PitchBook

EMERGING TECH RESEARCH

Enterprise Health & Wellness Tech

Q1 2021 VC update

Contents

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This report serves as a quarterly snapshot of the enterprise health & wellness tech vertical in Q1 2021. For a comprehensive, detailed analysis of the enterprise health & wellness tech industry by segment, please see our latest **enterprise health & wellness tech annual report**.

Vertical overview

The healthcare industry faces mounting pressure to reduce costs while also improving patient outcomes. This is driving key stakeholders—patients, providers, payers, and the government—to make more-focused investments in technologies that will improve both treatment discovery and delivery and the ways patients receive care. We segment enterprise health & wellness technologies into four categories: prescription tech, customer acquisition tools, clinical trial tech, and operations & care management. For an overview of emerging consumer-focused health & wellness tech, see our related report, "**Q4 2020 Retail Health & Wellness Tech**."

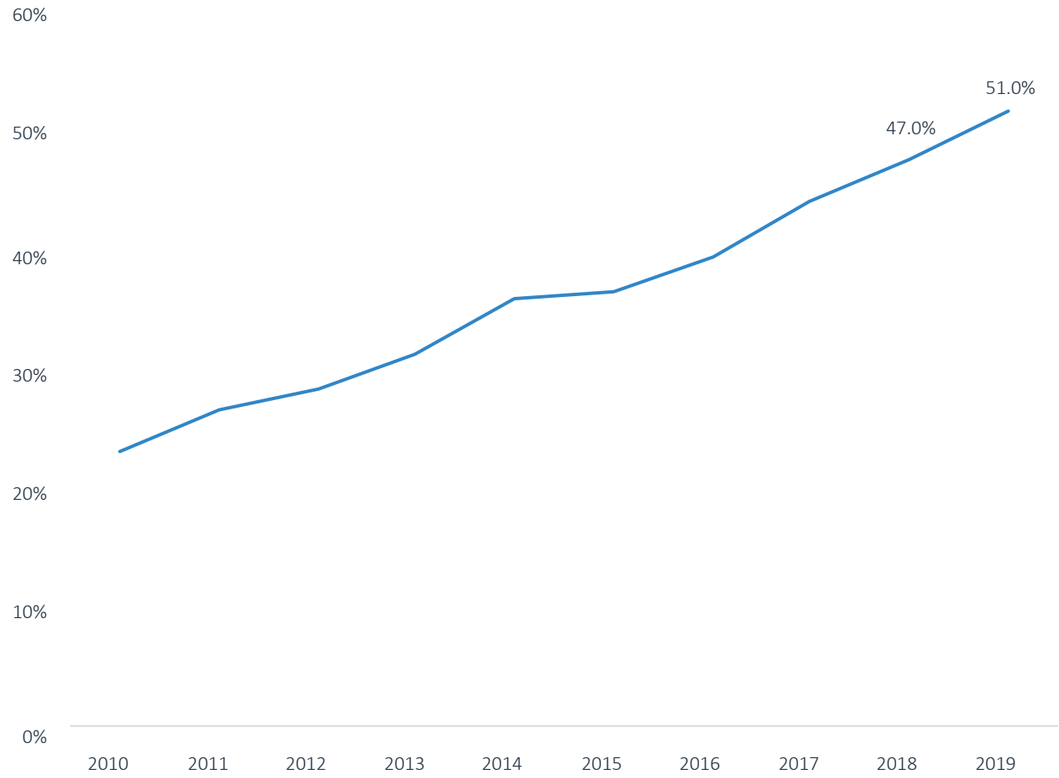
The healthcare industry accounts for 18% of US GDP,[1] and we estimate enterprise health & wellness technology represents a roughly $640 billion industry that will reach $1.3 trillion by 2025—a roughly 14% CAGR. In recent years, VC deal activity within this space has spiked as healthcare organizations, clinical trial organizations, employers, and policymakers have shown more willingness to adopt tech-oriented solutions.

Key factors driving growth in this industry include:

- Government initiatives to improve healthcare infrastructure, decrease healthcare costs, and increase safety measures
- Technological innovation, including mobile devices and apps, Internet of Things, and artificial intelligence (AI)
- Proactive measures taken by healthcare organizations to improve patient care and reduce costs
- Growth in clinical trial research organizations and virtual clinic trials as a result of COVID-19
- Increased focus on employee benefit programs and workplace wellness

1: **"Historical," CMS.gov, accessed on April 20, 2021.**

Figure 1. HDHP ENROLLMENT AMONG ADULTS WITH EMPLOYMENT-BASED INSURANCE



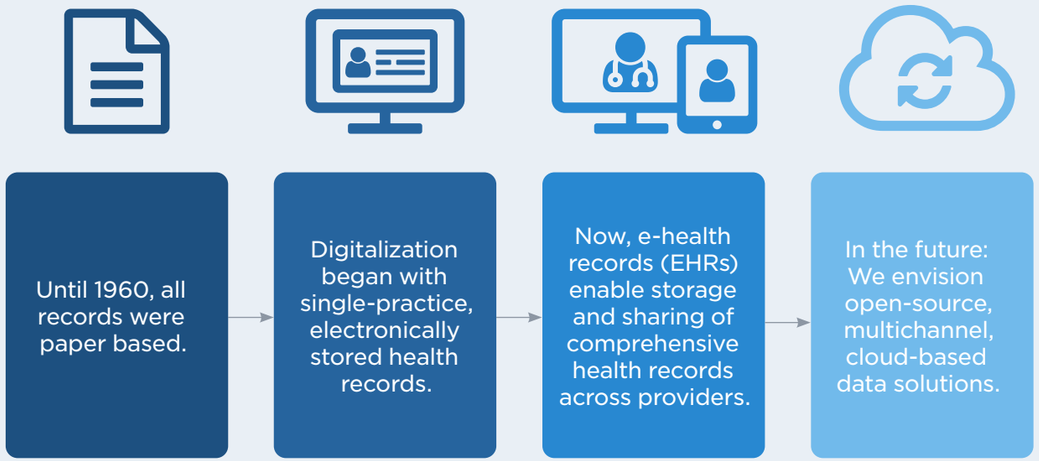
Sources: **Centers for Disease Control and Prevention**, **National Center for Health Statistics**, **US Department of Health and Human Services**, **State Health Access Data Assistance Center** | Geography: US

