



EMERGING TECH RESEARCH

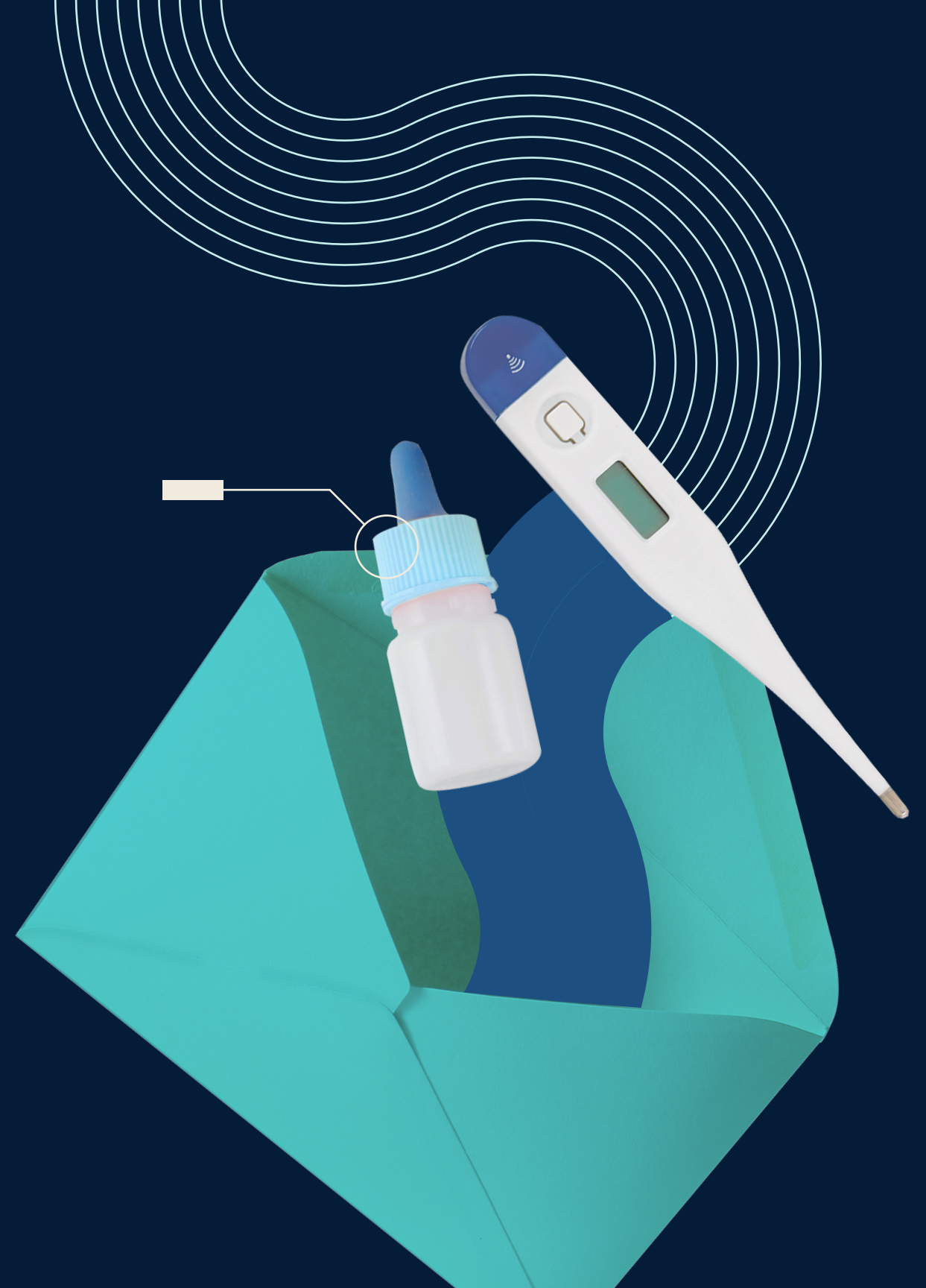
Digital Health Report

VC trends and emerging opportunities

Q2
2023

REPORT PREVIEW

The full report is available through the PitchBook Platform.





