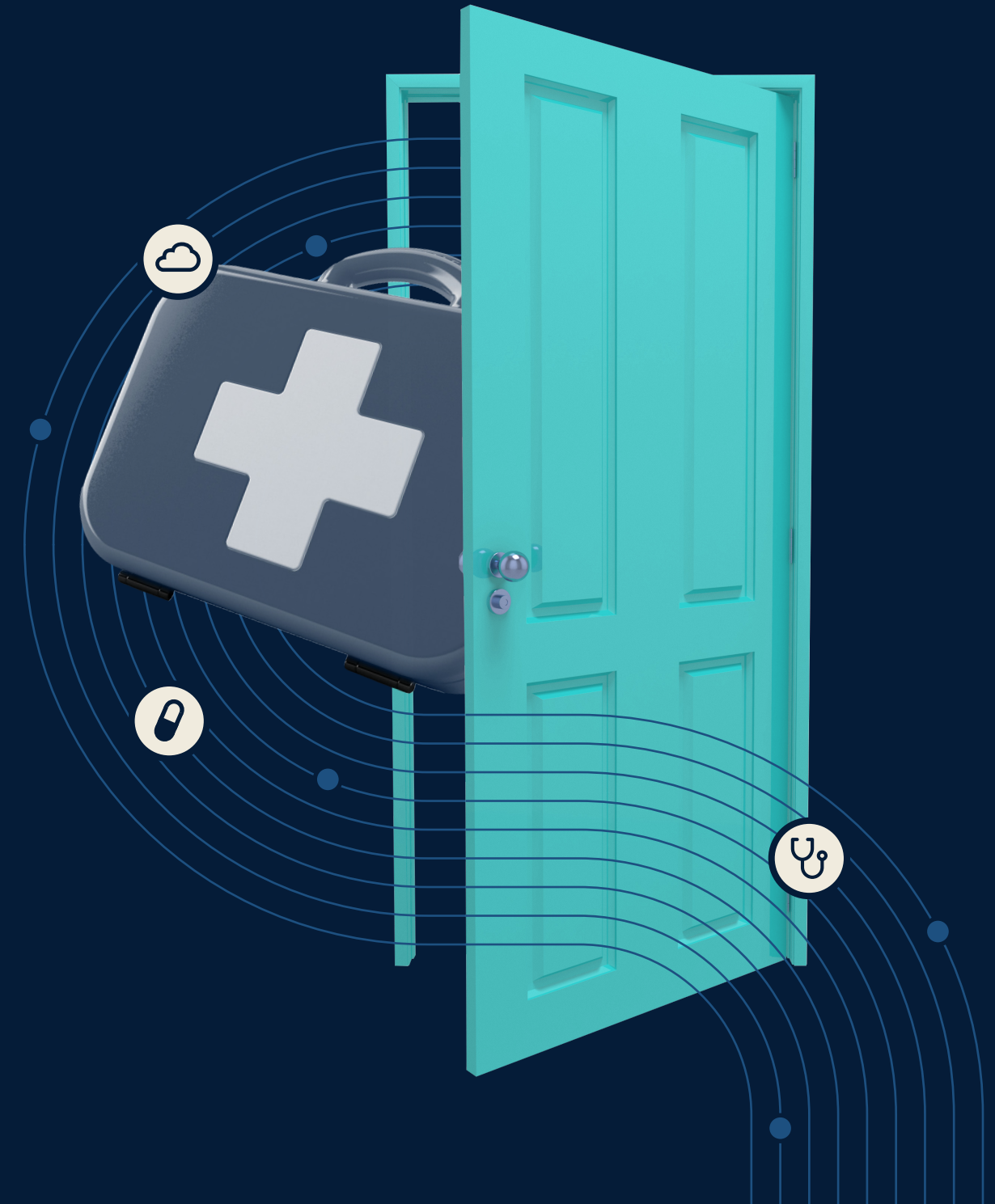




EMERGING TECH RESEARCH

Digital Health Report

VC trends and innovation spotlights



Q1
2024

REPORT PREVIEW

The full report is available through the PitchBook Platform.



