



StartUp Health Insights™

Digital Health Funding Rankings

2015 Midyear Report

INCLUDING 50+ MARKET FUNDING SPONSORED BY  **AARP**
Real Possibilities

A StartUp Health Insights™ Report

Published July 1, 2015 | Report data through June 29, 2015

Report is inclusive of seed, venture, corporate venture and private equity funding

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2015 Midyear and Q2 Summary

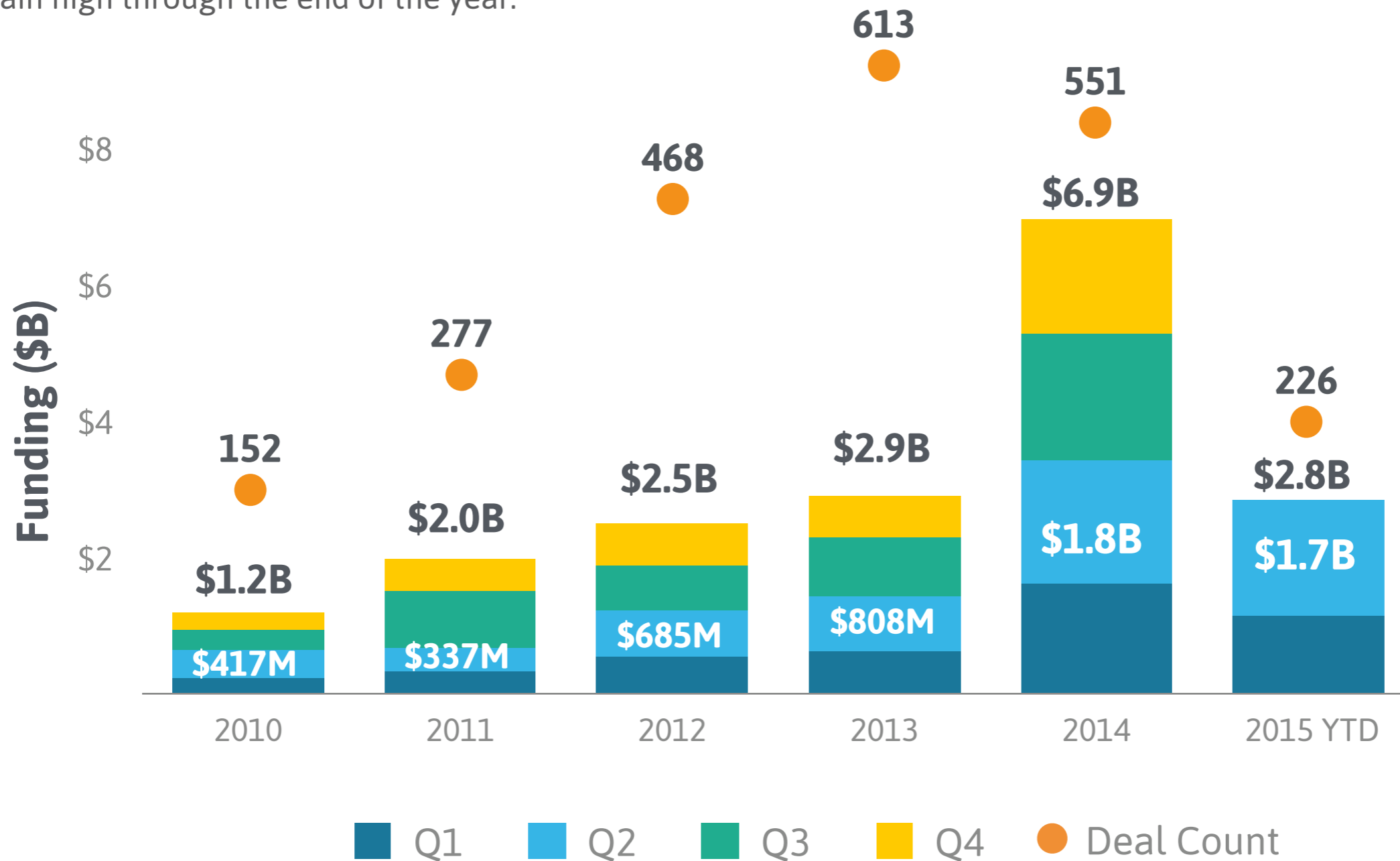
The digital health market continues to mature as evidenced by several defining deals in the first half of 2015, including Zenefits' \$500M round and Fitbit's pivotal IPO. The market is rallying around consumer health, wellness and the rise personalized health. Startups hoping to succeed should focus on personalized solutions that move beyond "me-too" features.

- 1 Signs of a Maturing Market:** Although we are seeing approximately the same amount of capital flow from investors to startups this year as we did in the first half of 2014, overall median funding amounts have increased with dollars directed at startups in hot markets in later stages. As expected, digital health investors are learning what works and what doesn't.
- 2 A Diverse Investor Landscape:** Continuing the trend of 2014, corporate VCs and traditional venture investors are placing significant bets within digital health with two of the top four investors this year being corporate venture arms. Additionally, the investors seem to be stage agnostic, with the top investors participating in Seed to Series D rounds.
- 3 Personalized Medicine Gains Traction:** 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 7,600 startups around the world are developing solutions in digital health, based on StartUp Health Insights data. Innovation continues to thrive as borders between technologies, talent and nations blur to spur real change in medical systems at home and abroad.

Note: StartUp Health Insights™ is inclusive of all seed, venture, corporate venture and private equity funding.

Digital Health Funding Snapshot Year Over Year



















To date in 2015, we are seeing Q2 investment totals trend and track similarly to 2014 - which was a breakout year in digital health. With a strong IPO market and success of the Fitbit, Evolent and MINDBODY deals, we expect funding levels to remain high through the end of the year.



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The Top 10 Largest Deals of 2015 YTD

















Zenefits was the heavy hitter of Q2 and so far in 2015, with triple the funding of the next largest deal. With a broad range of subsectors breaking the top 10 this year, there is diversity in types of companies attracting funding.

	Company	\$ Invested	Subsector	Notable Investor
1	 ZENEFITS	\$500M	Wellness / Benefits	ANDRESSEN HOROWITZ
2	 OSCAR	\$145M	Consumer Experience / Insurance	Goldman Sachs
3	 NANTBIOSCIENCE	\$100M	Big Data / Analytics	N / A
4	 BIONANO GENOMICS	\$70M	Personalized Health / Genomics	
4	 HealthCatalyst ignite change	\$70M	Big Data / Analytics	
6	 10X GENOMICS	\$55M	Personalized Health / Genomics	
7	 Dr. DOCTOR ON DEMAND	\$50M	Patient / Consumer Experience	
7	 MDLIVE™	\$50M	Population Health	
7	 PillPack	\$50M	Medication Adherence	
10	CLASSPASS	\$40M	Wellness / Fitness	
10	 ADVANCE HEALTH	\$40M	Population Health	

Note: StartUp Health Insights™ is inclusive of all seed, venture, corporate venture and private equity funding.

The Top 10 Deals Under \$10M of 2015 YTD

Mirroring the broader digital health market, a representative sample of deals under \$10M, highlights the trending wellness and patient / consumer experience subsectors.

	Company	\$ Invested	Subsector	Notable Investor
1	 SwipeSense <small>Hand Hygiene 2.0</small>	\$9.6M	Medical Devices	 New Ground Ventures
2	 MDinsider	\$9.5M	Patient / Consumer Experience	Angels
2	 talkspace	\$9.5M	Wellness	 SPARK CAPITAL
4	 meQuilibrium	\$9.0M	Wellness	 Chrysalis VENTURES
4	 mytime™	\$9.0M	Wellness	khosla ventures
6	 docdoc <small>The healthcare portal for Asia</small>	\$8.6M	Patient / Consumer Experience	 SparkLabs
7	 GENOMICS	\$8.0M	Big Data / Analytics	N/A
7	 ONE DROP	\$8.0M	Patient / Consumer Experience	 RRE Ventures
7	 zebra <small>MEDICAL VISION</small>	\$8.0M	Big Data / Analytics	khosla ventures
10	 DigiSight	\$7.8M	Medical Devices	 GE VENTURES

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The Top 10 Most Active Subsectors of 2015 YTD

