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# Digital Health Investing: Pharma Sized Exits on Software Sized Investments

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# SAFE HARBOR

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# Who we are



Nex Cubed is an investor that creates and accelerates frontier tech companies.

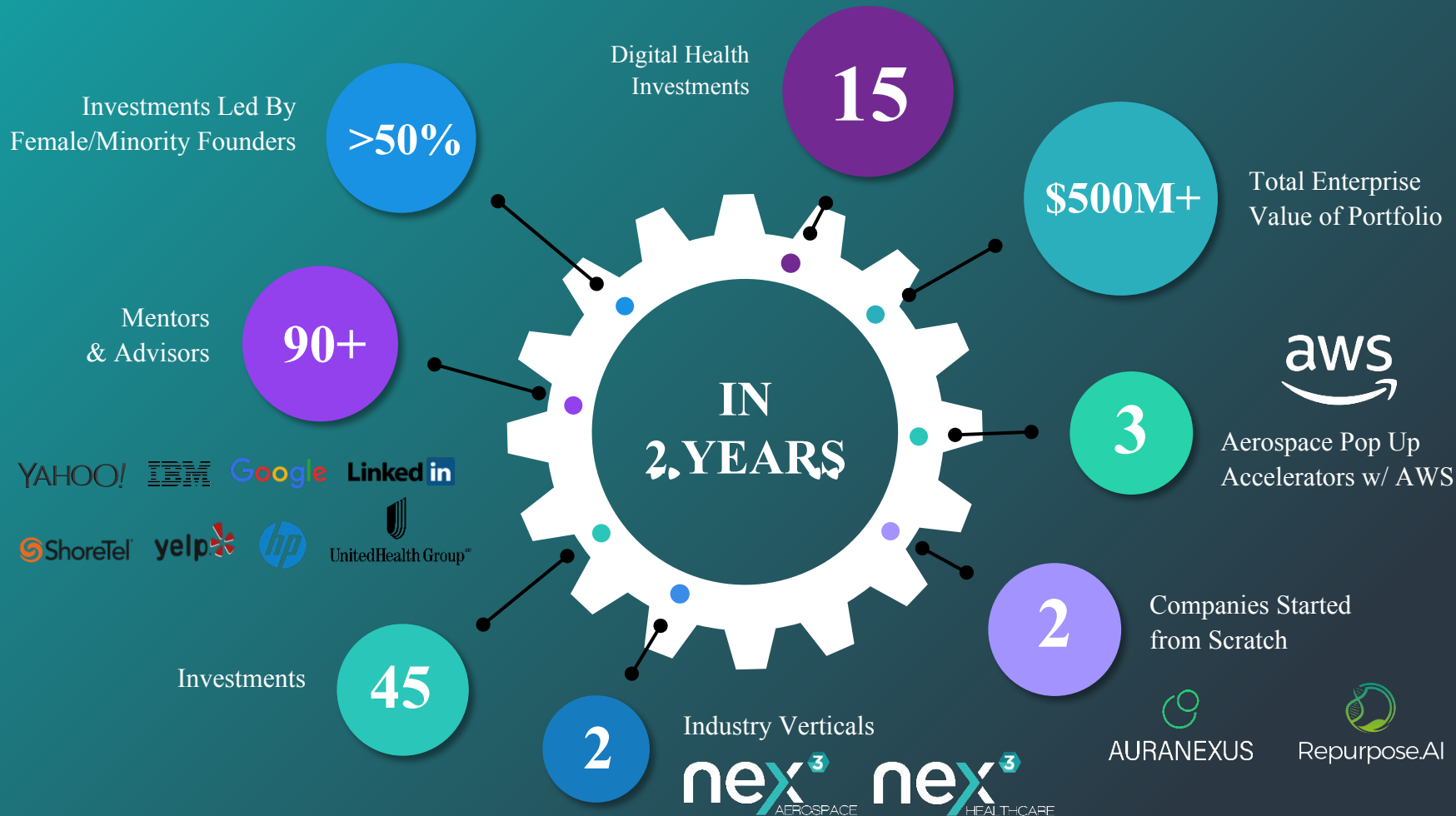
**Create**: Venture Studio

**Accelerate**: Nationally Branded (check-writing) Accelerator with Offices & Programs in SD, SF, DC, +

**Advise**: Advisory Services for late Stage VC back companies and Strategies

- *the power of three.*

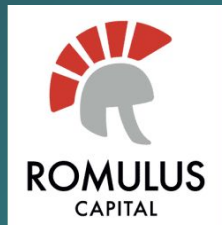
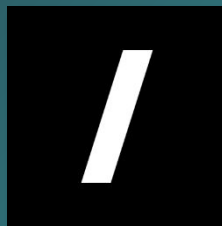




