



EMERGING TECH RESEARCH

Retail Health & Wellness Tech

Q1 2021 VC update





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This report serves as a quarterly snapshot of the retail health & wellness tech industry as a whole in Q1 2021. For a higher-level, detailed analysis of the industry and its various subsectors, please see our latest **annual edition**.

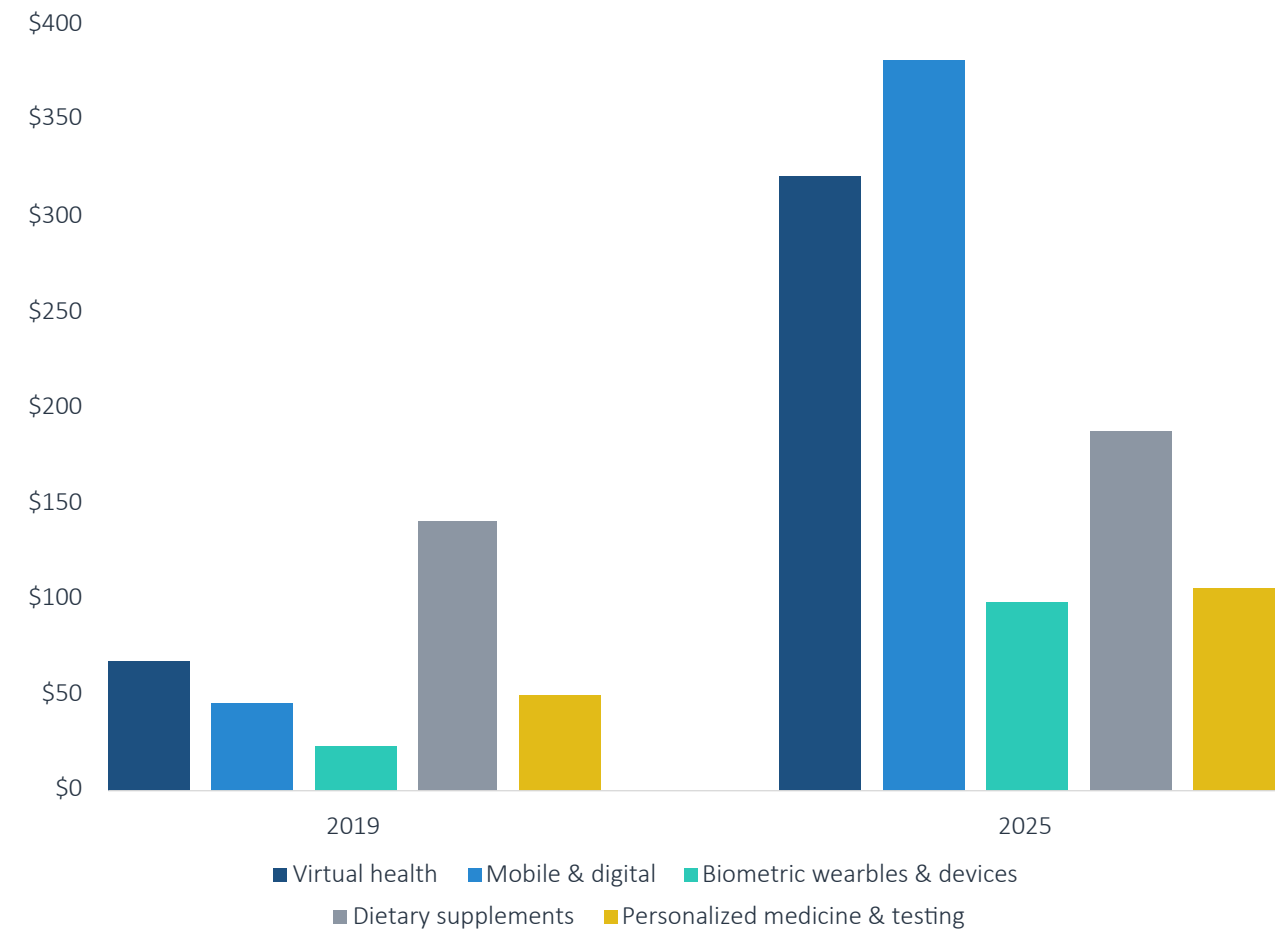


Vertical overview

Increasing healthcare costs has given rise to a new era of consumer-focused healthcare products and services designed to improve personal health & wellness at a lower cost. These emerging products largely rely on digital technologies that enable convenient at-home or mobile use, the ability to integrate with other solutions, and large-scale data collection and analysis to help drive personalized offerings. Companies in this vertical are working to develop solutions that can help reduce ongoing epidemics related to chronic diseases, reign in healthcare costs, and improve overall wellbeing. This burgeoning industry includes new ways to obtain traditional care (such as telehealth and at-home testing) as well as health & wellness solutions that leverage mobile applications and biometric tracking devices.

We expect investment into retail health & wellness tech to remain robust in 2021, especially among virtual health and personalized medicine & testing providers. We attribute some of this growth to the COVID-19 pandemic, which had numerous effects on the industry. Virtual health companies benefited from the pandemic as rules hindering the use of telemedicine were repealed, payers increased telehealth coverage, and laws preventing “noncritical” in-person appointments forced providers to conduct appointments remotely. As a result, personalized medicine & testing startups received relatively higher valuations and VC rounds in 2020. We believe the increased adoption of telemedicine has also boosted the market for at-home testing solutions. Mobile and digital health applications that do not pursue FDA digital therapeutic approval or that do not integrate biometric device data may have more limited growth opportunities. We also expect growth in remote patient monitoring devices to outpace that of consumer biometric devices.