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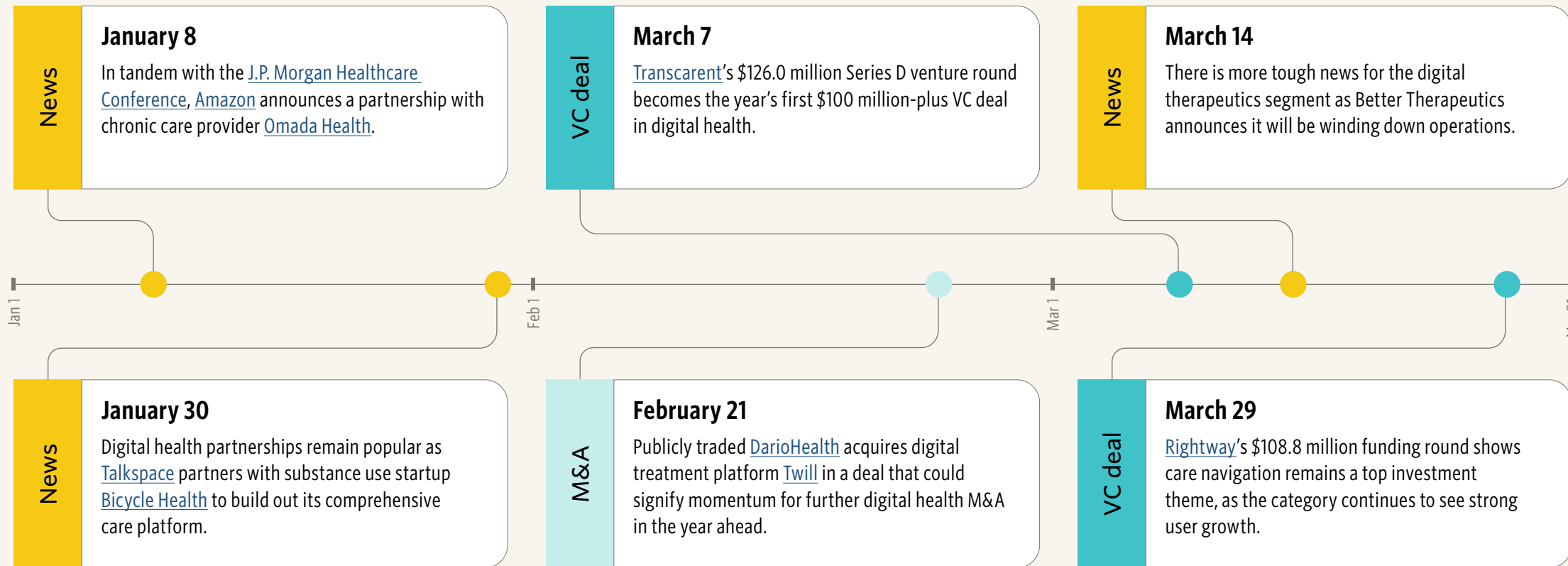
Publishing

