

NEW YORK
**HEALTHCARE
INNOVATION
REPORT**

Q1 2023

WHILE WE KNEW 2023 was going to be a challenging year, many of us were unprepared for the tumultuous events of early March in the banking sector. The collapse of Silicon Valley Bank blindsided the start-up community. SVB is an institution that supported so many organizations across digital health and biotech that there will be a reset in the community, and we expect the impact to be felt for months to come.

We were pleasantly surprised by the uptick in Q1 funding (\$1B), which was on par with Q2 2022 (\$1.1B), and 60% greater than Q4 2022 (\$.62B). Clinical trial transformation was the big winner (Paradigm, \$203M), followed by fertility (Kindbody, \$100M), biotech (Paratus Sciences, \$100M) and value-based care (Vytalize Health, \$100M and Pearl Health, \$75M). These 5 companies made up 53% of total funding.

The response to the release of this year's list of Digital Health 100 winners was phenomenal and we are proud to recognize these innovative and exciting New York companies. We paid tribute to the leaders of these organizations with an invitation-only cocktail party and networking event in mid-March. The energy and passion in the room were palpable. We've included several event photos in this report as well as commentary from CEOs reflecting on what it's like to be part of this elite group.



One thing is certain: the value of community has never been more important than this past quarter. We were gratified by the support and concern we witnessed during those uncertain days in March. Many have commented on the importance of an organization like DHNY to bring us together, share and learn from each other. We couldn't agree more. It's what has propelled this ecosystem to #1 status in the U.S.

Warmly,

A handwritten signature in black ink that reads "Bunny". The signature is stylized with a long, sweeping underline.

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Co-Founder & CEO, **DHNY**

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SAVE THE DATE

DHNY SUMMIT

SEPTEMBER 21, 2023

Hosted at Quorum at Convne, New York, NY

For sponsorship details, contact Bunny Ellerin
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www.dhny.co

BY THE NUMBERS

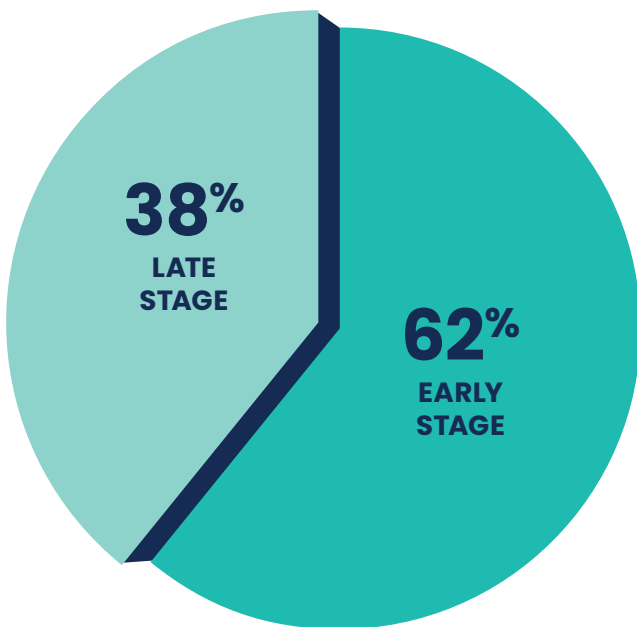
29 companies raised \$1B IN Q1 2023

WHILE IT'S BEEN A CHALLENGING FUNDRAISING ENVIRONMENT,

Q1 saw more activity across the sector than the preceding two quarters. Clinical trial transformation, fertility, value-based care and mental health were among the winning value propositions. For the first time in many quarters, early-stage funding outpaced late-stage and surprisingly, virtual care wasn't represented in our sector breakdown.