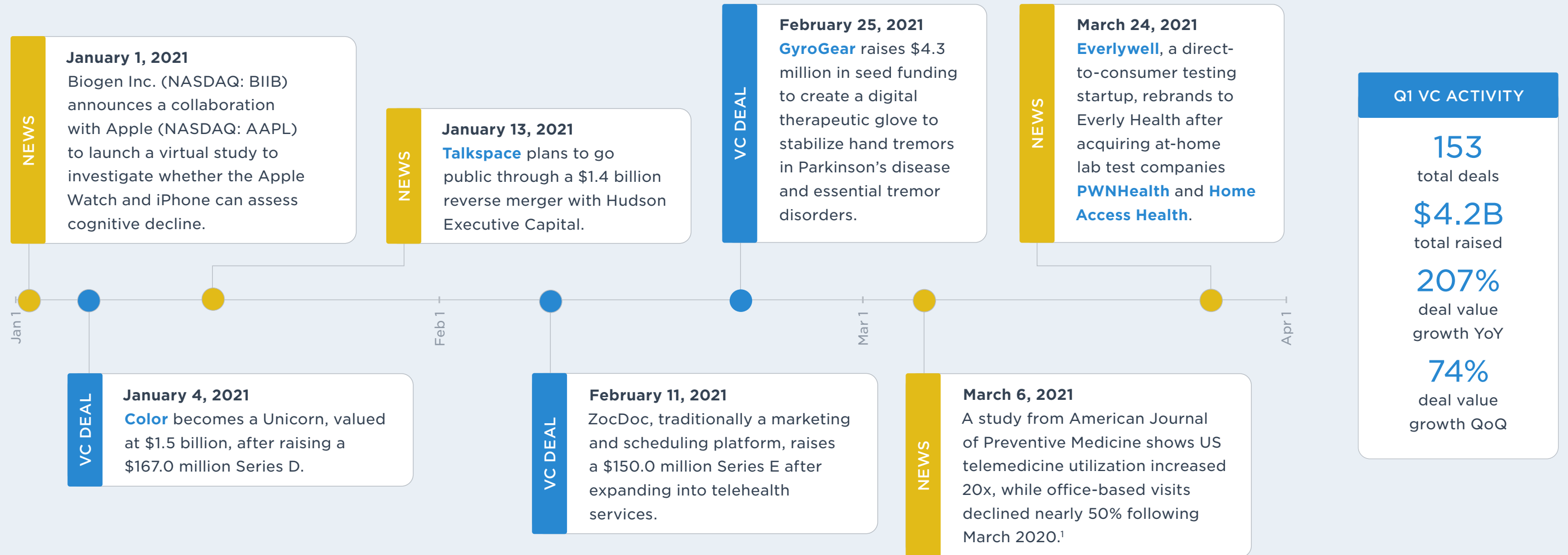
Figure 1. RETAIL HEALTH & WELLNESS TECH MARKET SIZE ESTIMATE (\$B) BY SEGMENT



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



Q1 2021 timeline



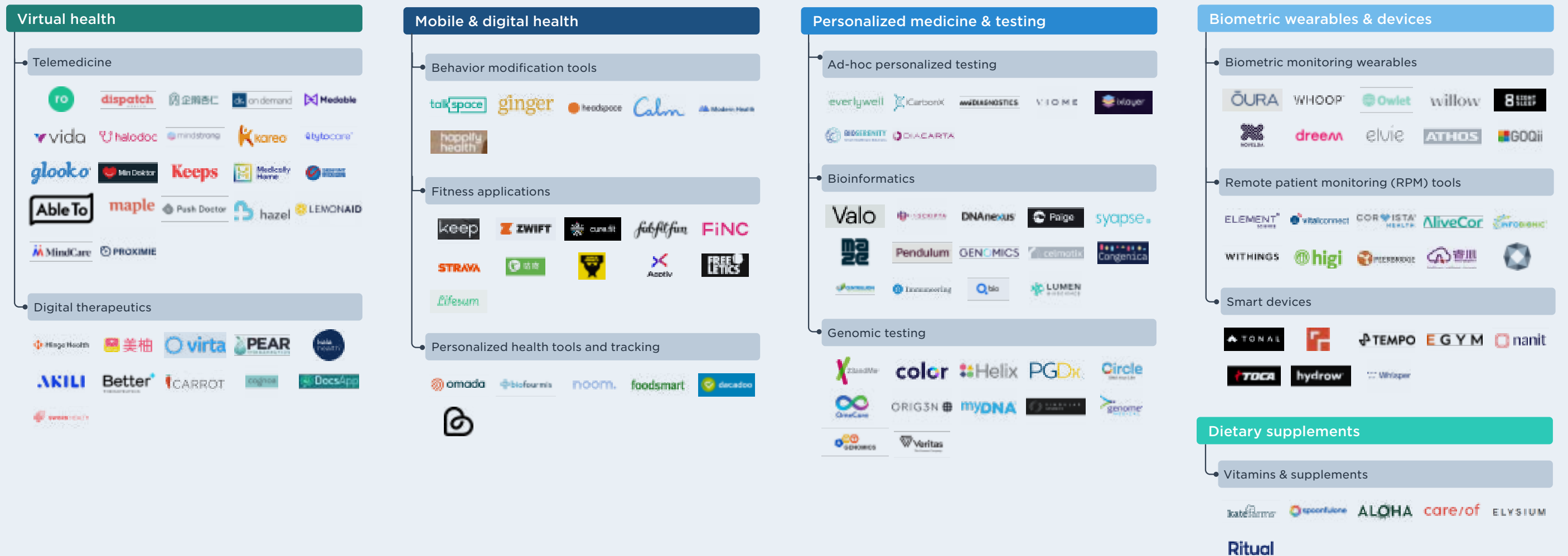
1: "Who Is (and Is Not) Receiving Telemedicine Care During the COVID-19 Pandemic," American Journal of Preventive Medicine, Jonathan H. Cantor, et al., March 6, 2021.



Retail 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.





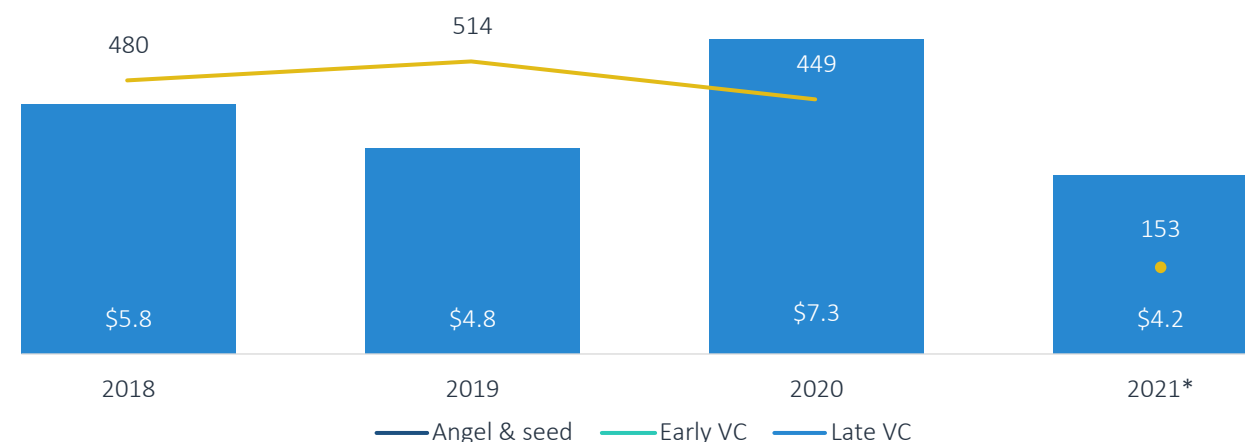
VC activity

Retail health & wellness tech VC deal value set a record in Q1 with \$4.2 billion invested across 153 deals. The leading segments, virtual health and personalized medicine & testing, drove this total with five VC mega-deals each and a total of \$1.7 billion and \$1.4 billion invested, respectively. **Ro**, a vertically integrated primary care platform, raised the largest VC round with a \$500.0 million Series D, raising their pre-money valuation to \$5.0 billion. In addition, **Valo**, a drug discovery & development platform, raised a \$300.0 million Series B, and **Tonal**, an adaptive home fitness strength training machine, raised a \$250.0 million Series E, increasing their valuation to \$1.5 billion and foreshadowing a potential IPO.² Late-stage VC deals outpaced early-stage VC deal count in all segments except mobile & digital health. The decline in late-stage mobile & digital health VC deals could reflect concerns related to increased competition from biometric devices providers developing supplementary mobile health apps. Furthermore, several app developers are conducting trials to gain digital therapeutic classification. It is common for these companies to raise early-stage VC rounds as a mobile application provider before seeking late-stage VC funding once pursuing approval. Startups without accompanying devices or therapeutic approval may have limited competitive positioning.

