



Published: April 1, 2015

# StartUp Health Insights: Digital Health Funding Rankings Q1 2015

INCLUDING 50+ MARKET FUNDING SPONSORED BY 

**A StartUp Health Insights™ Report**

Report is inclusive of seed, venture, corporate venture and private equity funding  
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## Q1 2015 SUMMARY

Coming off a hot funding environment in 2014, this year is off to a slower start. Although less capital was invested in Q1 2015 than in Q1 2014, we believe this is due to an increase in investor focus and a sign of a maturing market emphasizing more developed companies that move beyond offering "features" to delivering outcomes and/or reducing costs. Startups need to demonstrate results and early validation, as well as abilities to scale to tap into today's funding environment.

1

**Signs of a Maturing Market:** Although we are seeing less money move from investors to startups so far this year, overall median funding amounts have increased with dollars directed at startups in hot markets in later stages - as expected, the market is learning what works and what doesn't.

2

**A Diverse Investor Landscape:** Continuing the trend of 2014, corporate VCs and traditional institutional venture investors are placing their bets within digital health. As current players get more sophisticated with their portfolios, more firms are entering digital health, with 20 VCs striking 2 deals each this quarter, although no \$100M+ deals have been reported.

3

**Personalized Medicine Takes Off:** With the advent of the \$1,000 genome and new government initiatives positioned to support the greater precision medicine mission, a surge in genomic analytics companies has emerged focused on databasing, analyzing and discovering actionable insights pertaining to congenital disease treatment.

4

**The 50+ Market Stands Its Ground:** Despite a slow start to 2015, the 50+ Market has continued to stay proportional relative to all digital health funding. As chronic disease grows more prevalent within the aging population, digital health solutions continue to play a significant role in meeting healthy living needs of all ages.

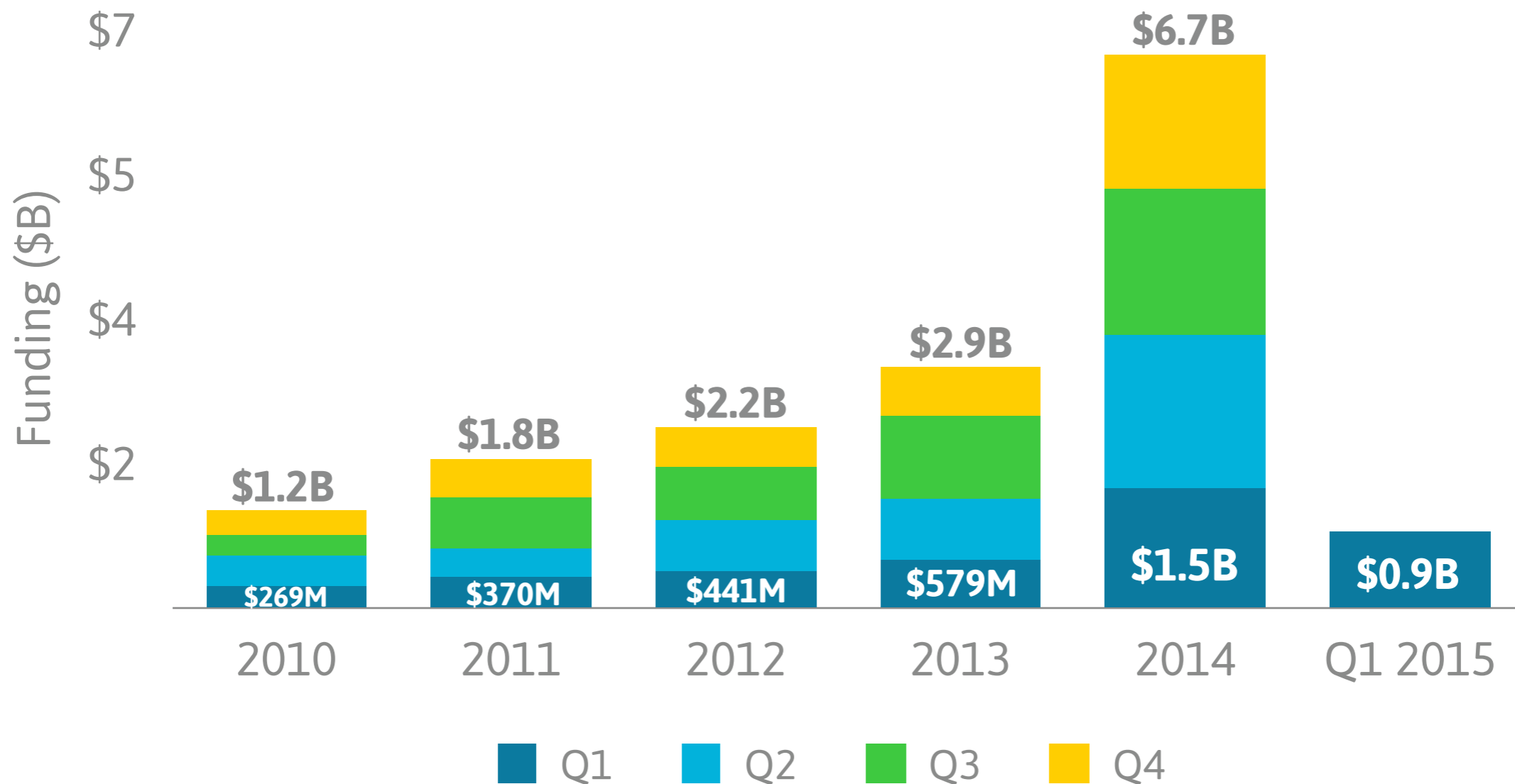
5

**Global Innovation:** More than 7,500 startups around the world are developing solutions in digital health based on data from the StartUp Health Network. Within the US, we're seeing an increase in the "Rise of the Rest", a term made popular by investor Steve Case, as areas outside of the Bay Area and New York are seeing an uptick in companies receiving funding.

# DIGITAL HEALTH FUNDING SNAPSHOT Q1 YEAR OVER YEAR




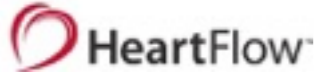



Funding in the first quarter of 2015 nearly doubles that of 2013, but did not surpass the record-breaking first quarter of 2014.

