



Digital Health Insights for the 50+ Market

2013 Annual Report

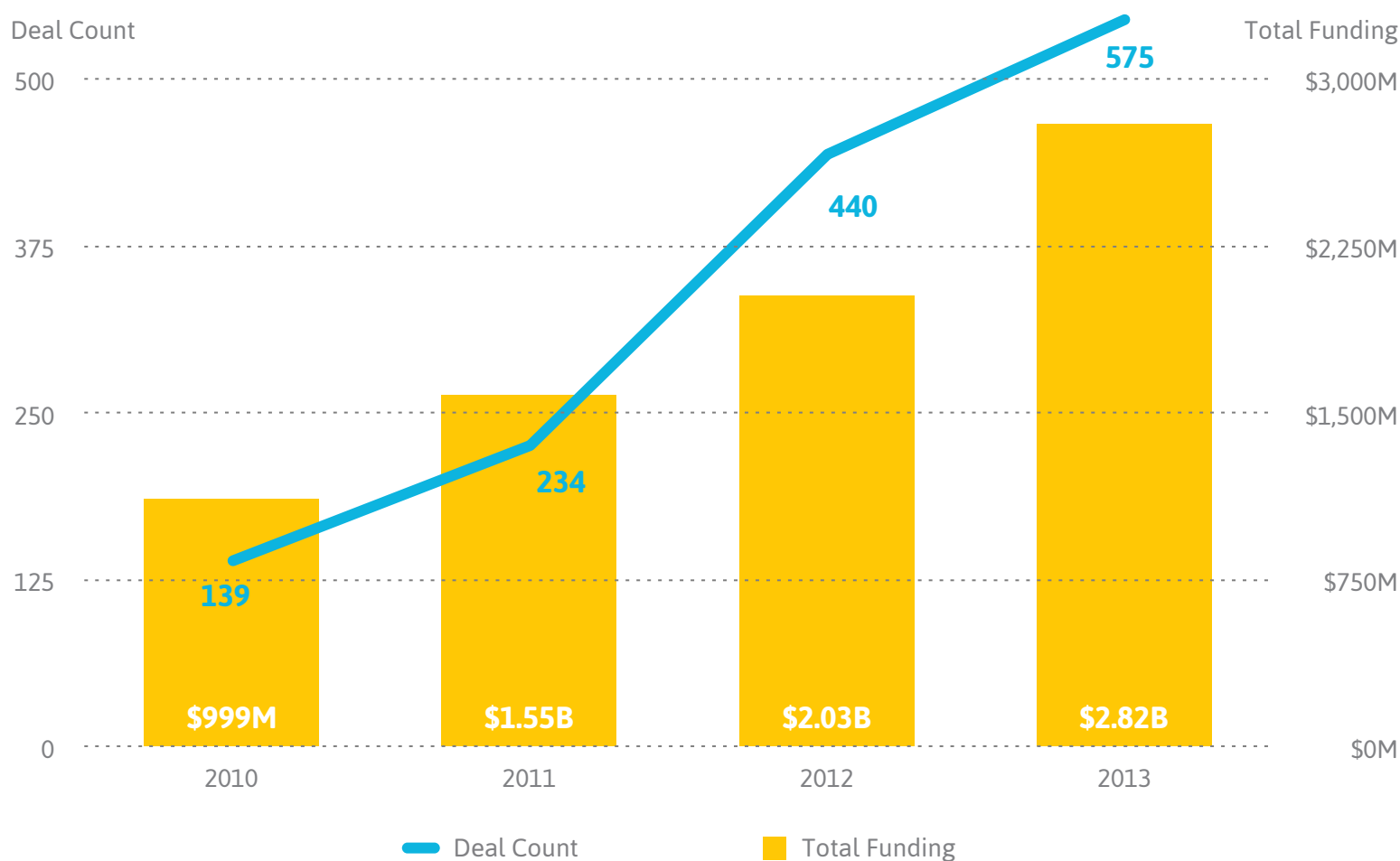
startuphealth.com/insights

Published: January 14, 2014

A REPORT PREPARED FOR **AARP**
Real Possibilities

Digital health and wellness investments have rapidly expanded from **\$999M** in 2010 to **\$2.82B**

Deal count more than quadrupled from **139** to **575**



Early stage innovation is the primary growth driver because of the following conditions:

