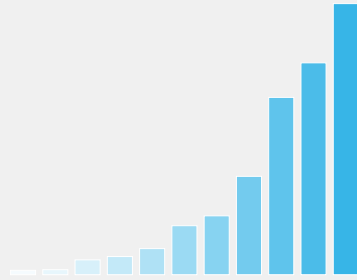


2020

YEAR-END
REPORT



StartUp Health Insights™

A quarterly report on health innovation and the health moonshots transforming the world.

ABOUT STARTUP HEALTH INSIGHTS™

StartUp Health collects and shares market insights because these data points tell a critical part of the health innovation story. More than simply chronicling the flow of money, this report provides a glimpse into the overall health of our health moonshots. The story beneath the top-line figures opens up new challenges as well as opportunities. Health moonshots require radical collaboration, so we encourage you to dig into this report and then bring your own insights to the table at startuphealth.com.

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ABOUT STARTUP HEALTH

At StartUp Health we believe that with the right mindset, a moonshot vision, and the spirit of an entrepreneur, anything is possible. We also know that something magical happens when you bring together people who are passionate about impacting lives for the better around common goals.

That's why, since 2011, we've been investing in a global army of Health Transformers to solve the world's biggest health challenges.

Join the movement at startuphealth.com.

2020: Record-Breaking Year for Health Innovation Funding Sets the Stage for New Era of Health Moonshot Progress

The books are closed on what has been a historic year for health innovation funding. Continuing the upward trend that began halfway through the year, we’re finishing 2020 with a colossal \$21.6B raised globally across every sector of health innovation. That makes 2020 the most-funded year in history for health tech, by a mile. 2020 bested 2019 by 55% and 2018 by 46%.

Thanks to a dramatic shift to virtual healthcare during the coronavirus pandemic, investment in telemedicine solutions nearly tripled between 2019 and 2020, growing from \$1.1B to \$3.1B, and the number of deals doubled. The funds invested in remote monitoring companies doubled over the same period, from \$417M to \$941M. This year we also saw a significant increase in funding in mental health with investment in the sector more than doubling from \$599M in 2019 to \$1.4B in 2020. More details on these trends below.

These numbers could stand alone — end of story. They’re certainly headline worthy all by themselves. But at StartUp Health we’re not just about analysis. We’re about understanding and unlocking the potential health impact behind the investment trends. By looking behind the data — which we’ve been collecting independently for nearly a decade — we become even more passionate about the health moonshots that this surge in investment can unlock. So let’s dive into that bigger story.

