PitchBook

EMERGING TECH RESEARCH

Enterprise Healthtech

Q3 2021 VC update

Contents

Institutional Research Group

ANALYSIS

Kaia Colban Analyst, Emerging Technology

kaia.colban@pitchbook.com

pbinstitutionalresearch@pitchbook.com

DATA

Susan Hu Associate Data Analyst

Publishing

Designed by **Joey Schaffer**

Cover by **Julia Midkiff**

Published on November 10, 2021

This report serves as a quarterly snapshot of the enterprise healthtech vertical in Q3 2021. For a comprehensive, detailed analysis of the enterprise healthtech industry by sector, please see our latest **annual edition.**

Vertical overview

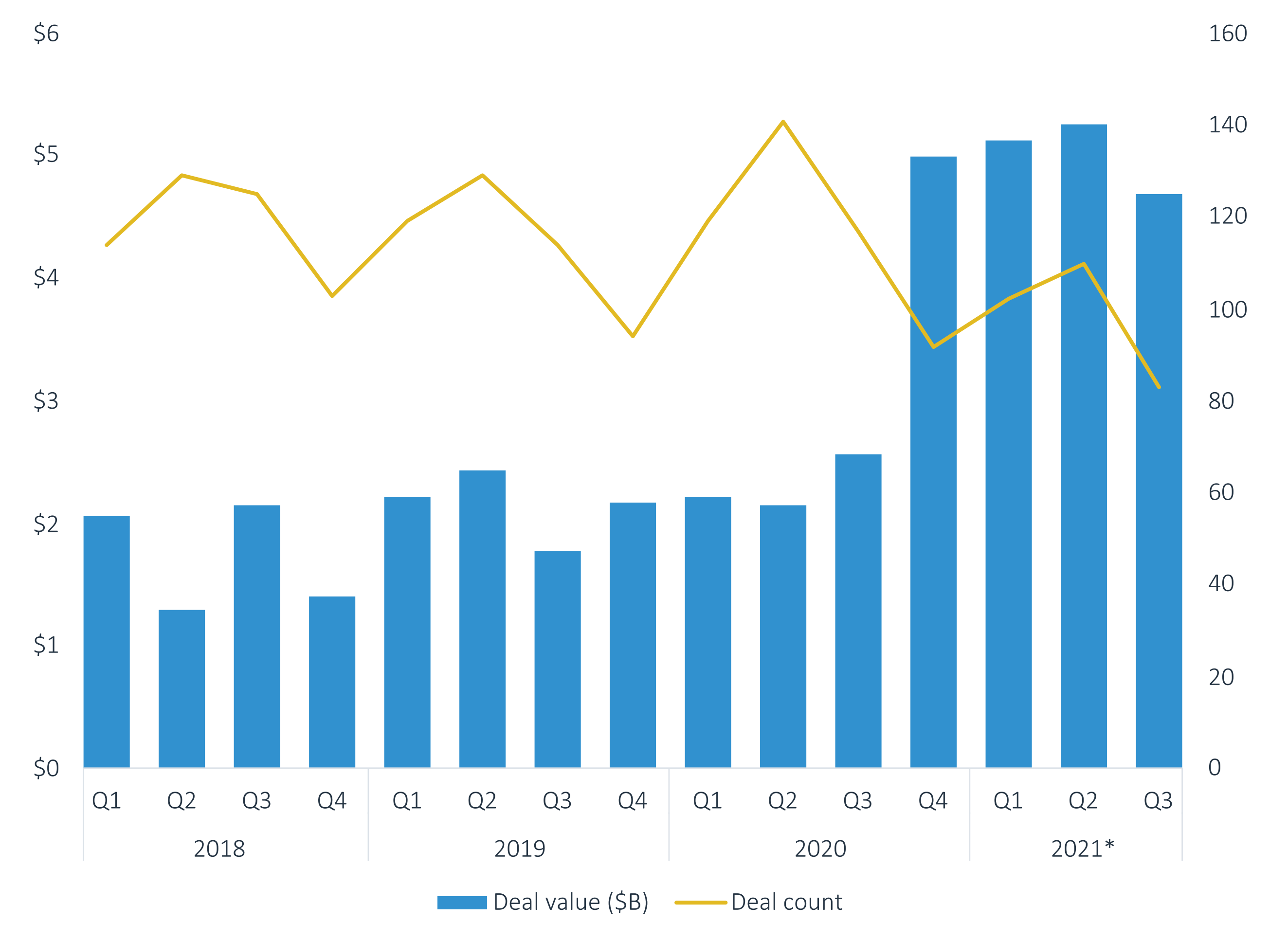
The healthcare industry faces mounting pressure to reduce costs while also improving patient outcomes. This incentive is driving key stakeholders—including patients, providers, payers, employers, and the government—to focus investments into technologies that seek to improve treatment discovery and delivery methods. Health spending accounted for 17.7% of US GDP in 2019, and we estimate enterprise healthtech represents a roughly $640 billion industry that will reach $1.3 trillion by 2025—an approximately 14% CAGR. In recent years, healthtech venture capital (VC) deal activity has spiked as healthcare organizations, clinical trial providers, employers, insurance providers, and policymakers are 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 Internet of Things- (IoT) and artificial intelligence-related (AI) technologies
- Proactive measures taken by healthcare organizations, employers, and insurance providers to reduce the cost of care
- Growth in clinical trial research organizations and decentralized clinical trials resulting from the COVID-19 pandemic
- 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 improve patient safety and privacy

We segment the enterprise healthtech landscape into the following categories: prescription tech, customer acquisition tools, clinical trial tech, insurance tech, and operations & care management.

Figure 1. ENTERPRISE HEALTHTECH VC DEAL ACTIVITY BY QUARTER



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

Q3 2021 timeline

Jul 1 · Aug 1 · Sep 1 · Sep 30

VC DEAL

July 7
PharmEasy, an e-pharmacy, raises the largest deal tracked among prescription technology startups during the quarter, a $500.0 million Series F.

VC DEAL

August 3
Miaoshou Doctor, a patient management and communication platform, raises the largest deal tracked among operation & care management startups this quarter, a $231.5 million Series F.

VC DEAL

August 10
Reify Health, a clinical optimization software provider, raises the largest deal tracked among clinical trial technology providers during the quarter, a $220.0 million Series C.

VC EXIT

September 14
Online pharmacy **PharmEasy** acquires **Aknamed**, a hospital-focused supply chain platform, for $54.4 million.

VC DEAL

September 23
Insurance provider **Devoted Health** raises the largest deal tracked this quarter among all segments and the largest-ever insurtech VC deal, a $1.2 billion Series D.