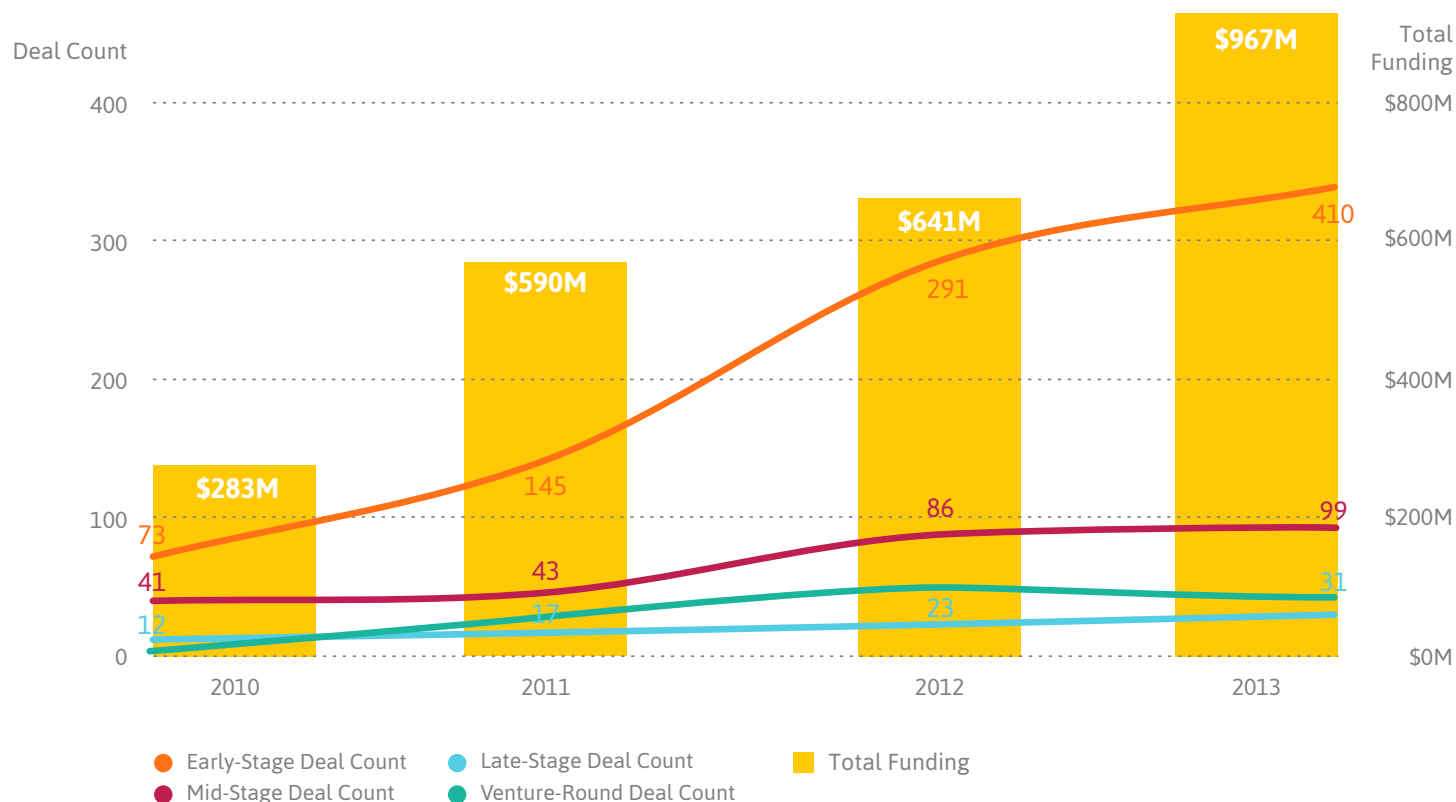
Change: Healthcare Reform

Technology: Mobile & Digital Health

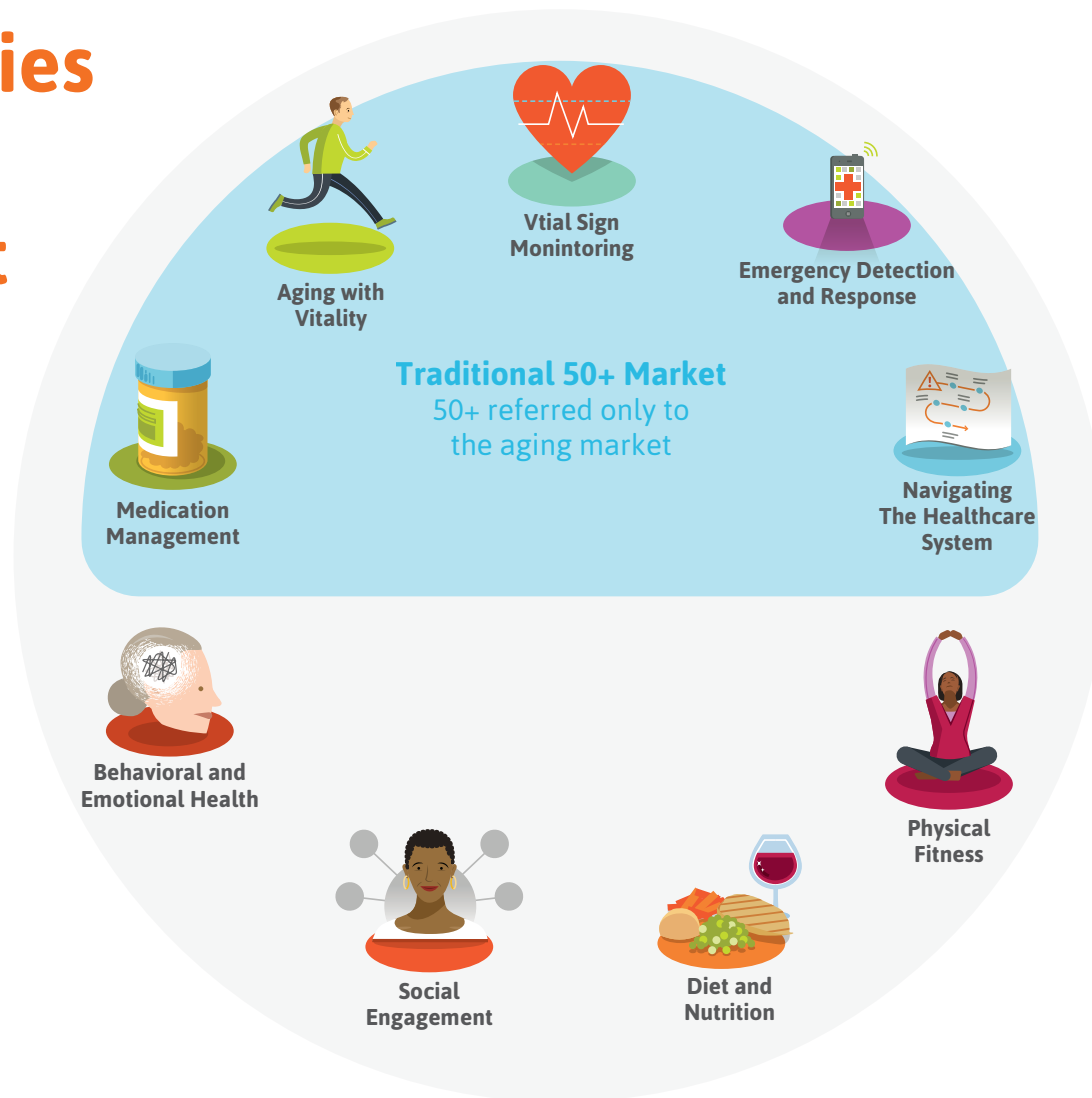
Acceleration: Chronic Disease, Aging & Cost

Opportunity: Golden Age of Entrepreneurship

71% of deals were in Seed & Series A rounds

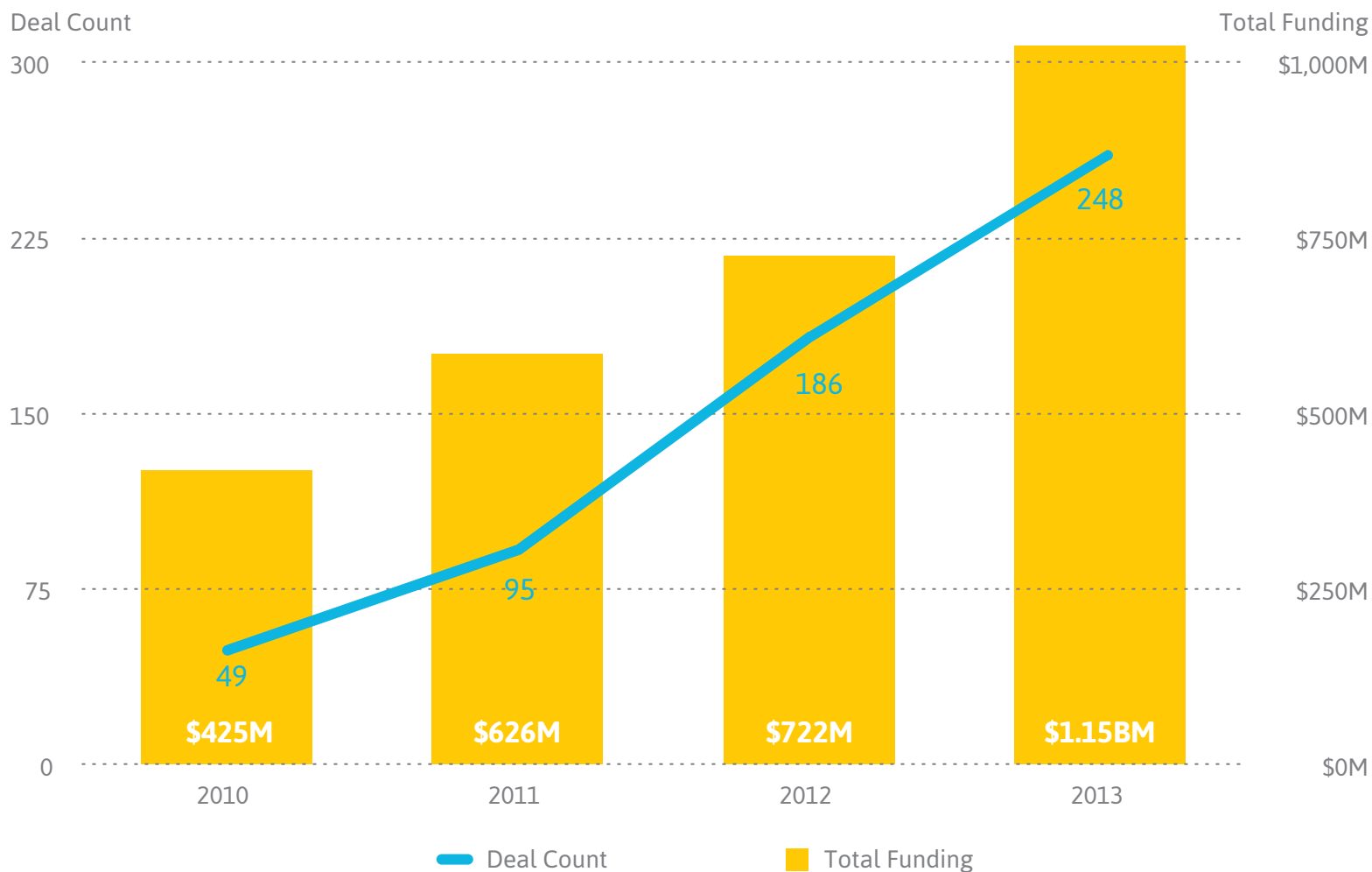


Opportunities in the 50+ Market

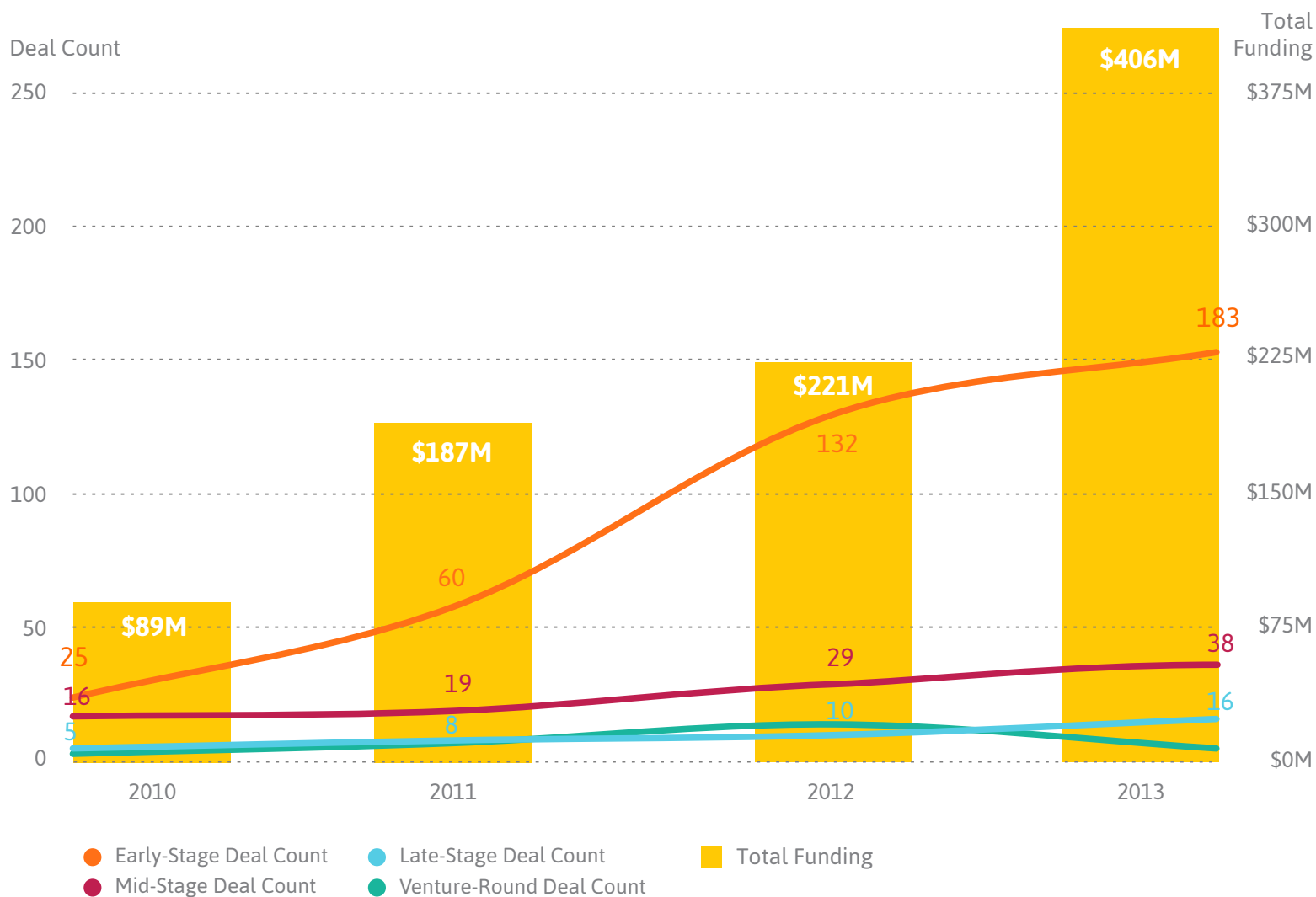


Preventative medicine is a growing focus among the 50+ market leading to increased opportunity across the nine areas of digital health and wellness innovation

