



Executive Summary

Healthcare IT/Digital Health Funding and M&A

2017 Second Quarter Report

Funding and merger & acquisition activity for the
Healthcare IT / Digital Health sector

<http://www.mercomcapital.com>

About Mercom’s Healthcare IT/Digital Health Funding and M&A Report

Mercom was one of the first research firms to track funding and M&A activity in the Healthcare IT / Digital Health sector, starting in 2010.

Here is how our report is different: Our report includes deals of all sizes, globally, to present a complete picture of Healthcare IT / Digital Health funding and technology trends. As an independent research firm, we have no conflicts of interest with companies covered in this report.

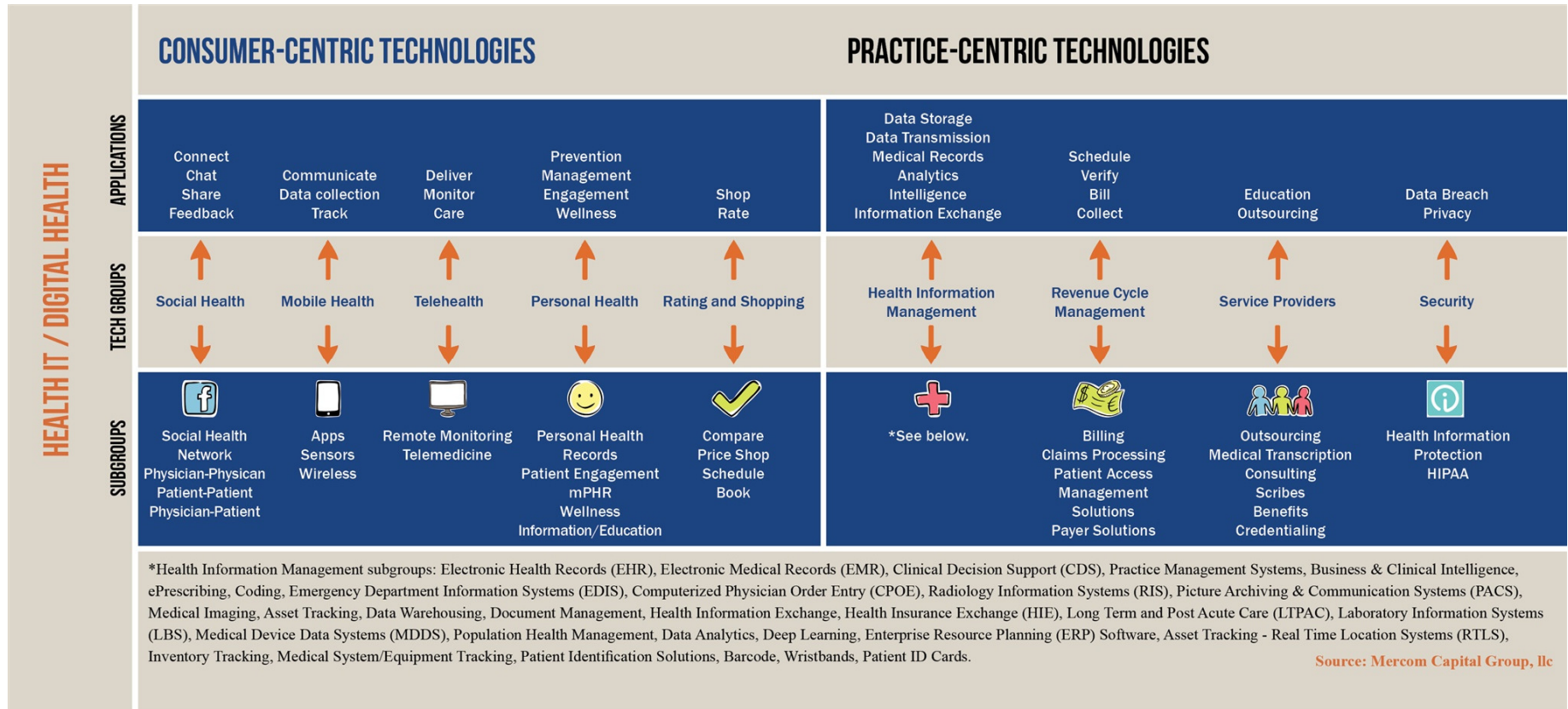
- This is the most comprehensive report covering funding and M&A deals of all sizes, globally. The trends revealed in this report give a more complete picture of the industry.
- This report does not cover bioinformatics and medical devices.
- All charts, graphs, and trends are clearly categorized and defined by technology and sub-technology groups.
- This report includes concise deal information for every transaction.
- This report covers historical trends.
- As the industry evolves, our report evolves with it and we continuously improve the information, analysis, charts, and trends covered every quarter.

