

NEW YORK

# Healthcare Innovation

MIDYEAR REPORT

H1  
2021



new health  
york city business  
city leaders

## INTRODUCTION



*Bunny Ellerin*

**BUNNY ELLERIN**

Co-Founder & CEO,

[NYC Health Business Leaders](#)

It's time to call it: New York is officially the **DIGITAL HEALTH CAPITAL** of the world. It's not just the funding—which has been substantial—but the sheer variety of innovative companies tackling problems throughout the healthcare ecosystem. From insurance, pharmacy, primary care, and analytics to genomics, diagnostics, mental health, care coordination, patient engagement, and women's health, New York entrepreneurs are creating and building transformative solutions. This talent and the breadth of their innovations have and will continue to make New York a healthcare giant.

The first half of 2021 made history: total funding for H1 2021 hit \$5.2B. Compare that to H1 2020 where we had raised just over \$1B at the same point and a year-end total of \$3.6B. 2021 is already well ahead of that and we're only halfway through the year.

88% of those dollars went to companies in the digital health space. To put that in perspective, Rock Health reported that the sector raised \$14.7B nationally—which means that **New York companies grabbed over 30% of that pie.**

In Q2, investment numbers remained strong: 62 companies raised \$2.8B, surpassing Q1 by 16%. Eight start-ups raised mega-rounds of \$100M+ accounting for nearly 60% of the total.

In summary: [New York is a great healthcare town!](#)



**POP QUIZ:**

Can you guess the reference? See back page for details.

