



 EMERGING TECH RESEARCH

Digital Health Report

VC trends and emerging opportunities

Q4
2023

REPORT PREVIEW

The full report is available through the PitchBook Platform.





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Institutional Research Group

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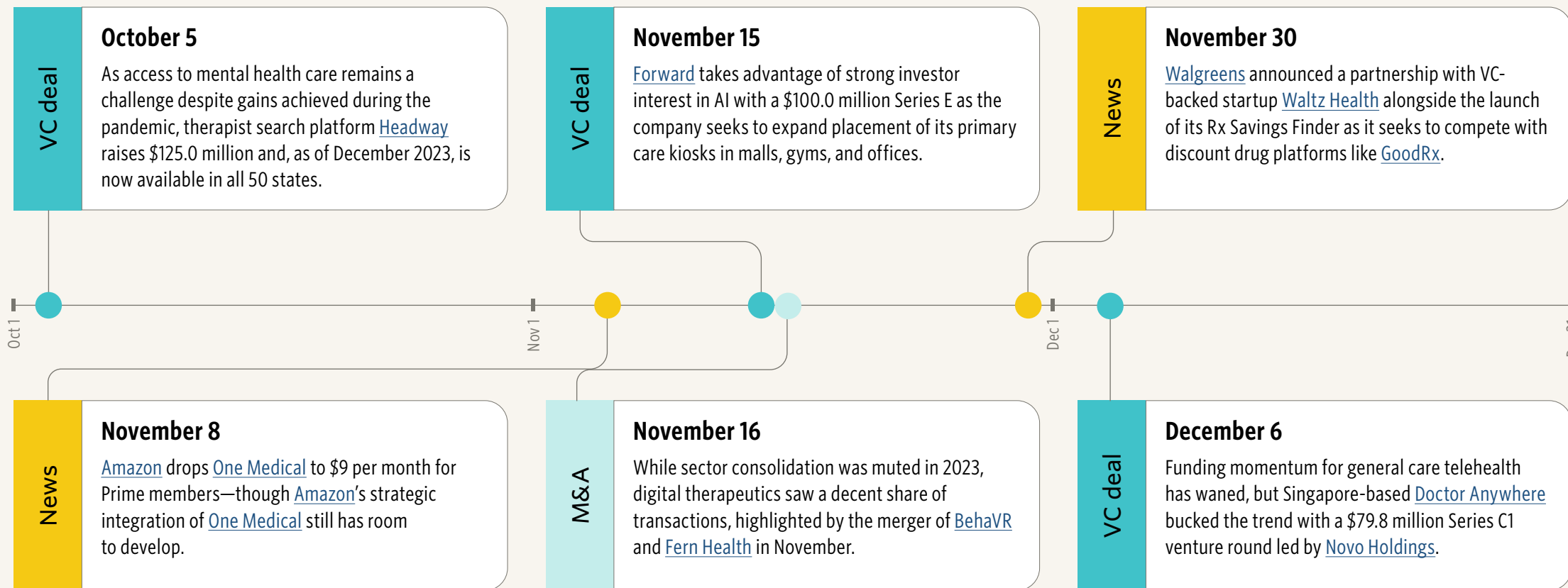
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Q4 2023 timeline



Q4 VC deal count summary

57
total deals

-21.9%
QoQ growth

-43.6%
YoY growth

Q4 VC deal value summary

\$1.1B
total deal value

1.7%
QoQ growth

-4.4%
YoY growth



Digital health landscape

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



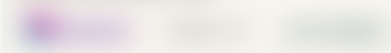


Digital health VC ecosystem market map

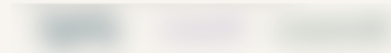
This market map is an overview of venture-backed or growth-stage companies that have received venture capital or other notable private investments. [Click to view the full map on the PitchBook Platform.](#)

