Hippocratic is creating AI ‘agents’ that can assist hospitals and clinics © FT Montage: Dreamstime

George Hammond in San Francisco 2 MINUTES AGO

One-year-old healthcare start-up Hippocratic AI has gained a $500mn valuation following a funding round, as Silicon Valley investors seek to cash in on promising new applications built using generative artificial intelligence.

The Palo Alto, California-based group received the valuation following a $53mn fundraising led by venture firms General Catalyst and Premji Invest, with participation from Andreessen Horowitz and SV Angel among others.

Hippocratic, founded in February 2023, is creating AI “agents” that can assist hospitals and clinics. It is part of a wave of new companies seeking to build AI applications that can have a large impact on specific industries.

Such groups have become the focus of venture capital investors, who have increasingly been crowded out from an AI investment boom by Big Tech companies that have showered billions of dollars on groups making powerful AI models such as OpenAI and Anthropic.
Microsoft, Google and Amazon last year struck a series of blockbuster deals, amounting to two-thirds of the $27bn raised by fledgling AI companies in 2023, according to private market researchers PitchBook.

This has increasingly led VCs to bet on start-ups with a narrower focus. Legal start-up Harvey has raised more than $100mn to apply generative AI within law firms, while Hippocratic is aiming to tackle “low-risk, non-diagnostic, patient-facing healthcare”.

Hippocratic’s AI agents have not yet been rolled out to patients, however. “We’re going to sit here until it’s safe, as determined by clinicians,” said Munjal Shah, the company’s founder and chief executive.

The company on Monday announced a partnership with Nvidia, the market leader in building AI chips. Hippocratic will use the chipmaker’s hardware to reduce the “latency” of AI agents, meaning they can respond in real time to patients.

Shah suggested current AI models, such as by OpenAI, can take up to nine seconds to produce an audio response to a question, a lag that will be too slow to be “convincing” to patients. “That’s not a big deal when you’re doing search but, in a voice conversation, nine seconds is an eternity,” he said.
The partnership entails no “financial commitment on either end”, said Kimberly Powell, vice-president of healthcare at Nvidia. “We’ve been working together on research, development and engineering to optimise the speed, operation and cost of running these systems,” she said.

Generative AI, technology that can produce words, video and code in seconds, has been heralded by investors as a paradigm shift in sectors as diverse as education, graphic design and law.

But the tools often “hallucinate” or produce incorrect answers, a potentially fatal problem in healthcare. Shah said his company had built a “constellation” of large language models checking one another, rather than relying on just one, to ameliorate the risk.

Previous attempts to disrupt healthcare have had mixed success. UK digital healthcare company Babylon Health, which went public at a $4bn valuation in 2021, declared bankruptcy last year. Olive AI, a US start-up that was valued at $4bn on a promise to shake up healthcare using AI, also announced it would wind down in 2023.

Shah’s previous business Health IQ, a life insurance broker which used AI, filed for bankruptcy last year after rising interests hit its ability to meet debt payments. Before winding down, the start-up was one of the fastest growing health-tech companies in the US, having raised well over $100mn from investors including Andreessen Horowitz and Greylock Partners.
Hippocratic hits $500mn valuation as tech investors seek new bets in AI