



EMERGING TECH RESEARCH

Retail Healthtech

Q2 2021 VC update





Contents

Vertical overview	3
Q2 2021 timeline	4
Retail healthtech VC ecosystem market map	5
VC activity	6
Emerging opportunities	13
Mental health applications	14
Gut microbiome	16
Sleep technology	19
Select company highlights	21
Mindstrong	22
Noom	24

Institutional Research Group

ANALYSIS

Kaia Colban Analyst, Emerging Technology

DATA

Susan Hu Associate Data Analyst

Publishing

Designed by **Julia Midkiff**

Cover by **Julia Midkiff**

Published on September 1, 2021



This report serves as a quarterly snapshot of the retail healthtech vertical in Q2 2021. For a comprehensive, detailed analysis of the industry by segment, please see our latest [annual retail healthtech report](#).



Vertical overview

The retail healthtech vertical focuses primarily on consumer-focused healthcare products and services designed to improve personal health & wellness at lower cost and higher quality than traditional alternatives. Startup vendors in this industry rely on digital technologies that enable convenient at-home or mobile use, can easily integrate with other services, and utilize large-scale data collection and analysis to drive personalized offerings.

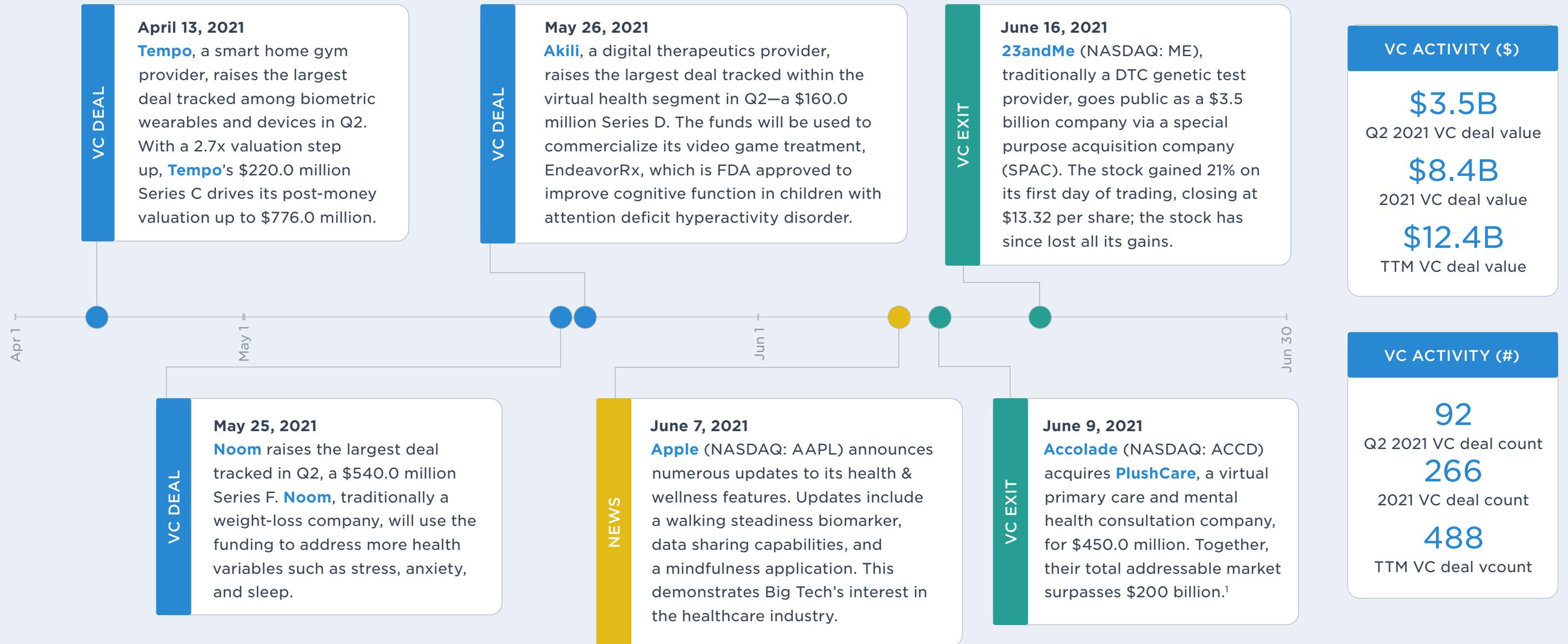
While this burgeoning industry includes new ways to obtain traditional care, such as telehealth and digital therapeutics, it also includes a range of emerging and alternative health & wellness tech products, such as digital behavioral health tracking tools; fitness-related products, including exercise equipment, fitness trackers, and nutrition-related services; digital therapeutics; and direct-to-consumer (DTC) tests and analysis that enable personalized health recommendations. Vendors in this sector seek to address a broad range of health concerns, including reducing ongoing epidemics related to chronic diseases, lowering healthcare costs, and improving overall wellbeing.

COVID-19 has affected the healthtech industry in many ways. Virtual health providers benefited as rules hindering the use of telemedicine were repealed, payers increased telehealth coverage, and laws preventing “noncritical” in-person appointments forced providers and patients to conduct appointments remotely. The increased adoption of telemedicine has also likely boosted the market for remote patient monitoring devices and at-home tests that enable individuals to receive full healthcare appointments without visiting the doctor’s office. Mobile and digital health providers also benefited from the increased focus on preventative health

and mental wellness as many employers increased corporate wellness benefits and behavioral health offerings. Lastly, gym closures led to increased usage of fitness applications and at-home workouts. We foresee these trends as ones that will persist permanently, and we expect investment into retail healthtech to remain robust throughout the remainder of 2021.