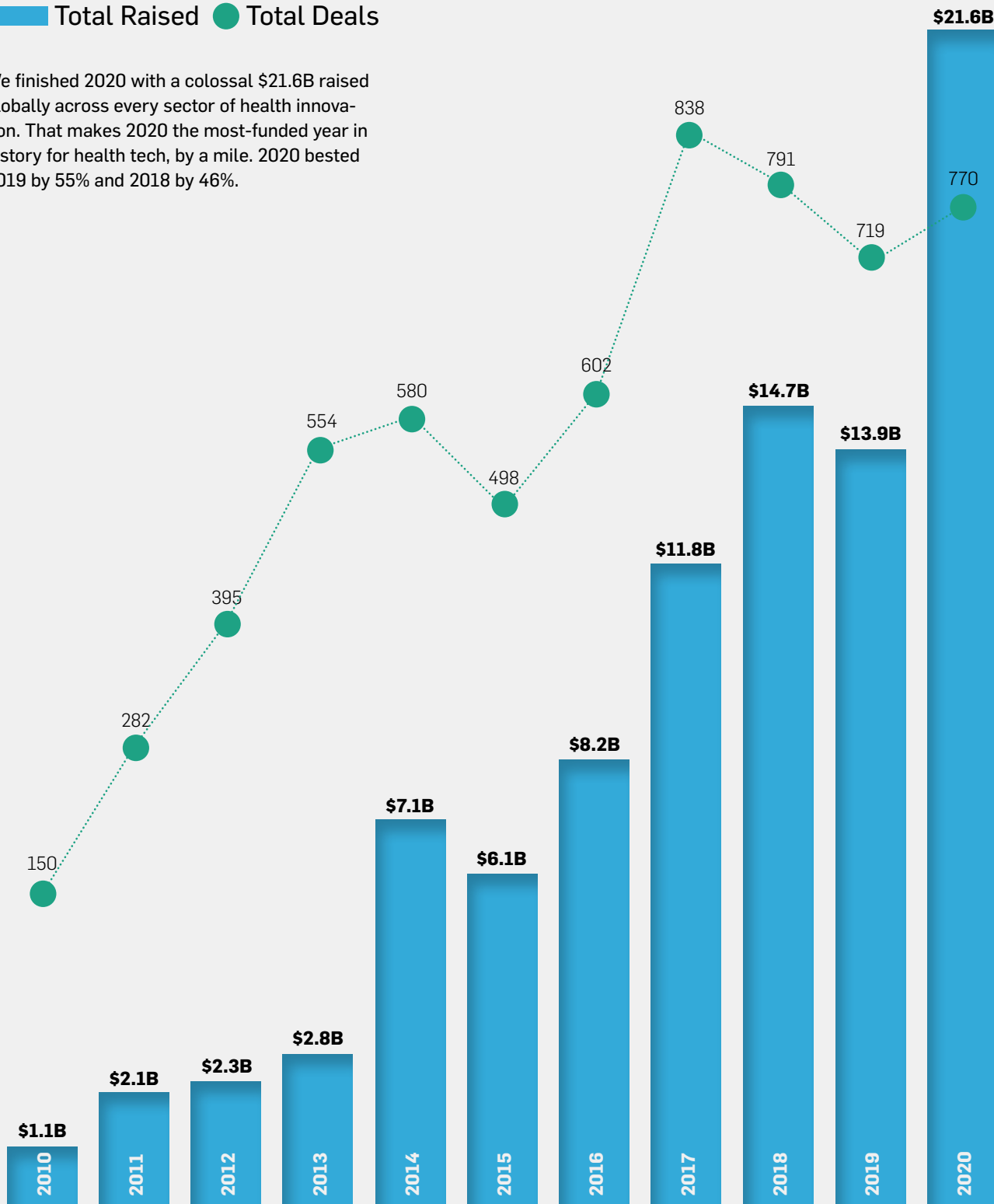
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Health Innovation Funding Year-Over-Year

■ Total Raised ● Total Deals

We finished 2020 with a colossal \$21.6B raised globally across every sector of health innovation. That makes 2020 the most-funded year in history for health tech, by a mile. 2020 bested 2019 by 55% and 2018 by 46%.



Source: StartUp Health Insights | startuphealth.com/insights. Note: Report based on publicly available data through 12/31/20 on seed (incl. accelerator), venture, corporate venture, and private equity funding only. Companies tracked in StartUp Health Insights may fall under multiple moonshots and therefore will be represented throughout the report.

2020: How We Got Here

It would be easy, sitting here in January 2021 and gazing back with the benefit of hindsight, to think that this meteoric investment trajectory was inevitable. After all, these year-end numbers cap off what has been an incredibly strong six-month run for health innovation funding. It's only logical, you might say, that a global health crisis would lead to an increase in health tech investment. Not so fast. To understand the year that was, and the significance of these historic funding numbers, we need to take a walk down memory lane.

The first quarter of 2020 came out like a rocket. Thanks to deals that had been percolating in 2019, pre-pandemic, there was \$5.0B in health innovation funding in Q1, the most-funded quarter on record. Then COVID-19 caused a worldwide shut-down and all bets were off. Between February 19 and the end of May, the S&P 500 fell 13%. We were in a recession with no end in sight. There was talk of a full-on depression.

On April 7, MedCityNews wrote that while digital health startups had a record-breaking first quarter, “now faced with a global pandemic, the trend is unlikely to continue.” And they weren’t the only ones who predicted that digital health funding would go into hibernation.

