

Q3

QUARTERLY REPORT



new health
york business
city leaders

New York Healthcare Funding

Q3 2022

Digital health is at an inflection point, and the third quarter numbers reflect that. For the first time since Q2 2020, funding for New York's start-ups did not reach \$1B. If 2021 was a time of exuberance, then 2022 is one of caution. While the economy is uncertain and the geopolitical situation is complex, there is still room to celebrate the companies that did receive funding and appreciate the progress that is happening across healthcare.

Alma and Grow Therapy secured major rounds of funding, underscoring the need for long-lasting changes in the mental health arena. A heart diagnostics company, Clearly, as well as several biotechs (Inspirna, Innervace and Insilico Medicine), raised nice size rounds.

As we predicted, there has been activity on the M&A front. In Q3, DH100 winner SRX, a leader in pharmaceutical rebate management services, was acquired by Third Wave Recovery Systems. The mental health app, Shine, also had a successful exit when it was sold to Headspace Health.

The promise of technology to improve health delivery, management and outcomes has been around for two decades, and many New York companies have made inroads. COVID-19 accelerated the trajectory but we're still very much at the beginning of the journey when it comes to value-based care, health equity, and transformational ideas that upend the established players and payment systems.

We're looking forward to seeing how New York companies close out the year and take advantage of opportunities heading into 2023.



Bunny Ellerin

Co-Founder & CEO

NYC HEALTH BUSINESS LEADERS



digital
health

100



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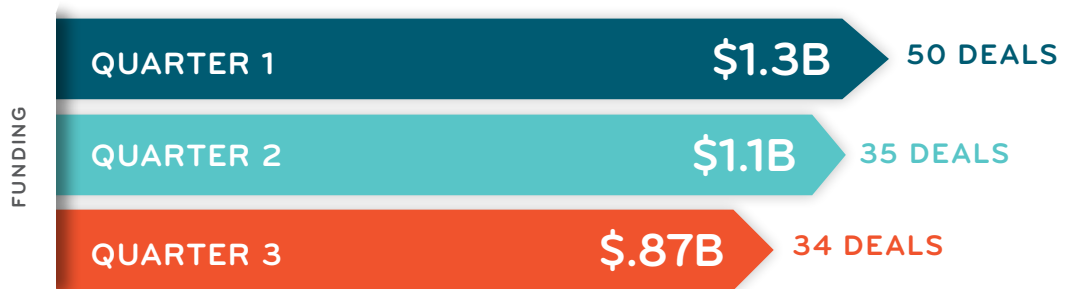
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By the Numbers

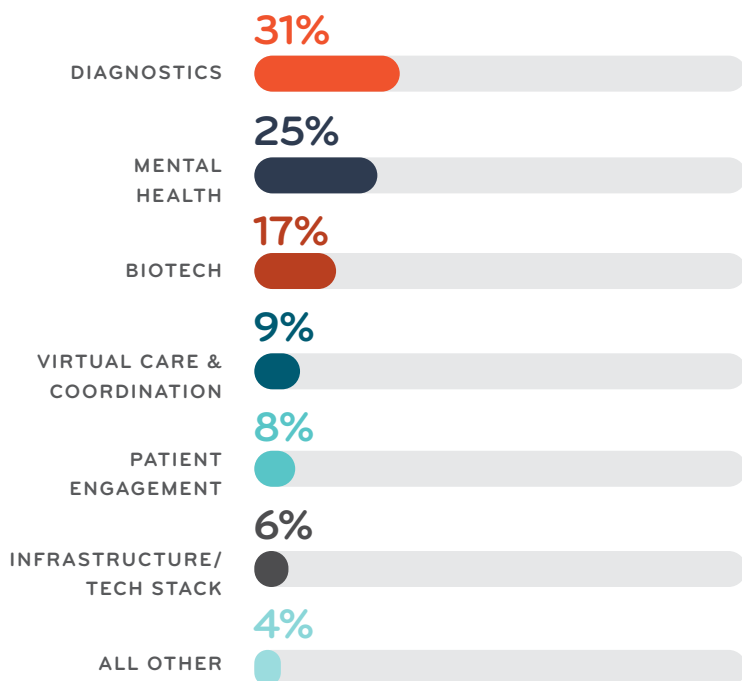
34 COMPANIES
RAISED
\$873M
IN Q3 2022

As expected, funding is down – in fact, for the first quarter since Q2 2020, we haven't hit \$1B. But there were some bright spots – diagnostics accounted for about a third of funding, mental health drew 25% and biotech garnered 17%.