# Bringing Digital Health Investors to SD

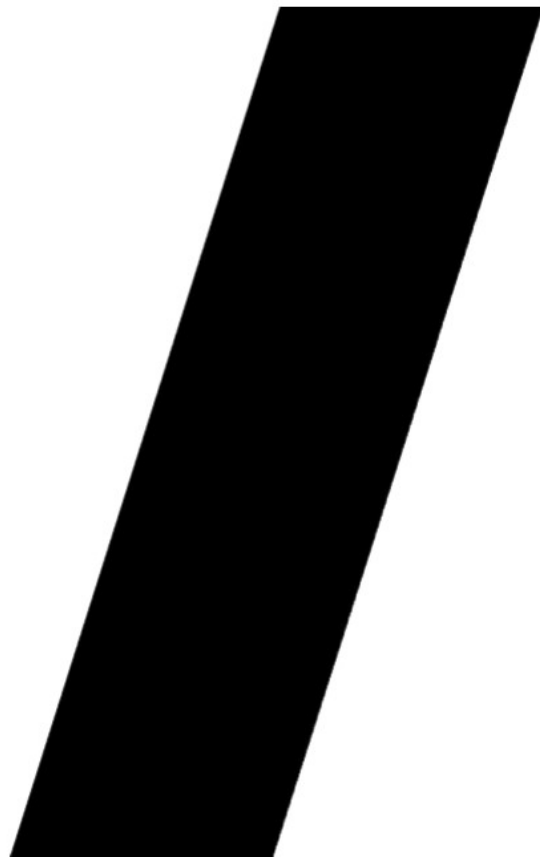
30 Investor Mentors and Growing ...

F/PRIME



# we are sway ventures.

we're investing in high performing teams creating the next enterprise or consumer category.





75+

investments since 2013

25+

co-investments offered to our LPs

12

breakout companies

9

realized exits

3

offices across US and Europe

1

unique platform for LPs and entrepreneurs





Login

Startups

Apps

Gadgets

Videos

Audio

Extra Crunch <sup>NEW</sup>

Events

Advertise

Crunchbase

More

Search

eCommerce

Transportation

Google

Amazon

## As concerns over medical device security rise, MedCrypt raises \$5.3 million

Jonathan Shieber @jshieber / 2 weeks ago

Comment



As medical devices move to networked technologies, securing those devices becomes increasingly important.

Regulators, seemingly late to the threat that unsecured medical devices posed, only began requiring protections for medical devices like pacemakers and insulin pumps [two years ago](#), and since then new technology companies have leapt into the breach to begin providing security services for the healthcare industry.

[FDA issues new security guidelines so that your pacemaker won't get hacked](#)

Investors:

SECTION 32

ENIC  
VENTURES

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SAFEGUARD™

LRV HEALTH  
Insightful Capital

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# This is Not a Joke . . .

