

**Executive Summary** 

# Digital Health Funding and M&A

2018 Fourth Quarter and Annual Report

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

http://www.mercomcapital.com



#### About Mercom's Digital Health Funding and M&A Report

Mercom was one of the first research firms to track funding and M&A activity in the Digital Health / Healthcare IT 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 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 subtechnology 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**

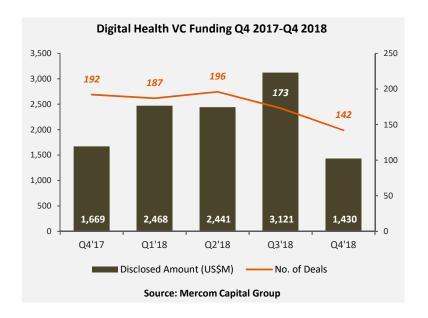
#### **CONSUMER-CENTRIC TECHNOLOGIES** PRACTICE-CENTRIC TECHNOLOGIES **Data Storage APPLICATIONS Data Transmission** Connect Prevention **Medical Records** Schedule HEALTH IT / DIGITAL HEALTH Chat Communicate Deliver Management Analytics Verify Share **Data collection** Monitor **Engagement** Intelligence Bill Education **Data Breach** Shop Feedback Track Care Wellness Rate Information Exchange Collect Outsourcing Privacy TECH GROUPS **Health Information Revenue Cycle Social Health Mobile Health Telehealth Rating and Shopping Service Providers Personal Health** Security Management Management SUBGROUPS Social Health Outsourcing **Health Information** Remote Monitoring Personal Health Compare \*See below. Billing Network Sensors Telemedicine Records **Price Shop Claims Processing Medical Transcription** Protection Physician-Physican Wireless **Patient Engagement** Schedule **Patient Access** Consulting HIPAA Patient-Patient mPHR Book Management **Scribes Physician-Patient** Wellness Solutions Benefits Information/Education **Payer Solutions** Credentialing

\*Health Information Management subgroups: Electronic Health Records (EHR), Electronic Medical Records (EMR), Clinical Decision Support (CDS), Practice Management Systems, Business & Clinical Intelligence, ePrescribing, Coding, Emergency Department Information Systems (EDIS), Computerized Physician Order Entry (CPOE), Radiology Information Systems (RIS), Picture Archiving & Communication Systems (PACS), Medical Imaging, Asset Tracking, Data Warehousing, Document Management, Health Information Exchange, Health Insurance Exchange (HIE), Long Term and Post Acute Care (LTPAC), Laboratory Information Systems (LBS), Medical Device Data Systems (MDDS), Population Health Management, Data Analytics, Deep Learning, Enterprise Resource Planning (ERP) Software, Asset Tracking - Real Time Location Systems (RTLS), Inventory Tracking, Medical System/Equipment Tracking, Patient Identification Solutions, Barcode, Wristbands, Patient ID Cards.



SELECT KEY FINDINGS

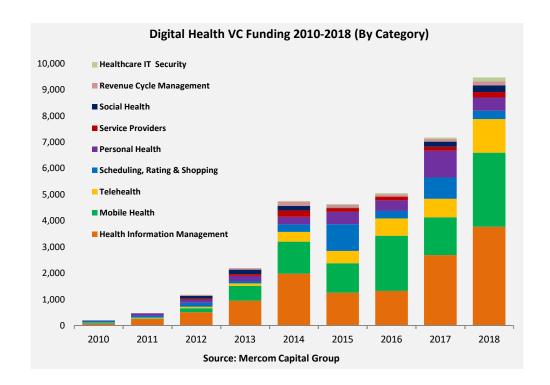
• It was a record-breaking year for global venture capital (VC) and private equity (PE) funding for Digital Health companies with nearly \$9.5 billion raised in 698 deals, a 32 percent increase from the \$7.2 billion raised in 2017 in 778 deals.