VC exit activity resumed in Q1 after a slowdown in Q4 2020, with 10 exits contributing \$583.7 million in disclosed exit value, consisting of two IPOs, two LBOs, and six M&A transactions. Mednow (MNOW), an on-demand virtual care and e-pharmacy, went public on the Canadian Venture Exchange. In March 2021, **WelltQ** exited to the CSE via a SPAC, bringing in a post-money valuation of \$23.8 million. **Nightingale**, which conducts blood analysis to detect early disease risk, received \$490.8 billion post-money valuation after going public on the Finnish Nasdaq. SOC Telemed (NASDAQ: TLMD) acquired **Access Physicians** for \$194.0 million in hopes of becoming the largest acute care telemedicine company in the US.

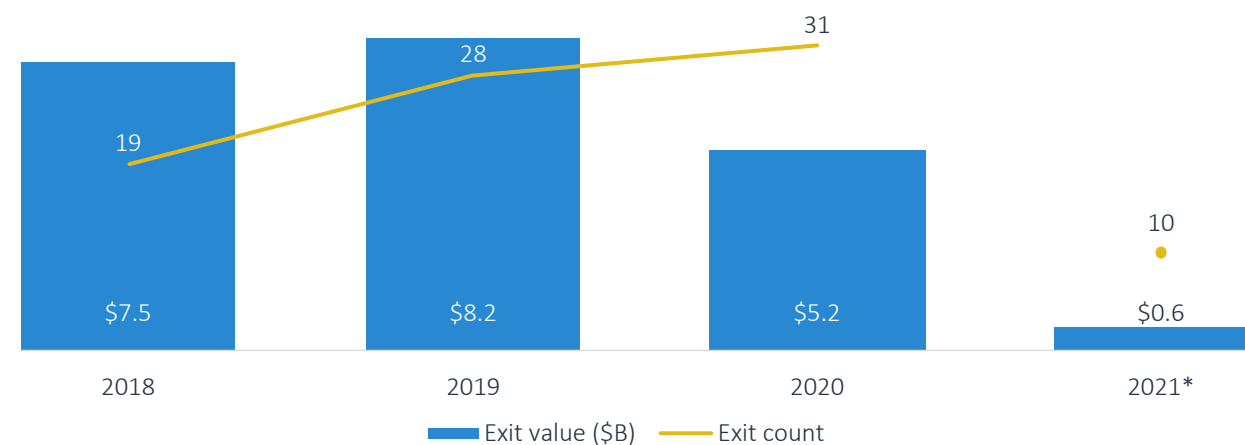
2: "Tonal's Latest Funding Round Foreshadows an IPO," Market Realist, Rachel Curry, April 6, 2021.