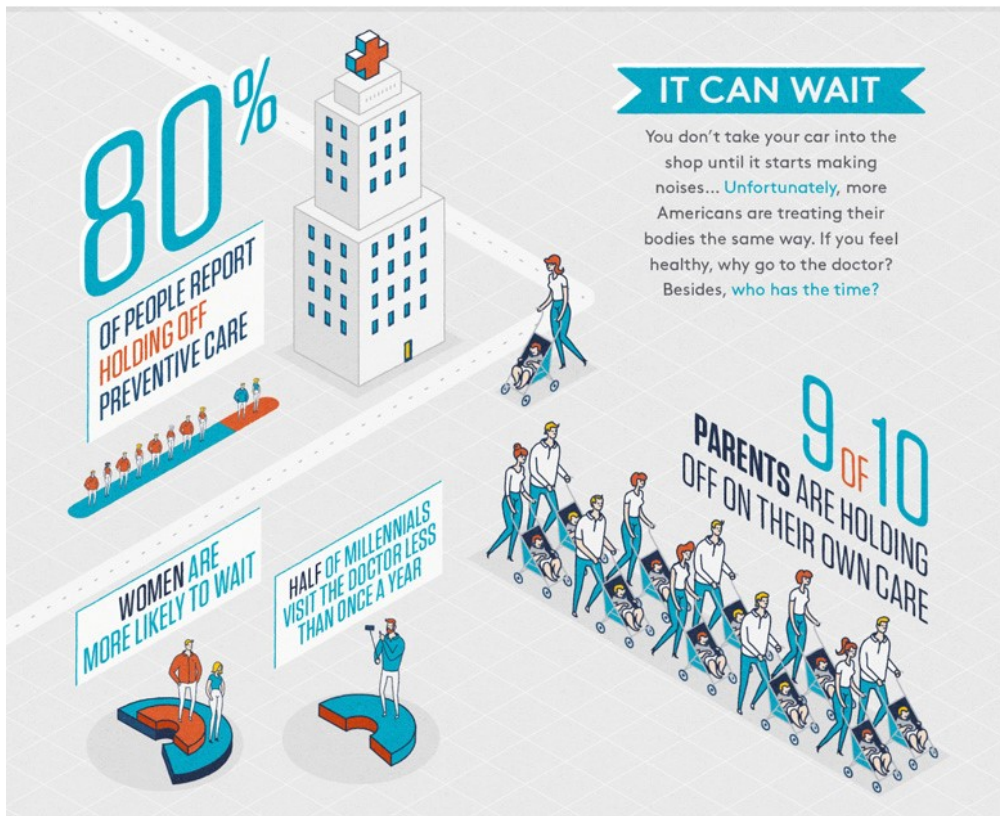


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# Healthcare is in Crisis

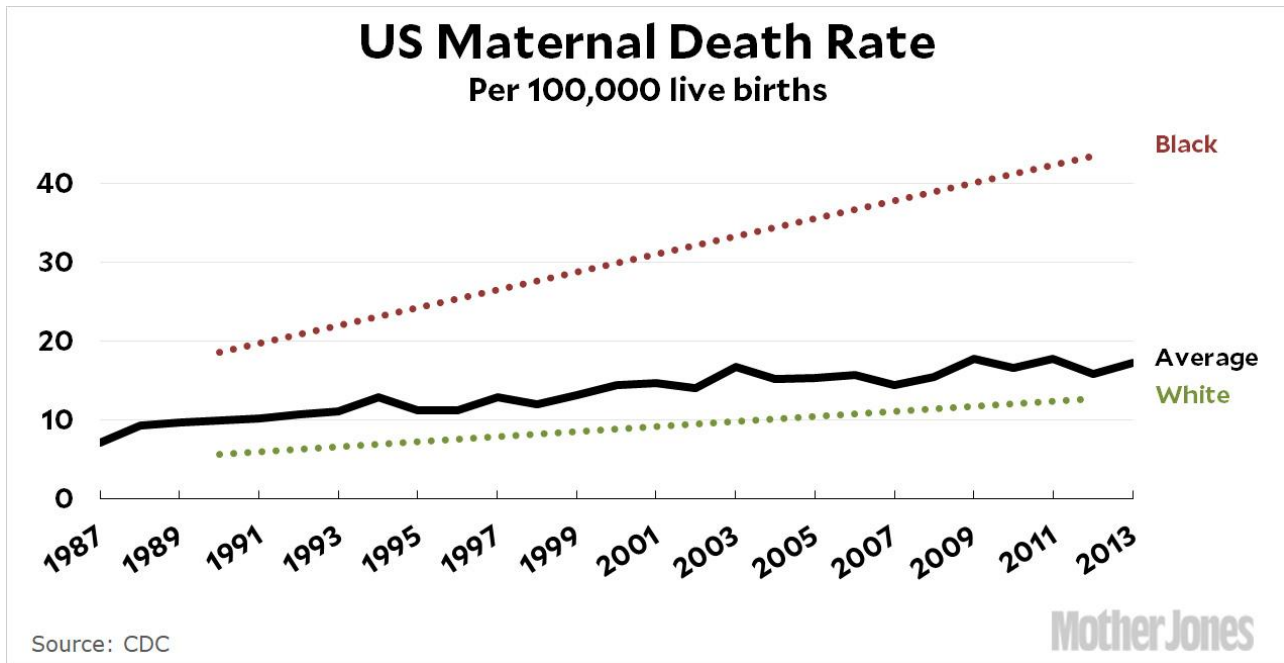
ZocDoc

## THE QUIET HEALTHCARE CRISIS: WHY AMERICANS ARE DROPPING OUT



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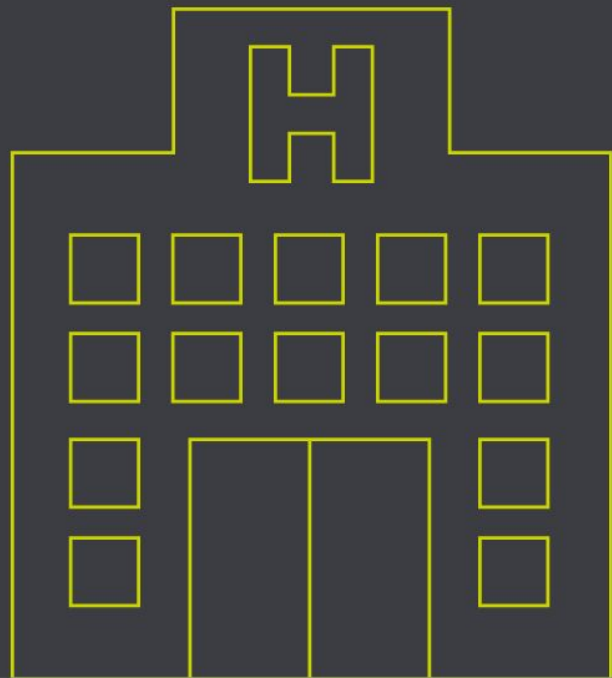