VC EXIT

September 28
LumiraDx (NASDAQ: LMDX), a point of care diagnostic platform, goes public via a special purpose acquisition company (SPAC) after failing to IPO earlier this year.

Q3 SUMMARY

83
total VC deals

$4.7B
total VC raised

TTM SUMMARY

387
total VC deals

$20.1B
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 WWW.DXY.CN, 妙手医生 miaoshou.net, visby medical, PEAR Therapeutics, Carbon Health, ConcertoCare, mindstrong, AIRSTRIP, strive health, HotSpot Therapeutics, LifeImage, SchoolCare, lumeon, medici, ARTERYS, Linkedcare领健, Vesta healthcare, RxREVU, medchart, particle health, dina, mahmee, ANDOR

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 Therapeutics, NUNA, GNS HEALTHCARE, apervita, pieces, healthverity, Transcarent, H1, Owl, smile CDR, Tegria, OMNY, SYNTEGRA, PurpleLab

Hospital management

VillageMD, 平安医保科技, Olive, 医联, LeanTaaS, Clarify, UNITE US, caresyntax, kareo, HNI healthcare, AlayaCare, AKASA, medCPU, intelycare, aver, avia, Welkin, dexcare, pearl, ribbon, rivet, kenbi, Epic

Clinical trial technology

Patient recruitment & retention

TEMPUS, Medable, antidote, teckro, trialbee, HealthMatch, DEEP 6 AI, CIRCUIT CLINICAL, SubjectWell, inato, Clara, Reify HEALTH

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

Invita, MENDEL, insitro, Valo, 药研社, Verana Health, Florence, DATAVANT, SIGNALPATH, medrio, MEDnet, castor, 4G CLINICAL, Complion, CLINICAL MAESTRO, Curebase

Electronic clinical outcome assessment (eCOA)

koneksa health, UNLEARN, ClaritasRx, HumanFirst, umotif, Science 37

Prescription technology

E-pharmacy

ZurRose Group, Pill Pack, MedAvail, ro, alto, MEDLY, 1mg, netmeds.com, 泉源堂, Nimble, 快方, scriptdrop, NowRx, POCKETPILLS, farmalisto, Jio Health, Raksha Health, Bicycle Health, dawaai, BLINK HEALTH, phil, PILL CLUB, aspen RxHealth

Pharmacy automation technology

Millennium Pharmacy Systems Inc., TALYST, ARxIUM, 健麾信息, ASTERES, KITCHECK, mPharma, INTERlink AI, NEW ICON, orbitalRx, HighRes biosolutions

E-prescription

ZappRx, xealth, synapse, memed, RxLightning, eazyScripts

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.

Customer acquisition tools

Scheduling & marketing platforms

微医 WeDoctor, classpass, Zocdoc, Doctolib, Calendly, LetsGetChecked, 好大夫在线, practo, heal, KYRUUS, ZnanyLekarz, rightway, PATIENTPOP, AKTANA, Headway, trusted, JOBBER, amino, Vezeeta, schedulicity, Solv, CarrumHealth

Corporate distribution

babylon, gusto, Welltok, cleo, dacadoo, cxagroup, flare, welldoc, sharecare, MAVEN, CARROT, bioIQ, bwell, Stork Club, SEMPRE HEALTH, RECURO, garner, iris healthcare, Optimity, futurefamily

Insurance technology

Operations technology

CITYBLOCK, League, Nayya, HealthBridge, kalderos, +Simple, assurecare

Insurance providers

oscar, Bright HealthCare, DevotedHealth, Collective Health, ESSENCE HEALTHCARE, iorahealth, alan, friday health plans, bind, beam smarter dental care, sidecar health, ottonova, SOLERA, BestDoctor, Welbe Health

Marketplace & benefits platforms

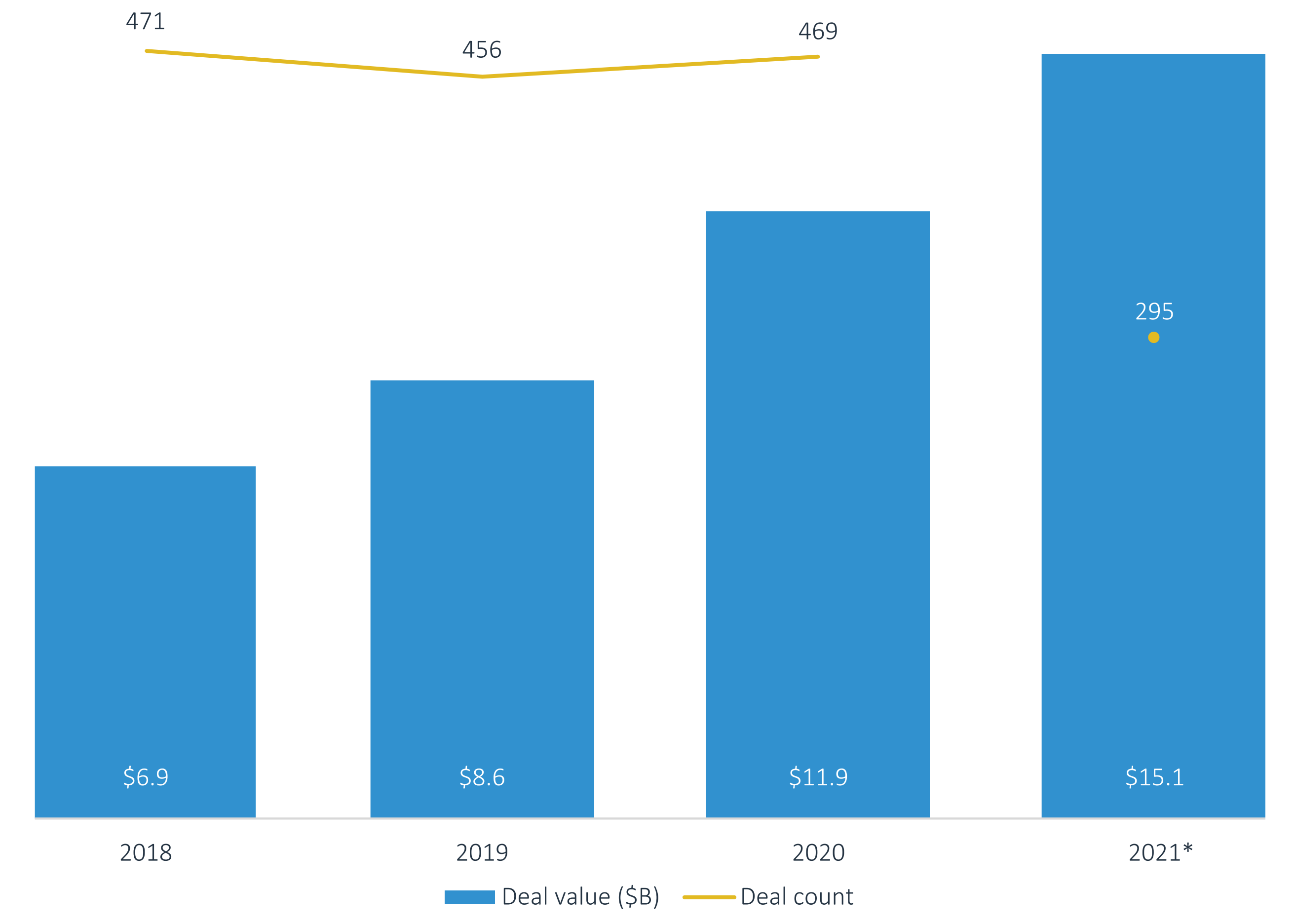
Medbanks, policybazaar, Aledade, ACKO, Health IQ, advise, edenhealth, GRAVIE, CENTIVO, HealthJoy, wefox, Stride, 大特保, 保险极客 为每一个拼搏的未来, Coverfox, LUMITY, BAYZAT

