



EMERGING TECH RESEARCH

# Retail Healthtech

Q2 2021 VC update

## Report preview

The full report is available through the PitchBook Platform.





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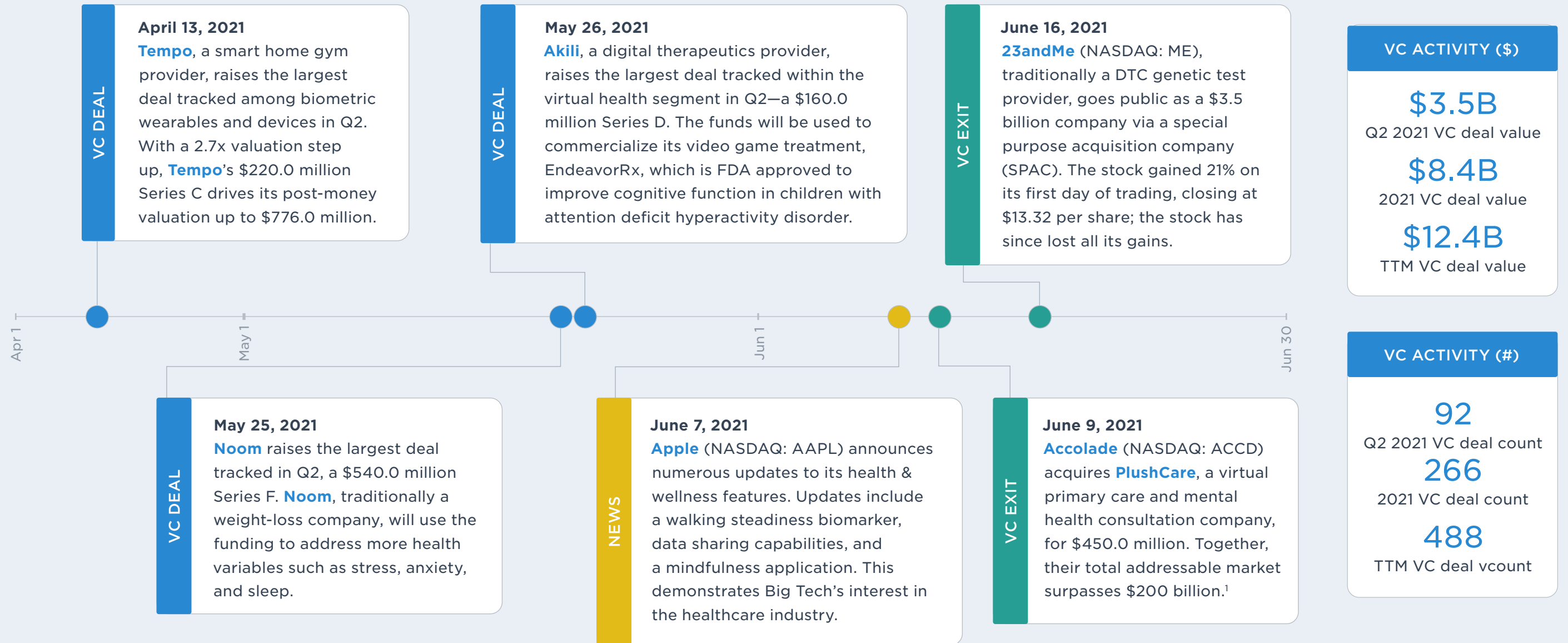
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# Q2 2021 timeline