Our subscribers include companies and executives from venture capital, private equity, investment banking, healthcare, healthcare IT (aka digital health and eHealth), insurance, healthcare associations, universities, tech firms, and more.

Audience	Why they like our reports
Venture Capital/Private Equity	leads from early-stage deals, technology trends
Investment bankers	leads for funding and M&A deals, investor leads
Healthcare IT, Digital health	sector trends, investor targets (by funding behavior, including technology, technology partnership targets, and more)
Insurance companies	acquisition leads, investment leads, technology partnerships
Large healthcare & Tech firms	acquisition leads, R&D partnerships, investment leads

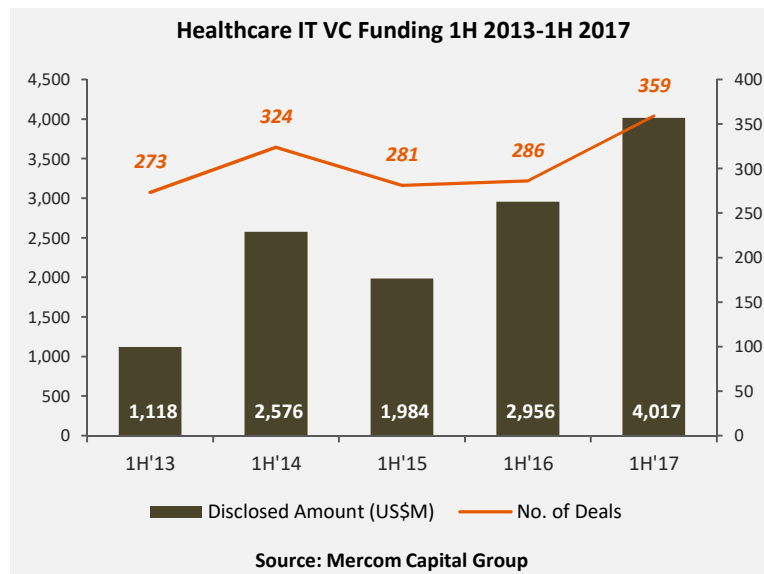
The report covers the technologies listed below and the sub-technologies under them.

Technologies Covered in This Report



SELECT KEY
FINDINGS

- Global VC funding for Healthcare IT / Digital Health companies was the highest ever in a quarter with \$2.4 billion in 194 deals in Q2 2017 compared to \$1.6 billion in 165 deals in Q1 2017.











- VC funding in the first half (1H) of 2017 was 36 percent higher (a new record) than the same period in 2016 with about \$4 billion raised in 1H 2017 compared to the \$3 billion raised in 1H 2016.
- Healthcare Practice-Focused companies secured \$745 million in 63 deals in Q2 2017.
- Healthcare Consumer-Centric companies raised more than \$1.6 billion in 131 deals in Q2 2017.
- The top funded categories in Q2 2017 were: Patient Engagement companies with \$669 million, Mobile Apps companies with \$325 million, Data Analytics companies with \$264 million, and Electronic Medical Records companies with \$236 million.
- The top funded categories in 1H 2017 were: Patient Engagement companies with \$684 million, Data Analytics companies with \$458 million, Mobile Apps companies with \$399 million, and healthcare appointments Booking companies with \$391 million.

- The average deal size in Q2 2017 was \$12.5 million compared to \$10.8 million in Q1 2017 (excluding accelerator deals).
- The top VC deals in Q2 2017 were: the \$500 million raised by Outcome Health, \$231 million raised by Modernizing Medicine, \$140 million raised by PatientPoint, \$90 million raised by Blink Health, \$75 million raised by WuXi Nextcode, and \$70 million raised by ClassPass.
- There were 25 countries that saw Healthcare IT VC funding deals in Q2 2017 compared to 19 countries in Q1 2017.
- U.S. companies received the most VC funding and had the most deals (\$2 billion in 123 deals). The \$2 billion raised was also the country's highest amount of VC funding in a single quarter since Mercom began tracking the sector in 2010.
- International VC funding was \$368 million in Q2 2017, compared to \$722 million in Q1 2017.
- Within the United States, 49 deals originated from California followed by New York with 15 deals, Massachusetts with seven deals, Florida with six deals, then Georgia, Illinois, and Washington had five deals each.
- A total of 454 investors including accelerator/incubators participated in funding deals in Q2 2017.
- Announced debt and public market financing for Healthcare IT companies fell to \$24 million in six deals in Q2 2017, compared to \$161 million in five deals in Q1 2017.
- In Q2 2017, there were 41 M&A transactions (five disclosed) involving Healthcare IT companies compared to the 49 M&A transactions (seven disclosed) in Q1 2017. In a YoY comparison, there were 52 M&A transactions (seven disclosed) in Q2 2016.
- In 1H 2017, there were a total of 90 M&A transactions, compared to 110 in 1H 2016.
- Practice-Focused companies had the most M&A activity in Q2 2017 with 28 of the 41 total transactions while Consumer-Centric companies were involved in 13 transactions.

