



Executive Summary

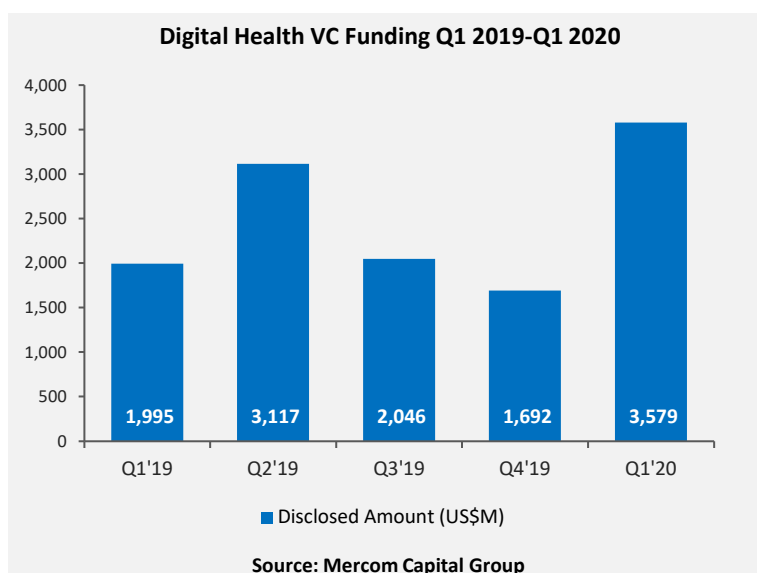
Digital Health Funding and M&A

2020 First Quarter Report

Funding and merger & acquisition activity for the
Digital Health sector

SELECT KEY
 FINDINGS

- VC funding for Digital Health companies in Q1 2020 reached a record \$3.6 billion globally in 142 deals compared to \$1.7 billion in 142 deals in Q4 2019. Funding increased 79% YoY when \$2 billion went into 149 deals in Q1 2019.













- Total corporate funding into Digital Health - including VC funding, debt, and public market funding - increased by 112% with \$3.7 billion in Q1 2020 compared to \$1.7 billion in Q4 2019.
- The top-funded categories in Q1 2020 were Telemedicine with \$788 million, followed by Analytics with \$573 million, and Clinical Decision Support with \$446 million.
- Digital Health practice-focused companies raised \$1.4 billion in 62 deals and accounted for about 40% of the total \$3.6 billion VC funding raised in Q1 2020.
- Consumer-focused companies raised \$2.1 billion in 80 deals and accounted for 60% of the total \$3.6 billion VC funding raised in Q1 2020.
- The top VC deals in Q1 2020 were: \$285 million raised by ClassPass, followed by Alto Pharmacy with \$250 million, KRY with \$155 million, Concerto HealthAI

with \$150 million, Element Science and Zhiyun Health with \$146 million and \$144 million, respectively.