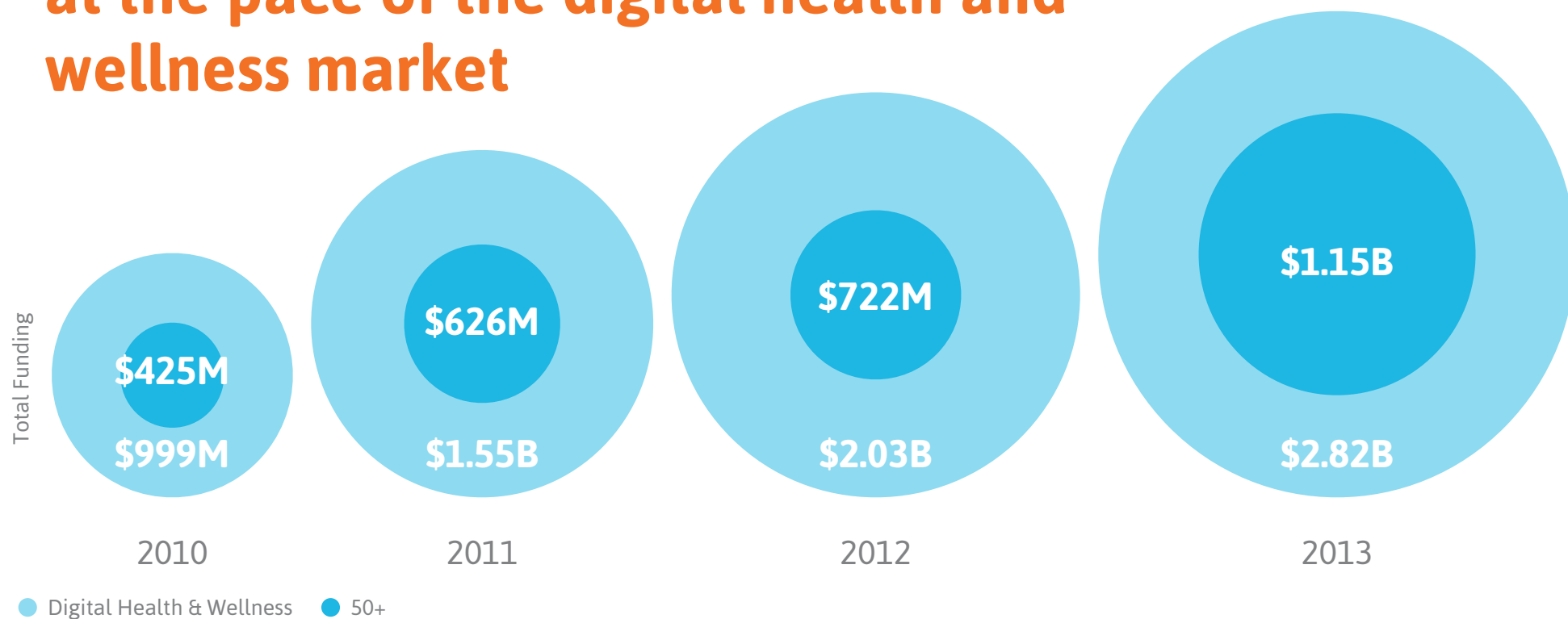
Funding in the 50+ market rose 33% from \$722M last year to \$1.15B in 2013



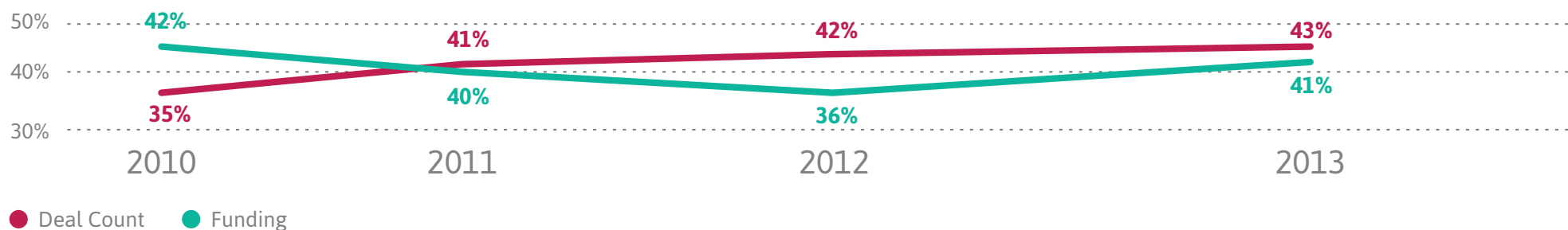
Early-stage deal count in 50+ market grew more than seven-fold from 25 in 2010 to 183 in 2013



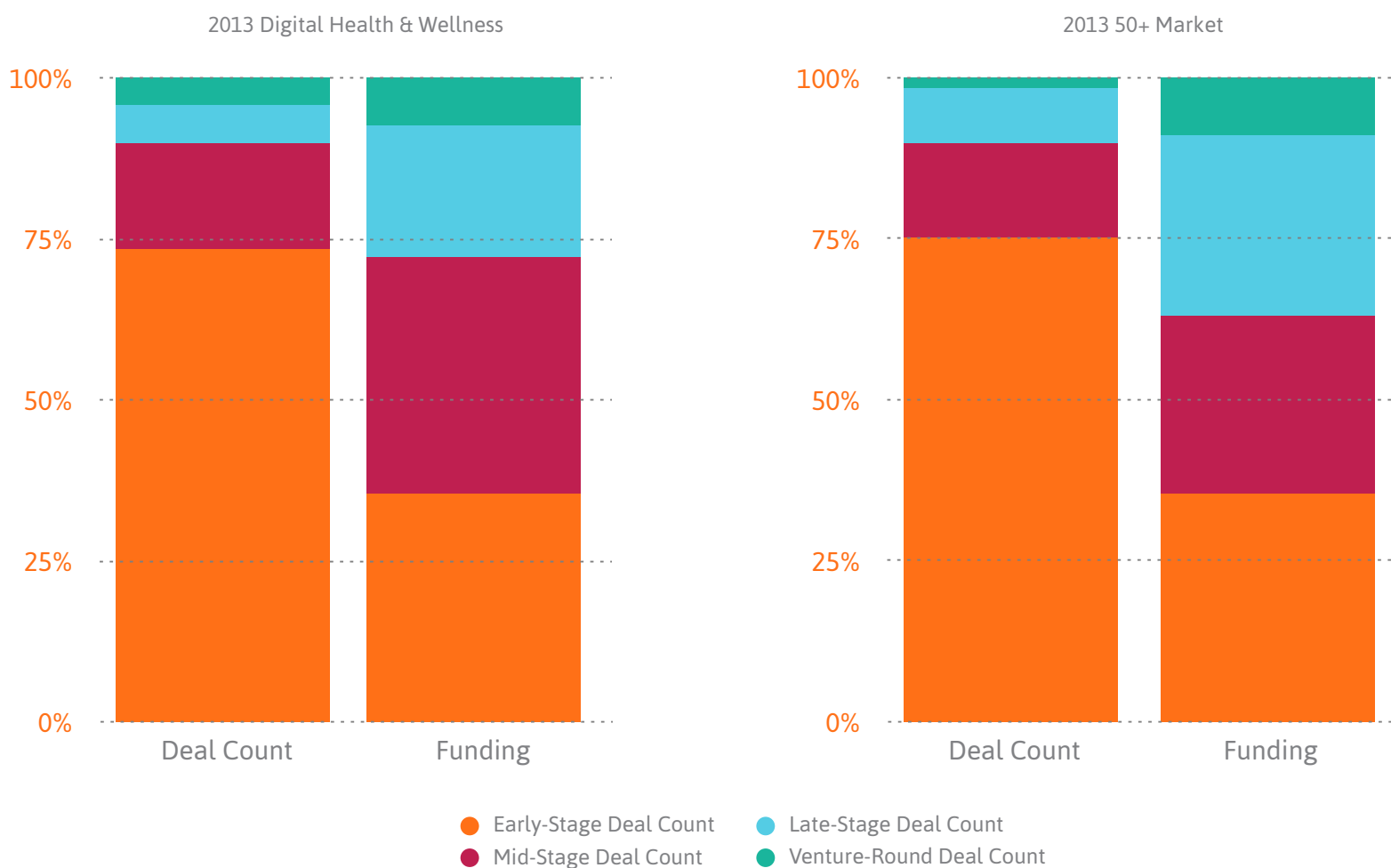
The 50+ market continues to grow at the pace of the digital health and wellness market



50+ health investment sector as percent of total digital health & wellness










































Stage distribution of 50+ market deals and funding mirrors industry-wide activity