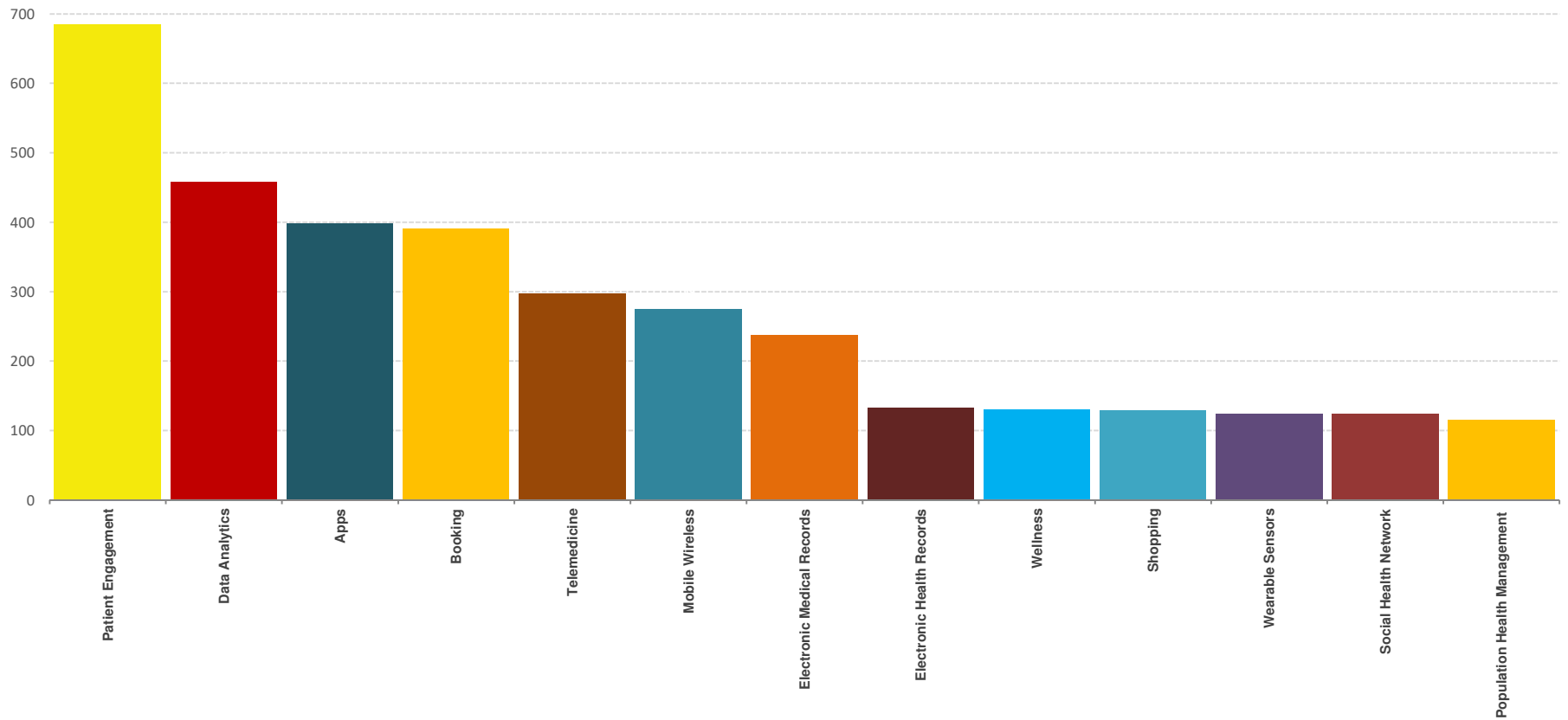
- In Q2 2017 Mobile Apps companies were involved in six M&A transactions followed by Data Analytics companies and Practice Management Solutions companies with five transactions each.