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## OUR SPONSORS

**Deloitte.**

**J.P.Morgan**

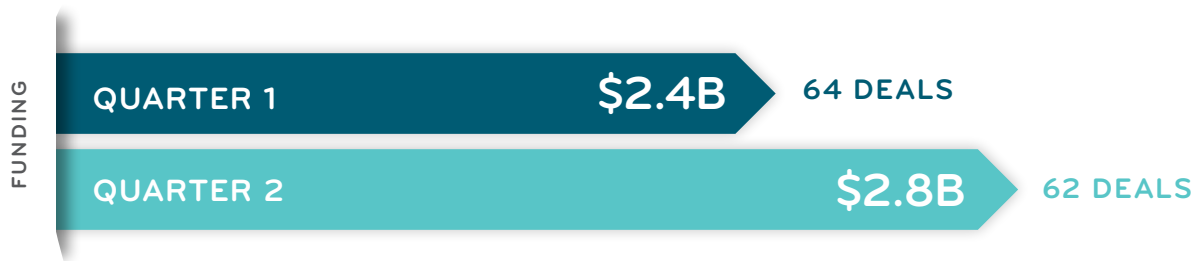
## BY THE NUMBERS

**123** COMPANIES  
RAISED  
**\$5.2B**  
in H1 2021

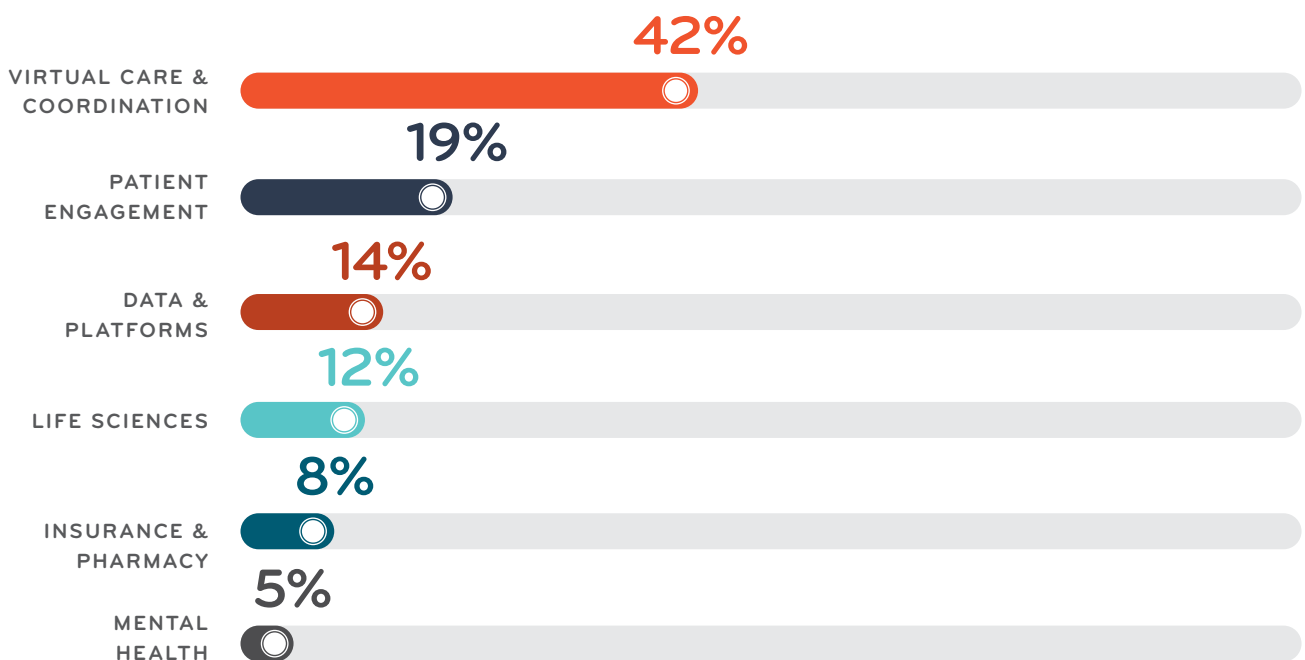
We thought Q1 was remarkable with \$2.4B raised. Now Q2 is *the largest quarter on record* in New York healthcare funding history at \$2.8B. Digital health companies attracted 88% of these dollars.

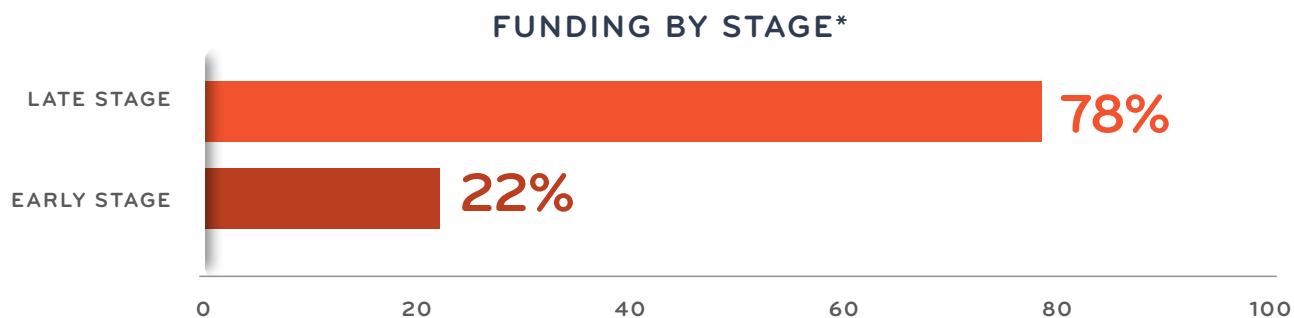


### FUNDING BY QUARTER



### FUNDING BY SECTOR (M)





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

## What should health tech investors know about SPACs?

“WHILE THERE MAY BE SIGNIFICANT BENEFITS TO A SPAC MERGER, SUCH ORGANIZATIONS SHOULD RECOGNIZE THE CHALLENGES associated with preparing for the transaction, executing the de-SPAC process, and sustaining the new public company. Enhancements to resources, processes, and technology are often needed related to forecasting, accounting and financial reporting, internal controls, tax planning, information technology, and governance.