## Q1 Funding Year Over Year












# THE TOP 10 LARGEST DEALS OF Q1 2015

The top five companies received close to 30% of all funding YTD and the top 10 deals represent 45% of all funding YTD.

	Company	\$ Invested	Subsector	Notable Investor
1	 HealthCatalyst <small>ignite change</small>	\$70M	Big Data / Analytics	Sequoia Capital
2	 BIONANO GENOMICS	\$68M	Genomics	Novartis Venture Funds
3	CLASSPASS	\$40M	Wellness	Thrive
3	 ADVANCE HEALTH	\$40M	Patient/Consumer Experience	Medtronic Ventures
5	Welltok <sup>®</sup>	\$37M	Patient/Consumer Experience	Qualcomm Ventures
6	 HeartFlow <sup>®</sup>	\$36M	Medical Devices / Diagnostics	Undisclosed
7	 Personalis <sup>®</sup>	\$33M	Genomics	Lightspeed Venture Partners
8	:practo	\$30M	Navigating the Healthcare System	Sequoia Capital
9	 iorahealth	\$28M	Workflows	GE Ventures
10	 maestro	\$27M	Benefits	Roche Venture Fund

## THE TOP DEALS UNDER \$2.5M OF Q1 2015

A look at the Seed and Series A round startups gaining momentum in a diverse range of subsectors including patient/consumer experience, telemedicine and population health.

	Company	\$ Invested	Subsector	Notable Investor
1	 smartlink	\$2.5M	Patient/Consumer Experience	Undisclosed
1	 SKIPTA	\$2.5M	E-Commerce	Mansa Capital
1	K L A R A	\$2.5M	Telemedicine	Atlantic Labs
1	 conversa HEALTH	\$2.5M	Population Health	Undisclosed
5	 welbe	\$2.4M	Patient/Consumer Experience	Angel Investors
5	 Stride HEALTH	\$2.4M	Insurance / Benefits	Kleiner Perkins
7	 kura	\$2M	Telemedicine	Moneta Ventures
7	 Eko Devices	\$2M	Medical Devices / Diagnostics	Founder.org
7	 Clue	\$2M	Personalized Health	French Groupe Arnault
7	 joyable	\$2M	Wellness	Thrive Capital

## THE TOP 10 MOST ACTIVE SUBSECTORS OF Q1 2015

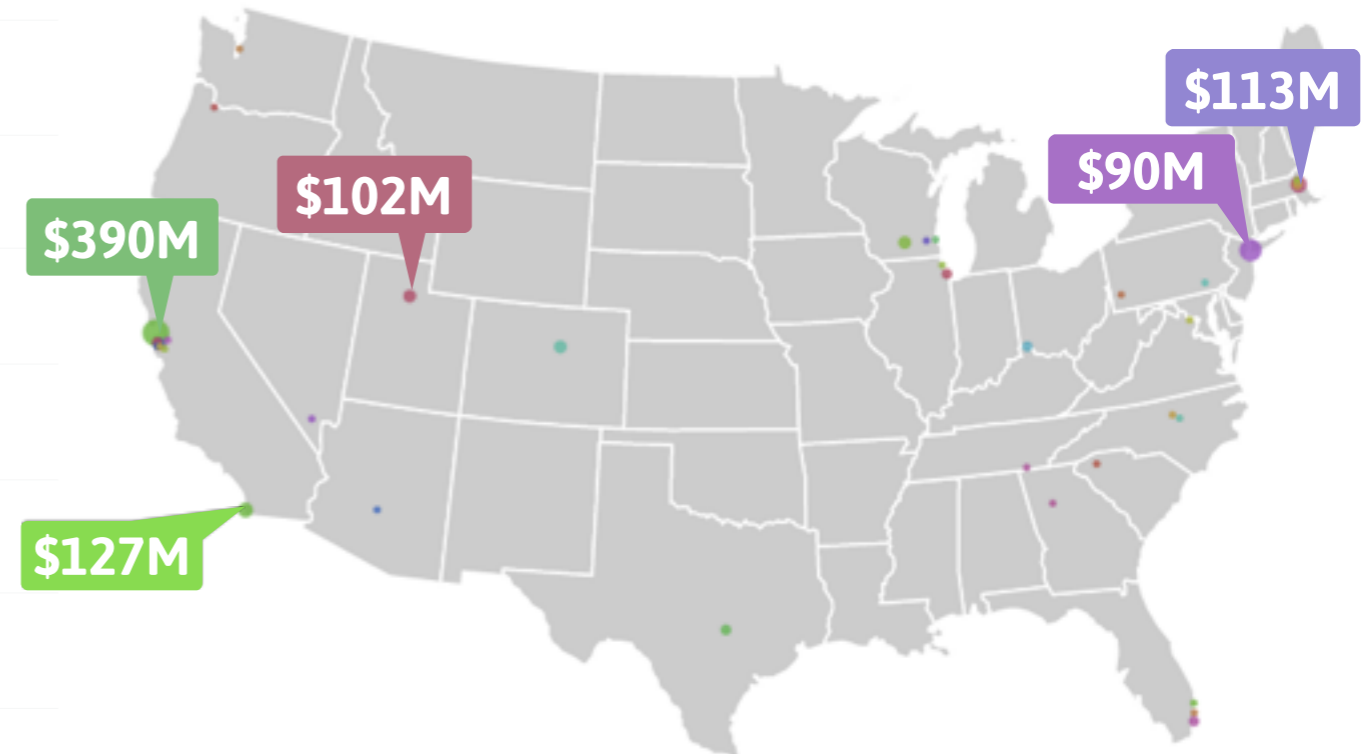
Big data is clearly a big winner yet again as the ability to make sense of massive amounts of newly-generated patient data continues to enter a maturing healthcare analytics industry.