Contents

Vertical update	3
Q2 2023 timeline	4
Digital health landscape	5
Digital health VC ecosystem market map	6
VC activity	8
An update on digital therapeutics	11
Emerging opportunities	13
At-home Dx enablement	14
Nondiabetic glucose management	16
Select company highlights	18
Mindbloom	19
Spring Health	21
Appendix	23

We are adding PitchBook Exit Predictor probabilities to our Emerging Technology Research reports. PitchBook's proprietary [VC Exit Predictor](#) estimates the probability that a startup, or VC-backed company, will successfully IPO, be acquired, or merge. The tool is available exclusively to PitchBook subscribers.

Institutional Research Group

Analysis



Aaron DeGagne, CFA Analyst, Emerging Technology
aaron.degagne@pitchbook.com
pbinstitutionalresearch@pitchbook.com

Data

Collin Anderson Data Analyst

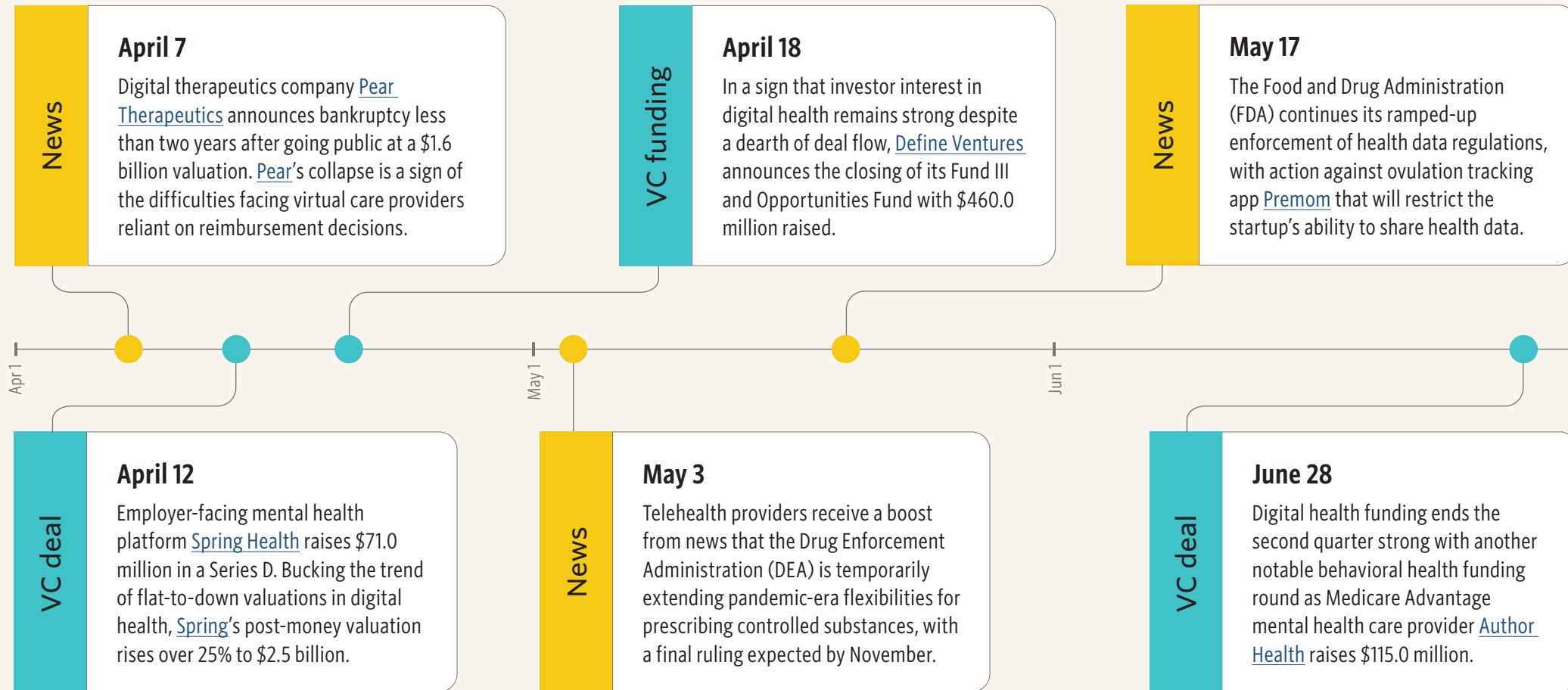
Publishing

Report designed by **Julia Midkiff** and **Megan Woodard**

Published on September 12, 2023



Q2 2023 timeline



Q2 VC deal summary

\$0.9B
Q2 2023 deal value

-29.5%
QoQ change in deal value

73
Q2 2023 deal count

0.0%
QoQ change in deal count



Digital health landscape

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

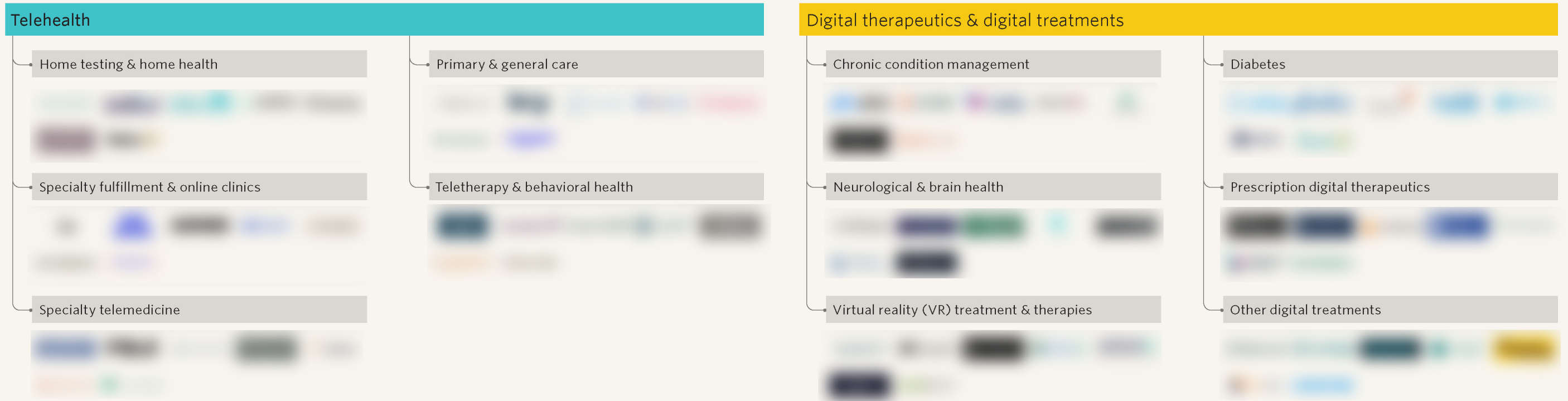




Digital health VC ecosystem market map

Click to view the 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.