Q2 2021 timeline



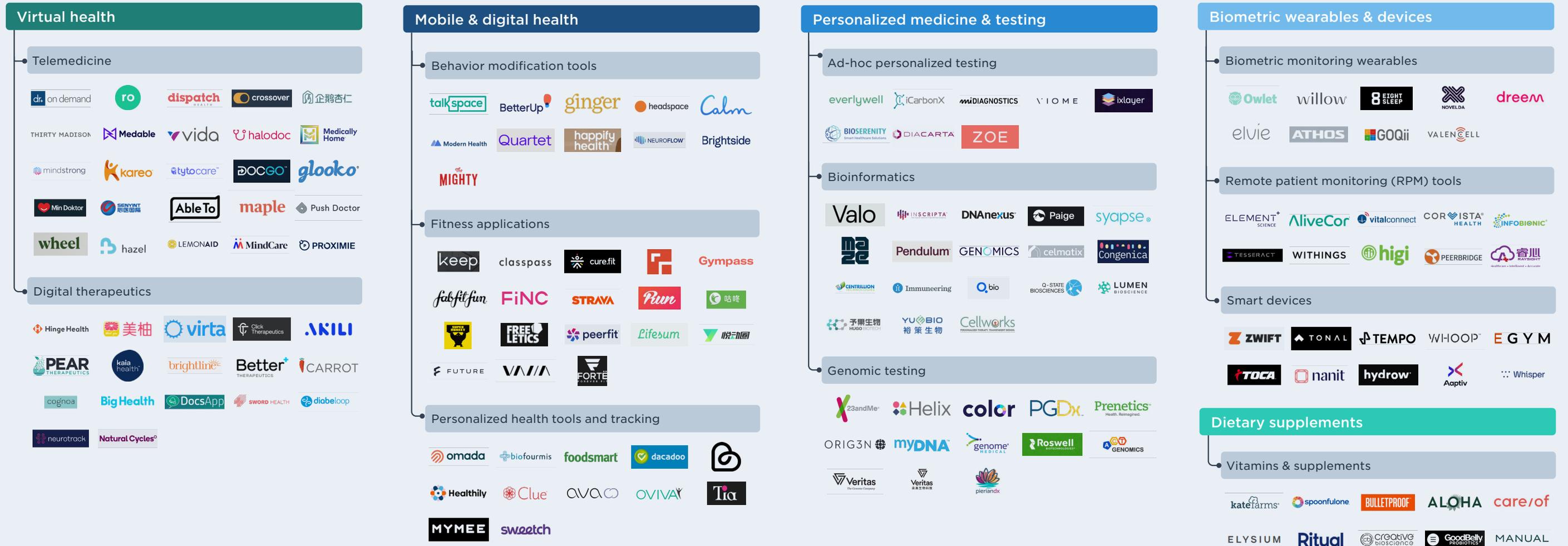
1: "Accolade to Acquire PlushCare," Accolade, April 23, 2021.



Retail 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.





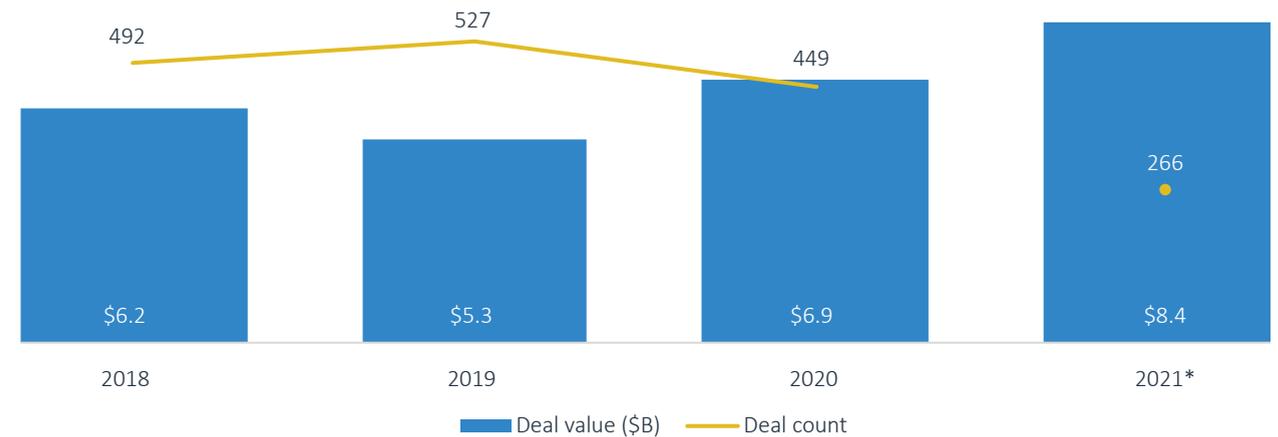
VC activity

Retail healthtech VC deal value dropped relative to Q1, with \$3.5 billion invested across 92 deals in Q2. The decline in deal value was driven by a roughly 60% funding drop in personalized medicine and testing deals relative to a very active Q1. However, Q2 deal value was only slightly down from Q1 2021's, which set a record high. The virtual health segment was the only other segment to experience a decline in deal value—\$1.2 billion in Q2 versus \$1.8 billion in Q1—though it remained the top-funded segment across retail health & wellness tech. Mobile & digital health was the second top-funded segment in the quarter, with \$1.2 billion raised across 10 deals. All five segments experienced a decrease in deal count, except dietary supplements, which remained flat with eight deals.

Driven by the 10 VC mega-deals (deals sized at \$100 million or larger), median deal size doubled to \$52.2 million in Q2. These mega-deals accounted for 60% of disclosed deal value. **Noom**, **Figure**, **Gympass**, and **Tempo** raised deals over \$200 million. All four startups develop fitness/nutrition-related solutions. We believe COVID-19 heightened the focus on preventative health among individuals and employers, thus increasing market opportunity for startups in this space. **Noom**'s \$540.0 million Series F raised its post-money valuation to \$4.2 billion, thereby making it the second-highest valued company tracked within retail healthtech.

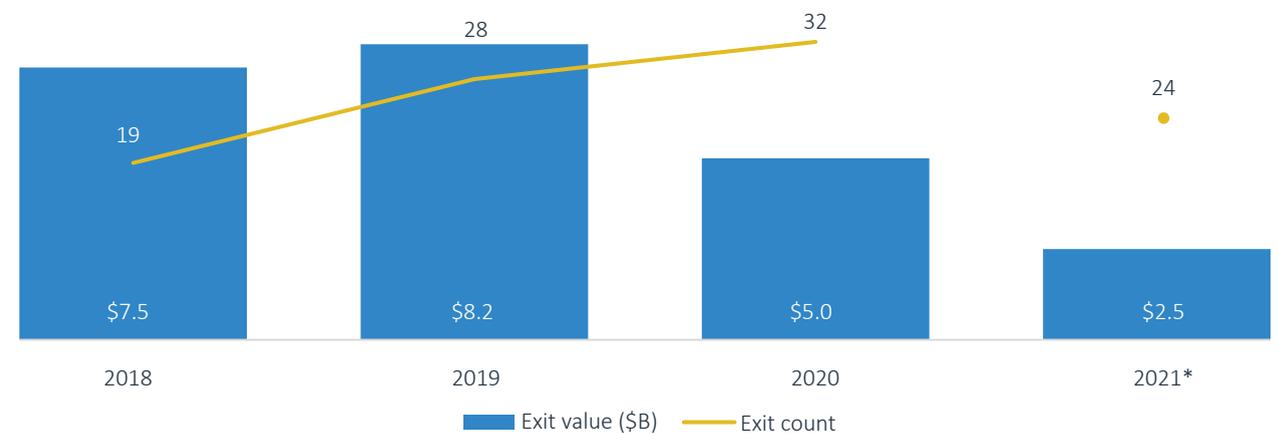
VC exit activity more than doubled in disclosed deal value to \$1.7 billion, though deal count decreased from 14 to 10 from Q1 to Q2—consisting of six M&A transactions, three IPOs, and one leveraged buyout (LBO). **23andMe**, a genomic test provider that now aims to develop therapeutic drugs, went public on the Nasdaq at a \$3.5 billion post-money valuation. The stock rose 21% on its first day of trading but has since continually fallen. We believe **23andMe** may struggle to increase revenues in the near term as developing drugs is a costly and lengthy process. In the M&A space, **Accolade** acquired telemedicine platform **PlushCare** for \$450.0 million.