VERTICAL OVERVIEW

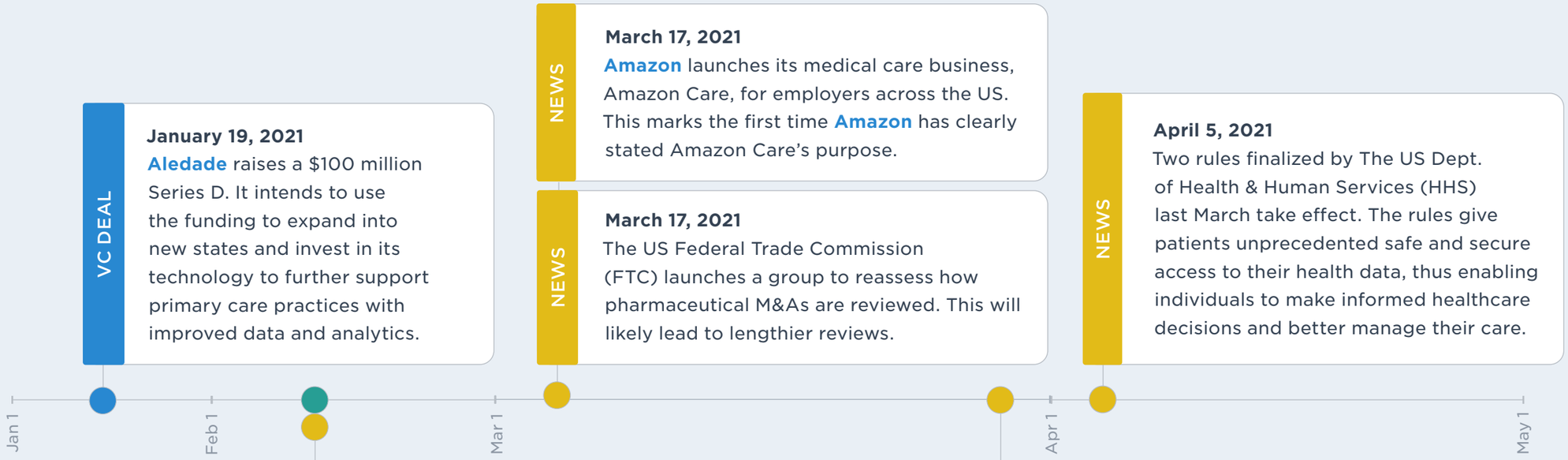
In addition, the COVID-19 pandemic is affecting the healthtech landscape in several ways. Increased spending by governments and nongovernmental organizations seeking to mitigate the health impacts of the current and future outbreaks will benefit public health technologies such as disease tracking infrastructure. Shutdowns and social distancing have increased adoption of telehealth services, e-pharmacies, and remote clinical trials technology such as remote patient monitoring equipment. There has also been an increase in corporate partnerships between mental wellness providers and organizations seeking to offer related services to employees. The longer-term impacts of COVID-19 on the enterprise health & wellness tech landscape remain uncertain. However, because many procedures had to be postponed to avail resources for COVID-19 patients and to keep hospitals quarantined, implications related to health insurance premiums and health outcomes will likely result.

Figure 2.

The digitalization of healthcare data



Q1 2021 timeline



VC DEAL

January 19, 2021
Aledade raises a $100 million Series D. It intends to use the funding to expand into new states and invest in its technology to further support primary care practices with improved data and analytics.

NEWS

March 17, 2021
Amazon launches its medical care business, Amazon Care, for employers across the US. This marks the first time **Amazon** has clearly stated Amazon Care's purpose.

NEWS

March 17, 2021
The US Federal Trade Commission (FTC) launches a group to reassess how pharmaceutical M&As are reviewed. This will likely lead to lengthier reviews.

NEWS

April 5, 2021
Two rules finalized by The US Dept. of Health & Human Services (HHS) last March take effect. The rules give patients unprecedented safe and secure access to their health data, thus enabling individuals to make informed healthcare decisions and better manage their care.

NEWS

February 11, 2021
Humana partners with **IBM** to deploy Watson Assistant to its 1.3 million employer medical plan members and 1.8 million employer dental plan members.

VC EXIT

February 11, 2021
Signify Health, a value-based care analytics platform provider, receives a post-money valuation of $5.4 billion after going public on the NYSE.

NEWS

March 31, 2021
Komodo Health partners with **Johnson & Johnson**'s pharmaceutical wing, Janssen R&D, to accelerate clinical trials by optimizing site selection and boosting patient recruitment.

NEWS

March 31, 2021
Reify Health and **SubjectWell** partner to streamline the assessment process for patient referrals from clinical trial recruitment campaigns. This partnership will result in a common platform for clinical trials.

Q1 SUMMARY

55
total VC deals

$4.5B
total VC raised

194%
deal value growth

Enterprise health & wellness tech VC ecosystem market map

Click to view interactive market map on the PitchBook Platform.

Market map is a representative overview of venture-backed or growth-stage providers in each segment. Companies listed have received venture capital or other notable private investments.

Operations & care management

Patient management

丁香园 · visby medical · PEAR THERAPEUTICS · Preventice SOLUTIONS · 妙手医生 · Carbon Health · ConcertoHealth · mindstrong · Quartet · AIRSTRIP · HeartSpot Therapeutics · PATIENTPING · LifeImage

Healthcare analytics & Big Data

lumiraDx · 数坤科技 SHUKUN · biofourmis · 森亿智能 SYNYI·AI · Vineti · innovaccer · syapse · komodo · Clarify · AETION · HealthEC · COTIVITI · INFLUENCE HEALTH · KPININJA

Hospital management

VillageMD · 平安医保科技 · Olive · 医联 · LeanTaaS · kareo · HNI healthcare · AlayaCare

Customer acquisition tools

Scheduling & marketing platforms

classpass · Doctolib · calendly · Zocdoc · Gympass · 好大夫在线 · dr. on demand · practo · heal · KYRUUS · ZnanyLekarz · PATIENTPOP · LetsGetChecked · AKTANA · SOLERA · trusted · JOBBER · schedulicity · Solv. · PULSEPOINT · HealthCare.com · 名医主刀 · sondermind · Headway

Corporate distribution

babylon · GESTO · Welltok · vida · Dialogue · cxagroup · flare · welldoc · peerfit · springbuk · centrical · TIME-STUDY · alithias · TITAN HEALTH

Clinical trial technology

Patient recruitment & retention

TEMPUS · Science 37 · teckro · antidote · trialbee · DEEP6 AI · HealthMatch · SubjectWell · inato · Clara · CIRCUIT CLINICAL · CLINPAL · Citruslabs · Medable

Clinical trial management (CTM) & electronic data capture (EDC) systems

药研社 · Verana Health · DATAVANT · ReifyHEALTH · SIGNALPATH · medrio · MEDnet · castor · 4G CLINICAL · Complion · Florence · iCmed · CLINICAL MAESTRO · ClinOne · transparency life sciences

Electronic clinical outcome assessment (eCOA)

UNLEARN · koneksa health · umotif · ClaritasRx · Datacubed Health

Prescription technology

E-pharmacy

ro · alto · 上药云健康 · 水滴筹 · 1mg · MEDLY · netmeds.com India #1 Pharmacy · 泉源堂大药房 · Nimble · 快方 · NowRx · SPH 上海医药 SHANGHAI PHARMA · farmalisto · scriptdrop · honeybee · Jio Health · POCKETPILLS · DIGI-PREX · Bicycle Health · dawaai · many

Pharmacy automation technology

ASTERES · KITCHECK · mPharma · PerceptiMed · NEW ICON · orbital RX · HighRes biosolutions

