

**THIS WEEK**



**Global digital health startup activity near all-time high**

It may be a brief snapshot in time, but second-quarter global venture capital investments in digital health startups provided another illustration of where many financiers believe the field is headed.

Global investor support for artificial intelligence in health care set a record in both deals and dollars while digital health startups targeting behavioral and women’s health continue to receive strong backing, according to a recent CB Insights [report](#). And in perhaps the best demonstration of investors’ continued confidence in digital health, the report notes that there are now 38 health care “unicorns” (companies with \$1 billion valuation or more) worldwide valued at \$90.7 billion.

Many of these investments are flowing to software-as-a-service solutions or companies using AI to facilitate better clinical decision-making and applying technology to improve access to care for those with emotional, psychological or social behavior issues. Likewise, support is strong for tech-enabled, out-of-hospital solutions to complement or replace standard medical treatment for chronic conditions.

Second-quarter funding for health care AI startups surged to \$864 million — up 13% from the same quarter a year ago, led by a \$200 million round to Tempus. The company’s AI-based system gathers and analyzes clinical

**Top 5 U.S. health care unicorns by valuation**

<b>samumed</b> (tissue regeneration)	<b>\$12B</b>
<b>ROIVANT</b> SCIENCES (innovative medicines/technologies)	<b>\$7B</b>
<b>Intarcia</b> (chronic disease therapies)	<b>\$3.5B</b>
<b>OSCAR</b> (tech-focused health insurance)	<b>\$3.2B</b>
<b>smile</b> DIRECT CLUB (at-home dental aligners)	<b>\$3.2B</b>

Source: \* Global Healthcare Report Q2 2019, CB Insights data

and molecular data at scale for precision medicine. Other top rounds for startups with clinical AI applications went to:

- [BlackThorn Therapeutics](#), a San Francisco-based neurobehavioral health company, uses AI technologies to develop targeted therapeutics for treating brain disorders. The company received \$76 million in June from investors including Google Ventures, Johnson & Johnson Innovation and Scripps Research Institute.
- [Frontier Medicines](#), also based in San Francisco, received \$67 million in June for its AI platform that integrates advanced computational approaches and machine learning to develop medicines for disease-causing proteins.
- [PathAI](#) of Boston took in \$60 million for its pathology research tools that are designed to provide faster, more accurate diagnosis of disease.
- [Finch Therapeutics](#) of Somerville, Mass., received \$53 million to support its machine learning platform that mines its unique datasets to determine the most effective therapy to drive improved outcomes.

Behavioral health and wellness funding also set a quarterly record, with \$321 million invested in digital health startups — a 41% increase over the second quarter in 2018. Investors flocked to startups like [Quartet Health](#), which received \$60 million Series D funding in the quarter from firms like Google Ventures, Centene Corp. and Polaris Partners. The company has developed a suite of products to increase access to behavioral health resources. Quartet hopes to reduce costs by aligning payers, behavioral health clinicians, medical providers and patients. [Talkspace](#), a telebehavioral health company, received \$50 million in Series D funding. Its psychotherapy product connects users with a network of licensed therapists through a HIPAA-compliant web and mobile platform.

## FITBIT TAKES NEXT STEP INTO CARE MANAGEMENT

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In a move long anticipated, wearable device maker Fitbit is expanding its services to include care management and personal coaching for those with chronic conditions like diabetes and heart disease.

The Fitbit Premium service, slated to begin in October, will allow users to share data with their doctors, culled from the data the device collects such as heart rate, sleep, weight changes and analyses of activity. Consumers will pay \$10 per month or \$80 per year for the service. A personal coaching product is slated to be offered in 2020, with a pilot program to begin later this year.

With strong brand awareness and an estimated 27 million active users, Fitbit believes it can compete as effectively as Livongo, Omada, Onduo and others in the digital wellness space that are engaging both consumers and employers. Fitbit's chief operating officer for health solutions told [FierceHealthcare](#) that the company now works with 100 health plans, including Humana, UnitedHealthcare and Blue Cross Blue Shield and 1,700 employers. The business is on track to hit \$100 million in revenue this year.

## NEED HELP WITH YOUR DIGITAL TRANSFORMATION STRATEGY?

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As digital health technologies enable changes in how and where care is delivered, hospitals and health systems must evaluate their strategic direction. A new AHA Center for Health Innovation [report](#) — “Digital Transformation: Anywhere Care” — offers insights and analysis about the three shifts made possible by this trend and provides key strategy considerations for provider organizations.



The report examines the moves to more convenient care anywhere and anytime, moving from digital to smart data and information and how to effectively manage social determinants of health. Key response considerations for each shift are provided as well as examples of what

leading health care organizations are doing to address such issues as extending care beyond the hospital to address some of the root causes of poor health.

EY, which co-authored the report, provides a framework to develop a platform that supports participatory health by giving people the right tools to manage their health, lifestyle choices and chronic conditions in vastly different ways. For more information and resources on virtual care strategies, visit the [Market Insights Telehealth Strategy site](#).

We want to hear from you! Please send your feedback to Bob Kehoe at [rkehoe@aha.org](mailto:rkehoe@aha.org).

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