PitchBook

EMERGING TECH RESEARCH

Enterprise Healthtech

Q2 2021 VC update

Contents

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This report serves as a quarterly snapshot of the enterprise healthtech vertical in Q2 2021. For a comprehensive, detailed analysis of the enterprise healthtech 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 incentive is driving key stakeholders—patients, providers, payers, and governments—to invest technologies that seek to improve treatment discovery and delivery methods. Health spending accounted for 17.7% of US GDP in 2019,[1] and we estimate enterprise healthtech represents a roughly $640 billion industry that will reach $1.3 trillion by 2025 at a roughly 14% CAGR. In recent years, healthtech VC deal activity has spiked as healthcare organizations, clinical trial providers, employers, insurance providers, and policymakers become increasingly willing to adopt tech-oriented solutions.

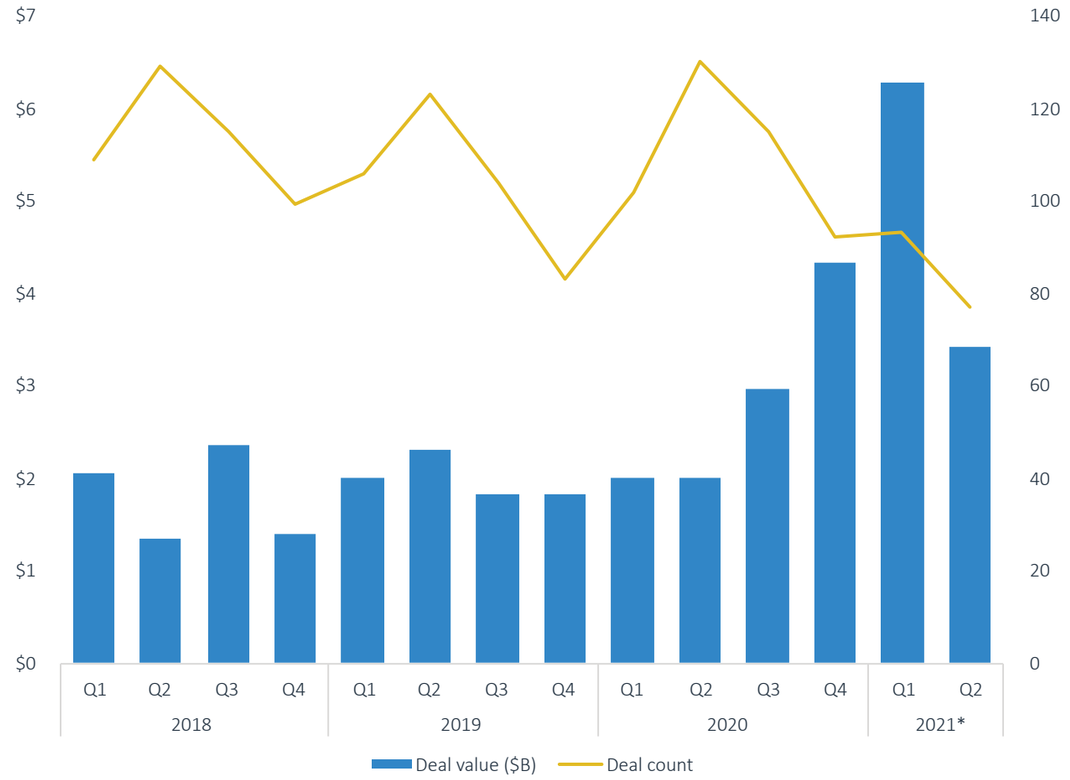
Key factors driving growth in this industry include:

- Technological innovation and the proliferation of mobile devices and apps, as well as the continued evolution of IoT- and AI-related technologies
- Proactive measures taken by healthcare organizations, employers, and insurance providers to reduce the cost of care
- COVID-19-led growth in clinical trial research organizations and virtual clinical trials
- Expanded ability to track and gain access to patient data, thus creating opportunities for analytic and patient management solutions
- Government initiatives to improve healthcare infrastructure, decrease healthcare costs, and increase patient safety and privacy

We segment the enterprise healthtech landscape into the following categories: prescription tech, customer acquisition tools, clinical trial tech, and operations & care management. For our Q2 update, we are also adding an insurance tech (insurtech) segment, which is discussed in more detail in a recent analyst note: **Leveraging Technology to Revamp Health Insurance**.

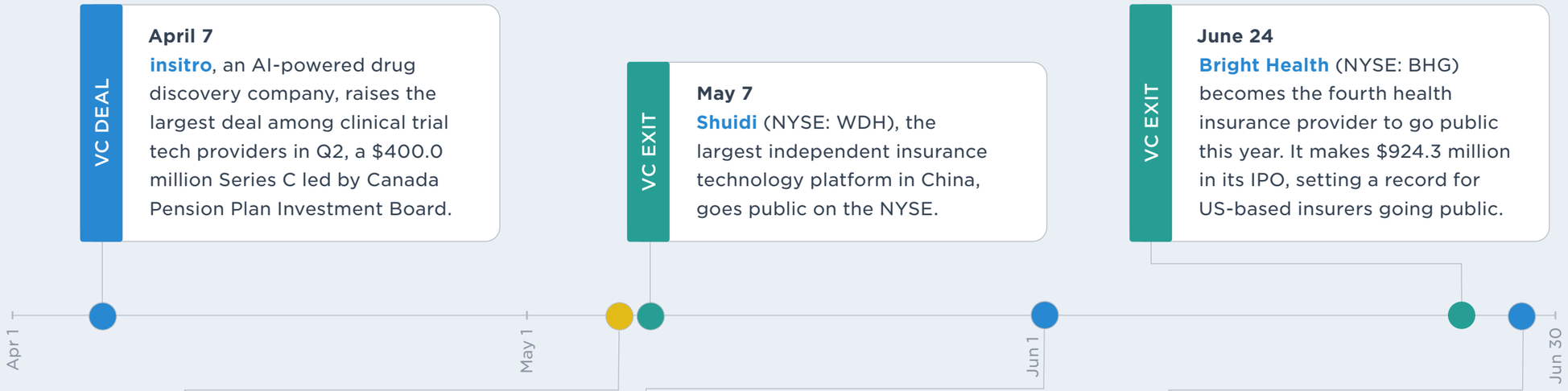
1: **"National Health Expenditures by Type of Service and Source of Funds," Centers for Medicare & Medicaid Services, accessed on July 30, 2021.**

Figure 1. ENTERPRISE HEALTHTECH VC DEAL ACTIVITY BY QUARTER



Source: PitchBook | Geography: Global | *As of June 30, 2021

Q2 2021 timeline



VC DEAL

April 7
insitro, an AI-powered drug discovery company, raises the largest deal among clinical trial tech providers in Q2, a $400.0 million Series C led by Canada Pension Plan Investment Board.

VC EXIT

May 7
Shuidi (NYSE: WDH), the largest independent insurance technology platform in China, goes public on the NYSE.

VC EXIT

June 24
Bright Health (NYSE: BHG) becomes the fourth health insurance provider to go public this year. It makes $924.3 million in its IPO, setting a record for US-based insurers going public.

NEWS

May 6
Amazon Care signs its first enterprise client: **Precor**, a fitness company owned by **Peloton** (NASDAQ: PTON). We expect Amazon Care to provide ample competition to health insurance and telehealth startups.

VC DEAL

June 1
wefox, an insurance broker, raises Q2's largest deal in the enterprise healthtech vertical, a $650.0 million Series C. The company has gained traction with its white-labeled auto, personal liability, and home insurance, but it plans to use the recent fund infusion to expand into new geographies and insurance lines—including health.

VC DEAL

June 29
Gympass, a corporate wellness benefit provider, closes a $220.0 million Series E, thus raising its valuation to $2.2 billion. This marks the second-largest valuation among corporate distribution-focused startups, falling behind only **Babylon Health**'s $4.0 billion valuation. However, we do not view them as competitors.