Top Healthcare IT M&A Transactions in Q2 2017 By Disclosed Amount

Company	Terms/Amount (\$M)	Acquirer	Country
 Best Doctors®	440	 TELADOC®	USA
 Gsync	78	 Cochlear®	Australia
 Praxify® Practice Simplified	63	 athenahealth	USA
 Entrada	34	 NEXTGEN HEALTHCARE	USA

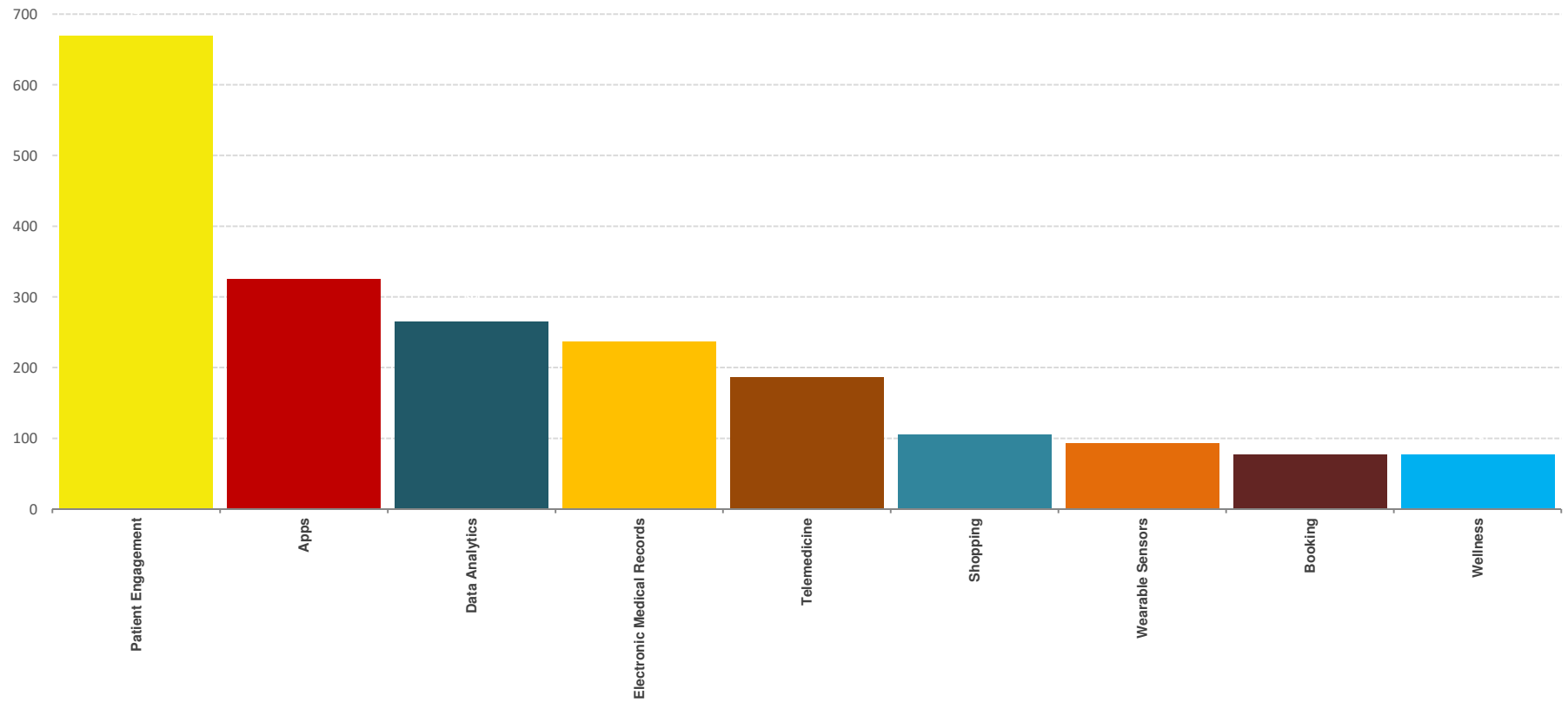
Source: Mercom Capital Group

Healthcare IT/Digital Health Top VC Funded Categories By Amount in 1H 2017 (US\$ in Million)



Source: Mercom Capital Group

Top Funded Healthcare IT VC Funding By Amount in Q2 2017 (US\$ in Million)



Source: Mercom Capital Group

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