E-prescription

xealth · synapse · bravado health · memed · eazyScripts · EIRSYSTEMS

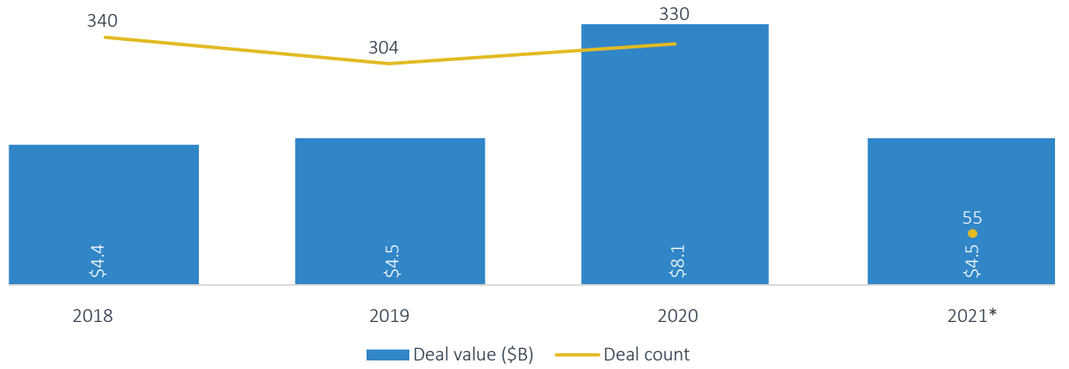
VC activity

Enterprise health & wellness tech deal value set a record in Q1, with $4.5 billion invested across 55 deals. The leading segment, operations and care management, drove this total with over $2.6 billion invested across 32 deals. **VillageMD**, a primary care practice management technology and service provider in this segment, raised the quarter's largest VC round—with a $1.0 billion late-stage deal. This deal increased **VillageMD**'s total amount fundraised from $291.0 million to $1.3 billion. The next-largest deal was **Ro**'s $500.0 million Series D. Despite signs of an economic recovery, late-stage deal counts continued to outpace early-stage deal counts, thus signaling that investors will pay a premium for startups with existing relationships, proven value propositions, and revenue streams. Due to the increase in both late-stage deals and average deal sizes across all stages, Q1 2021's median deal size surged to $150 million from 2020's $36.5 million. Additionally, the COVID-19 pandemic enabled startups with market-ready products to quickly gain market share as the pandemic exposed many remote capability inefficiencies in the healthcare system. Because of the healthcare market's oligopoly, high barriers to entry exist for new companies.

VC exit flow dropped in Q1, with seven exits contributing only $104.8 million in disclosed exit value. We tracked one reverse merger via special purpose acquisition company (SPAC), one IPO, one leveraged buyout (LBO), and five M&As. **Dialogue** (TSE: CARE) and **WelltQ Digital Health** (CNQ: WTEQ) both provide wellness solutions to Canadian employers. **Dialogue**, an employer-targeted telehealth company, went public on the Toronto Stock Exchange in March 2021. **Dialogue** generated $36 million in revenue in 2020, which implies a trailing EV/revenue value of 2.5x—lower than the industry average.[2] **Dialogue**'s lower valuation may stem from a limited product offering relative to other telemedicine providers. In March 2021, **WelltQ**

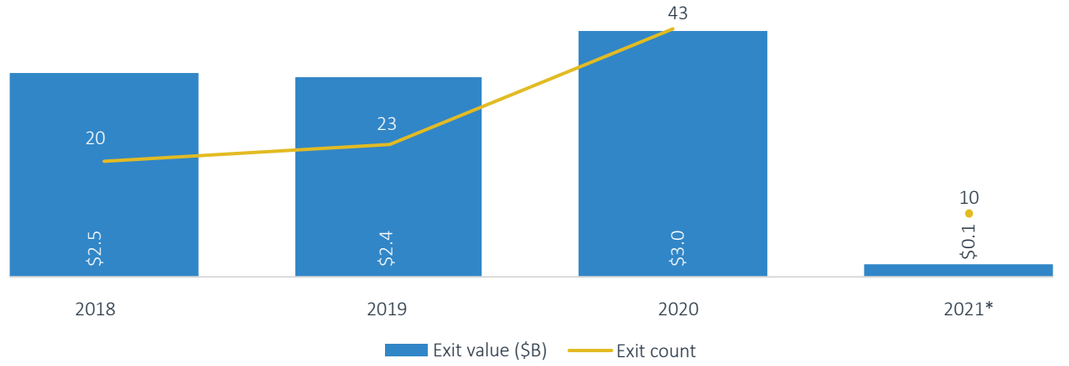
2: **Teladoc** (NYSE: TDOC) and **Mednow.ca** (TSX: MNOW) boasted a trailing EV/revenue valuation of 26.6x and 480.0x in 2020, respectively.

Figure 3. ENTERPRISE HEALTH & WELLNESS TECH VC DEAL ACTIVITY



Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 4. ENTERPRISE HEALTH & WELLNESS TECH VC EXIT ACTIVITY



Source: PitchBook | Geography: Global | *As of March 31, 2021

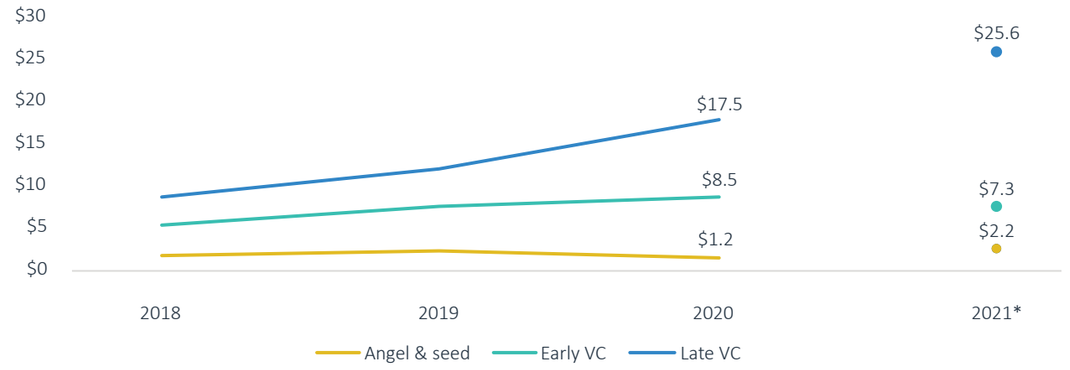
VC ACTIVITY

exited onto the Canadian Trading and Quotation System via a SPAC, bringing in a post-money valuation of $23.8 million. In addition to on-demand virtual care, **Mednow.ca** provides free prescription delivery and medication dispensing devices.

Five startups were acquired in Q1, though only two disclosed exit values. In January, **Phreesia** (NYSE: PHR) acquired schedule management platform provider **QueueDr** for $5.8 million. In February, **Vytalize** acquired patient payment program developer **MedPilot** for an undisclosed amount. In March, PE-backed **INW Innovations in Nutrition + Wellness** acquired **HoneyBee Health** via financial sponsor Rosewood Private Investments in a $12.5 million LBO.