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Q1 2024 timeline



Q1 VC deal value summary

\$1.1B
total deal value

6.2%
QoQ growth

-26.7%
YoY growth

Q1 VC deal count summary

77
total deal count

1.3%
QoQ growth

-9.4%
YoY growth



Digital health landscape

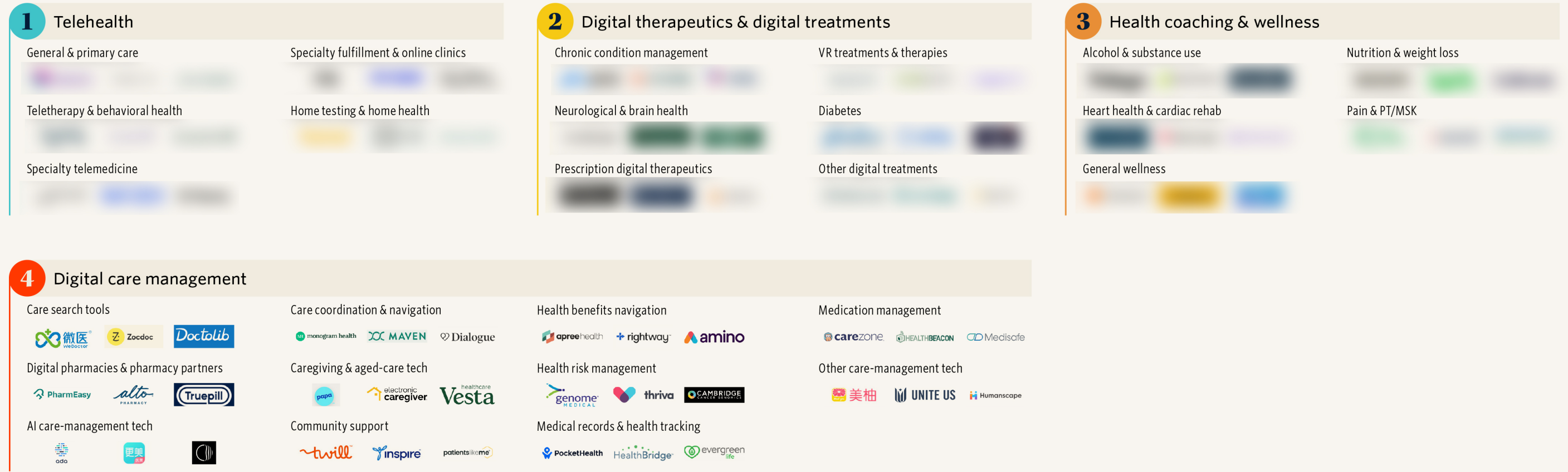
- 1** Telehealth
- 2** Digital therapeutics & digital treatments
- 3** Health coaching & wellness
- 4** Digital care management





Digital health VC ecosystem market map

This market map is an overview of venture-backed or growth-stage companies that have received venture capital or other notable private investments. [Click to view the full map on the PitchBook Platform.](#)





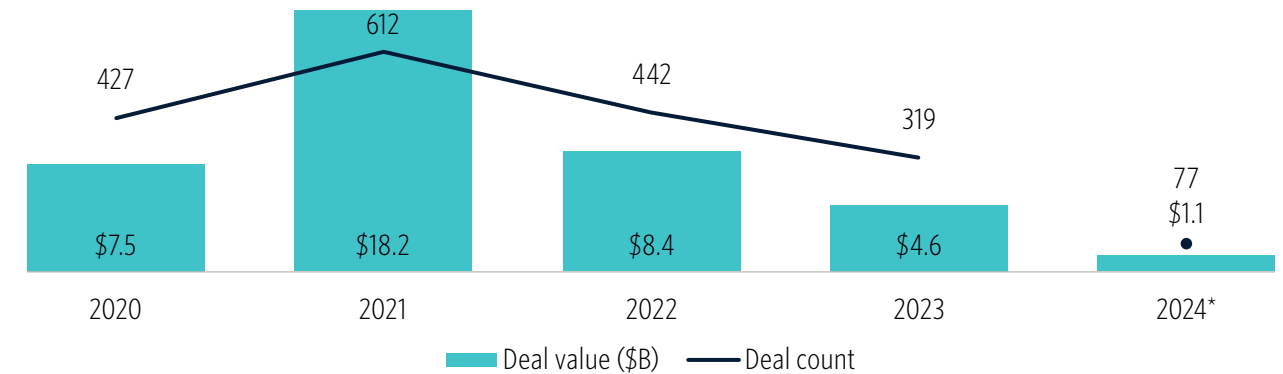
VC activity

Digital health funding continued to tread water in Q1 with \$1.1 billion of VC funding across 77 deals, which is about in line with VC activity from the prior three quarters. While VC funding has stabilized—at around \$1.0 billion of quarterly funding and close to 80 deals per quarter—this level of activity remains far below the totals from previous years. Funding was led by [Transcarent](#)'s \$126.0 million Series D and [Rightway](#)'s \$108.8 million late-stage round, and these two deals were the only digital health funding rounds that exceeded \$100 million in the quarter. Alumni Ventures was the most active digital health VC investor in Q1 with four deals, followed by Connecticut Innovations with three deals.

The drought of VC exits also carried through in the first quarter, with few notable VC exits. One exception was digital care platform [Twill](#)'s acquisition by publicly traded chronic condition management platform [DarioHealth](#). We view this type of transaction, in which a digital-first platform acquires complementary assets to build out consolidated offerings, as the most likely to occur going forward. We expect ongoing reimbursement difficulties in digital therapeutics will be a driver of digital health consolidation, and, as mentioned in our recap of the [2024 MedCity INVEST Conference](#), we also view the rapid growth of GLP-1 drugs as another potential driver for digital health consolidation in the coming years.