VC activity

Q3 2021 enterprise healthtech VC deal count hit its lowest point since 2015, with just 83 deals tracked. Deal value, however, remained high, with $4.7 billion in disclosed deal value. This signifies industry maturity as median pre-money valuation increased from $30.0 billion in 2020 to $77.5 billion in 2021. Despite the rise in late-stage deals, no mega-deals were tracked this quarter. The insurtech segment drove the majority of the quarter's deal value, with $1.9 billion in disclosed deal value invested across 21 deals. **Devoted Health**, an insurtech startup, raised the largest deal of the quarter among all segments, a $1.2 billion Series D. Medicare has been a point of interest among several health insurance startups—including **Clover** (NASDAQ: CLOV), **AllyAlign Health**, **Alignment Healthcare** (NASDAQ: ALHC), **Oscar** (NYSE: OSCR), and **Devoted Health**—as the market opportunity increases due to governmental promotion of Medicare Advantage over the historical fee-for-service model.

In terms of deal value, the hospital operation & care management segment came in second place this quarter, with $1.15 billion disclosed. However, the segment outpaced insurtech in terms of deal count, with 33 deals tracked this quarter. Various healthtech startups, including **MedInReal**, **Mutuo Health Solutions**, **Plasticity**, and **Emtelligent Software**, are using natural language processing (NLP) to develop innovative solutions for electronic health record (EHR) integration. We believe NLP can facilitate creation of real-world data, enable development of personalized and precision medicine, and automate medical note-taking and documentation.

Figure 2. ENTERPRISE HEALTHTECH VC DEAL ACTIVITY



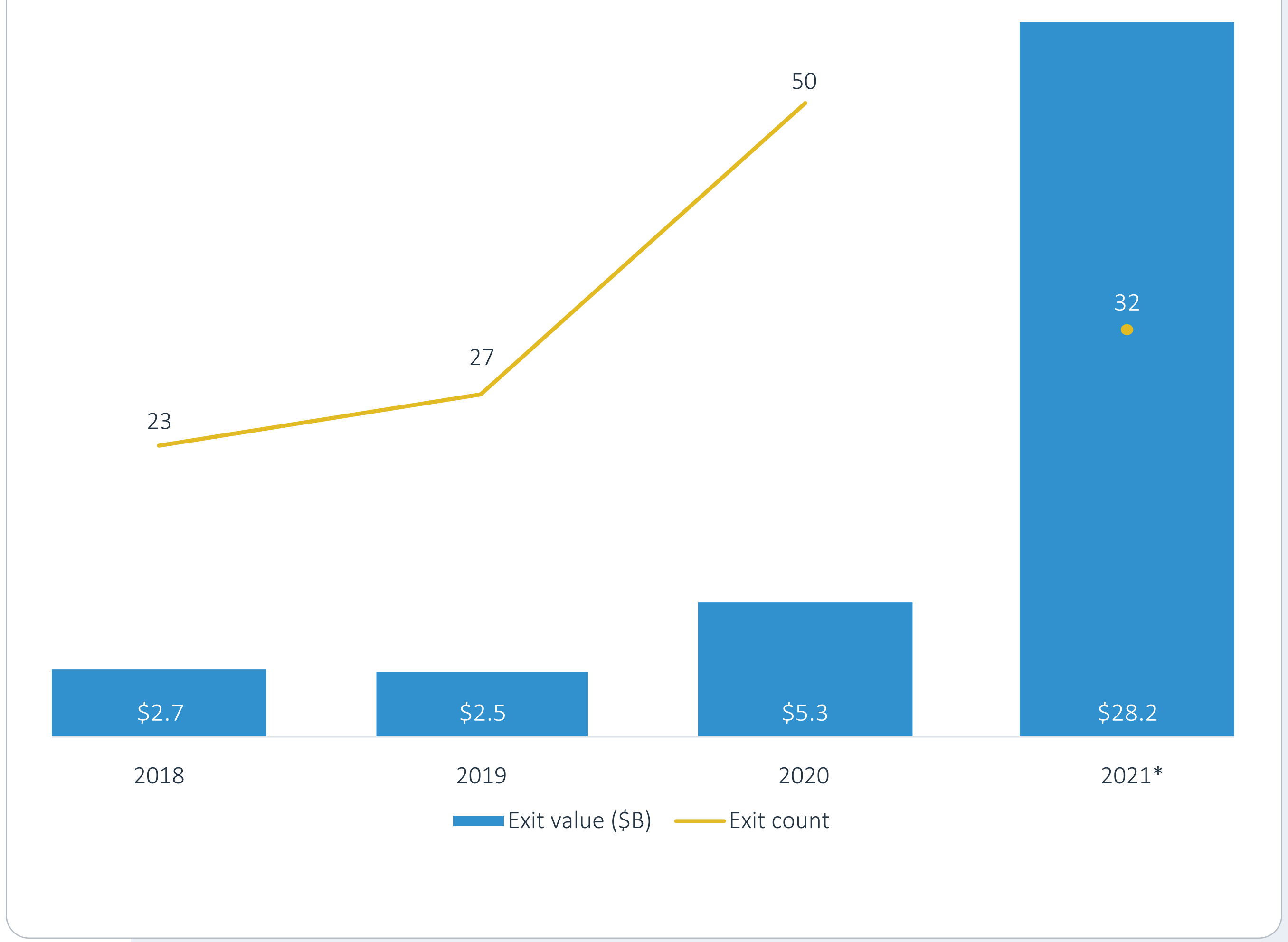
Source: PitchBook | Geography: Global | *As of September 30, 2021

VC ACTIVITY

After a record-breaking Q2 in terms of exit value, exit activity experienced a plunge in both value and count. During Q3, we tracked six exits, with a total disclosed deal value of $3.3 billion. The SPAC of **LumiraDx**, which achieved an exit value of $3.0 billion, dominated the quarter's deal value. While not strictly a patient management platform, **LumiraDx** is riding the wave of digital transformation as hospitals seek relatively low-lift ways to securely integrate patient test results into EHR systems.