# This is Reality . . .



# Healthcare is Unsustainable

Global healthcare spending is expected to grow from

**\$7.1** trillion in 2015 to **\$8.7** trillion by 2020



The percentage of people aged  
**65 and over**  
is expected to **double by 2050**

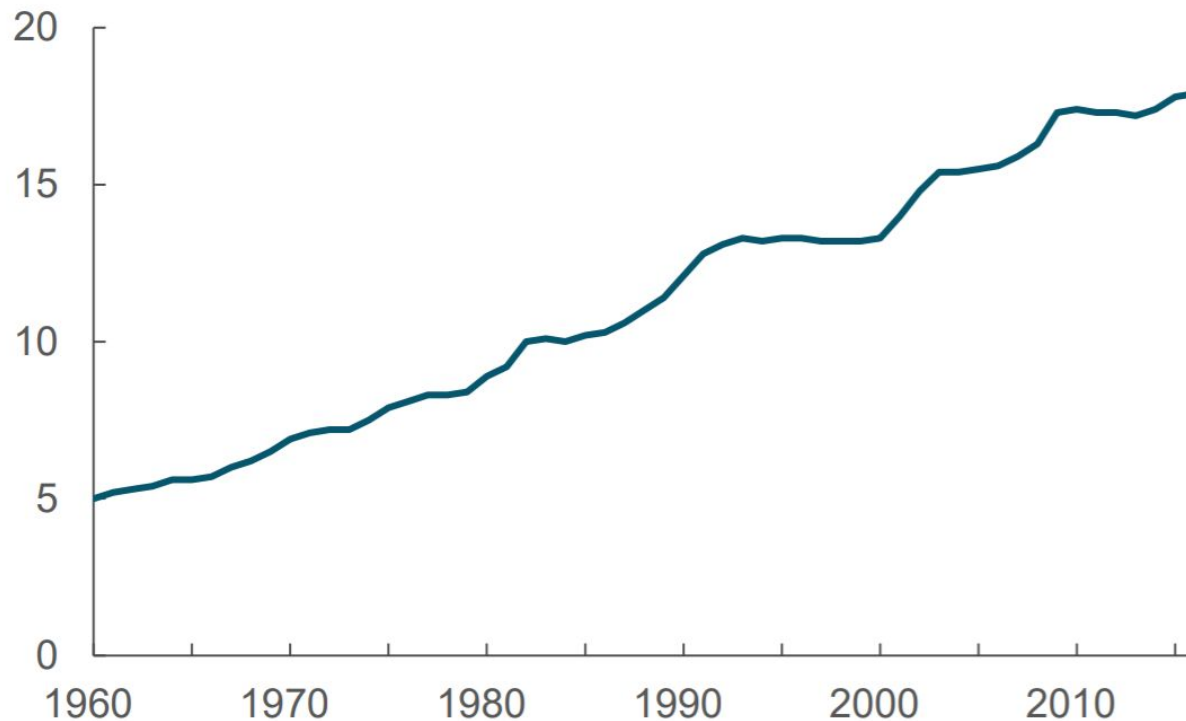


SOURCE: DELOITTE CENTRE FOR HEALTH SOLUTIONS

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# Healthcare is Unsustainable

