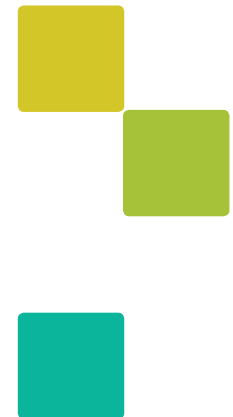




S T A R T U P
+ H E A L T H

Digital Health Insights Report for the 50+ Market

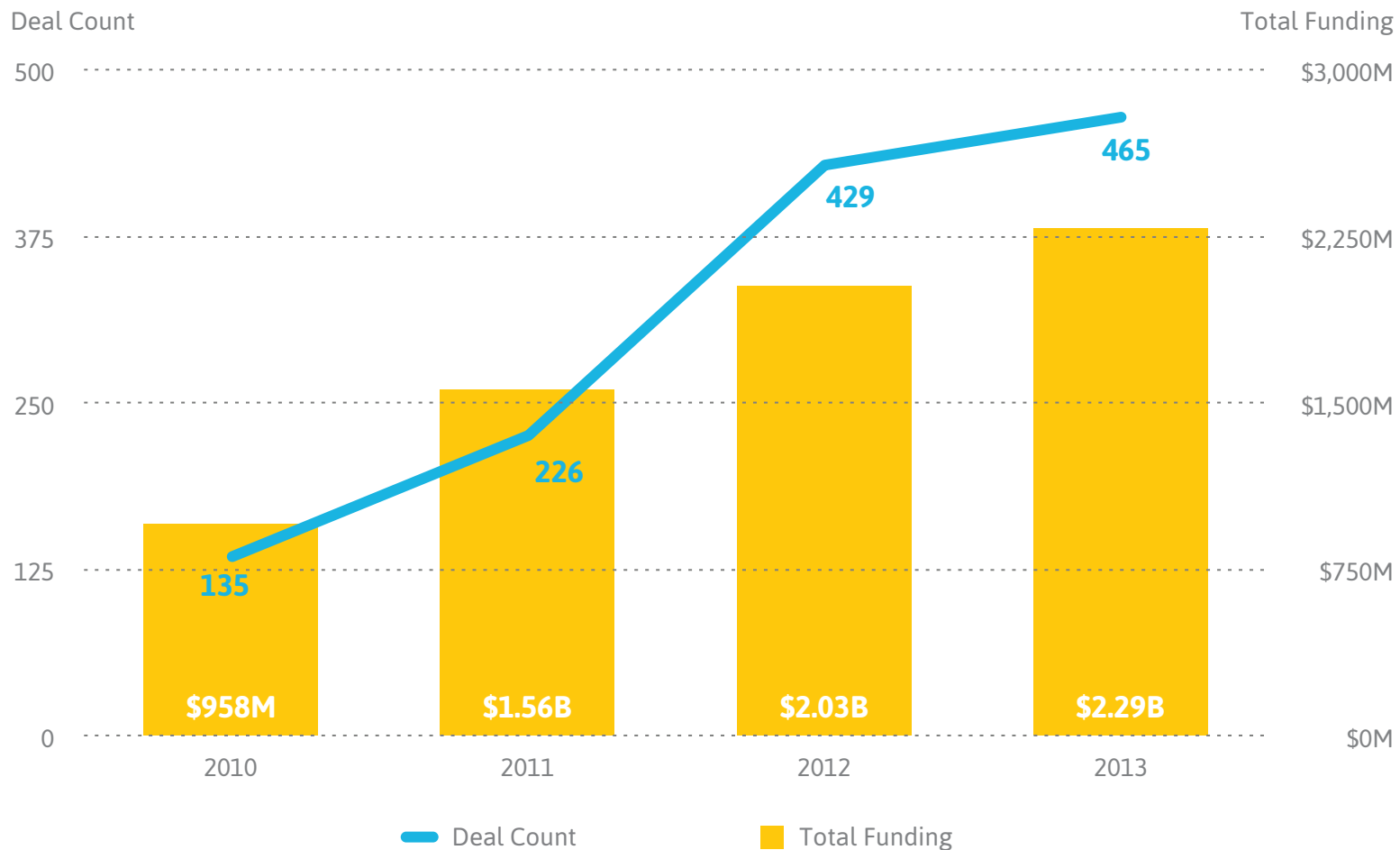
Published: December 10, 2013



A REPORT PREPARED FOR **AARP**
Real Possibilities

Digital health and wellness investments have rapidly expanded from **\$958M** in 2010 to **\$2.29B**

Deal count more than **tripled** from **135** to **465**



Early stage innovation is the primary growth driver because of the following conditions:

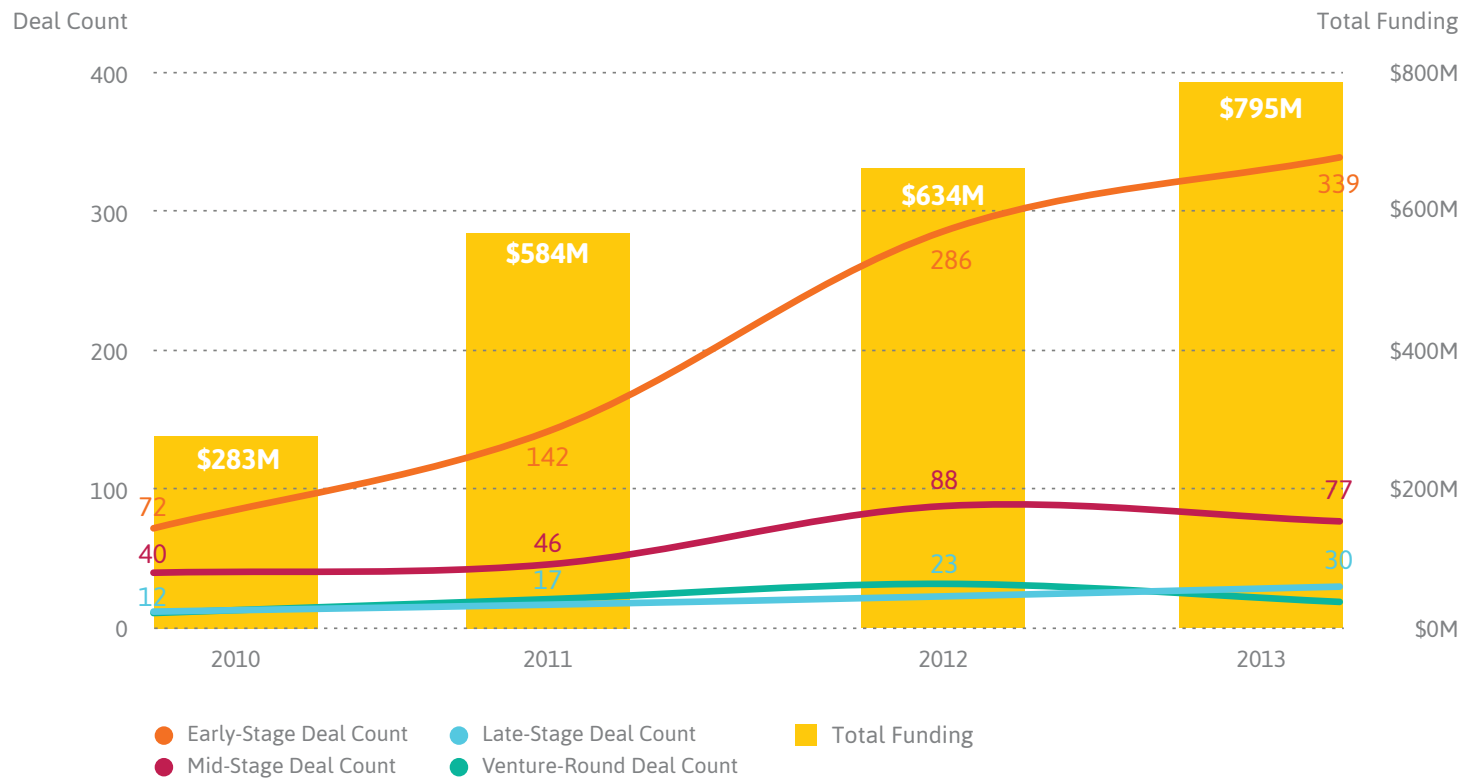
Change: Healthcare Reform

Technology: Mobile & Digital Health

Acceleration: Chronic Disease, Aging & Cost

Opportunity: Golden Age of Entrepreneurship

73% of deals were in Seed & Series A rounds

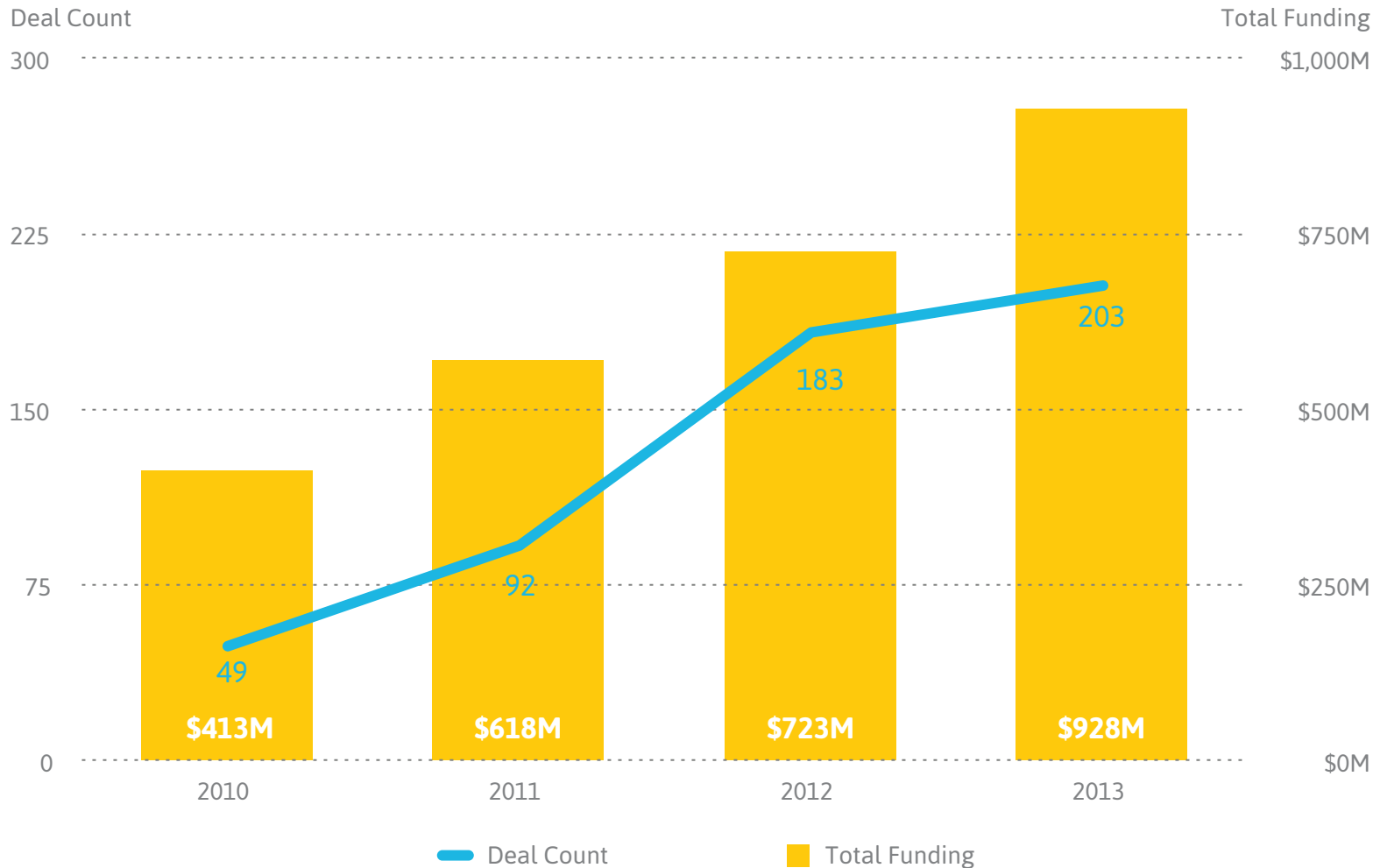


Opportunities in the 50+ Market

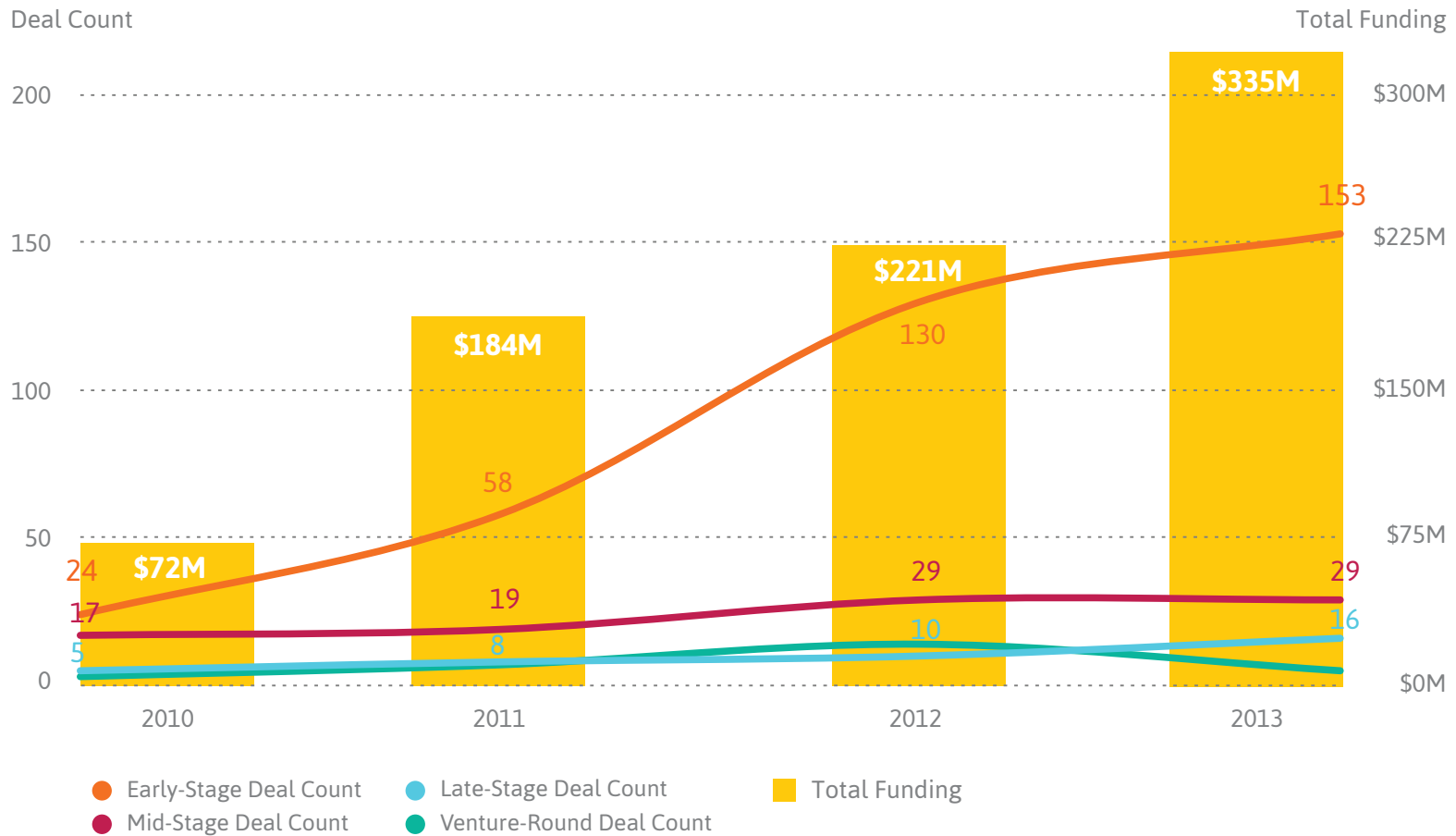