M&A deals included the $54.4 million acquisition of **Aknamed** by **PharmEasy** to position itself as a broader online healthcare firm and the $53.5 million acquisition of e-prescriber and e-pharmacy provider **Memed** by DNA Capital. These acquisitions represent industry maturity within the prescription technology segment. We believe companies focused exclusively on developing e-prescribing or e-pharmacy platforms are unlikely to succeed long term. Companies must broaden their products and capabilities to continue to capture the market. For example, e-pharmacies could develop telemedicine/prescribing capabilities, and e-prescribers could provide additional patient management solutions.

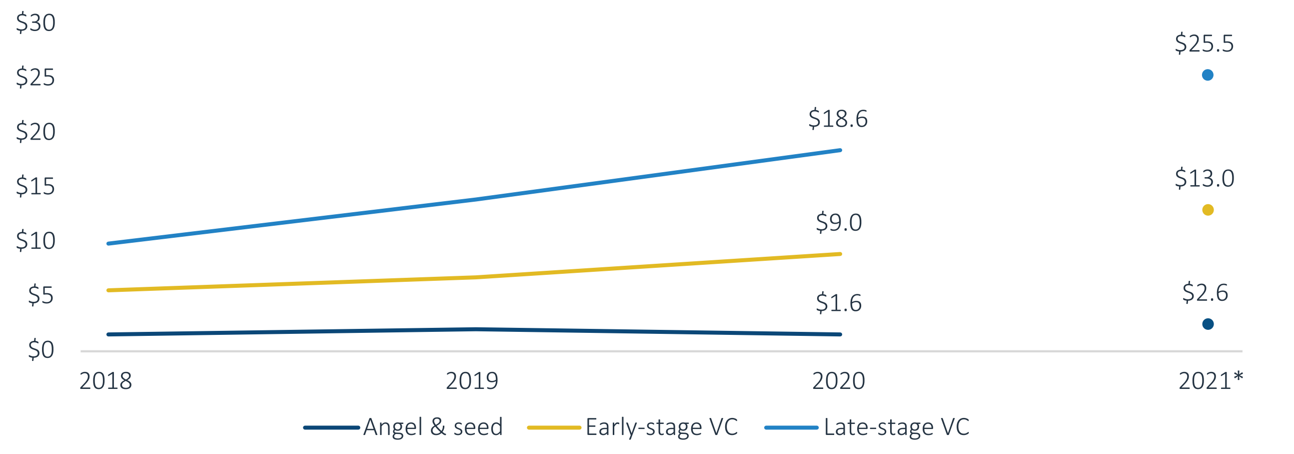
Figure 3. ENTERPRISE HEALTHTECH VC EXIT ACTIVITY



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

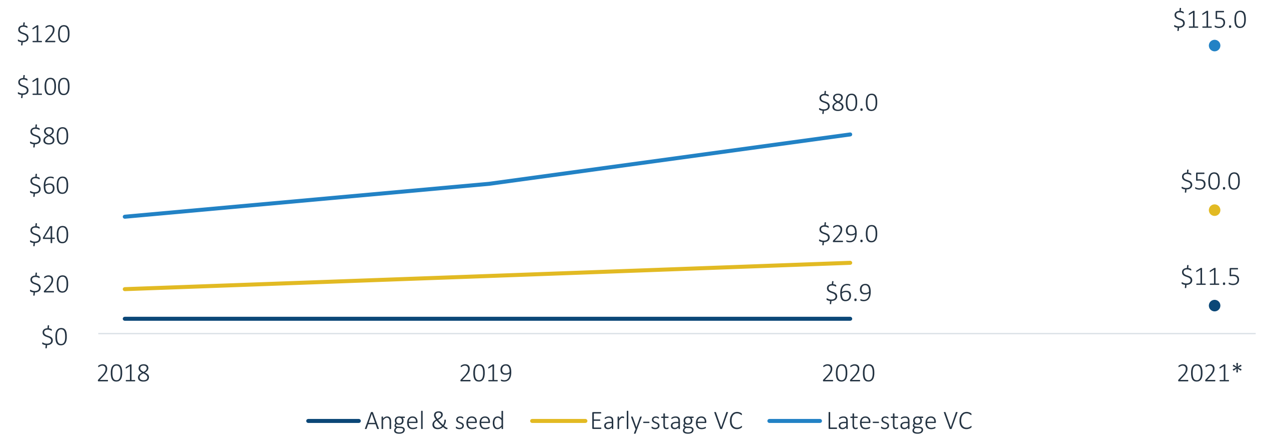
VC ACTIVITY

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



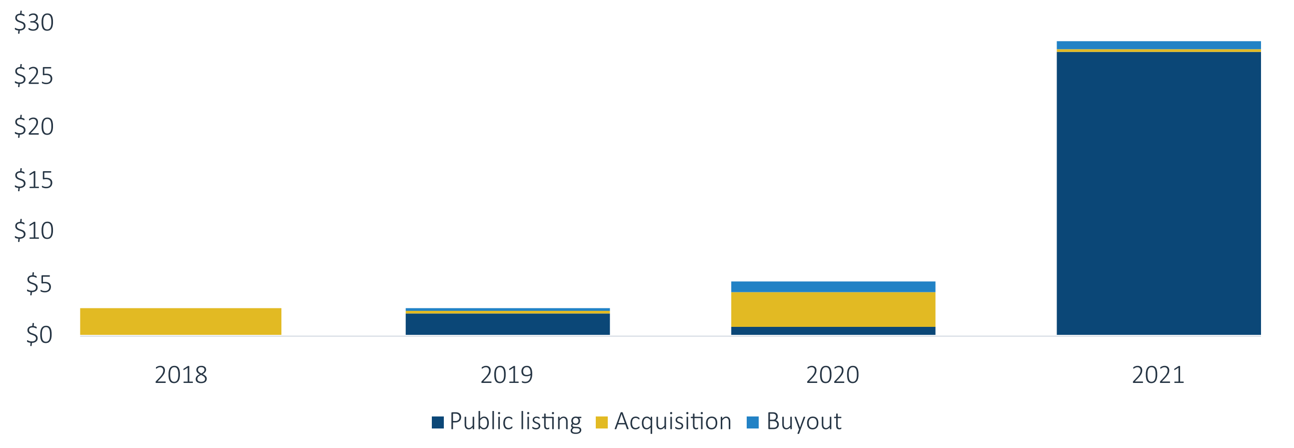
Source: PitchBook | Geography: Global | *As of September 30, 2021