Figure 1. RETAIL HEALTHTECH VC DEAL ACTIVITY



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

Figure 2. RETAIL HEALTHTECH VC EXIT ACTIVITY

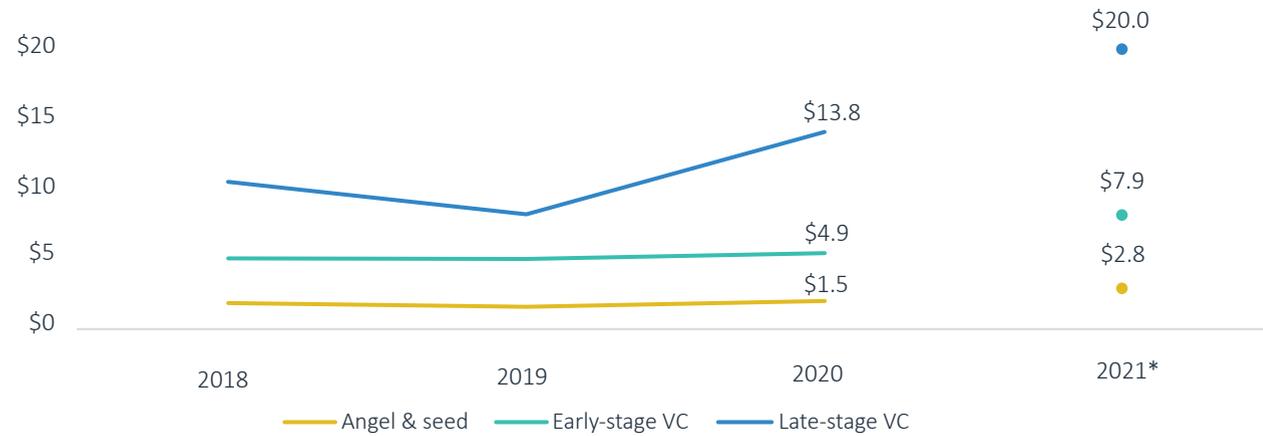


Source: PitchBook | Geography: Global | *As of June 30, 2021



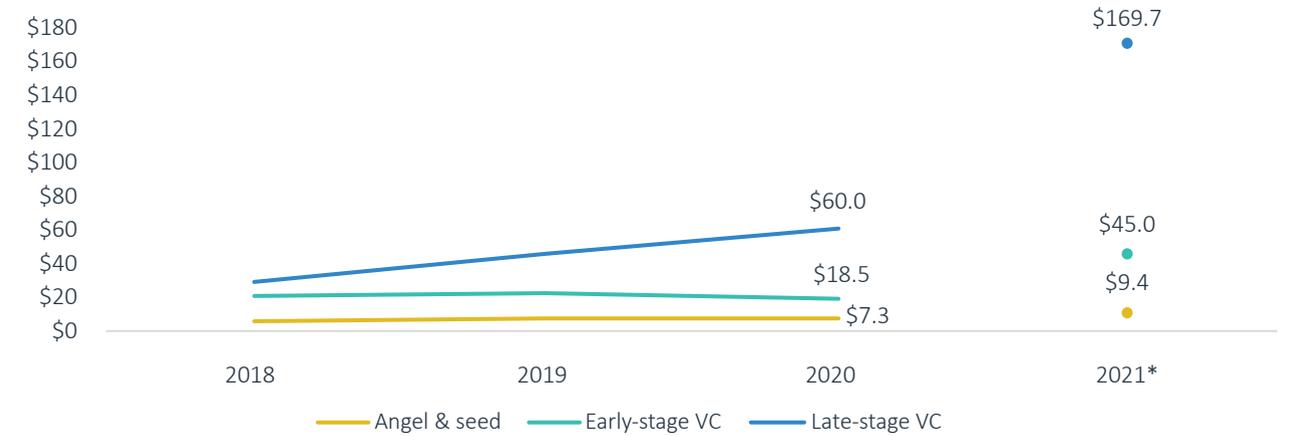
VC ACTIVITY

Figure 3. MEDIAN RETAIL HEALTHTECH VC DEAL SIZE (\$M) BY STAGE



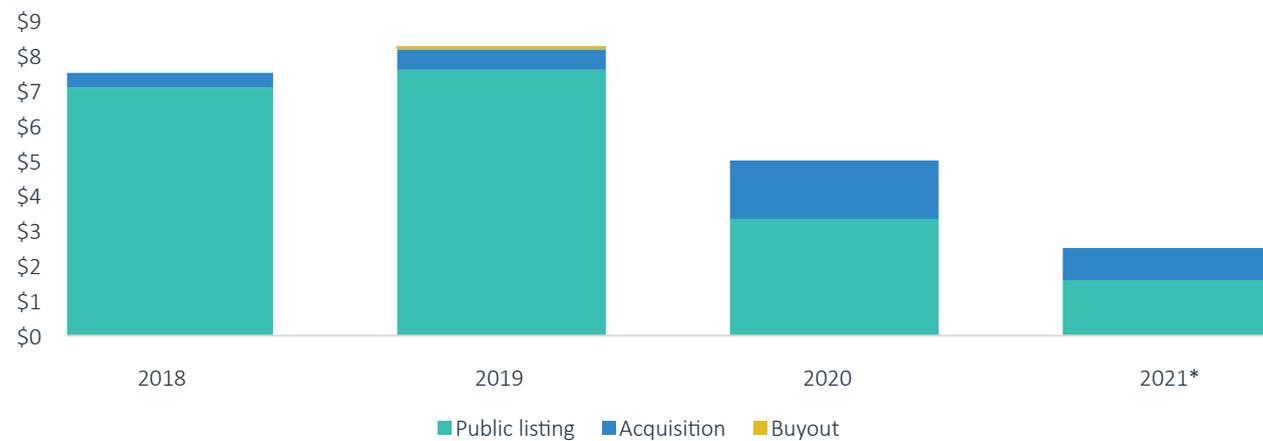
Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 4. MEDIAN RETAIL HEALTHTECH VC PRE-MONEY VALUATION (\$M) BY STAGE