Indeed, there was a moment where all the gears seemed to stop. Every event and in-person meeting was canceled. Companies went into protection mode.

“The very first thing I saw with many of the larger venture capital and private equity funds was that they pushed pause on all the deals that were live,” said Andrew Isaacs, StartUp Health advisor. “They needed to recalibrate with their current portfolio companies who actually may need a capital infusion from the fund.”

But that didn’t last long. Looking back now, the speed at which that “pause” turned into an investment sprint is shocking. What followed April’s doomsday pronouncements was a record-breaking quarter for health innovation funding.

“We’re not just seeing a solid performance in health innovation, we’re seeing a dramatic departure from market norms,” we wrote in our 2020 Midyear Insights Report.

And then it happened again, with Q3 posting \$7.0B in funding, another “most-funded quarter on record.” Steven Krein, CEO, co-founder and managing partner at StartUp Health, called the third quarter of

We’ve seen what urgency and investment and collaboration can do in health — just look at the speed at which the COVID-19 vaccines have been developed. Now it’s time to apply that energy and capital to the other great health challenges of our time.

2020 a “tipping point for digital health,” noting that “health innovation is now a priority for every nation, organization, and person on the planet as a result of the global pandemic.”

This brings us to the final quarter of 2020. The past three months saw \$5.2B in health innovation funding, crushing the previous year’s \$3.3B — a 58% increase.

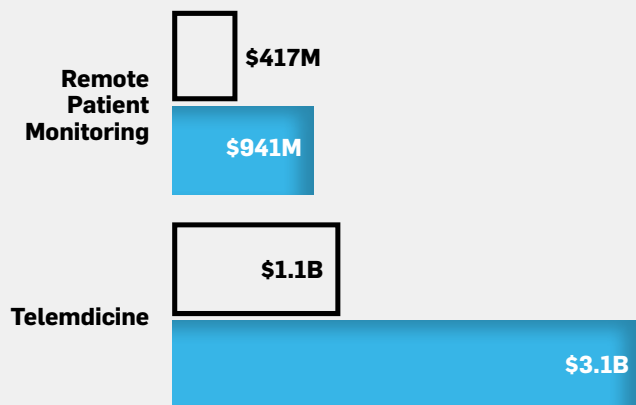
At StartUp Health, we’re not surprised. This has been the surge in investor interest and confidence that we have been anticipating — sometimes patiently, sometimes less so — since StartUp Health was founded in 2011.

“It’s been said that there are decades where nothing happens, and then there are weeks when decades happen,” wrote StartUp Health co-founders Steven Krein and Unity Stoakes.

The progress that’s been made in digital health adoption in 2020 — highlighted by this upswing in investment dollars — tells us that it’s time to triple down on health moonshots. We’ve seen what urgency and investment and collaboration can do in health — just look at the speed at which the COVID-19 vaccines have been developed. Now it’s time to apply that energy and capital to the other great health challenges of our time.

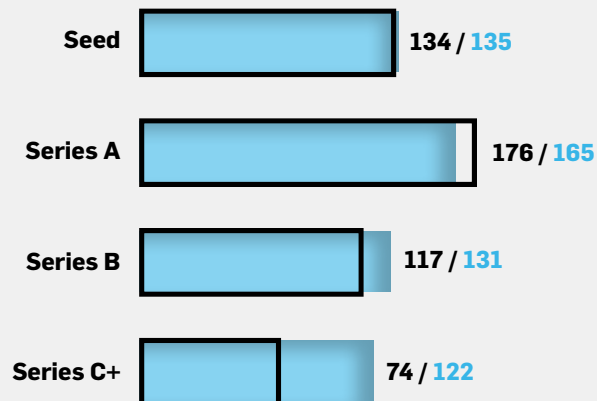
Health Innovation Funding High Growth Sectors