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



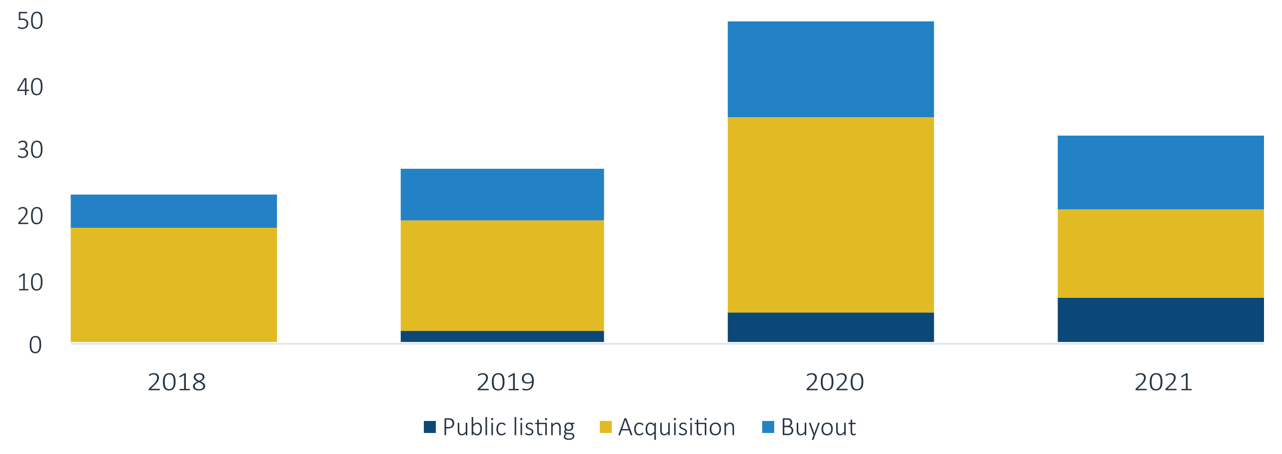
Source: PitchBook | Geography: Global | *As of September 30, 2021

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



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

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



Source: PitchBook | Geography: Global | *As of September 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*
Clever Care Health Plan	September 22, 2021	Insurance tech	Series B	$71.0	Health Velocity Capital	1.7x
Suki	September 3, 2021	Operations & care management	Series C	$70.0	N/A	3.0x
Vim	July 1, 2021	Customer acquisition tools	Series B	$60.0	N/A	1.1x
Centivo	September 22, 2021	Insurance tech	Series B1	$50.9	Maverick Ventures, B Capital Group	1.9x
AllStripes	August 24, 2021	Operations & care management	Series B	$50.0	Lux Capital	N/A
Sunday	September 2, 2021	Insurance tech	Series B	$45.0	N/A	N/A
Aknamed	September 14, 2021	Operations & care management	Early-stage VC	$41.8	N/A	N/A
Nym Health	July 27, 2021	Operations & care management	Series B	$25.0	Addition	2.1x
Flexciton	August 19, 2021	Customer acquisition tools	Early-stage VC	$20.8	N/A	2.3x
Smile CDR	August 5, 2021	Operations & care management	Series A	$20.0	UPMC Enterprises, 30 North Group	N/A

Source: PitchBook | Geography: Global | *As of September 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*
Devoted Health	September 23, 2021	Insurance tech	Series D	$1,200.0	N/A	3.2x
PharmEasy	July 7, 2021	Prescription tech	Series F	$500.0	N/A	0.8x
Cityblock	September 3, 2021	Insurance tech	Series D	$400.0	SoftBank Group	1.9x
Miaoshou Doctor	August 3, 2021	Operations & care management	Series F	$231.5	N/A	N/A
Reify Health	August 10, 2021	Clinical trial tech	Series C	$220.0	Coatue Management	12.4x
Spring Health	September 16, 2021	Customer acquisition tools	Series C	$190.0	Kinnevik	N/A
Gusto	August 10, 2021	Customer acquisition tools	Series E	$175.0	T. Rowe Price	N/A
Caresyntax	September 16, 2021	Operations & care management	Series C	$130.0	PFM Health Sciences	2.0x
Shukun	July 31, 2021	Operations & care management	Series D	$108.0	N/A	N/A
Snorkel AI	August 9, 2021	Operations & care management	Series C	$85.0	BlackRock, Addition	6.8x

Source: PitchBook | Geography: Global | *As of September 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)*
LumiraDx	September 28, 2021	Operations & care management	$3,000.0	Public listing	CA Healthcare Acquisition	$3,000.0
PatientPing	May 6, 2021	Operations & care management	$500.0	LBO	Norwest Venture Partners, Auburn Hill Capital, Clearlake Capital Group, Insight Partners, Appriss	$500.0
Aknamed	September 14, 2021	Operations & care management	$54.4	M&A	PharmEasy	$143.7
Memed	April 29, 2021	Prescription tech	$53.5	M&A	DNA Capital	$53.5
Doctor On Demand	May 11, 2021	Customer acquisition tools	N/A	LBO	Grand Rounds Health, The Carlyle Group	N/A
Saykara	January 28, 2021	Operations & care management	N/A	M&A	Nuance Communications	N/A
Cmed	May 1, 2021	Clinical trial tech	N/A	M&A	Alten	N/A

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

Figure 11.

Key strategic acquirers of enterprise healthtech companies since 2015

INVESTOR	DEAL COUNT*	INVESTOR TYPE
Teladoc Health	3	Corporation
NextGen Healthcare	3	Corporation
WIRB-Copernicus Group	3	PE-backed company
IQVIA	3	Corporation
Health Catalyst	3	Corporation

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

Figure 12.

Top VC investors in enterprise healthtech companies since 2017

INVESTOR	DEAL COUNT*	INVESTOR TYPE
F-Prime Capital	41	VC
Alumni Ventures Group	31	VC
GV	28	CVC
New Enterprise Associates	27	VC
General Catalyst	26	VC
Echo Health Ventures	25	VC
Maverick Ventures	23	VC
Optum Ventures	22	CVC
Tiger Global Management	22	VC
Oak HC/FT	22	VC

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

Figure 13.