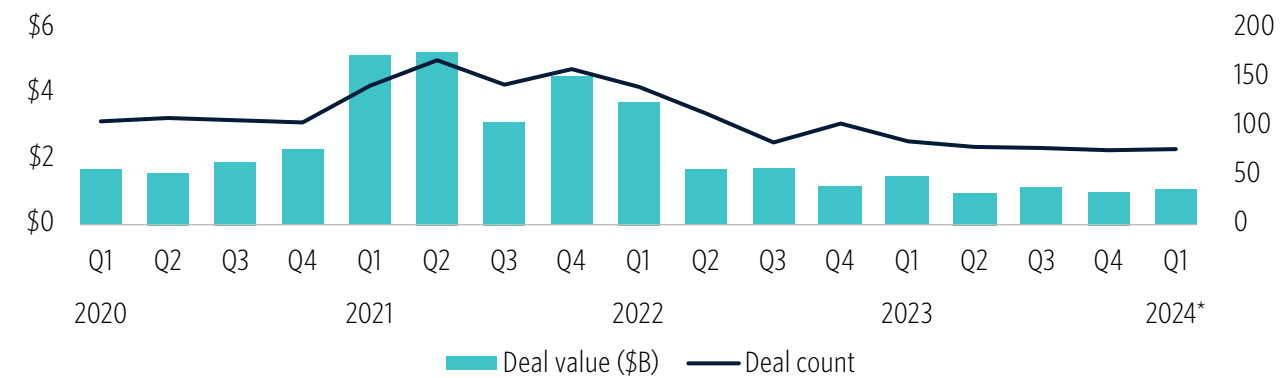
On the IPO front, there was little to write home about in Q1. Heading into 2024, we believed several digital health IPOs could be forthcoming; however, we now expect the highest-quality startups to wait until 2025, as these companies often have balance sheets strong enough to weather the storm and may be comfortable letting others test the public markets first. On June 7, healthcare IT company [Waystar](#) went public at a \$3.5 billion valuation, up from the \$2.7 billion valuation paid by its PE sponsors CPP Investments, EQT, and Ergo Partners in September 2019. On June 14, Tempus went public in a notable test of investor appetite for unprofitable healthtech business models. Tempus raised \$410.7 million in the IPO at an implied valuation of \$6.1 billion, pricing at the upper end of its expected range.

Digital health VC deal activity



Source: PitchBook • Geography: Global • *As of March 31, 2024

Digital health VC deal activity by quarter



Source: PitchBook • Geography: Global • *As of March 31, 2024



VC ACTIVITY

Top digital health VC deals in Q1 2024*

Company	Close date	Segment	Deal value (\$M)	Deal type	Lead investor(s)
Transcarent	March 7	Telehealth	\$126.0	Series D	7wireVentures, General Catalyst
Rightway	March 29	Digital care management	\$108.7	Late-stage VC	N/A
Pelago	March 28	Health coaching & wellness	\$58.0	Series C	Atomico
Forta	January 17	Telehealth	\$55.0	Series A1	Insight Partners
Sonder	January 25	Telehealth	\$51.7	Series B	Blackbird Ventures, Seek
Vesta Healthcare	March 7	Digital care management	\$51.6	Late-stage VC	N/A
Foodsmart	January 31	Health coaching & wellness	\$40.0	Series C	Advocate Aurora Health
PocketHealth	March 5	Digital care management	\$33.0	Series B	Round13 Capital
Brightside Health	March 26	Telehealth	\$33.0	Series C	S32
Healthee	March 4	Digital care management	\$32.0	Series A	Fin Capital, Glilot Capital Partners, Group 11

Source: PitchBook • Geography: Global • *As of March 31, 2024



CARE SEARCH

Select VC-backed care search startups*

Company	HQ location	Total raised (\$M)	Last financing date	Last financing value (\$M)	Lead investor(s)
WeDoctor	Hangzhou, China	\$1,620.8	January 1, 2023	\$6,970.0	Dragonstone Capital Management
ZocDoc	New York, US	\$480.0	February 11, 2021	N/A	Francisco Partners
Quartet Health	New York, US	\$240.5	December 17, 2021	\$991.0	Independence Health Group
A Place for Mom	New York, US	\$234.8	January 24, 2022	N/A	Silver Lake, General Atlantic, Insight Partners
Headway	New York, US	\$232.9	October 5, 2023	\$1,000.0	Spark Capital
Solv.	Oakland, US	\$95.0	September 2, 2021	\$395.0	Acrew Capital, Rethink Impact, Corner Ventures, Binance Labs
Sesame	New York, US	\$74.4	March 28, 2022	\$175.0	GV