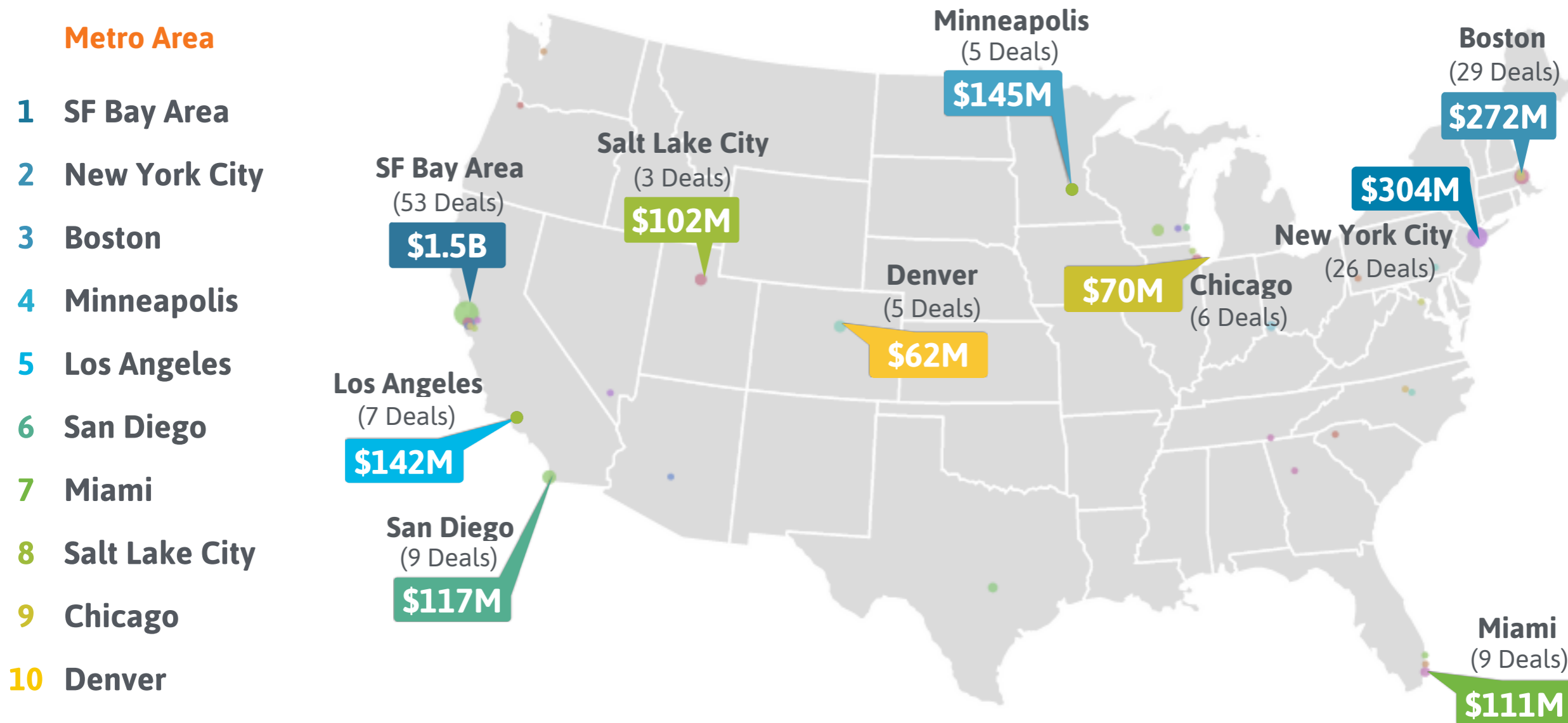
The leading subsector of Q1 2015, big data / analytics, fell to third after wellness / benefits and patient / consumer experience received large funding rounds.

	Subsector	\$ Invested	# of Deals	Notable Deals
1	Wellness / Benefits	\$674M	23	<ul style="list-style-type: none"> • Zenefits • ClassPass
2	Patient / Consumer Experience	\$428M	46	<ul style="list-style-type: none"> • PillPack • Doctor On Demand
3	Big Data / Analytics	\$333M	23	<ul style="list-style-type: none"> • BaseHealth • Augmedix
4	Clinical Decision Support	\$247M	20	<ul style="list-style-type: none"> • LifeImage • Arrowlytics
5	E-Commerce	\$225M	10	<ul style="list-style-type: none"> • MDsave • Gravie
6	Personalized Health / Quantified-Self	\$195M	14	<ul style="list-style-type: none"> • 10X Genomics • Color Genomics
7	Medical Device	\$182M	25	<ul style="list-style-type: none"> • SwipeSense • Daktari Diagnostics
8	Population Health	\$169M	14	<ul style="list-style-type: none"> • Advance Health • MDLive
9	Workflow	\$162M	23	<ul style="list-style-type: none"> • Imagine Health • CareCloud
10	Research	\$121M	11	<ul style="list-style-type: none"> • TrialBee • Benchling

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The Top 10 Most Active US Metro Areas of 2015 YTD

While it's no surprise that the Bay Area continues to bring the most funding YTD, newer markets continue to grow. With Minneapolis and Salt Lake City each taking in over \$100M, it's clear that investment opportunities are everywhere.



"We continue to believe that the pace of innovation will accelerate as the U.S. healthcare system transitions away from fee-for-service towards fee-for-value"

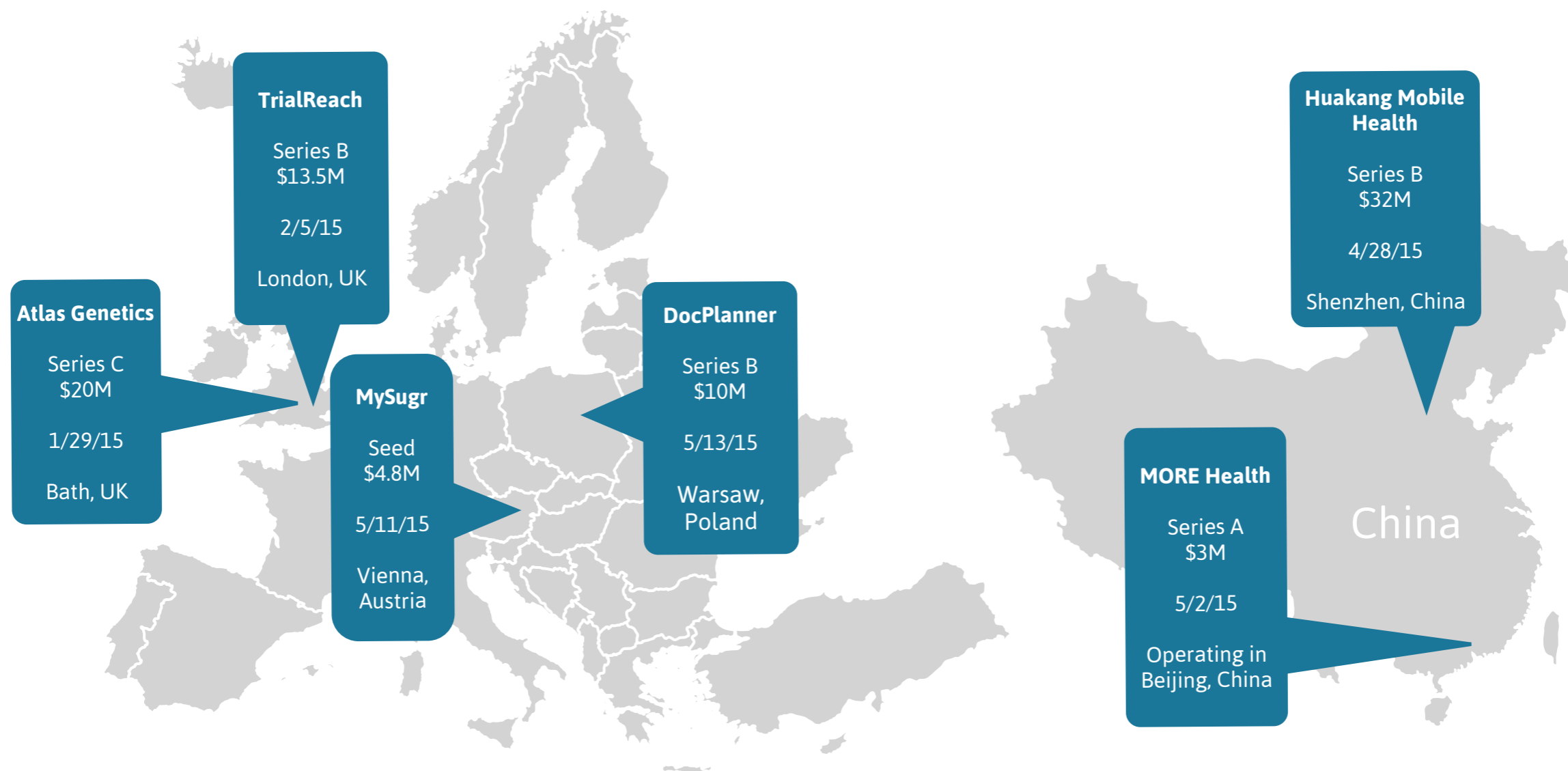
- Blake Wu, Associate, New Enterprise Associates (NEA)

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Notable International Deals of 2015 YTD

Massive digital health innovation is happening around the world with new technologies, business models and talent emerging across the globe.



While it is difficult to pinpoint where technology is headed in 2015, innovation is happening everywhere – payer, provider, pharmacy, IT infrastructure, population health, telemedicine, transparency, engagement, cloud based admin software, etc. One specific area where we'd like to see additional innovation is on solutions that help health plans and health systems treat patients like consumers."

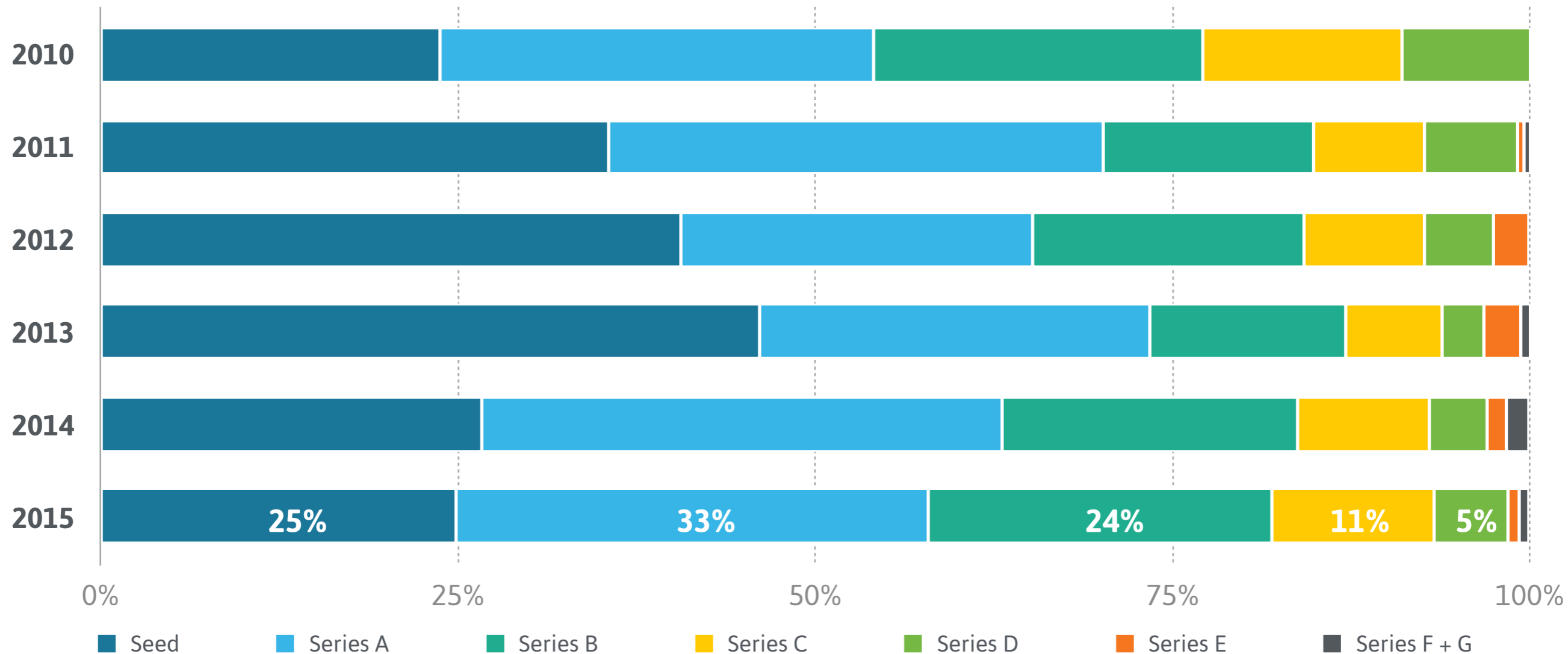
- Vin Fabiani, Partner, HLM Venture Partners