Percentage of GDP

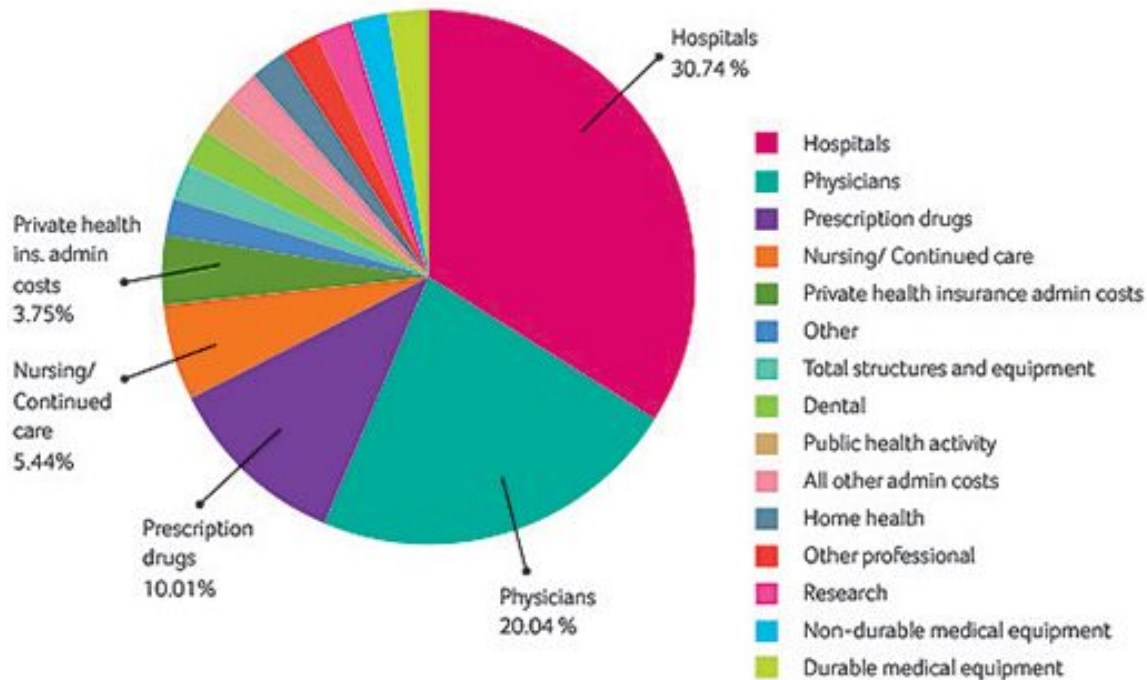


Source: Center for Medicare and Medicaid Services



# Where are We Spending the \$\$?

## U.S. Health care spending breakdown, 2010



Source: Center for Medicare and Medicaid Services

# The Digital Health Revolution

## For the 1<sup>st</sup> Time Since the Advent of Clean Water and Vaccines:

We have the Opportunity to:

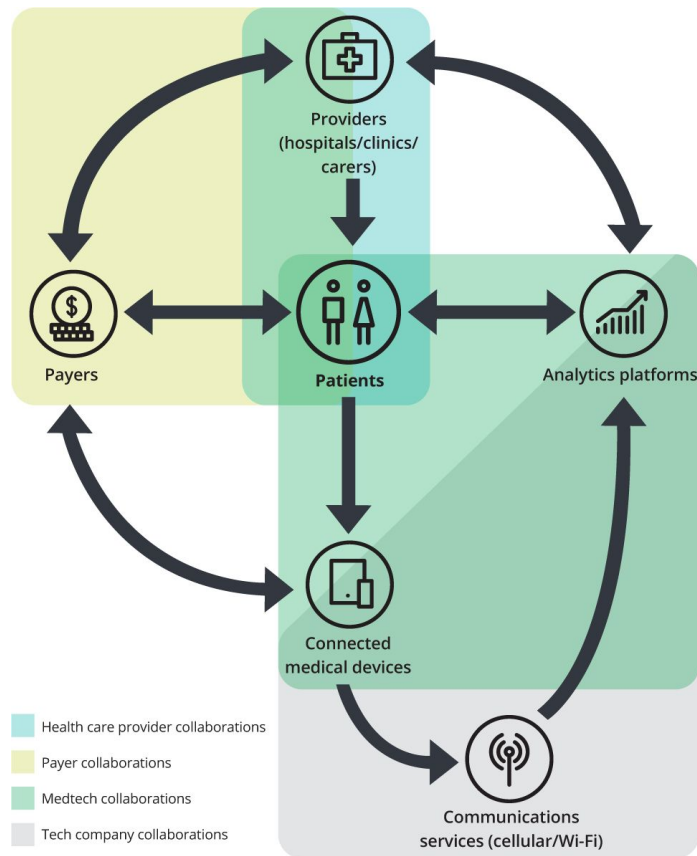
- Reduce Cost
- Improve Outcomes
- Change the Social Determinants of Health

