutions. Universities such as the Weizmann Institute, Technion, and Hebrew University consistently rank highly in computer science, mathematics, and life sciences research. A key strength of the Israeli ecosystem lies in the deep connection between academia, entrepreneurship, and industry. Mapping efforts across Israeli academic institutions identified more than 150 research laboratories developing technologies with the potential to improve drug discovery and development using advanced computational approaches. These labs serve not only as incubators for novel technologies but also as training grounds for the next generation of researchers and entrepreneurs operating at the intersection of computational science and biomedicine. Reflecting this academic foundation, a substantial proportion of the companies currently operating at the AI–drug development interface originated directly from academic research environments.

increasingly converged with biomedical research. Israel also ranks among the highest globally in startups per capita, and in recent years, a growing segment of these ventures has focused on AI-driven drug discovery, computational biology, and protein engineering. As of 2025, approximately 30 Israeli companies operate specifically at the AI–drug development interface, and about 70% of these have received support from the government (Israel Innovation Authority)[14], underscoring public commitment to this sector. Beyond academic-industry partnerships, Israel has proactively created frameworks to bring big pharma, early-stage companies, and local AI and bio-innovators together. Initiatives such as AION Labs, demonstrate a platform-based approach to co-development AI-native biotech companies. This model reduces early-stage risk and aligns innovation with defined pharmaceutical research and development needs. In just its first few years, AION Labs has produced nine new companies targeting issues like computational antibody design, screening of small molecules, gene editing, proteomics, molecular glue therapeutics, and AI-based clinical trial success prediction.

In the past decade, Israeli tech-bio companies attract investors and global pharma interest as they cumulatively raised over $1.3B (including acquired and closed companies), developed AI-design drugs already in clinical stages and secured lucrative deals with pharma giants like Gilead (deal value of up to $848 million), AstraZeneca (deal value of up to $85 million) and Pfizer (deal value of up to $110 million). These investments and deals demonstrate a growing confidence in Israeli AI platforms as contributors to global drug discovery pipelines.

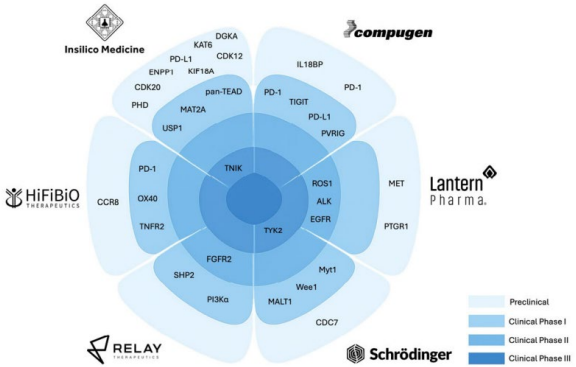


Figure 1Dermawan D, Alotaiq N. From Lab to Clinic: How Artificial Intelligence (AI) Is Reshaping Drug Discovery Timelines and Industry Outcomes. Pharmaceuticals (Basel). 2025

Another indication of the ecosystem's strength is that several Israeli AI-enabled biotech companies now stand alongside leading international tech-bio companies in advancing AI-designed therapeutics into clinical development. For example, Compugen, one of the pioneers of computational drug discovery, currently has multiple immuno-oncology programs in clinical trials and several additional candidates in preclinical development, and Imneskibart from biolojic design.

Despite the transformative potential of artificial intelligence in drug discovery, several limitations remain. AI performance is highly dependent on the availability of large, high-quality, well-annotated datasets; however, biomedical data are often incomplete, biased, inconsistently curated, or difficult to access, which can compromise model reliability, generalizability, and reproducibility. The inherent complexity of biological systems and the multi-stage nature of the drug discovery pipeline introduce substantial variability that AI models may struggle to fully capture. Additional challenges include the lack of standardized benchmarks and KPIs for evaluating AI contributions across drug development stages, limited integration of heterogeneous datasets such as omics and structural data, and the "black box" effect of AI models have that raises concerns about interpretability, regulatory acceptance, and trust among researchers and clinicians.

Ethical considerations, including data privacy, algorithmic bias, and transparency in decision-making, further highlight the need for explainable AI approaches to ensure the responsible and effective adoption of AI in drug development[15].