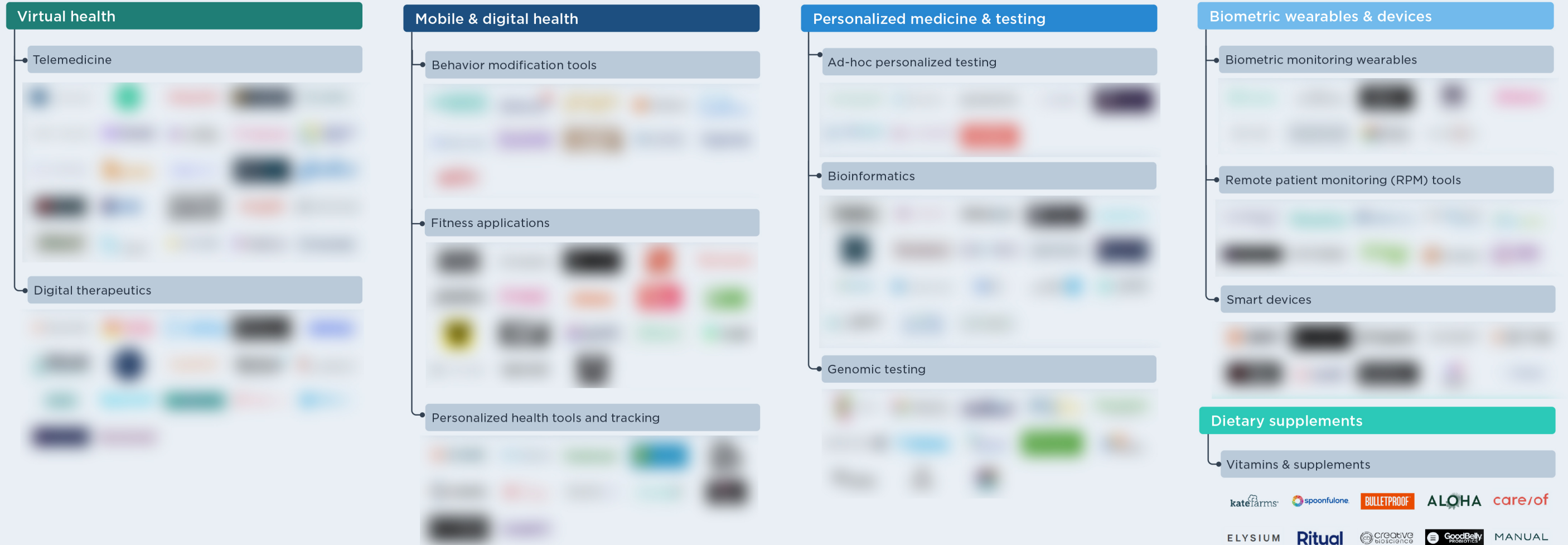
1: "Accolade to Acquire PlushCare," Accolade, April 23, 2021.



# 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.





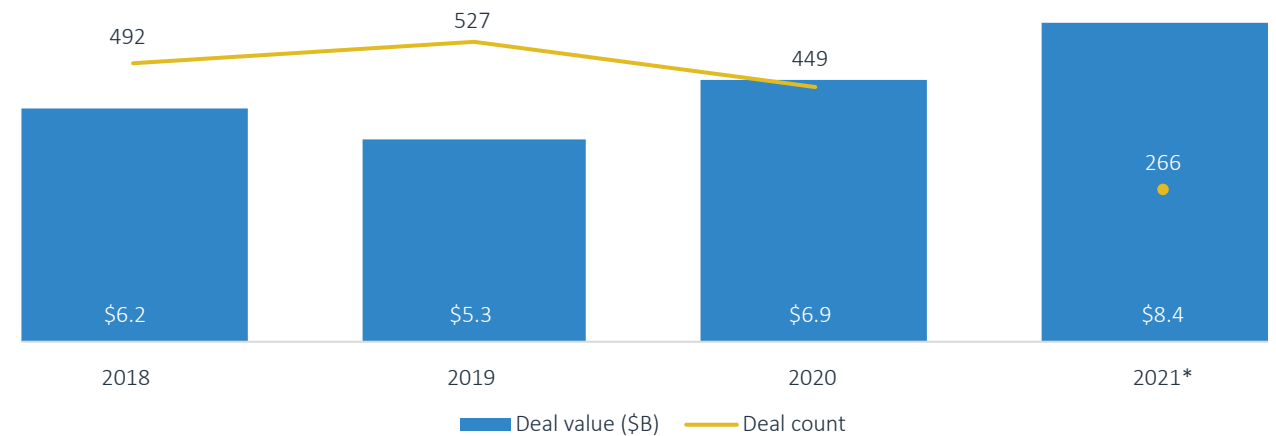
# VC activity

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.

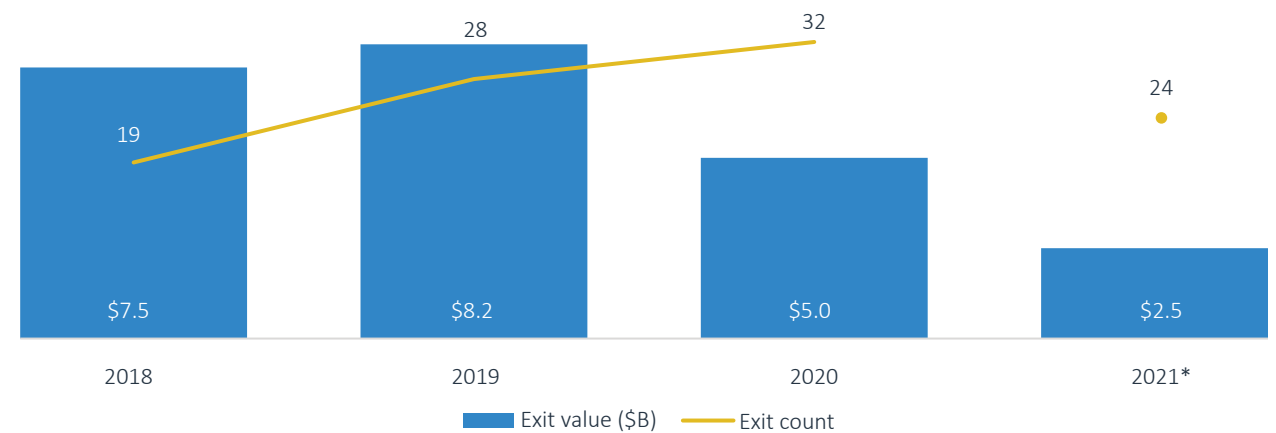
VC exit activity more than doubled in disclosed deal value to \$1.7 billion, though deal count decreased from 14 to 10 from Q1 to Q2—consisting of six M&A transactions, three IPOs, and one leveraged buyout (LBO). **23andMe**, a genomic test provider that now aims to develop therapeutic drugs, went public 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 7.