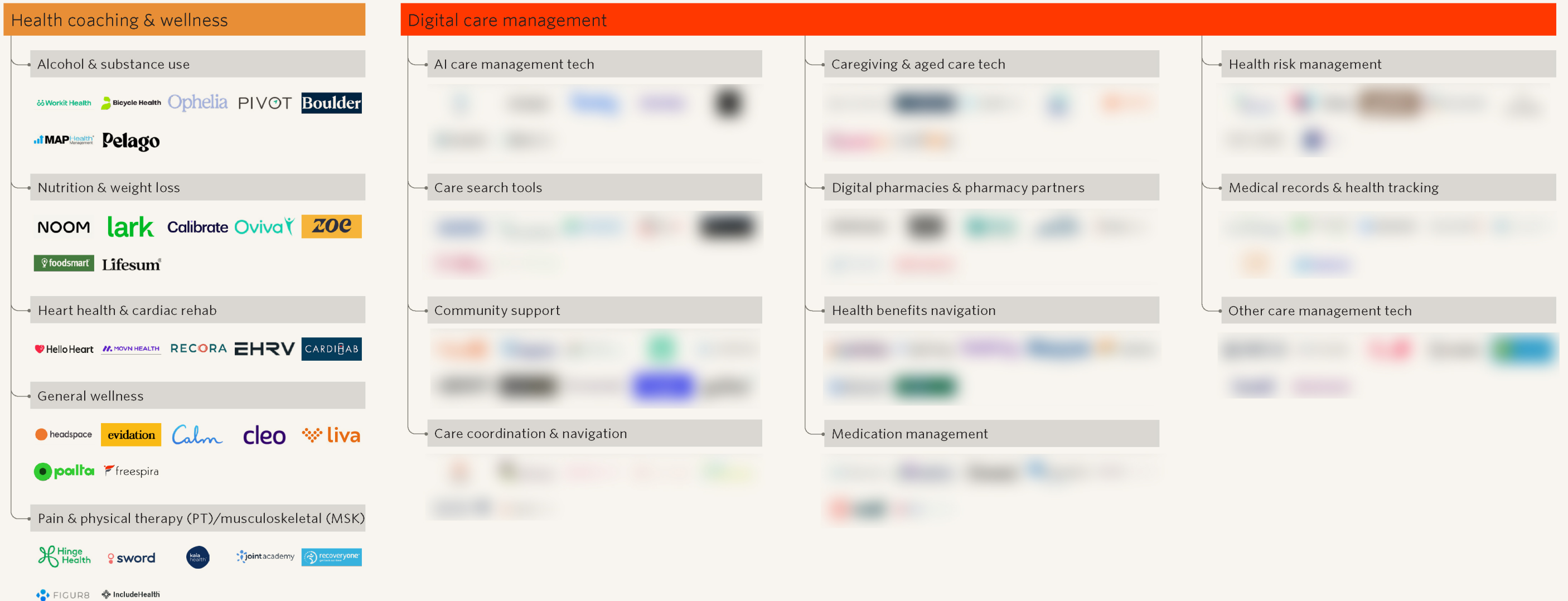




Digital health VC ecosystem market map

Click to view the 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.





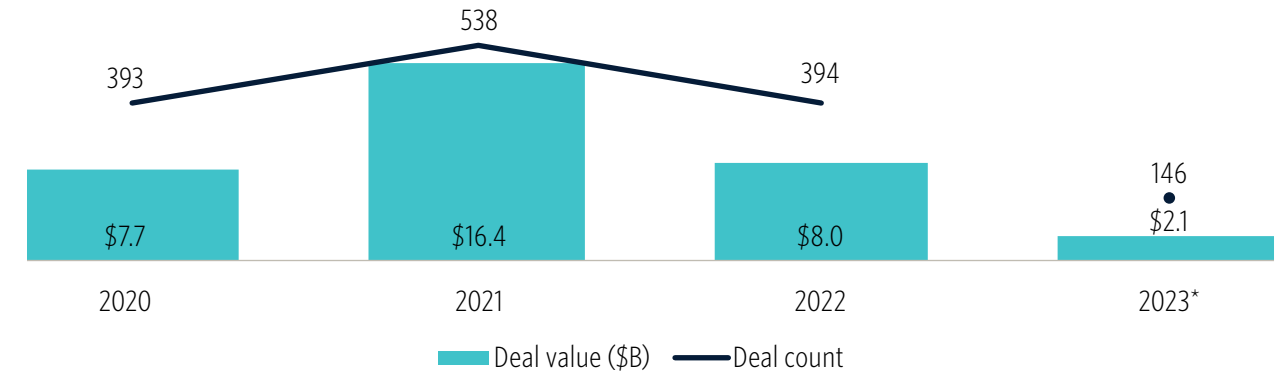
VC activity

Though the number of VC deals in Q2 (73) was equal to the deal count in Q1, total deal value fell further—to \$0.9 billion compared to \$1.2 billion in Q1 and \$1.7 billion in Q2 2022—and digital health deal activity has settled into a multiyear low. The two digital health categories receiving the most funding this year are teletherapy & behavioral health (\$377.6 million) and care coordination & navigation (\$478.8 million). While care coordination has seen a decent distribution of moderately sized deals, teletherapy & behavioral health led the way with headline deals this year, including [Author Health's](#) \$115.0 million early-stage deal and [Spring Health's](#) \$71.0 million Series D.