2019 2020



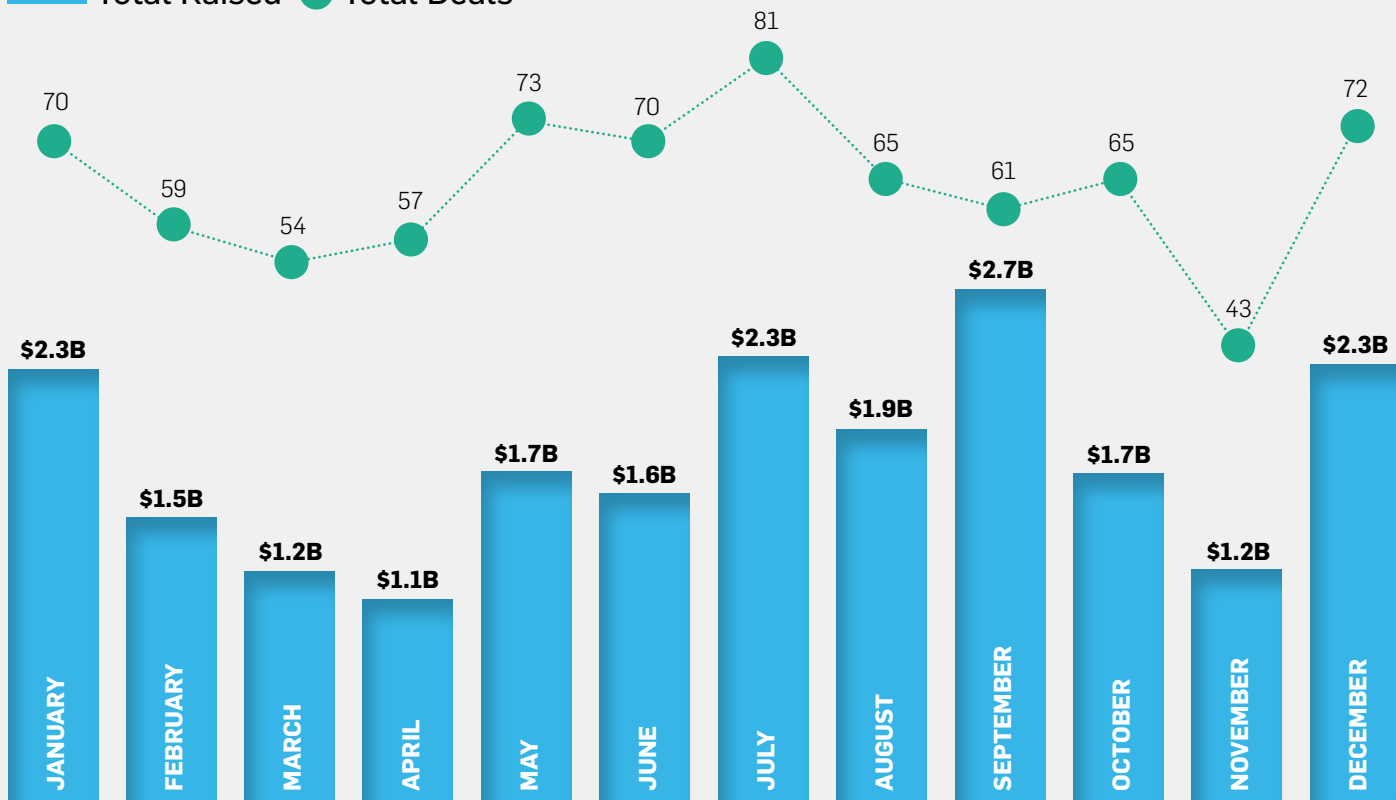
Deals by Stage

2019 2020



2020 Health Innovation Funding Month-Over-Month

Total Raised Total Deals



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Things We Learned in 2020

What did we learn about health innovation investing this year, and the market as a whole?

First, investors aren't so risk-averse that they can't respond to a challenge. There was a pause in investment during the initial wave of COVID lockdowns, but it was very brief and was followed by the most robust period of health investment in history. Investors didn't just respond to opportunities (which were already present), they responded to the moment, to the crisis. This willingness to take risks in the name of impact is critical to achieving health moonshots.