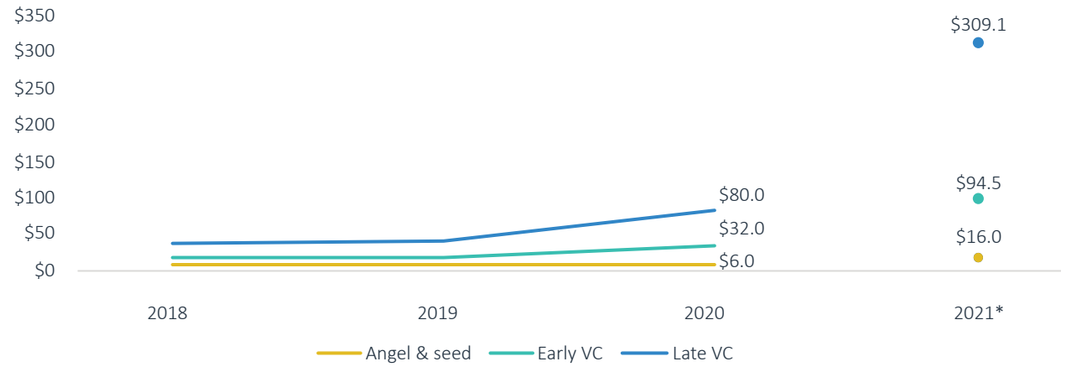
VC ACTIVITY

Figure 5. MEDIAN ENTERPRISE HEALTH & WELLNESS TECH VC DEAL SIZE ($M) BY STAGE



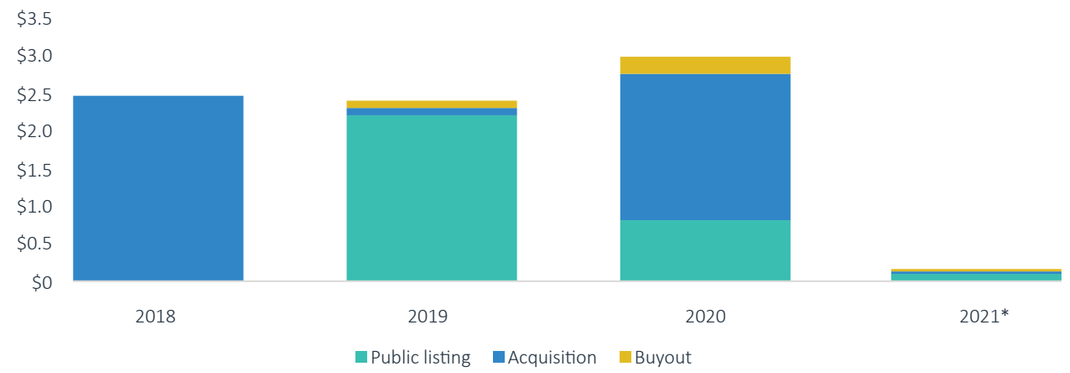
Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 6. MEDIAN ENTERPRISE HEALTH & WELLNESS TECH VC PRE-MONEY VALUATION ($M) BY STAGE



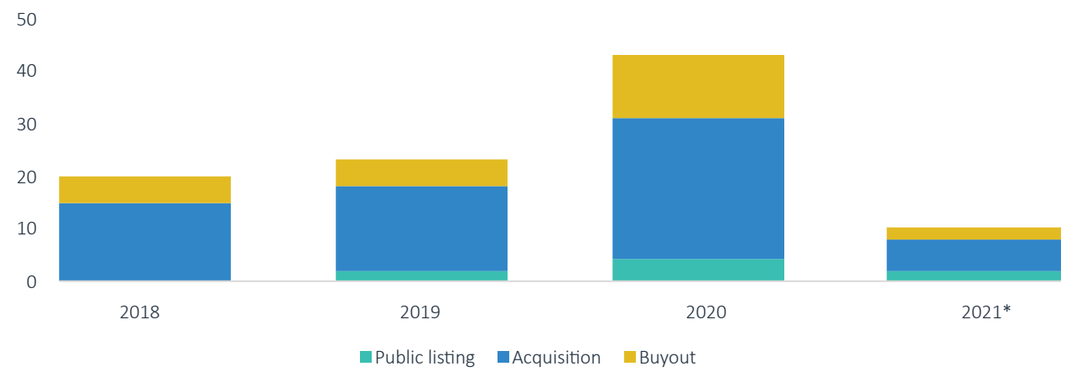
Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 7. ENTERPRISE HEALTH & WELLNESS TECH VC EXITS ($B) BY TYPE



Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 8. ENTERPRISE HEALTH & WELLNESS TECH VC EXITS (#) BY TYPE



Source: PitchBook | Geography: Global | *As of March 31, 2021

VC ACTIVITY

Figure 9.

Key enterprise health & wellness tech early-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE ($M)	LEAD INVESTOR(S)	VALUATION STEP-UP
PocketPills	March 3, 2021	E-pharmacy	Series B	$23.6	TELUS Ventures	N/A
Seqster	March 4, 2021	Nonsegmented	Series A	$11.0	N/A	N/A
ForeSee Medical	April 14, 2021	Nonsegmented	Early-stage VC	$8.4	N/A	N/A
OncoLens	January 13, 2021	Nonsegmented	Early-stage VC	$7.3	BIP Capital	N/A
Rightfoot	February 3, 2021	Corporate distribution	Seed	$5.0	Bain Capital Ventures	2.0x
DeepScribe	January 16, 2021	Hospital management	Early-stage VC	$4.0	N/A	N/A
Rimsys	March 9, 2021	Hospital management	Early-stage VC	$3.4	Innovation Works & Pittsburgh Life Sciences Greenhouse	N/A
Fitprime	January 12, 2021	Corporate distribution	Early-stage VC	$3.1	Vertis SGR	N/A
Kronologic	January 12, 2021	Scheduling & marketing platforms	Seed	$2.7	N/A	2.2x
GenXys Health Care Systems	February 23, 2021	Healthcare analytics & Big Data	Seed	$2.4	Green Shield	N/A

Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 10.

Key enterprise health & wellness tech late-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE ($M)	LEAD INVESTOR(S)	VALUATION STEP-UP
VillageMD	January 6, 2021	Patient management	Late-stage VC	$1,020.0	Walgreens Boots Alliance & Kinnevik	N/A
Ro	March 22, 2021	E-pharmacy	Series D	$500.0	General Catalyst, TQ Ventures, FirstMark Capital	3.0x
Miaoshou Doctor	February 9, 2021	Patient management	Series E	$464.7	Tencent & Sequoia Capital China	N/A
WeDoctor	February 25, 2021	Scheduling & marketing platforms	Late-stage VC	$400.0	Sequoia Capital China	1.0x
Calendly	January 26, 2021	Scheduling & marketing platforms	Series B	$350.0	OpenView Venture Partners & ICONIQ Capital	N/A
Komodo Health	March 22, 2021	Healthcare analytics & Big Data	Series E	$220.0	Tiger Global Management	2.1x
SPH Health Commerce	February 18, 2021	E-pharmacy	Series B	$159.7	JIC Investment & Shanghai Biomedical Industry Fund	1.4x
Unite Us	March 16, 2021	Hospital management	Series C	$150.0	ICONIQ Capital	N/A
ZocDoc	February 11, 2021	Scheduling & marketing platforms	Late-stage VC	$150.0	Francisco Partners	N/A
Pear Therapeutics	March 2, 2021	Patient management	Series D	$132.0	SoftBank Investment Advisers	N/A

Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 11.