	Subsector	\$ Invested	# of Deals	Notable Deals
1	Big Data / Analytics	\$202M	6	<ul style="list-style-type: none"> <li>• Personalis</li> <li>• Health Catalyst</li> </ul>
2	Wellness	\$137M	10	<ul style="list-style-type: none"> <li>• ClassPass</li> <li>• Welltok</li> </ul>
3	Patient/Consumer Experience	\$107M	20	<ul style="list-style-type: none"> <li>• FORCE Therapeutics</li> <li>• Practo Technologies</li> </ul>
4	Medical Devices / Diagnostics	\$106M	11	<ul style="list-style-type: none"> <li>• HeartFlow</li> <li>• LifeCode</li> </ul>
5	Personalized Health	\$85M	8	<ul style="list-style-type: none"> <li>• Personalis</li> <li>• ACT Genomics</li> </ul>
6	Workflows	\$73M	7	<ul style="list-style-type: none"> <li>• Caremerge</li> <li>• Iora Health</li> </ul>
7	Population Health	\$67M	4	<ul style="list-style-type: none"> <li>• Advance Health</li> <li>• Conversa Health</li> </ul>
8	Research	\$49M	4	<ul style="list-style-type: none"> <li>• Lifecode</li> <li>• Clinipace</li> </ul>
9	Clinical Decision Support	\$33M	6	<ul style="list-style-type: none"> <li>• Augmedix</li> <li>• Digisight</li> </ul>
10	E-commerce	\$15M	3	<ul style="list-style-type: none"> <li>• ChartSpan Medical</li> <li>• Skipta</li> </ul>

## THE TOP 10 MOST ACTIVE US METRO AREAS OF Q1 2015

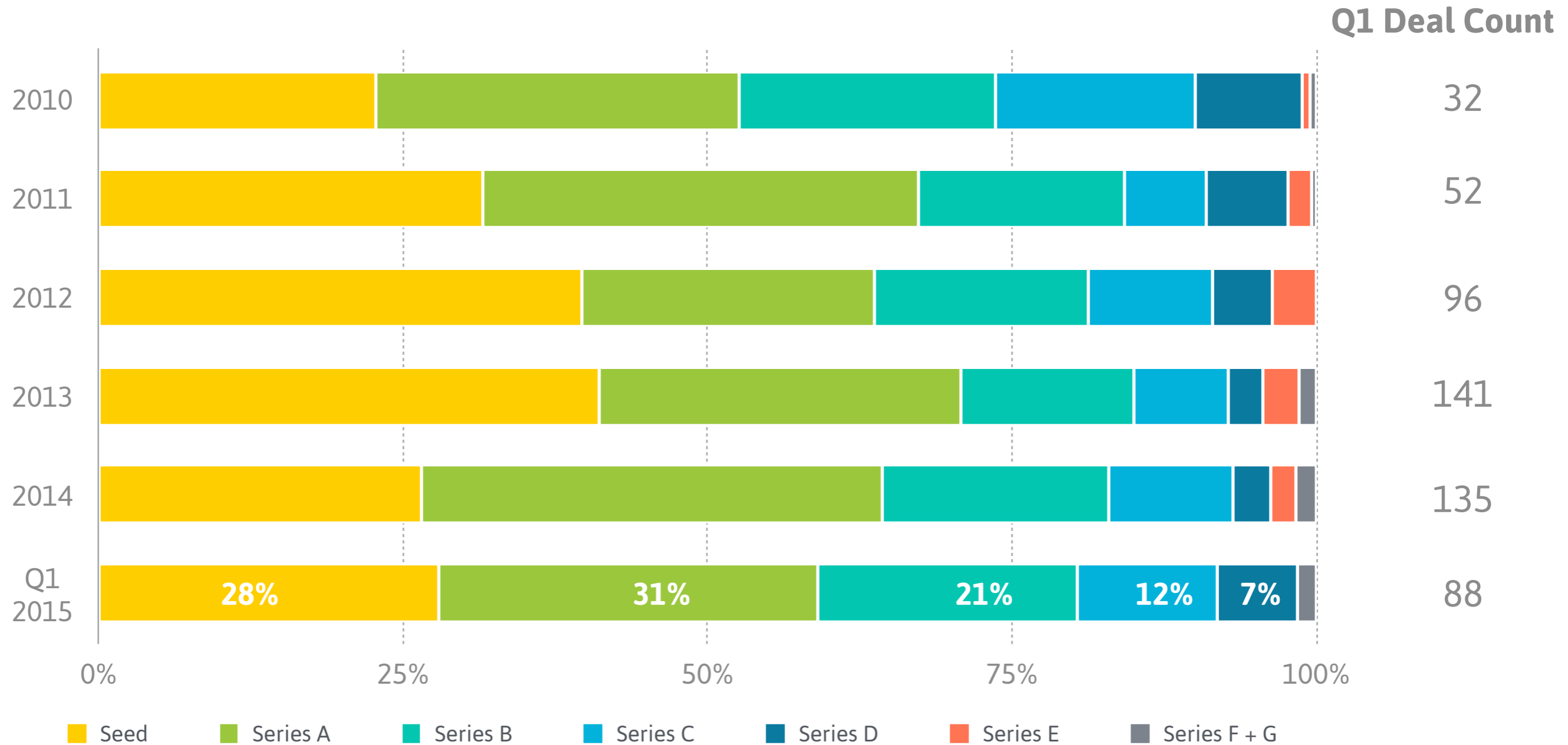
The Bay Area continues to attract the most capital and dealflow as San Diego moves up the list from 2014 and Salt Lake City joins the list due to a few notable Q1 deals for startups headquartered in those areas.