Q2 VC DEAL SUMMARY

77
total deals

$3.4B
total VC raised

TTM VC DEAL SUMMARY

377
total deals

$17.0B
total VC raised

Enterprise healthtech 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 · 妙手医生 · visby medical · PEAR · Carbon Health · ConcertoCare · mindstrong · AIRSTRIP · strive HEALTH · HotSpot Therapeutics · Lifelmage · HotSpot Therapeutics · Lifelmage · SchoolCare · lumeon · medici · ARTERYS · Linkedcare 领健

Healthcare analytics & Big Data

lumiraDx · komodo · innovaccer · AETION · syapse · BrightInsight · 数坤科技 SHUKUN · biofourmis · 森亿智能 SYNYI·AI · Vineti · potrero · REDOX · Better · NUNA · GNS HEALTHCARE · apervita · pieces

Hospital management

VillageMD · 平安医保科技 · Olive · 医联 · LeanTaaS · Clarify · UNITE US · caresyntax · kareo · HNIhealthcare

Customer acquisition tools

Scheduling & marketing platforms

微医 · classpass · Zocdoc · Doctolib · calendly · Gympass · LetsGetChecked · 好大夫在线 · practo · heal · KYRUUS · ZnanyLekarz · rightway · PATIENTPOP · AKTANA · Headway · trusted · JOBBER · amino · Vezeeta · schedulicity · Solv.

Corporate distribution

babylon · gusto · Welltok · vida · Modern Health · spring health · cleo · dacadoo · cxagroup · centrical · flare · welldoc

Clinical trial technology

Patient recruitment & retention

TEMPUS · Science 37 · Medable · teckro · antidote · trialbee · HealthMatch · DEEP 6 AI · CIRCUIT CLINICAL · SubjectWell · Curebase · inato · Clara

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

Invita · MENDEL · Valo · 药研社 · Verana Health · Florence · DATAVANT · ReifyHEALTH · SIGNALPATH · medrio · MEDnet · castor · 4G CLINICAL · Complion · CLINICAL MAESTRO

Electronic clinical outcome assessment (eCOA)

koneksa health · UNLEARN · ClaritasRx · HumanFirst · umotif

Prescription technology

E-pharmacy

ZurRose Group · Pill Pack · MedAvail · ro · 上药云健康 · alto · 1药网 · MEDLY · 1mg · netmeds.com India #1 Pharmacy · 泉源堂大药房 · Nimble · 快方 · scriptdrop · NowRx · SPH 上海医药 · POCKETPILLS · farmalisto · Jio Health · DIGI-PREX · Bicycle Health · dawaai

Pharmacy automation technology

Millennium Pharmacy Systems Inc. · TALYST · ARxIUM · 健康信息 · ASTERES · KITCHECK · mPharma · INTERlink · NEW ICON · orbital RX · HighRes biosolutions

E-prescription

ZappRx · xealth · Synapse · memed · RXLIGHTNING · eazyScripts

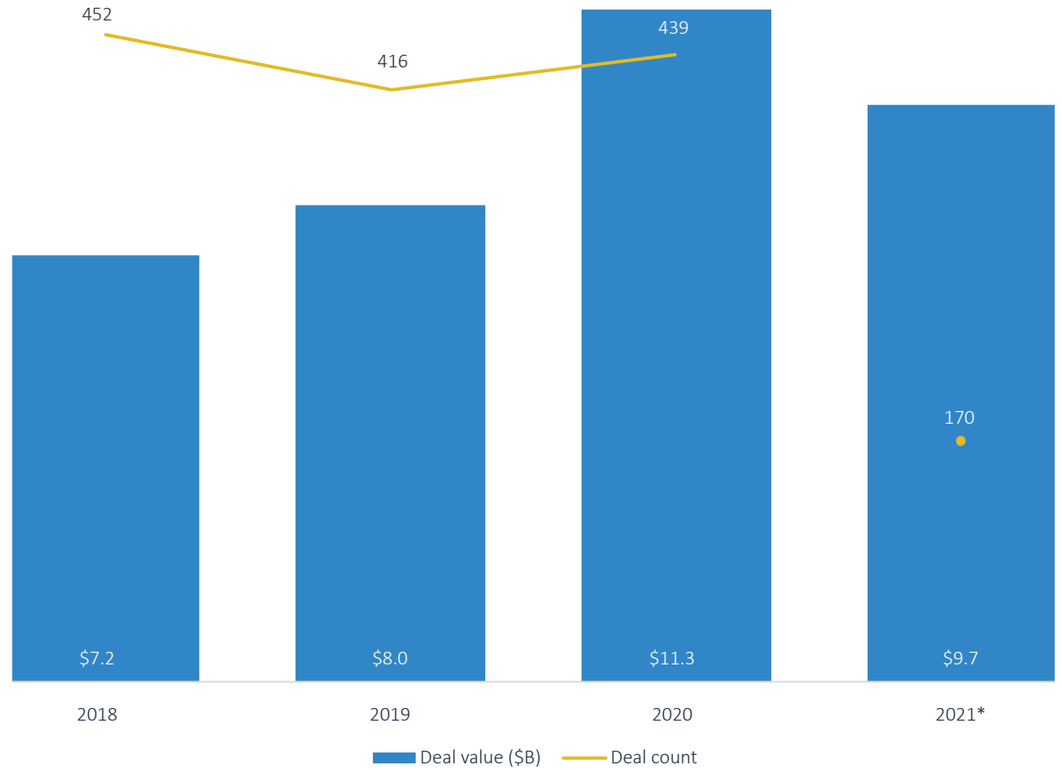
VC activity

Enterprise healthtech VC deal value and count both declined in Q2, with $3.4 billion invested across 77 deals, down from $6.3 billion invested across 93 deals in Q1. The quarter set a record low for quarterly deal count since 2014. Deal value, while lower than Q1 2021 and Q4 2020, surpassed all previous quarters, thereby signifying industry maturity as the average deal size increases.

The operations & care management segment largely drove the decline in deal value QoQ. Due to a lack of mega-deals, only $673.5 million was raised for the segment in Q2, which is down from $2.8 billion in the previous quarter. We tracked just three mega-deals in Q2, compared with the nine closed in Q1. Furthermore, **VillageMD**'s Q1 $1.0 billion late-stage VC round eclipsed more than one third of Q2's deal value. **AlayaCare**, a homecare management software provider, raised the segment's largest deal in the quarter, a $184.9 million Series D. The insurtech and customer acquisition tool segments were the only segments to experience an increase in deal value QoQ. **wefox**, an insurance broker, raised the largest enterprise healthtech deal tracked in Q2 2021, a $650.0 million Series C. The company has gained traction with its white-labeled auto, personal liability, and home insurance, but it plans to use the recent fund infusion to expand into new geographies and insurance lines—including health. We believe this deal reflects a broader trend, wherein general insurance brokers are expanding their offerings to include health insurance products.

Though with fewer exits, Q2's exit value increased relative to Q1's levels, with $15.1 billion in exit value generated by nine exits. We tracked two IPOs, four leveraged buyouts (LBOs), and three M&A in Q2. **Shuidi** and **Bright Health** joined the health insurtech IPO bandwagon. In Q1, health insurers **Oscar** (NYSE: OSCR), **Dialogue** (TSE: CARE), and **Clover Health** (NASDAQ:

Figure 2. ENTERPRISE HEALTHTECH VC DEAL ACTIVITY

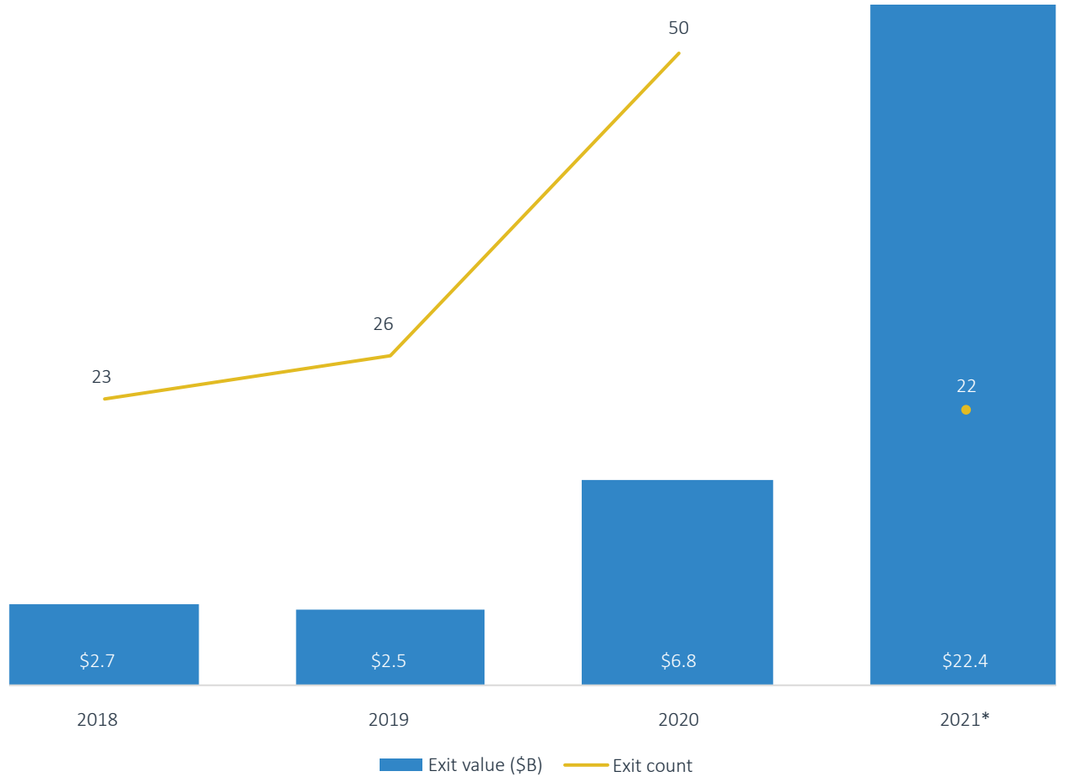


Source: PitchBook | Geography: Global | *As of June 30, 2021

VC ACTIVITY

CLOV) went public. **Shuidi**, the only Chinese insurance provider, boasts the highest market cap, at $25.6 billion, while the other four companies target the US market and have market caps ranging from $756.7 million to $10.3 billion. Though none of the companies are currently profitable, they have all experienced substantial revenue increases in the past year. Health insurers are racing to market and require large amounts of capital to meet minimum surplus capital regulations and invest in value-based care (VBC) technology to decrease long-term costs. **Appriss Health**, a cloud-based behavioral health care provider, acquired **PatientPing**, a physical care coordination platform. The combined business enables healthcare providers to collaborate on shared patients across the entire care spectrum.

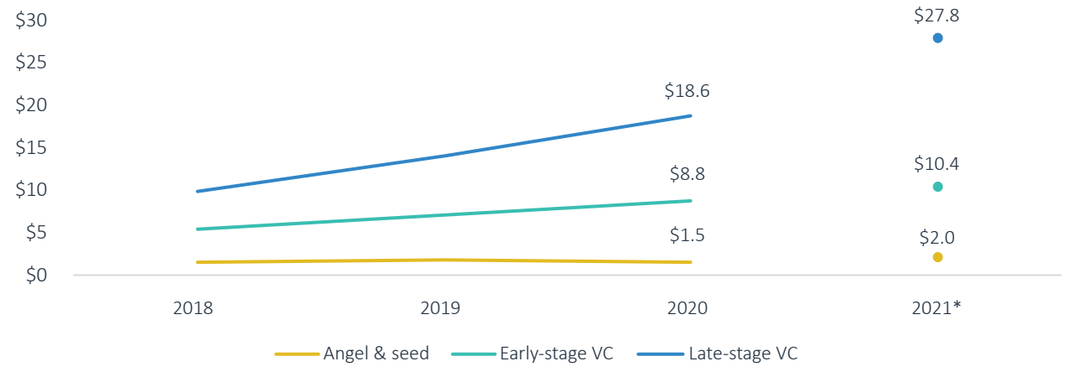
Figure 3. ENTERPRISE HEALTHTECH VC EXIT ACTIVITY



Source: PitchBook | Geography: Global | *As of June 30, 2021

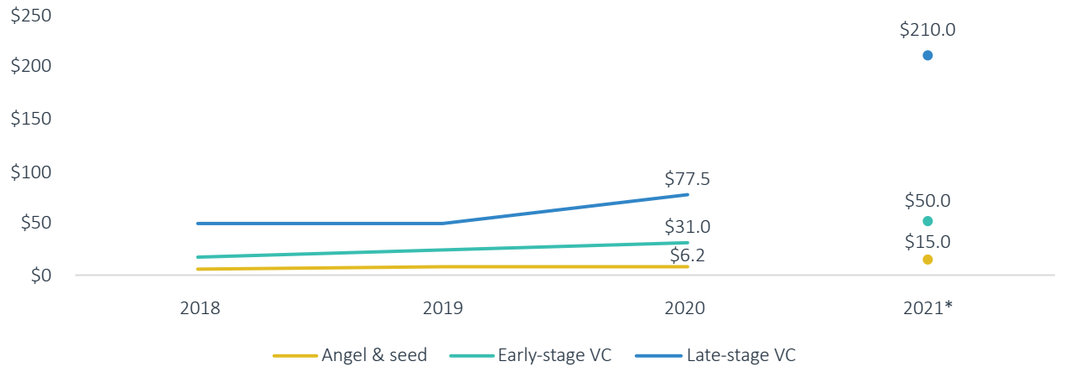
VC ACTIVITY

Figure 4. MEDIAN ENTERPRISE HEALTHTECH VC DEAL SIZE ($M) BY STAGE



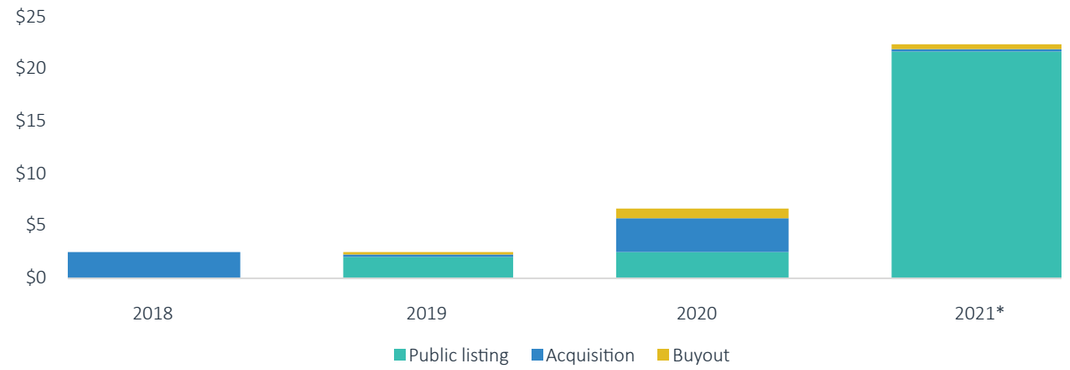
Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 5. MEDIAN ENTERPRISE HEALTHTECH VC PRE-MONEY VALUATION ($M) BY STAGE



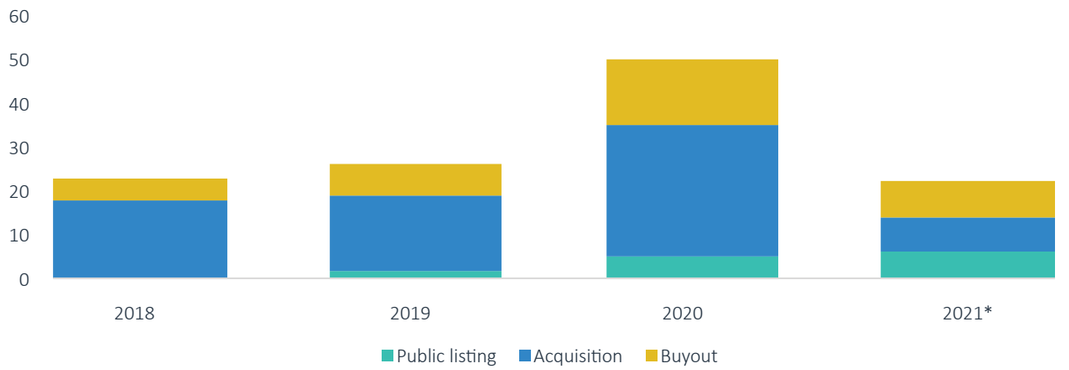
Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 6. ENTERPRISE HEALTHTECH VC EXITS ($B) BY TYPE



Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 7. ENTERPRISE HEALTHTECH VC EXITS (#) BY TYPE



Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 8.