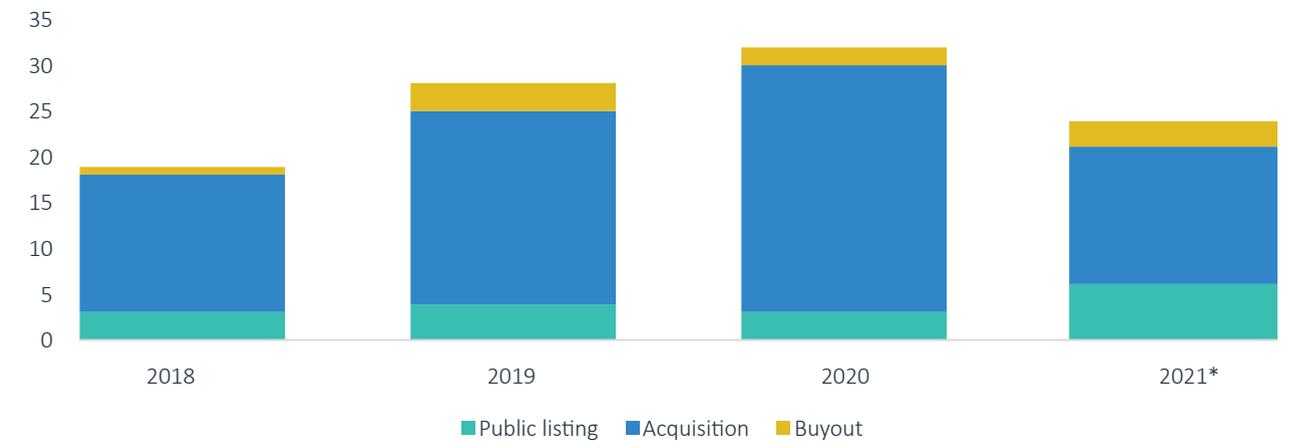
Source: PitchBook | Geography: Global | *As of June 30, 2021

Figure 5. RETAIL HEALTHTECH VC EXIT VALUE (\$B) BY TYPE



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

Figure 6. RETAIL HEALTHTECH VC EXIT COUNT BY TYPE



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



VC ACTIVITY

Figure 7.

Key retail healthtech early-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE (\$M)	LEAD INVESTOR(S)	VALUATION STEP-UP*
Fiture Technology	April 14, 2021	Fitness applications	Series B	\$300.0	All-Stars Investment	N/A
Medically Home	May 13, 2021	Telemedicine	Early-stage VC	\$100.0	N/A	N/A
Tesseract Health	April 20, 2021	Remote patient monitoring (RPM)	Series B	\$80.0	N/A	N/A
Brightline	May 17, 2021	Digital therapeutics	Series B	\$72.0	GV	3.1x
miDiagnostics	April 30, 2021	Ad-hoc personalized testing	Angel	\$69.3	N/A	N/A
Wheel	May 19, 2021	Telemedicine	Series B	\$50.0	Lightspeed Venture Partners	N/A
Proximie	April 21, 2021	Telemedicine	Series B	\$35.9	F-Prime Capital	2.0x
The Nue Co	May 25, 2021	Vitamins & supplements	Series B	\$35.8	N/A	1.6x
Ergatta	April 28, 2021	Smart devices	Series A	\$29.7	Advance Venture Partners	11.6x
Paceline	June 7, 2021	Smart devices	Series A	\$29.6	Acrew Capital	6.9x

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



VC ACTIVITY

Figure 8.

Key retail healthtech late-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE (\$M)	LEAD INVESTOR(S)	VALUATION STEP-UP*
Noom	May 25, 2021	Personalized health tools & tracking	Series F	\$540.0	Silver Lake	10.9x
Gympass	June 29, 2021	Fitness applications	Series E	\$220.0	SoftBank Investment Advisers	2.0x
Tempo	April 13, 2021	Smart devices	Series C	\$220.0	SoftBank Investment Advisers	2.7x
Akili	May 26, 2021	Digital therapeutics	Series D	\$160.0	Neuberger Berman	1.2x
Inscripta	April 5, 2021	Bioinformatics	Series E	\$150.0	Fidelity Management & Research	2.0x
Thirty Madison	June 2, 2021	Telemedicine	Series C	\$141.0	HealthQuest Capital	4.8x
Virta Health	April 19, 2021	Digital therapeutics	Series E	\$132.8	Tiger Global Management	1.7x
Oura	May 4, 2021	Smart devices	Late-stage VC	\$100.0	N/A	1.0x

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



VC ACTIVITY

Figure 9.

Key retail healthtech VC exits

COMPANY	CLOSE DATE	SUBSEGMENT	EXIT SIZE (\$M)	EXIT TYPE	ACQUIRER(S)/INDEX	POST-MONEY VALUATION (\$M)*
23andMe	June 16, 2021	Genomic testing	\$592.0	Public listing	NASDAQ	1.2x
PlushCare	June 9, 2021	Telemedicine	\$450.0	Acquisition	Accolade	N/A
Talkspace	June 23, 2021	Behavior modification tools	\$414.0	Public listing	NASDAQ	4.5x
Pulsenmore	June 15, 2021	Ad-hoc personalized testing	\$190.0	Public listing	Tel Aviv Stock Exchange	7.0x
Trapelo Health	April 7, 2021	Bioinformatics	\$65.0	Acquisition	NeoGenomics Laboratories	6.9x
PowerDot	April 15, 2021	Smart devices	\$34.0	Acquisition	Therabody	1.8x
Doctor On Demand	May 11, 2021	Smart devices	N/A	Buyout	Grand Rounds Health, The Carlyle Group	N/A
Qare	April 12, 2021	Telemedicine	N/A	Acquisition	HealthHero	N/A
Kit	June 30, 2021	Ad-hoc personalized testing	N/A	Acquisition	Expa, Roman Health Ventures	N/A
MDLive	April 19, 2021	Telemedicine	N/A	Acquisition	Cigna	N/A

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



VC ACTIVITY

Figure 10.
Key strategic acquirers of retail healthtech companies since 2018*

INVESTOR	DEAL COUNT*	INVESTOR TYPE
Teladoc Health	3	Corporation
Invitae	3	Corporation
HealthHero	2	Corporation
WELL Health Technologies	2	Corporation
Everlywell	2	VC-backed company
SOC Telemed	2	Corporation
InTouch Health	2	Corporation
Amwell	2	Corporation

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

Figure 11.
Top VC investors in retail healthtech companies since 2017*

INVESTOR	DEAL COUNT*	INVESTOR TYPE
SOSV	46	VC
Khosla Ventures	41	VC
True Ventures	36	VC
Social Capital	28	VC
Founders Fund	26	VC
Kleiner Perkins	25	VC
Sequoia Capital	24	VC
General Catalyst	22	VC
Enterprise Ireland	21	VC
GV	21	CVC

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



VC ACTIVITY

Figure 12.