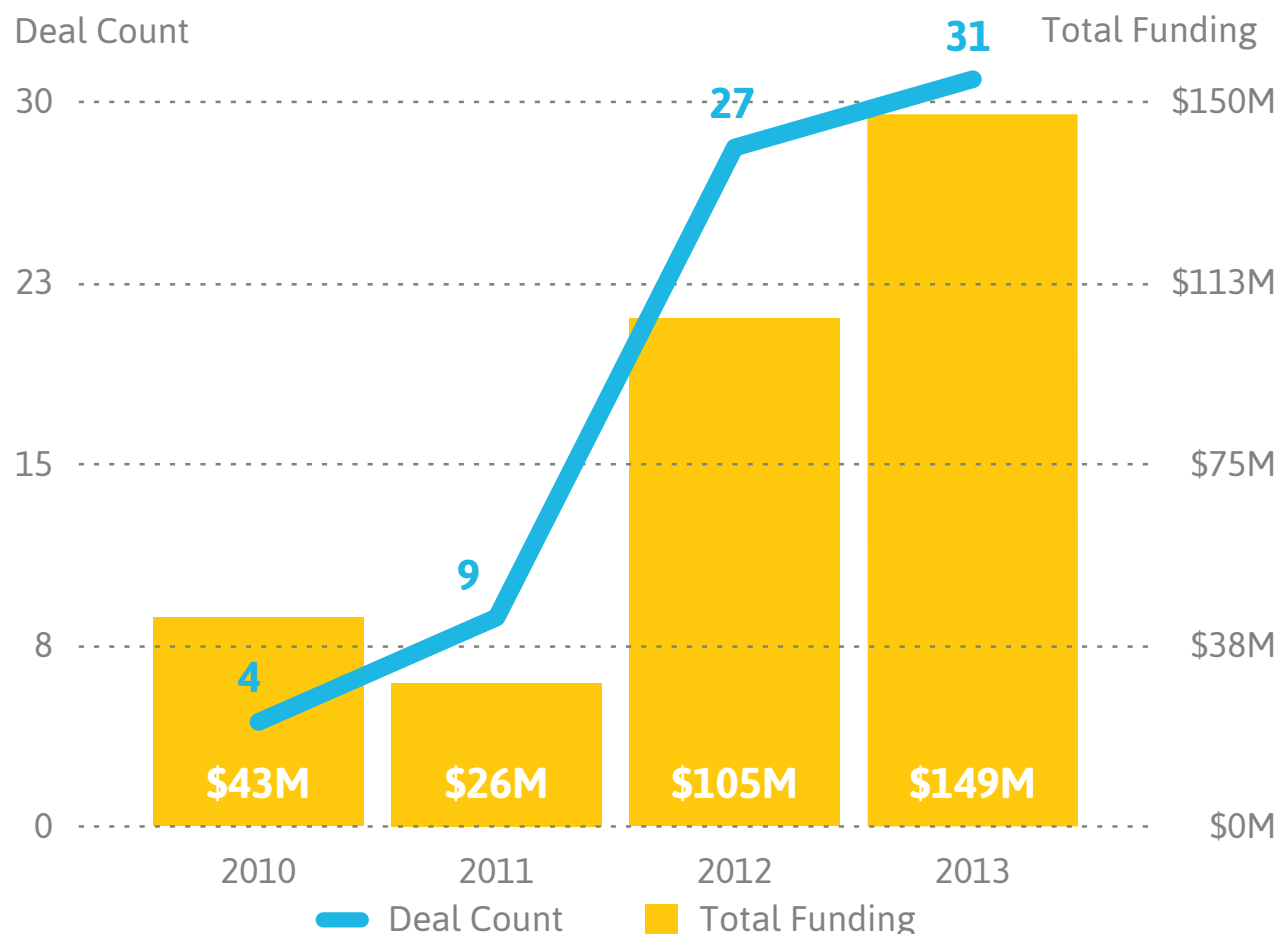
2013 Notable VCs by stage in 50+ market

★ denotes 3+ investments

SEED	SERIES A	SERIES B	SERIES C	SERIES D	SERIES E
★ 500startups	★  FOUNDERS FUND	★  NORWEST VENTURE PARTNERS.	★  CARDINAL PARTNERS	★  KPCB KEELER PERKINS CAUFFIELD BYERS	★  LIGHTSPEED VENTURE PARTNERS
★  First Round CAPITAL	★  General Catalyst Partners	★  SEQUOIA CAPITAL	★  GREYCROFT	★  NEW LEAF VENTURE PARTNERS	 CAXTON
★ FLOODGATE	★  khosla ventures	★  OrbiMed	★  MORGAN STANLEY PARTNERS	★  MORGENTHAUER VENTURES	 CHL HEALTHCARE PARTNERS
★ MOHR DAVIDOW	★  ARBORETUM VENTURES	 BAY CITY CAPITAL	 Health Enterprise Partners	 SoftBank Capital	 Venrock
★  ABERDARE VENTURES	 ACCEL PARTNERS	 ADAMS STREET PARTNERS	 CAMDEN PARTNERS	 AV	 CLAREMONT CREEK VENTURES
 MANSA	 OAK INVESTMENT PARTNERS	 CHV CAPITAL	 LIGHTSTONE VENTURES	 Felicis Ventures	 HARMONY PARTNERS
 ALBION VENTURES	 THRIVE CAPITAL	 MERCATO PARTNERS	 DOMAIN ASSOCIATES	 NORTH BRIDGE venture partners	 AISLING CAPITAL

Social Engagement

Third highest year-over-year growth in median size deal value at **120%**



MARKET INSIGHT*: Estimates suggest **40-80%** of the 50-64 population and **30-70%** of the 65+ population would be interested in a social engagement solution

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013

keas

\$8M
Series C

patientslikeme™

\$7M
Series C

1EQ

\$900K
Seed

Live!y

\$4.3M
Series A

NOTABLE INVESTORS

atlasventure

ignition™

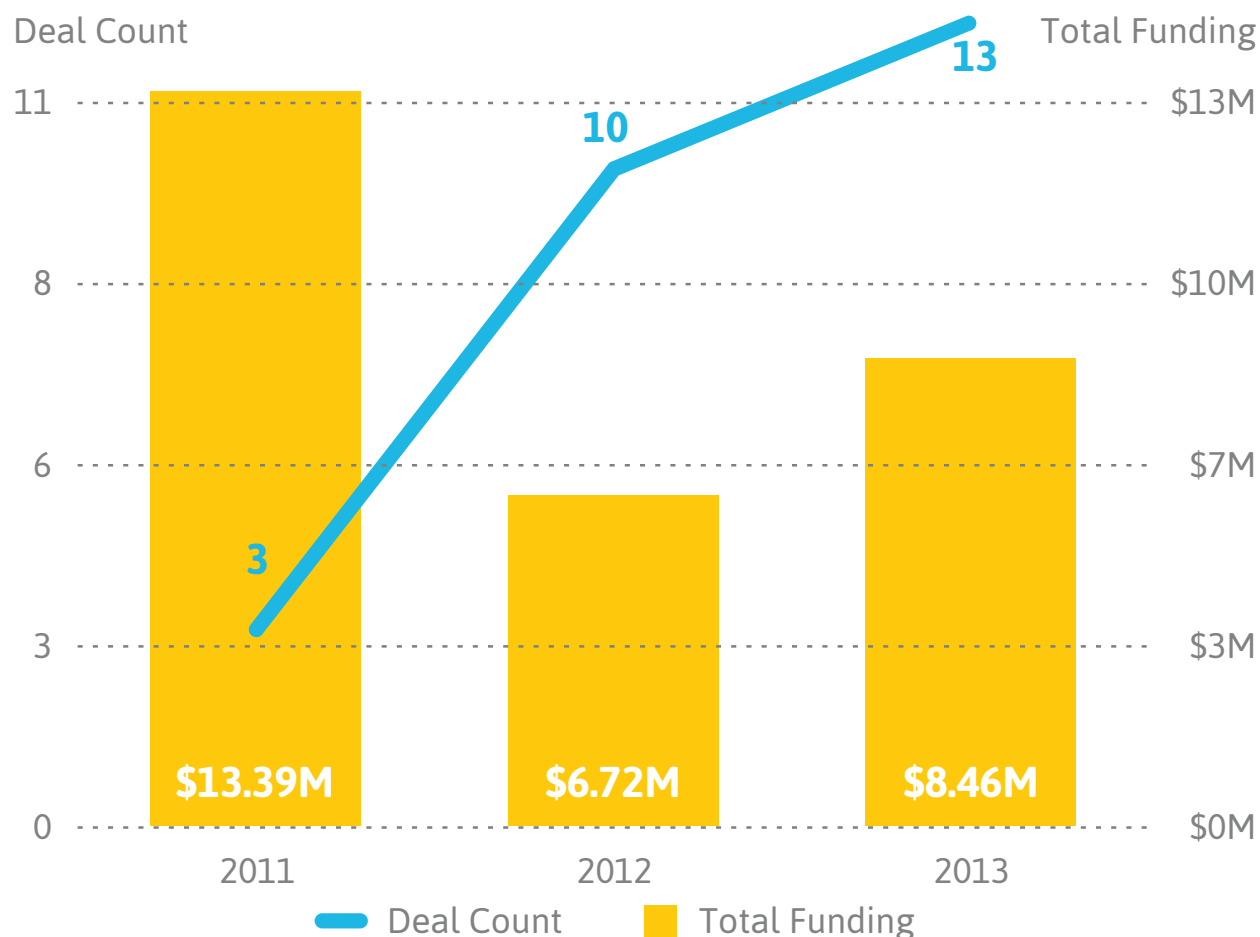
commercenet

ON
OMIDYAR NETWORK™

Collaborative Seed
& Growth Partners, LLC

Medication Management

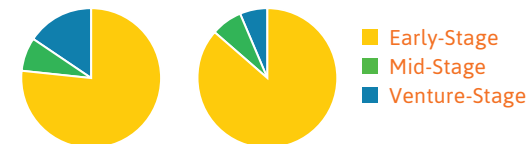
Newest market opportunity in 50+ Market



MARKET INSIGHT*: 70% of people ages 50-64 take at least two medications and 87% of people 65 and older take at least two medications