Key enterprise healthtech early-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE ($M)	LEAD INVESTOR(S)	VALUATION STEP-UP*
Headway	May 4, 2021	Scheduling and marketing platforms	Series B	$70.0	Andreessen Horowitz	6.0x
Nayya	June 2, 2021	Operations tech	Series B	$37.0	ICONIQ Capital, SVB Capital	4.9x
Cohere Health	April 6, 2021	Hospital management	Series B	$36.0	Polaris Partners	N/A
Bicycle Health	June 14, 2021	E-pharmacy	Series A	$27.0	Questa Capital	N/A
Level	April 16, 2021	Marketplace & benefit platforms	Series A	$27.0	Lightspeed Venture Partners, Khosla Ventures	5.6x
Doctrin	June 21, 2021	Patient management	Early-stage VC	$15.8	HealthCap, Swedbank Robur, Capio	N/A
Plum	May 28, 2021	Marketplace & benefit platforms	Series A	$15.5	Tiger Global Management	3.7x
Brella Insurance	April 29, 2021	Insurance providers	Series A	$15.0	Brewer Lane Ventures	N/A
Curebase	April 28, 2021	Clinical trial management	Series A	$15.0	GGV Capital	4.9x
Catch	June 29, 2021	Marketplace & benefit platforms	Early-stage VC	$11.5	Green Shield	1.1x

Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 9.

Key enterprise healthtech late-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE ($M)	LEAD INVESTOR(S)	VALUATION STEP-UP*
wefox	June 1, 2021	Operations tech	Series C	$650.0	Target Global	N/A
insitro	April 7, 2021	CTM & EDC systems	Series C	$400.0	Canada Pension Plan Investment Board	3.4x
Collective Health	May 3, 2021	Insurance providers	Series F	$280.0	Health Care Service Corp.	2.3x
Gympass	June 29, 2021	Scheduling and marketing platforms	Series E	$220.0	SoftBank Investment Advisers	2.0x
Alan	April 19, 2021	Insurance providers	Series D	$219.4	Coatue Management	2.7x
AlayaCare	June 23, 2021	Hospital management	Series D	$184.9	Generation Investment Management	N/A
LetsGetChecked	May 28, 2021	Scheduling and marketing platforms	Series D	$150.0	Casdin Capital	N/A
Aetion	May 11, 2021	Healthcare analytics & Big Data	Series C	$110.0	Warburg Pincus	2.1x
Caresyntax	April 28, 2021	Hospital management	Series C	$100.0	PFM Health Sciences	N/A
Medable	April 15, 2021	Patient recruitment and retention	Series C2	$78.0	Sapphire Ventures	2.1x

Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 10.

Key enterprise healthtech VC exits

COMPANY	CLOSE DATE	SUBSEGMENT	EXIT SIZE ($M)	EXIT TYPE	ACQUIRER(S)/STOCK EXCHANGE	POST-MONEY VALUATION ($M)*
Bright Health	June 24, 2021	Insurance providers	$10,152.4	IPO	NYSE	$11,076.7
Shuidi	May 7, 2021	Insurance providers	$4,369.5	IPO	NYSE	$4,729.5
PatientPing	May 6, 2021	Patient management	$500.0	Buyout/LBO	Appriss, Auburn Hill Capital, Clearlake Capital Group, Norwest Venture Partners, Insight Partners	$500.0
Memed	April 29, 2021	E-prescribe	$53.5	M&A	DNA Capital	$53.5
ForceClouds	May 28, 2021	Healthcare analytics & Big Data	N/A	M&A	Tencent Industry Win-Win Fund	N/A
Doctor On Demand	May 11, 2021	Scheduling and marketing platforms	N/A	Buyout/LBO	Grand Round Health, The Carlyle Group	N/A
EnterMedicare	June 8, 2021	Operations tech	N/A	Buyout/LBO	Altas Partners, Hellman & Friedman, AlpInvest Partners, Hub International, HarbourVest Partners	N/A
Cmed	May 1, 2021	CTM & EDC systems	N/A	M&A	Alten	N/A
Maize Analytics	May 10, 2021	Patient management	N/A	Buyout/LBO	SecureLink, Cove Hill Partners, Vista Equity Partners	N/A

Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 11.

Key strategic acquirers of enterprise healthtech companies since 2017

INVESTOR	DEAL COUNT*	INVESTOR TYPE
Teladoc Health	3	Corporation
NextGen Healthcare	3	Corporation
IQVIA	3	Corporation
Health Catalyst	3	Corporation
Elekta	2	Corporation
Press Ganey Associates	2	PE-backed company
HealthEdge	2	VC-backed company
Nuance Communications	2	Corporation
GetWellNetwork	2	PE-backed company
WellSky	2	PE-backed company

Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 12.

Top VC investors in enterprise healthtech companies since 2017

INVESTOR	DEAL COUNT*	INVESTOR TYPE
F-Prime Capital	47	VC
New Enterprise Associates	43	VC
GV	40	CVC
Khosla Ventures	35	VC
General Catalyst	34	VC
Echo Health Ventures	29	VC
Founders Fund	29	VC
Blue Venture Fund	28	CVC
First Round Capital	28	VC

Source: PitchBook | Geography: Global | *As of June 30, 2021

Emerging opportunities

Health insurance tech

Startups see tech as a balm to treat gaps in the insurance market.

Patient engagement solutions

Patient engagement solutions drive customer satisfaction while reducing operational costs.

Real-world evidence

The proliferation of real-world data drives startup opportunities and facilitates clinical trials.

Health insurance tech

Rampant rising healthcare costs, coupled with steadily improving technological capabilities, are creating opportunities for startups to build viable models that address gaps in the insurance market. Startups are working to revamp the health insurance market by developing new insurance models to compete with incumbents; creating operational technology to enable incumbent and startup insurers to lower costs; and building marketplaces and benefit management platforms to provide plan comparison tools, clearly explain benefits, and improve price transparency for consumers.

Health insurtech startups are transforming the industry by creating the following solutions:

- **Health insurers:** Startups that offer traditional health insurance products, often for targeted markets (for example, direct-to-consumer, Medicare Advantage, or employer-sponsored)

- **Insurance operation tech:** Providers of operational and analytical solutions for insurance providers. Services include claims adjudication, billing management systems, patient enrollment, marketing, mailroom correspondence management, and patient eligibility verification solutions. While the Affordable Care Act mitigated the medical insurance underwriting market in the US, underwriting technology remains prevalent internationally.

- **Marketplaces and benefits management:** In addition to providing valuable information hubs for customers, insurance marketplaces represent a key distribution and onboarding channel. Key benefit management functions consist of plan information, appointment scheduling, and prescription pricing information.

We have tracked significant VC funding for insurtech startups ($2.3 billion in H1 2021 and $2.9 billion in 2020), with most funding going toward health insurer startups.

Drivers

Startups have ample opportunities to disrupt the industry due to multiple factors, including increased prevalence of shared-risk business models, heightened focus on VBC, a proliferation of healthcare data, dismal consumer experience ratings, and the rise of Medicare Advantage.

- Stakeholders—including governments, providers, and payers—are developing shared-risk business models to incentivize preventative care and encourage lower-cost treatments, thus requiring more convergence and data sharing between insurance and care providers as they work to optimize treatments, payments, and risk analysis. This trend drives opportunities for insurance startups looking to improve legacy processes and increase data utilization.