Figure 2. RETAIL HEALTH & WELLNESS TECH VC DEAL ACTIVITY



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

Figure 3. RETAIL HEALTH & WELLNESS TECH VC EXIT ACTIVITY

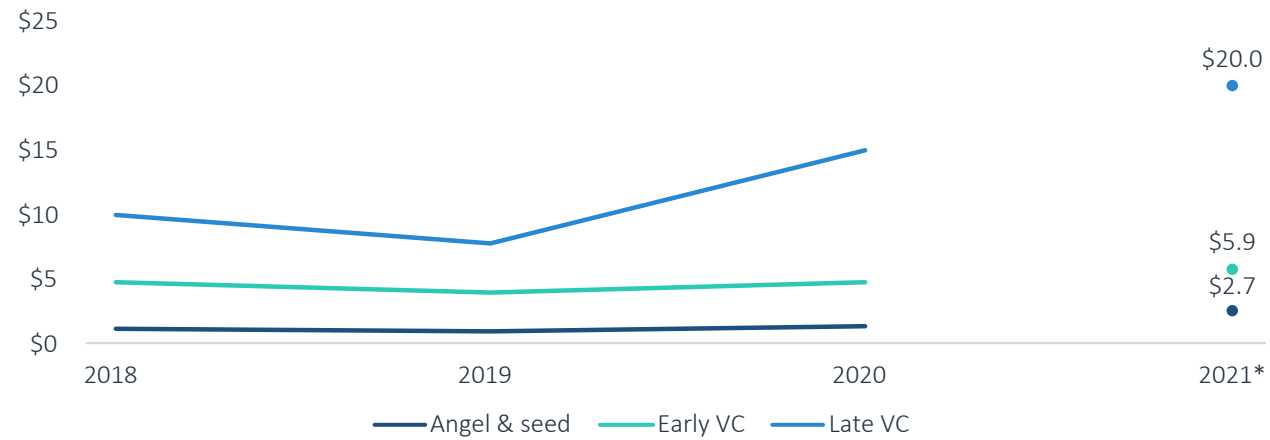


Source: PitchBook | Geography: Global | *As of March 31, 2021



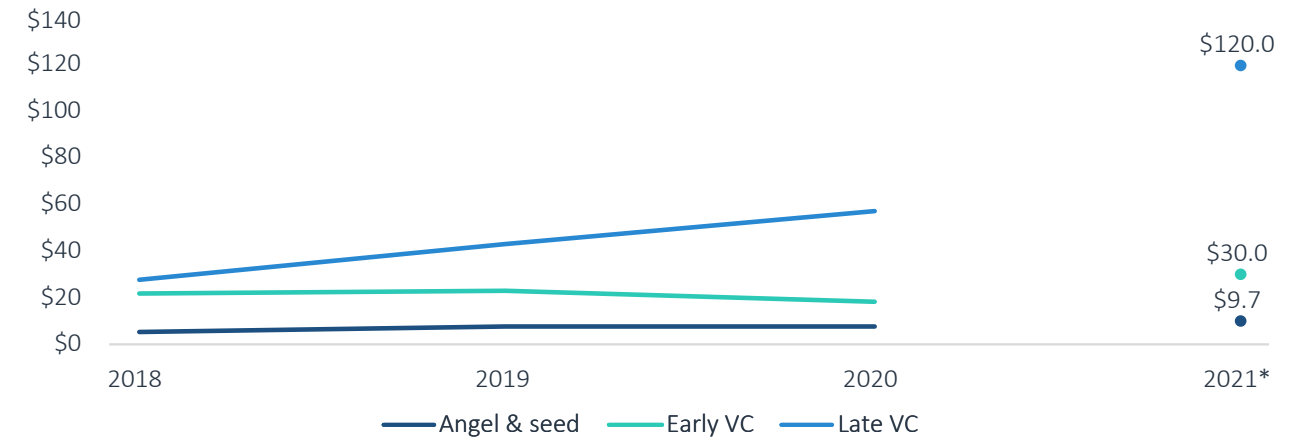
VC ACTIVITY

Figure 4. MEDIAN RETAIL HEALTH & WELLNESS TECH VC DEAL SIZE (\$M) BY STAGE



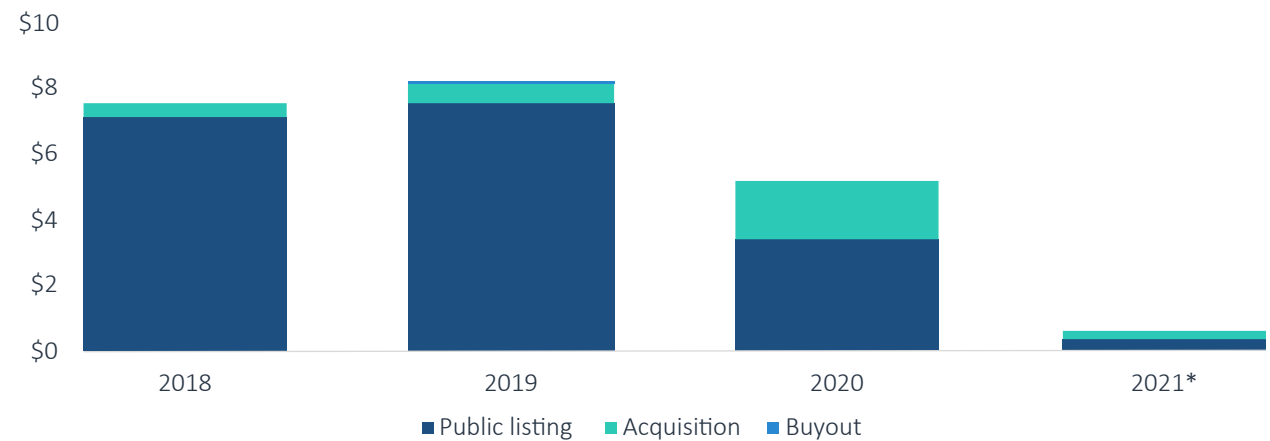
Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 5. MEDIAN RETAIL HEALTH & WELLNESS TECH VC PRE-MONEY VALUATION (\$M) BY STAGE



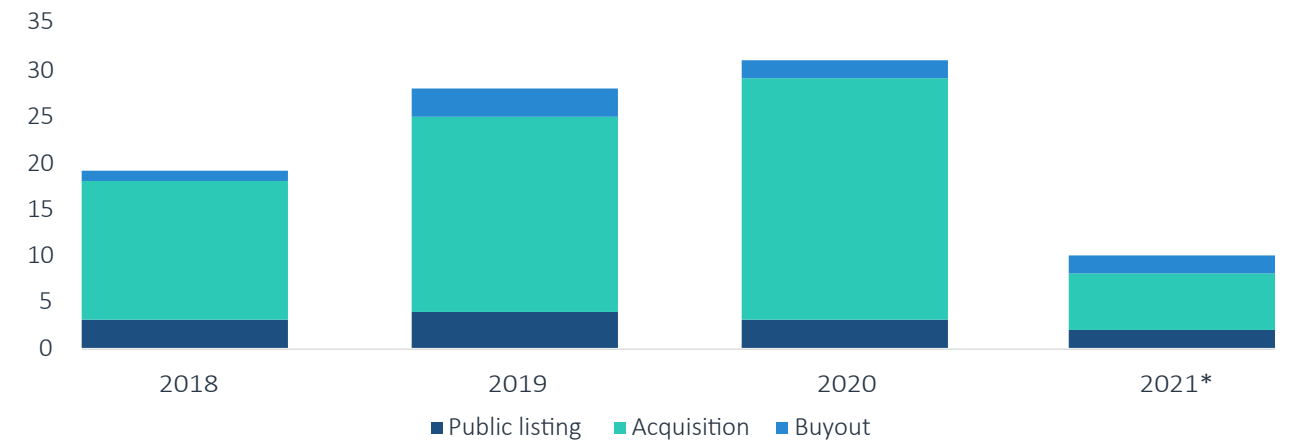
Source: PitchBook | Geography: Global | *As of March 31, 2021

Figure 6. RETAIL HEALTH & WELLNESS TECH VC EXITS (\$M) BY TYPE



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

Figure 7. RETAIL HEALTH & WELLNESS TECH VC EXITS (#) BY TYPE



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



VC ACTIVITY

Figure 8.

Key retail health & wellness tech early-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE (\$M)	LEAD INVESTOR(S)	VALUATION STEP-UP*
Valo	March 11, 2021	Bioinformatics	Series B	\$300.0	Public Sector Pension Investment Board	N/A
ixLayer	March 11, 2021	Ad-hoc personalized testing	Series A	\$75.0	General Catalyst	15.95x
Raysight	January 11, 2021	Remote patient monitoring (RPM)	Series B	\$46.0	Tencent Industry Win-Win Fund	N/A
Manual	March 30, 2021	Vitamins & supplements	Series A	\$30.0	N/A	N/A
100Plus	March 10, 2021	Remote patient monitoring (RPM)	Seed	\$25.0	George Roberts, Henry Kravis, 8VC, Kairos HQ	N/A
FOLX Health	January 19, 2021	Telemedicine	Series A	\$25.0	Bessemer Venture Partners	5.92x
Calibrate	January 26, 2021	Telemedicine	Series A	\$22.5	Threshold Ventures	N/A
Brightside (Other Healthcare Services)	February 22, 2021	Digital therapeutics	Early-stage VC	\$21.5	N/A	N/A
Planted (Food Products)	March 8, 2021	Vitamins & supplements	Series A	\$18.8	Vorwerk Ventures, Blue Horizon Ventures	N/A
Riva Health	March 17, 2021	Digital therapeutics	Series A	\$15.5	Menlo Ventures	N/A

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



VC ACTIVITY

Figure 9.

Key retail health & wellness tech late-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE (\$M)	LEAD INVESTOR(S)	VALUATION STEP-UP*
Ro (Other Healthcare Technology Systems)	March 22, 2021	Telemedicine	Series D	\$500.0	General Catalyst, TQ Ventures, FirstMark Capital	3.00x
Hinge Health	January 5, 2021	Ad-hoc personalized testing	Series D	\$300.0	Tiger Global Management, Coatue Management	6.19x
Tonal	March 31, 2021	Smart devices	Series E	\$250.0	N/A	N/A
DispatchHealth	March 3, 2021	Telemedicine	Series D	\$200.0	Tiger Global Management	N/A
Color (Diagnostic Equipment)	January 4, 2021	Genomic testing	Series D	\$167.0	T. Rowe Price, Viking Global Investors, General Catalyst	N/A
Vida Health	March 12, 2021	Telemedicine	Series D	\$137.0	Ally Bridge Group	2.57x
Pear Therapeutics	March 2, 2021	Digital therapeutics	Series D	\$132.0	SoftBank Investment Advisers	N/A
DNAnexus	March 15, 2021	Bioinformatics	Series H	\$132.0	Northpond Ventures, Perceptive Advisors	1.20x
Paige	March 8, 2021	Bioinformatics	Series C	\$125.0	Casdin Capital, Kohlberg Kravis Roberts, Johnson & Johnson Innovation - JJDC	N/A
TytoCare	March 4, 2021	Telemedicine	Series D	\$100.0	Insight Partners	N/A

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



VC ACTIVITY

Figure 10.