**PETER MICCA**  
National Health Tech Leader,  
Deloitte & Touche LLP





# The Patient Is In

Harvard Business School professor Regina Herzlinger coined the term “consumer-driven healthcare” in the 90’s, but it took two decades and a pandemic for the concept to become widely incorporated into business models. Now, it’s an idea that’s fueling a number of start-ups. The 2020’s will become the decade when patient experience permeates every part of a 21st century healthcare company. Here’s how New York investors and start-ups view the imperative.



## FOUNDER & FUNDER

“WE ARE CLOSELY TRACKING THE RISE OF “PATIENT-CENTRIC” healthcare, which includes home-based care solutions. As the lines between traditional and virtual care blur, care will extend seamlessly into the home—outside hospitals and acute care settings—with better outcomes. Tomorrow Health is a great example of a company improving home care infrastructure by creating an end-to-end platform to access durable medical equipment and supplies.

**NIMI KATRAGADDA**  
Partner, BoxGroup



**BoxGroup** is an investor in **Tomorrow Health**

“PATIENTS AND FAMILIES STRUGGLING TO MANAGE CHRONIC AND ACUTE conditions are demanding home-based care that is reliable, seamless, and coordinated. This was true long before the pandemic, but COVID-19 has served as a catalyst in aligning payors, doctors, and policymakers around this common goal to enable a wider breadth of care in the place that patients want to be most—home.

**VIJAY KEDAR**  
Co-Founder and CEO,  
Tomorrow Health



# Patient Power

**“THE ACCESSIBILITY OF MORE ROBUST DATA AND THE INCREASING sophistication of tools like ours to analyze those data with advanced scientific methods are driving patient engagement. Innovation in these areas advances our common goal—ensuring patients receive safe and effective treatments with minimal delay.**

**CAROLYN MAGILL**  
CEO, Aetion



**“PATIENTS ARE BECOMING MORE AWARE OF ADVANCEMENTS IN cancer treatment and in many cases take control and proactively demand to receive the most innovative treatment and diagnostic. Accessibility is becoming the bottleneck. We are making strong efforts to allow populations in any geography to access our diagnostic test in their own countries.**

**ASAF ZVIRAN**  
Co-Founder, CEO and CSO,  
C2i Genomics



**“OUR CUSTOMERS ARE ALWAYS ASKING US TO DO MORE TO SIMPLIFY their healthcare beyond pharmacy. We're responding by listening and partnering with best-in-class companies across the healthcare system to create a single, simple, holistic place for consumers to access. This is the peace of mind that comes from having their health looked after.**

**ERIC KINARIWALA**  
Founder and CEO, Capsule



**“TEND ALWAYS HAD A SEAMLESS END-TO-END EXPERIENCE, BUT there's now more emphasis than ever on creating a touchless consumer journey. Technology has been an essential force in driving improvements in our patient experience to provide smarter, faster care.**