In 2020, we also learned that priorities are shifting towards the populations with the greatest needs. Case in point: Cityblock Health. With their recent

\$160M Series C, the startup spawned out of Alphabet's Sidewalk Labs is paving the way for tech-enabled care for poor and marginalized communities. For years the focus of health investment has skewed towards healthy consumers with the ability to pay for services — think Peloton, Fitbit, or DoctorOnDemand. Companies like Cityblock, which joined StartUp Health's portfolio in 2019, are shifting the focus — and the financial incentives — towards the people who need the most help.

This year we watched as blockbuster acquisitions created the full-stack health platforms of tomorrow. Teladoc teamed up with Livongo (in a deal that created a new remote care juggernaut valued at ~\$37B) to extend the telemedicine giant

into the chronic care arena. UnitedHealth Group's acquisition of divvyDOSE for \$300M and Walmart's acquisition of CareZone (undisclosed amount) showed us that companies with significant reach are thinking about vertical tech integrations. Press Ganey, the global leader in physician reputation and patient satisfaction data, acquired StartUp Health company Doctor.com in a move that centralizes physician data. Other significant consolidations included Lululemon's \$500M acquisition of Mirror and Bayer's \$225M acquisition of Care/Of.

In 2020 we learned that, not shockingly, during a time of uncertainty, investors prefer to take part in later-stage, more-established, big-dollar deals. Over the course of the year, 33% of the deals

2020 Top Deals (US)

	Company	Amount Raised	Function	Health Moonshot(s)
1	Bright Health	\$500M	Patient Empowerment	Cost to Zero
2	Zwift	\$450M	Wellness	Nutrition & Fitness
3	Grail	\$390M	Biometric Data Acquisition	End Cancer
4	Olive	\$384M	Admin Workflow	Cost to Zero
5	Oscar	\$365M	Insurance	Access to Care, Cost to Zero
6	Tempus	\$300M	Research	End Cancer, Cure Disease
7	Amwell	\$294M	Patient Empowerment	Access to Care
8	ClassPass	\$285M	Wellness	Nutrition & Fitness
9	VillageMD	\$275M	Population Health	Access to Care, Cost to Zero
10	Freenome	\$270M	Research	End Cancer, Cure Disease

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Most Active Investors

were Series B or later (compared with 27% in 2019), representing 70% of the total funding dollars (compared with 59% in 2019). Top deals within the U.S. included Bright Health's \$500M Series E, Zwift's \$450M Series C, and Grail's \$390M Series D financings. Notable deals outside the U.S. included Waterdrop's \$230M Series D (China), Oxford Nanopore's \$207M round (UK), and KRY's \$155M Series C (Sweden) financings. By investing in established companies and mature rounds, investors were able to give themselves a modicum of risk protection, but we shouldn't overlook the boldness of these moves, given the economic climate.

	Investor	2020 Investment Count (YoY Change)	2019 Investment Count
1	General Catalyst Partners	19 (↑15)	4
1	Khosla Ventures	19 (↑7)	12
1	Y Combinator	19 (↑7)	12
2	Optum Ventures	18 (↑10)	8
3	GV (fka Google Ventures)	15 (↑5)	10
4	Lux Capital	14 (↑8)	6
5	Oak HC/FT	12 (↑8)	4
6	Andreessen Horowitz	11 (↑7)	4
6	Founders Fund	11 (↑3)	8
7	Insight Partners	10 (↑8)	2
7	Sequoia Capital	10 (↑4)	6