Source: PitchBook • Geography: Global • *As of March 31, 2024



SELECT COMPANY HIGHLIGHTS: CARRUM HEALTH



Overview

[Carrum Health](#), founded in 2014 and headquartered in San Francisco, is a treatment and surgery navigation platform that combines prioritized provider access to vetted, high-quality care with a bundled payment, value-based care approach. The platform offers care guidance, coordination, and travel to members and sells its solution through both employers and benefit consultants. [Carrum](#) enables self-insured employers to purchase care at prenegotiated rates and passes through financial risk to providers via bundled payments. In many cases, [Carrum's](#) employer clients can pass along cost savings to their employees—who may pay nothing or just a small amount for treatment—and patients also benefit from [Carrum's](#) care navigation and vetted-care approach. [Carrum Health](#) currently offers its bundled service solution for procedures in musculoskeletal, cardiac, cancer, and bariatric surgery. While its service is primarily intended to benefit patients and their employers, there is also a benefit to providers in joining [Carrum's](#) Centers of Excellence network, given the ability for the platform to reach new patients. This network effect is a boon to the business model, as a growing network of providers can drive further contracts on the enterprise side, incentivizing other providers to join the network. Core competitors include fellow startups [Employer Direct](#) and [Transcarent](#). [Employer Direct](#) is PE backed and was last valued at \$1.0 billion in a secondary transaction in December 2023, while [Transcarent](#) recently raised \$126.0 million of VC funding in a \$2.1 billion valuation round in March.

Key company information

Founded 2014	Last financing valuation \$310.0M
Employees 135	Last financing Raised \$44.0M in a Series D
Total raised \$95.0M	Lead investors OMERS Growth Equity, Tiger Global Management

Exit Predictor



Note: Probability data is based on [PitchBook VC Exit Predictor methodology](#).



SELECT COMPANY HIGHLIGHTS: CARRUM HEALTH

Outlook

[Carrum Health](#) is backed by a strong roster of investors including Tiger Global Management and OMERS Growth Equity. The startup’s last funding round from just over a year ago stands in contrast to other digital health startups that may be under increasing pressure to raise new dollars or seek an exit if they have not raised funds recently. [Carrum Health](#) is likely, in our view, to pursue further funding before an exit would be a realistic possibility. From a business perspective, the company will be seeking to prove its business model to payers, as it provides a unique service for patients seeking out surgical procedures. In the current market, employers are often reluctant to add new point solutions unless there is a glaring need or the cost savings clearly outweigh

the expense and effort of onboarding new solutions. [Carrum’s](#) partner-driven approach is an advantage and provides differentiation in a market where many platforms struggle to stand out. The company has current partnerships with care navigation platforms [Rightway](#), [Included Health](#), and Accolade, which enables members of these platforms to access [Carrum’s](#) platform and leverage its surgery and provider network. In the near term, [Carrum](#) is likely to focus on expanding its roster of employer and consultant clients and bringing on additional partnerships. It currently offers services for a fairly limited range of procedures, and in the coming years, we expect the company to expand its offering toward other procedure types. This could potentially include surgical procedures in urology and neurosurgery, as these categories are two of the most common surgical specialties not currently covered by [Carrum](#).

Financing history

Seed	Seed	Series A	Series B
May 31, 2017	April 24, 2019	January 1, 2021	May 30, 2023
Total raised \$6.5M	Total raised \$3.5M	Total raised \$40.0M	Total raised \$45.0M
Pre-money valuation \$13.0M	Pre-money valuation \$19.5M	Pre-money valuation \$200.0M	Pre-money valuation \$265.0M
Investor Wildcat Venture Partners	Investor Wildcat Venture Partners	Investor Tiger Global Management	Investor OMERS Growth Equity

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Our Industry and Technology 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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