Top VC-backed enterprise health & wellness tech companies by total raised

COMPANY	VC RAISED TO DATE ($M)	SEGMENT	CATEGORY
WeDoctor	$1,690.0	Customer acquisition tools	Scheduling & marketing platforms
VillageMD	$1,320.0	Operations & care management	Patient management
Ping An Medical and Healthcare Management	$1,150.0	Operations & care management	Hospital management
LumiraDx	$1,140.0	Operations & care management	Healthcare analytics & Big Data
Tempus Labs	$1,070.0	Clinical trial technology	Patient recruitment & retention
Ro	$876.1	Prescription technology	E-pharmacy
DXY	$685.0	Operations & care management	Patient management
Babylon Health	$635.0	Customer acquisition tools	Corporate distribution
Miaoshou Doctor	$592.8	Operations & care management	Patient management
ClassPass	$585.7	Customer acquisition tools	Scheduling & marketing platforms

Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 12.

Top enterprise health & wellness tech incumbents by last known valuation

COMPANY	OWNERSHIP STATUS	LAST KNOWN VALUATION ($M)	KEY PRODUCTS	SUBSEGMENT
Express Scripts	Acquired/merged (operating subsidiary)	$52,800.0	Its integrated pharmacy benefit management services include network-pharmacy claims processing, home delivery, specialty benefit management, benefit-design consultation, drug-utilization review, formulary management, and medical and drug data analysis services.	E-pharmacy
athenahealth	Privately held (backing)	$6,147.1	Revenue cycle management, medical billing, e-health records, patient engagement, and care coordination. It also provides population health management service and technology.	E-prescription
Allscripts Healthcare Solutions	Publicly held	$303.1	Practice management and e-health record technology.	E-prescription
Forte Research Systems	Acquired/merged	N/A	Developer of enterprise-class clinical and translation research management software. Its products include OnCore, EDC, and eReg.	Clinical trial management & electronic data capture systems
CVS Health	Publicly held	N/A	Its mobile app enables individuals to see script schedule, track refills, and order free delivery.	E-pharmacy

Source: PitchBook | Geography: Global | *As of March 31, 2021

Emerging opportunities

Personalized health apps

HHS implements two rules focused on information blocking and granting patients unprecedented access to their health data.

Real-time price prescription

CMS launches rule that ensures patients have greater transparency regarding the cost of prescription drugs.

Value-based care

Medicare accelerates adoption of VBC technology and payment models.

Care coordination software

A new CMS rule and changes in care delivery boost market opportunity.

Personalized health apps

On April 5, 2021, two rules finalized by the HHS in March 2020 took effect. Implemented by the Office of the National Coordinator for Health Information Technology and Centers for Medicare & Medicaid Services (CMS), the rules focus on information blocking and granting patients unprecedented access to their health data.

The first rule identifies which activities do not constitute information blocking and establishes new standards to prevent information blocking practices. Information blocking is anything that interferes with the access to and exchange of electronic health information (EHI), either negligently or intentionally, by actors including providers, health information technology (IT) developers, and health information networks. A January 2021 study of 106 Health Information Exchanges (HIEs) reported that 55% of EHR vendors and 30% of health systems engaged in information blocking.[3] Ways EHRs may engage in information blocking include:

- EHR contracts often contain provisions that prevent users from visually sharing information from EHRs, such as via screenshots or video. This prevents use in journal articles, presentations, comparison reports, and even safety alerts.

- EHRs do not allow test cases to be entered, which inhibits usability and safety research from being conducted. To identify usability and safety challenges, studies use simulated clinical scenarios and test cases stored in EHRs. However, some systems lack the functionality for testing and research.

The information blocking rule also establishes secure, standards-based application programming interface (API) requirements to support patient access and control of their EHI. EHR vendors focus on enhancing their technology infrastructure to enable expanded patient access. They also work to educate their provider clients. In response to this rule, **Cerner** (NASDAQ: CERN) and **Epic Systems**, the two largest EHR vendors, are revising their APIs to ensure patient apps seamlessly connect to their systems.

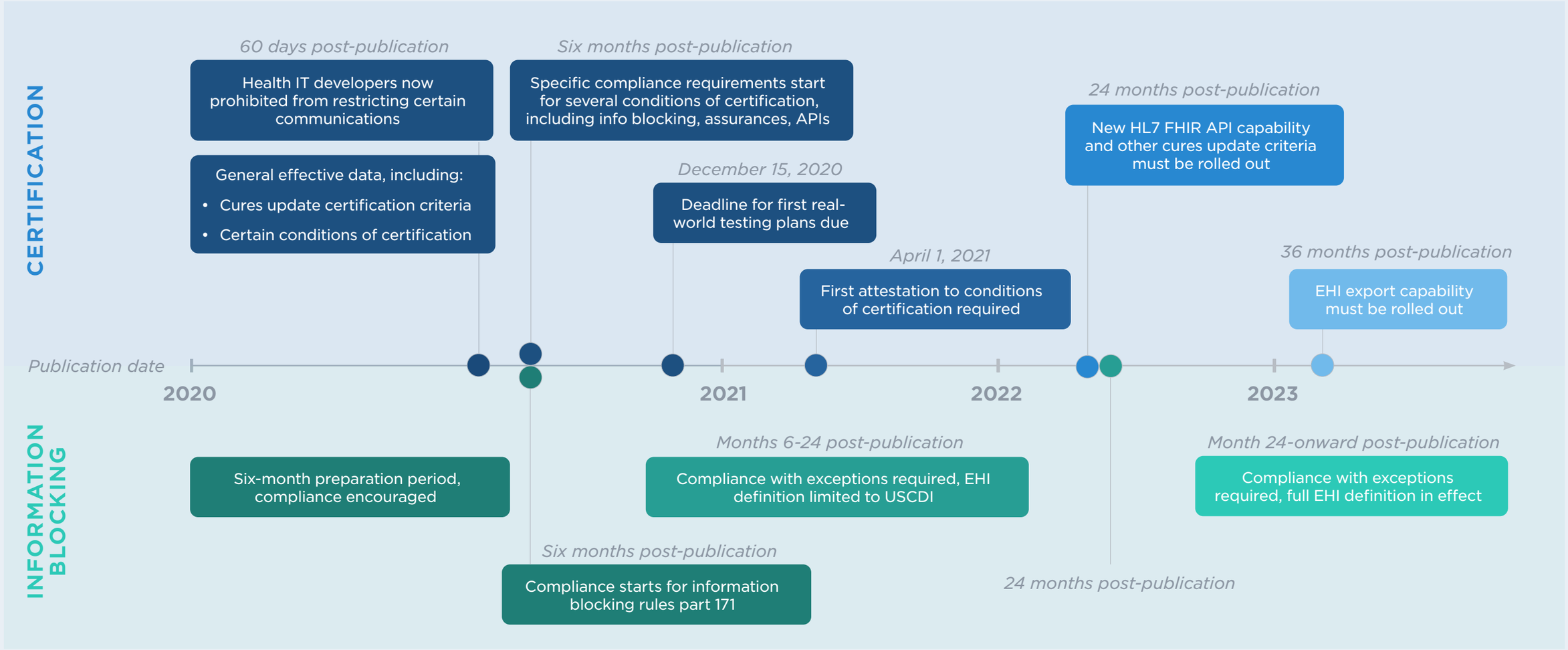
The second rule, part of the Cures Act, grants patients unprecedented access to their medical information. While privacy laws allow inter-provider health data sharing, the new rules require providers to share that data with patients and several other parties. We believe these rules will be a core focus area for EHR vendors and may increase the market opportunity for personalized third-party mobile health applications powered by health-provider data. Though the rules went into effect on April 5, 2021, questions remain regarding enforcement. The HHS proposed penalties of up to $1 million per violation for IT developers and health information networks/exchanges but has yet to propose a penalty for providers.[4]