1 Telehealth

General & primary care



Teletherapy & behavioral health



Specialty telemedicine



Specialty fulfillment & online clinics



Home testing & home health



2 Digital therapeutics & digital treatments

Chronic condition management



Neurological & brain health



Prescription digital therapeutics



VR treatments & therapies



Diabetes



Other digital treatments



3 Health coaching & wellness

Alcohol & substance use



Heart health & cardiac rehab



General wellness



Nutrition & weight Loss



Pain & PT/MSK



4 Digital care management

Care search tools



Digital pharmacies & pharmacy partners



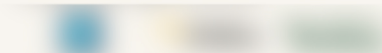
AI care-management tech



Care coordination & navigation



Caregiving & aged-care tech



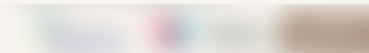
Community support



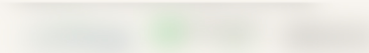
Health benefits navigation



Health risk management



Medical records & health tracking



Medication management



Other care-management tech



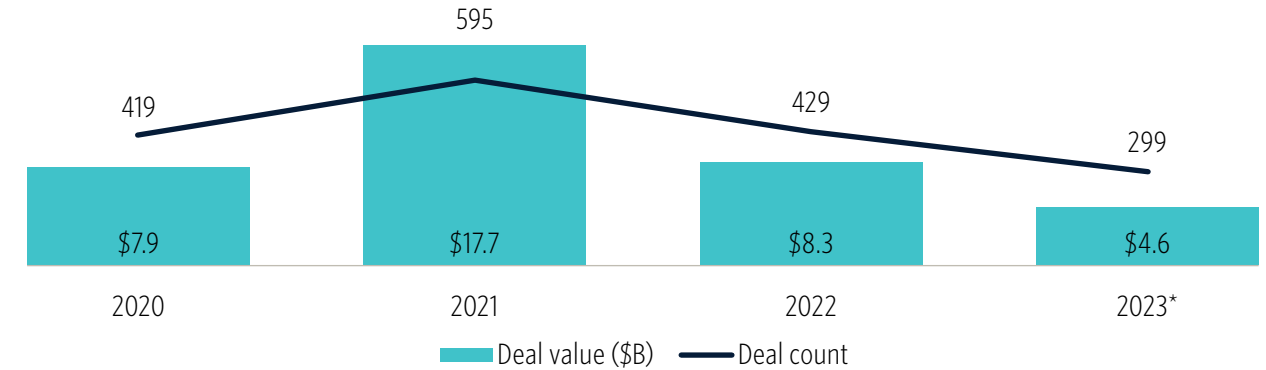


VC activity

Digital health funding ended Q4 2023 with \$1.1 billion of VC funding raised across 57 deals. We attribute the top-line funding number to investors' continued interest in higher-quality startups, especially those with good unit economics and a healthy combination of growth and profit potential. While overall funding was strong, led at the top of the funnel by over \$100 million of funding raised by both [Headway](#) and [Forward](#), funding remains well below pandemic-era highs. On a full-year basis, total VC funding in digital health was \$4.6 billion over 499 deals in 2023, compared to \$8.3 billion across 429 deals in 2022, and \$17.7 billion across 595 deals in 2021.

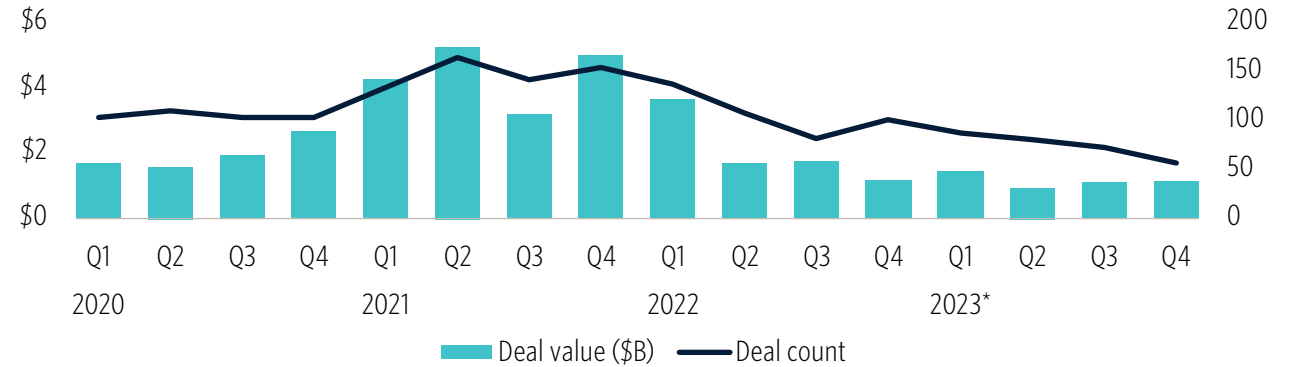
In 2023, digital health categories receiving the most funding included primary & general telehealth (\$838.9 million), digital pharmacies & pharmacy partners (\$717.1 million), and teletherapy & behavioral health (\$507.9 million). Overall, these categories contributed an outsized portion of total VC activity for the year, as other categories within digital health (home testing and health risk management, for example) struggled to raise capital given the pivot back to in-person care. Based in Frisco, Texas, [What If Ventures](#) was the most active digital health VC investor in 2023 with seven deals, followed by [Frist Cressey Ventures](#) and [Alumni Ventures](#) with five deals each. There is a notable alignment of ongoing momentum for digital mental health platforms and VC investor interest, with [What If Ventures](#) focused primarily on investing in mental-health-oriented startups.