Key retail health & wellness tech VC exits

COMPANY	CLOSE DATE	SUBSEGMENT	EXIT SIZE (\$M)	EXIT TYPE	ACQUIRER(S)/INDEX	POST-MONEY VALUATION (\$M)*
Access Physicians	March 30, 2021	Telemedicine	\$194.0	M&A	SOC Telemed	\$194.0
Upright	February 1, 2021	Biometric monitoring wearables	\$31.0	M&A	DarioHealth	\$31.0
Medlanes	January 11, 2021	Telemedicine	N/A	Buyout/LBO	HPE Growth, Zava	N/A
Halo (Therapeutic Devices)	February 5, 2021	Smart devices	N/A	M&A	Flow Neuroscience	N/A
Ocean Hugger Foods	March 2, 2021	Vitamins & supplements	N/A	M&A	NR Instant Produce	N/A
Mednow.ca	March 9, 2021	Telemedicine	N/A	IPO	N/A	N/A
Aetonix	February 24, 2021	Telemedicine	N/A	M&A	Trudell Medical International	N/A
Zipnosis	March 10, 2021	Telemedicine	N/A	M&A	Bright Health	N/A
AppwoRx (Boca Raton)	March 22, 2021	Telemedicine	N/A	Buyout/LBO	Blue Star Innovation Partners PatientNOW, Providence Equity Partners	N/A

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



VC ACTIVITY

Figure 11.
Top VC investors in retail health & wellness tech companies since 2018

COMPANY	DEAL COUNT	ANGEL/SEED	EARLY VC	LATE VC
SOSV	34	14	16	4
Khosla Ventures	22	2	9	11
Founders Fund	19	2	9	8
Alumni Ventures Group	15	5	8	2
Social Starts	14	9	5	0
Keiretsu Forum	13	4	3	6
Kleiner Perkins	13	2	8	3
True Ventures	12	4	3	5
Sequoia Capital	12	1	6	5
Optum Ventures	11	1	6	4

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



VC ACTIVITY

Figure 12.

Top VC-backed retail health & wellness tech companies by total VC raised to date

COMPANY	VC RAISED TO DATE (\$M)*	SEGMENT	SUBSEGMENT	COUNTRY
Ro (Other Healthcare Technology Systems)	\$876.1	Virtual health	Telemedicine	US
23andMe	\$873.2	Personalized medicine & testing	Genomic testing	US
LumiraDx	\$799.8	Personalized medicine & testing	Ad-hoc personalized testing	UK
Keep	\$617.8	Mobile & digital health	Fitness applications	China
Zwift	\$614.0	Mobile & digital health	Fitness applications	US
Tonal	\$526.7	Biometric wearables & devices	Smart devices	US
Hinge Health	\$427.1	Virtual health	Digital therapeutics	US
CureFit	\$410.6	Mobile & digital health	Fitness applications	India
DispatchHealth	\$403.2	Virtual health	Telemedicine	US
Valo	\$400.0	Personalized medicine & testing	Bioinformatics	US

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

Emerging opportunities

Remote patient monitoring devices

RPM devices to develop unparalleled database driving personalized patient management.

Fitness technology

VC funding up nearly 100% (2019 to 2020).

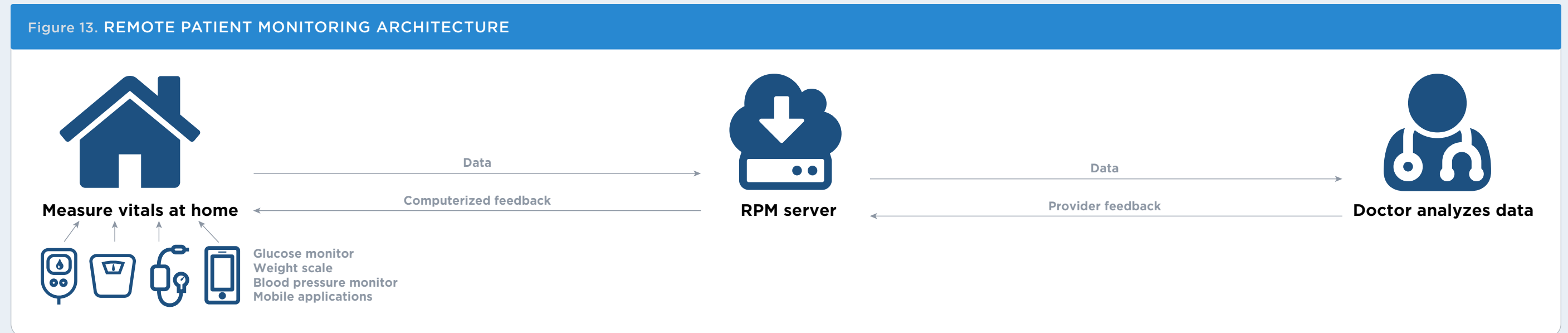


Remote patient monitoring devices

The next phase of biometric devices is emerging as remote patient monitoring (RPM). RPM can include a range of products, from scales to wearable blood pressure cuffs to pulse oximeters to pill counters, and so on, and allows providers to have a more continual, comprehensive view of vital signs associated with a patient's condition(s) (for example, chronic obstructive pulmonary disease, hypertension, congestive heart failure, or diabetes). With this technology, providers can track vitals and intervene before levels get out of control, mitigating high-cost acute medical events. RPM have been proven to provide strong outcomes at low costs in relation to monitoring and treating chronic disease. COVID-19 helped drive the transition of RPM from minimally used pilot projects seldom covered by insurance to mainstream regularly insured devices. For example, in January, the Centers for Medicare & Medicaid Services (CMS) expanded RPM coverage to acute conditions.

RPM may also help improve the care continuum by opening the door to new data-driven treatments. In addition to collecting vital patient data, RPM devices collect subjective data regarding behaviors (for example, opening the fridge, fitness routines, and more). While still in the early days, combining these datasets in meaningful ways could offer new treatment opportunities to improve care and drive business value. A similar evolution occurred with [23andMe](#). While the startup was originally pursuing an opportunity to sell individualized DNA tests to consumers, it eventually built a massive genomic database that is driving new revenue opportunities related to drug development.

Figure 13. REMOTE PATIENT MONITORING ARCHITECTURE





REMOTE PATIENT MONITORING DEVICES

However, efforts to monetize alternative RPM data may face regulatory hurdles. For example, Illinois' biometric information privacy act, BIPA, states entities that utilize biometric information must have a written policy and schedule regarding data collection, retention, and destruction. BIPA also requires a written release from the subject and restricts data distribution. In recent years, many other states have enacted similar legislation.

The need for RPM will likely continue to grow as chronic conditions account for 90% of US healthcare cost, geriatric populations increase, and the need to expand healthcare access expands.³ The American Heart Association's (AHA) support for RPM technologies may be encouraging payers to expand coverage and providers to increase utilization. We expect RPM sales to reach \$300 billion in 2025, a 31% CAGR from \$60 billion in 2019. Diabetes represents the largest segment of this market at 11.9%, followed by hypertension.

The RPM market is moderately fragmented and highly competitive. We expect a growing trend of partnerships between RPM providers and other healthcare management providers. For example, Cleardata, a patient management platform provider, recently partnered with BioIntelliSense, a continuous health monitoring and clinical intelligence company. This partnership enables BioIntelliSense to adhere to compliance standards as it expands globally.