3: **"Information Blocking Remains Prevalent at the Start of 21st Century Cures Act: Results from a Survey of Health Information Exchange Organizations,"** ***Journal of the American*** **Medical Informatics** ***Assoc.*****, Jordan Everson, Vaishali Patel, & Julia Adler-Milstein, January 7, 2021.**

4: **"OIG Proposes Rule for Civil Money Penalties for Information Blocking," US Dept. of Health and Human Services, accessed on April 20, 2021.**

Figure 13.

Cures Act Final Rule: highlighted regulatory dates



Source: **HealthIT.gov**

Real-time price prescription

In 2021, the CMS' **Final Rule** that ensures patients have greater transparency into the cost of prescription drugs took effect. The rule accelerates the use of electronic real-time benefit tools (RTBT) by Part D providers—also known as Medicare prescription drug benefit providers. RTBTs inform prescribers when lower-cost alternative therapies are available under the beneficiary's prescription drug benefit, a system that improves medication adherence, lowers prescription drug costs,[5] and minimizes beneficiary out-of-pocket costs.[6] CMS' rule requires all Part D plans to adopt one or more RTBTs that can integrate with at least one prescriber's e-prescribing system or EHR.

We believe other pharmacy benefit managers (PBMs)—such as those used by individuals under private health insurance—will likely adopt RTBTs. However, most PBMs partner with just one RTBT provider, which leads us to believe that the market opportunity is scarce for early-stage startups—especially as three PBM providers hold 76% of the PBM market. Because of this, few VC-backed RTBT startups exist. However, VC-backed **RxRevu** recently partnered with **athenahealth** to deploy SwiftRx®, **RxRevu**'s "Real-Time Prescription Benefit solution," within **athenahealth**'s EHR.[7]

5: According to **RxRevu**, 45% of the time, RTBT saves patients an average of $130 per prescription.
6: **"What is a Real-Time Benefit Tool (RTBT) and What Does CMS' New RTBT Final Rule Mean for the Healthcare Industry?" RxRevu, January 22, 2020.**
7: **"Our Solutions," RxRevu, accessed on April 20, 2021.**

Value-based care

The launch of direct contracting (DC) by the CMS in January 2021 could accelerate the adoption of value-based care (VBC) payment models. By using a VBC approach, providers have more stake in the outcome, as their earnings and losses are directly linked to the quality of care and patient outcomes. These stakes lessen the financial risk traditionally assumed by insurers and payers while incentivizing providers to keep costs low and treat patients well. Previously, some Medicare Advantage plans such as those provided by **Clover Health** (NASDAQ: CLOV) engaged in professional and global risk agreements with primary care providers (PCPs). Under these agreements, CMS makes capitated payments to insurers, which then establish secondary capitated payment contracts—either global or professional—with the primary care providers. The new DC model eliminates intermediary insurers, thereby allowing PCPs to contract directly with CMS. This approach strengthens care providers' ability to control patient management and increases revenue opportunities to the extent that care-related costs can be kept below reimbursement amounts.

To provide high-quality patient care at a low cost, providers must invest in nascent technologies and adopt new ways of doing business. For example, physicians must be able to identify and understand patient conditions and provide proactive interventions to prevent or decrease the severity of downward trends and acute events. To accomplish this, physicians need better data, inference capabilities, predictive modeling, and treatment options—which generally require the use of software, data analytics, artificial intelligence & machine learning, and/or next-generation diagnostics. Several startups have joined the space to develop infrastructure designed to support PCPs' transition to VBC and risk-based models. In addition, patient engagement portals and dashboards, telehealth, home visits, mobile health applications, and remote patient monitoring devices can help physicians engage with and care for patients at lower costs. Other technologies poised to benefit from the adoption of VBC include chronic illness targeted solutions, care management platforms, population health management platforms, supplemental benefits, and social-determinants-of-health products. This opportunity is further discussed in our recent **analyst note**.

Care coordination software

Treatments that were once considered the domain of hospitals are increasingly moving to nonhospital settings. This shift resulted from several factors, including the prevalence of telemedicine, the rise of individual practices and retail clinics, and the growth of high-deductible health plans that incentivize consumers to find low-cost healthcare options. As this model tends to increase the number of physicians and care providers that interact with patients, an opportunity exists for software that communicates patient information across practices.

Poor communication among care providers can lead to fragmented patient care and reduced health outcomes, which contributes up to $78 billion in wasted spending on healthcare services annually.[8] In an effort to improve care coordination, CMS' new Condition of Participation rule requires hospitals to alert PCPs and post-acute care providers when patients are admitted, discharged, or transferred from inpatient services or emergency rooms in real time.[9] Many modern patient registration systems have this capability as part of an EHR system or stand-alone. However, while the regulation requires only hospitals to disperse information, systems that can both send and receive information will likely experience broader market adoption, as this enables physicians to share critical patient details with acute-care providers.

The market for care coordination software is strongest among physicians who treat older adults, as older populations require acute care with more frequency. Furthermore, as discussed in a recent **analyst note**, under the new DC reimbursement model, Medicare takes hospitalization rates into account when reimbursing skilled nursing facilities and hospitals.

8: **"Waste in the US Health Care System: Estimated Costs and Potential for Savings," National Library of Medicine, William H. Shrank, Teresa L. Rogstad, & Natasha Parekh, October 15, 2019.**
9: **"Conditions for Coverage (CfCs) & Conditions of Participation (CoPs)," CMS.gov, accessed on April 20, 2021.**

Care coordination software

PATIENTPING
cordata HEALTHCARE INNOVATIONS
OhMD
pMD®
CipherHealth The Patient Engagement Company
ZILLION® Behavior. Architected.
iPatientCare
CollectiveMedical

CARE COORDINATION SOFTWARE

Recognizing the growing demand for care coordination, moderate-growth businesses have been active in acquiring care coordination startups. Recent deals include the March 2021 $500.0 million acquisition in of **PatientPing** by **Appriss** via a PE-backed LBO. **PatientPing** enables providers to both communicate during acute care and track patients after discharge. It currently operates the largest network of admission, discharge, and transfer data from hospitals and post-acute care providers in the US, supporting over 43.2 million patients, 6,000 post-acute care patients, and 1,000 hospitals.[10] **Appriss** provides care coordination and analytics solutions for behavioral health and substance use disorders. The acquisition will enable **Appriss** to expand its care solutions across the physical and behavioral health continuum. In another recent example of care coordination consolidation, **PointClickCare**, an EHR vendor that provides long-term & post-acute care and older adult care, acquired **Collective Medical**, another collaborative care management platform, for $650.0 million in December 2020.