In conclusion, the integration of AI into drug development represents a major shift for the life sciences. It opens the possibility of discovering new therapies with far less reliance on traditional trial-and-error approaches, and greater use of data-driven insight and predictive modeling. By combining computational power with biological knowledge, AI has the potential to shorten development timelines, improve success rates, and make research and development more efficient and sustainable. But pharma does not buy AI, pharma buys better decisions, which target to pursue, which molecule to optimize, which patient to enroll, which toxicity to anticipate, and which program to stop before it becomes expensive. At the same time, realizing this potential will require the industry to embrace more interdisciplinary collaboration and rethink long-standing workflows, while addressing the "black box" challenge through explainable models and building trusted frameworks for secure, ethical data sharing.

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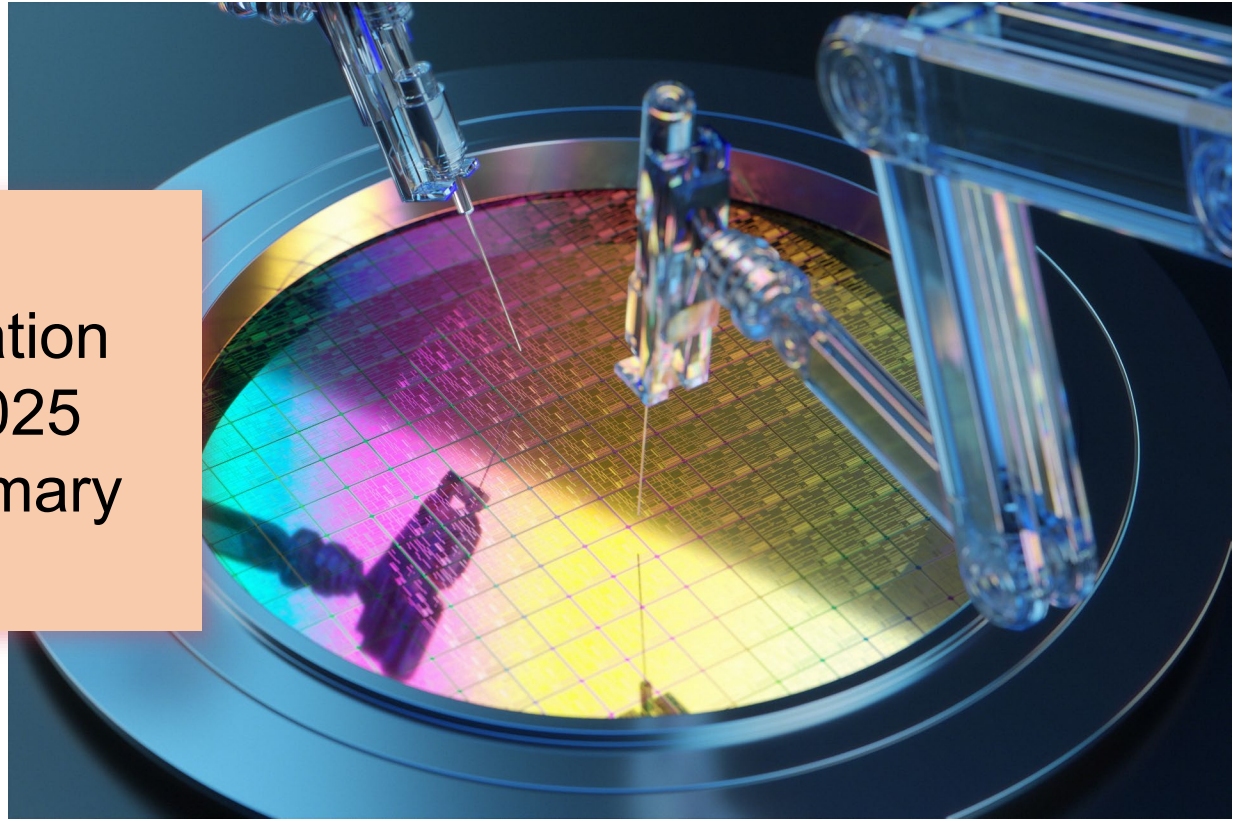
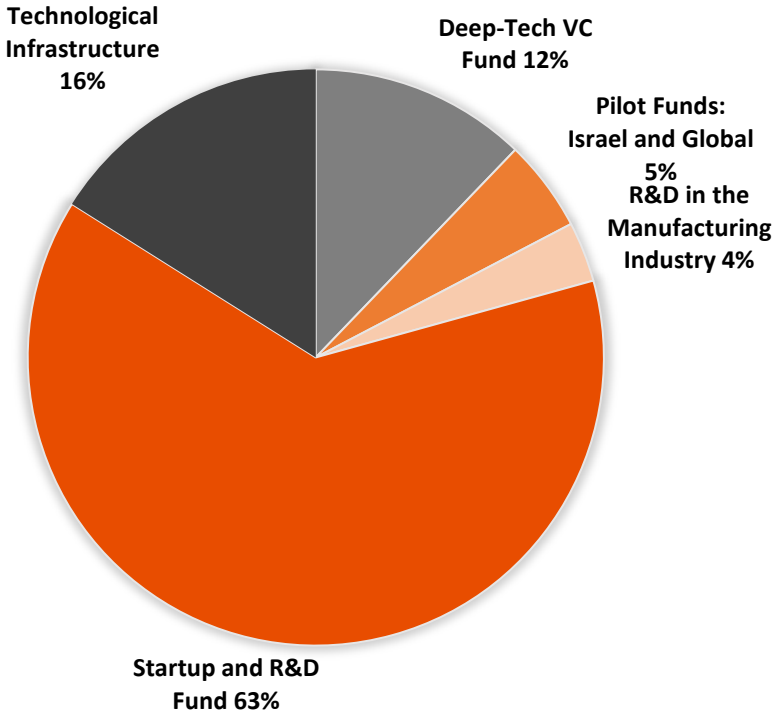
Israel Innovation Authority