	Metro Area	\$ Invested	# of Deals
1	SF Bay Area	\$390M	25
2	San Diego	\$127M	4
3	Boston	\$113M	9
4	Salt Lake City	\$102M	3
5	New York City	\$90M	9
6	Denver	\$55M	3
7	Chicago	\$49M	3
8	Miami	\$42M	4
9	Madison, WI	\$13M	3
10	Seattle	\$11M	1



# DEAL ACTIVITY BY STAGE OF Q1 2015

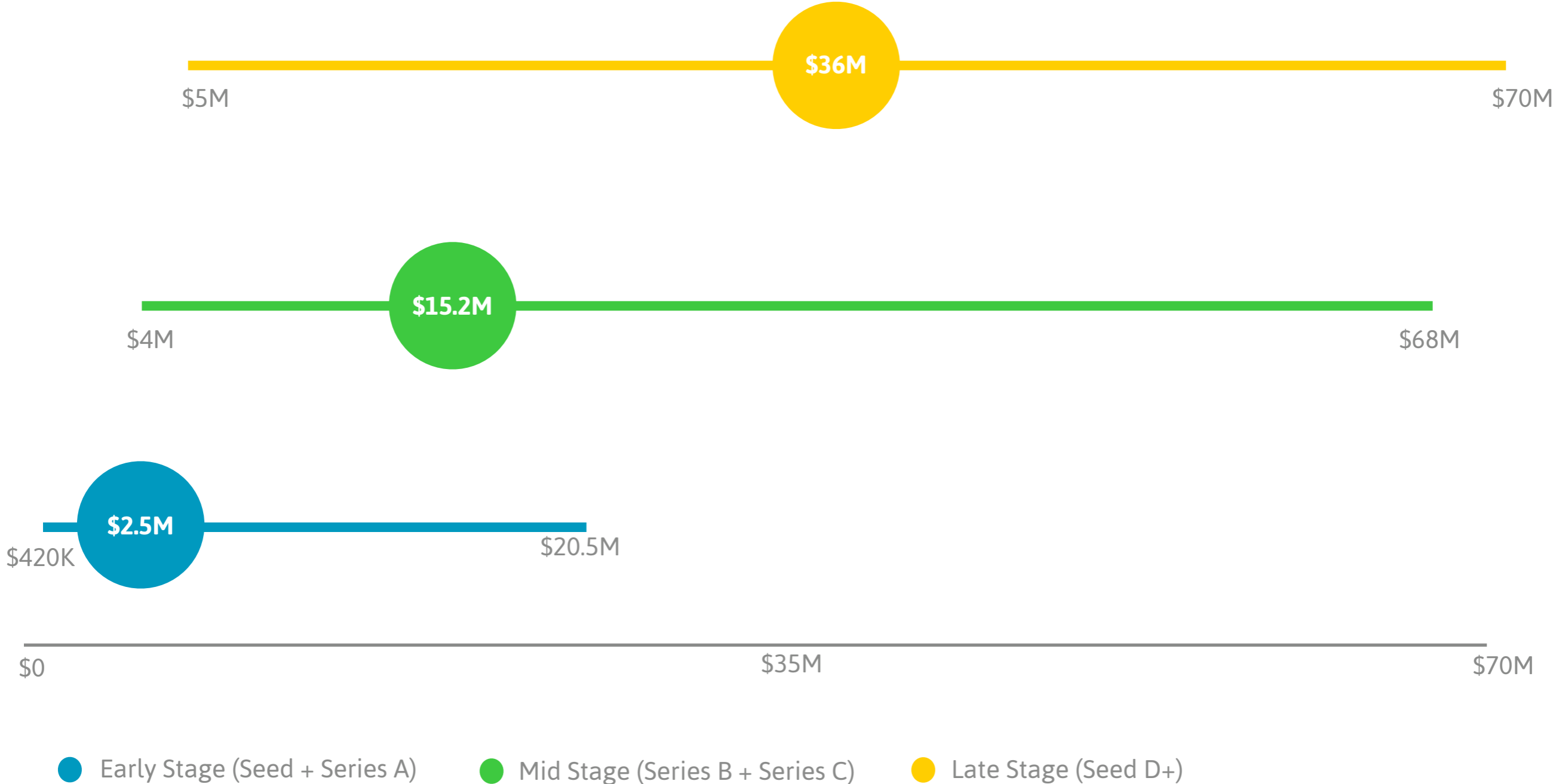
Even though deal sizes vary greatly, the digital health market continues to show signs of growth as mid-stage deal volume overall grows, accounting for 32% of deals in 2015, up from 28% in 2014.





# DEAL SIZE RANGES & MEDIANS BY STAGE OF Q1 2015

As 2015 progresses, we see the median ranges continue to shift, with early stage rounds decreasing (-46%) in size, highlighting the “Golden Age of Entrepreneurship” as lower amounts of capital are needed to start a business.



# THE TOP VENTURE INVESTORS OF Q1 2015

In Q1 alone, GE Ventures surpassed the total number of investments made in 2014. As current players get more sophisticated with their portfolios, more firms are entering digital health, with 20 VCs striking 2 deals.

	Investor	2015 YTD Deals	2014 Deals	Stage		
				Early	Mid	Late
1	 GE VENTURES	5	4	✓	✓	
2	 sequoia capital	3	8	✓	✓	✓
2	 FIDELITY BIOSCIENCES	3	1	✓	✓	