Top VC-backed clinical trial companies by total VC raised to date

COMPANY	VC RAISED TO DATE ($M)*	CATEGORY
Tempus Labs	$1,020.0	Patient recruitment and retention
insitro	$643.2	Clinical trial management, electronic data capture systems
Valo	$400.0	Clinical trial management, electronic data capture systems
Reify Health	$259.4	Patient recruitment and retention
Huma	$209.6	Clinical trial management, electronic data capture systems

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

Figure 14.

Top VC-backed customer acquisition tools companies by total VC raised to date

COMPANY	VC RAISED TO DATE ($M)*	CATEGORY
WeDoctor	$890.9	Scheduling and marketing platforms
Gusto	$696.3	Corporate distribution
Babylon Health	$635.0	Corporate distribution
Gympass	$621.1	Corporate distribution
ClassPass	$555.7	Scheduling and marketing platforms

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

Figure 15.

Top VC-backed insurance tech companies by total VC raised to date

COMPANY	VC RAISED TO DATE ($M)*	CATEGORY
Devoted Health	$2,019.4	Insurance providers
wefox	$913.0	Marketplace & benefit platforms
Collective Health	$755.0	Insurance providers
Cityblock	$726.0	Operations tech
Essence Healthcare	$556.0	Insurance providers

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

Figure 16.

Top VC-backed operations & care management companies by total VC raised to date

COMPANY	VC RAISED TO DATE ($M)*	CATEGORY
Ping An Medical and Healthcare Management	$1,150.0	Hospital management
Olive	$851.8	Hospital management
Miaoshou Doctor	$824.3	Patient management
DXY	$685.0	Patient management
Komodo Health	$327.5	Healthcare analytics, Big Data

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

Figure 17.

Top VC-backed prescription tech companies by total VC raised to date

COMPANY	VC RAISED TO DATE ($M)*	CATEGORY
PharmEasy	$1,533.6	E-pharmacy
Roman Health Ventures	$876.1	E-pharmacy
Alto	$357.5	E-pharmacy
SPH Health Commerce	$357.4	E-pharmacy
Medly Pharmacy	$335.0	E-pharmacy

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

Emerging opportunities

Corporate distribution

Increased employer focus on virtual and preventative care will increase opportunity.

Decentralized clinical trials

Decentralized trials become more feasible thanks to new, innovative technology.

Corporate distribution

Overview

During the pandemic, 76% of US employers increased investments into virtual care offerings.[1] Despite the increased investment, median employer healthcare spending decreased by about 10% to 12% in 2020 due to delayed care.[2] Spending is anticipated to increase by 6% in 2021 as a result of both employees returning to the doctor and a higher prevalence of mental illness, chronic conditions, and late-stage cancers due to postponed preventative care.[3] To combat the rising costs, we foresee employers continuing to alter their health plan offerings to incorporate more digital health programs.

Virtual care platforms are expanding both horizontally across clinical services and vertically within specific clinical domains. For example, **Headspace**'s acquisition of **Ginger** reflects its vertical integration strategy to become a leading provider of digital behavioral health services. Long term, we believe virtual health companies that provide both physical and mental health solutions will likely pursue direct partnerships with employers, whereas companies with single-service offerings will be more likely to partner with larger corporate benefits providers to help augment existing offerings. For example, **Calm** partnered with **Gympass** to expand **Gympass**' offerings to include mental wellness solutions in addition to physical fitness options. **Lyra** partnered with **Calm** in hopes of treating a broader population of users and expanding its customer base.

We expect expanding access to mental healthcare to be a top employer priority in 2022, which will increase the opportunity for digital mental health providers. Startups currently pursuing this space include **Headspace**, **Happify Health**, **Modern Health**, **Spring Health**, and **Meru Health**.

1: **"Health Equity, Impact of Pandemic Among Large Employers' Top Concerns, Says 2022 Health Care Strategy and Plan Design Survey," Business Group on Health, August 25, 2021.**
2: **"2022 Large Employers' Health Care Strategy and Plan Design Survey," Business Group on Health, August 2021.**
3: **"2019 Best Practices in Health Care Employer Survey Report," Willis Towers Watson, April 3, 2020.**

Decentralized clinical trials

Overview

In recent years, innovative technology, coupled with the need to improve patient diversity and enhance patient centricity in clinical trials, encouraged researchers to transition toward decentralized clinical trials (DCTs). The trend was accelerated by the rush to develop a COVID-19 vaccine, as well as by the inability to conduct in-person trials during a pandemic. DCTs utilize technology and services—such as telemedicine, electronic clinical assessments, and mobile healthcare providers—to create participation opportunities for individuals who are not located near the research sites. DCTs may be fully remote or a hybrid of traditional in-person trials and virtual trials. While fully remote trials are becoming more popular, we do not expect them to become the norm in the near or long term. Instead, we anticipate clinical trials to use one or more elements of decentralization.

Benefits of DCTs:

DCTs help researchers, patients, and caregivers in the following ways:

- Facilitate participant recruitment
- Improve patient engagement and retention
- Enhance data accuracy
- Increase capacity for additional studies
- Enable efficient, centralized data collection
- Expand trial access and participant diversity
- Enable patients to participate in trials from home

Challenges to DCTs:

Transitioning to DCTs can be a complex process for the antiquated, risk-averse pharmaceutical industry. To implement DCTs, researchers must develop new operational infrastructure, navigate additional regulations, and invest in new technologies. Challenges include:

- Fostering relationships; educating and maintaining engagement with remote patients
- Building competency and alignment across teams, functions, and vendor managers
- Developing and training new teams—for example, training mobile healthcare providers and creating satellite research sites
- As DCTs enable vast data collection, deciphering which data is important and transferring data between multiple systems can be time and labor intensive.
- Tracking chain of custody of investigational products sent directly to patients
- While regulatory agencies are showing support for DCTs, guidelines are continually evolving and regulatory standards are lacking. Large capital investments are needed for regulatory compliance and easy-to-use technology.
- Trials conducted across various countries are subject to cross-border data standards.
- Creation and adoption of new quality management systems—for example, policies, standard operating procedures, and training

Startups focused on enabling DCTs:

Reify Health

VC raised	Post-money valuation
$259.4M	$2.2B

Reify Health aims to pave the way to faster, predictable, and more accessible clinical trials. Through its business entities, StudyTeam and Care Access, **Reify** provides clinical optimization software. StudyTeam focuses on effective patient enrollment, and Care Access provides mobile clinical trial infrastructure. **Reify**'s Series C, raised in August 2021, was the largest investment tracked amid a flurry of investments raised by decentralized clinical trial companies. The deal's 12.5x valuation step-up—the highest we have tracked in the category—boosted the company's post-money valuation to $2.2 billion, which is more than twice the valuation competitor **Science 37** is expected to achieve in its reported upcoming SPAC deal. Another competitor, **Parexel**, was acquired via a leveraged buyout (LBO) for $8.5 billion in July.