2020 Top Deals (Non-US)

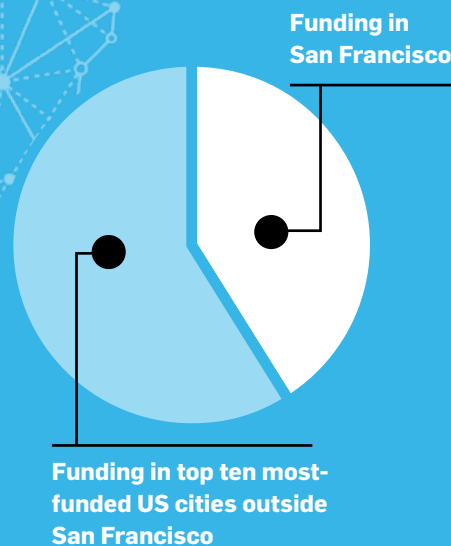
	Company	Amount Raised	Function	Health Moonshot(s)
1	Waterdrop	\$230M	Insurance	Access to Care, Cost to Zero
2	Oxford Nanopore	\$207M	Research	Cure Disease
3	KRY	\$155M	Admin Workflow	Access to Care
4	Dingdang Medicine Express	\$150M	Wellness	Cost to Zero
5	Zhiyun Health	\$144M	Population Health	Cure Disease, Access to Care
6	CureFit	\$110M	Population Health	Nutrition & Fitness, Access to Care
6	Sophia Genetics	\$110M	Clinical Workflow	Cure Disease, Access to Care
6	Nanox	\$110M	Biometric Data Acquisition	Cost to Zero, Cure Disease
9	LinkDoc Technology	\$102M	Population Health	End Cancer
10	INSIGHTEC	\$100M	Clinical Workflow	Brain Health

Minneapolis takes its place on our most-funded list this year with \$749M raised across five deals.

With 39 deals in 2020, London ranks as the most-active health innovation hub outside the US.

Most-Funded US Hubs

	City/Region	Funds Raised	2020 Deals
1	San Francisco Bay	\$6.2B	153
2	New York City	\$2.8B	102
3	Boston	\$1.9B	47
4	Los Angeles	\$1.3B	31
5	Minneapolis / St. Paul	\$749M	5
6	Chicago	\$707M	14
7	San Diego	\$444M	11
8	Denver	\$426M	13
9	Columbus	\$426M	5
10	Seattle	\$315M	17



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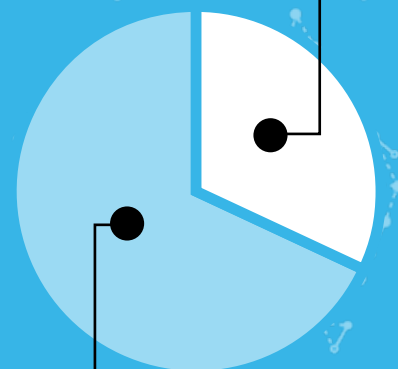
Israel continues to punch above its size with 25 deals and \$486M raised in 2020.

While the coronavirus slowed down Chinese investing for six months, Beijing, Guangzhou and Hangzhou are back on our leaderboard in 2020.

Most-Funded Non-US Hubs

	City/Region	Funds Raised	2020 Deals
1	Beijing	\$740M	7
2	London Metro Area	\$621M	39
3	Tel Aviv Metro Area	\$486M	25
4	Paris	\$302M	13
5	Toronto	\$282M	19
6	Stockholm	\$238M	4
7	Bangalore	\$179M	6
8	Guangzhou	\$150M	2
9	Hangzhou	\$144M	1
10	Singapore	\$126M	8