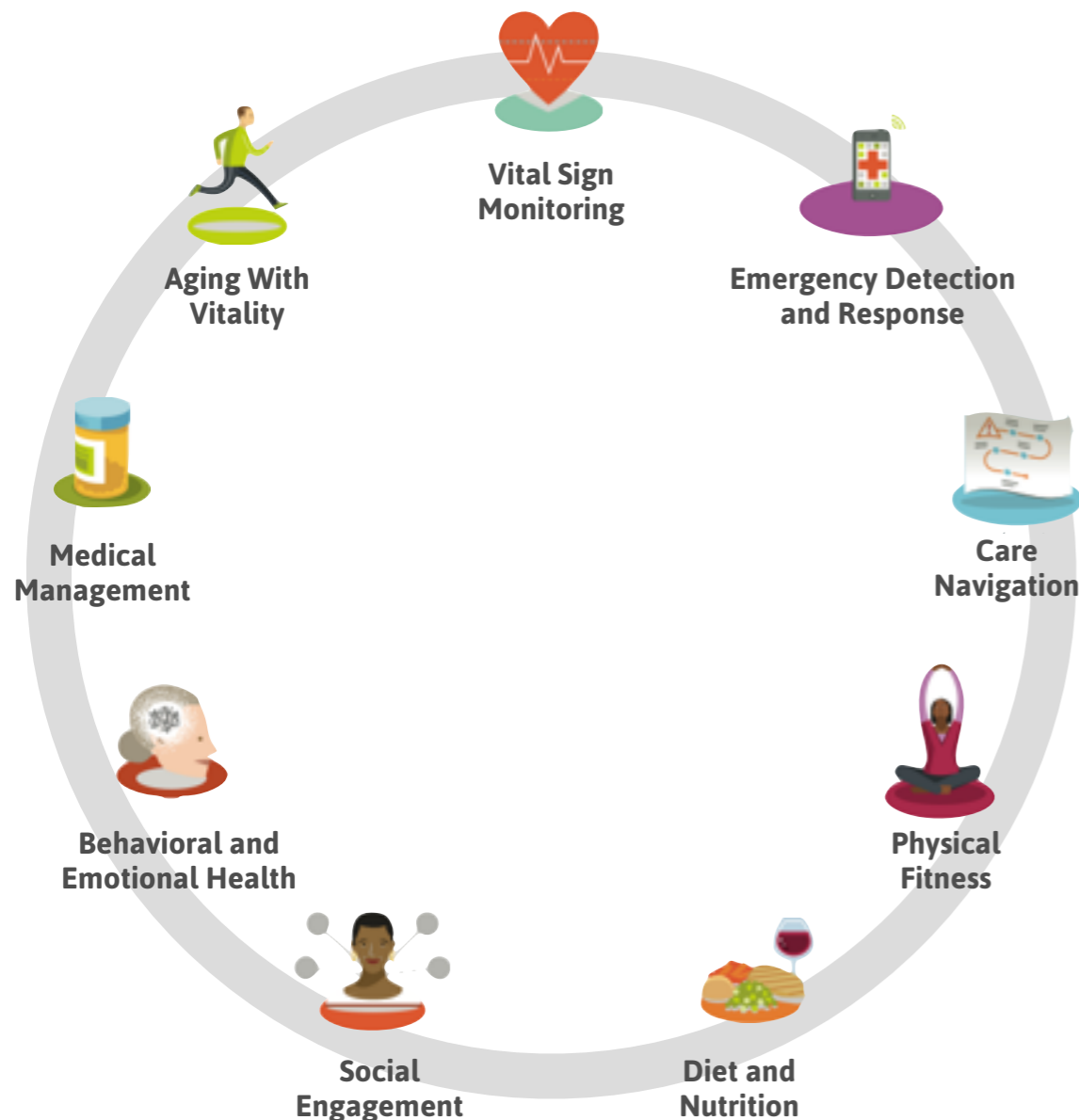
## 17 Investors with 2 Disclosed Deals in Q1 2015



# DEFINING THE 50+ MARKET IN DIGITAL HEALTH

As the overall digital health industry continues to expand, startups serving 50+ consumers - either directly or through providers, payors and other healthcare stakeholders - are increasingly attracting investment.

This report spotlights two categories of startups: **50+ relevant** companies and **50+ focused** companies. Companies in both categories align with at least one of AARP's 9 areas of opportunity:

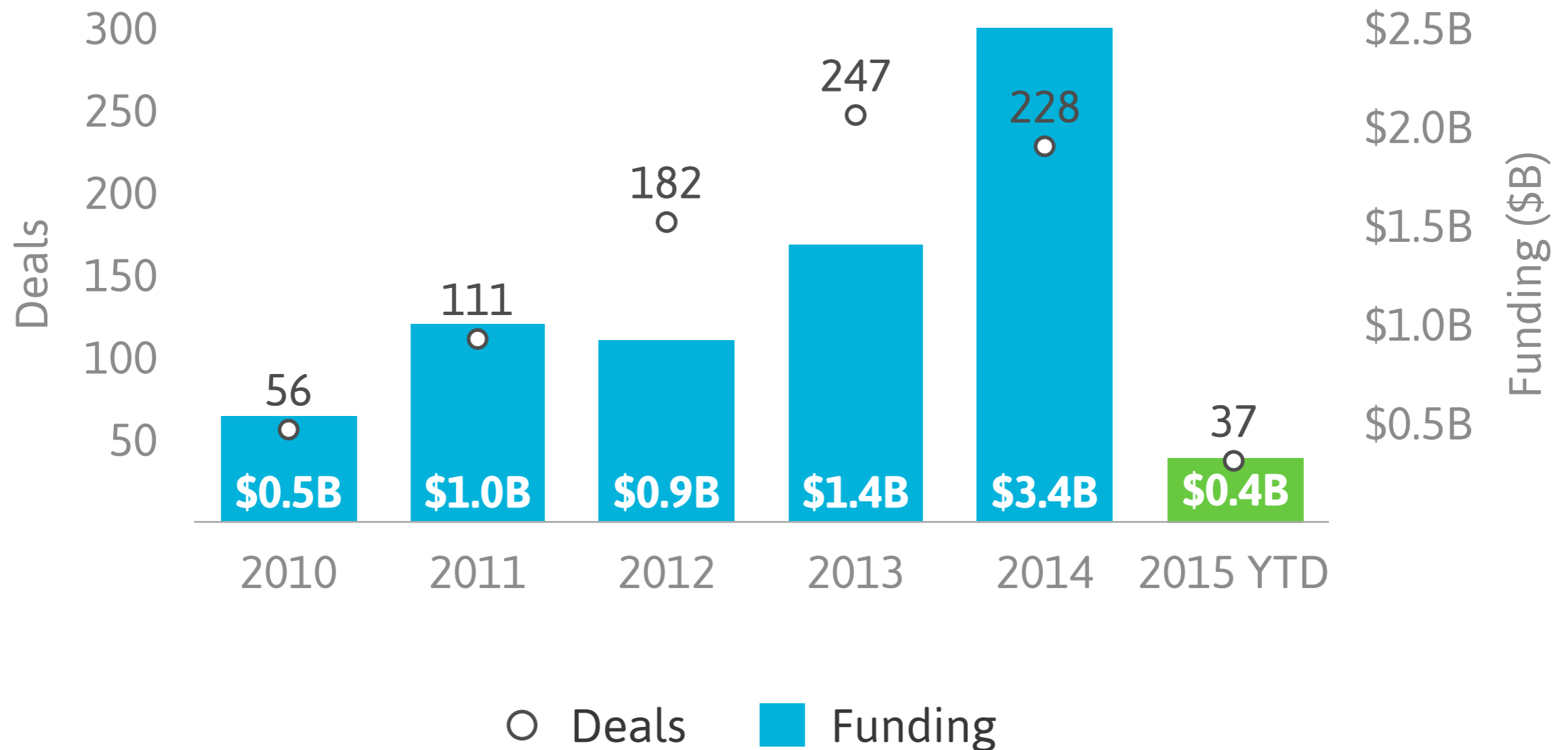


**The 50+ relevant category** includes companies, both **B2C** and **B2B2C**, with products or services that could be used by 50+ consumers. This excludes practice management solutions, compliance software, lab support tools and other enterprise systems that do not have a consumer touchpoint, as well as companies specifically targeting other demographics like children and young families.