Trends in median deal sizes have diverged, with the median deal size of angel and seed deals rising to a multiyear high of \$5.4 million, while late-stage and venture-growth VC deal sizes have been on average lower, with median deals of \$6.4 million and \$15.1 million, respectively, in the first half of the year. We attribute this to a reduced appetite for late-stage deals, given the tough outlook for exits and reduced interest in funding unprofitable startups, particularly in the late stages. From a deal count perspective, the number of deals is down across all stages, and 2023 is on track to have at least 25% fewer deals than 2022. The most active digital health VC investors for the year so far, with three deals each, are Octopus Ventures, Flare Capital Partners, CVS Health Ventures, BoxGroup, What If Ventures, Alumni Ventures, and Frist Cressey Ventures.

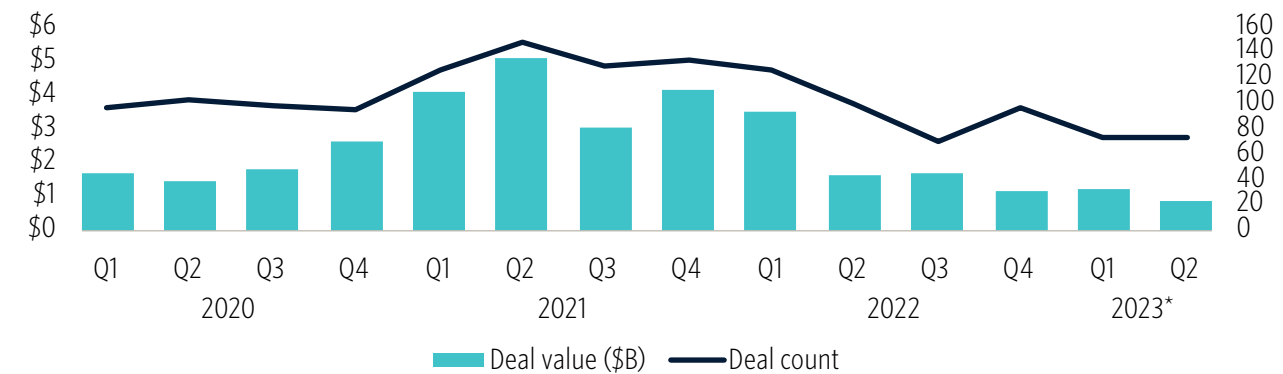
Though unsurprising given the continued frozen state of the IPO market and multiple headwinds facing digital health M&A—including high interest rates and lack of well-capitalized incumbents—there were no significant exits in the second quarter. Year to date, [WW International's](#) purchase of weight loss telehealth provider [Weekend Health](#) (also doing business as Sequence) was one of the only meaningful acquisitions. There were, however, two PE buyouts: online birth control vendor [SimpleHealth's](#) acquisition by [Twentyeight Health](#) and cognitive care management software provider [ShowMyDay's](#) leveraged buyout (LBO) by [EG Software](#) via its financial sponsor Francisco Partners.

Digital health VC deal activity



Source: PitchBook • Geography: Global • *As of June 30, 2023

Digital health VC deal activity by quarter



Source: PitchBook • Geography: Global • *As of June 30, 2023



VC ACTIVITY

Key digital health VC deals in 2023*

Company	Close date (2023)	Subsegment	Stage	Deal value (\$M)	Lead investor(s)
Monogram Health	January 9	Digital care management	Series C	\$375.0	CVS Health, Frist Cressey Ventures, Humana, KCK MedTech, Memorial Hermann Foundation, Norwest Venture Partners, TPG
Author Health	June 28	Telehealth	Early-stage VC	\$115.0	General Atlantic
Carbon Health	January 9	Telehealth	Series D2	\$100.0	CVS Health Ventures
Amino	May 11	Digital care management	Series B	\$80.0	Oxford Finance, Transformation Capital
Spring Health	April 12	Telehealth	Series D	\$71.0	N/A
GetHarley	June 6	Telehealth	Series B	\$56.0	Index Ventures
Thuocsi.vn	April 1	Digital care management	Series B	\$51.5	UOB Venture Management
TytoCare	March 16	Telehealth	Series D	\$49.0	Insight Partners
Reкуро Health	March 31	Telehealth	Series B	\$47.0	ARCH Venture Partners
Carrum Health	May 30	Digital care management	Series B	\$45.0	OMERS Growth Equity