Preventative medicine is a growing focus among the 50+ market leading to increased opportunity across the nine areas of digital health and wellness innovation

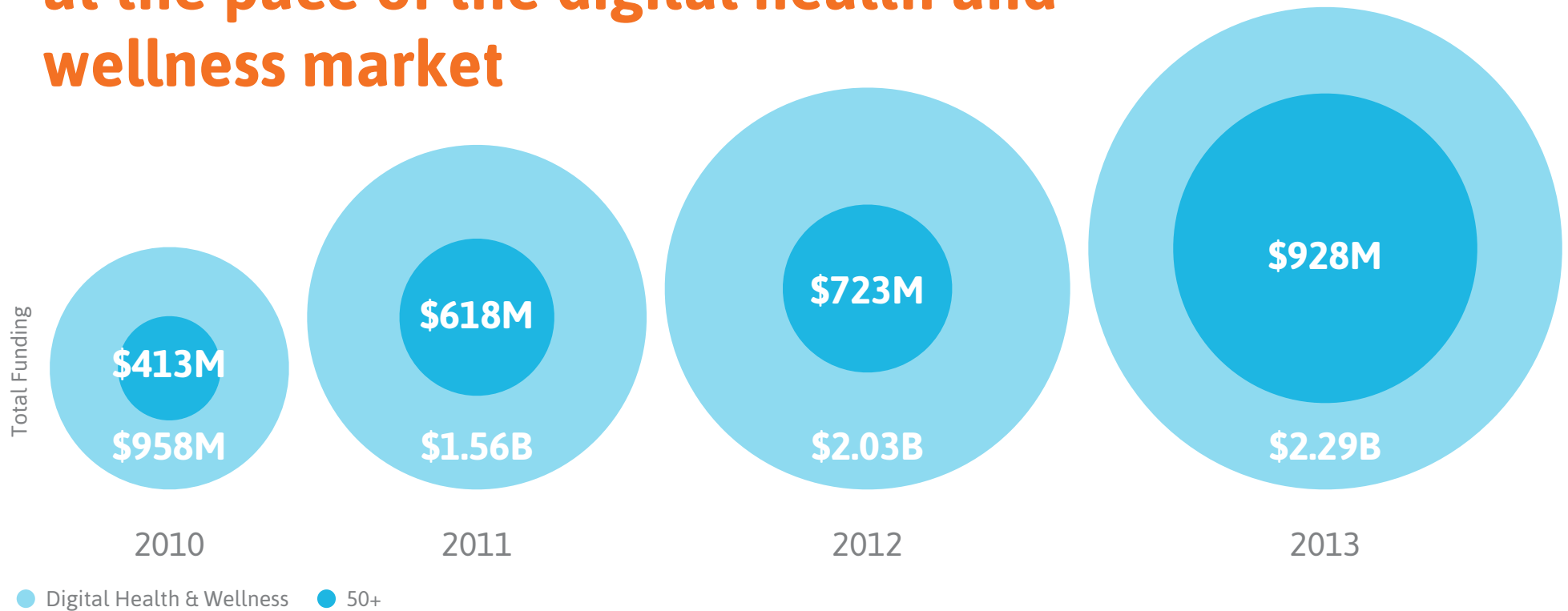
Funding in the 50+ market rose 28% from \$723M last year to \$928M in 2013



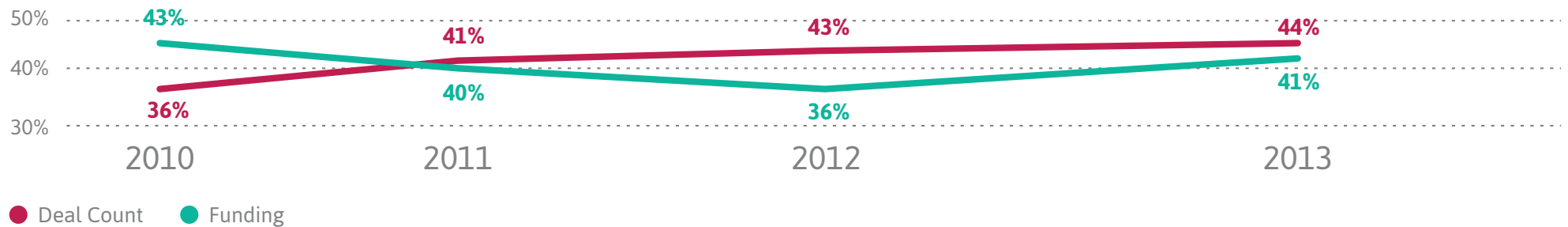
Early-stage deal count in 50+ market grew more than six-fold from 24 in 2010 to 153 by the end of Q3