**MELANIA LONCHYNA**  
Chief Experience Officer, Tend





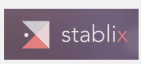


## FUNDING IN Q2 2021

# Top 20



| No. | Company  | Description  | Funding (M) | Stage       | Select Investors  |
|-----|--|--|-------------|-------------|---|
| 1   |  noom           | Consumer-first digital health platform on a mission to help people everywhere live healthier lives.  | 540         | Late stage  | Silver Lake, Oak HC/FT, Temasek, Novo Holdings, Sequoia Capital, RRE  |
| 2   |  CAPSULE        | Digital pharmacy and technology platform driving better healthcare outcomes for all.   | 300         | Late stage  | Durable Capital, Baillie Gifford, T Rowe Price, Whale Rock Capital  |
| 3   |  LetsGetChecked | Virtual care providing direct access to telehealth services, pharmacy, and at-home diagnostics for many health conditions.                             | 150         | Late stage  | CommonFund Capital, Illumina Ventures, Optum Ventures, Transformation Capital, HLM Venture Partners                         |
| 4   | THIRTY MADISON   | Premier healthcare company for people living with chronic conditions.  | 140         | Late stage  | HealthQuest Capital, Mousse Partners, Bracket Capital, Polaris Partners, Johnson & Johnson Innovation—JJDC, Inc., Northzone |
| 5   |  tend         | Dentistry that is hassle-free, personalized, and straightforward, delivered in a calm, inviting, and thoughtfully-designed space.                      | 125         | Late stage  | Addition, GV, Juxtapose, Redpoint, Zigg Capital   |
| 6   |  INTRINSIC    | Acquires and accelerates eCommerce-native health and wellness brands.  | 113         | Early stage | Define Ventures, Link Ventures, Dr. Mehmet Oz, Tony Robbins   |
| 7   |  AETION       | Health care analytics company that delivers real-world evidence to inform health care's most critical decisions—what works best, for whom, and when.   | 110         | Late stage  | Warburg Pincus, B Capital, Foresite Capital, NEA, Flare Capital Partners  |
| 8   |  C2i Genomics | Liquid biopsy intelligence platform allows ultra-sensitive detection of cancer burden and advanced algorithms for personalized treatment optimization. | 100         | Late stage  | Casdin Capital, NFX Bio, Duquesne Family Office, Section 32, iGlobe Partners, Driehaus Capital                              |
| 9   |  SWORD HEALTH | Virtual musculoskeletal care platform.   | 85          | Late stage  | General Catalyst, BOND, Highmark Ventures, BPEA, Khosla Ventures, Founders Fund   |

## FUNDING IN Q2 2021: TOP 20

| No. | Company  | Description  | Funding (M) | Stage       | Select Investors  |
|-----|--|--|-------------|-------------|---|
| 10  |  kaia health            | Virtual chronic care platform focused on musculoskeletal conditions and COPD.  | 75          | Late stage  | Optum Ventures, Eurazeo, 3VC, Balderton Capital, Heartcore Capital, Symphony Ventures                                   |
| 11  |  Headway                | Making quality mental healthcare accessible and affordable across U.S. by connecting patients to therapists and therapists to insurance companies. | 70          | Late stage  | Andreesen Horowitz, Thrive Capital, Accel, GV, IA Ventures, Global Founders Capital                                     |
| 12  |  HiberCell              | Novel therapeutics to overcome foundational barriers that prevent patients from living longer, cancer-free lives.                                  | 67          | Late stage  | Huizenga Capital, Monashee, Hercules Capital, Mount Sinai Innovation Partners, ARCH Venture Partners, Magnetic Ventures |
| 13  |  stablrx                | Pioneering the new field of Target Protein Stabilization to treat a broad range of human diseases.   | 63          | Early stage | Versant Ventures, NEA, Cormorant, Euclidean, Alexandria Venture Investments   |
| 13  | kindbody   | On a mission to reinvent fertility and family-building care for all.   | 62          | Late stage  | Claritas Health Ventures, Eldridge, Monashee, Bramalea, Perceptive, GV, RRE, Rock Springs                               |
| 13  |  NOVOCARDIA™          | Creating nationwide network of cardiology practices that offer the best care at the best value.  | 54          | Early stage | Deerfield   |
| 16  |  volastra             | Cancer therapeutics company focused on exploiting chromosomal instability (CIN) and its role in driving cancer metastasis.                         | 44          | Early stage | Vida, Polaris, Arch, Droia, Quark, Catalio, Emerson, Myers  |
| 17  |  clearly              | Creating a new standard of care for heart disease.   | 43          | Late stage  | Vensana Capital, LRVHealth, New Leaf Venture Partners, DigiTx Partners, Cigna Ventures                                  |
| 18  |  Ajax<br>THERAPEUTICS | Developing novel therapies targeting key cytokine signaling pathways that drive hematologic malignancies.  | 40          | Early stage | EcoR1 Capital, Boxer Capital, Inning One Ventures, Schrödinger  |
| 18  |  synchron             | Clinical-stage brain interface platform company developing a commercial neuroprosthesis and neuromodulation therapy.                               | 40          | Late stage  | Khosla Ventures, Forepont Capital Partners, ID8 Investments, Shanda Group, General Advance, Subversive Capital          |
| 20  |  Cresilon             | Biotechnology company that develops, manufactures, and distributes surgical hemostatic devices for both veterinary and human medicine.             | 39          | Early stage | Paulson Investment Company, private investors   |