All At The Same Time, Because . . . **DATA**





# Data is the Currency of Healthcare



Note. Arrows indicate points at which data from connected devices can be transferred  
Source: Deloitte LLP, 2018

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# Data is the Currency of Healthcare

## THE DIGITAL HOSPITAL: 100+ COMPANIES REINVENTING THE PRACTICE OF MEDICINE

### CARE MANAGEMENT



### EMR/ PRACTICE MANAGEMENT



### COMMUNICATION



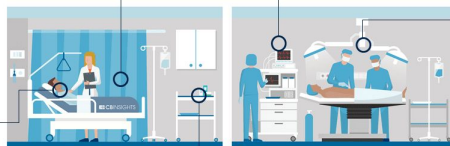
### RADIOLOGY



### DIAGNOSTICS



### PATIENT MONITORING



### SURGERY



### PHARMACY



### APPOINTMENTS & REFERRALS



### HOSPITAL NAVIGATION



### READMISSIONS/ EMERGENCY DEPARTMENT



### INFECTION CONTROL



### PATIENT EXPERIENCE



### CLINICAL DECISION SUPPORT



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# Data is the Currency of Healthcare

## 106 STARTUPS TRANSFORMING HEALTHCARE WITH AI



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# Securing the Data . . .

## Network, Threat Intel., & Endpoint Security



## Medical Devices & IoT Security



## Data Security



## Identity & Access Management



## Social Engineering Defense & Anti-Phishing



Created by You. Powered by CBINSIGHTS

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# The Tech Giants Are Coming:

Amazon, Google, Microsoft & Apple

“How Google Plans To Use AI To Reinvent The \$3 Trillion US Healthcare Industry”

- *CBINSIGHTS*

“Microsoft Healthcare Is A New Effort To Push Doctors To The Cloud”

- *TheVerge, Jun. 27, 2018*



# The Tech Giants Are Coming:

Amazon, Google, Microsoft & Apple

“Amazon launches medical device brand focused on diabetes and cardiovascular disease”

- *MedCityNews, Oct. 29, 2018*

“Apple Unveils Watch Series 4 with FDA-Approved ECG”