**The 50+ focused category** includes **B2C** companies that specifically target 50+ consumers and **B2B2C** companies that provide products and services to payors, providers and others that serve 50+ consumers.

## 50+ MARKET FUNDING SNAPSHOT OF Q1 2015

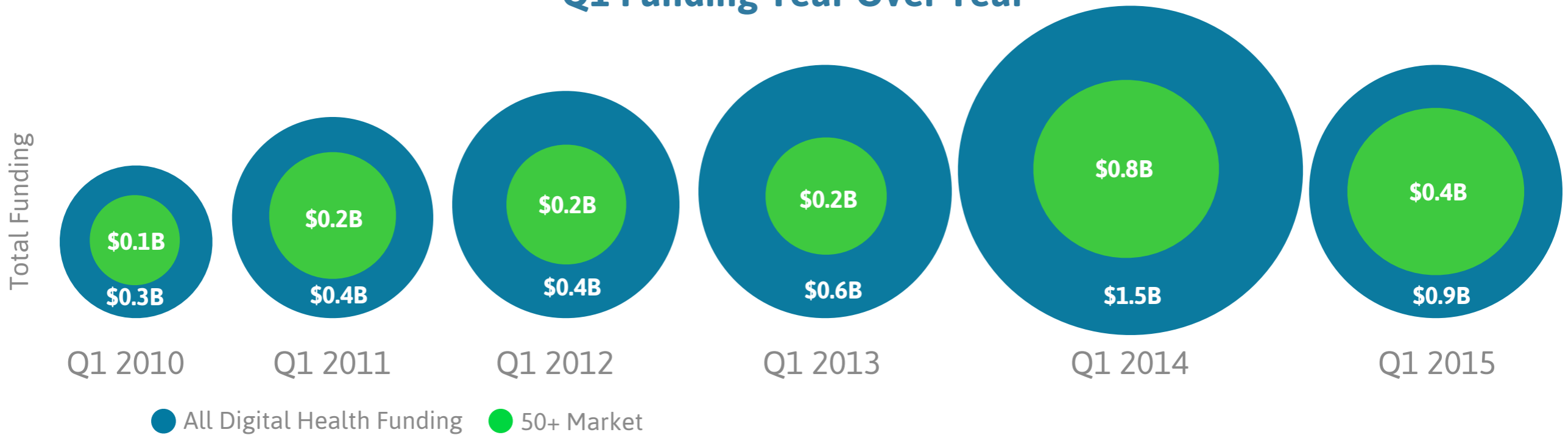
The 50+ Market is closely following the trends of the overall digital health funding market, with \$0.4B invested in 2015 to date.



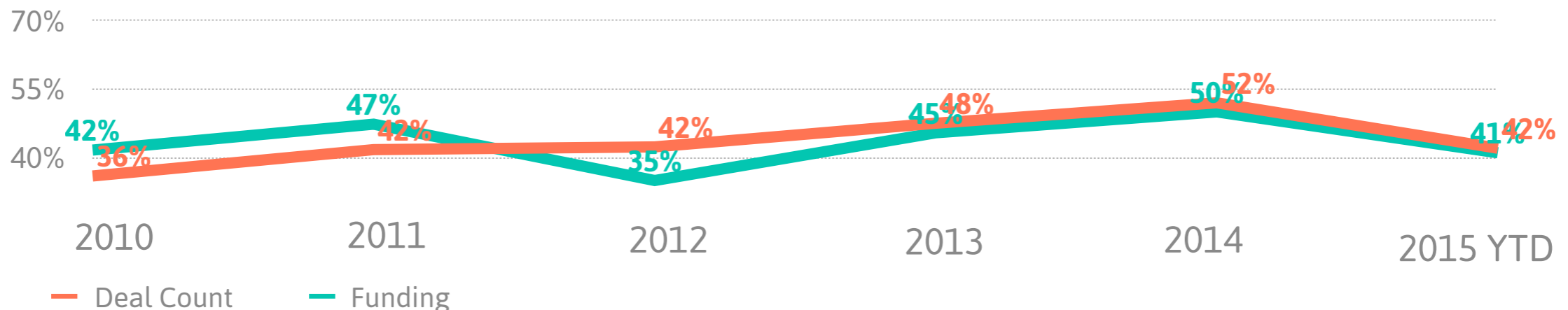
# 50+ MARKET RELATIVE TO ALL DIGITAL HEALTH FUNDING

Close to 41% of all digital health funding YTD has 50+ relevance as solutions and innovation continue to play a part in solving healthcare issues within the 50 and older population.