Source: PitchBook • Geography: Global • *As of June 30, 2023



SELECT COMPANY HIGHLIGHTS: MINDBLOOM



Founded 2018	Total raised \$49.9M	Last financing valuation \$230.0M
Employees 320	Last financing Raised \$35.0M (Series B)	Lead investor(s) Kleiner Perkins, 8VC, Founders Fund, Long Journey Ventures

Overview

[Mindbloom](#), founded by Dylan Beynon in 2018, is the largest active psychedelic therapy platform in the world and has successfully scaled at-home ketamine treatment through off-label prescriptions of the drug, which has been an FDA-approved anesthetic since the 1970s. Compared to ketamine clinics, [Mindbloom](#)'s program offers the convenience of at-home care, is available in 38 states, and is generally less expensive for patients. While some elements of the program, such as the initial consultation and medication management sessions, may be reimbursed by insurance, most

patients' costs are out of pocket—a headwind to rapidly scaling the service to a wide population. Beyond its direct-to-patient program, [Mindbloom](#) also partners with psychiatrists and therapists through its partnership and referral programs, which allow providers to prescribe [Mindbloom](#) or refer patients to [Mindbloom](#) for treatment. Given the importance of providers in psychiatric care, these partnership programs are a key aspect of [Mindbloom](#)'s growth initiatives. [Mindbloom](#) has recently begun to expand its services beyond the treatment of just depression and anxiety and expects significant growth as it addresses a broader mental health market.

A growing body of evidence has shown ketamine can be effective at treating mental health conditions such as depression, anxiety, PTSD, and substance use disorders, and last year, [Mindbloom](#) published the largest-ever peer-reviewed study of ketamine therapy in the Journal of Affective Disorders, with over 1,000 patients included in the study.¹⁵ While ketamine therapy currently has some drawbacks, such as high cost of treatment (over \$1,000 for an introductory program) and limited regulatory clearance, initial results have been positive and bode well for further adoption, and longer term, potential coverage of ketamine therapy by health insurance plans. [Mindbloom](#) also is preparing to participate in the rollouts of MDMA and psilocybin therapy after they are approved by the FDA, which could occur over the next 18 months.

Outlook

In an interview with Medium in May 2022, Beynon mentioned a potential Series C,¹⁶ though as of August 2023, [Mindbloom](#) hasn't yet announced new funding. [Mindbloom](#) remains well capitalized

15: "Ketamine-Assisted Therapy: A Promising Approach for Treating Depression and Anxiety?" Peter Attia, MD, Angela Mistic, Kathryn Birkenbach, and Peter Attia, July 15, 2023.

16: "Mindbloom: Dylan Beynon's Big Idea that Might Change the World," Medium, Authority Magazine, Fotis Georgiadis, May 15, 2022.



SELECT COMPANY HIGHLIGHTS: MINDBLOOM

and has no immediate plans to raise additional funding. It recently launched new treatment package plans for returning patients, with packages of six and 18 ketamine therapy sessions, and near-term growth is likely to come from both new patients and recurring business from existing ones. In 2022 and 2023, [Mindbloom](#) announced partnerships with management consulting firm SHIFT and three other organizations to provide at-home ketamine therapy as a benefit to their employees.¹⁷ While it is unlikely that a significant number of employers will sign up to offer ketamine therapy as a benefit in the short term given its off-label use and high cost, we anticipate [Mindbloom](#) will look to further expand its B2B offerings. Employers tend to be stickier compared to a direct-to-patient customer base, and longer term, [Mindbloom](#) is likely to seek out payer and health plan partners.