10: **"Appriss Health Snags Care Coordination Software Company PatientPing for Reported $500M," Fierce Healthcare, Heather Landi, March 24, 2021.**

Select company highlights

SELECT COMPANY HIGHLIGHT | RO

Founded
2017

Total VC raised
$876.1M

Valuation step-up (Series C to D)
3.0x

Number of employees
350

Estimated post-money valuation
$4.0B

Overview

Ro has innovated the emerging category of e-pharmacies. It began by providing an erectile dysfunction prescription and medication but has since built a vertically integrated healthcare system that provides diagnoses, prescription delivery, and ongoing care to individuals. Led by its three co-founders, CEO Zachariah Reitano, CGO Rob Schutz, and CPO Saman Rahmanian, **Ro** estimated its gross revenue to be $230 million in 2020.[11] Currently, **Ro** offers the following key services:

- **Digital health clinic: Ro** offers gender-specific platforms—Rory and Roman—that offer care for individuals across a range of sexual health, skin care, weight management, and stress relief areas. Further, patients can obtain telemedicine-based diagnoses and prescriptions. In December 2020, **Ro** acquired **Preboost**, developer of a patented over-the-counter medicated wipe that addresses premature ejaculation.

- **Ro Pharmacy**: **Ro** has built out an online pharmacy to provide more than 500 generic medications. Rather than accepting insurance, it charges $5 per month for all available medications.

11: **"Digital Health Startup Ro Raised $500 Million at $5 Billion Valuation," *Forbes*, Katie Jennings, March 22, 2021.**

Competition

Demand and competition within the e-pharmacy space are rapidly rising as COVID-19 created in-person pharmacy avoidance and drove new startups and tech incumbents, such as **Amazon** (NASDAQ: AMZN), to enter the space. E-pharmacies may gain market share in specific healthcare regions by providing differentiated product and service offerings. For example, **Ro**'s digital clinic and online wellness education website may enable it to acquire customers who seek services in those specific areas. However, given the market competition, providers would do well to offer telemedicine for all illnesses, supply all medications—generic and branded—and accept insurance.

Outlook

As is, **Ro**'s current pharmacy service precludes it from remaining competitive. However, it may expand to address the market's needs. **Ro**'s December 2020 acquisition of **Workpath** signals its recognition of the steps necessary to become a market leader. **Workpath**'s technology provides scheduling and dispatch software, access to a network of healthcare professionals, diagnostic processing, and reporting to healthcare providers. The company's first venture into the home-based healthcare market, this acquisition enables **Ro** to send healthcare professionals to—and conduct diagnostic tests within—patient homes, thus expanding the scope of conditions treated through its platform.

SELECT COMPANY HIGHLIGHT | RO

Figure 15.

Key competitors

COMPANY	LAST DEAL TYPE	BACKING STATUS	LAST DEAL DATE	TOTAL RAISED ($M)
Ingenio	Debt (general)	Formerly PE backed	May 10, 2020	$209.6
Nurx	Debt (general)	VC backed	December 31, 2020	$193.3
PillPack	Grant	Formerly VC backed	N/A	$123.0
NuScriptRX	M&A	Formerly VC backed	January 1, 2017	$55.6
ScriptDrop	Late-stage VC	VC backed	April 14, 2021	$35.6
NowRx	Late-stage VC	VC backed	July 15, 2020	$20.0
Medly Labs	Accelerator/ incubator	Accelerator/incubator backed	N/A	$0.03
Alto	Late-stage VC	VC backed	January 30, 2020	$357.5

Source: PitchBook | Geography: Global

Figure 16.

Financing history

REVERSE MERGER

Though Ro has not commented on this plan, the company is in talks to go public via a reverse merger with an undisclosed SPAC.[12] If the SPAC occurs, we estimate its post-money valuation will be around $4.0 billion.

SERIES D

March 22, 2021

Total raised ($M):
$500.0

Pre-money valuation ($B):
$4.5

Investors:
General Catalyst, FirstMark Capital, and TQ Ventures

SERIES C

July 27, 2020

Total raised ($M):
$200.0

Pre-money valuation ($B):
$1.4

Investor:
General Catalyst

SERIES B

June 1, 2019

Total raised ($M):
$85.0

Pre-money valuation ($M):
$400.0

Investor:
FirstMark Capital

SERIES A

June 1, 2019

Total raised ($M):
$88.0

Pre-money valuation ($M):
$90.0

Investor:
FirstMark Capital

SEED

October 31, 2017

Total raised ($M):
$3.1

Pre-money valuation ($M):
$10.4

Investor:
General Catalyst

12: **"Telehealth Company Ro Explores Deal To Go Public: Sources,"** ***Reuters*****, Joshua Franklin & Rebecca Spalding, January 27, 2021.**

SELECT COMPANY HIGHLIGHT | WEDOCTOR

Founded
2010

Total VC raised
$1.7B

Valuation step-up
1.0x

Business status
Generating revenue

Estimated post-money valuation
$7.0B

Overview

Founded in 2010, **WeDoctor** originally provided medical appointment booking services. Since its inception, it has grown into a multifunctional platform that offers both virtual and in-person healthcare services, an e-pharmacy, and cloud-based hospital enterprise software. When the COVID-19 pandemic hit, it created additional platforms and services to provide free virtual consultations, disease prevention education, and medical equipment distribution for users in China.[13] **WeDoctor** has massive vertical integration, with 27 internet hospitals and appointment scheduling for 7,800 physical hospitals. It accepts China's public health insurance and hosts over 270,000 doctors and 222 million registered patients.[14] **WeDoctor** hopes to capture the remote chronic disease management space—a massive market opportunity due to the roughly 300 million individuals in China suffering from a chronic disease.[15]

The pandemic served as a demand catalyst for **WeDoctor**, growing its revenue 262.1% YoY to $279 million in 2020. Medical services accounts for 38.6% of its revenue, while health maintenance services accounts for the remaining 61.4%. Despite its high revenue, however, the company remains unprofitable. To continue investing in the equipment needed to grow the business, it filed a prospectus to IPO in Hong Kong on April 1, 2021. **WeDoctor** was valued at $7.0 billion after its February 2021 late-stage deal, but it plans to raise additional rounds in Q2 2021 and hopes to gain a valuation of $12 billion after going public.[16]

Leadership

WeDoctor remains founder-led by CEO Liao Jieyuan. Previously, Jieyuan founded **iFLYTEK** (SHE: 002230), a voice recognition company listed on the Shenzhen Stock Exchange. In February 2020, **WeDoctor** hired John Cai as CFO to lead its IPO, but an ensuing shuffling of CFOs delayed the IPO. Its board consists of nine directors: three executive directors, three nonexecutive directors, and three independent nonexecutive directors.