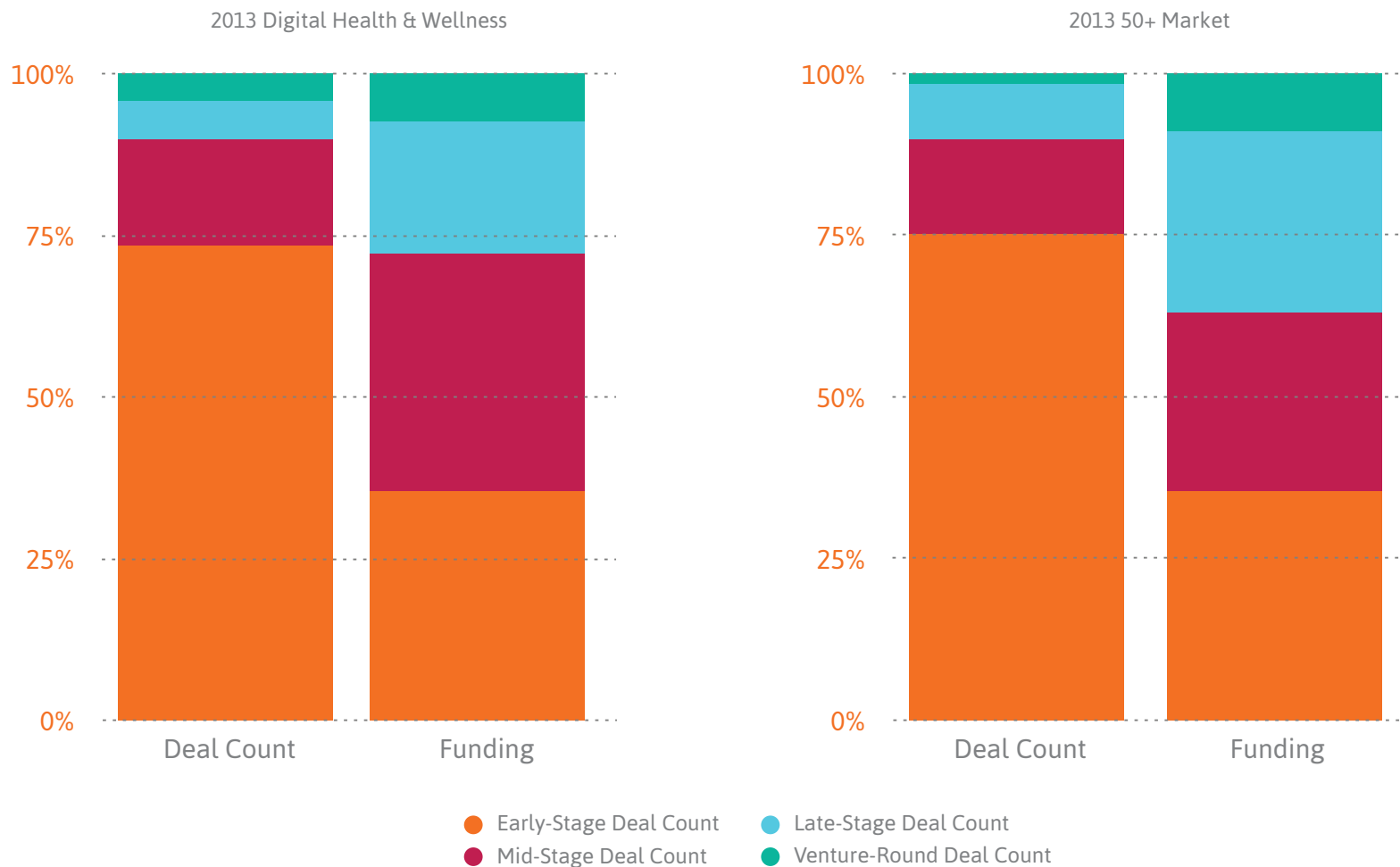
The 50+ market continues to grow at the pace of the digital health and wellness market



50+ health investment sector as percent of total digital health & wellness



Stage distribution of 50+ market deals and funding mirrors industry-wide activity



2013 Top VCs by stage in 50+ market

★ denotes 3+ investments

SEED

★ 500startups

★ First Round
CAPITAL

★ FLOODGATE

★ MOHR DAVIDOW

★ ABERDARE VENTURES

MANSÁ

ALBION VENTURES

SERIES A

★ FOUNDERS FUND

★ General Catalyst
Partners

★ khosla ventures

★ ARBORETUM
VENTURES

ACCEL®
PARTNERS

OAK
INVESTMENT
PARTNERS

THRIVE CAPITAL

SERIES B

★ NVP
NORWEST
VENTURE
PARTNERS.