³: "Top Chronic Diseases Behind Payer Spending and How to Prevent Them," Health Payer Intelligence, Kelsey Waddill, June 26, 2020.

Figure 14.

Key RPM incumbents

COMPANY
AMD Global Telemedicine
Boston Scientific
Baxter International
Roche Holding
Abbott
Cardiocom
Medtronic
Aerotel Medical Systems
Bosch Healthcare
GE Healthcare

Source: PitchBook | Geography: Global



Fitness technology

Fitness tech update: Digital opportunities remain strong as consumers return to gyms

The fitness tech industry includes hardware and software products for trainers, gyms, and individuals. Hardware vendors develop activity-tracking wearables, integrated training devices, and injury/recovery prevention devices. Software vendors develop mobile- and web-based products that provide virtual classes, activity tracking, and personalized recommendations as well as solutions that enable gyms and trainers to manage their businesses and communicate with clients. Fitness tech funding reached an all-time high in 2020 with about \$2 billion raised, up from \$1.1 billion in 2019. The pandemic drove a wave of home-gym purchases as consumers were not able to attend brick-and-mortar gyms or work with personal trainers face-to-face. As the pandemic subsides, vaccination rates increase, and consumers return to physical retail, we believe it is unlikely they will fully abandon at-home fitness practices, which often include costly workout equipment and subscription plans, along with digital fitness communities. In addition, relocation to areas outside of the consumer's work location may mean they no longer have access to their old gym. As such, we expect omni-channel fitness experiences that combine at-home and in-person experiences are likely to see sustained demand.

Figure 15.

Key hardware fitness technology providers

COMPANY
Fitbit
Apple
Qualcomm
Garmin
Google
LG Electronics
Sony Corporation
Nike
Xiaomi Technology
Samsung Electronics

Source: PitchBook | Geography: Global



FITNESS TECHNOLOGY

Figure 16.

Top funded fitness tech companies since 2015*

COMPANY	KEY PRODUCT	SEGMENT	TOTAL RAISED (\$M)	FINANCING STATUS	LAST FINANCING DATE	LAST FINANCING SIZE (\$M)
ClassPass	Fitness class market aggregator	Software	\$585.7	VC-backed	N/A	\$285.0
Cure.Fit	Fitness, nutrition, & mental wellbeing solutions	Software	\$415.6	VC-backed	March 20, 2020	\$120.0
Gympass	Fitness class market aggregator for employers	Software	\$300.0	VC-backed	June 12, 2019	\$300.0
Headspace	Meditation and sleep tracking	Software	\$215.7	VC-backed	June 10, 2020	\$47.70
iFit	Smart adaptive fitness equipment & classes	Hardware	\$200.0	PE-backed	May 6, 2021	N/A
Keep	Fitness training application	Software	\$617.8	VC-backed	January 28, 2021	\$360.0
Peloton	Smart adaptive fitness equipment & classes	Hardware	\$2,254.0	Public	July 31, 2020	\$86.0
Tonal	Smart adaptive fitness equipment & classes	Hardware	\$526.7	VC-backed	March 31, 2021	\$250.0
Whoop	Sleep and recovery wristband	Hardware	\$207.4	VC-backed	October 28, 2020	N/A
Zwift	Gamified running and cycling application	Software	\$614.0	VC-backed	September 16, 2020	N/A

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



FITNESS TECHNOLOGY

VC activity

At-home fitness solutions drove VC investment in 2020, with seven of the largest 10 deals raised by at-home fitness solutions (largely attributed to pandemic-driven gym closures). Despite gyms reopening, we foresee demand for at-home fitness solutions will remain robust. Transition to at-home fitness began before the pandemic consumers sought the ability to work out when and where they want. In 2019, 85% of all gym members exercised at home and **Peloton**'s revenue grew 100% YoY from \$60 million in 2016 to \$1.8 billion in 2020.⁴

While Lululemon's (NASDAQ: LULU) acquisition of **Mirror** for \$500.0 million was the most notable exit in 2020, we did not track any IPOs since **Peloton**'s IPO in 2019. However, given the ample funding raised in 2020, we expect to see increased exits in 2021. **ClassPass** is rumored to be in talks regarding a potential acquisition, though the acquirer remains unnamed. We believe **Zwift** and **Tonal** are also ready to IPO.

4: "Fitness Tech Report 2020," SportsTechX, Benjamin Penkert and Rohn Malhotra, 2020.

Figure 17.

Recent notable fitness tech VC deals

COMPANY	TOTAL VC RAISED (\$M)	DEAL TYPE
Oura	\$247.7	Late-stage VC
Ergatta	\$34.7	Early-stage VC
Fiture Technology	\$391.0	Early-stage VC
Tempo (Recreational Goods)	\$297.4	Late-stage VC
Moxie	\$8.4	Seed
Tonal	\$4,526.7	Late-stage VC
Strava	\$181.5	Late-stage VC
Playbook (Health Content)	\$12.2	Seed
Whoop	\$207.4	Late-stage VC
FORTĒ	\$8.0	Seed

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



FITNESS TECHNOLOGY

Market size

The global physical activity economy generated \$828 billion in 2018 and is expected to reach \$1.1 trillion in 2023. The market can be broken out into the following categories:

Recreational activities

- \$109 billion: Fitness
- \$230 billion: Sports and active recreation
- \$29 billion: Mindful movement

Enabling sectors

- \$109 billion: Equipment and supplies
- \$333 billion: Apparel & footwear
- \$36 billion: Fitness enablement technology⁵

Despite its relatively lower growth (6% CAGR), we expect fitness tech will occupy a larger share of the market as smart apparel and footwear (for example, **Athos** and Hexo Skin) and integrated fitness equipment (for example, **Tonal** and **Ergatta**) become more common. Market growth will largely be driven by increased consumer spending on fitness and recovery applications and business investment into management and training software.

5: "Physical Activity is an \$828 Billion Market—To Reach \$1.1 Trillion+ by 2023," Global Wellness Institute, Beth McGroarty, October 15, 2019.

6: "Sporting Goods 2021," McKinsey & Company, January 2021.

7: Ibid.

Outlook

Traditional gyms will continue to invest in digital channels

Innovation in at-home fitness solutions has attracted significant VC investment. Hardware-based approaches include smart adaptive home gym equipment (such as IFit and **Tonal**) and smart screens (such as Fiture and **Mirror**), while software providers deliver live or on-demand digital classes (such as **ClassPass**), personalized fitness tracking and training (such as **Codoon** and **SpartanApps**) and immersive and gamified experiences (such as **Black Box VR**). Though we anticipate the at-home fitness tech market to remain robust, a McKinsey survey suggests consumers will return to gyms post-pandemic.⁶ However, this will likely be combined with at-home or mobile fitness experiences. Gyms are differentiating by producing more proprietary content or seeking out partnerships with digital providers. For example, Icon Fitness partnered with PlanetFitness to develop at-home workouts available through its app for members and non-members. Boutique studios will likely leverage marketplaces such as **ClassPass** and **GymPass** to drive digital distribution and attract new members.

Popularity of digital fitness communities to persist

Several years ago, CrossFit and spin classes amplified the idea of fitness communities. During the lockdown, providers that created a similar feeling of community experienced 4x growth over tracking and training-centric apps.⁷ Big winners included the Nike ecosystem, **Peloton**, and **Zwift**, with the latter creating a virtual racing platform that generated significant growth.