## Q1 Funding Year Over Year



## 50+ Market Investments as Percentage of Total Annual Investments in Digital Health

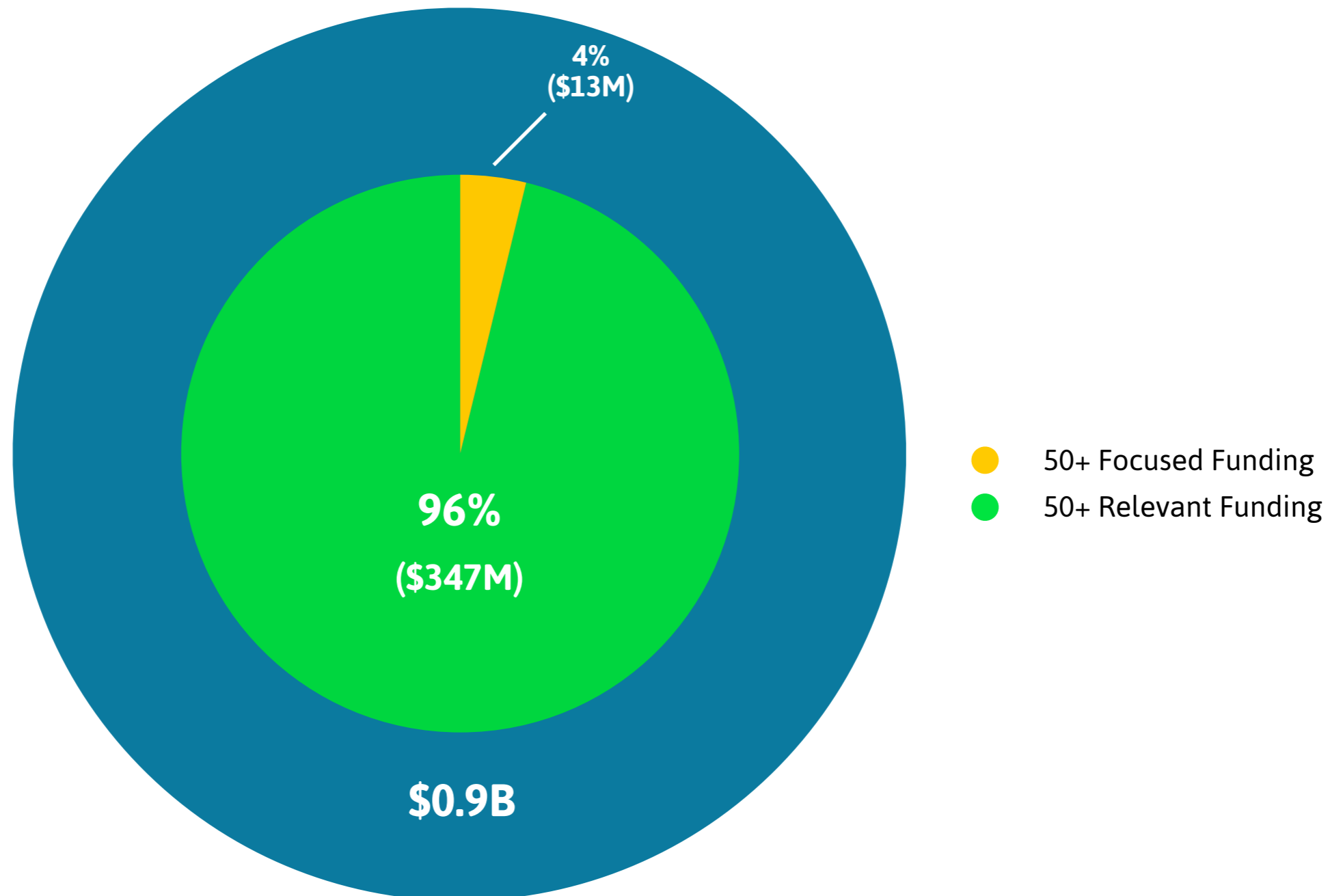


Source: StartUp Health Insights | [www.startuphealth.com/insights](http://www.startuphealth.com/insights)

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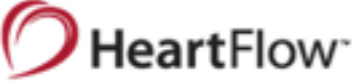





## OPPORTUNITIES EMERGE FOR 50+ FOCUSED COMPANIES

There remains a large untapped opportunity for companies explicitly focused on the 50+ Market, with only 4% of the companies receiving funding specifically addressing the needs of this population. This signals a gap in what startups are focusing on and the current and future needs of the aging market.



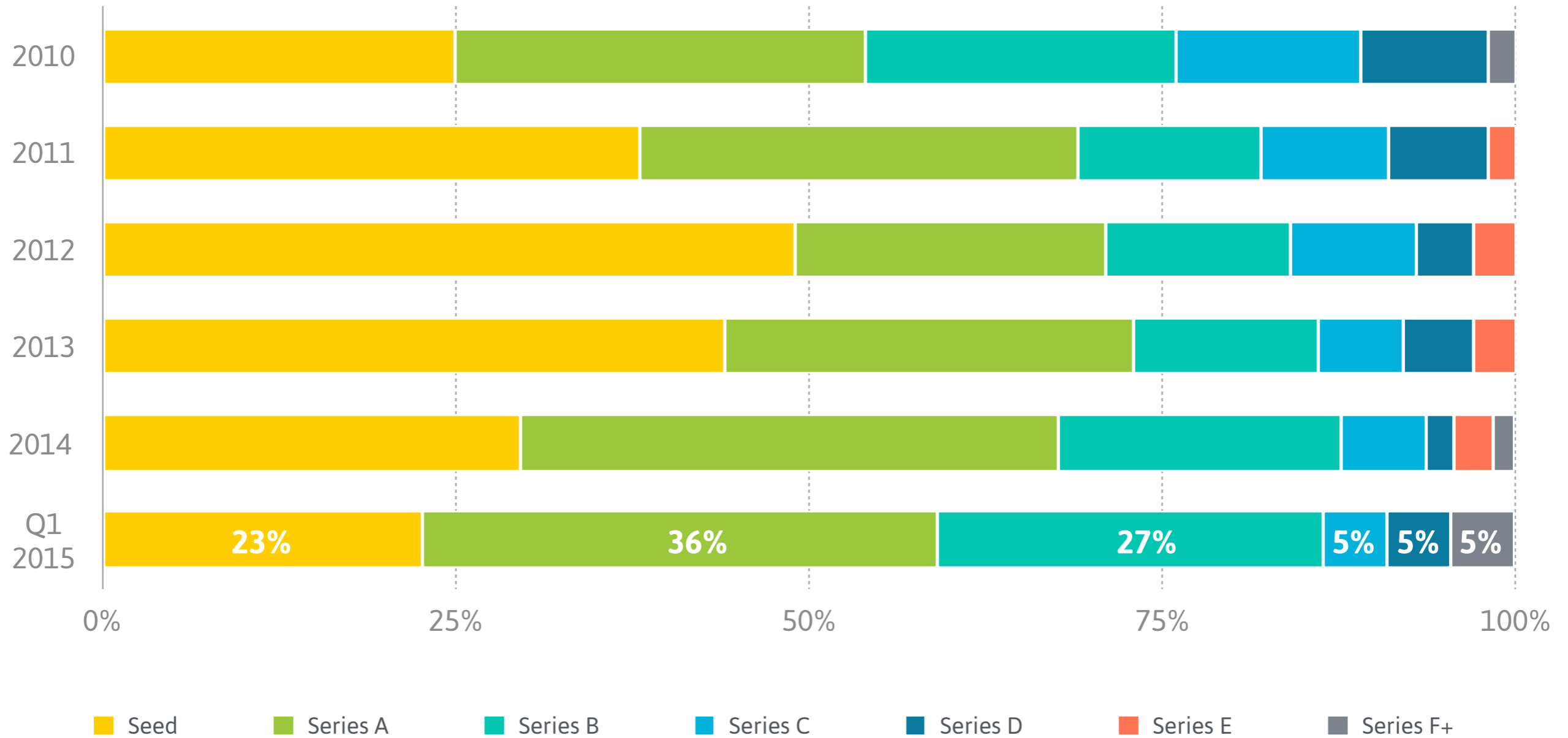
## THE TOP 8 LARGEST 50+ MARKET DEALS OF Q1 2015