### Key retail healthtech early-stage VC deals

COMPANY	CLOSE DATE	SUBSEGMENT	STAGE	DEAL SIZE (\$M)	LEAD INVESTOR(S)	VALUATION STEP-UP*
<b>Fiture Technology</b>	April 14, 2021	Fitness applications	Series B	\$300.0	All-Stars Investment	N/A
<b>Medically Home</b>	May 13, 2021	Telemedicine	Early-stage VC	\$100.0	N/A	N/A
<b>Tesseract Health</b>	April 20, 2021	Remote patient monitoring (RPM)	Series B	\$80.0	N/A	N/A
<b>Brightline</b>	May 17, 2021	Digital therapeutics	Series B	\$72.0	GV	3.1x
<b>miDiagnostics</b>	April 30, 2021	Ad-hoc personalized testing	Angel	\$69.3	N/A	N/A
<b>Wheel</b>	May 19, 2021	Telemedicine	Series B	\$50.0	Lightspeed Venture Partners	N/A
<b>Proximie</b>	April 21, 2021	Telemedicine	Series B	\$35.9	F-Prime Capital	2.0x
<b>The Nue Co</b>	May 25, 2021	Vitamins & supplements	Series B	\$35.8	N/A	1.6x
<b>Ergatta</b>	April 28, 2021	Smart devices	Series A	\$29.7	Advance Venture Partners	11.6x
<b>Paceline</b>	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 10.

Key strategic acquirers of retail healthtech companies since 2018\*

INVESTOR	DEAL COUNT*	INVESTOR TYPE
<b>Teladoc Health</b>	3	Corporation
<b>Invitae</b>	3	Corporation
<b>HealthHero</b>	2	Corporation
<b>WELL Health Technologies</b>	2	Corporation
<b>Everlywell</b>	2	VC-backed company
<b>SOC Telemed</b>	2	Corporation
<b>InTouch Health</b>	2	Corporation
<b>Amwell</b>	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
<b>SOSV</b>	46	VC
<b>Khosla Ventures</b>	41	VC
<b>True Ventures</b>	36	VC
<b>Social Capital</b>	28	VC
<b>Founders Fund</b>	26	VC
<b>Kleiner Perkins</b>	25	VC
<b>Sequoia Capital</b>	24	VC
<b>General Catalyst</b>	22	VC
<b>Enterprise Ireland</b>	21	VC
<b>GV</b>	21	CVC

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



## 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

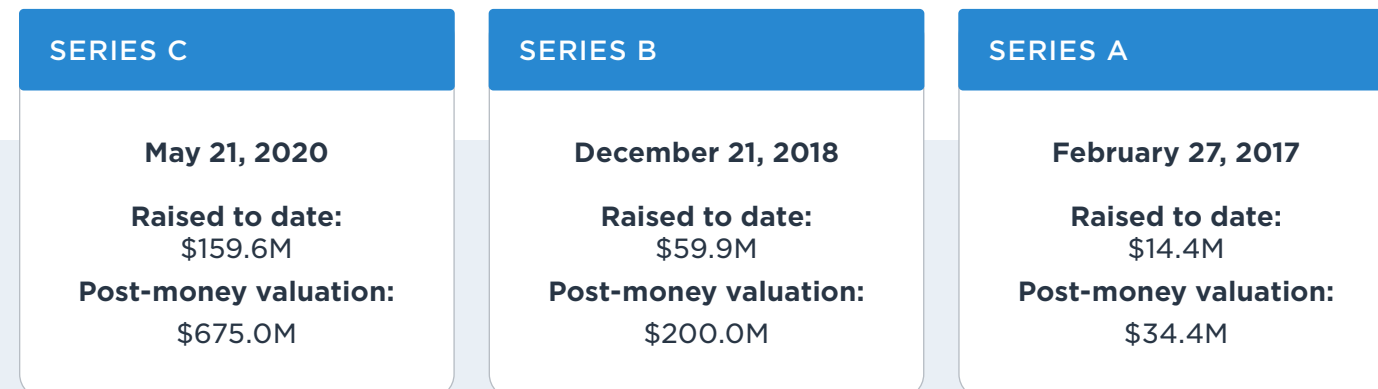
### Outlook

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





# 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.

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