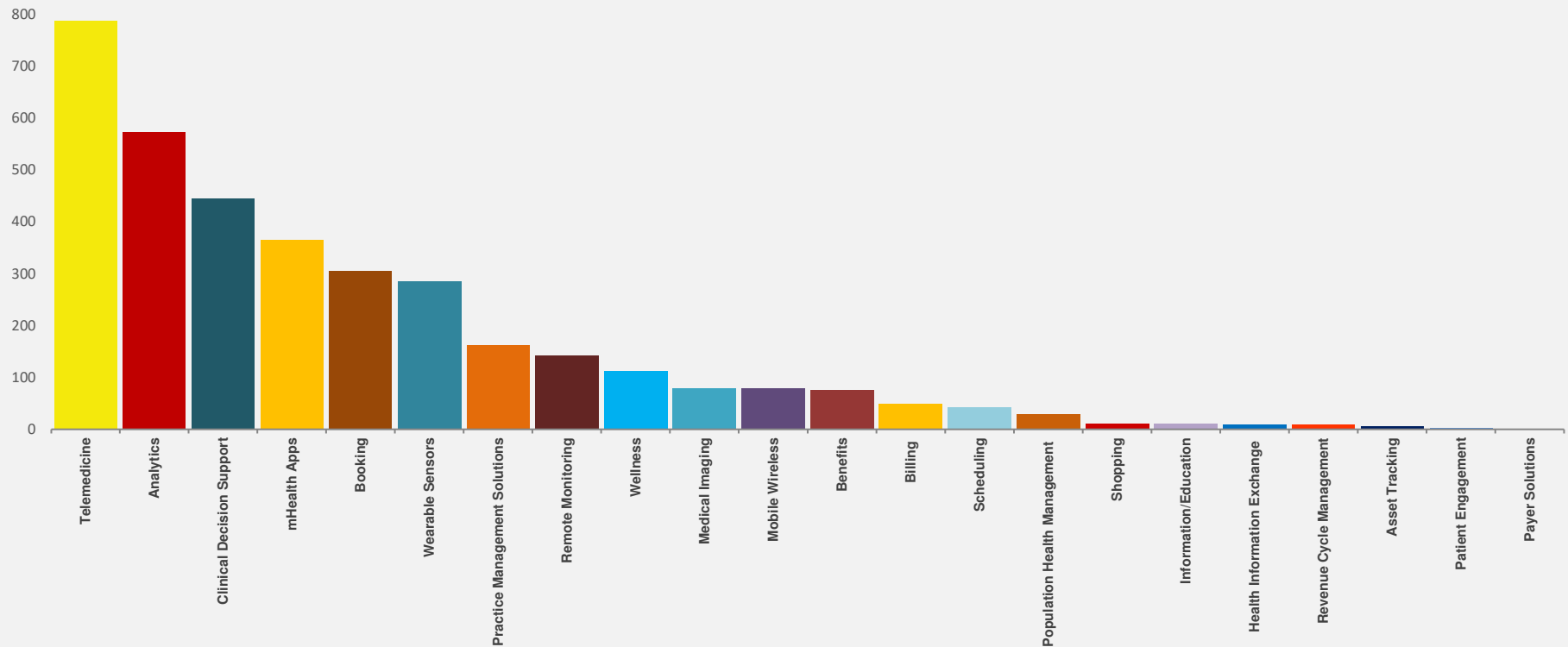
- Nineteen countries received Digital Health VC funding in Q1 2020, compared to 16 countries in Q4 2019.
- Within the United States, 26 deals originated from California, followed by New York with 17 deals, attracting the most VC funding with \$1.3 billion and \$668 million, respectively.
- A total of 433 investors participated in funding deals in Q1 2020 compared to 357 investors in Q4 2019.
- Announced debt and public market financing raised by Digital Health companies came in at \$73 million in three deals in Q1 2020 compared to \$21 million in one deal in Q4 2019.
- There were 41 M&A transactions involving Digital Health companies in Q1 2020, six of which disclosed transaction amounts.
- Practice-focused companies dominated M&A activity in Q1 2020, accounting for 27 of the 41 M&A transactions.
- Consumer-focused companies were involved in 14 M&A transactions in Q1 2020.
- Under Practice-focus technologies, Practice Management Solutions companies accounted for the largest share of M&A transactions with seven.
- Under Consumer-focus technologies, Telemedicine service companies accounted for most acquisitions with three transactions.
- In Q1 2020, Practice Management Solutions companies led M&A activity with seven transactions followed by Data Analytics with four and Clinical Decision Support with three transactions.

- The top disclosed M&A transactions in Q1 2020 were: \$600 million acquisition of InTouch Health by Teladoc Health, followed by AMN Healthcare's acquisition of Stratus Video for \$475 million. CompuGroup Medical acquired Cerner's Medico, Soarian Integrated Care, and Selene business for \$248 million, R1 RCM acquired SCI Solutions for \$190 million, and Masimo acquired NantHealth's Connected Care business for \$47 million.

Top 5 Digital Health M&A Transactions in Q1 2020 By Disclosed Amount

Company	Terms/Amount (\$M)	Acquirer
	600	
	475	
 (Medico, Soarian Integrated Care, Selene Business)	248	
	190	
 (Connected Care Business)	47	
Source: Mercom Capital Group		

Digital Health VC Funding By Amount in Q1 2020 (US\$ in Millions)



Source: Mercom Capital Group

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