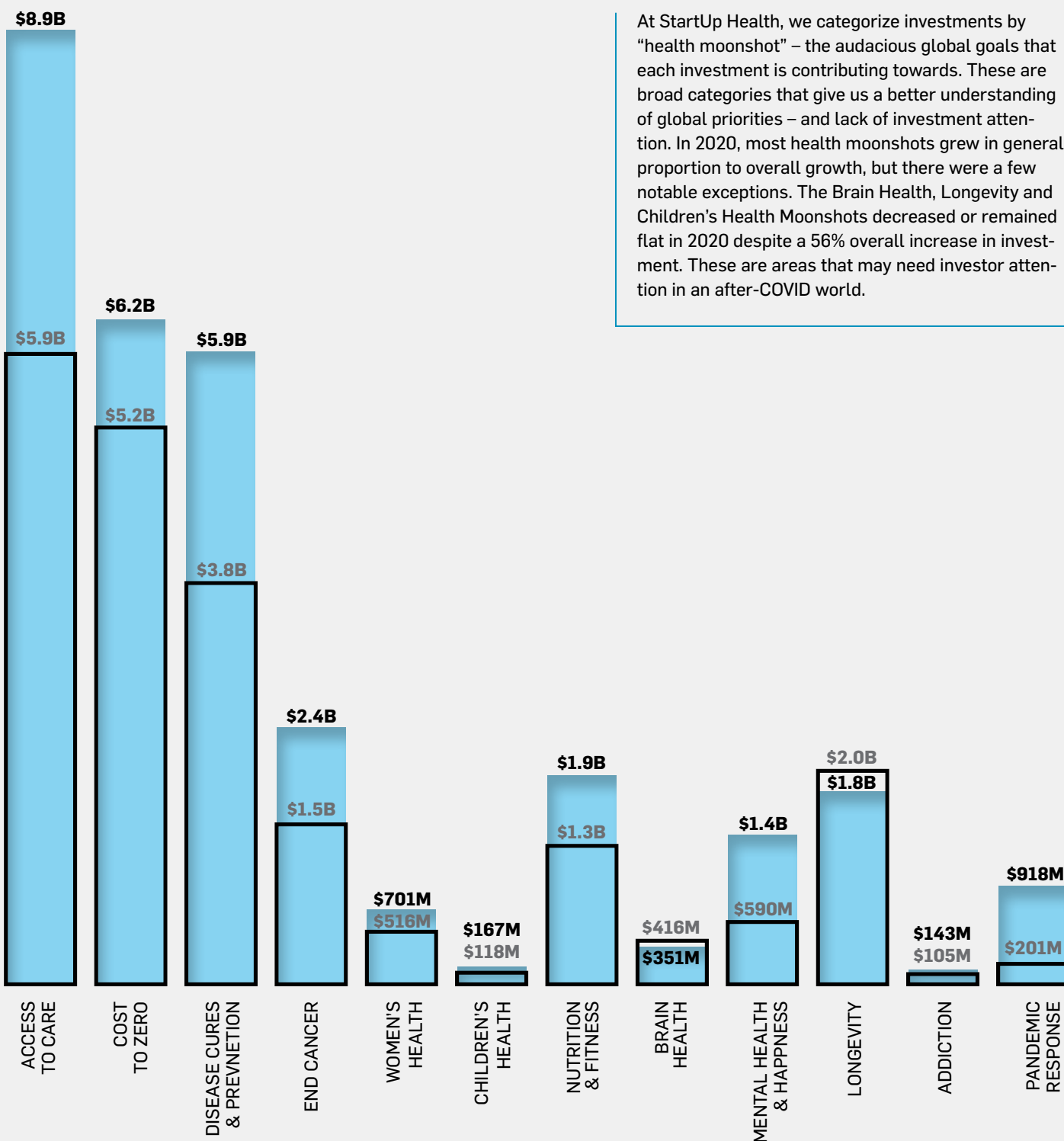
Funding in China



Funding in top ten most-funded non-US cities outside of China

2020 Health Innovation Funding by Health Moonshot

2019 2020



At StartUp Health, we categorize investments by “health moonshot” – the audacious global goals that each investment is contributing towards. These are broad categories that give us a better understanding of global priorities – and lack of investment attention. In 2020, most health moonshots grew in general proportion to overall growth, but there were a few notable exceptions. The Brain Health, Longevity and Children’s Health Moonshots decreased or remained flat in 2020 despite a 56% overall increase in investment. These are areas that may need investor attention in an after-COVID world.

Source: StartUp Health Insights | startuphealth.com/insights. Note: Report based on publicly available data through 12/31/20 on seed (incl. accelerator), venture, corporate venture, and private equity funding only. Companies tracked in StartUp Health Insights may fall under multiple moonshots and therefore will be represented throughout the report.