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Deal Activity by Stage for 2015 YTD

The market continues to mature. Mid-stage (Series B + C) deal volume grows overall, accounting for 35% of deals in 2015, up from 30% in 2014 and 20% in 2013.



"The healthcare industry is in a period of transformation, thanks in large part to digital technologies making it more agile and cost effective for patients. There is a remarkable amount of innovation across the board from diagnostic and therapeutic tools for patient care to more efficient care delivery and administration capabilities for providers and insurers."

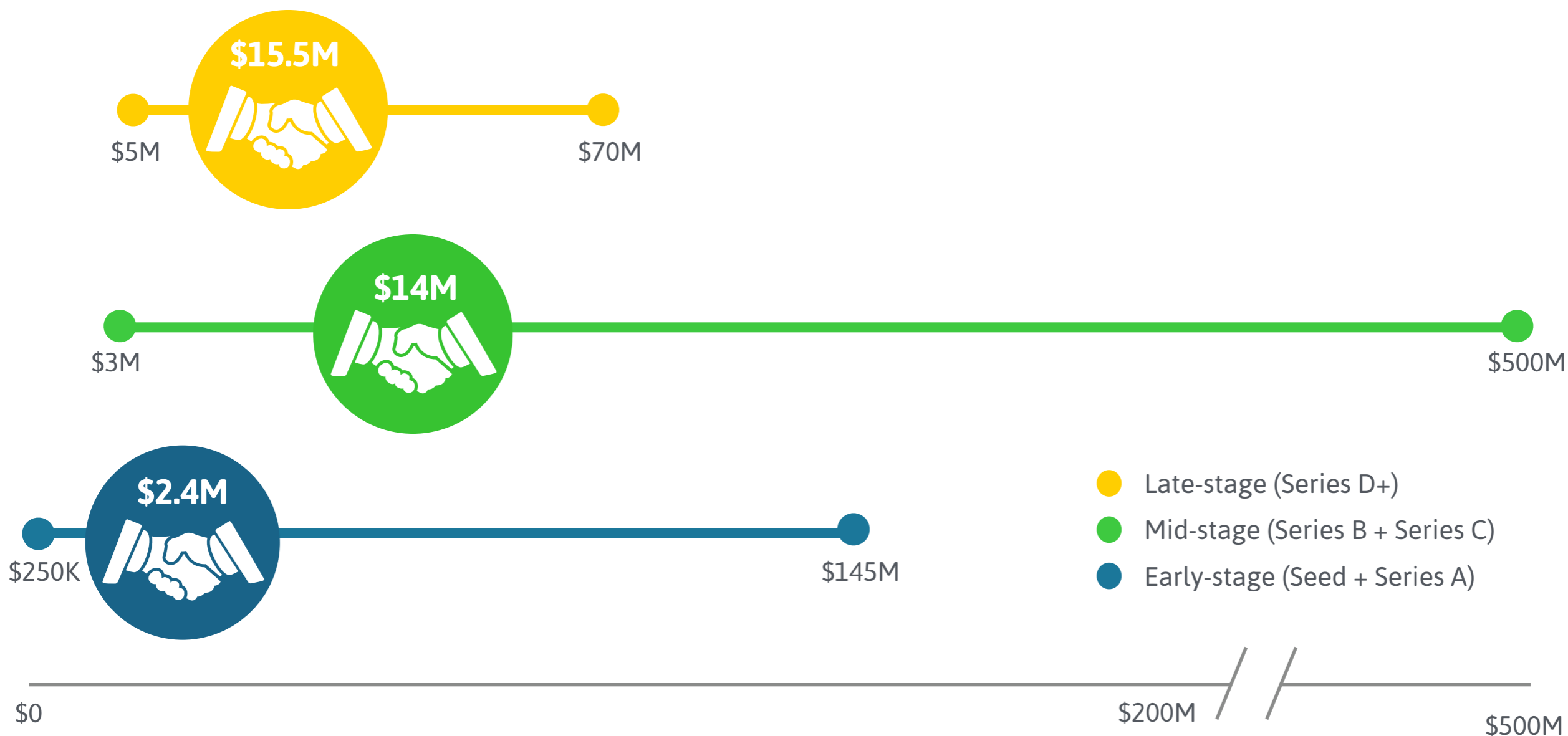
- Leslie Bottorff, Managing Director & Head of GE Ventures Healthcare Investment Group

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Deal Size Ranges & Medians by Stage for 2015 YTD

While mid-stage deals displayed the greatest range of deal size, mid-stage and late-stage medians were almost identical.



“2015 has been a great year for creating and growing healthcare IT companies. We are thrilled by the progress made by so many companies and hopeful that all of this work helps more patients achieve better outcomes at lower costs sooner.”

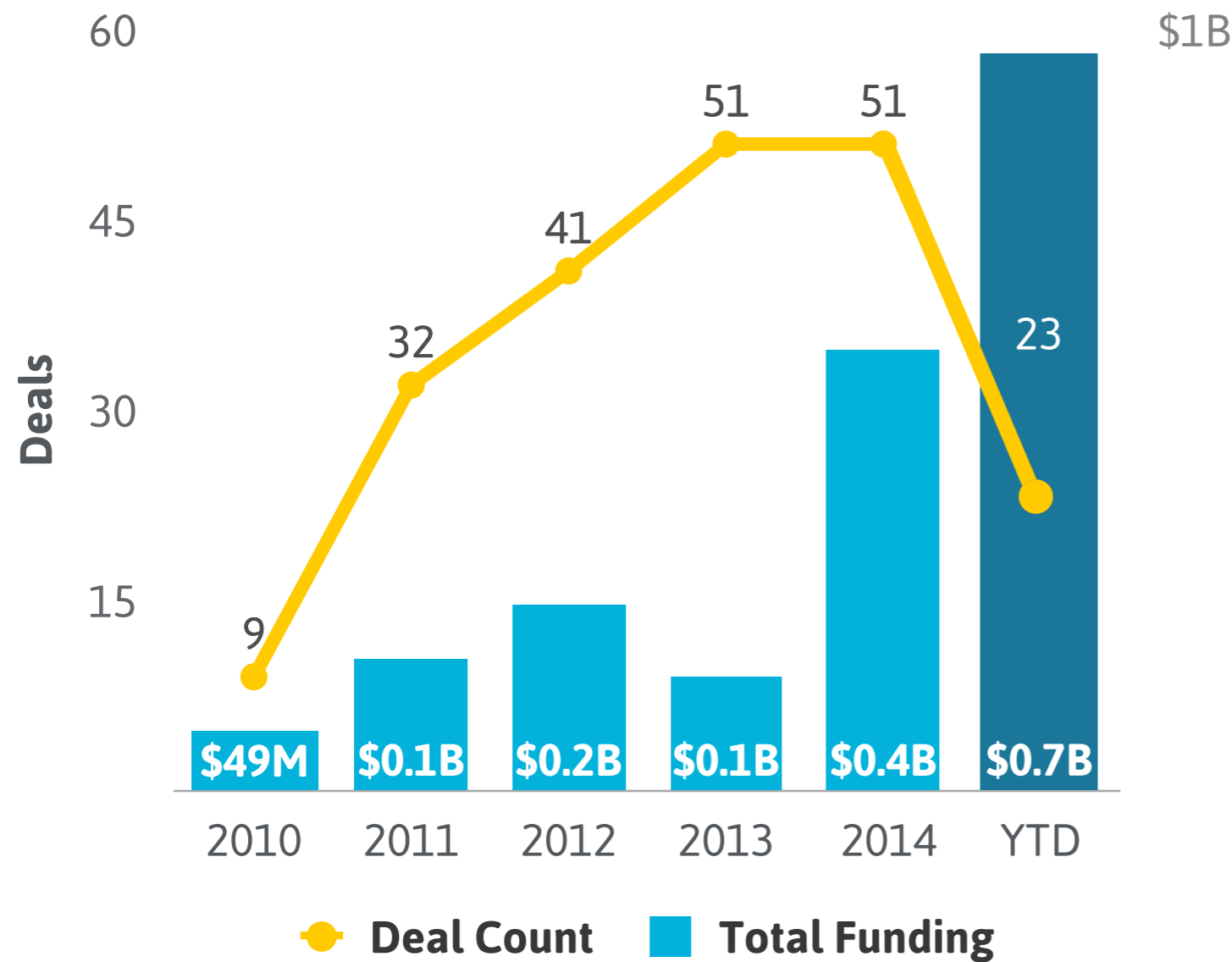
- Bob Kocher, MD, Partner, Venrock

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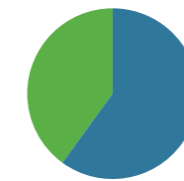
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Subsector Spotlight: Wellness / Benefits

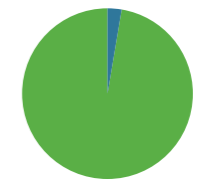
With two massive deals carrying heavy weight in first half of 2015, this year's wellness / benefits funding has already far surpassed the total amount the subsector brought in all of 2014. Corporate wellness / benefits, in terms of enterprise and commercial use, far outpace the rest of the market.