Top VC-backed retail healthtech companies by total VC raised to date

COMPANY	VC RAISED TO DATE (\$M)*	SEGMENT	SUBSEGMENT	HQ LOCATION
Roman Health Ventures	\$876.1	Virtual health	Telemedicine	US
Noom	\$668.8	Mobile & digital health	Personalized health tools & tracking	US
Zwift	\$629.0	Biometric wearables & devices	Smart devices	US
Keep	\$617.8	Mobile & digital health	Fitness applications	China
ClassPass	\$555.7	Mobile & digital health	Fitness applications	US
Tonal	\$526.7	Biometric wearables & devices	Smart devices	US
Gympass	\$520.0	Mobile & digital health	Fitness applications	US
Inscripta	\$459.5	Personalized medicine & testing	Bioinformatics	US
Hinge Health	\$436.7	Virtual health	Digital therapeutics	US
Meet You	\$422.7	Virtual health	Digital therapeutics	China

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

Emerging opportunities

Mental health applications

COVID-19 has raised mental health awareness, thus resulting in heightened VC investment into mental health applications.

Gut microbiome

Recent microbiome research has driven startups to develop DTC wellness solutions focused on improving gut health.

Sleep technology

With 30% of people living in the US tracking their sleeping habits, VCs funnel investments into sleeptech providers aiming to improve sleep quality.



Mental health applications

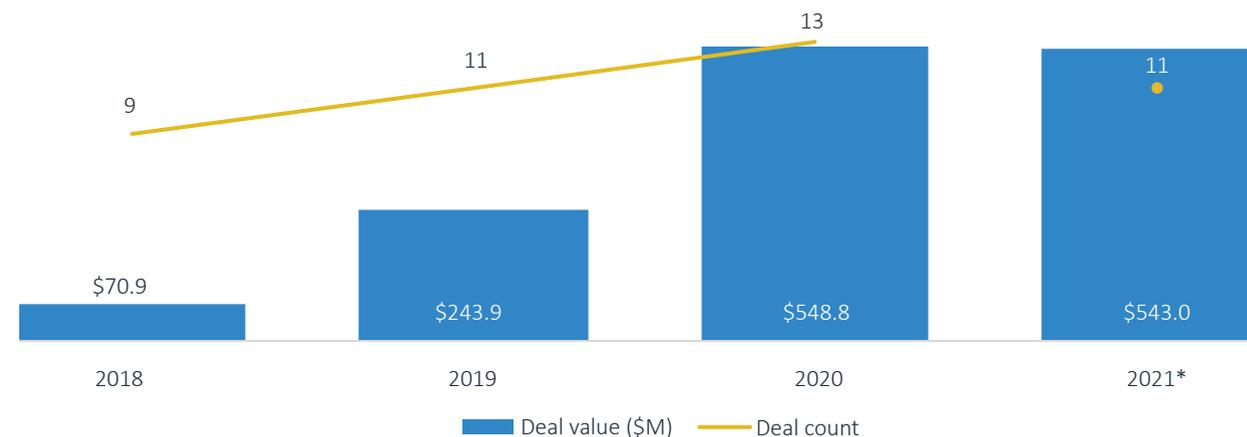
Overview

While mental health startups have been a focus area of VC investment for several years, the COVID-19 pandemic has created new opportunities to disrupt this long-standing industry. Through the first half of 2021, investors poured \$543.0 million into behavioral health modification tools—nearly equal to the \$548.8 invested in all of 2020. With 50 million adults living with mental illness in the US,² the service provider market is sprawling, with an estimated 20,000 mental health apps available and with no clear winners in the space.³ We believe several providers will seek to differentiate by pursuing approval from the Food and Drug Administration (FDA)—a likely reason to raise VC as this process is both costly and lengthy and includes completing clinical trials to prove efficacy.

While analyzing mental health startups, we observe two strategies: therapy first and self management. Therapy first providers increase access to trained mental health professionals. Startups in this area include **Lyra**, **Spring Health**, and **Modern Health**. Self-management providers enable individuals to better manage their mental health on their own. Startups in this space include **Calm** and **Headspace**. These companies initially started DTC but have begun selling to enterprises as well.

2: "Mental Illness," National Institute of Mental Health, US Department of Health and Human Services, n.d.
3: "Providing Care in Innovative Ways," American Psychological Association, Stephanie Pappas, January 1, 2020.

Figure 13. BEHAVIOR MODIFICATION TOOLS VC DEAL ACTIVITY



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

Figure 14.

Mental health application unicorns

COMPANY	LAST KNOWN VALUATION (\$B)*
Ginger	\$1.1**
Calm	\$2.0
Modern Health	\$1.2
BetterUp	\$1.7
Lyra	\$4.6**
Talkspace	\$1.4

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



MENTAL HEALTH APPLICATIONS

VC activity

Behavior modification tool providers (a subsegment of mental health providers) have raised \$543.0 million through the first half of 2021 across 11 deals. Six unicorns now exist in the space, relative to only two in 2019. Though we tracked only three deals in the behavior modification space this quarter, this dip followed strong fundraising activity in Q1. We expect sustained investment over time as the field becomes more mainstream and as research indicates that improved mental health can reduce healthcare costs. Highest-funded startups include **BetterUp**, which raised a \$146.8 million Series D, and **Ginger**, which raised a \$100.0 million Series E. **BetterUp** provides a mobile-based professional coaching, counseling, and mentorship platform that combines behavioral science, AI, and human interaction to optimize personal growth and professional development. **Ginger** provides an app-based on-demand behavioral health coaching, therapy, and psychiatry service. **Ginger** sells to employers and health insurers, which then provide the service to their members. **Ginger** will use its recent \$100.0 million raise to develop partnerships with health insurers and government payers.