Israel Innovation Authority 2025 Activity Summary



Total 2025 Approved Israel Innovation Authority Investments in HealthTech by main Funding Tracks (NIS in millions)



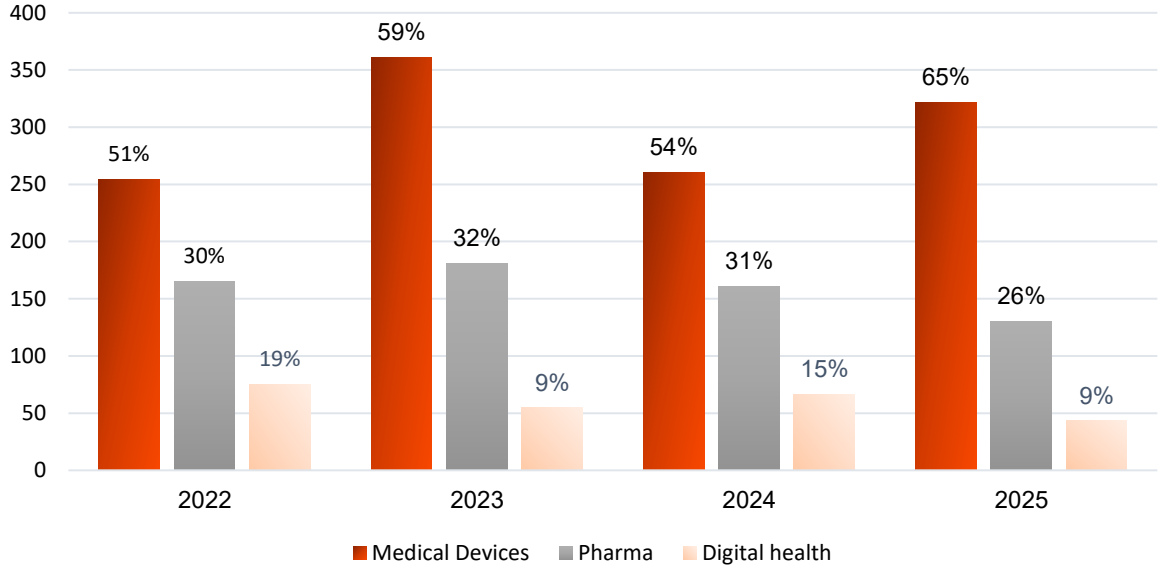
Israel as a global hub for HealthTech innovation, redefining human health.

In 2025, the Israel Innovation Authority invested **~560 million NIS in HealthTech**. This amount represents 29% of the Authority's total investments.

The Israel Innovation Authority supports innovation across all stages - from early-stage venture creation, through growth and market expansion, to technological infrastructure and international collaboration.

Enabling breakthrough health technologies to advance from concept to global impact.