FITNESS TECHNOLOGY

Push toward corporate wellness

Fitness providers are increasing product offerings aimed at employers to tap into a growing market for corporate wellness (which accounted for an estimated \$58 billion in 2019). For example, **Gympass** provides a corporate-focused gym network membership that could see increased use as gyms reopen. Additionally, **Peloton** acquired intellectual property from **Peerfit**, a digital fitness benefits startup that offers employer-sponsored programs. In addition to fitness, we expect employers to invest in mental health benefits for employees, which includes products from startups such as Calm that provide sleep and relaxation solutions.

High equipment development costs—and possible safety risks—could cool VC appetite for hardware despite strong market opportunity

While three-quarters of VC-funded fitness tech startups develop software, hardware providers attracted half of VC investment, reflecting the relatively higher capital needed to make gym equipment. While demand for hardware products is strong, heightened barriers to entry include relatively larger capital investment requirements; expertise related to prototyping, developing, and manufacturing; and longer go-to-market cycles. The recent product recall of **Peloton** treadmills may also heighten investor focus on conducting thorough R&D.

Figure 18. COMPANY HIGHLIGHT

Gympass provides consumers access to a network of workout facilities. Unlike **ClassPass**, it is available exclusively through one's employer. The company has 2,000 corporate clients and 47,000 partner gyms throughout Europe, Latin America, and the US. It raised a \$300 million Series D in June 2019 and is valued at \$1.0 billion. By engaging individuals through employers, GymPass can gain consumers who previously did not visit a gym; it reports 70% of users did not attend a gym prior to **Gympass**. The company charges employers a fee for signing up and then offers memberships to employees ranging from \$9.99 - \$249.99 depending on the number of accessible gyms.

Select company highlights



SELECT COMPANY HIGHLIGHT | EVERLYWELL



Founded
2015

Employees:
500

Total raised:
\$266.1M

Overview

Everlywell develops and distributes DTC at-home regulatory compliant diagnostic tests for health concerns such as food sensitivities, fertility, hormones, thyroid, vitamins, and metabolism. In May 2020, **Everlywell** issued a call-to-action and pledged to award up to \$1 million to labs that could develop and process at-home COVID-19 diagnostic tests. To qualify, labs had to meet certain requirements, such as having the capacity to process at least 5,000 samples/week and be willing to expand capacity in partnership with **Everlywell**. In March, **Everlywell** partnered with **PWNHealth** and began selling at-home COVID-19 tests. These tests are now approved by the CDC for international travel.

Beyond COVID-19, the pandemic stimulated demand for at-home tests as consumers became more acquainted with virtual care. Preventive tests fell sharply during the pandemic; although preventive visits have started to rebound, many patients remain undiagnosed or face long wait times for office visits. Payers fear the future costs of underdiagnosed illnesses and have begun pushing at-home screening. Humana mailed over 1 million at-home preventive screening kits to encourage proactive preventive care.⁸ **Everlywell** tests are sold DTC for an out-of-pocket cash price. We think contracting with payers could boost its revenue potential.

8: "Humana Mailing More than 1 Million Home Screening Kits to Increase Access to Preventive Care During COVID-19 Pandemic," Humana, July 7, 2020.

This demand has increased market size and revenue for **Everlywell**. Julia Cheek, **Everlywell's** CEO, reported sales of STI test kits doubled, and tests for heart health, HBA1C, and women's health tripled.⁹ Due to recent success and desire to deliver more comprehensive care, **Everlywell** decided to create a new entity, Everly Health, and acquire PNWHealth and its subsidiary **Home Access Health**. Previously, **PWNHealth**, which operates a clinician network for diagnostic testing, provided clinical oversight and telehealth services for **Everlywell**. **PWNHealth** will operate as an independent subsidiary and maintain complete data independence from **Everlywell**. The company's plan to build a unified brand focused on high-quality customer engagement across the board and will share customer experience, design, and product resources.

At-home diagnostic tests can provide a strong alternative to in-person care for underinsured individuals or individuals with high deductible health plans (HDHP). We believe at-home test technology will become more streamlined, allowing individuals to send results directly to their provider. In the future, tests may cover a wider variety of illnesses and health care metrics, such as hormone levels.

Leadership

Everlywell is female-founded by Julia Cheek. Cheek, a Harvard MBA graduate, began the company after working in consulting; she does not have previous healthcare experience. We note heightened success of startups led by individuals with healthcare experience, whether it be with a payer or provider. Cheek realized her lack of knowledge and quickly hired a medical director. Jordan Laser currently serves as Chief Laboratory Officer and Tim Bauer serves as the head of clinical science.

9: "As At-Home COVID-19 Testing Rose, So Did Demand for Other Tests," MedCity News, Elise Reuter, April 20, 2020



SELECT COMPANY HIGHLIGHT | EVERLYWELL

As a female-founded company, developing a strong leadership team is key to receiving VC funds. In 2020, only 2.7% of VC funds went to female-founded companies, and Cheek reported difficulties raising VC as a female. Despite this, Cheek raised the top deal of 2020 for women-only-founded startups.

Competitors

Compared to other companies in the space, **Everlywell** does not provide any follow-up care or personalized recommendations using the results. For example, Inside Tracker analyzes lifestyle habits, blood work, and DNA to develop the personalized fitness and nutrition advice delivered to consumers through its mobile application. It partners with at-home genetic testing providers, allowing users to simply upload their genetic test results. Its home-kit, available for \$299, uses a home blood draw collection kit, but its other plans, which analyze a broader

scope of vitals, require consumers to visit a lab for a blood draw. It may be wise for **Everlywell** to explore partnerships or develop their own personalized recommendation solution platform. Inside Tracker charges \$179 to \$589 upfront, depending on the plan, and provides its fitness and nutrition app for free to consumers. SaaS is a more optimal business model as it often optimizes customer lifetime value. **Everlywell** could also provide a subscription service to allow individuals to redo tests at a regular cadence. This service could integrate with a fitness/nutrition platform, allowing users to track changes and adapt their lifestyle habits.

Figure 19.

Everlywell financing history





SELECT COMPANY HIGHLIGHT | FLEXIT



Founded
2018

Last financing:
Raised **\$1.8M** in seed round

Employees:
60

Financing form:
Convertible debt

Gyms and studio partners
3,000

Investor:
KarpReily

Available in
25 states

Overview

FlexIt is an end-to-end digital fitness marketplace offering virtual training and in-gym access through a flexible, pay-per-use model. **FlexIt** partners with various gyms (such as 24 Hour Fitness, Blink Fitness, Crunch Fitness, and Gold's Gym) to provide a pay-per-minute gym access model in which customers can visit a range of gyms and only pay for the time they use. Customers scan the **FlexIt** code when entering and exiting the gym to track time spent. When COVID-19 hit and gyms closed, **FlexIt** experienced a substantial drop in revenue and realized it would need to adapt its product offering to remain in business. **FlexIt** launched Virtual Personal Training (VPT) in July 2021. VPT facilitates live, on-demand, 1-on-1 personal training sessions with a certified personal trainer. Clients can book and take the session directly on **FlexIt**'s website or app using proprietary video technology. The company partners with gyms and studios and sells direct to consumers. **FlexIt** charges consumers \$60-\$80 per hour for personal training and provides a portion of that revenue to partner gyms. Gyms then use that money to pay their trainers. It does not provide a platform for individual trainers to market themselves and does not pay trainers directly. VPT now generates over half of **FlexIt**'s revenue. The company's CEO, Austin Cohen, reported that February 2021 generated the most revenue since March 2020 and attributes the growth to VPT.