- Total corporate funding into Digital Health including VC funding, debt, and public market funding - climbed to \$13 billion in 2018 compared to \$8.2 billion in 2017.
- Global VC funding for Digital Health companies came to \$1.4 billion in 142 deals in Q4 2018, a 54 percent drop compared to \$3.1 billion raised in 173 deals in Q3 2018.
- Healthcare practice-focused companies raised \$4.3 billion in 251 deals in 2018 and accounted for about 45 percent of the total \$9.5 billion funding raised.
- Consumer-focused companies raised \$5.2 billion in 447 deals and accounted for 55 percent of the total \$9.5 billion funding raised in 2018.
- The top VC funded deals in 2018 were: \$300 million raised by 23andMe, \$291 million raised by American Well, \$250 million raised by Butterfly Network, \$240 million raised by Heartflow, and \$200 million each raised by WuXi Nextcode, Helix, and SomaLogic.



- The top VC funded deals in Q4 2018 were: \$200 million raised by WuXi Nextcode, \$65 million HNI Healthcare, and \$50 million each raised by Alto Pharmacy, Enable Injections, and 98point6.
- There were 39 countries that logged Digital Health VC funding activity in 2018. Most of the funding was recorded in the United States, where nearly \$7 billion was raised in 420 deals.

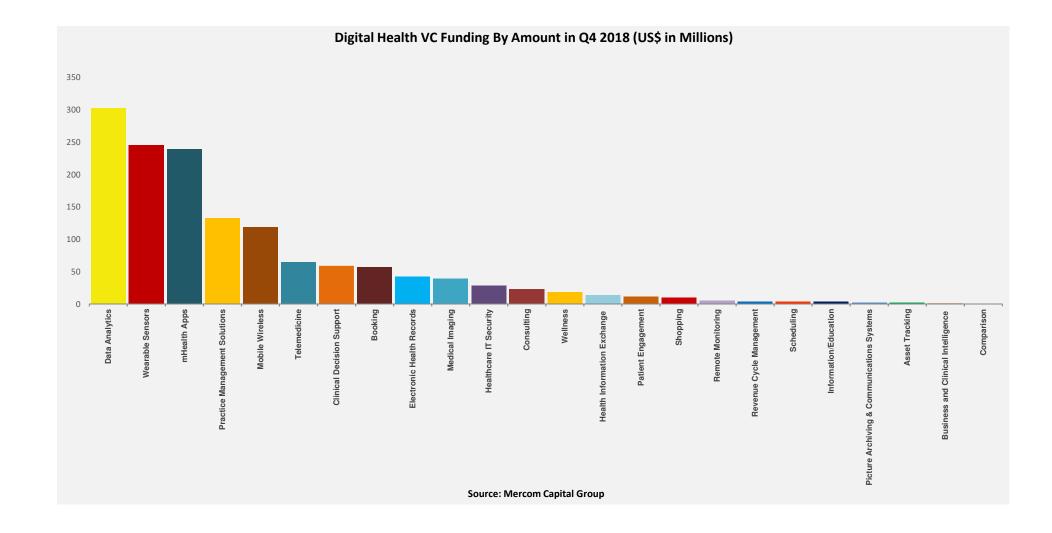


- Digital Health VC funding in the United States rose from \$4.9 billion in 2017 to \$7 billion in 2018.
- Within the United States, California companies again received the highest level of funding and had the most deals in 2018, bringing in \$2.9 billion in 134 deals.
- Massachusetts ranked second in terms of total funds raised, bringing in \$1.1 billion in 43 deals. New York recorded the second highest amount of deals, inking 60 that raised a collective \$840 million.
- A total of 1,396 investors (including accelerator/incubators) participated in VC funding rounds in Digital Health companies in 2018, compared to 1,288 investors in 2017.



- There were five accelerators and incubators that participated in 18 deals in 2018, compared to 2017 when 15 accelerators and incubators participated in 58 deals.
- Announced debt and public market financing for digital health companies increased more than threefold, with more than \$3.5 billion raised in 21 deals in 2018, compared to \$1.1 billion raised by 34 deals in 2017.
- There were two IPOs that brought in a total of \$1.23 billion in 2018. Not a single Healthcare IT/Digital Health company launched an IPO in 2017.
- Of the 27 Digital Health public companies that Mercom tracks, only 10 outperformed the S&P 500 in 2018.