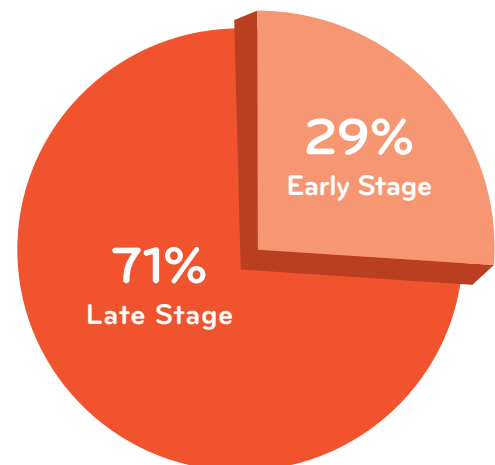
FUNDING BY QUARTER



FUNDING BY SECTOR



FUNDING BY STAGE*



*Early stage includes pre-seed, seed and Series A.
Late stage includes Series B and beyond.

Funding in Q3 2022: **Top 10**

NO.	COMPANY	FOCUS	FUNDING (M)	STAGE	SELECT INVESTORS
1	 clearly <small>seeing more of what matters</small>	Creating new standard of care for heart disease	\$223	Late stage	T. Rowe Price, Fidelity Management and Research, Sands Capital, Piper Sandler's Merchant Banking, Heartland Healthcare Capital
2	 Alma	Simplifying access to high quality, affordable mental health care	\$130	Late stage	Thoma Bravo, Cigna Ventures, Insight Partners, Optum Ventures, Tusk Venture Partners, Primary Venture Partners
3	 grow therapy	Provider-centric mental health group	\$75	Late stage	TCV, Transformation Capital, SignalFire, SVB
4	 REDESIGN HEALTH	Building and scaling solutions to solve the biggest health challenges and advance human health	\$65	Late stage	General Catalyst, CVS Health Ventures, UPMC Enterprises, Eden Global Partners, Euclidean Capital, Samsung Next
5	 Inspirna	Biotech focused on discovery and development of novel cancer drugs	\$50	Late stage	Sands Capital, Vivo Capital, Dreavent 6, Novo Holdings A/S, Sofinnova Partners, Sixty Degree Capital Fund
5	 INNERVACE	Regenerative therapy company developing technology to replace lost connections due to brain injury	\$40	Early stage	Deerfield Management, IP Group, Penn Medicine, WARF Ventures, BioAdvance
7	 Insilico Medicine	Artificial intelligence (AI)-driven drug discovery company	\$35	Late stage	BHR Partners, Warburg Pincus, B Capital Group, Qiming Venture Partners, BOLD Capital Partners, Pavilion Capital
8	 particle	One API, every medical record in the US	\$25	Late stage	Canvas Ventures, Menlo Ventures, Story Ventures, Proven Capital
9	 LetsGet Checked	Diagnostic testing, virtual care and medication delivery for wide range of conditions	\$20	Late stage	Morgan Health
10	 gameto	Biotech developing therapeutics for female reproductive system diseases	\$17	Early stage	Insight Partners, Future Ventures, Arcadia Investment Partners, Bold Capital Partners, Plum Alley, Myelin VC

The Funding Environment

Despite the uncertainty of the capital markets, we still saw funding for digital health companies across all stages. When asked about the factors that made a difference in closing rounds in the 3rd quarter, leaders boiled it down to 3 differentiators:

- 1) their business **makes an impact** on their sector;
- 2) they have **strong fundamentals/financial models** and
- 3) they **maintain relationships** with investors.



Times of disruption are times of opportunity. Humanity Health offers healthcare leaders displaced by the economic downturn tools to overcome this setback, through career counseling, networking and targeted opportunities. For partners we've created flexible solutions to cost-effectively identify, hire and retain diverse talent while developing talent pipelines for the future.