As [Mindbloom](#) looks to expand to employers and providers, the company would certainly benefit if/when ketamine and other psychedelics such as MDMA and psilocybin receive FDA approval for mental health treatment, with several trials expected to be submitted to the FDA by the end of year.¹⁸ In a sign of momentum as psychedelics look to follow the path of cannabis, a dozen states currently have pending legislation to decriminalize or allow limited, supervised use of psychedelic treatment for mental health treatment. Additionally, the US Substance Abuse and Mental Health Services Administration (SAMHSA) stated in a May 2022 letter that the FDA was expected to approve MDMA and psilocybin within 24 months,¹⁹ and in June 2023, the FDA published first-time guidance for clinical trials of psychedelic medicines,²⁰ signaling that the number of psychedelic medicines available to providers and patients will be increasing soon.

17: "Mindbloom Announces Partnership with SHIFT To Offer Affordable At-Home Ketamine Therapy To Its Employees," [Business Wire](#), April 25, 2023.

18: "As Psychedelics Near Approval, There's No Consensus on How They Work," [STAT](#), Olivia Goldhill, July 3, 2023.

19: "Biden Administration Plans for Legal Psychedelic Therapies Within Two Years," [The Intercept](#), Mattha Busby, July 26, 2022.

20: "FDA Issues First Draft Guidance on Clinical Trials with Psychedelic Drugs," [US FDA](#), June 23, 2023.

Financing history

Series B	Series A
September 22, 2021	September 10, 2020
Total raised: \$35.0M	Total raised: \$8.0M
Pre-money valuation: \$190.0M	Pre-money valuation: \$27.0M
Lead investors: Quiet Capital, Four Acres Capital	Lead investors: What If Ventures, Quiet Capital
Seed	
January 1, 2019	
Total raised: \$1.9M	
Pre-money valuation: \$12.0M	
Lead investor: Long Journey Ventures	



APPENDIX

Top digital health VC investors since 2020*

Investor	Deal count	Angel and seed	Early-stage VC	Late-stage VC	Venture growth	Investor type
General Catalyst	35	4	16	11	4	VC
Optum Ventures	34	0	17	14	3	CVC
Gaingels	34	10	12	11	1	VC
City Light Capital	31	12	15	3	1	VC
Alumni Ventures	29	8	12	9	0	VC
SemperVirens Venture Capital	20	2	10	8	0	VC
Flare Capital Partners	19	11	6	1	1	VC
Tiger Global Management	19	0	6	9	4	VC
F-Prime Capital	18	1	4	11	2	VC
BoxGroup	18	7	4	6	1	VC

Source: PitchBook • Geography: Global • *As of June 30, 2023

About PitchBook Industry and Technology 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 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.

©2023 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 Vice President, Institutional Research and Editorial

Paul Condra Head of Emerging Technology Research

Additional research

Eric Bellomo
eric.bellomo@pitchbook.com
Gaming
E-Commerce

Brendan Burke
brendan.burke@pitchbook.com
Internet of Things
Information Security
Artificial Intelligence & Machine Learning

Aaron DeGagne
aaron.degagne@pitchbook.com
Medtech
Digital Health

Alex Frederick
alex.frederick@pitchbook.com
Agtech
Foodtech

Jonathan Geurkink
jonathan.geurkink@pitchbook.com
Supply Chain Tech
Mobility Tech

Kazi Helal
kazi.helal@pitchbook.com
Biopharma
Pharmatech

Derek Hernandez
derek.hernandez@pitchbook.com
Enterprise SaaS

Ali Javaheri
ali.javaheri@pitchbook.com
Emerging Spaces

Robert Le
robert.le@pitchbook.com
Insurtech
Crypto

John MacDonagh
john.macdonagh@pitchbook.com
Carbon & Emissions Tech
Clean Energy Tech

Rebecca Springer
rebecca.springer@pitchbook.com
Healthcare Services
Healthcare IT

Rudy Yang
rudy.yang@pitchbook.com
Enterprise Fintech
Retail Fintech