GHO Capital: Creating Impact in the Upstream of Healthcare

While healthcare impact is often measured at the level of final delivery and treatment, some of the most important drivers of healthcare impact are created much earlier in the value chain. New medicines depend on specialized development and manufacturing capabilities, and access hinges on whether the wider healthcare system can operate with enough speed and efficiency to bring innovation to patients at scale. GHO Capital[1], a specialist healthcare investor, has built its strategy around this upstream segment of the healthcare value chain. With a stated purpose of investing in companies that deliver "better, faster and more accessible healthcare," GHO has invested over €12bn in the enabling parts of health innovation: development and manufacturing, diagnostics, data, and software.

An Investment Strategy Shaped by Upstream Bottlenecks

GHO's investment strategy stems from a broader problem in healthcare innovation: innovation is not scaling in line with rising expenditures. In the U.S., for example, while inflation-adjusted industry R&D spending rose by 44% from 2012 to 2022, the number of novel drug approvals remains flat[2]. Against that backdrop, rising demand, scientific complexity, cost pressure, and stretched delivery systems have created a growing need for businesses that can improve quality, reduce timelines, strengthen supply, and support better decision-making across the system. Founded in 2014, GHO's response has been to focus on these technical healthcare segments, where improved quality, speed, and cost-efficiency can have downstream effects across far larger volumes of care.

This system-level reading also explains GHO's stated purpose: contributing to "better, faster and more accessible healthcare," reflecting the different ways upstream businesses can create value. Indeed, investment in global health R&D can generate immense social returns. For example, Impact Global Health, a not-for-profit research and policy organization, estimates that as a result of biomedical products for poverty-related neglected diseases, at least 40.7 million lives will be saved and 2.83 billion DALYs (Disability-Adjusted Life Years) averted between 2000 and 2040, most of them in Low and Middle Income Countries (LMICs). To maximize such spillovers, GHO integrates contribution to better, faster, and more accessible healthcare as an overarching investment goal considered throughout

[1] https://ghocapital.com/

[2] McKinsey, Accelerating clinical trials to improve biopharma R&D productivity, January 2024, https://www.mckinsey.com/industries/life-sciences/our-insights/accelerating-clinical-trials-to-improve-biopharma-r-and-d-productivity

the investment lifecycle.

GHO's investments in Avid Bioservices, a drug substance and biologics contract development and manufacturing organization (CDMO), and FotoFinder, a medical skin imaging system, illustrate different ways in which upstream investments can generate impact throughout the healthcare value chain.

Avid: Enabling Faster Innovation Through Manufacturing Capacity

A biologics contract development and manufacturing organization, Avid provides biotechnology and pharmaceutical companies with development and manufacturing services for novel biologic therapies. Its capabilities span process development, analytical testing, regulatory compliance, and manufacturing, with its value proposition rooted in speed, efficiency, and a strong inspection and regulatory track record. While upstream activities like the ones supported by Avid shape what becomes feasible downstream, impact is not only time-lagged, but also depends on clinical trial success. In addition, impact also hinges on subsequent actions by other stakeholders down the value chain. For this reason, downstream impact for companies like Avid is difficult to estimate.

While downstream activities are critically important, without investment in both innovation and lowering the cost of existing solutions, the breadth, quality, and timeliness of products and services reaching LMICs will remain limited. The example of Avid therefore invites the use of a different Impact Measurement and Management (IMM) lens, in which intermediate system-level results such as efficiency, speed, and quality gains can be used to estimate a company's contribution to the health sector. In Avid's case, supporting higher-quality drug production and a faster go-to-market process contributes to improved patient outcomes (Better), lower healthcare costs (More accessible), and more efficient use of resources (Faster), aligning the company with GHO's investment strategy.

FotoFinder: Strengthening Early Skin Cancer Detection

A global market leader in advanced skin imaging solutions for skin cancer detection and dermatology, FotoFinder shows a different upstream pathway. Its platform spans handheld dermatoscopes, total body mapping systems, and AI-powered software, placing it closer to clinical decision-making while still operating as an upstream technology provider rather than a care delivery business.

With more than 1.5 million cases of skin cancer estimated in 2022, including 60,000 deaths[3], the quality

[3] International Agency for Research on Cancer, https://www.iarc.who.int/cancer-type/skin-cancer/

and speed of diagnostic tools can have a significant global impact on patient outcomes. Detecting skin cancer at an early stage can considerably reduce treatment costs and generate significant system-level savings, as the five-year cost of managing a case of melanoma diagnosed at Stage IV is estimated to be more than 30 times higher than managing a case diagnosed at a very early stage[4]. In this case, FotoFinder creates impact through earlier and more accurate diagnosis (Better) and reducing physician time per diagnosis (Faster). The resulting cost savings and physician time savings may also free up resources for other treatments (More Accessible).

From Indirect Outcomes to a Structured IMM Approach

Taken together, Avid and FotoFinder illustrate the diversity of impact pathways in healthcare. In cases such as Avid, where contribution is mediated through manufacturing quality, speed, and execution rather than direct service delivery, downstream impact is difficult to estimate within the ownership period. In cases such as FotoFinder, the pathway is shorter and easier to articulate, because stronger diagnostic capability can be linked more directly to earlier detection, better clinical decision-making, and lower treatment costs. The broader point is that upstream healthcare investments cannot be assessed through a single impact template: the evidence must be matched to the function a company performs in the system.

GHO's approach demonstrates how investors can respond to that problem by creating a structured investment discipline. Its Responsible Investment Policy describes an "Offence" strategy focused on assessing how companies contribute to better, faster, and more accessible healthcare, alongside a "Defence" strategy focused on material environmental, social, and governance matters. New investments are screened for their qualitative contribution to at least one of the three dimensions, and that contribution is later monitored through portfolio management processes. As such, GHO has undertaken to measure the qualitative and quantitative outputs and outcomes of its portfolio companies, with the quantification of companies' contribution treated as a priority going forward.

In segments where value is created across technical functions and over long-time horizons, the key differentiator is thus the translation of a purpose into a repeatable IMM process. This represents an evolving exercise as impact factors are further defined: in 2025, GHO further refined its investment process to integrate key climate-related risks and opportunities and human rights risk considerations into the investment lifecycle.

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[4] Dermatol Online J., Melanoma costs: a dynamic model comparing estimated overall costs of various clinical stages, November 2009 https://pubmed.ncbi.nlm.nih.gov/19951637/