FlexIt also builds white-labeled platforms for companies and gyms. Gyms use the company's white-labeled platform to provide training to their members. When utilizing the white-labeled platforms, gyms are responsible for acquiring their customers and charge consumers directly, generating higher revenues. **FlexIt** raised \$1.8 million in seed fundraising in July 2020 and plans to raise another round in late 2020 or early 2021 pending growth and market conditions.

Leadership

FlexIt has been led by CEO and founder Austin Cohen since 2018. Cohen, a partner at private aviation unicorn WheelsUp (public offering through SPAC, currently valued at \$2 billion+), brings startup and VC experience to the table. COO Justin Turetsky, with experience growing professional services businesses and emerging companies, is a member of the founding team.

Competitors

While **FlexIt** strives to be the leader in two-way communication in fitness we foresee potential competition from at-home adaptive smart fitness devices such as **Tonal** and Nordic Trak. **FlexIt** prides itself in providing individuals the opportunity to work out from the comfort of their



SELECT COMPANY HIGHLIGHT | FLEXIT

own homes without the intimidation some may feel at a gym while also receiving personalized training from a coach. As AI and ML improve, at-home fitness devices are providing similar experiences. For example, **Tonal** tracks individual strength progression and automatically increases load as the user gains strength. However, personal training with a real instructor can provide a higher level of accountability and personalization. Though several providers offer live and on-demand classes, class size is typically large with minimal athlete-trainer interaction. We believe device providers may begin to offer virtual 1:1 or small group training sessions. To do so, device providers may use develop a proprietary platform or partner with companies such as **FlexIt**. The high upfront costs of these devices can pose a barrier to many consumers. **FlexIt** may be able to attract consumers who have the funds to purchase personal training packs but fear investing around \$2,000 in a device (**Peloton** and **Tonal** retail for around \$2,000 each, plus around \$40/month for classes).

Other competition comes from traditional video platforms such as Zoom. **FlexIt's** platform is designed for physical training; features include live in-session drawing, music integration, stopwatch functions, and custom views for an optimal training experience. Larger videoconferencing providers could improve their platform to offer similar services or potentially acquire **FlexIt**. Additional competition comes from individual trainers not associated with a gym or studio. Long term, we believe **FlexIt** should consider expanding to offer services for private trainers. Failure to do so may curtail market share. Marketplace platforms such as **ClassPass**, FitReserve, and Fitternity compete with **FlexIt's** pay-per-minute gym entry product. These marketplaces allow consumers to visit various gyms commitment-free.

Outlook

We believe **FlexIt** may be a good acquisition target for recovery companies, major fitness chain operators, hospitality companies, or other fitness industry vendors such as client- and member-management SaaS companies. Gyms amplified focus on online offerings during the height of the pandemic; now that most gyms can reopen, many are reorienting focus toward signing up new members. Thus, many gyms are willing to outsource the virtual component of fitness, bolstering market opportunity for **FlexIt** and similar providers. Employers and insurers may partner with **FlexIt** to increase consumer wellbeing. Similar partnerships include USAA's partnership with Active&Fit Direct and Aetna's partnership with VC-backed **Peerfit**.



SELECT COMPANY HIGHLIGHT | 23ANDME



Founded
2006

Employees:
660

Total raised:
\$1.1 billion

Valuation
\$3.5 billion

Overview

23andMe is a US-based personal genomics and biotechnology company. In 2007, it began to offer DTC autosomal, saliva-based DNA testing. In its nascence, the company battled with US regulations but adapted its health component in 2015 to meet FDA approval. This made **23andMe** the first and only direct-to-consumer DNA test that includes FDA-authorized Genetic Health Risk, Cancer Predisposition, Carrier Status, and Pharmacogenetics reports. **23andMe** has generated genetic tests for over 11 million users worldwide.¹⁰ Unfortunately, long-term profitability for DTC genetic test providers is minimal; the nature of the product is a one-and-done service and the number of consumers interested in conducting a test is depleted as 30 million people globally have taken a DNA test.¹¹ In early 2020, **23andMe** and Ancestry.com, a main competitor, laid off 14% and 6% of employees, respectively.¹²

To remain afloat, **23andMe** pivoted focus toward drug development. With 80% of customers consenting to participate in genetic research, it has built the largest retraceable database for genetic research.¹³ **23andMe** uses this data to conduct research independently and in

collaboration with third parties such as academic institutions, pharmaceutical companies, and nonprofits. In 2018, it received \$300.0 million from GlaxoSmithKline (GSK) for agreeing to a four-year exclusive collaboration contract. The companies hoped to combine **23andMe**'s large-scale genetic resources and advanced data science skills with the scientific and medical knowledge and commercialization expertise of GSK to drive discovery of novel, genetically validated drug targets. In July 2020, the company began its first human clinical trial with cancer therapy.

In February 2021, **23andMe** reached a definitive agreement to acquire VG Acquisition through a reverse merger for \$509.0 million and is in conversation to receive \$250.0 million through a PIPE. The reverse merger will deliver \$759.0 million to the company, bumping its valuation to \$3.5 billion.

10: "23andMe: Analyst Day," 23andMe, n.d.

11: "Why DNA Tests are Suddenly Popular," Vox, Rani Molla, February 13, 2020.

12: "Ancestry to Lay Off 6% of Workforce Because of a Slowdown in the Consumer DNA-testing Market," CNBC, Christina Farr, February 5, 2020.

13: "23andMe Who We Are," 23andMe, n.d



SELECT COMPANY HIGHLIGHT | 23ANDME

Outlook

In our view, **23andMe** has a long-term growth potential despite its current financials. 2020 revenue was \$305.0 million with a gross margin around 45%, with revenue expected to grow to \$400.0 million by 2024. We do not foresee strong revenue potential from its DTC genetic test division but believe its collaboration with GSK and database provides the company a strong advantage in the world of drug development. However, over the long term, we believe genetic data will become more readily available to therapeutic drug developers, potentially mitigating its industry advantage. As data from RPM becomes more readily available, we believe a partnership between **23andMe** and an RPM provider could allow the company to retain its advantageous position.

Investments/acquisitions

- April 21, 2021** Orchid Bioscience, \$4.5 million, VC investment
- July 20, 2015** Doctor on Demand, \$67.0 million, VC Investment
- July 10, 2012** Cure Together, Acquisition

Leadership

23andMe is female-lead by co-founder Anne Wojcicki. Prior to starting the company, Wojcicki spent a decade on Wall Street investing in healthcare. Joyce Tung joined **23andMe** in 2007 and leads the research team. Kathy Hibbs joined as Chief Legal and Regulatory Officer in 2014.

Figure 20.
23andMe financing history





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