★ SEQUOIA CAPITAL

★ OrbiMed

BAY CITY CAPITAL

ADAMS STREET
PARTNERS

CHV
CAPITAL

MERCATO
PARTNERS

SERIES C

★ CP
CARDINAL PARTNERS

★ GREYCROFT

★

Health Enterprise Partners

CAMDEN
PARTNERS

LIGHTSTONE
VENTURES

DOMAIN
ASSOCIATES

SERIES D

★ KPCB
KLEINER PERKINS
CAUFFIELD
BYERS

★ NV
NEW LEAF VENTURE
PARTNERS

★ M
MORGENTHAU
VENTURES

SoftBank Capital

AV

Felicitas Ventures

NORTH BRIDGE
venture partners

SERIES E

★ LIGHTSPEED
VENTURE PARTNERS

CAXTON

CHL HEALTHCARE PARTNERS

Venrock

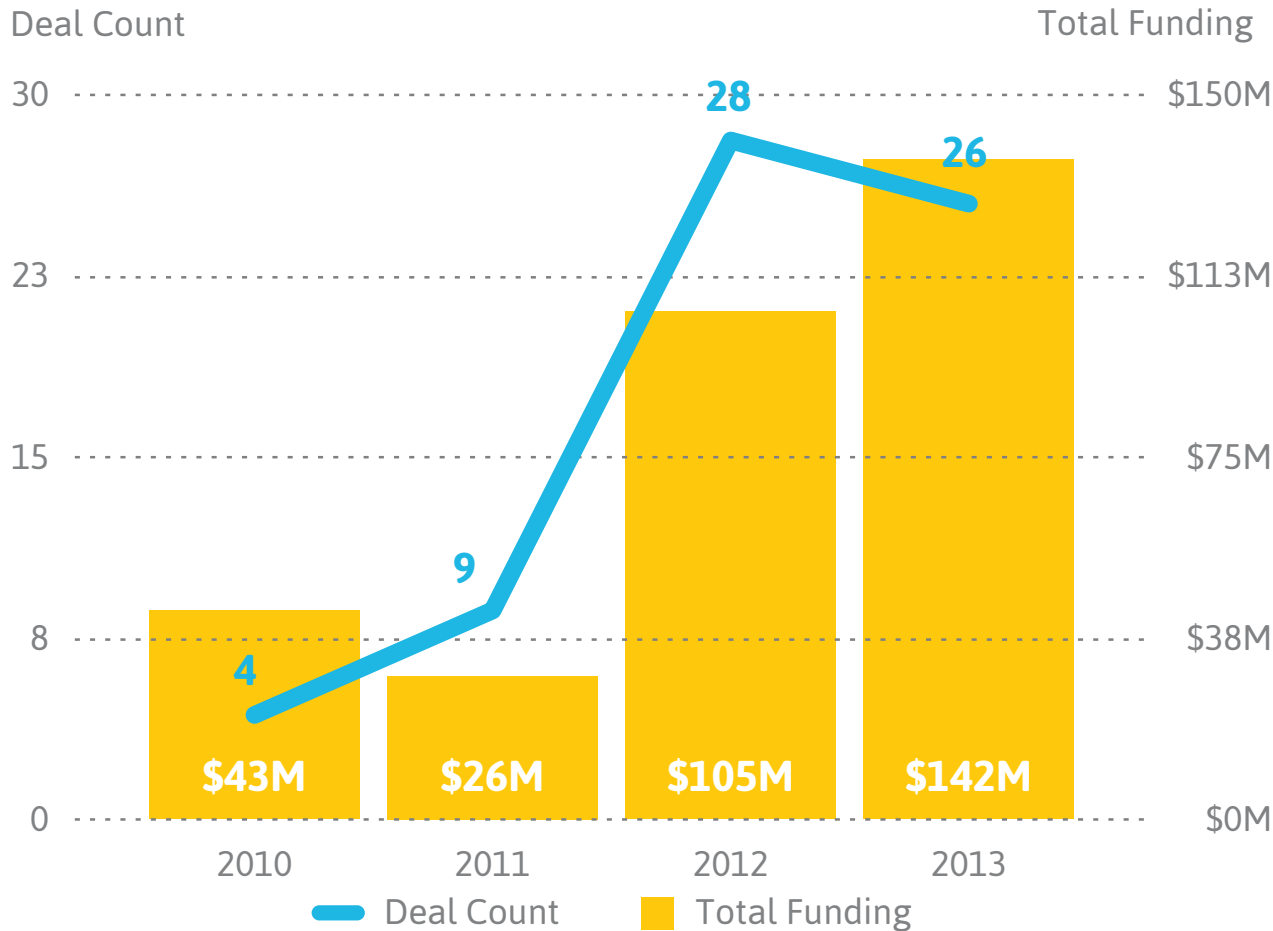
CLAREMONT CREEK
VENTURES

HARMONY
PARTNERS

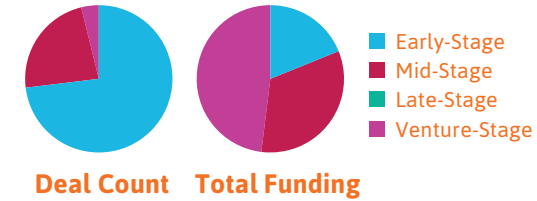
AISLING
CAPITAL

Social Engagement

Largest year-over-year growth in median size deal value at **265%**



2013 Activity



NOTABLE DEALS IN 2013

 \$8M Series C	 \$7M Series C
 \$5M Series B	 \$4.3M Series A

NOTABLE INVESTORS

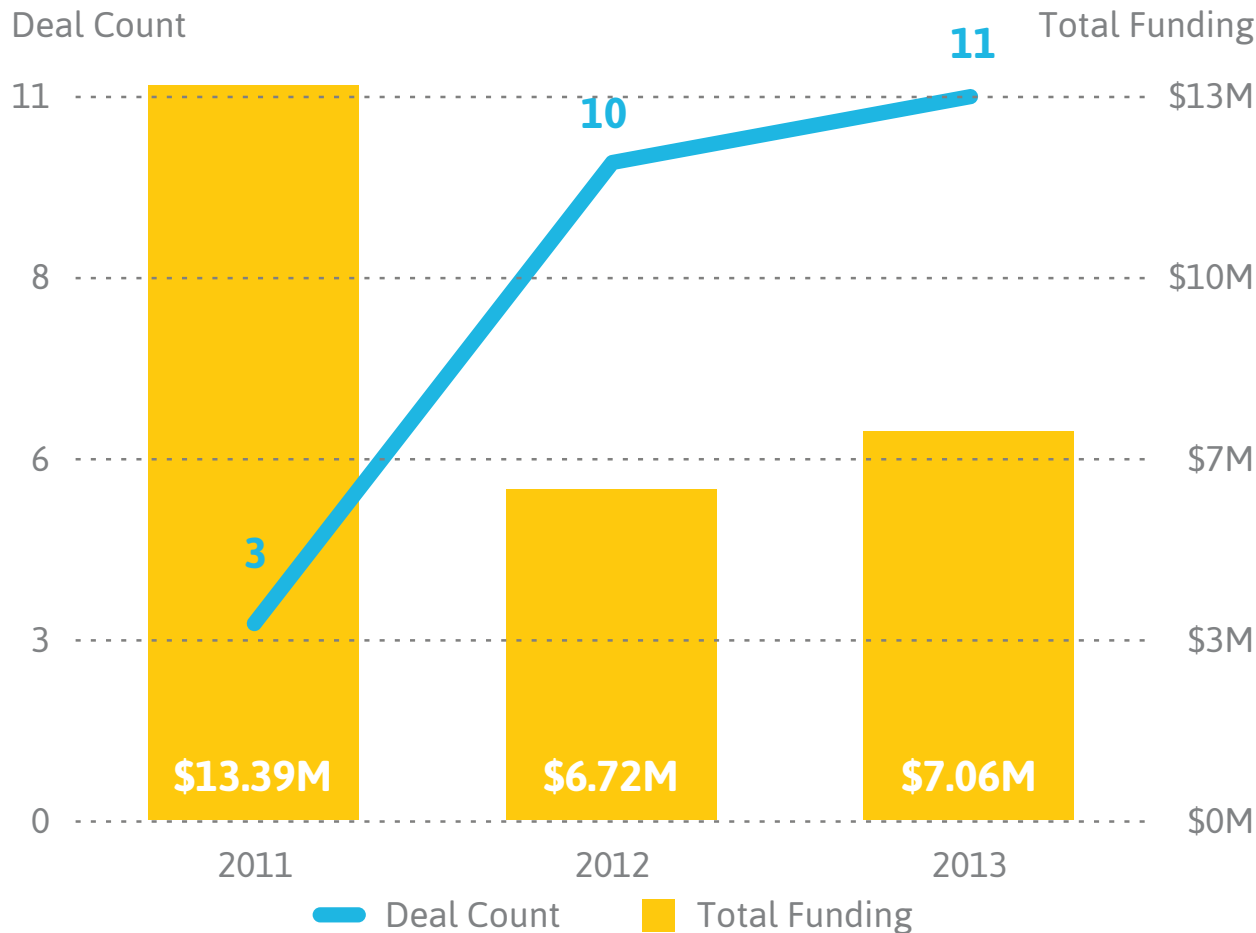
MARKET FACT*: Estimates suggest **40-80%** of the 50-64 population and **30-70%** of the 65+ population would be interested in a social engagement solution