2015 Deal Activity



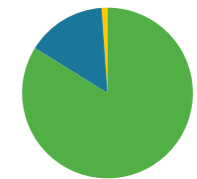
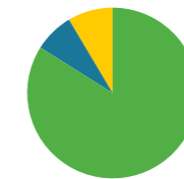
Deal Count



Total Funding

- Early Stage
- Mid Stage
- Late Stage

2015 Funding by Category & End-User



- Enterprise
- Fitness
- Other

- Commercial
- Consumer
- Other

Notable Deals in 2015



\$500M
Venture Round



\$40M
Series B

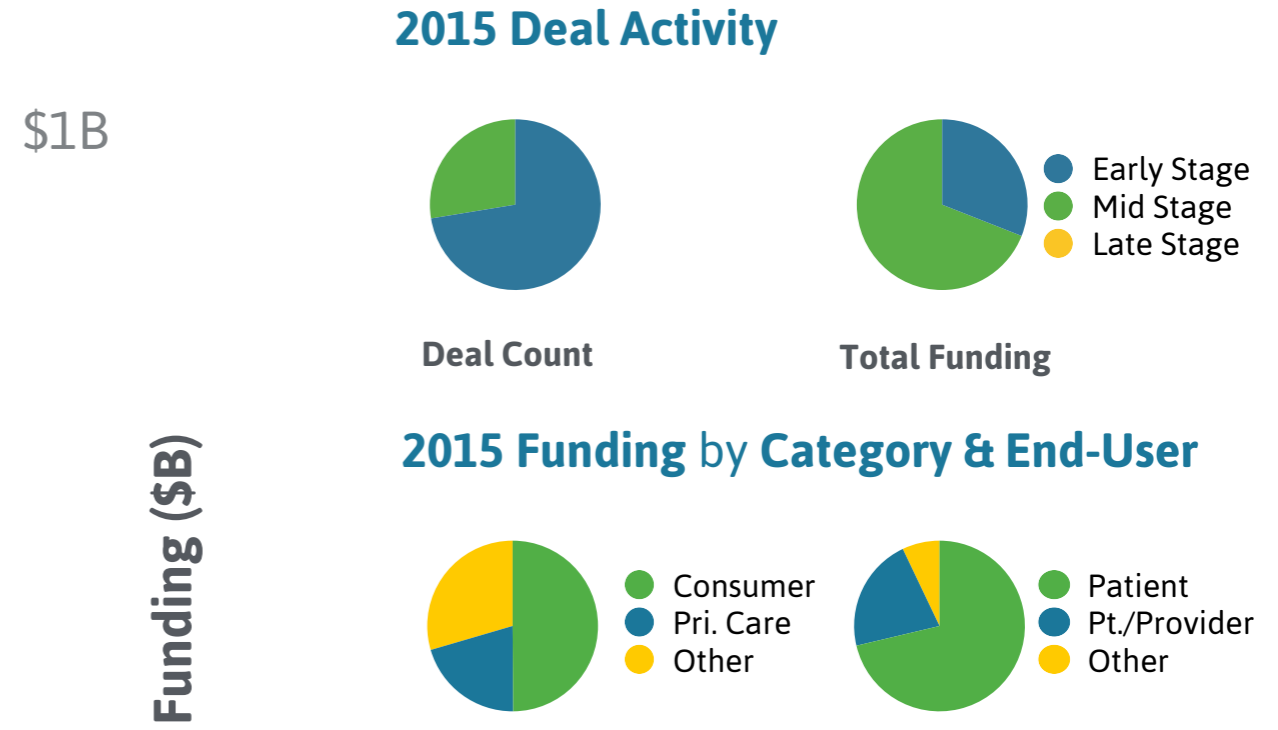
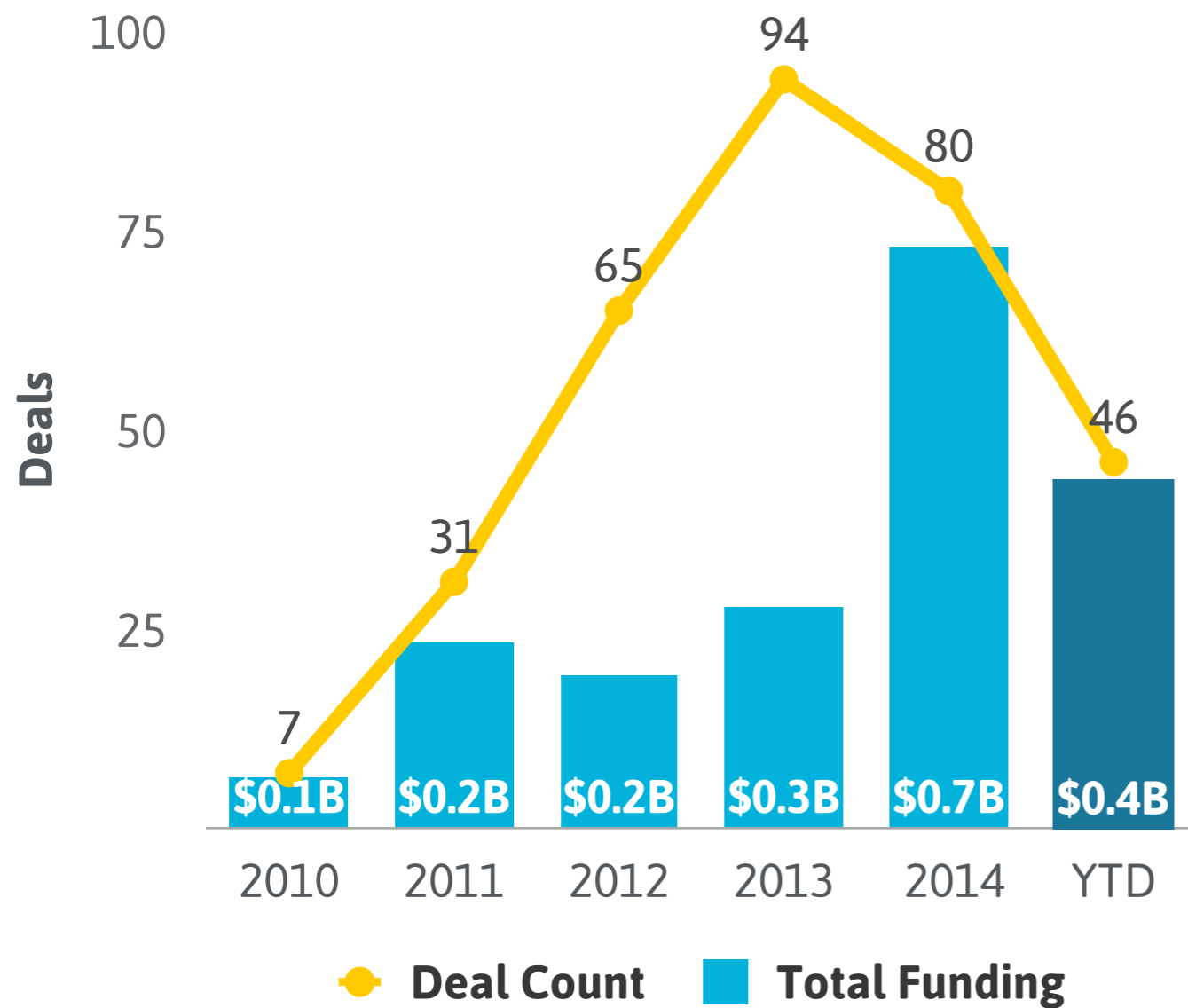
Notable Investors



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Subsector Spotlight: Patient / Consumer Experience

The patient / consumer experience subsector has historically had many small deals. Digging deeper we see most of the funding go to later stage companies, while the deal count remains even between stages. Additionally, providers use these tools to engage with their patients most widely.