- The growth and increased availability of healthcare data enable startups to build patient management platforms that provide the risk-takers—including insurers, risk-taking providers, and self-insured employers—with a better understanding of individual healthcare needs. These solutions flag potential health implications, provide personalized medical care guidance, and enable insurers to engage with high-risk patients.

- Medicare Advantage is the fastest-growing line of business for many health plans. This creates fertile territory for insurance marketplace providers that help consumers find and

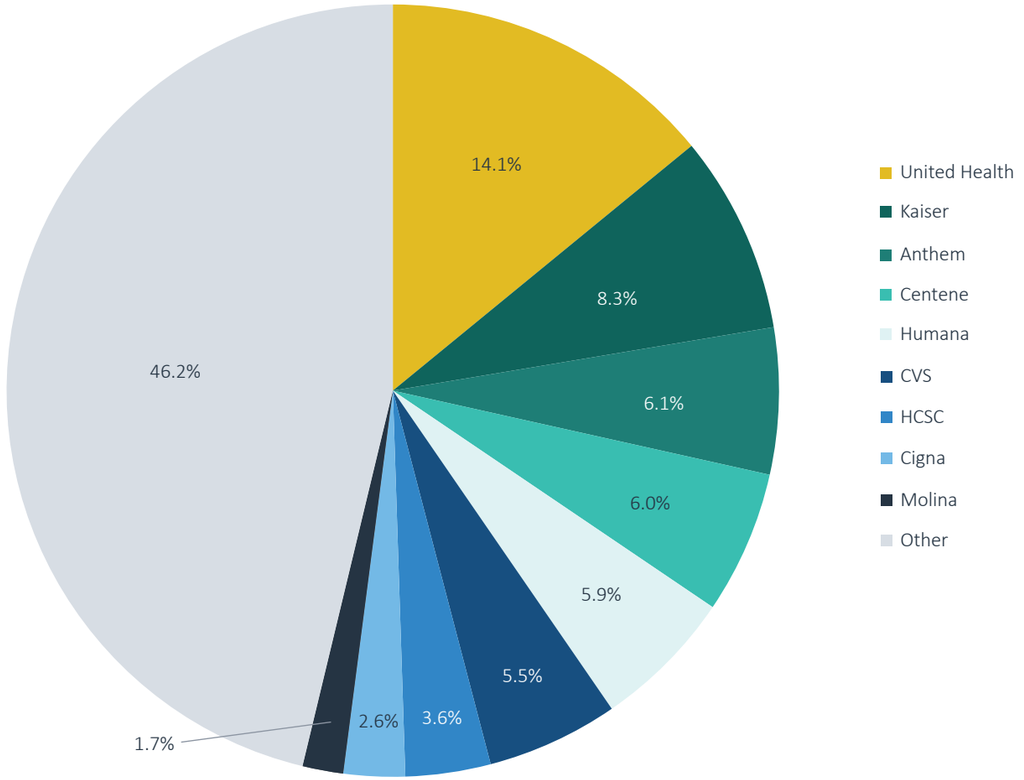
enroll in the best possible plans. Further, Centers for Medicare & Medicaid Services (CMS) utilizes customer satisfaction ratings to determine reimbursement levels.

- With an industry average net promoter score (NPS) of only 19%,[2] insurers are now striving to increase ratings. This effort creates an opportunity for benefit management and consumer engagement technology startups focused on helping insurers improve customer experience flows through upgraded product portals, mobile apps, recommendation assistants, chatbots, and unified digital service centers.

Market size

Fortune Business Insights expects the global health insurance market to grow at a 5.5% CAGR from 2021 to reach $3.1 billion in 2028. Insurance providers will account for $3.0 billion of the market.[3] However, the industry is largely owned by incumbent insurers, with the top five incumbents accounting for 40.4% of the market. Startups will need to steal market share from incumbents to be successful long term. Startups developing benefit and marketplace platforms may have an easier time entering the market. We expect the market will grow at a 12.0% CAGR and be ripe for startups, with minimal incumbent ownership of the space.

Figure 13. ACCIDENT AND HEALTH INSURANCE INDUSTRY PROPERTY/CASUALTY, LIFE/ HEALTH, AND HEALTH INSURERS 2020 MARKET SHARE BY TOTAL PREMIUMS



Source: Data provided with permission by **NAIC** | Geography: US & Canada

2: **"What Is a Good NPS Score (2021 Benchmark)," Doter, Sushant Kumar, March 11, 2021.**
3: **"Health Insurance Market Size 2021 | Is Set To Reach USD 3,038.6 Billion by 2028 with 5.5% CAGR," yahoo! Finance, Fortune Business Insights, May 16, 2021.**

Outlook

More connected stack between payers and providers: Rising health costs encourage insurers to proactively manage patient health, thereby leading insurers to invest in VBC technology. To ensure investments are fully utilized, insurers are sharing risk with providers. Insurance provider **Bright Health** uses an "under-one-roof" model: It partners with just one health system in each market in which it operates. **Bright Health** claims that this care model produces superior outcomes for customers and lowers healthcare costs overall.

Pain-point targeted technology: Incumbent insurers are often slow to transform or lack the capital necessary to adopt a full suite of VBC solutions. Instead, they seek solutions with low upfront outlays that will quickly deliver visible results, such as increased member engagement and lower costs. We believe companies do not need a full suite of solutions to partner with risk-takers. Rather, they must offer pain-point targeted technology that enables risk-takers to capitalize on early wins. For example, **pulseData** uses AI & ML to understand patient data and predict outcomes for chronic kidney disease and end-stage renal disease. By targeting kidney disease, which accounts for roughly 20% of Medicare spending in the US,[4] **pulseData** can potentially provide quick wins to customers. Risk-takers will use these savings to further invest into VBC technology.

In healthcare, implementing new technology can be a timely process. Insurers must both train providers to use and then implement the software with various patient management and electronic health record (EHR) systems. Therefore, risk-takers will likely prefer partnering with the same technology providers. In the long term, providers that were first to secure partnerships will likely perform well if they expand product offerings to keep up with new entrants.

Increased reliance on monitoring devices and wellness providers: More and more, insurers are leveraging monitoring devices to understand real-time and longer-trend consumer wellness data and develop initiatives to support healthier members. In September 2019, **Humana** (NYSE: HUM), a health insurer, announced a partnership with Fitbit. In 2014, **Oscar** provided its members with a free Misfit Flash, a fitness and sleep monitor. **Beam Dental** uses IoT technology to personalize insurance plans based on individuals' teeth-brushing data. Its smart toothbrush tracks customer tooth-care activity, and the company claims to offer rates up to 25% lower than competitors.[5]

4: **"CMS Announces Chronic Kidney Disease Care Model for Medicare Beneficiaries," Healthcare Finance, Jeff Lagasse, September 18, 2020.**

5: **"Meet a Startup Building an Insurance Business Around a Connected Toothbrush," *Fortune*, Stacey Higginbotham, June 26, 2015.**

