

Executive Summary

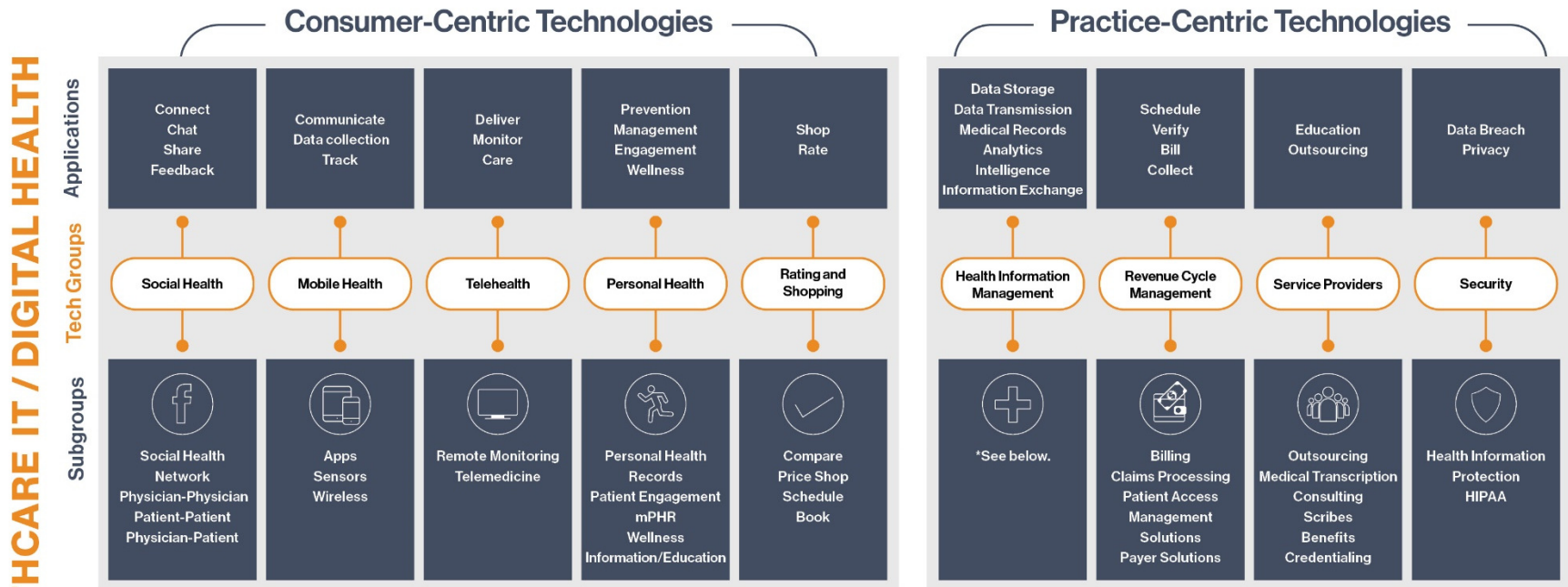
Digital Health Funding and M&A

Q3 and 9M 2021 Report

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

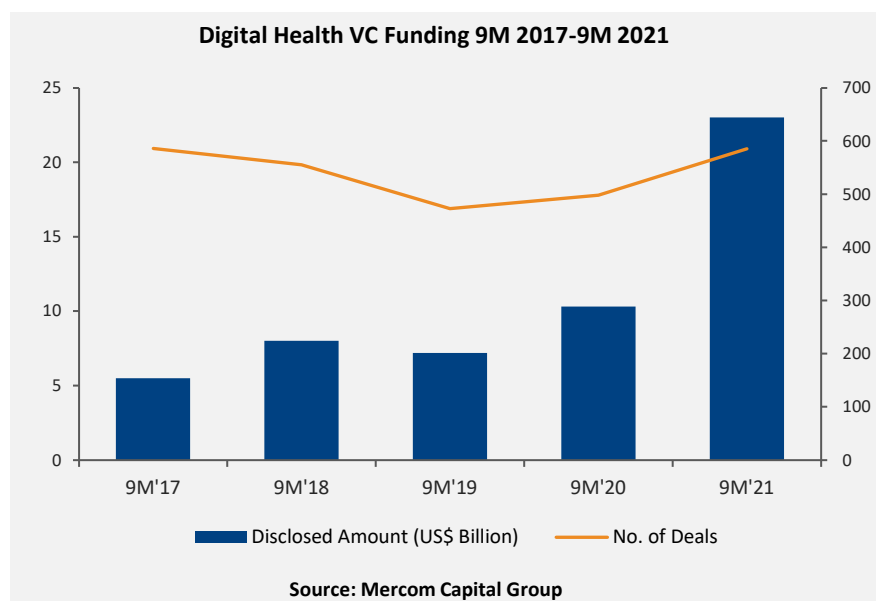
<http://www.mercomcapital.com>

Technologies Covered in This Report



KEY FINDINGS


- The first nine (9M) of 2021 shattered all previous 9M global Digital Health VC funding records with \$23 billion, a 123% increase compared to \$10.3 billion raised in 9M 2020.
- Total corporate funding into Digital Health, including VC, public market financing, and debt totaled \$28.6 billion in 9M 2021.



- Digital Health companies raised \$8.1 billion in 212 deals in Q3 2021 compared to \$7.7 billion in 195 deals in Q2 2021, a 5% increase QoQ. Year-over-year funding increased by 108% compared to \$3.9 billion in 195 deals in Q3 2020.
- Since 2010, VC funding in the Digital Health sector has totaled approximately \$82 billion in 5,986 deals.
- The top VC-funded Digital Health categories in 9M 2021 were: Telemedicine with \$6.6 billion, Analytics with \$2.5 billion, mHealth Apps with \$2.3 billion, Wellness with \$2 billion, Clinical Decision Support with \$1.5 billion, Practice Management Solutions with \$1.3 billion, and Wearable Sensors with \$1.1 billion.
- The top VC-funded Digital Health categories in Q3 2021 were: Telemedicine with \$2.5 billion, Analytics with \$1 billion, mHealth Apps with \$682 million, Practice Management Solutions with \$585 million, and Health Information Exchange with \$520 million.
- Practice-focused companies received \$3.7 billion in 81 deals, accounting for 46% of the Digital Health sector's total VC investments during Q3 2021.