FDA approval strategies will require more VC

FDA approval provides companies a way to validate their programs, which in turn increases consumer buy-in and enables them to pursue coverage from health insurers to increase market potential. Currently, few mental health application providers have received approval. Freespire is an FDA-approved application for post-traumatic stress disorder and is covered by several health plans. **Akili** was the first game-based digital therapeutic device aimed at improving

ADHD to receive marketing authorization by the FDA. Gaining approval is an expensive and lengthy process. In 2018, **Headspace** announced it aimed to receive FDA clearance by 2020.⁴ In February 2020, the company raised \$93 million, thus raising its valuation to \$320 million,⁵ claiming it would put some of the funds toward clinical tests. Despite raising two rounds in 2020, no recent updates regarding clinical trials have been announced, and it has not publicized its valuation since. This is perhaps due to **Headspace** securing a lower valuation than its rival, **Calm**, which achieved unicorn status in 2019. Some startups have sought out partnerships with pharmaceutical and health associations to facilitate FDA approval. **Happify Health** partnered with the American Heart Association and **Sanofi** (PAR: SAN) to receive FDA approval. **WoeBot** is the most recent mental health application to land FDA breakthrough device designation as a postpartum depression digital therapeutic.

4: "Headspace Targets 2020 FDA Nod for Prescription Meditation App," MedTech, Nick Paul Taylor, June 8, 2018.

5: "Headspace Revenue and Usage Statistics (2021)," Business of Apps, David Curry, May 6, 2021.



Gut microbiome

Overview

The concept and study of the human microbiome is relatively new. It started in 2007, when the Human Microbiome Project (HMP) began to unearth the potentially massive role microbiota plays in overall health. Microbiome research now attracts ample funding from governments and nongovernmental organizations (NGOs). As a result, startups are applying the insights discovered by academic institutions, governmental organizations, and pharmaceutical companies to conduct proprietary research and develop DTC wellness solutions. These solutions tend to focus on providing consumers with testing kits that can inform personalized health recommendations and the use of probiotic supplements. We estimate the market for these two solutions will generate around \$12.5 billion in 2025. For a more in-depth review of this opportunity, please read our [analyst note](#) Gut Health Research Opens Market Opportunities.

Emerging technologies

Personalized probiotic supplement providers: Startups are leveraging microbiome research and trends to develop over-the-counter and therapeutic products. For example, [FitBiomics](#) decodes the microbiome of elite athletes to develop performance-enhancing probiotics. [ISOThrive](#) develops prebiotics to modulate the gut microbiome and promote digestive health. [Seed Health](#) initially sold probiotics. However, it recently raised a \$40.0 million Series A to expand into clinical research and novel therapeutics. [Pendulum](#), [Seed Health](#), and [Jetson](#) formulate various probiotics aimed at lowering glucose, boosting immunity, and maintaining cardiovascular health.

DTC at-home gut-health tests: At-home gut-health test providers inform consumers which bacteria inhabit their gut. These kits can also recommend dietary changes and predict future

Key VC-backed gut-health companies

DTC gut-health test providers



Probiotic providers





GUT MICROBIOME

health disorders. Founded in 2016, **Viome** sells a \$199 “Health Intelligence Kit” and a \$199 per month subscription plan that includes vitamins, probiotics, and two Health Intelligence tests per year. It has more than 200,000 customers and expects to hit \$100 million in revenue in 2022. Another at-home gut-health test company, **ZOE**, released its first test kit in 2022.⁶ The kit analyzes gut health, blood fat, and blood sugar reactions to food to provide ongoing, personalized nutritional advice. Interim clinical trial results reveal participants lost an average of 11 pounds after following their personalized plans for three months.⁷

Drivers and considerations

Key factors propelling growth include increasing prevalence of health conditions such as diabetes, depression, and heart disease; heightened preventative health engagement; rising medical costs; and increased funding for microbiome research. However, we are cautious on the market outlook as little independent research exists to support some of the claims being made by providers. Positive research could dramatically increase the size of the market, but no clear timeline exists for when or if such findings may occur. In the meantime, the industry may struggle to gain mainstream traction.

Outlook

Success of gut-health industry threatens chronic care management providers: The market opportunity for chronic illness management companies may be threatened if gut-health

companies successfully minimize the number of individuals with chronic illnesses. Furthermore, nutrition and fitness advice and tracking providers may need to implement new findings related to gut health and/or leverage individual gut-health test data to remain competitive.

Increased integration between gut-health test providers and other healthtech solutions:

Unlocking personalized wellness advice will likely rely on numerous data points—such as data surrounding activity levels, sleep, medications, genomes, microbiomes, and glucose levels—from multiple devices, tests, and systems. We anticipate that gut-health test providers will integrate with electronic health records, biometric tracking devices, and data analytic solutions.

Researchers likely to leverage gut-health test data: Gut microbiomes can vary 100% person-to-person, thus creating research barriers for companies looking to delve into the space.⁸ Researchers may utilize test result data to understand microbiota trends and develop therapeutics. Consumer privacy laws make it illegal to sell health data, but test providers could partner with researchers and pharmaceutical companies or develop proprietary research/therapeutic development departments, as DTC genetic test providers have done. **23andMe** and **Ancestry.com**, originally at-home genetic test providers, now utilize their genomic databases for drug development.

6: “Marc Benioff-backed Microbiome Startup Viome Says it Expects \$100M in Revenue Next Year,” TechCratic, Taylor Soper, April 15, 2021.

7: “Gut Health Company ZOE Lands \$20M to Speed up Program Rollout,” Mobile Health News, Mallory Hackett, May 6, 2021.

8: “Our Second Genome,” Imagine Magazine, Johns Hopkins University Center for Talented Youth, Rob Knight and Daniel McDonald, September 2013.



GUT MICROBIOME

Figure 15.

Government funding for microbiome research

PROJECT/INITIATIVE	DATES	FUNDER	FOCUS	CAPITAL INVESTED (M)
Metagenomics of the Human Intestinal Tract project (MetaHIT)	2008 to 2012	European Commission	Gut bacteria	EU contribution €11.4
MetaCardis (Metagenomics in Cardiometabolic Diseases)	2012 to 2018	EU	Gut microbes in cardiometabolic diseases	EU contribution €12.0
Horizon	2014 to 2020	EU	To invest across various projects	\$96.9
Additional Microbiome project investment (not-HMP)	2012 to 2016	NIH	Varies	\$728
National Microbiome Initiative	Launched 2016-present	US	Microbiome impact on healthcare, food production, and environmental restoration.	\$121 in federal funds
Million Microbiome of Humans Project (MMHP)	Launched in 2019; three- to five-year completion target	China	Sequence and analyze up to 1 million microbial samples	TBD

Sources: European Commission, MetaCardis, National Library of Medicine, The White House President Barack Obama, National China GeneBank, Markets and Markets



Sleep technology

Overview

Sleep technology, or sleeptech, aims to increase the quantity or quality of sleep, and the space has received \$1.7 billion in VC since 2019. Sleeptech providers seek to improve behavioral-, environmental-, and genetic-based insomnia, as well as sleep apnea and other sleep disorders. With the increasing prevalence of sleep disorders and the growing focus on preventative health, coupled with technological advancements, we expect the market size for sleep aids to increase from \$80.0 billion in 2020 to \$150.0 billion in 2030.