FUNDING BY STAGE

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



FUNDING BY SECTOR

Biotech

29%

Pharma Tech

24%

Provider Enablement

23%

Womens Health

13%

Mental Health

6%










Patient Engagement

3%

Insurance & Benefits

2%

TOP 10 in Q1 2023

NO.	COMPANY	FOCUS	Q1 2023 (M)	STAGE	SELECT INVESTORS (in this round)
1	 Paradigm	Rebuilding the clinical research ecosystem	\$203	Early stage	ARCH Venture Partners, General Catalyst, F-Prime Capital, GV, LUX Capital, Mubadala Capital
2	 kindbody	Technology-driven fertility clinic network and family-building benefits provider	\$100	Late stage	Perceptive Advisors
2	 paratus SCIENCES	Improving human health through understanding bat biology	\$100	Early stage	Polaris Partners, ARCH Venture Partners, ClavystBio, EcoRI Capital, Leaps by Bayer
2	 Vytalize	Risk-bearing provider enablement platform with cutting-edge value-based care delivery system	\$100	Late stage	Enhanced Healthcare Partners, Monroe Capital, North Coast Ventures
5	 pearl	Software and services that help providers succeed in value-based care	\$75	Late stage	Andreessen Horowitz's Growth Fund, Viking Global Investors, AlleyCorp, SV Angel's Growth Fund
6	 volastra	Clinical-stage biotech pioneering novel approaches to treating cancer	\$60	Early stage	Polaris Partners, ARCH Venture Partners, Eli Lilly, Droia Ventures, Catalio Capital Management, Vida Ventures
7	 holmusk	Harnessing real-world data to transform research and care for behavioral health	\$45	Late stage	Veradigm, Heritas Capital, Health Catalyst Capital, Novartis (dRx Capital), Northwell Holdings
8	 Precision	Building brain-computer interface to treat neurological illnesses	\$41	Late stage	Forepont Capital Partners, Mubadala Capital, Draper Associates, Alumni Ventures, re.Mind Capital
9	 transcend THERAPEUTICS	Next-generation psychoactive medicines to treat neuropsychiatric disease	\$40	Early stage	Alpha Wave Global, Integrated Investment Partners, Global Founders Capital, Emerald Development Managers, AlleyCorp
10	 TandemAI	Reinventing drug discovery infrastructure	\$35	Early stage	Qiming Venture Partners, OrbiMed, Eight Roads Ventures, F Prime Capital

Follow the money

WE ASKED LEADERS OF COMPANIES THAT SUCCESSFULLY RAISED MONEY this quarter about the problems they are solving and what differentiates their organization.



**KENT
THIELKE**

Founder & CEO, **Paradigm**

Paradigm is not looking to solve incremental problems in healthcare in the short term – this is a long-term vision to re-imagine the entirety of the healthcare ecosystem and how clinical trials as a care option are fully integrated into the provider and patient workflows.



**ANNBETH
ESCHBACH**

CEO, Corporate,
Kindbody

The pandemic accelerated the rise of the healthcare consumer by making a patient's ability to access care more convenient through telemedicine, at-home testing, and prescription delivery. Kindbody was built to meet this need through a technology-driven, convenient, affordable, and hospitable healthcare experience.



**MICHAEL
KOPKO**

Co-Founder & CEO,
Pearl Health

With rising medical costs and demographics shifting toward more Medicare enrollment, we are at an inflection point for healthcare sustainability and access. Primary care is under-appreciated and under-resourced in the US. We have an opportunity to contribute to a primary care renaissance through new value-based payment models and innovative technology.



**BLAKE
MANDELL**

Co-Founder & CEO,
Transcend Therapeutics

Mental health diseases are some of the leading causes of disability in the U.S. and globally, yet available treatments don't lead to durable improvements for most patients, can take weeks to kick in, and frequently have chronic side effects. We're working to change that, starting by bringing a next-generation compound, methylone, to market as a potential rapid-acting, disease-modifying, non-hallucinogenic treatment for neuropsychiatric conditions like PTSD.



**DANNY
ARONSON**

Co-Founder & CEO,
Tuned Care

Of the 50M people with hearing issues, 60% are of working age, and their issues cannot be resolved only with obscenely expensive legacy hearing aids. The way forward is with accessible, affordable comprehensive and preventative hearing care as a standard employee benefit, just like dental and vision.

Digital Health

100

DHNY
DIGITAL HEALTH NEW YORK

CELEBRATION

IN EARLY FEBRUARY, WE ANNOUNCED THE 2023 DIGITAL HEALTH 100, a recognition that highlights the most exciting and innovative startups in the New York region. We celebrated the winners on March 16th with a cocktail party and networking event at kyu, a global network of change-making creative firms. It was an incredible evening with diverse, innovative and forward-thinking companies and leaders!



What does the DH100 recognition mean to you and your company?



**SELIN
KURNAZ**

PhD

Co-Founder & CEO,
Massive Bio

Massive Bio's adventure started in New York City in 2015, so being named to the DH100 is important to us. Our AI-powered platform represents the intersection of technology and humanity as we empower cancer patients to take control of their health journey, and this recognition is a testament to that.



**SAM
HOLLIDAY**

Co-Founder & CEO,
Oshi Health

It's truly an honor to be recognized given all the amazing companies in NYC that are driving innovation in healthcare. We're a proud participant in this community, because comparing notes with other innovators and having an active innovator, talent & investor ecosystem helps us all.



**ERICA
JAIN**

Co-Founder & CEO,
Healthie

Innovation in healthcare means playing the long game, not catering to short term hype cycles. Many companies on this list, including Healthie, are 5-8 years post-launch – evolving at the speed of the market is a key to longevity in our industry.



**JAMES
COHEN**

Co-Founder & CEO,
Nevvon

Being recognized as part of the DH100 acknowledges our commitment to innovation and improving healthcare education. As a company that strives to leverage technology to create value for our clients, we are honored to be part of this esteemed group.