Digital health VC deal activity



Source: PitchBook • Geography: Global • *As of December 31, 2023

Digital health VC deal activity by quarter



Source: PitchBook • Geography: Global • *As of December 31, 2023



VC ACTIVITY

Key digital health VC deals in 2023*

Company	Close date	Segment	Deal value (\$M)	Deal type	Lead investor(s)
PharmEasy	October 31	Digital care management	\$420.6	N/A	N/A
Headway	October 5	Digital care management	\$125.0	Series C	Spark Capital
Doctor Anywhere	December 6	Telehealth	\$78.8	Series C1	Novo Holdings
Twin	October 19	Digital therapeutics & digital treatments	\$50.0	Series D	Temasek Holdings
Humanscape	December 21	Digital care management	\$30.5	Series C	N/A
Vida Health	November 10	Digital therapeutics & digital treatments	\$28.5	N/A	N/A
Frontera Health	November 7	Telehealth	\$22.0	N/A	N/A
knownwell	December 19	Health coaching & wellness	\$20.0	Series A	Andreessen Horowitz
PursueCare	December 13	Telehealth	\$20.0	Series B	T.Rx Capital, Yamaha Motor Ventures & Laboratory Silicon Valley
Medrhythms	December 12	Digital therapeutics & digital treatments	\$19.0	Series B2	N/A

Source: PitchBook • Geography: Global • *As of December 31, 2023



SELECT COMPANY HIGHLIGHTS: THIRTY MADISON

THIRTY MADISON

Overview

[Thirty Madison](#) is one of the market leaders in asynchronous virtual care and maintains condition-specific brand websites for migraine treatment (Cove), men’s hair loss (Keeps), skin health (Facet), and conditions specific to women’s health in areas of reproductive and sexual health, mental health, and more ([Nurx](#)). The company built its portfolio of consumer brands through a combination of organic growth and M&A. In 2022, [Thirty Madison](#) merged with [Nurx](#), which now operates as a standalone women’s health care brand. Currently, 70% of [Thirty Madison](#) patients pay for services via cash, while the remaining 30% of patients pay using a form of insurance. Over time, we expect enterprise channel sales to rise as a percentage of overall revenue, and the company is actively seeking health plans and employer partners to which it can offer its portfolio of condition care as a covered benefit. The startup was founded in 2017 and significantly accelerated its active patient population through the pandemic. Unlike other virtual-first providers, [Thirty Madison](#) is currently profitable, which we attribute to the firm’s asset-light business model and slow-and-steady growth trajectory. [Thirty Madison](#)’s primary competitors include [Hims & Hers Health](#), [Noom](#), [Ro](#), and [Eucalyptus](#). Of these, [Hims](#) is the only publicly traded peer, and currently trades at a \$3.1 billion valuation. [Thirty Madison](#) was last valued at \$1.0 billion in June 2021.