# Growth In Life Sciences

In June, Mayor Bill de Blasio announced a plan to double the city's \$500M investment in life sciences (part of LifeSciNYC) to \$1B. The additional funding will be used to spur new research, build out lab space and incubators, and develop a talent pipeline. We've already seen investment in local biotechs increase this year, jumping 50% in Q2 to 389M from 258M in Q1, launching new companies like Stablix Therapeutics and helping others like HiberCell, Volastra Therapeutics and Synchron grow.



## FOUNDER & FUNDER

MANY DISEASES INCLUDING CYSTIC FIBROSIS, SOME CANCERS, AND autoimmune disorders are caused by decreased protein expression. Targeted protein stabilization (TPS) is an elegant solution that can be harnessed to develop therapeutics for such diseases. Stablix has been formed to pioneer the development of transformational therapeutics using the TPS modality.

### HENRY M. COLECRAFT, PH.D.

John C. Dalton Professor, Department of Physiology & Cellular Biophysics, Columbia University



**Versant Ventures** is an investor in **Stablix Therapeutics**

WE WERE CONFIDENT IN LAUNCHING STABLIX IN NEW YORK CITY BECAUSE of a confluence of three factors including proximity to our academic founder Dr. Colecraft, the access to experienced industry talent, and the availability of operational, high-quality lab space.

### CLARE OZAWA, PH.D.

Managing Director, Versant Ventures



WE ARE SEEING UNPRECEDENTED INVESTMENT AND GROWTH IN HEALTHCARE AND LIFE SCIENCES IN NYC. THE INDUSTRY IN NEW YORK IS ON AN INCREDIBLE trajectory and we are now going to accelerate that even faster by increasing the City's investment from \$500M to \$1B in life sciences. Opportunity abounds as the emergence of new solutions and companies come from bringing together biology, healthcare, engineering, and technology. That growth will have tremendous impact on our economy and on quality of life for many, ultimately making NYC healthier and stronger.

### SUSAN ROSENTHAL

SVP Life Sciences and Healthcare, NYCEDC



# People and Culture

What has propelled NYC to the #1 position in digital health? Talent. As the number of start-ups increases exponentially, the ability to attract and hold onto the best people becomes more difficult. As investor **Laura Veroneau, Partner at Optum Ventures**, pointed out to us: "One of the biggest challenges facing digital health companies is recruiting and retaining talent, particularly within technical and clinical areas." Hear how these entrepreneurs are tackling the problem.

**WE ATTRACT TOP TALENT BY STAYING TRUE TO OUR COMPANY'S values: never compromising on our patient-first approach, operating as one team, striving to be better every day, improving healthcare access for all, and taking the time to be generous.**

## STEVEN GUTENTAG

Co-Founder and CEO,  
Thirty Madison



**WE PRIORITIZED OUR CULTURE FROM DAY ONE. AND, WE PROTECT it daily. We choose to be kind. We choose to be positive even in the face of adversity. And, our kindness, open-mindedness and get it done mentality are infectious. All of our team members are working their tails off to reinvent family-building care to make it more affordable for ALL. Our mission is motivational for anyone who has ever felt shunned—or shut out—of the expensive health care system—and, unfortunately, that's a large percentage of all of us.**

## GINA BARTASI

Founder and CEO, Kindbody



**WE REFER BACK TO OUR VALUES IN ALL OUR BUSINESS DECISIONS, HIRING DECISIONS, AND day-to-day interactions with patients, providers, and teammates. Our #1 value is "Fight Like Hell for Patients." Employees give shout outs to each other for embodying this and other values in our weekly team meetings. Our mission-driven culture carries a lot of weight when attracting new talent.**

## VIJAY KEDAR

Co-Founder and CEO, Tomorrow Health



**CAPSULE'S CULTURE IS THE SECRET TO OUR SUCCESS. WE USE OUR VALUES— everybody needs some looking after sometimes and winning together—to guide every decision we make. From who we ask to join the team, to our brand, our product, and our investors.**