Patient engagement solutions

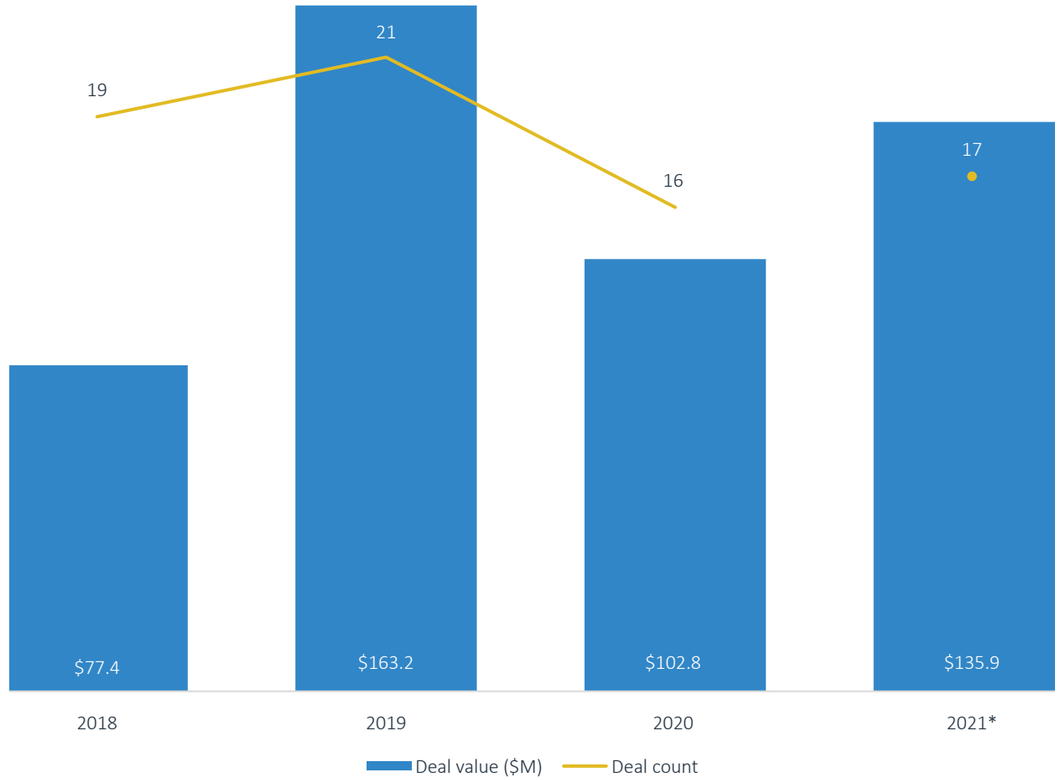
As patients become accustomed to digital engagement and customer service, they demand the same level of service from providers. Rising patient financial responsibility further heightens patient expectations. Patient engagement software enables providers to communicate with patients and deliver a robust, flexible patient experience while limiting labor costs. We anticipate the global patient engagement solutions market to grow at a 13.5% CAGR to $38.5 billion in 2027.

Common capabilities of patient engagement software

First-generation patient engagement software solutions were limited to one-way push communication from providers to patients. Now, top patient engagement software provides various services spanning practice management, medical billing, marketing automation, and customer relationship management. We believe providers likely to succeed will provide several of the following capabilities and solutions:

- **View-download-transmit:** Allows patients to view, download, and transmit protected health information between providers
- **Patient registration:** Allows patients to complete new-patient forms online
- **Secure messaging:** Transmits encrypted e-communications between patients and providers
- **Patient scheduling and appointment reminders:** Enables patients to request, schedule, and confirm appointments and sends automated reminders via text, email, or call
- **Patient check in:** Enables patients to e-check in to appointments

Figure 14. PATIENT ENGAGEMENT SOLUTIONS VC DEAL ACTIVITY



Source: PitchBook | Geography: Global | *As of June 30, 2021

PATIENT ENGAGEMENT SOLUTIONS

- **Strong integration:** Integrates data into external scheduling and EHR platforms
- **Prescription refills:** Allows patients to e-request prescription refills
- **Online bill payment/statements:** Provides payment options and collects patients' payments
- **Patient education resources:** Allows providers to electronically send patients' care recommendations
- **Marketing automation:** Enables providers to foster the patient-doctor relationship through disseminating practice news and patient education resources

Standalone versus pre-integrated solutions

Several EHR and practice management systems sell patient management add-on solutions. Selecting an EHR with pre-integrated patient engagement solutions may increase efficiencies and mitigate integration costs. However, all-in-one, pre-integrated systems often lack non-incentivized features such as online bill pay, patient registration, and scheduling. Key integrated solution providers include Epic Systems, **Kareo**, athenahealth, and **DrChrono**. Standalone systems, such as SONIFI Health and **Allen Technologies**, often provide a wider range of features and stronger user experiences. However, sunk costs may dissuade hospitals from adapting existing infrastructure. Furthermore, though third-party providers strive to develop software that integrates with various EHRs, some EHRs refuse to accept third-party patient engagement integrations. This limits hospital and practice options and hinders third-party provider success. Developing partnerships with leading EHR providers may increase revenue potential for third-party solutions. **Cerner** (NASDAQ: CERN), a leading EHR, partnered with a third-party patient engagement solutions provider, GetWellNetwork, in September 2020.

Figure 15. ROI INDICATORS FOR HOSPITALS

- Patient no-shows
- Appointment vacancies
- Number of weekly and monthly appointments
- Patient payments
- Accounts receivable days/ days to collect (by payer)
- Number of online reviews
- Average patient satisfaction rating
- Patient time waiting
- Portal adoption and utilization
- New patient appointments
- New patients added
- Incoming call volume
- Ease of reporting for merit-based incentive payment system (MIPS), patient-centered medical home (PCMH), and other quality initiatives

Real-world evidence

The quantity of routinely collected data has skyrocketed due to the rise of mobile and digital health apps, EHRs, biometric trackers, and remote patient monitoring (RPM) devices. This "real-world data" (RWD) and subsequent "real-world evidence" (RWE) have the potential to be useful across the entire healthcare ecosystem—including for clinical trials, care provision, determining treatment outcomes, and post-care safety monitoring.

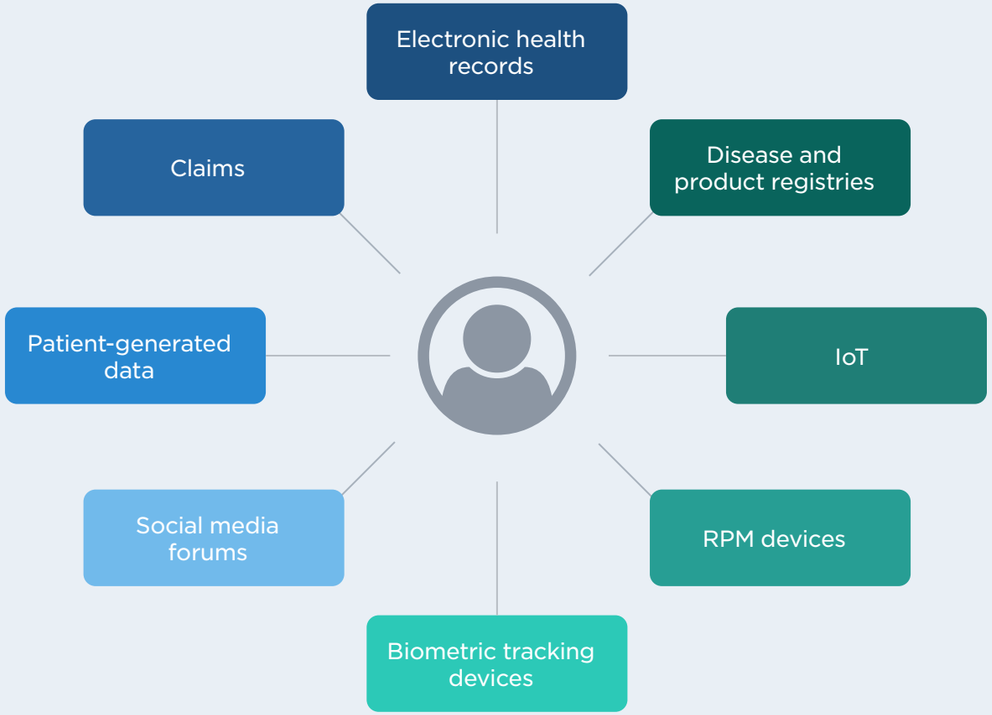
Use-case opportunities

Drug discovery: To develop new drugs, researchers must understand how diseases function over time. RWE allows researchers to observe patient variances concerning previous and coexisting conditions and past treatment response, in addition to collecting longitudinal clinical data.

Drug approval: Historically, randomized controlled trials were used to evaluate new interventions. However, random trials have many issues—including small patient subsets, lack of diversity, patient recruitment difficulties, and multiyear timelines before making it to practice. While RWE is unlikely to fully replace random trials, it can serve as a complement, and it is beginning to take a larger role in drug approval as regulatory agencies develop new legislation and frameworks to encourage its use. For example, a US Food and Drug Administration framework allows the use of RWE in post-approval study requirements. Regulators have also indicated an increased willingness to employ simulated control groups that could halve patient recruitment numbers, thus expediting clinical trials but also potentially shrinking the opportunity for patient recruitment startups such as **Citruslabs** and **Clara**.[6]

Figure 16.