Competitors

WeDoctor's largest competitors include **Alibaba Health** (HKG: 00241), **JD Health** (HKG: 06618), and **Ping An Healthcare and Technology** (HKG: 01833). All three competitors receive referrals from their parent companies, a benefit **WeDoctor** lacks. Equipped with an in-house

13: **"Application Proof of We Doctor Holdings Limited,"** ***HKEX News*****, accessed on April 20, 2021.**
14: **"Everything You Need to Know About the WeDoctor IPO,"** ***Protocol*****, Zeyi Yang, April 6, 2021.**
15: **"Nearly 300 Million Chinese People Suffering from Chronic Diseases,"** ***People's Daily Online*****, August 11, 2016.**

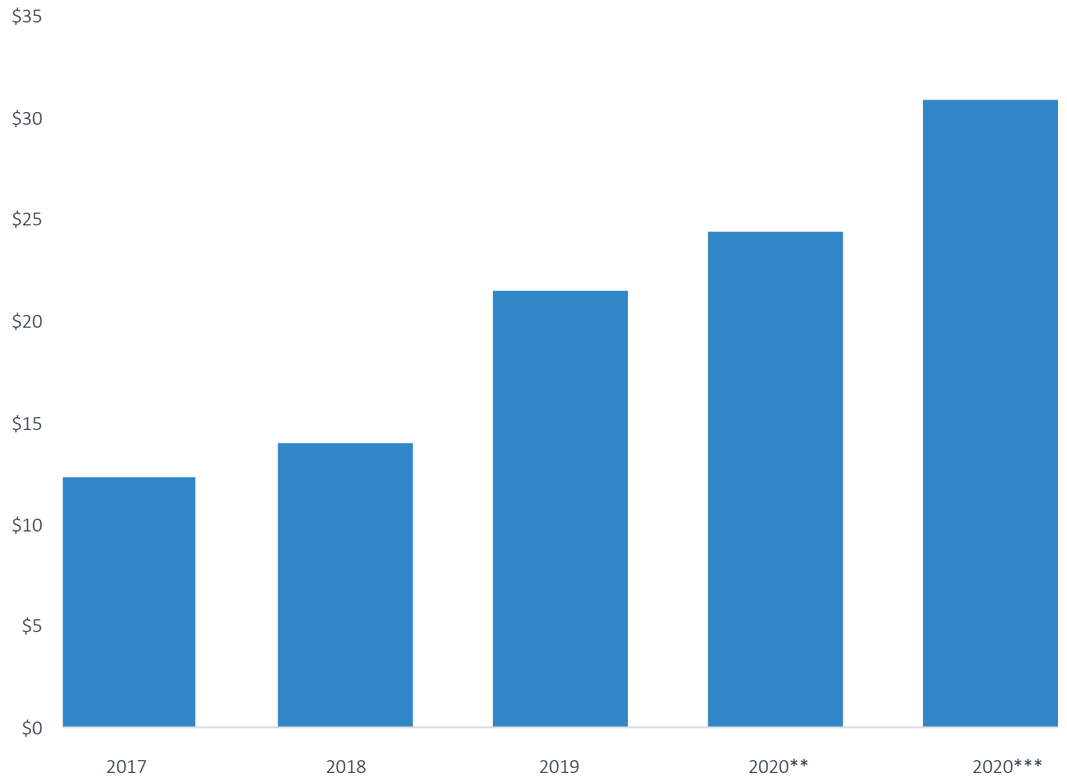
16: **"Hong Kong Bankers Work Around the Clock as IPOs, SPACs Surge,"** ***Bloomberg*****, Lulu Yilun Chen, Julia Fioretti, & Vinicy Chan, March 16, 2021.**

team of doctors, **Ping An Healthcare and Technology** is owned by **Ping An Insurance** (SHG: 601318), one of China's largest insurers. It has accumulated data worth millions of dollars to train diagnostic robots, which may enable it to grow and ultimately achieve market domination. Other competitors include **DXY**, **Huawei**, and **Meituan** (HKG: 03690). **DXY**'s online community has 10 times more doctors than **WeDoctor**. By expanding healthcare services, these companies are crowding the space.

Outlook

The online medical market of remote scheduling and telemedicine is growing globally. However, differing laws and health systems—such as a country's insurance regulations—will prevent companies from expanding internationally. We estimate that the current Chinese online medical market is worth $30.8 billion. **WeDoctor**'s "integrated online [and] offline consultation, diagnosis and treatment services" could enable it to capture a substantial portion of the market as it streamlines the entire healthcare journey.[17] Through **WeDoctor**, patients can schedule in-person appointments, receive virtual follow-up care, order prescriptions, and transfer medical records between providers. However, increased competition may pose a threat.

Figure 17. CHINESE ONLINE HEALTHCARE MARKET (USD $M)*



Source: **Equal Ocean,** Analysys | Geography: China | *As of March 7, 2020
**Pre-COVID-19 estimated market size
***Post-COVID-19 estimated market size

17: **"Application Proof of We Doctor Holdings Limited,"** ***HKEX News*****, accessed on April 20, 2021.**

SELECT COMPANY HIGHLIGHT | WEDOCTOR

Figure 18.

Financing history

LATE STAGE	SERIES F	LATE STAGE	LATE STAGE	CORPORATE (SERIES F)	LATE STAGE
February 25, 2021	**December 17, 2020**	**September 14, 2020**	**January 1, 2019**	**May 9, 2018**	**January 26, 2018**
Total raised ($M): $400.0	**Total raised ($M):** $334.0	**Total raised:** N/A	**Total raised:** N/A	**Total raised ($M):** $500.0	**Total raised:** N/A
Pre-money valuation ($B): $6.6	**Pre-money valuation ($B):** $6.5	**Pre-money valuation:** N/A	**Pre-money valuation:** N/A	**Pre-money valuation ($B):** $5.0	**Pre-money valuation:** N/A
Investor: Sequoia Capital China	**Investor:** Rencent Capital	**Investors:** Investcorp Strategic Capital Group	**Investor:** All-Stars Investment	**Investors:** AIA Co. & NWS Holdings	**Investor:** Lingfeng Capital

CORPORATE	SERIES E	SERIES D	SERIES A
January 29, 2016	**September 25, 2015**	**October 13, 2014**	**January 1, 2012**
Total raised ($M): $20.0	**Total raised ($M):** $300.0	**Total raised ($M):** $114.0	**Total raised ($M):** $22.0
Pre-money valuation: N/A	**Pre-money valuation ($B):** $1.1	**Pre-money valuation ($M):** $618.0	**Pre-money valuation:** N/A
Investor: Shandong Tyan Home	**Investors:** Hillhouse Capital, Cybernaut (China) Investment & Goldman Sachs	**Investor:** Tencent Holdings	**Investors:** 5Y Capital & FengHe Fund Management

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