- It was a record year for Digital Health M&A activity with 223 transactions (by far the highest so far), compared to 203 transactions in 2017. There were 46 disclosed transactions in 2018 compared to 27 disclosed transactions in 2017.
- Practice-focused companies dominated M&A activity in 2018, accounting for 137 of the 223
   M&A transactions.
- Consumer-focused companies were involved in 86 M&A transactions in 2018.
- The top M&A transactions in 2018 were: the acquisition of athenahealth for \$5.5 billion by Veritas Capital and hedge fund Elliott Management, followed by Platinum Equity's acquisition of LifeScan business from Johnson & Johnson for approximately \$2.1 billion, Roche's acquisition of Flatiron Health for \$1.9 billion, Vista Equity Partners's acquisition of MINDBODY for \$1.9 billion and Inovalon's acquisition of ABILITY Network for \$1.2 billion.

Top Digital Health M&A Transactions in 2018 By Disclosed Amount

Company	Terms/Amount (\$M)	Acquirer
<b>*athena</b> health	5,500	VERITAS CAPITAL **  ELLIOTT **
Lifescan	2,100	Platinum Equity
MINDBODY.	1,900	V I S T A EQUITY PARTNERS
flatiron	1,900	Roche
■ ABILITY IN An Inovation Company	1,200	<b>inov</b> alon
GE Healthcare (Technology Business)	1,050	VERITAS CAPITAL
<b>M%Modal</b>	1,000	<b>3M</b>
	Source: Mercom Capital Gr	oup



## TABLE of

Introduction	4
Key Findings	6
2018 Digital Health Funding and M&A	11
VC Funding 2010-2018	11
VC Funding	12
Q4 - VC Funding	12
VC - Funding by Category	13
VC - Funding by Category 2010-18.	14
VC - Funding by Sub-Category	19
Health Information Management	20
Mobile Health	27
Telehealth	33
Scheduling, Rating & Shopping.	35
Personal Health	37
Social Health	39
Q4 - VC Funding by Category	40
Q4 - Health Information Management	43
Q4 - Mobile Health	48
Q4 - Scheduling, Rating & Shopping.	55
Q4 - Telehealth	56
Q4 - Personal Health	58
Q4 - Social Health	59
VC Funding by Stage	60
Q4 - VC Funding by Stage	62
VC - Activity by Country	64
2018 VC Funding by U.S. State	66
Q4 - VC Activity by Country	68
Q4 - VC Funding by U.S. State	69
Top VC Funding Rounds	71
Q4 - Top VC Funding Deals	74
2010 - 2018 Top VC Investors	75
2018 Top VC Investors	76
Q4 - Top VC Investors	77
Q4 - VC Deals	78
Q4 - VC Investors by Technology Areas	92
Top Accelerators/Incubators	107
Debt and Public Market Financing.	108
Top 5 Debt and Public Market Financing Deals	109
Q4 - Debt and Public Market Financing Activity	110
Initial Public Offering (IPO)	111



Merger ar	nd Acquisition (M&A)	114
(	Q4 - M&A by Quarter	115
N	M&A by Category	116
(	Q4 - M&A by Category	121
ľ	M&A by Sub- Category	122
ľ	Multiple Acquirers	123
ľ	M&A - Activity by Country	129
٦	Top M&A Transactions	131
		134
(	Q4 - New Healthcare Funds	139
(	Q4 - Restructuring and Downsizing.	140

# Get the Full Report including Transaction Tables

#### Click here

to purchase
Mercom's Q4 and Annual
2018 Digital Health
Funding and M&A Report

Includes Q4 2018 transactions and investor lists

Subscribe to

Mercom's weekly
Digital Health
market intelligence report.

Visit:

<u>MercomCapital.com</u>
to purchase past reports

DISCLAIMER: © 2019 by Mercom Capital Group, Ilc. All rights reserved. Mercom hereby grants user a personal, non-exclusive, non-refundable, non-transferable license to use the Report for research purposes only. Mercom retains exclusive and sole ownership of all its Reports. When quoting from this report, please cite "Mercom Capital Group, Ilc". Information contained in this publication is derived from carefully selected sources we believe to be reliable. Mercom, its employees, affiliates, agents, and licensors do not warrant the accuracy, completeness, currentness, non-infringement, merchantability, or fitness for a particular purpose of this report. Nothing in this report constitutes or should be taken as investment advice. For information about this document, please contact us at 512-215-4452 or via email at: HIT@mercomcapital.com.