- *HealthITNews, Sept. 12, 2018*

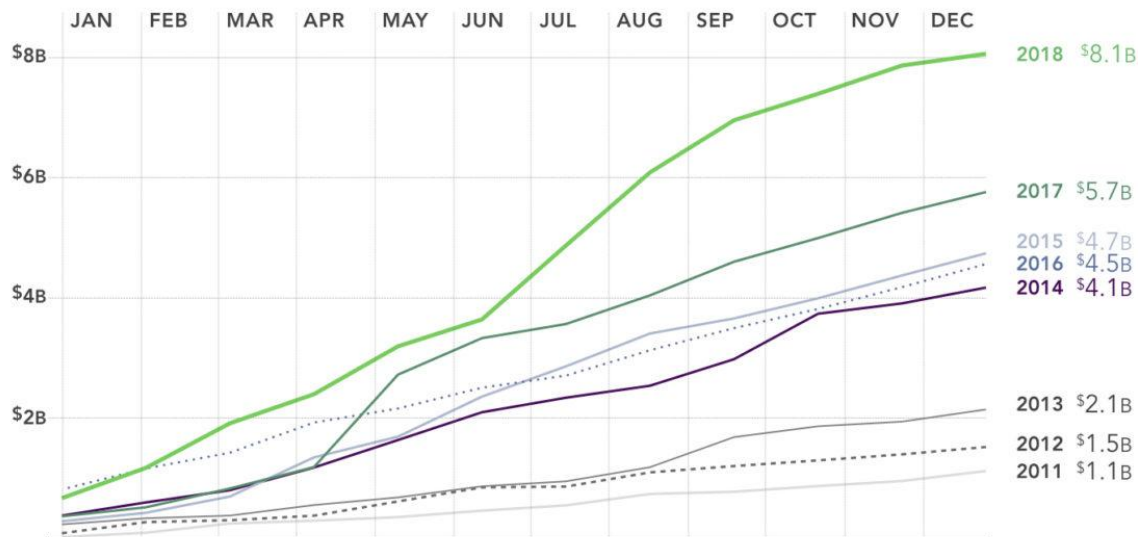


# Digital Health: Liquid VC Markets

## DIGITAL HEALTH FUNDING

2011-2018

ROCK  
HEALTH



Source: Rock Health Funding Database  
Note: Only includes U.S. deals >\$2M

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# Digital Health: Active VC Markets

## INVESTOR DIGITAL HEALTH TRANSACTIONS<sup>1</sup>

By investor type, 2014-Q1 2019

ROCK  
HEAL+H



<sup>1</sup>Number of investor transactions refers to the sum of all investments made by each investor. Please note that a single deal may have multiple disclosed investors, which would amount to multiple investor transactions.

"Other" includes any investors excluded from defined categories, such as: Angel Groups, Banks, Family Offices, Hedge Funds, Asset Managers, Lenders, Real Estate Investment Firms, Governments, Mutual Funds, Foundations, and Impact Investors.

Source: Rock Health Funding Database









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# Digital Health: IPO Exits 2013-2017

