



# HealthManagement.org

Promoting Management and Leadership

## Digital Health Ventures Attract \$6.5 Billion in 2014



Digital health ventures benefited last year from a 125 percent investment increase over 2013 levels, topping \$6.5 billion overall, according to an annual report published by StartUp Health. The digital health marketplace appears to be maturing, with investors funding fewer companies with substantially more money. For each quarter of 2014, funding was higher than the \$1.2 billion total annual spending on digital health ventures in 2010.

### Billion Dollar Opportunities: Big Data and Population Health

The biggest recipients of private funding in 2014 were big data/analytics and population health ventures, with more than \$1 billion in investments in each category. Healthcare system navigation and diagnostics followed closely behind, with \$975 million and \$962 million in funding, respectively. Of course, data analytics play a fundamental role in the functions of other categories.

Other digital health categories on StartUp Health's top 10 list were consumer health at \$880 million, practice management at \$783 million, payor/insurance at \$699 million, and workflows at \$681 million. Genomics and clinical research received \$632 million and \$624 million, respectively. The funding totals include corporate venture, private equity, seed and venture funding contributions.

### Digital Health Trends

Healthcare reform in the US has strongly impacted the need for innovation as consumers flood the marketplace, driving the demand for system navigation solutions. Consumerism is also being driven by the high costs associated with caring for the growing number of elderly people and those with chronic conditions. Their participation via mobile technologies and preventive care solutions helped consumer health ventures to raise \$880 million in 2014.

Clinical decision support is also trending higher, as practice management tools facilitate care delivery for physicians disproportionately burdened by administrative tasks. There is also confidence in the abilities of new diagnostics and genomic companies to make personalised medicine a real possibility for more patients.

## The Digital Health Landscape

In response to these trends, healthcare and technology companies can increase efficiency not only by working together, but by gradually eliminating barriers between the two sectors. Startups are also merging to strengthen their offerings, with 40 mergers and acquisitions taking place in 2014. And, insurers are beginning to back digital health, competing with corporate investors.

In the United States, the highest number of digital health investment deals (81) and the majority of funding capital (\$1.04 billion) in 2014 went to ventures based in the San Francisco Bay Area, although startups in New York and Boston continue to attract interest. Los Angeles and the Washington, D.C. area also saw significant investments in 2014. Worldwide, there are more than 7,500 startups working on innovative digital health solutions.

Reference: StartUp Health Insights Annual Report

Image Credit: Google Images

Published on : Sun, 4 Jan 2015