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013



\$3M
Seed



\$1.16M
Seed



\$1M
Seed



\$1.35M
Seed

NOTABLE INVESTORS

ALBION VENTURES

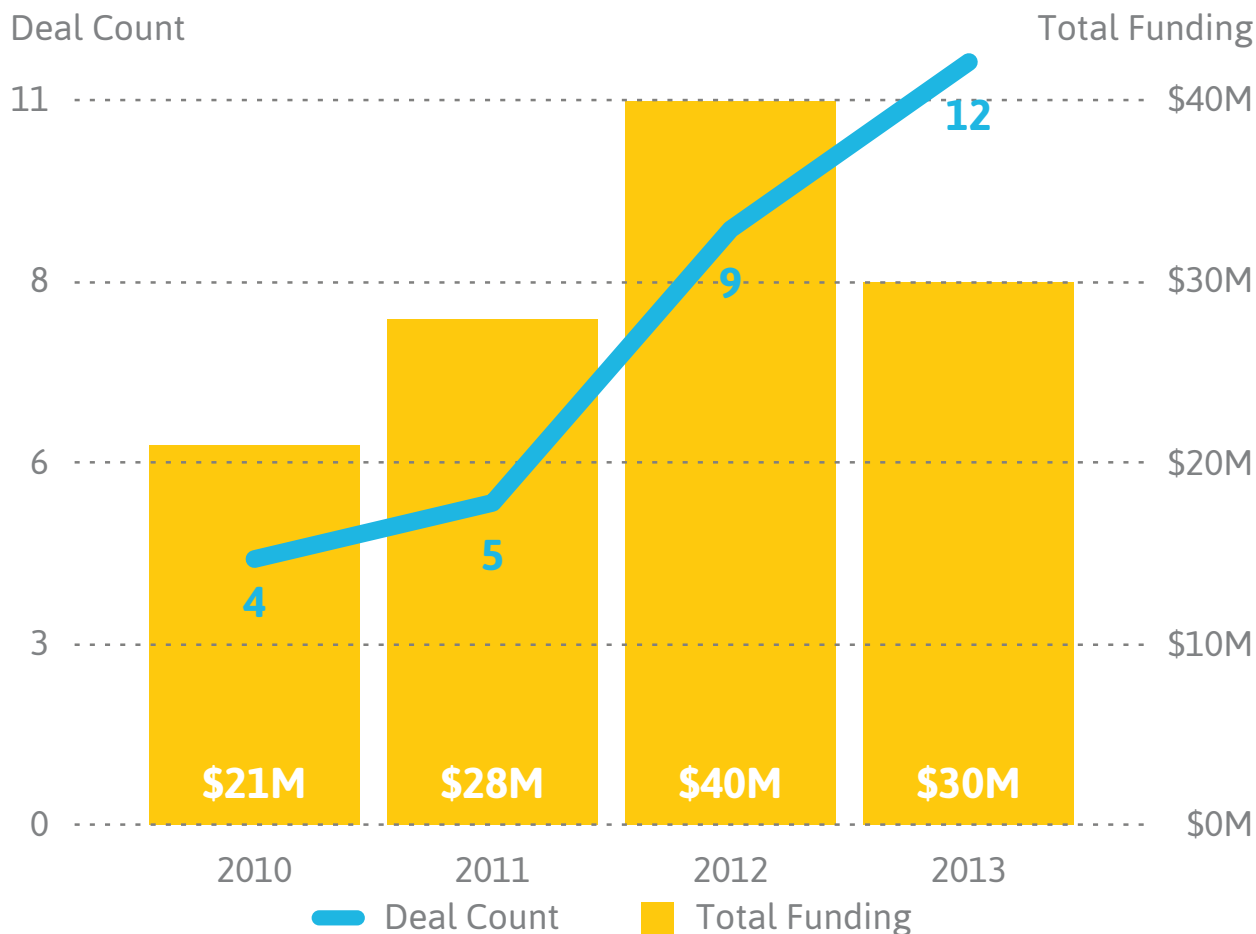


atlasventure



Emergency Detection and Response

Second highest proportion of early-stage funding at 85%



MARKET INSIGHT*: 40-70% of the 75+ population and 10-30% of the 50-74 population would be interested in emergency detection or response services

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013



\$4M
Series A

HotDot

\$3.19M
Series A



\$2.5M
Seed



\$7.3M
Series B

NOTABLE INVESTORS

NORWICH VENTURES

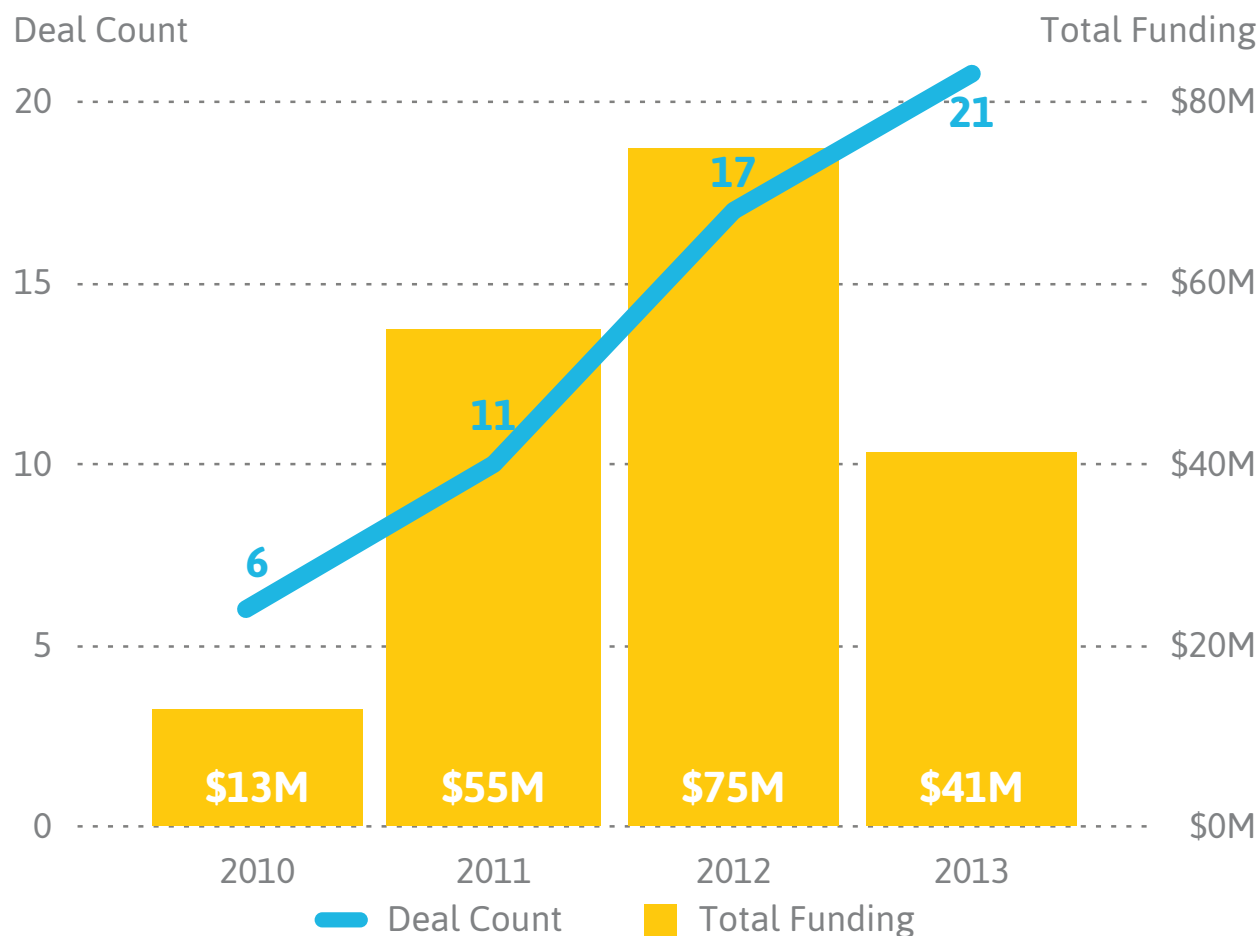
iglobe partners



ALSOP LOUIE PARTNERS
THE ART AND SCIENCE OF ENTREPRENEURS

Behavioral and Emotional Health

Highest proportion of early-stage deals at 86%



MARKET INSIGHT*: Estimates predict 10-30% of the 50+ population would be interested in a behavioral or emotional health solution