## ERIC KINARIWALA

Founder and CEO, Capsule



**WE'RE INTERESTED IN HAVING OPEN AND HONEST CONVERSATIONS WITH our team members about diversity and inclusion. The issues are complex and multi-factorial and it's important for us to have a realistic sense of how we can make a meaningful impact here.**

## TOM X. LEE

Founder and CEO, Galileo



**WOMEN'S HEALTHCARE HAS HISTORICALLY BEEN UNDERINVESTED IN—FROM DIAGNOSTICS**

to drugs to every piece of women's healthcare—and that's finally starting to change. Institutional investors now see the enormous, underpenetrated opportunity in women's health. In addition, we're seeing more female physicians in executive leadership, decision making positions versus simply as staff physicians. Historically that was not the case, but that's changing rapidly, thankfully.

**GINA BARTASI**

Founder and CEO, Kindbody



**HEALTHCARE HAS HISTORICALLY LAGGED**

other consumer-facing industries in adoption of technology, but COVID spurred a decade's worth of innovation in areas like telemedicine, virtual care and payments. Going forward, we will likely see continued consolidation in digital health as larger players look to broaden their platforms and acquire point solutions.

**CHRIS LLOYD**

Managing Director,  
Healthcare and Life Sciences,  
J.P. MORGAN



**WE HAVE BEEN HEAVILY FOCUSED ON CARE DELIVERY FOR THE PAST FEW**

years—everything from innovative models (e.g., AbleTo, Dispatch Health) to supporting services (e.g., Truepill, LetsGetChecked). While we are still pursuing specific theses in this broad care delivery category, we're very focused on the increase in innovation we're seeing in core healthcare infrastructure that hit areas such as revenue cycle management and insurance operations.

**LAURA VERONEAU**

Partner, Optum Ventures



# What's Next In Digital Health?

**UNDERPINNING THE RISE OF PATIENT-CENTRIC HEALTHCARE IS**

a need for robust healthcare infrastructure tools to drive more digitally enabled and connected healthcare experiences. This is a systemic change in healthcare that will accelerate. An example of powerful infrastructure technology from our portfolio is NYC-based Ribbon Health, an API business that provides more accurate healthcare data on providers, insurance plans, and cost/quality of care.

**NIMI KATRAGADDA**

Partner, BoxGroup



**WE CONTINUE TO SEE TAILWINDS AND ARE PARTICULARLY FOCUSED ON THE**

application of financial technology in healthcare. We're excited about the emergence of consumer-facing tools and marketplaces that provide transparency on the total cost of care as well as novel fintech products that are designed to alleviate the burden of high out-of-pocket healthcare costs for patients and consumers.

**AMIT BANSAL**

Partner, Digitalis Ventures





## CONTRIBUTORS

Amit Bansal | *Partner*  
**DIGITALIS VENTURES**

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**AETION**

Chris Lloyd | *Managing Director,  
Healthcare and Life Sciences*  
**J.P. MORGAN**

Clare Ozawa | *Ph.D., Managing Director*  
**VERSANT VENTURES**

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*John C. Dalton Professor, Department of Physiology  
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Vijay Kedar | *Co-Founder and CEO*  
**TOMORROW HEALTH**

## 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 01/01/2021 to 6/30/2021. 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 during the period 01/01/2021 to 6/30/2021. Deal date was used to determine placement in H1. Companies that won grant funding, prize money or acceptance into accelerators/incubators were not included in the analysis.

**DISCLAIMER:** This report is provided for informational purposes only. Where possible, we verified information obtained through publicly available sources (e.g. company press releases, news reports). If you find an error in the report, please contact us at [info@nychbl.com](mailto:info@nychbl.com) so that we can correct it.

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## ANSWER TO POP QUIZ FROM PAGE 2:

In 1987, Bunny published a book called *New York City: It's a Great College Town*.

Could *New York City: It's a Great Healthcare Town!* be next?