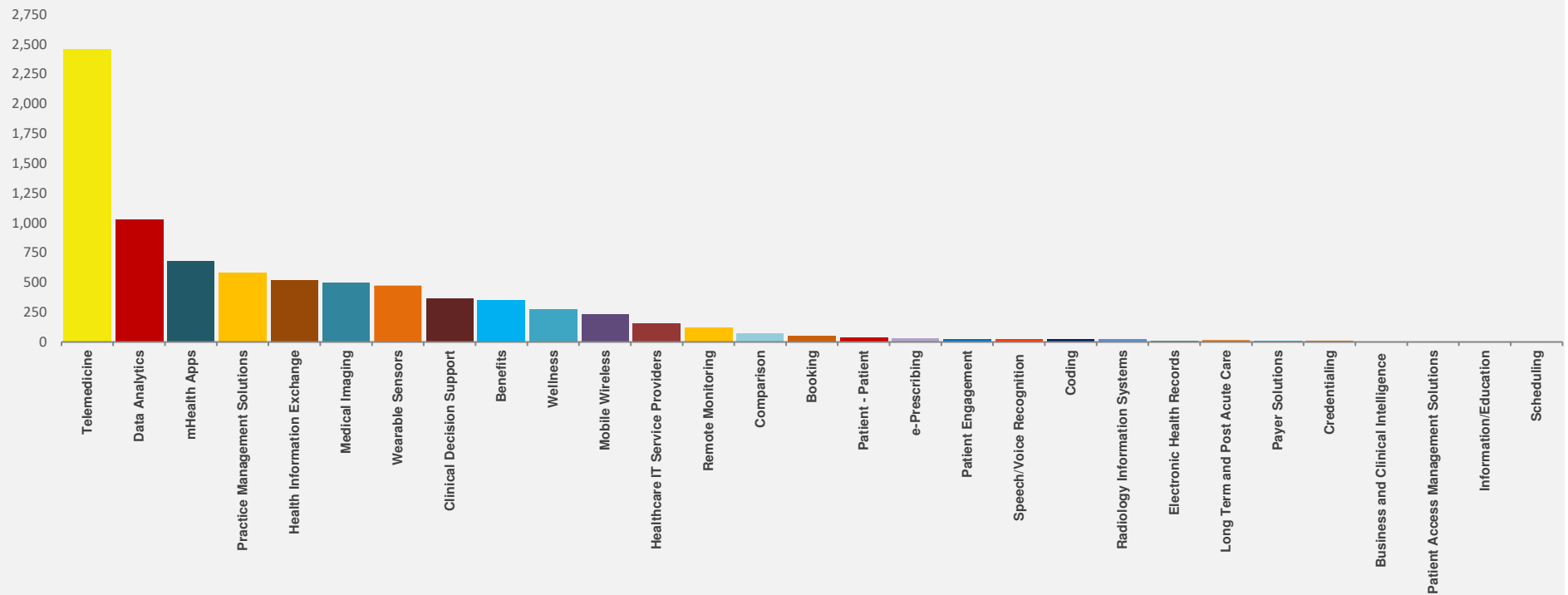
- Consumer-centric companies raised \$4.4 billion in 131 deals, accounting for 54% of the Digital Health sector's total VC investments during Q3 2021.
- The average deal size in Q3 2021 was \$38.4 million compared to \$39.5 million in Q2 2021.
- The top Digital Health VC deals in 9M 2021 were: \$540 million raised by Noom, \$500 million raised by each Commure and Roman, and \$400 million raised by each CityBlock Health and Olive.
- The top Digital Health VC deals in Q3 2021 were: \$500 million raised by Commure, \$400 million raised by each CityBlock Health and Olive, \$350 million raised by Carbon Health, \$220 million raised by Exo Imaging, and \$200 million raised by WHOOP.
- Twenty-five countries recorded Digital Health VC funding in Q3 2021 compared to 21 countries in Q2 2021.
- Companies in the United States accounted for most of the VC funding with \$5.9 billion in 134 deals. There were 24 international VC funding deals recorded in Q3 2021.
- In Q3 2021, 39 deals originated from California, followed by New York with 31 deals. California and New York attracted the most VC funding in Q3 2021, with \$2 billion and \$1.5 billion, respectively.
- Announced debt and public market financing raised by Digital Health companies came in at \$1.1 billion in six (6) deals in Q3 2021, a 68% decrease QoQ, compared to \$3.4 billion raised in 11 deals in Q2 2021.
- There were 16 IPOs in 9M 2021. This is the highest amount of IPOs in the first nine-month period of any year since 2010. There were four (4) IPOs in 9M 2020.
- In 9M 2021, there were 203 Digital Health M&A transactions, a 35% increase in M&A transactions, compared to 132 in 9M 2020.

Top Five Digital Health M&A Transactions in 9M 2021 By Disclosed Amount

Company	Terms/Amount (\$M)	Acquirer
 NUANCE	19,700	 Microsoft
 CHANGE HEALTHCARE	13,000	 OPTUM
 Hillrom	10,500	 Baxter
 inovalon	7,300	 NORDIC CAPITAL
 ciox	7,000	 DATAVANT
Source: Mercom Capital Group		

- In Q3 2021, there were 67 M&A transactions compared to 73 in Q2 2021. In a YoY comparison, there were 49 M&A transactions in Q3 2020.
- Practice-focused companies dominated M&A activity in Q3 2021 with 39 of the 67 M&A transactions. Consumer-centric companies recorded 28 of the 67 M&A transactions in Q3 2021.
- In 9M 2021, Telemedicine companies led M&A activity with 33 transactions, followed by Practice Management Solutions companies with 29 transactions. mHealth Apps recorded 16 M&A transactions, followed by Analytics with 14 transactions, Clinical Decision Support with 13 transactions, and Patient Engagement with 12 transactions.

Digital Health VC Funding by Amount in Q3 2021 (US\$ in Million)



Source: Mercom Capital Group

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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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