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013

VALKEE

\$9.7M
Series A

Breakthrough

\$5M
Series A

abilto

\$3M
Series A

HEADSPACE

\$2M
Series A

NOTABLE INVESTORS

LIFELINE
ventures

Lemhi Ventures

SC

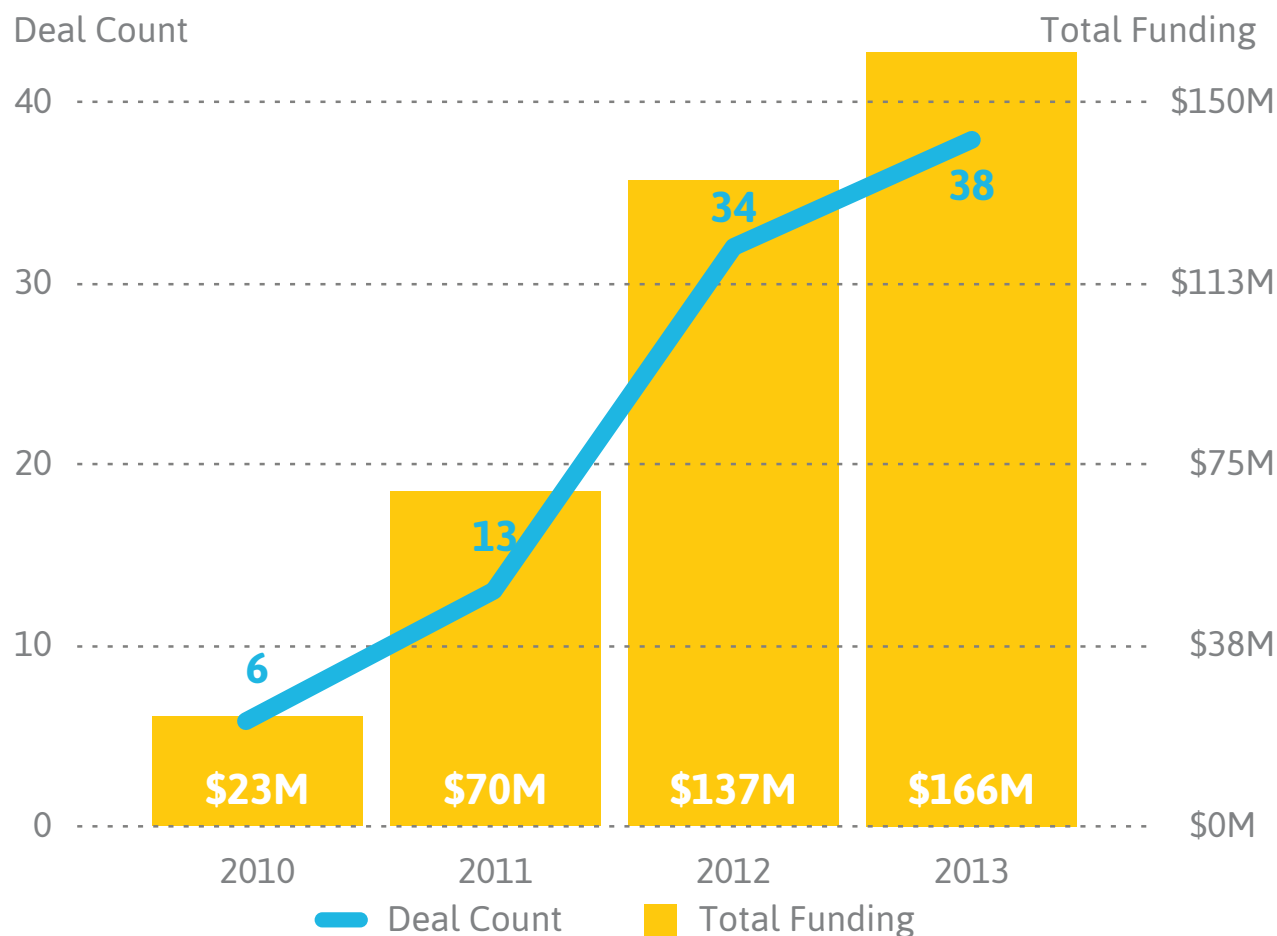
THE SOCIAL+CAPITAL PARTNERSHIP

First Round
CAPITAL

Great Oaks
VENTURE CAPITAL

Physical Fitness

Second highest proportion of early-stage deals at 79%



MARKET INSIGHT*: Five-year total revenues as high as \$1.7 billion or as low as \$1.1 billion

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013



\$43M
Series D



\$23M
Series B



\$14.5M
Series B



\$18M
Series A

NOTABLE INVESTORS



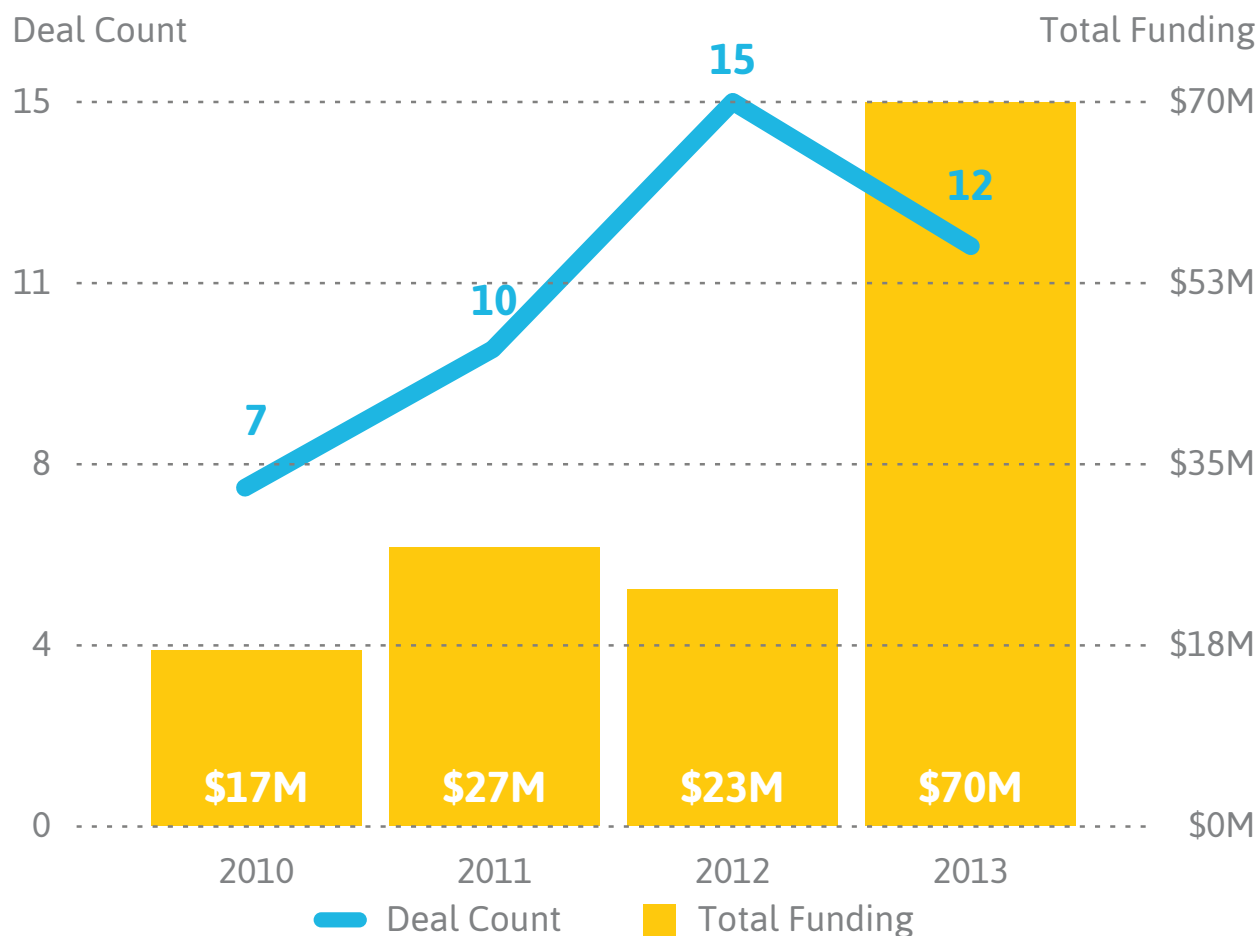
SAP VENTURES

SoftBank Capital



Diet and Nutrition

Largest year-over-year growth in funding at 208%



MARKET INSIGHT*: Fee-based diet and nutrition management services and technology/software licensing fees will be the two dominant revenue models for the diet and nutrition market

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013

Withings

HEALTHYOUT

\$30M
Series A

\$1.52M
Seed

Edamam

\$850K
Seed

NOTABLE INVESTORS

idinvest
PARTNERS

V
VENTECH

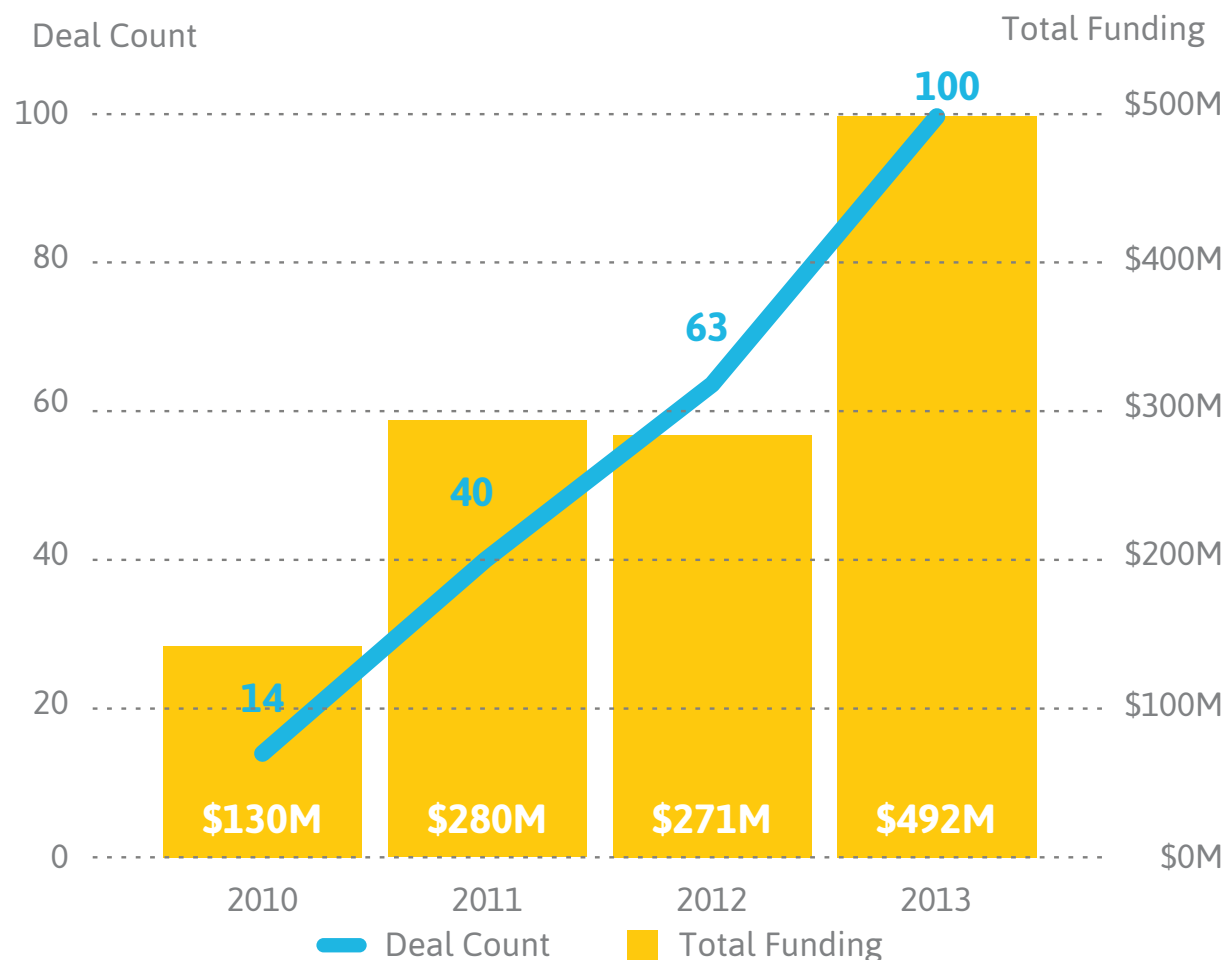
360
CAPITAL PARTNERS

HIGHLAND
CAPITAL PARTNERS

VERSANT
ventures

Navigating the Healthcare System

Most actively funded opportunity at **100 deals** and **\$492M** in funding



MARKET INSIGHT*: Fee-based case assistance service and advertising sales will be the two dominant revenue models for the care navigation market