In 2020, we also learned a new way of doing business. Amazingly, it wasn't just total funds raised that were up year over year, but actual deal count as well. The number of deals went from 719 in 2019 to 770 in 2020, representing a 7% increase. This represents a massive shift in the mechanics of health tech investing. In the past, no big investment deal happened without face-to-face meetings. But social distancing only slowed investment volume for a couple months before firms figured out the new normal and started inking deals virtually. This shift in the assumptions of health investing (that you need to sit across the table from someone to make investment decisions) promises to speed up opportunities and open up new channels for global investment where the cost of travel was a barrier to entry.

At StartUp Health we categorize every investment by health moonshot — the massive global goal that startup is seeking to achieve. This year, the health moonshot of improving women's health saw the greatest growth in investment. In Q1, we reported that funding in women's health companies was on the rise. With five quarters of growth, it was the health moonshot with the greatest growth trajectory. That trend continued in the third quarter, when we saw the largest amount of quarterly funding in this space across the last five years with \$477M in funding, led by Ro's \$200M Series C and Sema4's \$121M Series C financings.

Early in 2020, we saw cities in China — which had topped the list for global funding for years — fall from view due to the coronavirus. By Q3, they returned to the top 10 most-funded list and in Q4, we saw Beijing as the most-funded city outside the United States (\$740M). After Beijing, the top international hubs for health innovation funding were London (\$621M) and Tel Aviv (\$345M).

A Conclusion (That's Just the Beginning)

If you ask social media writ large, 2020 was a dumpster fire inside of a category 5 hurricane wrapped in a cloud of hungry locusts. While that might be true in some ways, it's also true that this was a good year for health innovation. The pain and uncertainty brought on by the coronavirus pandemic spawned a period of bold innovation, investment, and collaboration that is going to have positive effects on health and healthcare delivery for years to come. The pandemic forced the world to jump feet first into virtual healthcare and accomplish a decade of adoption in a few short months. Good things came out of dark times.

2020 also gave health moonshots a new level of momentum, making them a more tangible reality. With the COVID vaccine — and with all of the industry activity we've just written about — we got a front-row view of how urgency, investment, commitment, and collaboration can make impossible goals achievable. We did it this year with telemedicine and virtual care adoption. We did it with a vaccine. Now let's bring that same health moonshot ethos to the other great health challenges of our time.

[Join our health moonshot mission at startuphealth.com](https://startuphealth.com)

Methodologies

Sectors

We have a broad view of health innovation and believe that the current trend is a cross-pollination of technology and data with all aspects of health and healthcare. StartUp Health Insights™ tracks companies that enable health, wellness, and the delivery of care through data/analytics, sensors, mobile, internet-of-things, 3D printing, genomics, and personalized medicine.

StartUp Health tracks companies based on their health moonshot, function, applications, specialties, technology types, and end users. Investments in each of these tags are not mutually exclusive, as deals are tagged with multiple moonshots, applications, specialties, end users, and technology types, based on the company's focus.

These categorizations fall into the StartUp Health Moonshot ID to help define each company:

To achieve the MOONSHOT in SPECIALTY, COMPANY provides END USER with a FUNCTION TECHNOLOGY for APPLICATIONS.

Stage of Funding

StartUp Health Insights records only publicly-available data on cash for equity investments as the cash is actu-

ally received by the company. StartUp Health Insights is inclusive of accelerator, pre-seed, seed, venture, corporate venture, and private equity funding.

Early stage: The company has raised a Seed or Series A round

Mid stage: The company has raised a Series B or Series C round

Late stage: The company has raised a Series D or other growth equity round

StartUp Health also tracks accelerator rounds and other financings into privately-held entities (e.g. "unnamed" venture rounds, strategic investments, growth equity, and private equity).

In tabulating deal activity by stage we excluded rounds not clearly associated with a specific stage.

Sources

Funding data is from StartUp Health Insights, the most comprehensive funding database for digital health, and managed by the StartUp Health team. Information, data, and figures represent only publicly-available data.

Data for acquisitions slide was provided by a range of sources including StartUp Health Insights, CrunchBase, Angel-

List, Start-Up Nation Central Finder, and news reports.

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If you find an error please let us know so we can correct it.

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