Notable Deals in 2015



\$50M Series B



\$2.5M Series A

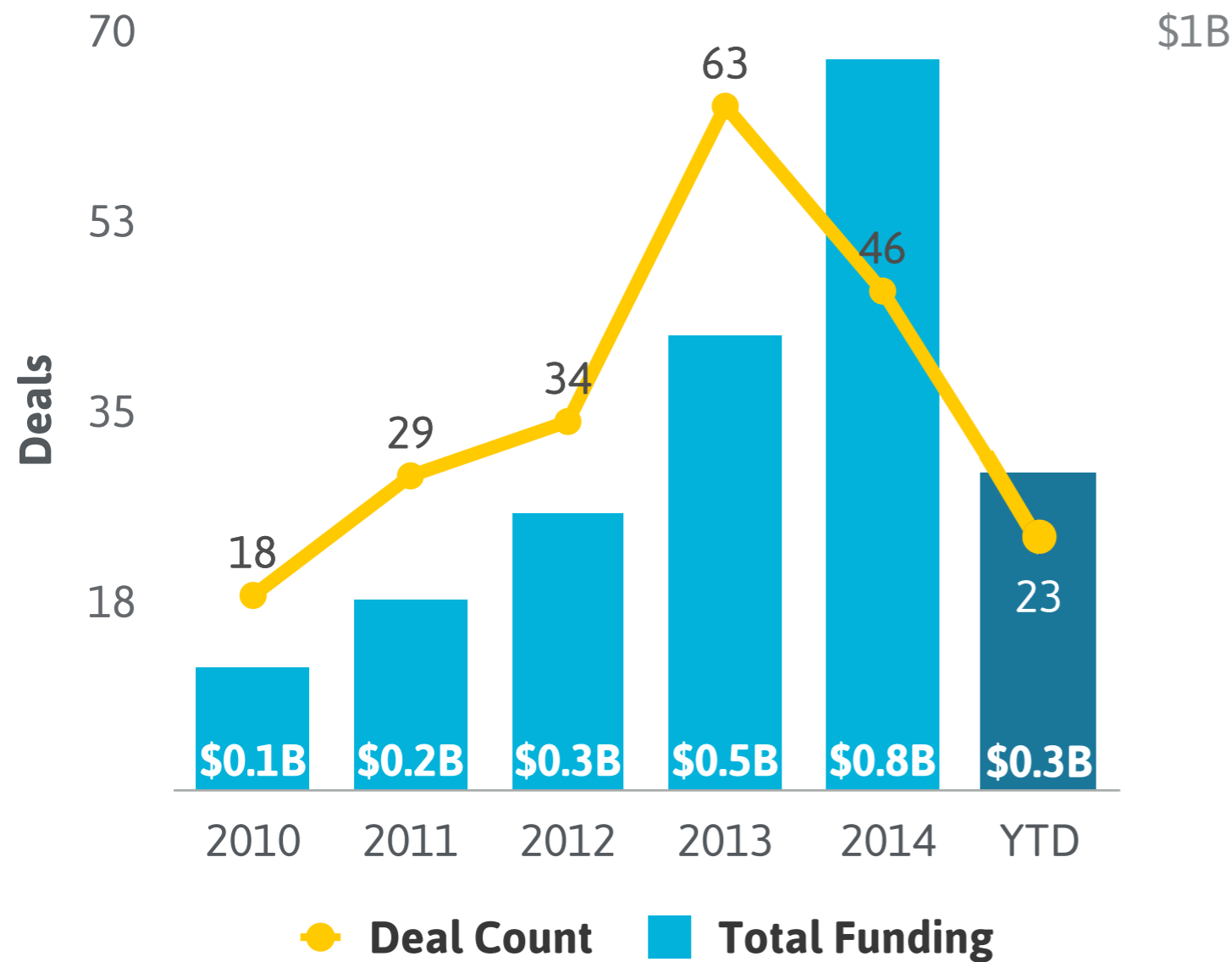
Notable Investors



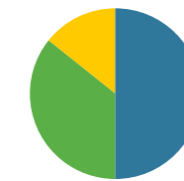
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Subsector Spotlight: Big Data / Analytics

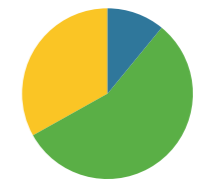
Big data / analytics funding fell, but is still pacing to finish off on par with 2014. Most of the current solutions on the market are powering providers in clinical and administrative settings.



2015 Deal Activity



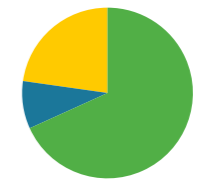
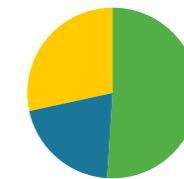
Deal Count



Total Funding

- Early Stage
- Mid Stage
- Late Stage

2015 Funding by Category & End-User



- Enterprise
- Research
- Other

- Provider
- Research
- Other

Notable Deals in 2015



\$50M Series C



\$20M Series B














Notable Investors



Note: StartUp Health Insights™ is inclusive of all seed, venture, corporate venture and private equity funding.

The Top Venture Investors of 2015 YTD

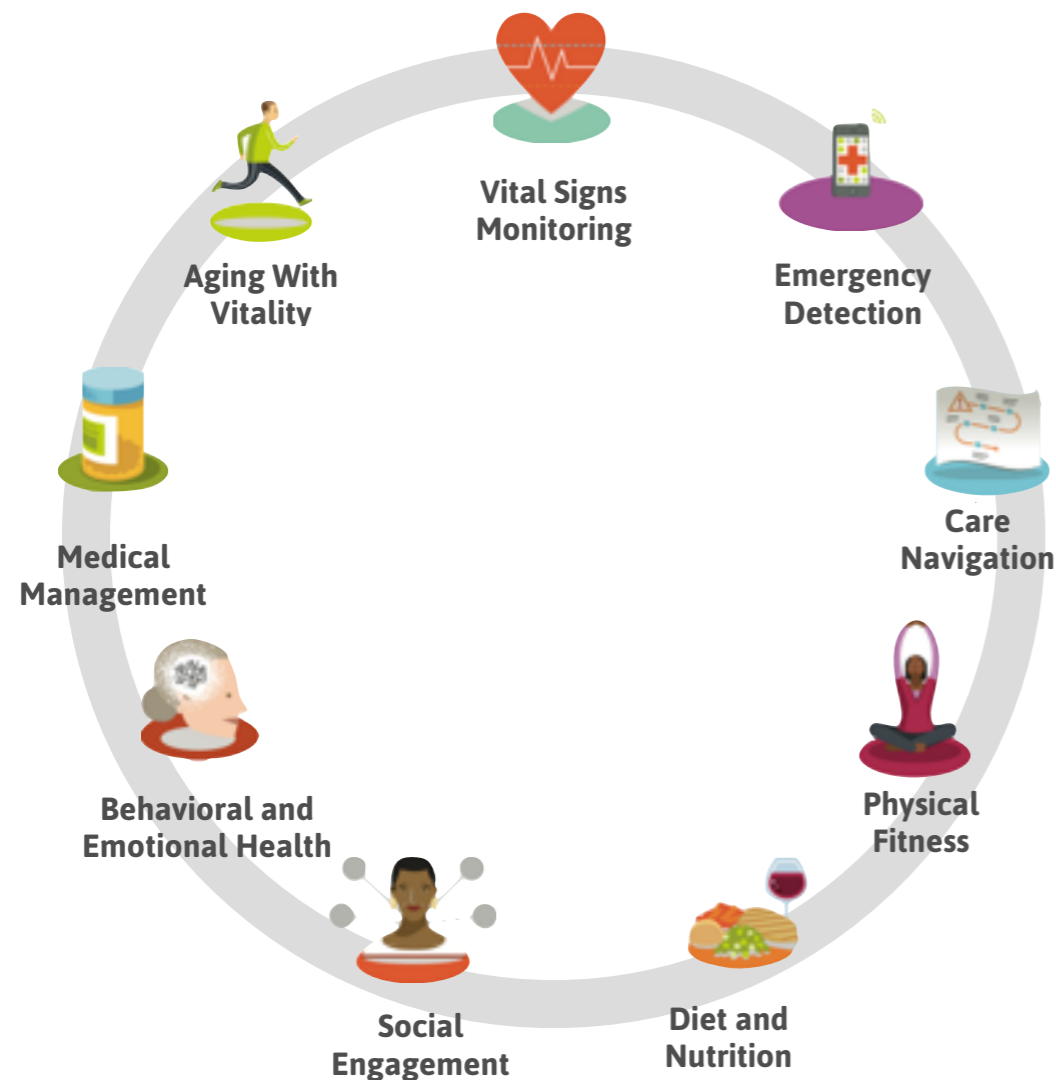
Continuing the trend of 2014, corporate VCs and traditional venture investors are placing significant bets within digital health with two of the four top investors this year being corporate venture arms.

	Firm	2015 YTD Deals	2014 Deals	Stage		
				Early	Mid	Late
1	 khosla ventures	9	10	●	●	●
2	 GE VENTURES	8	7	●	●	●
2	 Venrock	8	7	●	●	●
4	 QUALCOMM Ventures	5	12	●	●	
5	 ATLAS VENTURE	4	3	●		
5	 CAMBIA HEALTH SOLUTIONS	4	4	●	●	
5	 EXCEL VENTURE MANAGEMENT	4	1	●	●	●
5	 FIDELITY BIOSCIENCES	4	1	●	●	●
5	 FOUNDERS FUND	4	8	●	●	●
5	 KAISER PERMANENTE VENTURES	4	3		●	●
5	 NEA New Enterprise Associates	4	4	●	●	●
5	 SEQUOIA	4	7		●	
5	 THRIVE CAPITAL	4	2	●	●	●

Note: StartUp Health Insights™ is inclusive of all seed, venture, corporate venture and private equity funding.

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** and **50+ focused** companies. Companies in both categories align with at least one of AARP's nine areas of opportunity featured in the graphic.

The 50+ relevant category includes companies, both **B2C** and **B2B2C**, with products or services that also serve 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.