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013

Qsharecare

oscar

\$68M
Venture Round

\$40M
Series A

Maxwell | Health

caremerge

\$6M
Series A

\$2.1M
Series A

NOTABLE INVESTORS

The Heritage Group

THRIVE CAPITAL

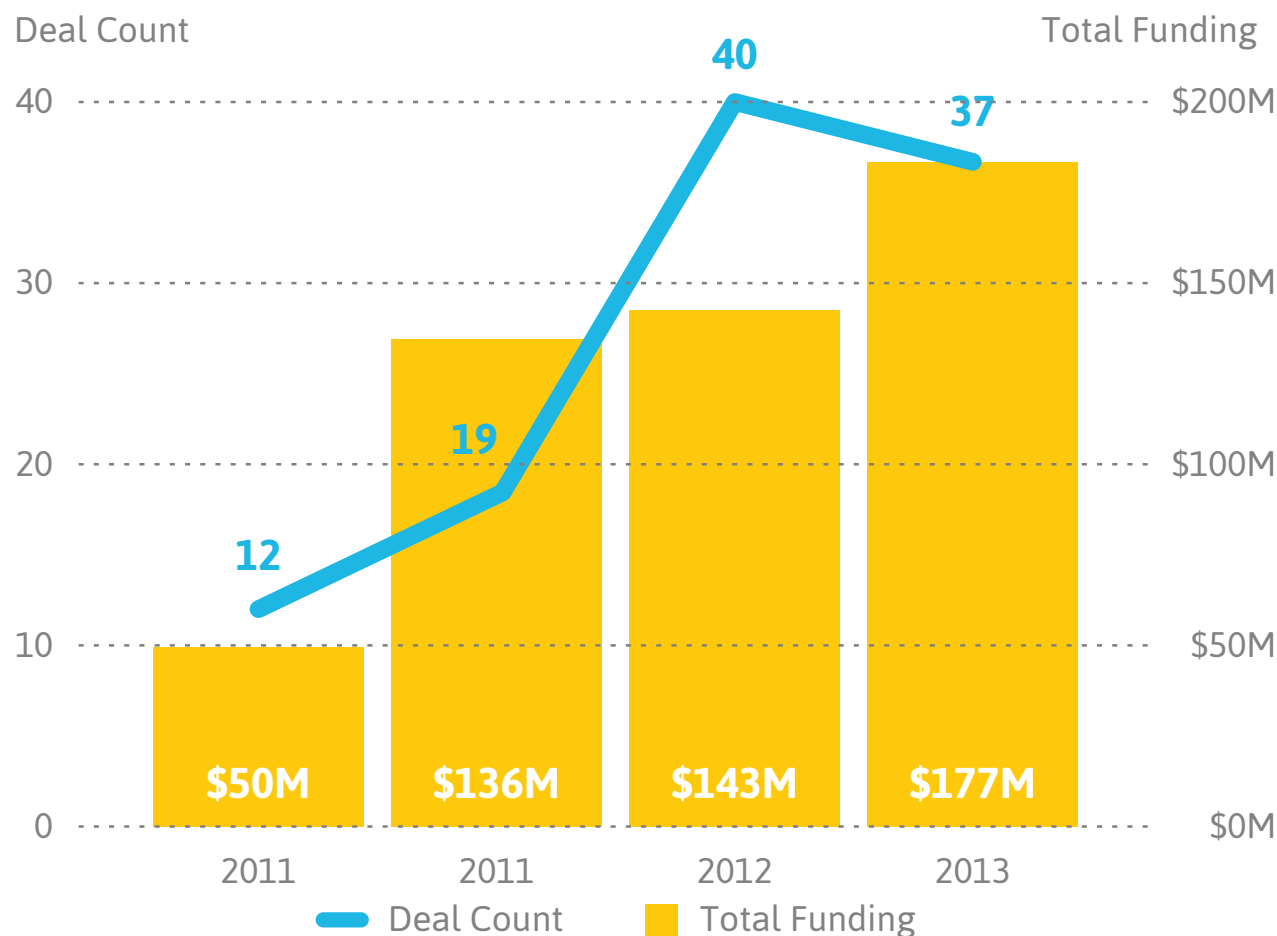
General Catalyst Partners

FOUNDERS FUND

khosla ventures

Aging with Vitality

Highest proportion of mid-stage funding at
46%



MARKET INSIGHT*: The Affected Population of this market hit 101 million at the end of 2012 and will reach 113 million by 2018

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013



NANTHEALTH

\$31M
Series A



INGRAM MEDICAL

\$30M
Series B

SENSIMED



\$8.4M
Series C

SCANADU



\$10M
Series A

NOTABLE INVESTORS



STEPSTONE
inside private markets

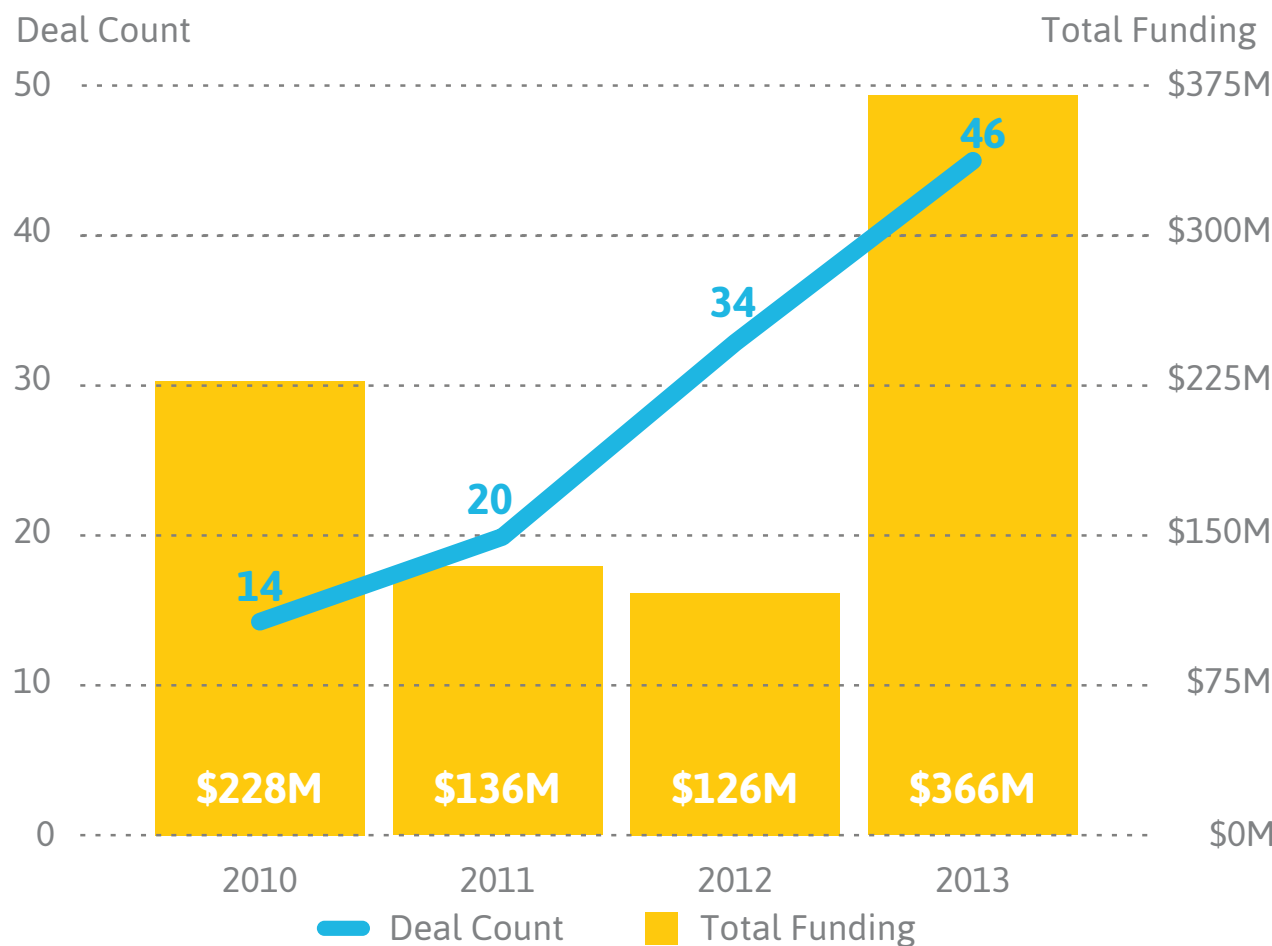
Intermountain
Healthcare

VERTEX
VENTURE CAPITAL

.406 Ventures

Vital Sign Monitoring

Largest median deal size at \$3.69M



MARKET INSIGHT: An estimated 78 million consumers 50+ have at least one chronic condition

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



Deal Count Total Funding

NOTABLE DEALS IN 2013

proteus
DIGITAL HEALTH

\$62M
Series F

wm watermarkmedical

\$32M
Series C

mc10

\$20M
Series D

MISFIT

\$15M
Series B

NOTABLE INVESTORS

NVP
NORWEST
VENTURE
PARTNERS.