Ron Mitchell | Co-Founder & CEO
HUMANITY HEALTH (\$6M Series A)



The One Medical-Amazon deal recognized that consumers (yes, consumers, not patients) are demanding more from their healthcare experiences, and that innovation lies outside of a hospital's four walls. Similar to One Medical, Healthie powers innovation in digital health by offering infrastructure for virtual-first companies that seek to build long-term, beautiful, consumer-friendly healthcare experiences.

Erica Jain | Co-Founder & CEO
HEALTHIE (\$16.5M Series A)



We've always been focused on building a business with an economically sound model vs. top line growth at all costs. Now more than ever that's resonated with investors. Having an emphasis on helping patients save on costs helped drive compelling investor conversations during these times.

Lucas Takahashi | Co-Founder & CEO
MEDMO (\$4M Seed)



I've been overwhelmed by the support and generosity of the investor community. Even investors who did not participate in Summer Health's seed round are happy to provide support, advice and introductions. There is a genuine sense of, "a rising tide raises all ships", and we have been fortunate to get to work with some of the best.

Ellen DaSilva | Founder & CEO, **SUMMER HEALTH (\$7.5M Seed)**

FOUNDER & FUNDER

THOMA BRAVO LED THE \$130M SERIES D INVESTMENT IN ALMA



We've continued to see how important trust-based relationships and time spent getting to know your financial partners can be. As markets have become choppy, strong businesses in growing markets can succeed in raising great rounds, but productive relationships with investors don't happen overnight, and building trust is the critical ingredient.











Dr. Harry Ritter | Founder & CEO, **ALMA**



Alma stands out because all participants on the platform – providers, patients and payers – benefit from being part of the platform. And the scale and technology that Alma operates with provides unparalleled benefits to make providers more efficient and impactful, patients healthier, and payers able to provide more effective care.

Ross Devor | Partner, **THOMA BRAVO**

10 Seed Stage Companies To Watch

NO.	COMPANY	FOCUS	Q3 2022 FUNDING (M)	SELECT INVESTORS
1	 Caraway	Integrated mental, reproductive and physical healthcare services for college women+	\$10.5	7wireVentures, OMERS Ventures, Hopelab Ventures
2	 SalvoHealth	Virtual clinic for chronic gut conditions	\$10.5	Threshold Ventures, Felicis, Torch Capital
3	 Tembo Health	Platform coordinating healthcare services for seniors	\$10	Bloomberg Beta, Resolute Ventures, Emerson Collective, AARP, Primetime Partners, United Healthcare
4	 sage	Geriatric care designed to enable modern aging	\$9	Goldcrest Capital, Animo Ventures, Distributed Ventures
5	 Dr:B	Enabling patients to affordably access the everyday prescriptions	\$8	Lerer Hippeau, Founders Fund, Cyrus Massoumi
6	 hopscotch	Comprehensive pediatric behavioral health solutions	\$8	Greycroft, Inspired Capital, New York Ventures, Remarkable Ventures, Watershed VC, Cold Start
7	 summer health	Simplifying access to pediatric care	\$7.5	Sequoia Capital, Lux Capital, Box Group, Metrodora Ventures, Shrug Capital, Springbank Collective
8	 violet	Culturally competent care at scale	\$4.1	SemperVirens, Northwell Holdings, The Venture Collective, Hopelab
9	 medmo	Platform coordinating medical imaging services for patients and providers	\$4	JVP, C2 Ventures
10	 tuned	Comprehensive hearing care	\$2.5	Idealab NY, Elements Health

Making Healthcare Easier

Many seed stage companies are focused on making healthcare simpler to access and easier to navigate. You'll also recognize a number of founders who are repeat entrepreneurs with prior experience starting successful digital health businesses like ZocDoc (Cyrus Massoumi) and Health Reveal (Lori Evans Bernstein).



There are far too many barriers to getting simple, straightforward answers to medical questions. The individuals most in need of quick answers are parents, which is why we're excited to provide a streamlined way for caregivers to access pediatricians for their child's needs.

Ellen DaSilva | Founder & CEO, **SUMMER HEALTH**

Dr. B makes prescriptions more affordable and accessible through an elegant telehealth solution. The Covid-19 pandemic has had so many twists and turns over the last two years, making it challenging to anticipate the health solutions patients will need most ahead of time. We've learned to be adaptive and dynamic while working to more equitably fill gaps in care.