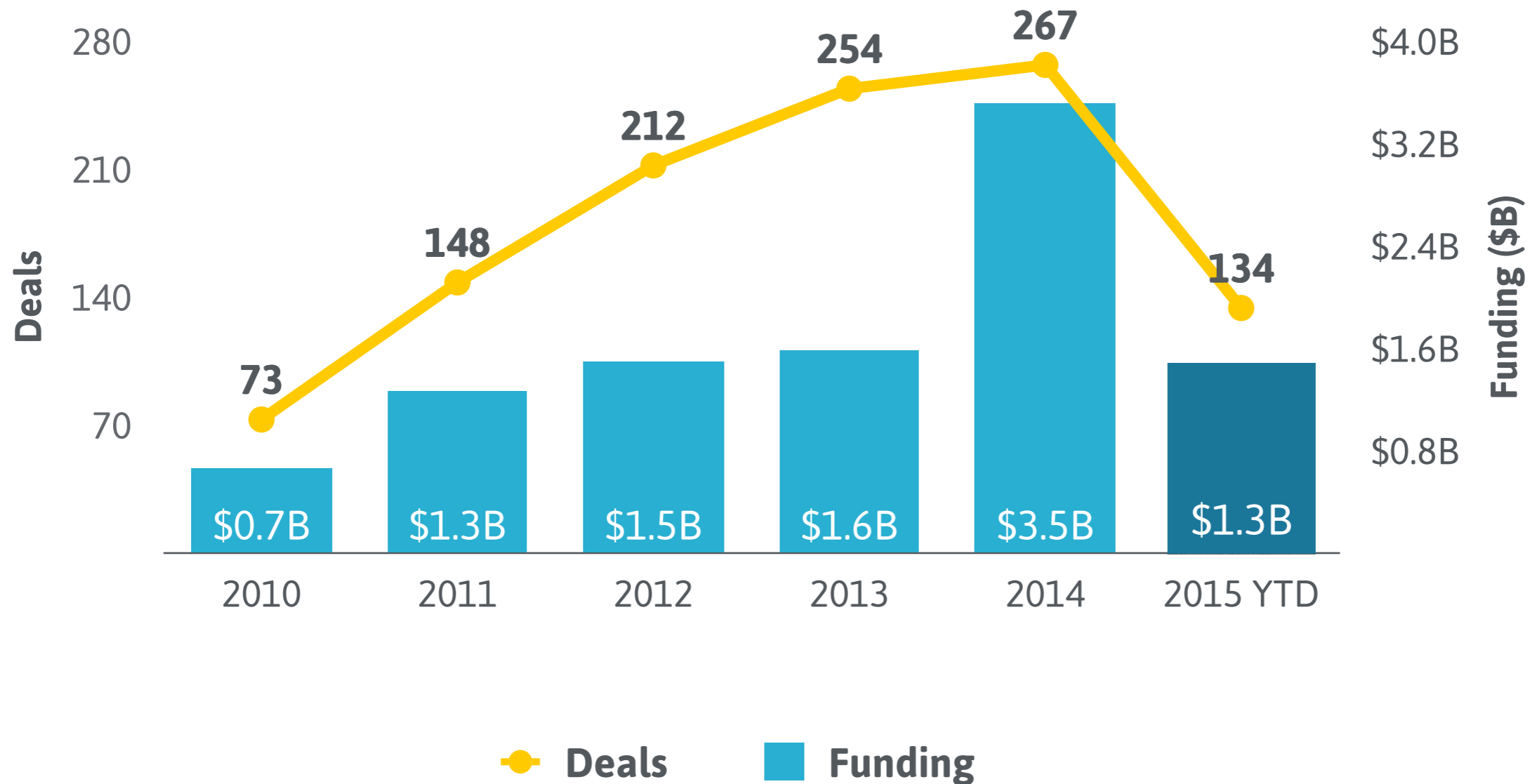
The 50+ focused category includes **B2C** companies that specifically target 50+ consumers and **B2B2C** companies that provide products and services to payors, providers and others that serve 50+ consumers.

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50+ Market Funding Snapshot for 2015 YTD

Funding totals in the 50+ space are tracking with last year's numbers after a very slow Q1 (only 37 deals counted).



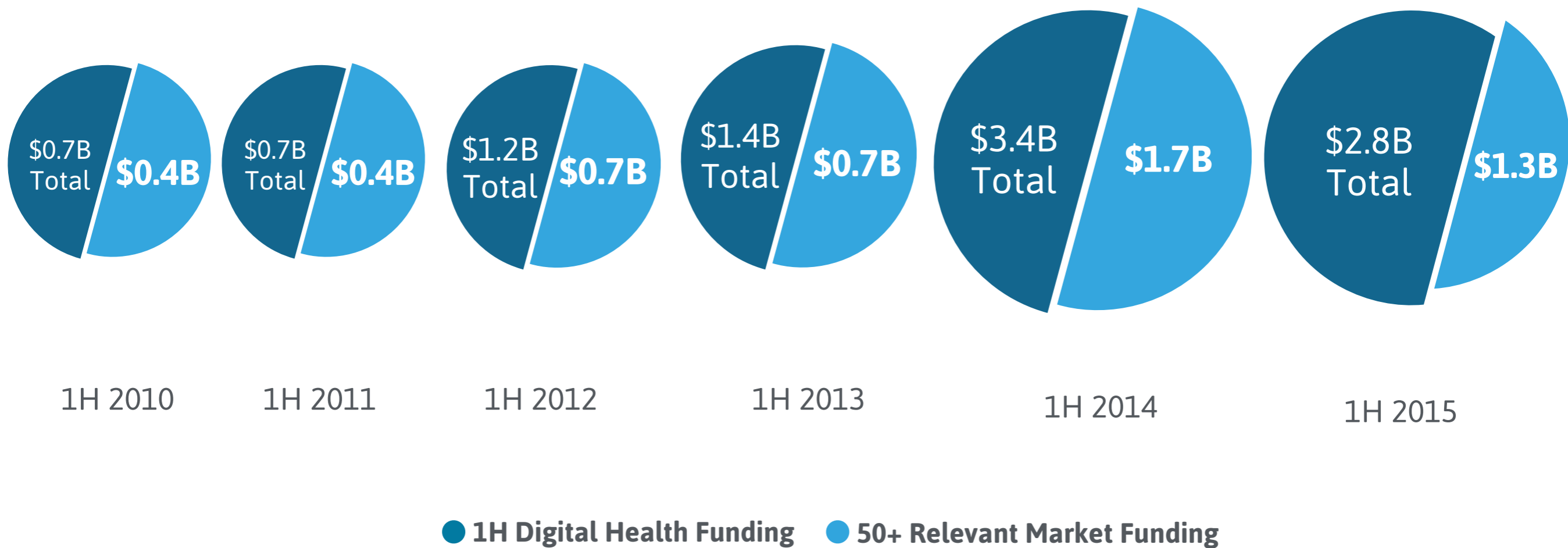
“At Excel we believe that healthcare IT solutions are increasingly becoming differentiated by demonstrating validated, quantified ROI. With the abundance of data available (and tools to process this data), payers and providers continue to be compelled by actionable data with short payback cycles. As a result, we remain incredibly bullish on the wellness space and see opportunity in chronic care coordination.”

- Caleb Winder, Co-founder & Managing Director, Excel Venture Management

Note: StartUp Health Insights™ is inclusive of all seed, venture, corporate venture and private equity funding.

50+ Relevant Market Compared to All Digital Health Funding YTD

Although there has been a decrease in total funding this year compared to 1H 2014, funding for 50+ relevant companies continues to be in line with the overall digital health market.



“The continued shifting of healthcare cost to employees is driving the adoption of tools for consumers to navigate the system and reduce costs. However, increasing engagement continues to be a significant challenge, and companies that are improving engagement levels with a seamless mobile/web experience or through predictive data analytics are a focus for customers and investors.”

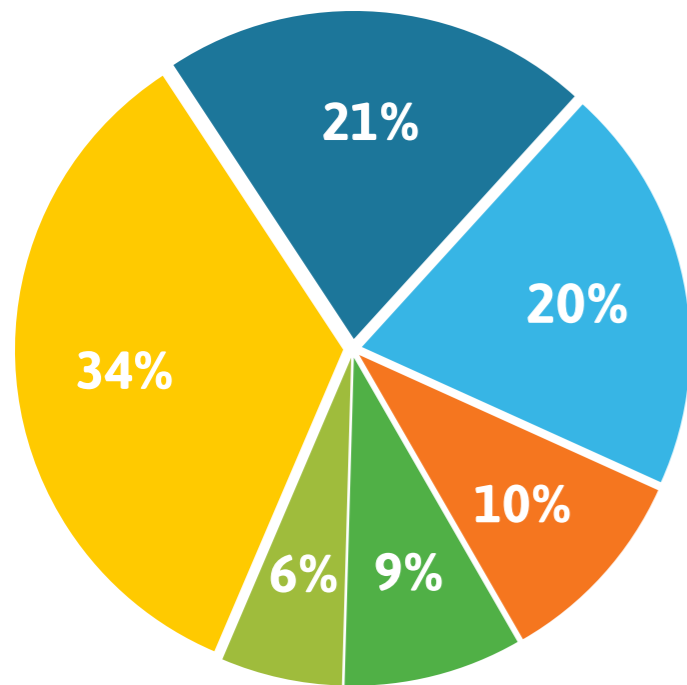
- Gabe Ling, Principal, General Catalyst Partners

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Deep Dive: 50+ Relevant Market 2015 YTD

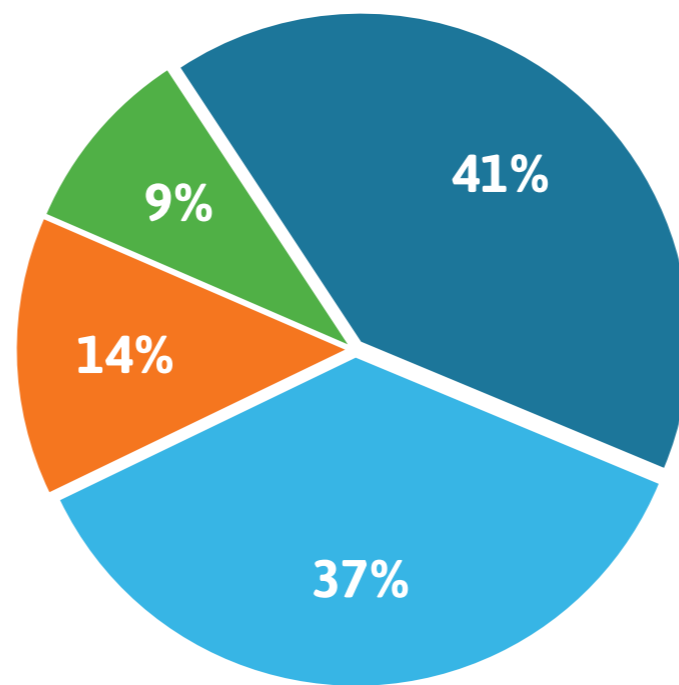
There is a fairly even split among end-users for solutions relevant to the 50+ community, with most technologies focusing on the patient, provider or a combination of the two.