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

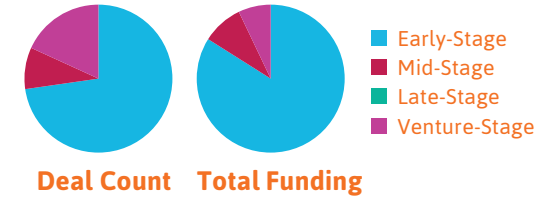
Collaborative Seed
& Growth Partners, LLC

Medication Management

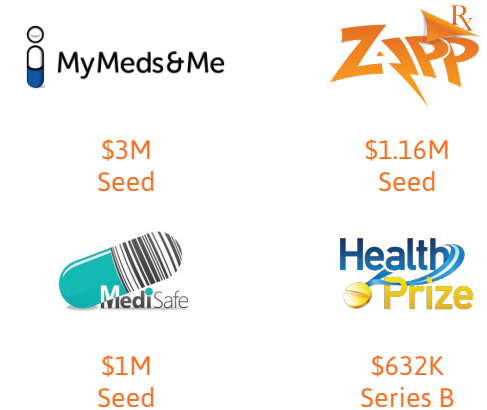
Newest market opportunity in 50+ Market



2013 Activity



NOTABLE DEALS IN 2013



NOTABLE INVESTORS

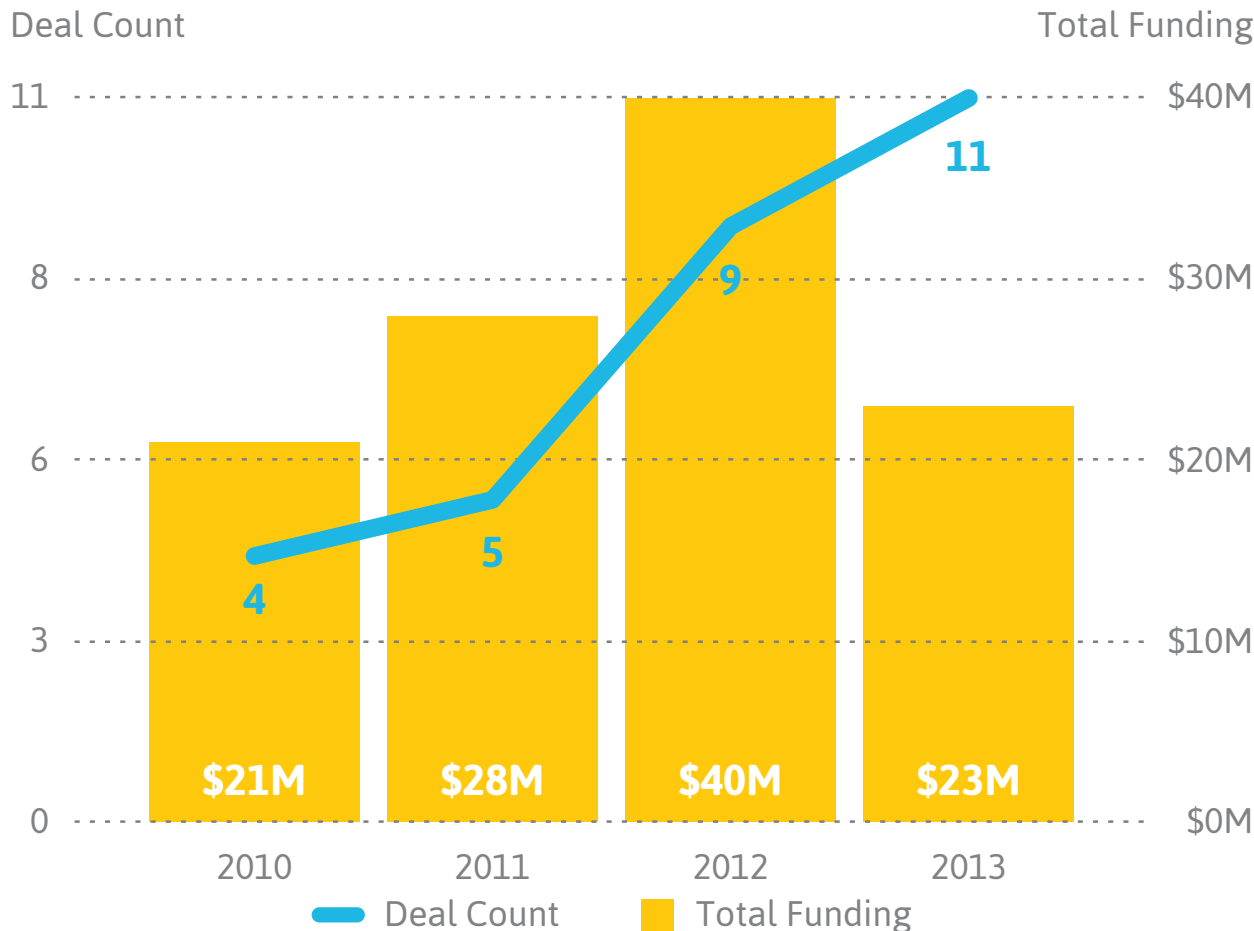


MARKET FACT*: 70% of people ages 50-64 take at least two medications and 87% of people 65 and older take at least two medications

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

Emergency Detection and Response

Second highest year-over-year deal count growth at 22%



2013 Activity



NOTABLE DEALS IN 2013

 \$4M Series A	 \$3.19M Series A
 \$2.5M Seed	 \$2.4M Series D

NOTABLE INVESTORS

NORWICH VENTURES	<i>iglobe</i> partners
	ALSOP LOUIE PARTNERS THE ART AND SCIENCE OF ENTREPRENEURSHIP

MARKET FACT*: 40-70% of the 75+ population and 10-30% of the 50-74 population would be interested in emergency detection or response services