30% of people in the US are already using technology to track sleeping habits, and 63% expect technology can help improve poor sleeping habits.⁹ While several startups have targeted the opportunity to disrupt the mattress industry—such as **Casper Sleep** (NYSE: CSPR)—these companies focused on new distribution methods related to e-commerce. Today's sleeptech companies are developing therapeutic devices and solutions geared toward modifying a user's behavior or surrounding environment.

Startup opportunities

Therapeutic devices: Startups are developing therapeutic medical devices to treat sleep disorders. These devices are often prescribed by medical professionals and treat diagnosed sleep disorders. Major players in this space include **Philips Respironics**, **ResMed** (NYSE: RMD), **Ebb Therapeutics**, **NovaSom**, **Inspire Medical Systems** (NYSE: INSP), **Somnera**, and **Nyxoah** (BRU: NYXH).

9: "Not Tracking Sleep? It's Official: You're Missing Out," CNET Health and Wellness, Lindsay Turrentine, December 17, 2019.

Sleep tracking and environmental modification: Startups are developing devices and applications to track sleep quality or alter a user's environment in order to improve sleep quality. Cove developed a wearable vibrating headband. The vibrations are meant to activate a brain pathway to help users overcome stress and thus sleep better. **Oura's** smart ring tracks vitals such as heart rate and body temperature to provide users with a "readiness score" to suggest how well-rested they are.

Risks

Sleep monitoring devices are not yet clinically proven to work: Minimal research proves sleep-monitoring devices can actually improve sleep disorders. Some professionals warn that using sleep technologies can increase stress, thereby decreasing sleep quality; they caution that an overreliance on devices may dissuade individuals from seeking professional care. Startups that can point to their products' successes via clinical trials will have a clear edge in the market.

Outlook

Increased focus on recommendations and insights: We expect sleep trackers to shift from recording sleep activity to providing more insights and recommendations. **Whoop** provides personalized sleep-related insights, including hours of sleep needed and ideal times to awaken and go to bed. **SleepSpace** tracks sleep cycles and plays cycle-correlated music to optimize sleep quality and block out noise pollution. The app also provides sleep coaching services via one-on-one virtual coaching.



SLEEP TECHNOLOGY

Payers and employers to cover sleep tech: Many studies link good sleep to strong mental and physical health. Furthermore, sleep deprivation has been linked to higher mortality risk and decreased productivity at work. We believe these could serve as motivational factors for employers and insurers to offer solutions that improve sleep quality or diagnose sleeping disorders. For example, several payers require patients who suspect they have sleep apnea to conduct an at-home screening before reimbursing a stay at a sleep clinic.

Select company highlights



SELECT COMPANY HIGHLIGHT | MINDSTRONG



Founded
2014

Total raised
\$159.9M

Employees
149

Valuation
\$675.0M

Overview

Mindstrong provides virtual therapy and psychiatry to patients with serious mental illness (SMI). SMI is defined as a mental, behavioral, or emotional disorder that substantially interferes with one or more life activity. Its platform operates as a mobile application for patients and passively monitors patient phone activity to measure cognitive biomarkers, providing passive input to active therapy. **Mindstrong** believes a correlation exists between phone usage and mental health and is trying to determine how passive phone utilization data can signal declines in mental health. Unlike many telemedicine providers, **Mindstrong** is not just a link between doctors and patients. Rather, it employs the providers and offers the services directly, thereby creating safe, continuous care for patients. By providing the care itself, **Mindstrong** can utilize passively collected data in care to give more efficient, personalized, and holistic care. For example, **Mindstrong** providers rank patients on the clinical global impression scale (CGIS) after each session. The platform also hypothesizes the patient's symptom severity based on phone usage. By comparing the two, **Mindstrong** has gathered early signals correlating phone usage to symptom severity.

Competitors

Mindstrong focuses on SMI, while most competitors hone in on milder forms of mental illness. Keeping patients with SMI engaged is more difficult and thus often avoided by other digital health providers. However, some may argue patients with SMI are likely to need in-person care. **Mindstrong** will connect patients with in-person providers but believes virtual care can help keep patients engaged and improve patient outcomes. Furthermore, provider shortage makes it difficult for patients in rural areas to receive in-person care. While telemedicine connectors—those that connect patients to providers but do not provide services—can increase access to providers, they are often not designed to keep patients engaged and do not guarantee quality of care.

Leadership

Focused on bringing innovation-minded leaders from various sectors to merge technology with patient-first personalized care, **Mindstrong's** leadership team has been recently overhauled. The team is led by CEO Michelle Wagner.



SELECT COMPANY HIGHLIGHT | MINDSTRONG

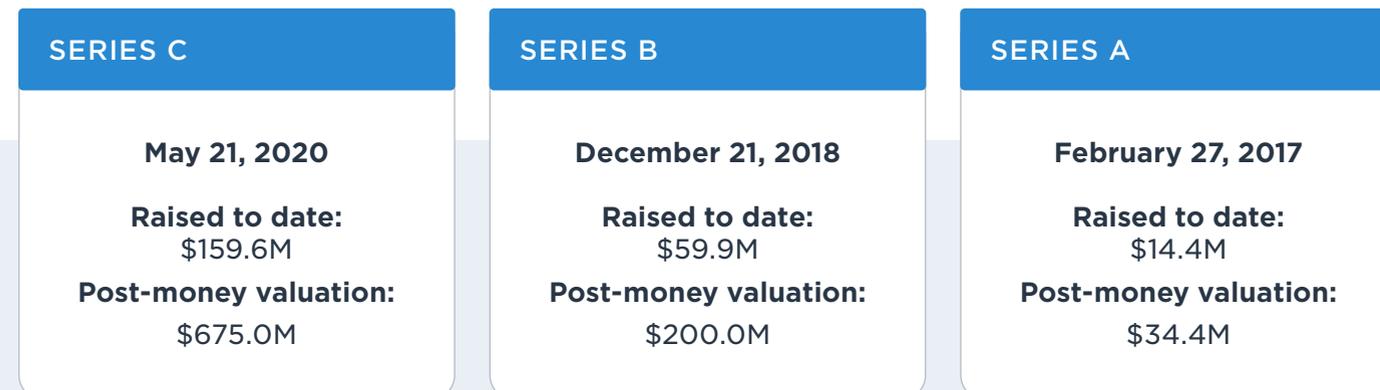
Outlook

We believe increasing unification will emerge between therapy-first and self-management technology. Therapy-first providers such as **Mindstrong** will need to acquire or develop technology to keep patients engaged between sessions, and self-management technology providers will need to develop ways for consumers to gain access to professionals when they need more serious clinical care.