Largest Exits of Funded Companies Since 2013

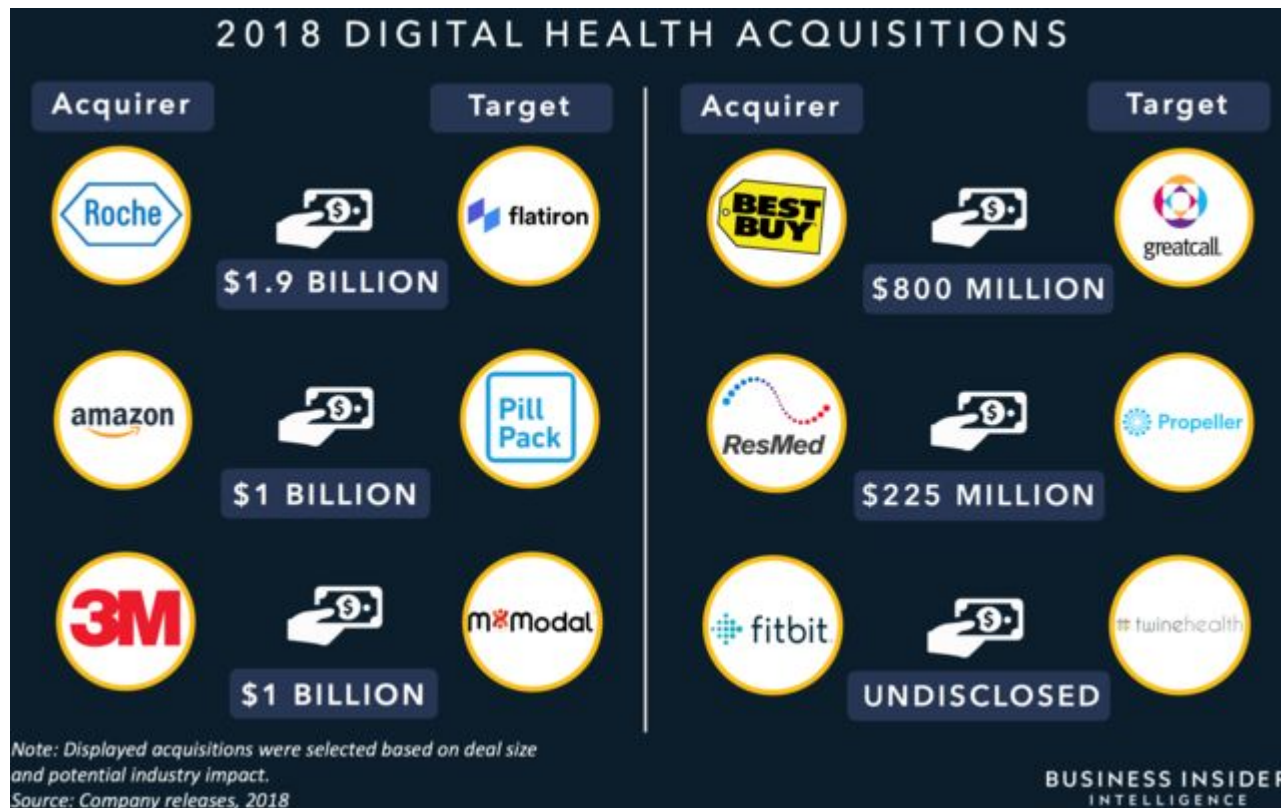
Pharma/Biotech

Digital Health

Company	Exit Type	Valuation	Company	Exit Type	Valuation
 INTREXON®	IPO	\$2355M	 Veeva	IPO	\$4500M
 ultragenyx	IPO	\$1228M	 CASTLIGHT HEALTH	IPO	\$3200M
 Kite Pharma	IPO	\$1069M	 BENEFITFOCUS	IPO	\$1302M
 agios	IPO	\$942M	 HealthEquity	IPO	\$873M
 OPHTHOTECH	IPO	\$792M	 Care.com®	IPO	\$723M
Total Valuation - \$6386M			Total Valuation - \$10598M		

\*Valuations calculated at end of first day of trading

# Digital Health: 2018 Acquisitions



# Digital Health: 2019 IPO's



GLOBAL EDITION

TOPICS

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## Report: Livongo planning 2019 IPO

According to a Wall Street Journal report, the digital chronic disease management company is eyeing a \$1B-plus valuation.

By [Jonah Comstock](#) | March 07, 2019

SHARE 665



### Health Information Technology

## Change Healthcare ups IPO to \$1B: 5 things to know

[Jackie Drees](#) - Monday, June 17th, 2019 Print | Email

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Change Healthcare is again increasing its initial public offering to more than \$1 billion after the health technology company raised it to \$200 million in May, *Nashville Business Journal* reports.

Five things to know:

1. With a price offering of \$16 to \$19 per share, Change Healthcare plans to raise an estimated \$936.4 million, according to a June 14 filing with the Securities and Exchange Commission, *Nashville Business Journal* reports.
2. The company also expects to raise almost \$300 million by selling its tangible equity units.
3. The two offerings create a combined total of \$1.2 billion.
4. Change Healthcare initially filed its IPO in March at \$100 million, before increasing it to \$200 million in May.
5. The Nashville, Tenn.-based data analytics firm is a joint venture between McKesson and Change Healthcare that formed in 2017.



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### Related Articles

1. Advantia Health acquires women's health video chat platform to expand telehealth services
2. This virtual care station is a physician's office, pharmacy rolled into one
3. AMA initiative launches 1st data model: 4 things to know
4. Livongo Health prepares for \$1



# Digital Health Investing

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## The 3 P's:

- **P**ayers
- **P**hysicians
- **P**atients

Successful DH Companies – Solve  
for All 3 Stakeholders Simultaneously



# Digital Health Investing

## Ideal DH Team Construction:

- **Healthcare Operator/BD**
  - Selling in HC is Hard
  - Who is the Champion?
  - Who is the Check Writer?
- **Clinician/End User**
  - Must know the mind of your end user
- **Technologist**
  - Raw Talent more important than HC Experience
- **Policy/Reg. Expertise**
  - Those Who Do Not Know are Doomed to Fail



# Digital Health Investing

## Where are we Focused:

- **Drug Development Lifecycle (Bullish)**
  - Target Discovery to Clinical Trials to Post-Approval RWE, incl. Digital Therapeutics
- **Remote Patient Care (Bullish)**
  - Invisible, Always-On Tech 1<sup>st</sup> Care
  - Including Mental and Behavioral Health
- **Cybersecurity (Bullish)**
- **Clinical Decision Support (Selective)**
- **Interoperability (Observing)**







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## Questions?

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# Healthcare Advisors



Corporate VC,  
SHL Group (Ph.D.)



Digital Innovation,  
Bayer



Fmr. Chief Medical Officer,  
PeaceHealth (M.D.)



Fmr. Digital Health  
Innovation, Panasonic



Fmr. VP Digital Health,  
Stanford Healthcare



Fmr. President,  
Wright Medical



Fmr. Principal Deputy  
Commissioner, FDA



Fmr. Chief Operating  
Officer, Vivimed Labs



Fmr. Chief Growth Officer,  
Health Access Solutions



Co-Founder,  
Quality Specialty Pharmacy  
(RPh MPA)



Fmr. Growth Advisor,  
hims



Fmr. Director of  
Commercialization,  
UCSD