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

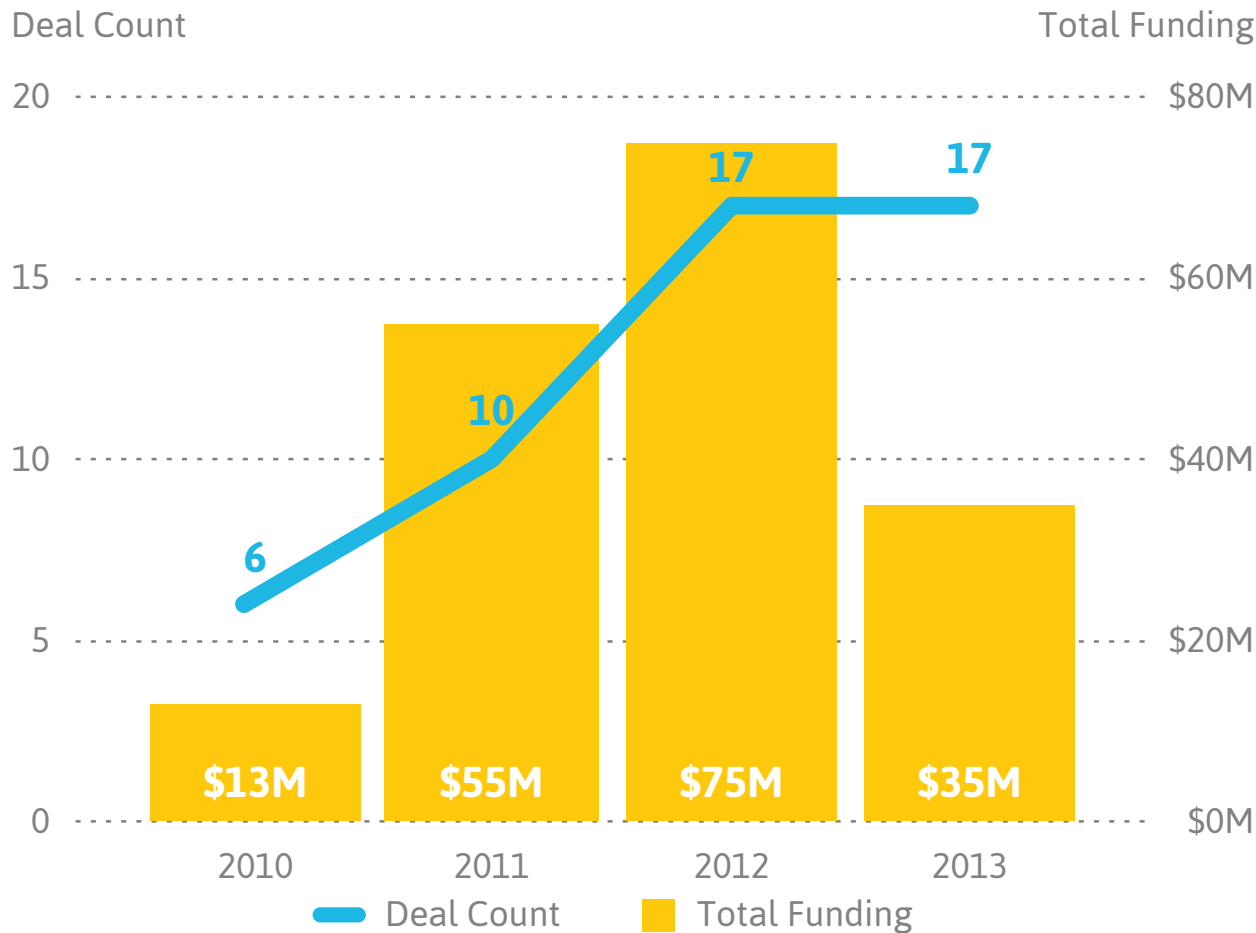
Behavioral and Emotional Health

Highest proportion of early-stage deals at 94%

2013 Activity



Deal Count Total Funding



NOTABLE DEALS IN 2013

VALKEE



\$9.7M
Series A

\$5M
Series A

abilto



\$3M
Series A

\$2M
Series A

NOTABLE INVESTORS

LIFELINE
ventures

Lemhi Ventures

SC

THE SOCIAL+CAPITAL PARTNERSHIP

First Round
CAPITAL

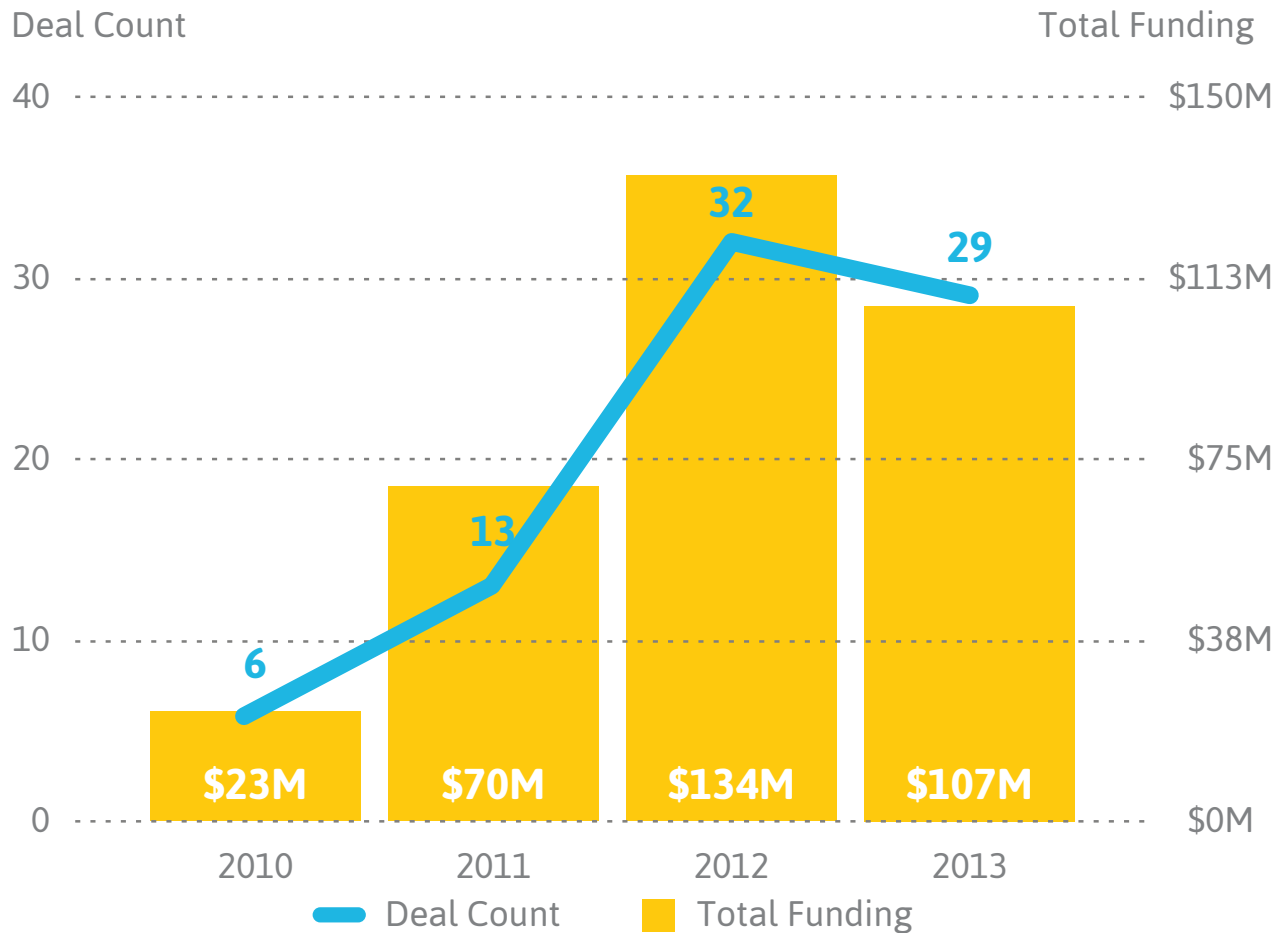
Great Oaks
VENTURE CAPITAL

MARKET FACT*: Estimates predict 10-30% of the 50+ population would be interested in a behavioral or emotional health solution

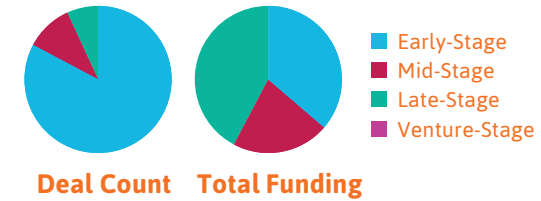
*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

Physical Fitness