Funding by Specialty



- Consumer Health
- Primary Care
- Fitness
- Enterprise
- Oncology
- Other

Funding by End-User



- Patient / Consumer
- Patient & Provider
- Provider
- Other

Notable 50+ Deals



\$20M Series A



\$6M Series B



\$4M Series A



\$2.5M Seed Round



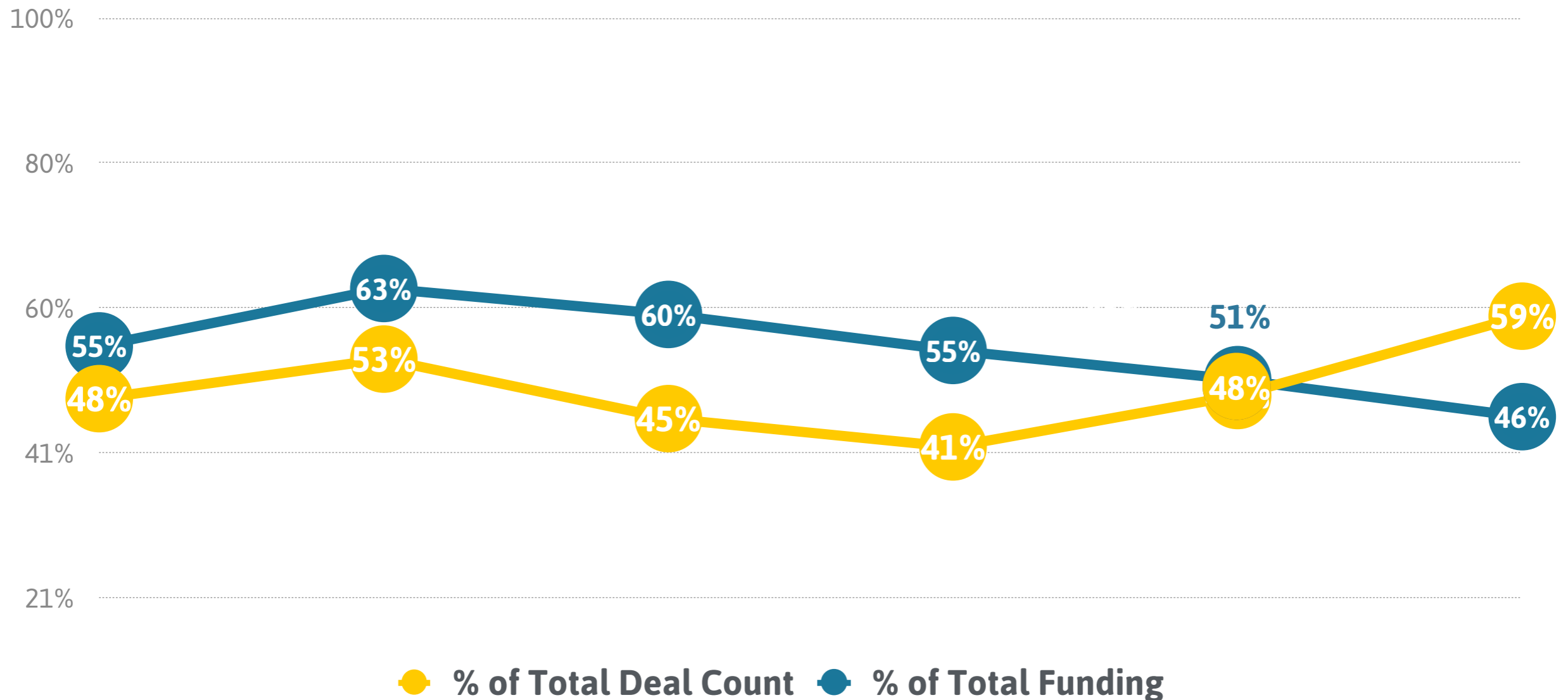
“Real breakthroughs that affect health outcomes will come as consumers are met with bundled solutions jointly address consumer experience and the messy realities on the ground, like incentives and work flows.”

- Rob Coppedge, SVP Strategic Investment and Corporate Development, Cambia Health Solutions

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50+ Market Investments as % of Total Investments in Digital Health

Investments relevant to the 50+ market have contributed to nearly half the funding in the last five years, with the number of deals as a percent of all digital health steadily increasing.

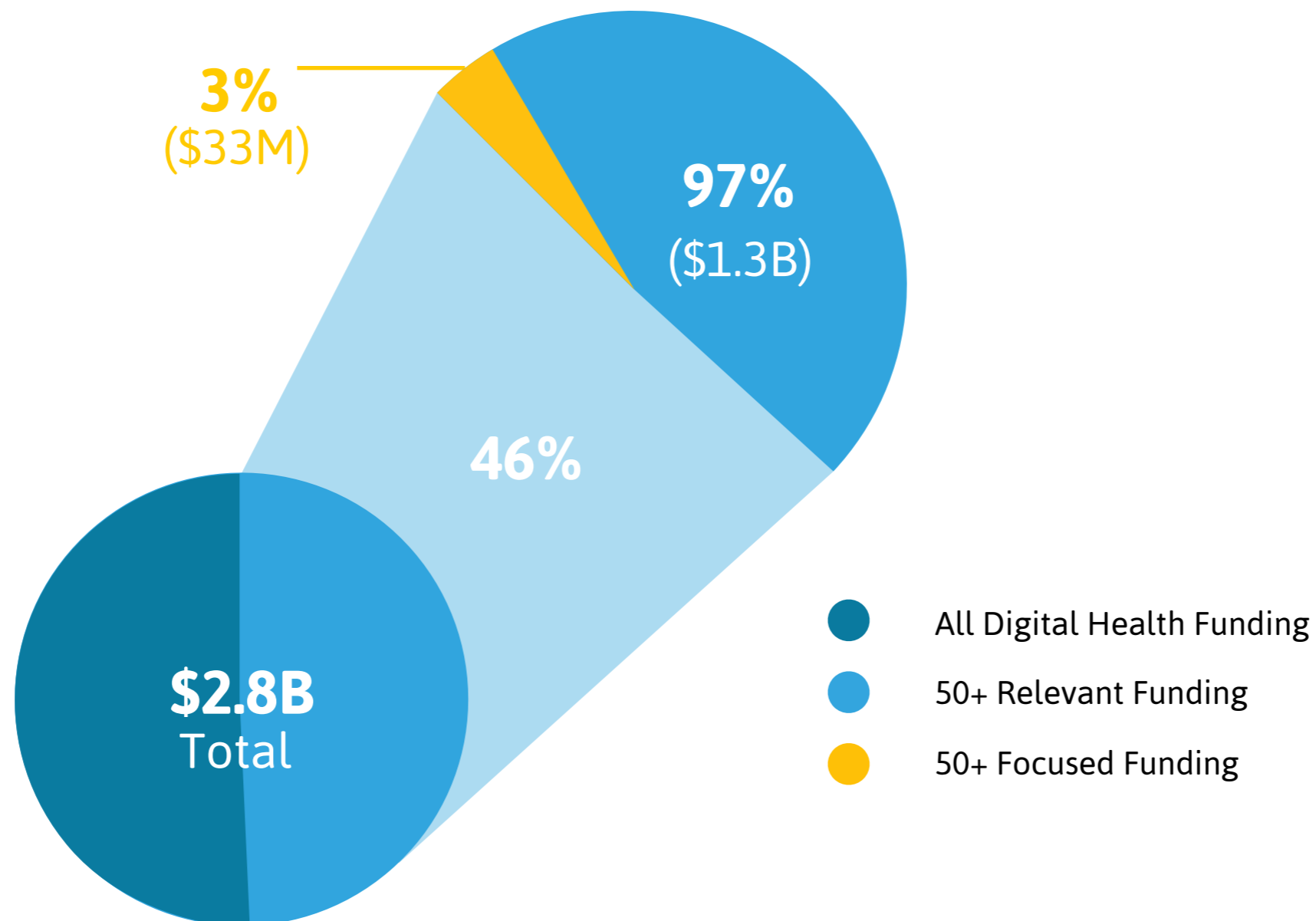


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Opportunities Emerge for 50+ Focused Companies










Companies relevant to the 50+ category received 46% of all digital health funding in 2015 YTD, a total of \$1.3B, while only 3% of those companies were specifically focused on the 50+ market. While this may be perceived as a lack of appetite from investors, we firmly believe that there is a huge opportunity gap for more companies to focus exclusively on this population.