**NAWAL
ROY**

Founder & CEO,
Holmusk

The DH100 validates our work to improve research and care for behavioral health. Many digital health solutions for physical health are being recognized, and similar awareness for behavioral health solutions helps to meet dire needs and reduce stigma.

HEALTH TECH TRENDS:

Technology and platform-enabled ecosystems could change health care

DESPITE THE ECONOMIC TRENDS affecting the broader tech market, health tech is expected to continue to disrupt health care.



**PETER
MICCA**

National Health
Tech Leader,
Deloitte & Touche LLP

As the dynamics of the 2022 and early 2023 macroeconomic environment swept across the United States, the health tech market felt a cooling effect. The health tech sector's 2022 venture capital funding fell short of 2021. Innovators are shifting their attention from focusing primarily on growth to also finding ways to bridge longer funding cycles. However, 2022 investments were still approximately 30% higher than 2020, and more than doubled from 2019*. As the overall venture capital funding continues to trend up, interviewed health tech experts remain optimistic about the opportunities to bring innovation to health care in 2023 and beyond.

A year ago, our [report](#) showed a spectrum of reactions to the concept of platform-enabled ecosystems. Some in the industry were bullish on the idea while others expressed skepticism about ecosystems as a future business model. However, our latest analysis of 2022 later-stage venture funding shows that eight of the ten top funded health tech innovators are, by our definition, platform-enabled ecosystems and we expect platform-enabled ecosystems to continue to gain traction in the market.

To understand what the macroeconomic environment could mean for the health tech market moving forward, the Deloitte Center for Health Solutions continued its annual look at US health tech investment trends. To understand the current and future landscape, we conducted a data analysis of venture capital deals in the health tech¹ space and interviewed nine executives from the investor community and startup companies between November 2022 and January 2023.

[READ FULL REPORT HERE.](#)

¹ PitchBook's definition of health tech: Companies that provide mobility and other information technologies to improve health care delivery while decreasing costs. It entails the use of technology and services – including cloud computing, Internet services, and social mobility – to optimize patient-centric health care. www.pitchbook.com definition accessible via subscription

The Last Word



**MICHELLE
GARLAND**

Founder & CEO,
Soul Search Partners

There are lots of ideas about how to improve healthcare but it's the people operationalizing those ideas that will make the difference. We ensure a company gets to its next inflection point by bringing together the right team.



**FARIS
GHAWI**

Co-Founder & CEO,
Vytalize Health

In the early stages of Vytalize, a mentor and investor told me to bring in people I love. Our company is now the largest it has ever been, and everyone is equally committed to improving the lives of others. Even with our immense growth, we have ensured we do not sacrifice our amazing company culture.



**MICHAEL
MAGER**

CEO, **Precision
Neuroscience**

Tens of millions of people in the U.S. struggle with neurological conditions such as ALS, traumatic brain injury, and stroke, and there is currently very little available for them in the way of treatment. Brain-computer interfaces have the potential to make a dramatic difference in these people's lives.



**ZACHARY
MARKIN**

CEO, **HTD Health**

Hospitals are unbundling. This is a self-reinforcing cycle. As things like diagnostics, labs, and tech-enabled specialty care move outside of integrated health systems, it becomes easier for risk bearing entities to compose next generation provider networks. This in turn enables further clinical service capacity and breadth of capability to come on line, which allows even more complex care to unbundle as distributed tech-enabled providers, and the cycle continues.



**ANNA
DE PAULA
HANIKA**

Co-Founder & CEO,
Uno Health

Our superpower is leveraging deep engagement with Medicare members. We start by tackling their #1 concern – cost – via best-in-class, end-to-end enrollment, enrollment into state and federal income programs that unlock thousands of copay reductions and cash assistance every year.

METHODOLOGY

Data was obtained from a variety of sources including but not limited to company representatives, press releases, EDGAR filings, Crunchbase, Pitchbook, CB Insights and covered the period from 01/01/2023 to 3/31/2023. A company was included if it (1) listed New York City as its corporate headquarters or an office with over 10 people; (2) the company received seed, angel, early-stage or late-stage funding of at least \$1M during the period 01/01/2023 to 3/31/2023; (3) the company was not publicly traded. Companies that won grant funding, prize money or acceptance into accelerators/incubators were not included in the analysis nor companies that received less than \$1M in total funding.

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@dhny.co so that we can correct it.

ABOUT DHNY

Digital Health New York (DHNY) is an ecosystem of CEOs, founders, investors, payers and providers driving digital health in New York. DHNY works to increase the visibility of New York as a leader in healthcare innovation, showcases the organizations and leaders curating the future of healthcare, and brings people together to share ideas, spark new directions and create success. For more information, visit www.dhny.co.

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