Cyrus Massoumi | Founder & CEO, **DR. B**



The overturning of Roe has devastated access to reproductive healthcare and further escalated the existing mental health crisis. Caraway is addressing the multitude of healthcare crises facing college women+ by providing mental, physical and reproductive healthcare 24/7. We believe all women+ should be cared for, supported and educated in their healthcare decision-making.

Lori Evans Bernstein | Co-Founder & CEO, **CARAWAY**

Our mission is to enable a better aging process for both caregivers and older adults. As we started the company, we didn't expect the significant frontline caregiver shortage that is occurring in healthcare. It is more important than ever to give caregivers better tools and resources to conduct their day-to-day and avoid burnout.



Raj Mehra | Co-Founder & CEO, **SAGE**



Today in America, we don't have a health care system, we have a 'sick care' system. Chronic sufferers have gotten so used to seeing their bodies as the enemy. Salvo Health aims to help change that. We don't need to settle for what we term "transactional medicine," but we can create a real ongoing partnership for patients with an expert team including personalized treatment plans from a doctor and a health coach. We hope to restore that trust and bring people's bodies back to balance in a comprehensive and continuous way all in an app.

Jeff Glueck | Co-Founder & CEO, **SALVO HEALTH**

Q&A WITH PETER MICCA

Building Platform-Enabled Ecosystems



We sat down with **Peter Micca**, Audit & Assurance Partner and National Health Tech Leader at Deloitte & Touche LLP, to discuss the findings of a recent report he co-authored – [New Business Models in Health Care: Building Platform-Enabled Ecosystems](#). As the authors point out, life sciences and health care organizations have traditionally relied on M&A for growth, but as the scope of health care products and services expands, it is likely untenable for any one organization to own the full spectrum of care. A platform business model can create comparable results with less capital costs, leveraging the sharing of information, services, or goods between ecosystem players, and competing on network effects and consumer experience.

Q What are platform businesses?

Platform businesses can bring together ecosystem participants on a digital network to facilitate the exchange of information, services, or goods and rewire the value chain.

Q Can you provide healthcare-specific examples?

Telemedicine platforms are one example. During the pandemic, they leveraged untapped provider availability, allowing clinicians to see patients virtually anywhere at nearly any time, and in a safer environment. Another example would be real-world evidence companies that have identified underutilized assets in data and created a marketplace for data suppliers and buyers.

Q What are some key advantages of bringing together participants through this business model?

The ability to partner with suppliers using networked platforms rather than owning the suppliers can provide organizations with the solutions they need to scale more quickly. Another advantage is simplifying and streamlining the user experience, which can help build consumer trust and loyalty.

Q Describe some of the impacts of network effects

Platform businesses differ from pipeline businesses in that they compete on virtuous network effects. To grow, platforms incentivize ecosystem partners to join and fill gaps. The more users they serve, the more value (e.g., offerings become better or/ and cheaper) they deliver. Then, with more data on user behavior, businesses can improve their offerings. A better product/service in turn attracts more consumers and partners. Further, producers can interact with other producers on the platform.

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METHODOLOGY

Data used in the creation of this report was obtained from a variety of sources including but not limited to company press releases, EDGAR filings, Crunchbase, Pitchbook, CB Insights and covered the period from 07/01/2022 to 09/30/2022. A company was included if it (1) listed New York City as its corporate headquarters and (2) the company received seed, angel, early-stage or late-stage funding of \$1M during the period 07/01/2022 to 09/30/2022. Companies that won grant funding, prize money or acceptance into accelerators/incubators were not included in the analysis.

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ABOUT NYCHBL

New York City Health Business Leaders (NYCHBL) is the premier network of senior-level professionals, executives, entrepreneurs and leaders engaged in New York's healthcare ecosystem. Founded in 2009, the organization has played a key role in turning the city into a healthcare epicenter. What sets NYCHBL apart from other organizations is our focus on the people and companies driving the innovation – we support and promote their success. We started as a convener, yet we've become so much more – a trusted source of quality content, networking and leadership. NYCHBL is the gateway for every healthcare organization that wishes to make an impact on the NYC health scene.

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