ObvioHealth

VC raised
$58.4M

ObvioHealth's platform and app enables clinical researchers to design virtual studies; recruit, screen, enroll, and interact with participants; monitor vital signs; manage logistics such as home supply delivery and global participant payments; and oversee medical assessments and clinicians. It raised a $31.0 million Series B in July to boost information technology (IT) capabilities, including the Global Data Protection Regulation (GDPR) compliant bridging software to query EHR data. **Novotech**, a clinical research organization (CRO), and **Dedalus**, a healthcare IT and diagnostic software provider, led the round. **ObvioHealth** will become **Novotech**'s preferred provider for trials in the APAC region. For clinical trial tech providers, developing partnerships with CROs in the near term will be crucial. CROs are actively developing proprietary technologies or partnering with or acquiring clinical trial tech providers.

Select company highlights

BrightInsight

200+ employees

Headquartered in San Jose, California, with offices in the UK and Switzerland

Total financing to date

$166M

Overview

The **BrightInsight** Platform enables biopharma and medtech companies to accelerate time to market for regulated digital health products including apps, algorithms, medical devices, connected combination products, companion diagnostics, and Software as a Medical Device (SaMD). The company helps clients deploy regulated digital health products across the patient journey—from patient diagnosis and selection to adherence and dose and disease management. **BrightInsight** aims to eliminate the need for lengthy and complex "build from scratch" implementations by offering a compliant platform and configurable software modules with a focus on security, privacy, and regulatory requirements. According to company management, COVID-19 has led to increased demand, as medtech and biopharma companies increase focus on digital health efforts and invest in remote disease management, while decentralized clinical trials have also increased.

Competitors

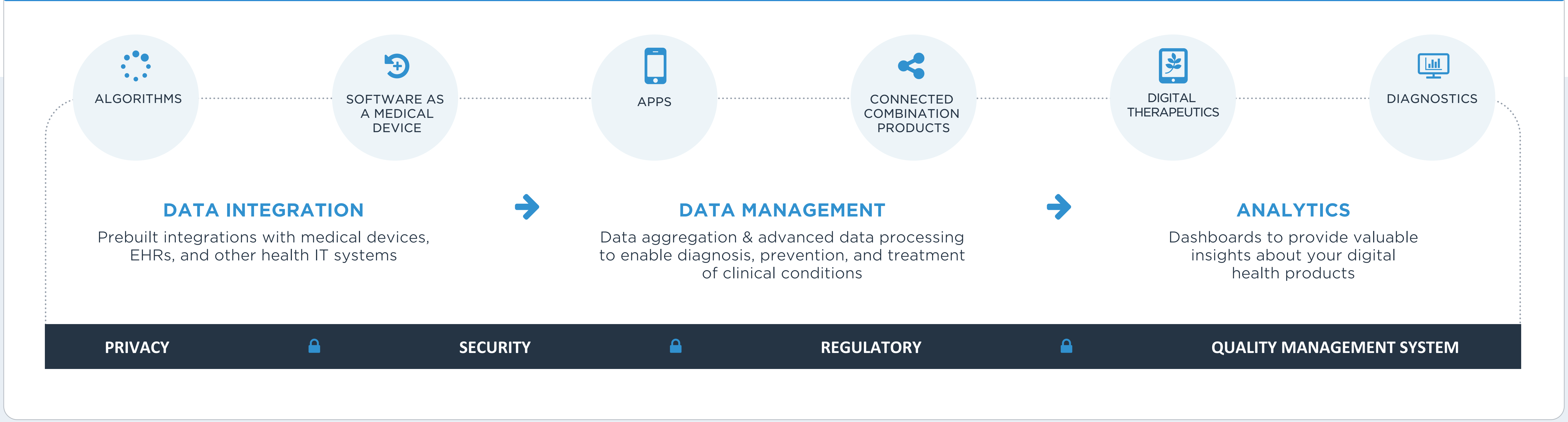
Biopharma and medtech companies often build proprietary, in-house software rather than engage an external organization. **BrightInsight** suggests that it outperforms in-house solutions based on its four key factors for success:

- **Speed:** On average, its projects go from ideation to launch in less than one year.
- **Scalability:** Digital health solutions must be scalable across geographies and products, as well as therapy areas. **BrightInsight** is device and therapy agnostic.
- **Security:** Data privacy and security compliance are vital, and, while challenging, staying current on evolving global regulations is paramount. **BrightInsight** monitors requirements to ensure compliance.
- **Staffing:** Building, launching, and maintaining a digital health platform requires a team with a particular skillset. Training or hiring that team is an often time-consuming process that can delay a launch. **BrightInsight** provides that experienced team, thereby allowing customers to focus on therapeutic innovation.

Leadership

The company is led by its three Co-Founders, Kal Patel, M.D., CEO; Ferry Tamtoro, CTO; and Ben Lee, VP of Engineering and Data Science. Its Executive Leadership Team includes Jamie Burgess, VP of Marketing; David Matthews, Ph.D., Chief Commercial Officer; and Ryan O'Toole, Chief Business Officer. This year, **BrightInsight** tripled the size of its team.

Figure 18. THE BRIGHTINSIGHT PLATFORM



Source: Reproduced with permission from BrightInsight

Outlook

Digital health innovation and adoption by biopharma and medtech companies are on the rise as the industry moves from simple, unregulated digital health apps to regulated applications—nearing the actualization of personalized medicine. Early apps offered generic information on particular disease areas and focused on tracking vitals instead of providing insights. Now, highly personalized, regulated digital health solutions with the power to enable earlier patient diagnoses and improve personalized therapy matching, dose and disease management, and adherence are being developed. These apps will require more privacy, security, and regulatory compliance. Compliant technology such as **BrightInsight**'s will play a critical role in enabling the proliferation of digital health solutions that can transform patient outcomes.

Figure 19.

Financing history

SERIES A	SERIES C
June 10, 2020	**March 10, 2021**
Raised to date ($M): $65.0M	**Raised to date ($M):** $101.0

40 employees
Operates in two countries

Total financing to date
$24.0M

Overview

Mendel.ai uses NLP to transform unstructured EHR data into comprehensive, de-identified, compliant, and analytics-ready data. **Mendel.ai** claims to be specialty agnostic and can structure the data from two million patient records in just 20 minutes.[4] Until recently, **Mendel.ai** focused exclusively on engineering its AI and developing intellectual property (IP). It received its first customer in mid-2020 and expects to be at 10x growth this year.