Types of real-world data



6: **"Framework for FDA's Real-World Evidence Program," US Food & Drug Administration, December 2018.**

Post-market evaluation: After drug approval, RWE can be used to monitor post-market safety and adverse events, thereby providing insight into off-label use cases and facilitating strategic marketing decisions. RWE provides insight into patient populations, with the potential to affect how doctors prescribe medicines and how pharmaceutical companies launch new drugs. Real-time IoT and regulatory data may also help reveal new market opportunities and provide market intelligence.

Structuring and standardizing datasets

Startups are building proprietary datasets for use by pharmaceutical firms and healthcare providers. Data collection occurs through the following methods:

Purchasing datasets directly: Data sources include EHR data, claims data, specialty pharmacy data, drug sale data, biometric tracking data, and genomic data, among others. Leading VC-backed data analytics vendors include **Komodo Health** and **CorEvitas**.

Data anonymization and storage solutions: Data de-identification platforms help aggregate anonymized datasets to derive insights, as well as improve privacy and compliance. Startup **Datavant** is pursuing this opportunity.

Consumer-direct healthcare apps: These consumer-focused platforms allow individuals to store and gain access to all their healthcare data in one place. A core advantage to this method includes minimizing data gaps. VC-backed companies include **PicnicHealth** and **AllStripes**.

Genetic tests: Genomic data has become highly sought after. Genetic test providers such as **23andMe** (NASDAQ: ME), **Foundation Medicine**, **Helix**, and **Everlywell** are actively building genomic databases.

Academic partnerships: Many academic societies have aggregated vast amounts of data for research purposes. Startups pursuing this opportunity include **ConcertAI** and **Verana Health**.

Analytic and EHR software: Companies are building specialty-focused EHRs, which record patient health and billing data. EHRs have large, complete datasets, as most other datasets end up being integrated into EHRs. Analytic software integrates into EHRs to provide additional levels on insight, such as patient management recommendations. EHRs and analytic software benefit from two revenues: the technology itself and the data. They are well positioned to develop relationships with providers. Key VC-backed companies include **Holmusk**, **Syapse**, and **Optum**.

RPM and biometric tracking devices: RPMs and biometric trackers gather real-time patient data that can be used to further disease research.

Outlook

Startups will specialize in unique datasets: Startups will likely focus on the most highly monetizable datasets, wherein data tracking is feasible. These include datasets focused on illnesses that attract large investments related to drug development or those that have highly variable patient populations and treatments. VC-backed companies with specialty focuses include **Holmusk** (behavioral health), **Verana Health** (opthalmology and neurology), and **AllStripes** (rare diseases).

REAL-WORLD EVIDENCE

AI & ML will be key to deriving insights from large datasets: Making sense of the growing quantities of RWD will likely require sophisticated analytics, which could result in extensive use of AI & ML techniques suited for processing and deriving insights from exponential data volumes. This could be a growth limiting factor to the extent that startups are able to develop and sustain competent in-house AI processes.

Pharmaceutical companies to bring RWE in house: According to a recent Deloitte study, 70% of pharmaceutical companies are planning to bring real-world evidence analysis functions in house.[7] This could drive exit opportunities for startups as large incumbents pursue acquisition strategies.

7: **"Mission Critical: Biopharma Companies Are Accelerating Real-World Evidence Adoption, Investment, and Application," Deloitte Insights and Center for Health Solutions, Brett Davis, Jeff Morgan, & Sonal Shah, June 28, 2018.**

Select company highlights

SELECT COMPANY HIGHLIGHT | GYMPASS

Gympass

Number of clients
3,000

Number of countries in which it operates
10

Number of employees
1,100

Partner apps and gyms
50,000

Overview

Gympass, a corporate wellness platform, originally focused on providing a fitness network to employers. When COVID-19 hit and most gyms closed, it partnered with mental health wellness providers, thus expanding its ecosystem to include solutions such as meditation apps, one-on-one therapy sessions, and sleep solutions. **Gympass** operates in multiple markets across North America, Latin America, and Europe. The company claims that operating exclusively on a B2B business—and not selling D2C—enables it to generate incremental demand for its partners, which **Gympass** estimates to be around 80%.[8] This dynamic allows the company to add luxury partners for a low cost.

As hybrid work-from-home/in-office plans normalize, employers are reconsidering benefits. **Gympass** believes its ecosystem will serve individuals regardless of their work location. It charges employers a fee to offer its solution to their workforces. This fee includes access to **Gympass**' data-analytics solution, which enables companies' HR departments to better understand how their employees are utilizing the benefit. For example, employers can break down gym engagement by office, learn what the most used solutions are, and understand how benefit-utilization relates to employee turnover. Employees are required to pay $10 to $250 per month depending on the number of gyms, studios, and applications available to gain access to the benefit, though some employers subsidize the fee.

Leadership

Co-founder Cesar Carvalho serves as CEO. Prior to founding **Gympass**, he worked at McKinsey and led business development at CVC. Claudio Franco serves as global CMO.

Competitors

Gympass competes with pinpointed solutions with corporate plans, such as **Calm**, **Ginger**, **Lyra**, and **Headspace**. However, **Gympass**' complete wellness platform provides greater flexibility to the employee than these single-pointed solutions. It also competes with fitness marketplaces that offer corporate plans such as **ClassPass** and **Peerfit**. Solutions offered by these competitors mirror **Gympass**' initial platform before its expansion into mental health. Furthermore, **Gympass** competes with more-traditional corporate wellness platforms such as **Welltok**, **Modern Health**, and **dacadoo**, which develop technology solutions for digital health engagement and health risk quantification.

8: **Cesar Carvalho, Videoconference Interview by Interviewer Kaia Colban, June 25, 2021.**

Outlook

The COVID-19 pandemic galvanized employers to reconsider how to offer benefits and also illuminated the importance of mental health. We believe heightened demand for programs to support employee mental well-being will equip **Gympass** with a competitive advantage against companies that focus exclusively on delivering flexible fitness opportunities. Employers will likely seek out programs with strong analytics that can guide future benefit offering decisions. We believe self-insured employers are more likely than fully insured employers to focus on improving employee health, as they are fully responsible for their employee's medical costs. However, as enhanced well-being benefits become commonplace, we expect all employers will expand their benefits.

Figure 17.

Financing history

SERIES E	SERIES D	SERIES C	SERIES B	SERIES A
June 29, 2021	**June 12, 2019**	**September 18, 2017**	**June 1, 2016**	**May 1, 2015**
Total raised ($M): $621.1	**Total raised ($M):** $401.1	**Total raised ($M):** $101.1	**Total raised ($M):** $23.1	**Total raised ($M):** $8.8
Post-money valuation ($B): $2.2	**Post-money valuation ($B):** $1.0	**Post-money valuation ($M):** $288.0	**Post-money valuation ($M):** $82.0	**Post-money valuation ($M):** $23.0

SELECT COMPANY HIGHLIGHT | LYRA HEALTH

Number of partner doctors
85,000

Number of members
2.2M

Estimated post-money valuation
$4.6B

Overview

Lyra Health, a mental healthcare startup, offers its evidence-based mental health benefits to employers. Its platform uses AI to match patients to therapists, psychiatrists, and coaches for virtual and in-person cognitive behavioral therapy-based sessions. In addition to therapy, users receive personalized digital lessons and gain access to mental health resources such as worksheets, reading materials, and quizzes. In 2020, **Lyra** partnered with **Calm**, a mental health app provider, to increase its product offerings. **Lyra** records user progress to validate its platform and reports 83% of patients experience meaningful symptom improvement. It currently leverages its network of 85,000 coaches, therapists, and psychiatrists to serve over 2.2 million members globally.[9]

Lyra raised a $200 million Series F in June 2021, raising its post-money valuation to $4.6 billion. **Lyra** plans to use the capital to expand its presence globally. Its recent partnership agreement with ICAS, a global employee health and wellness organization, will enable **Lyra** to offer its unified platform in 180 countries and gain support from more than 85,000 mental health providers by 2022.