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The Top 50+ Market Venture Investors of 2015 YTD

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

	Firm	2015 YTD Deals	Notable Deal	Stage		
				Early	Mid	Late
1	 CAMBIA HEALTH SOLUTIONS	4	Caremerge	●	●	
1	khosla ventures	4	Guardant Health	●	●	●
1	 QUALCOMM Ventures	4	Noom	●	●	
4	 ATLAS VENTURE	3	PillPack	●		
4	 KAISER PERMANENTE VENTURES	3	Lifecode		●	●
4	 NEA New Enterprise Associates	3	Stride Health	●	●	●
4	 SEQUOIA	3	Guardant Health		●	
4	 Venrock	3	Doctor on Demand	●	●	●
9	EXCEL VENTURE MANAGEMENT	2	Zipongo	●	●	●
9	 FIDELITY BIOSCIENCES	2	Quartet Health	●	●	●
9	 GE VENTURES	2	Digisight Technologies	●	●	●

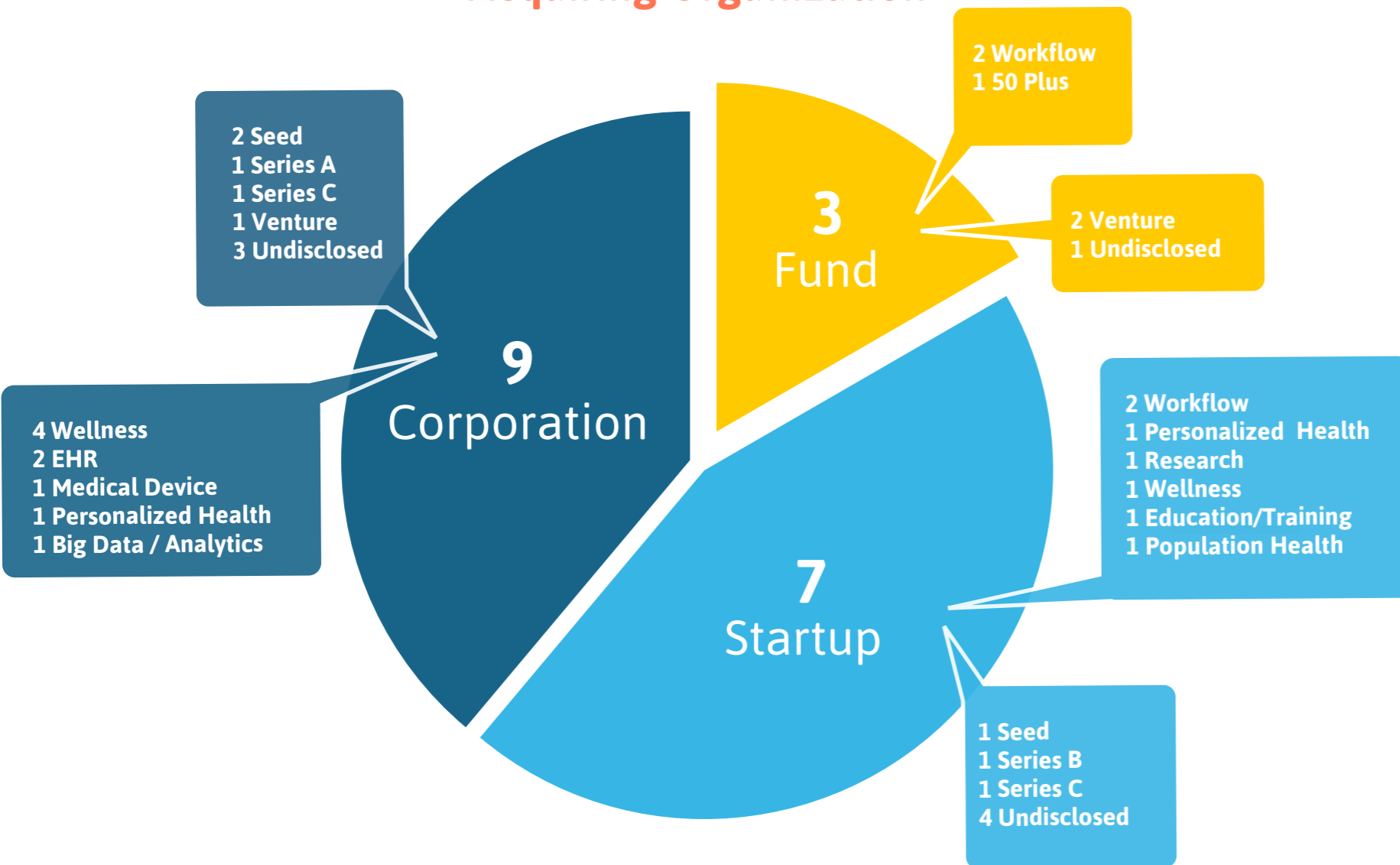
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2015 M&A Activity in Digital Health

The digital health industry is starting to see consolidation as startups merge to provide stronger offerings, and corporations are looking to entrepreneurs to be a source of innovation.

Acquiring Organization



Notable Acquisitions



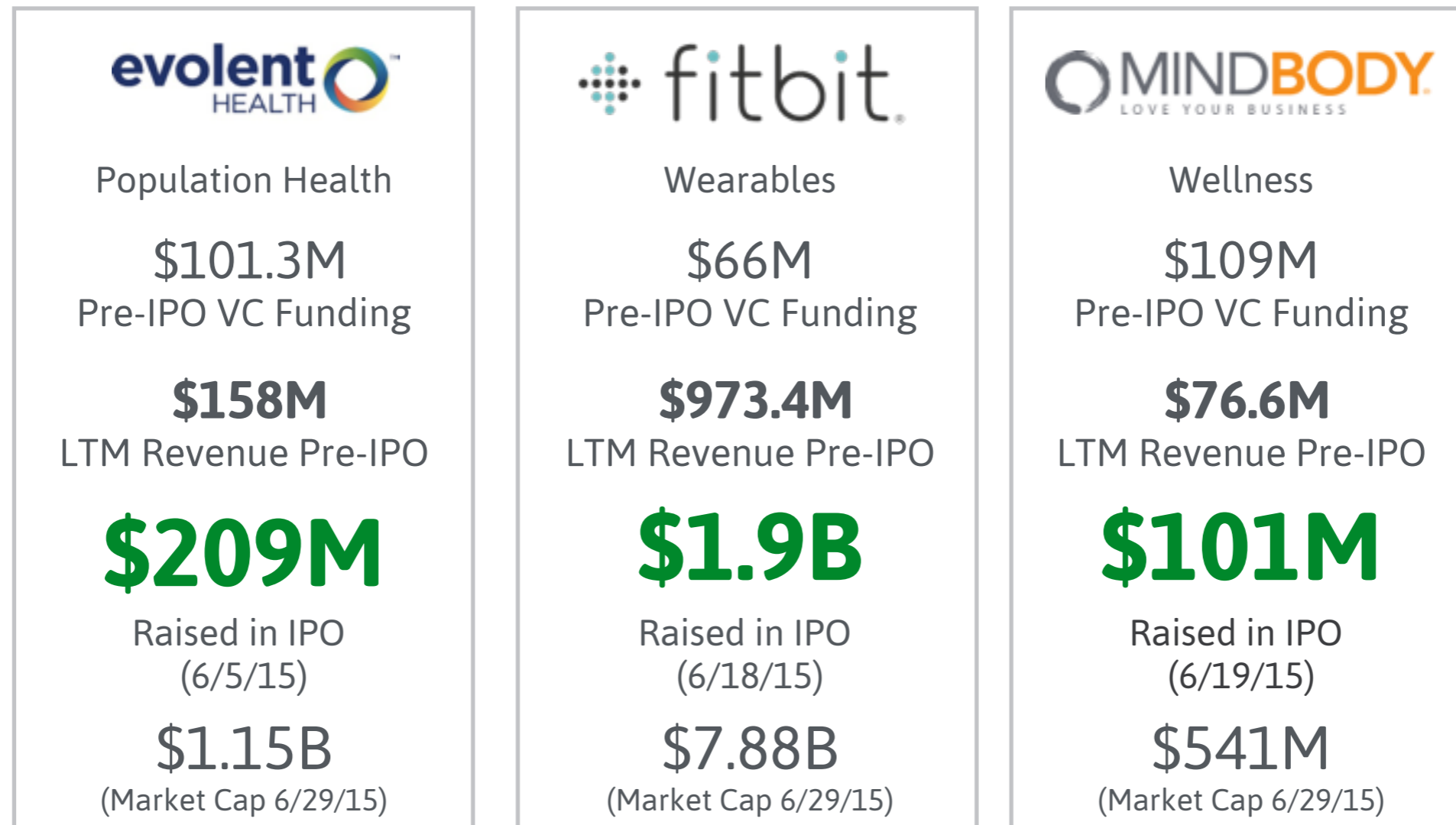
Notable Acquirers



Note: StartUp Health Insights™ is inclusive of all seed, venture, corporate venture and private equity funding.

2015 IPOs in Digital Health YTD

The three IPOs in the second quarter showed that liquidity opportunities exist for digital health investors, including those in consumer health. With the highly anticipated TelaDoc IPO slated for later this year, we're looking forward to similar disruption in telemedicine.



"Funding in Digital Health continues to be robust, with a number of venture backed startups successfully going public this year, especially the landmark IPO of Fitbit (NYSE FIT), investors likely remain confident pouring more capital to accelerate innovation in health care around world."
- Jack Young, Senior Director, Qualcomm Ventures

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Our 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 subsectors are not mutually exclusive as deals are tagged with multiple subsectors.
- Q2 of 2015 brought with it an extensive database quality assessment. A new system was implemented allowing StartUp Health to track innovation with enhanced granularity. Additionally, gaps in funding data were researched and added into our database enabling us to identify fundings previously unaccounted for in past reports.

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 all accelerator, 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, unless otherwise confirmed by the company receiving capital or a participating investor.
- Data for acquisitions slide was provided by a range of sources including StartUp Health Insights™, CrunchBase, AngelList and news reports.
- StartUp Health works 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.
- If you find an error please let us know so we can correct it.

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About StartUp Health

StartUp Health is a global health innovation company. The StartUp Health Platform, including its Academy, Network and Innovation Fund is empowering a global network of entrepreneurs and innovators to transform healthcare. StartUp Health has the world's largest portfolio of digital health companies, currently at 102, from 10 countries and 50 cities.

StartUp Health was founded in 2011 by Steven Krein and Unity Stoakes and is chaired by former Time Warner CEO, Jerry Levin. StartUp Health's notable strategic partners and investors include AARP, AON, Aurora Health Care, California Healthcare Foundation, Steve Case, Cleveland Clinic, Conifer Health Solutions, Mark Cuban, Esther Dyson, Roger Ehrenberg, Brad Feld, GE Ventures, Kaiser Permanente Ventures, Robert Wood Johnson Foundation, SeventySix Capital and Stericycle.

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

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Note: StartUp Health Insights™ is inclusive of all seed, venture, corporate venture and private equity funding.

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StartUp Health Companies



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