Data companies with unstructured data comprise most of **Mendel.ai**'s clientele, though it also sells to pharmaceutical companies, healthcare providers, and clinical research organizations. **Mendel.ai** employs a volume-based, Software-as-a-Service (SaaS) subscription business model. When trying to secure new customers, **Mendel.ai** claims its biggest barrier to adoption is demonstrating the value of its AI capabilities relative to large tech firms such as **Google** (NASDAQ: GOOGL), **IBM Watson Health**, and **Amazon** (NASDAQ: AMZN), which have had little success with similar product initiatives. Management touts the company's 100% conversion rate from pilots to deals.

Competitors

Mendel.ai competes with companies focused on extracting data from EHR systems, such as **Flatiron**, and optical character recognition providers, such as **Nuance Communications** (NASDAQ: NUAN). Capturing nuance from EHRs has long been a tedious undertaking, and **Mendel.ai**'s natural language-based approach seeks to simplify the process. Historically, approaches to structuring EHR data have included:

- Nurses or other clinical abstractors reviewing the data, inferring relevant information, and entering the data into electronic data capture systems. This method has great utility but is time and labor intensive.
- Employing templated EHRs to standardize data entry, which can facilitate data extracting. Templated EHRs have low physician uptake as physicians prefer to enter notes using their own language colloquialisms and shorthand.

4: **Telephone interview with Karim Galil, interviewer Kaia Colban, July 30, 2021.**

SELECT COMPANY HIGHLIGHT | MENDEL.AI

Leadership

The company is led by Co-Founders Wael Salloum, Ph.D., and Karim Galil, M.D. In 2021, **Mendel.ai** has grown its team from five to 30 employees. Recent hires include Kristin Thayer, who previously worked at **Facebook** (NASDAQ: FB) and **Uber** (NYSE: UBER), to serve as COO; Betsy Wujek, who previously worked at **Optum**, to serve as Chief Revenue Officer; and Anabella Aspiras from **Flatiron**, who also served as VP of Clinical Operations on President Biden's Cancer Moonshot initiative.

Outlook

AI to enable hypothesis generation: Human patient records analysis is limited by strict data extraction parameters. Machines can structure and extract larger volumes of data, thus enabling the discovery of linkages likely to be missed by human analysis. In addition to helping researchers answer questions, **Mendel.ai**'s management believes its technology may soon lead to hypothesis generation, thereby expanding the current realm of knowledge.

Figure 20.

Financing history

ANGEL	ACCELERATOR	SEED	SERIES A
January 1, 2016	**August 18, 2016**	**July 1, 2017**	**April 30, 2021**
Raised to date ($M): $3.8	**Raised to date ($M):** $4.0	**Raised to date ($M):** $6.0	**Raised to date ($M):** $24.0

SELECT COMPANY HIGHLIGHT | NOWRX

Number of employees
93

Total financing to date
$107.0M

Overview

NowRx is an on-demand e-pharmacy that offers same-day delivery and provides customer centricity through its mobile app. It began offering telemedicine earlier in 2021, thus enabling consumers to receive both their prescriptions and medications from NowRx. It contracts its own physicians, who currently provide prescriptions exclusively for treatment of hair loss, erectile dysfunction, herpes, and HIV. NowRx's leadership hopes to expand offerings in the near term.

NowRx originally launched in the Bay Area, California, and has since expanded to Southern California and Arizona. It plans to expand nationwide region by region. NowRx's couriers deliver medicines within two to four hours for free or under an hour for a $5 fee. Customers can track orders through the mobile app, and on-site pharmacists can answer medication-related questions over the phone. Management claims its proprietary pharmacy management solution enables it to dispense at a cost half the industry average. This pharmacy management solution runs the entire pharmacy—from tracking inventory to receiving prescriptions and communicating with insurers to clear claims.

Competitors

NowRx competes with e-pharmacy providers, such as Capsule, Alto, and Amazon Pharmacy. Its on-demand delivery capabilities, coupled with its proprietary pharmacy automation solution, lends a competitive advantage. NowRx is attempting to gain further advantage by launching its own telemedicine platform. However, it currently provides prescriptions only for treatment of hair loss, erectile dysfunction, herpes, and HIV. These services alone will not enable NowRx to succeed, as the market for sexual health e-pharmacies with telemedicine capabilities is already crowded. Competitors include Hims & Hers (NYSE: HIMS), Roman, ZipHealth, GoodRx, and REX MD, among others. However, NowRx is one of the few to accept insurance, which furthers its competitive edge. To remain competitive, NowRx should continue to grow its telemedicine capabilities to expand its prescription offerings; its management reports this is a key area of focus.

Leadership

NowRx was co-founded by CEO Cary Breese and CTO Sumeet Sheokand. Breese is a serial entrepreneur, with expertise in technology, healthcare, and financial services. Sheokand served as CTO of GenieDB and was VP of Engineering for X1, where he built business-line and enterprise-grade software.

Outlook

Though the pharmacy market is worth around $400 billion, we believe the e-pharmacy market will become dominated by a few select players in the coming years. Historically, market share was dispersed among numerous brick-and-mortar pharmacies as location played a primary role in acquiring and retaining consumers. With e-pharmacies, proximity becomes irrelevant—leading us to believe consumers are less likely to transition between e-pharmacies. While most on-demand e-pharmacies are currently located only in select regions, we expect providers to expand nationwide in the next two years.

E-pharmacies can acquire new customers by marketing directly to consumers, providing telehealth services that automatically send prescription requests to customers' preferred e-pharmacies, or developing robust relationships with hospitals. On-demand e-pharmacies are best suited to acquire new consumers by targeting the telemedicine space. Because most hospitals have on-site pharmacies, patients who receive in-person prescriptions for urgent medications are less likely to transition to on-demand e-pharmacies. For non-urgent prescriptions, consumers do not need on-demand delivery, thus negating one of NowRx's key differentiating factors. With tech players such as Amazon and traditional pharmacies such as Walgreens now offering one- to two-day prescription delivery, we believe market entry will be easiest through telemedicine.

Figure 21.

Financing history

ANGEL	SEED	SERIES A	SERIES B	SERIES B
January 13, 2017	**March 21, 2017**	**March 19, 2018**	**July 15, 2020**	**October 1, 2021**
Raised to date ($M): $2.3	**Raised to date ($M):** $6.0	**Raised to date ($M):** $13.0	**Raised to date ($M):** $33.0	**Raised to date ($M):** $107.0

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.

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

Climate Tech
Svenja Telle
svenja.telle@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

Emerging Spaces and Vertical Snapshots
Ryan Vaswani
ryan.vaswani@pitchbook.com