NLV NEW LEAF VENTURE
PARTNERS

SYNERGY
Life Science Partners

NOVARTIS

Otsuka

The nine areas present vast emerging market opportunities



SOCIAL ENGAGEMENT

Third highest year-over-year growth in median size deal value at **120%**



BEHAVIORAL AND EMOTIONAL HEALTH

Highest proportion of early-stage deals at **86%**



NAVIGATING THE HEALTHCARE SYSTEM

Most actively funded opportunity at **100** deals and **\$492M**



MEDICATION MANAGEMENT

Newest market opportunity in 50+



PHYSICAL FITNESS

Second highest proportion of early-stage deals at **79%**



AGING WITH VITALITY

Highest proportion of mid-stage funding at **46%**



EMERGENCY DETECTION AND RESPONSE

Second highest proportion of early funding at **85%**



DIET AND NUTRITION

Largest year-over-year growth in funding at **208%**



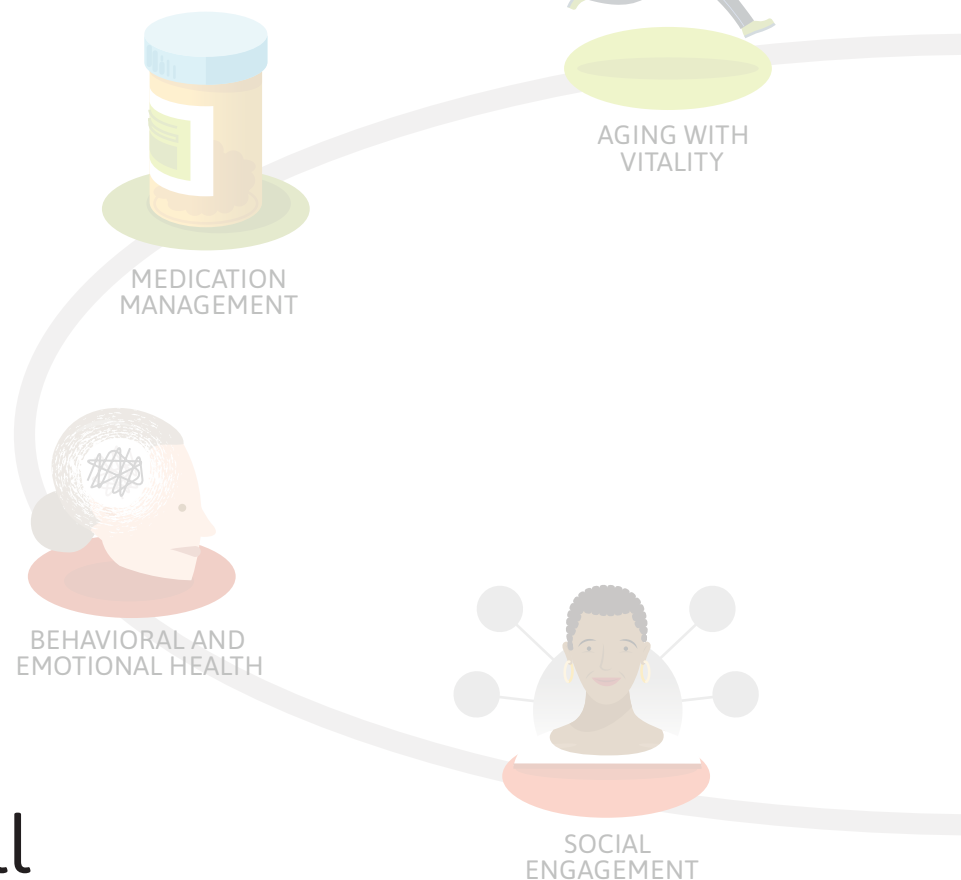
VITAL SIGN MONITORING

Largest median deal size at **\$3.69M**

Vast 50+ Market Opportunities

The nine health innovation frontiers represent a **vast** and **under-addressed** market opportunity.

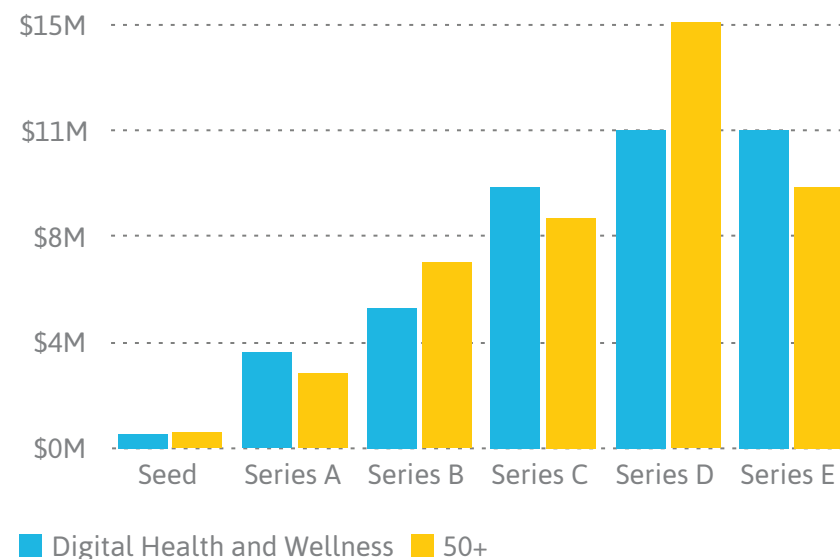
Breakthrough technologies, innovative services, and disruptive business models will benefit more than **100 million people** 50+ and represent **\$20 billion** in revenue by 2018.



Digital Health and 50+ Market Snapshot

MARKET	DEAL COUNT	FUNDING	MEDIAN DEAL
Digital Health & Wellness	440 575 ↑	\$2.03B \$2.82B ↑	\$1.29M \$1.40M ↑
50+	186 248 ↑	\$722M \$1.15B ↑	\$1.24M \$1.30M ↓

2013 Median Round Size



50+ OPPORTUNITY	DEAL COUNT	FUNDING	MEDIAN DEAL SIZE
Social Engagement	27 31 ↑	\$105M \$149M ↑	\$560K \$1.23M ↑
Medication Management	10 13 ↑	\$6.72M \$8.46M ↑	\$190K \$432K ↑
Emergency Detection & Response	9 12 ↑	\$40M \$30M ↓	\$2.75M \$2.40M ↓
Behavioral and Emotional Health	17 21 ↑	\$75M \$41M ↓	\$1.09M \$845K ↓
Physical Fitness	34 38 ↑	\$136M \$166M ↑	\$2.58M \$1.58M ↓
Diet and Nutrition	15 12 ↓	\$23M \$70M ↑	\$1.10M \$845K ↓
Navigating the Healthcare System	63 100 ↑	\$271M \$492M ↑	\$1.70M \$1.35M ↓
Aging with Vitality	40 37 ↓	\$143M \$177M ↑	\$915K \$1.90M ↑
Vital Sign Monitoring	34 46 ↑	\$126M \$366M ↑	\$1.27M \$3.69M ↑

Key: 2012 | 2013

Methodologies

The data presented herein is from StartUp Health Insights, which was gathered from public non-grant funding information from SEC filings, company press releases, CrunchBase, AngelList, and other news sources as of January 3, 2013. The data spans from January 1, 2010 through December 31, 2013.

The funding stages are categorized as follows:

Early-Stage: Incubator, Seed, & Series A

Mid-Stage: Series B & C

Late-Stage: Series D, E & F

Venture-Round: Stage not disclosed publicly

The 50+ health investment sector, as defined by AARP, is comprised of the following market opportunities and some of their respective needs that are addressed:

MARKET OPPORTUNITY	EXAMPLES OF NEEDS ADDRESSED		
Social Engagement	Staying connected socially	Keeping mobilized	Stimulating intellect
Medication Management	Managing multiple medications	Preventing in-home accidents	Sharpening memory
Emergency Detection & Response	Detecting falls	Sending alerts when lost	Preventing in-home accidents
Behavioral and Emotional Health	Stress reduction	Receiving divorce/grief support	Managing life phase transitions
Physical Fitness	Improving muscle strength	Age-appropriate exercise	Maintaining healthy weight
Diet and Nutrition	Eating healthy and portion control	Maintaining a healthy weight	Reducing bad cholesterol
Navigating the Healthcare System	Managing healthcare costs	Evaluating quality of care	Plan for end of life care
Aging with Vitality	Aiding in memory and cognition	Improving or aiding vision	Improving or aiding hearing
Vital Sign Monitoring	Keeping blood pressure in range	Detecting skin problems	Improving sleep quality

Some deals (slides 9-17) may represent more than one sector, and as such, may be included in multiple categories. However, neither the aggregate data on the “digital health and wellness” industry (slides 1-2) nor the “50+” industry (slides 4-7) include double counting.

About



AARP's vision is to stimulate innovation and entrepreneurship in the market place around breakthrough products, experiences, and business models for health technologies benefiting the 50+ market.



Startup Health, a global startup platform to accelerate health and wellness innovation, represents a new model for helping entrepreneurs succeed in the health sector. StartUp Health is on a mission to inspire, educate, and provide access for 1,000 digital health startups to reimagine and transform healthcare by 2020.



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