Executive Summary

Digital Health Funding and M&A
2021 First Half Report

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

http://www.mercomcapital.com
Technologies Covered in This Report

**Consumer-Centric Technologies**
- Connect
- Chat
- Share Feedback
- Communicate
- Data collection
- Track
- Deliver
- Monitor Care
- Prevention
- Management
- Engagement
- Wellness
- Shop Rate

**Practice-Centric Technologies**
- Data Storage
- Data Transmission
- Medical Records
- Analytics
- Intelligence
- Information Exchange
- Schedule
- Verify
- Bill Collect
- Education
- Outsourcing
- Data Breach
- Privacy
- Health Information Management
- Revenue Cycle Management
- Service Providers
- Security
- Billing
- Claims Processing
- Patient Access
- Management Solutions
- Payor Solutions
- Outsourcing
- Medical Transcription
- Consulting Services
- Benefits
- Credentialing
- Health Information Protection
- HIPAA

The first half (1H) of 2021 shattered all previous 1H global Digital Health VC funding records with almost $15 billion, a 138% increase compared to $6.3 billion raised in 1H 2020.

Total corporate funding into digital health including VC, public market financing, and debt totaled $19 billion in 1H 2021.

Digital Health companies raised $7.7 billion in 195 deals in Q2 2021 compared to $7.2 billion raised in 179 deals in Q1 2021, a 7% increase in QoQ. Year-over-year, funding increased by 175% compared to $2.8 billion in 161 deals in Q2 2020.

Top VC-funded Digital Health categories in 1H 2021: Telemedicine with $4.2 billion, Wellness with $1.7 billion, mHealth Apps with $1.6 billion, Analytics with $1.5 billion, and Clinical Decision Support with $1.1 billion.

Top VC-funded Digital Health categories in Q2 2021: Telemedicine with $2.2 billion, Wellness with $1.1 billion, mHealth Apps with $667 million, Analytics with $565 million, Practice Management Solutions with $480 million, and Clinical Decision Support with $434 million.

Practice-focused companies received $2.4 billion in 66 deals, accounting for 31% of the Digital Health sector’s total VC investments during Q2 2021.

Consumer-centric companies raised over $5.3 billion in 129 deals, accounting for 69% of the Digital Health sector’s total VC investments during Q2 2021.
Executive Summary

- The top Digital Health VC deals in 1H 2021: $540 million raised by Noom, $500 million raised by Roman, $360 million raised by Keep, and $300 million each raised by Capsule, KRY, and Hinge Health.

- The top Digital Health VC deals in Q2 2021: $540 million raised by Noom, $300 million raised by each Capsule and KRY, $280 million raised by Collective Health, $235 million raised by Cue Health, and $220 million each raised by Tempo and Gympass.

- In Q2 2021, 49 deals originated from California, followed by New York with 36 deals. California and New York attracted the most VC funding in Q2 2021, with each state recording $2.3 billion.

- There were 12 IPOs in 1H 2021. This is the highest number of IPOs in 1H of any year since 2010. There were no IPOs in 1H 2020.

- In 1H 2021, there were 136 Digital Health M&A transactions (29 disclosed), a 64% increase in M&A transactions compared to 83 (18 disclosed) in 1H 2020.

- In Q2 2021, there were 73 M&A transactions compared to 63 (14 disclosed) in Q1 2021. In a YoY comparison, there were 42 M&A transactions in Q2 2020.

- Practice-focused companies dominated M&A activity in Q2 2021, with 43 of the 73 M&A transactions. Consumer-centric companies recorded 30 of the 73 M&A deals in Q2 2021.

### Top Five Digital Health M&A Transactions in 1H 2021 By Disclosed Amount

<table>
<thead>
<tr>
<th>Company</th>
<th>Terms/Amount ($M)</th>
<th>Acquirer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuance</td>
<td>19,700</td>
<td>Microsoft</td>
</tr>
<tr>
<td>Change Healthcare</td>
<td>13,000</td>
<td>Optum</td>
</tr>
<tr>
<td>Ciox</td>
<td>7,000</td>
<td>Datavant</td>
</tr>
<tr>
<td>Therapy Brands</td>
<td>1,500</td>
<td>KKR</td>
</tr>
<tr>
<td>Preventice Solutions</td>
<td>925</td>
<td>Boston Scientific</td>
</tr>
</tbody>
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Source: Mercom Capital Group
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.

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 the 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.
- All charts, graphs, and trends are 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.
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