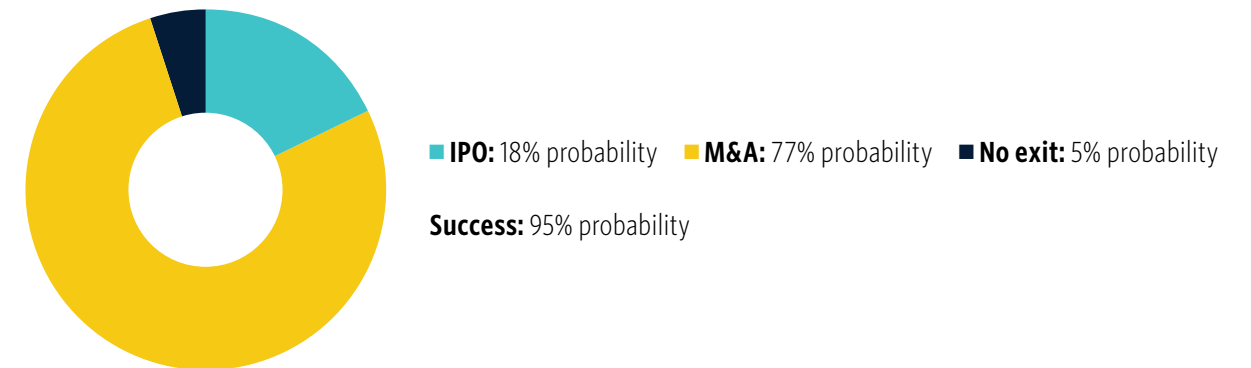
Outlook

While the growth rate of asynchronous virtual-first care has likely peaked in our view, we do not think this indicates a severe market decline is imminent as there is still scope for growth among

Key company information

Founded 2017	Total raised \$210.0M	Last financing \$140.0M Series C
Employees 700	Last financing valuation \$1.0B	Lead investors HealthQuest Capital, Polaris Partners, Maveron, Northzone, Union Square Ventures

Exit Predictor



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



SELECT COMPANY HIGHLIGHTS: THIRTY MADISON

the digital-native generation and as part of government and commercial strategies to improve care access in underserved areas. Further, specialty telemedicine has been outperforming general telehealth. Specialty telehealth, such as the services offered by [Thirty Madison](#), can accelerate patient access to care and help patients overcome stigma, especially surrounding sexual and reproductive health. Additionally, partnerships with digital platforms like [Thirty Madison](#) can potentially lower care costs for payers due to their asset-light business models as compared with traditional doctor visits.

Looking ahead, the company plans to expand its offerings in ancillary areas that could include women’s health, mental health, dermatology, metabolic health, and others. While smaller programs could be spun up organically, acquisitions are another potential path forward, and we see a decent likelihood of a deal occurring in the next year or so given that subscale, condition-specific virtual providers may struggle to reach critical mass on their own and are likely to consider exit opportunities. While [Thirty Madison](#) is currently profitable and does not need to raise capital in the near term, the startup is likely to do so when market conditions improve. An IPO is a potential path forward, though we also see an acquisition or merger as another plausible exit outcome.

Financing history

Seed	Seed	Series A	Series B	Series C
May 19, 2017	November 14, 2017	October 16, 2018	March 6, 2020	June 2, 2021
Total raised \$2.8M	Total raised \$5.0M	Total raised \$15.3M	Total raised \$47.0M	Total raised \$140.0M
Pre-money valuation \$8.0M	Pre-money valuation \$23.0M	Pre-money valuation \$40.0M	Pre-money valuation \$140.0M	Pre-money valuation \$900.0M
Investors First Round Capital, Greycroft Imaginary Ventures, Maveron	Investors First Round Capital, Greycroft Imaginary Ventures, Maveron	Investors Maveron, Northzone Ventures	Investor Polaris Partners	Investor HealthQuest Capital



APPENDIX

Top digital health investors since 2020*

Investor	Deal count	Pre-seed/seed	Early-stage VC	Late-stage VC	Venture growth	Investor type
General Catalyst	41	5	20	12	4	VC
Gaingels	38	10	13	14	1	VC
Optum Ventures	36	0	18	14	4	CVC
SOSV	34	15	3	14	2	VC
Alumni Ventures	33	10	13	10	0	VC
City Light Capital	32	12	16	3	1	VC
SemperVirens Venture Capital	22	2	11	9	0	VC
Flare Capital Partners	21	12	7	1	1	VC
10X Capital	21	4	9	6	2	VC
F-Prime Capital	20	1	4	13	2	VC

Source: PitchBook • Geography: Global • *As of December 31, 2023

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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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