Total Israel Innovation Authority Approved Investments in HealthTech by Sub Sector (NIS in millions)



Percentage of Approved HealthTech Investments out of Total Approved Investments

29%	2022
37%	2023
29%	2024
29%	2025

* Excluding investments in Deep-Tech VC Fund.

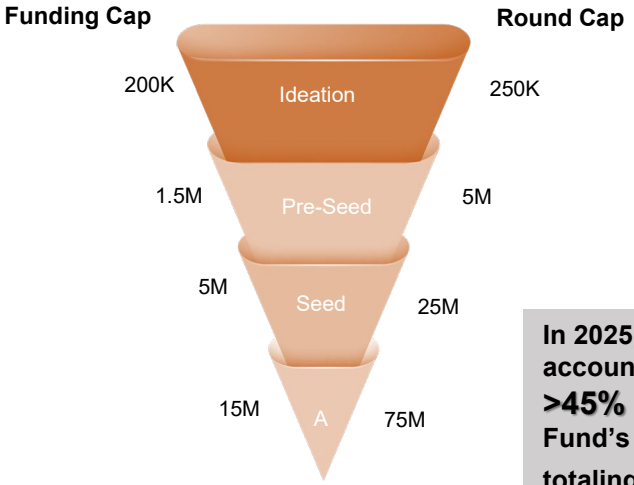
The Israel Innovation Authority Across the Venture Capital Continuum - Supporting Innovation Through Direct Investment and VC Funds

Startup Fund

De-risking early-stage Deep-Tech rounds

through non-dilutive funding, investing alongside private capital

Max Funding & Round Cap



In 2025, HealthTech accounted for >45% of the Startup Fund's total investments, totaling 250 million NIS*

* Excluding investments in Ideation

YOZMA Fund

Fund of Funds

Institutional Investors Track:

In 2025, $79 million were deployed alongside Israeli institutional investors, leveraging commitments of approximately $365 million across 11 VC funds, with expected total fund raisings of at least $1 billion

Deep-Tech VC Funds Track:

In parallel, $85 million were committed to 9 deep-tech VC funds, expected to mobilize around $1 billion upon full closing

In 2025, 2 of the supported funds specialized in HealthTech

Israel Innovation Authority HealthTech Actions – 2025 Highlights

In 2025, the Israel Innovation Authority translated HealthTech field needs into practical actions that support Israeli HealthTech companies in validating, implementing, and scaling solutions in real-world settings.

Rehabilitation Pilots-Responding to urgent field needs

10 Million NIS

allocated to 8 rehabilitation pilots addressing urgent post-war needs, in collaboration with The Class Action Foundation and the Ministry of Health.

National Beta Sites - Enabling real-world clinical testing

Teva & Sheba

selected as national HealthTech beta sites, backed by 8.5 Million NIS, enabling real-world pilots within live pharmaceutical and hospital environments.

International Collaboration-Opening global pilot opportunities

4 International HealthTech Partners

engaged in 10 Israeli cross-border pilots under the International HealthTech Program, supported by 10 Million NIS.

Health Data Infrastructure- Building national AI-ready assets

4 National Health Data Assets

established with an investment of 22 Million NIS, providing large-scale medical datasets to advance AI-driven HealthTech innovation

BioConvergence (BC) Program - 2025 Highlights
Advancing the National Bio-Convergence Strategy through active implementation

National Multi-Omics Infrastructure
- NIS 15M national investment
- Israel's first integrated multi-omics research platform
- **One-Stop-Shop** for academic researchers

Israel Innovation Authority Investments
- 3 BC incubators launched
- 32 investments (~₪88M total) in R&D infrastructure, Early-stage startups and Growth-stage companies
- 3 industry consortia (~₪24M)

Other Government Investments
- Ministry of Innovation funding (~₪14.5M, 25 projects)
- National Proof-of-Concept (POC) program: 4 BC projects funded (~₪1.4M)

Human Capital Development
"Bio-Talpiot" elite training program (led by MAFAT)

4th cohort launched in 2025

Regulatory Innovation in HealthTech
- Regulatory sandbox enabling breakthrough BC technologies to reach **First-in-Human clinical trials** with dedicated Ministry of Health regulatory support.
- Case Study: **PreciseBio 3D -** 3D-printed human tissues for transplantation

Global Leadership & International Recognition
- Israel featured by the **World Economic Forum** as a global bioeconomy policy model
- BC Program Director appointed Israel's representative to the **OECD** BNCT Committee
- BC Program selected as a multi-disciplinary prototype in *OECD Science, Technology & Innovation Outlook 2025*

Deep Dive: AI in HealthTech

From decision support to autonomous systems

Mapping the AI HealthTech Maturity Model

The Israeli HealthAI ecosystem is currently concentrated in decision-support applications, while only a limited number of companies are developing highly autonomous clinical AI systems. This distribution highlights both the maturity of the ecosystem and the growing need for targeted interventions that enable the next generation of clinical AI.