The top eight companies in the 50+ Market have received almost two-thirds of all 50+ Relevant Funding invested year to date.

	Company	\$ Invested	Area	Notable Investor
1	 ADVANCE HEALTH	\$40M	Population Health	Summit Partners
2	 welltok.	\$37M	Wellness	Qualcomm Ventures
3	 HeartFlow™	\$36M	Medical Devices / Diagnostics	Undisclosed
4	 Personalis™	\$33M	Personalized Health	Lightspeed Venture Partners
5	 :practo.com find your doctor.	\$30M	Patient/Consumer Experience	Sequoia Capital
6	 EarlySense Proactive Patient Care	\$20M	Population Health	Samsung Venture Investment
7	 glooko	\$17M	Patient/Consumer Experience	Medtronic Ventures
8	 spruce	\$15M	Patient/Consumer Experience	Google Ventures

# 50+ MARKET DEAL ACTIVITY BY STAGE OF Q1 2015






Consistent with the broader digital health industry, mid-stage deals are gaining momentum, showing signs of a maturing market.





# THE TOP 50+ MARKET VENTURE INVESTORS OF Q1 2015

Investors around the globe are funding companies that address the needs of 50+ consumers at all stages, with notable involvement from strategic investors.

	Investor	2015 YTD Deals	Notable Deal	Stage		
				Early	Mid	Late
1		3	Lifecode	✓	✓	✓
2		2	Caremerge	✓	✓	
2		2	Caremerge	✓	✓	
2		2	EarlySense	✓	✓	✓
2		2	Glooko	✓	✓	✓

## 40 Investors with 1 Deal Disclosed in Q1 2015

# METHODOLOGIES

## Sectors:

- We have a broad view of digital health and believe that the current trend is a cross-pollination of technology and data with all aspects of health and healthcare. StartUp Health Insights™ tracks companies that enable health, wellness and the delivery of care through data / analytics, sensors, mobile, internet-of-things, 3D printing and genomics and personalized medicine.
- Investments in sub-sectors are not mutually exclusive as deals are tagged with multiple sub-sectors.

## Stage of funding:

- StartUp Health Insights™ records only publicly available data on cash for equity investments as the cash is actually received by the company. StartUp Health Insights™ is inclusive of seed, venture, corporate venture and private equity funding.
- Early stage: The company has raised a Seed or Series A round
- Mid stage: The company has raised a Series B or Series C round
- Late stage: The company has raised a Series D or other growth equity round
- StartUp Health also tracks incubator rounds and other financings into privately-held entities (e.g. “unnamed” venture rounds, strategic investments, growth equity and private equity).
- In tabulating deal activity by stage we excluded rounds not clearly associated with a specific stage.

## Sources:

- Funding data is from StartUp Health Insights™, the most comprehensive funding database for digital health, and managed by the StartUp Health team. Information, data and figures represent only publicly available data.
- Data for acquisitions slide was provided by a range of sources including StartUp Health Insights™, CrunchBase, AngelList and news reports.
- StartUp Health has taken responsible steps to ensure that the information contained in the StartUp Health Insights™ Report has been obtained from reliable sources. However, StartUp Health cannot warrant the ultimate validity of the data obtained in this manner. All data is subject to verification with the venture capital firms and/or the investee companies. Results are updated periodically. Therefore, all data is subject to change at any time.

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## ABOUT STARTUP HEALTH

StartUp Health is a global entrepreneurship development company for Healthcare Transformers™. StartUp Health has the world's largest portfolio of digital health companies and offers entrepreneurs: The StartUp Health Academy, a long-term coaching program and trusted peer network and The StartUp Health Network, the largest stakeholder community of investors, customers, and advisors, to help companies grow through every stage of their lifecycle. The StartUp Health Academy includes 185 entrepreneurs from 94 companies in 9 countries and more than 50 cities. StartUp Health companies have cumulatively raised over \$195M and to date, three have been acquired - Basis Science by Intel, Avado by WebMD and Arpeggi by Gene by Gene.

StartUp Health was founded by health tech entrepreneurs, Steven Krein and Unity Stoakes, and is chaired by former Time Warner Chairman and CEO, Jerry Levin. Some investors include Steve Case, Mark Cuban, Esther Dyson, Roger Ehrenberg, Brad Feld, Richard Forman, Jason Finger, Linda Holliday, Andy Litt, Jon Miller and Wayne Kimmel

Learn more at [startuphealth.com](http://startuphealth.com) and follow @startuphealth. For press inquiries, email [press@startuphealth.com](mailto:press@startuphealth.com)

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# STARTUP HEALTH COMPANIES



## ACQUIRED COMPANIES





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