Leadership

Lyra was founded by David Ebersman, former CFO of both **Facebook** (NASDAQ: FB) and **Genentech**, with the goal of transforming behavioral health and removing access barriers. Connie Chen leads product, clinical operations, and research. Prior to joining **Lyra**, she co-founded **Vida Health**. Jenny Gonsalves serves as the Chief Technology Officer, Matt Klitus serves as Chief Growth Officer, and Eleine Yang serves as Chief Revenue Officer.

Competitors

Lyra competes with internal corporate wellness initiatives, other B2B behavioral wellness providers, and health and wellness programs offered by health insurers. When implementing an employee wellness plan, employers may begin with internal DIY efforts. These efforts are often customized to a company's culture and less expensive but are timely to implement. External wellness providers that can customize their solutions to a company's culture and provide strong analytical insights are best positioned to compete with DIY programs. When comparing corporate wellness solution providers, no clear winner has emerged. **Ginger**, a

9: **"The American Worker in Crisis: Study Finds 83% of U.S. Employees Are Experiencing Mental Health Issues," Lyra, Lyra Health and National Alliance of Healthcare Purchaser Coalitions, July 23, 2020.**

SELECT COMPANY HIGHLIGHT | LYRA HEALTH

healthcare platform that delivers on-demand mental health support, secured a $1.1 billion valuation after raising a $100 million Series E in March 2021. **Talkspace** (NASDAQ: TALK), a digital behavioral healthcare platform, went public through a special purpose acquisition company (SPAC) reverse merger on June 23, 2021, raising its valuation to $1.4 billion. We believe **Lyra**'s clinical validation provides it a large market advantage.

Outlook

One of **Lyra Health**'s main advantages is its real-time evidence demonstrating an 83% efficiency rate.[10] We believe demonstrating clinical effectiveness will be crucial for long-term success. However, gathering real-time data is becoming common practice, as it enables providers to easily analyze solution efficacy. Corporate wellness providers are likely to expand partnerships with insurance providers as VBC becomes standard practice and mental health stigma declines. We believe startups should strive to receive FDA digital health device clearance, as that will increase insurer coverage for their solutions and help secure a competitive advantage in the corporate wellness market.

Figure 19.

Key corporate behavioral health wellness competitors

COMPANY	TOTAL RAISED ($M)	LAST FINANCING STAGE	LAST FINANCING DATE	LAST FINANCING SIZE ($M)*
Meru Health	$43.3	Series B	July 30, 2021	$25.7
Unmind	$63.3	Series B	May 12, 2021	$47.0
Ginger	$236.0	Series E	March 24, 2021	$100.0
Happify Health	$118.8	Series D	March 17, 2021	$73.0
Vida Health	$195.0	Series D	March 12, 2021	$137.0
Modern Health	$170.1	Series D	February 11, 2021	$74.0
Spring Health	$107.5	Series B	November 18, 2020	$76.0

Source: PitchBook | Geography: Global | *As of June 30, 2021

10: **"New Study Highlights Effectiveness of Lyra's Blended Care Therapy," Lyra, The Lyra Team, July 6, 2020.**

Figure 18.

Financing history

SERIES F	SERIES E	SERIES D	SERIES C	SERIES B	SERIES A
June 14, 2021	**January 28, 2021**	**August 25, 2020**	**February 21, 2020**	**December 17, 2018**	**October 14 ,2015**
Total raised ($M): $671.8	**Total raised ($M):** $471.8	**Total raised ($M):** $285.1	**Total raised ($M):** $175.1	**Total raised ($M):** $100.1	**Total raised ($M):** $39.1
Post-money valuation ($B): $4.6	**Post-money valuation ($B):** $2.5	**Post-money valuation ($B):** $1.1	**Post-money valuation ($M):** $557.0	**Post-money valuation ($M):** $228.9	**Post-money valuation ($M):** $99.0

EARLY-STAGE VC	SEED
June 26, 2015	**June 4, 2015**
Total raised ($M): $4.1	**Total raised ($M):** $1.0
Post-money valuation ($M): $10.2	**Post-money valuation ($M):** $1.4

SELECT COMPANY HIGHLIGHT | ALAN

Number of employees
350

Number of corporate clients
9,400

Post-money valuation
$1.7B

Year founded
2016

Overview

Alan is the first digital health insurer in Europe. It operates on a B2B2C business model by selling its insurance to employers, which provide insurance to their employees. Its adaptable insurance builder allows employers to subscribe to a standardized insurance pack or customize parameters to best meet their insurance needs. **Alan** currently covers 160,000 individuals and generates €100 million, or roughly $117.6 million, in annualized revenue—most of which is spent on claims. **Alan** focuses on developing a high-quality experience for employers and employees. Its application enables employees to find local doctors and understand copays prior to receiving treatment. Furthermore, **Alan** reimburses 75% of claims within one hour.[11]

Alan is now expanding into the telehealth and behavioral health market. Its app now includes telehealth services and free access to meditation applications **Headspace** and **Petit BamBou**. **Alan** raised $219.4 million in April 2019 and is using the funds to increase its product offering and hire 400 new employees over the next three years.[12] It plans to add a personal care guidance service and an in-person appointment scheduling module to its app. In the long term, **Alan** plans to diversify its insurance offerings to include customized products for other industries such as retail, wholesale, and manufacturing.

11: **"Alan Raises $220 Million for Its Health Insurance and Healthcare Superapp," Romain Dillet, April 19, 2021.**
12: **Ibid.**

Team

Jean-Charles Samuelian and Charles Gorintin co-founded **Alan**. CEO Samuelian previously co-founded **Expliseat**. Gorintin, **Alan**'s CTO, formerly worked at **Facebook**, **Instagram**, and **Twitter** (NYSE: TWTR).

Competitors

Alan competes with insurance providers and B2B2C telemedicine platforms.

Insurance providers: **Alan** competes with incumbent insurers, universal healthcare, and startup insurance companies. **Alan** currently operates in France, Spain, and Belgium, where individuals receive universal healthcare. However, several companies provide their employees with additional insurance from private providers. The quality of universal healthcare determines demand for supplementary private insurance. Most incumbent insurers are behind **Alan** in terms of providing a digital consumer experience. However, we note a rising number of third-party health insurance benefit management solutions are being developed to help incumbents enhance their digital offerings. While startup insurers are becoming

increasingly popular in the US, we do not see many startup insurers in Europe. **Elma**, a Spain-based insurtech startup, raised a $7.0 million Series A in July 2020 and offers white-labeled insurance and telemedicine solutions.

Telemedicine providers: **Alan** competes with telemedicine solutions that sell to employers. Competitors include **H4D** and **Eden Health**. Employers may opt for pinpointed telemedicine solutions providers due to their lower cost.

Outlook

In the near future, we expect startup and incumbent insurers to focus on digitalization. To increase customer satisfaction and lower long-term cost of care, insurers will likely persuade health providers to adopt VBC technology, partner with telemedicine providers, and develop digital insurance management platforms.

Figure 19.

Financing history

SERIES D	SERIES C	SERIES B	SERIES A	ACCELERATOR/ INCUBATOR	SEED
April 19, 2021	**April 20, 2020**	**February 17, 2019**	**May 10, 2018**	**November 1, 2016**	**October 24, 2016**
Total raised ($M): $359.2	**Total raised ($M):** $139.8	**Total raised ($M):** $85.3	**Total raised ($M):** $39.3	**Total raised ($M):** $13.4	**Total raised ($M):** $13.4
Post-money valuation ($B): $1.7	**Post-money valuation ($M):** $530.1	**Post-money valuation ($M):** $356.9	**Post-money valuation ($M):** $119.4	**Post-money valuation:** N/A	**Post-money valuation ($M):** $31.7

About PitchBook Emerging Tech Research

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