As data proves behavioral healthcare can reduce the total cost of care, payers will be incentivized to partner with behavioral care providers. Better mental healthcare is likely to reduce physical healthcare costs as patients take better care of their physical health when mentally healthy. However, proving cost reduction will require longitudinal studies.

Figure 16.

Financing history





SELECT COMPANY HIGHLIGHT | NOOM



Founded
2008

App launched
2016

Employees
1,938

Valuation
\$4.2B

2020 revenue
\$400.0M¹⁰

Total raised
\$668.8M

Overview

Noom, a consumer weight loss company, uses a scientific approach to incentivize behavioral changes that enable weight loss and management. **Noom** experienced substantial growth over the past year and was the most-installed weight loss app in the US in 2020, according to SensorTower.¹¹ Unlike most weight loss programs, **Noom** does not declare any foods off limits; instead, it labels foods as green, yellow, or red to incentivize individuals to make healthy choices. In addition, the app provides health-focused articles, lessons, and quizzes to educate users on healthy habits. Users may integrate step count, weight, blood pressure, and blood glucose data from their fitness tracker into the app. This data enables **Noom** to provide more personalized recommendations and adapt daily calorie limits to exercise. **Noom** customizes the program based on the individual's goals, habits, and preexisting conditions, such as hypertension and diabetes. The company offers its platform DTC and to employers on a B2B2C model. When sold to employers, **Noom** ties its pricing to employee health outcomes. **Noom** charges individuals \$59 per month or \$199 per year. **Noom** raised the largest deal tracked among all startups in the retail healthtech vertical in Q2—a \$540.0 million Series F. The company plans to use the new funds to expand beyond weight loss and address mental health.

Leadership

Noom CEO and co-founder, Saeju Jeong, moved to the US from South Korea in 2005. Shortly thereafter, he met and convinced Artem Petakov, who was working at **Google** at the time, to co-found **Noom** with him. Firdaus Bhathena joined **Noom** in June 2021 as General Manager of Healthcare. Before joining **Noom**, he served as Chief Digital Officer at **CVS Health** (NYSE: CVS) and **Aetna**.

Competition

Noom competes with personalized health recommendation and meal tracking applications. **Weight Watchers** (NASDAQ: WW) is **Noom**'s largest competitor, though it focuses on meal tracking, while **Noom** aims to provide nutritional education. Additional competitors include **ShareCare** (NASDAQ: SHCR), **Lark Health**, and **RedBrick Health**. **Noom** does not compete with fitness tracking applications or personalized fitness solutions.

10: "Watch: How an Unshakable Mission Helped Noom Become a Widely Popular Health App," Inc., Sophie Downes, n.d.
11: "Noom CEO Talks Life Goals, Weight Loss, and Heavy Metal," *ABC News*, Sarah Skidmore, June 14, 2021.



SELECT COMPANY HIGHLIGHT | NOOM

Outlook

Wellness providers to offer nutrition, mental health, sleep, and fitness solutions: **Noom** aims to educate individuals on healthy eating to create behavioral changes that will maintain long-term health and manage chronic conditions. Physical activity is also a key component of maintaining health. We anticipate providers will increasingly offer both fitness and nutrition solutions to provide more holistic health management solutions. **Fittr** provides an online fitness and nutrition platform. It pairs individuals with coaches and provides exercise videos, educational articles, recipes, and nutrition information. Nutrition providers may expand beyond physical health into mental health. Long term, we believe top wellness providers will address various mental and physical health conditions as holistic preventative health becomes mainstream and individuals, insurers, and employers seek universal preventative care solutions.

Precision weight loss solutions will utilize individual data: We expect nutrition solutions will utilize biological data such as blood markers, DNA, and microbiome data. As research uncovers how these data sources relate to weight-related diseases, weight loss solutions are likely to integrate personal data into their treatments. **Noom** currently considers whether an individual has hypertension or diabetes when determining the nutrition recommendations but does not use any biological data. While several DTC test providers currently create personalized nutrition plans based upon individual data, they do not educate consumers on how to adapt their behaviors or focus on long-term consumer engagement.

Figure 17.

Financing history





About PitchBook Emerging Tech Research

Independent, objective, and timely market intel

As the private markets continue to grow in complexity and competition, it's essential for investors to understand the industries, sectors and companies driving the asset class.

Our Emerging Tech Research provides detailed analysis of nascent tech sectors so you can better navigate the changing markets you operate in—and pursue new opportunities with confidence.

©2021 by PitchBook Data, Inc. All rights reserved. No part of this publication may be reproduced in any form or by any means—graphic, electronic, or mechanical, including photocopying, recording, taping, and information storage and retrieval systems—without the express written permission of PitchBook Data, Inc. Contents are based on information from sources believed to be reliable, but accuracy and completeness cannot be guaranteed. Nothing herein should be construed as any past, current or future recommendation to buy or sell any security or an offer to sell, or a solicitation of an offer to buy any security. This material does not purport to contain all of the information that a prospective investor may wish to consider and is not to be relied upon as such or used in substitution for the exercise of independent judgment.

PitchBook Data, Inc.

John Gabbert Founder, CEO

Nizar Tarhuni Senior Director, Institutional Research & Editorial

Paul Condra Head of Emerging Technology Research

Additional research

Agtech

Alex Frederick
alex.frederick@pitchbook.com

Artificial Intelligence & Machine Learning

Brendan Burke
brendan.burke@pitchbook.com

Cloudtech & DevOps

Paul Condra
paul.condra@pitchbook.com

Fintech

Robert Le
robert.le@pitchbook.com

Foodtech

Alex Frederick
alex.frederick@pitchbook.com

Healthtech

Kaia Colban
kaia.colban@pitchbook.com

Information Security

Brendan Burke
brendan.burke@pitchbook.com

Insurtech

Robert Le
robert.le@pitchbook.com

Internet of Things (IoT)

Brendan Burke
brendan.burke@pitchbook.com

Mobility Tech

Asad Hussain
asad.hussain@pitchbook.com

Supply Chain Tech

Asad Hussain
asad.hussain@pitchbook.com