Prevention Support

Preliminary risk scoring, lifestyle tracking, and preventative automated indicators.

Decision Support

Clinical decision-making tools, diagnostic aid models, and acute vital medical alerts.

Decision Making

Highly complex, closed-loop autonomous medical devices and predictive care systems.

- Sources: CTO Unit Review (2025), PitchBook, IVC Research Center, Startup Nation Central

Israel's Real AI Sandbox in HealthTech –One of the First in the World

As the next step in advancing clinical AI, the Israel Innovation Authority and the Ministry of Health are launching a regulatory sandbox to enable the safe validation and responsible adoption of high-autonomy AI technologies in real-world HealthTech settings.

In Partnership With:

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רשות החדשנות
Israel Innovation
Authority

Real-world AI pilots in Israel's HealthTech system	A safe, supervised testing environment	Experimental regulation to accelerate innovation

https://www.gov.il/he/pages/ai-tech-health-reg
https://innovationisrael.org.il/kol_kore/ai-in-health-sandbox/

Israel Advanced Technology Industries

רשות החדשנות
Israel Innovation Authority

IATI's top VC & Investment Funds Survey

Israel Advanced Technology Industries

רשות החדשנות
Israel Innovation Authority

During the last few weeks, IATI conducted an annual in-depth survey among IATI's members top VC & Investment Funds in Israel regarding their inputs, investments and plans in light of wars with Iran looking-forward to 2026.

How would you define the Life Sciences & Health-tech investment market in Israel in 2025?

Cautious recovery	Return to growth	Stagnation
57%	22%	22%

What is currently the biggest challenge to Israeli Life Sciences & Health-tech companies?

	2023		2025
Funding	52%	△	74%
Go to market	13%	▽	22%
Talent / workforce	10%	▽	4%
Other	25%		

At which stages did the fund invest most in 2025?

Seed	R&D	Initial revenues	Revenue growth
38%	24%	28%	10%

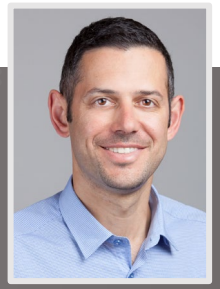
How did the war affect the fund's investment decisions?

	February 2026	May 2026*
No significant impact	57%	52%
Change of focus	9%	9%
Slowdown	22%	35%
Acceleration	13%	4%

* After Operation Lion's Roar ended

PwC Israel Pharmaceutical & Life Sciences

PwC's Pharma and Life Sciences practice helps digital health, pharmaceutical, biotech and medical device clients develop future focused business strategies and to implement the time critical plans essential to success.



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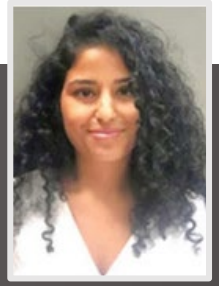

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Life Sciences & Health-tech Sub-sectors glossary

Biomed

Biomed combines technology and medical research to develop new therapies, diagnostics, and pharmaceuticals. Biomed companies use genetic engineering, molecular biology, and regenerative medicine to turn biological insights into practical medical solutions through lab work and clinical trials.

Digital Health

Integrates software and data technologies to improve healthcare delivery, management, and outcomes. The sector includes telemedicine, electronic health records, mobile health apps, wearables, clinical decision support tools, and AI diagnostics.

These technologies support remote monitoring, personalized care, and better access to healthcare services. Digital health drives more efficient, cost-effective, and data-informed care across clinical and non-clinical settings.

Medical Devices

Medical Devices are hardware technologies used in healthcare for diagnosis, monitoring, treatment, and patient support. They range from basic tools like syringes to advanced systems like MRI machines, robotic surgical systems, and implants. These devices integrate engineering with medical science, following strict regulatory processes to ensure safety and efficacy before reaching the market.

Israel Advanced Technology Industries

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IATI Connects Israel's Tech Ecosystem