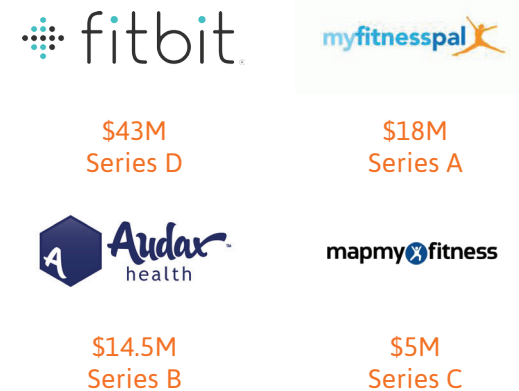
Second highest number of incubator & seed investments at 19 deals



2013 Activity



NOTABLE DEALS IN 2013



NOTABLE INVESTORS

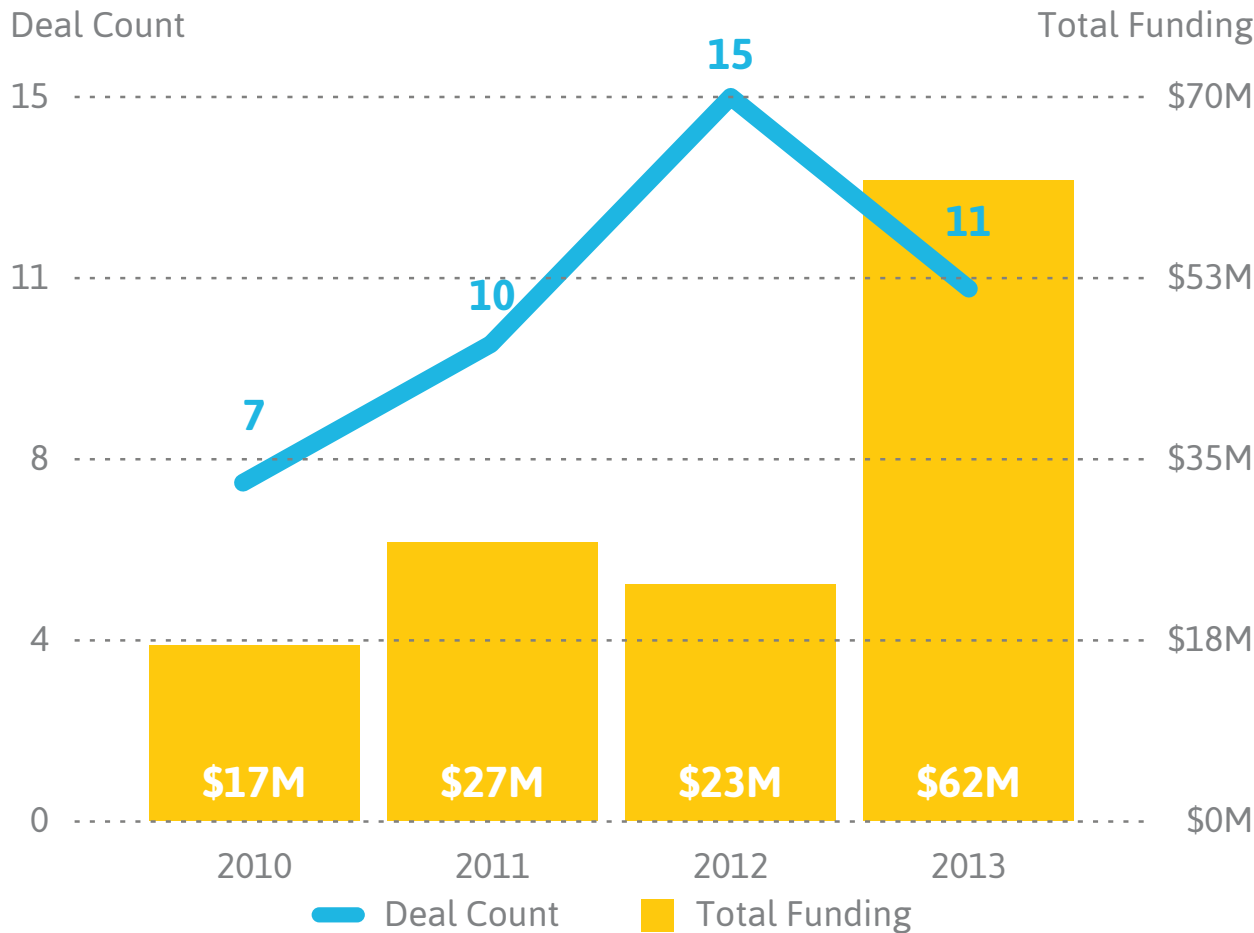


MARKET FACT*: Five-year total revenues as high as \$1.7 billion or as low as \$1.1 billion

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

Diet and Nutrition

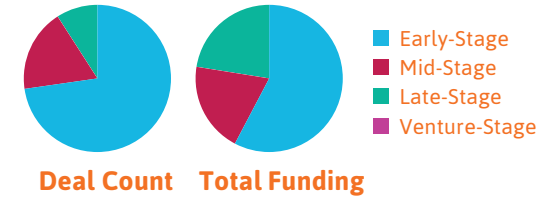
Largest year-over-year growth in total funding at 171%



MARKET FACT*: Fee-based diet and nutrition management services and technology/software licensing fees will be the two dominant revenue models for the diet and nutrition market

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

2013 Activity



NOTABLE DEALS IN 2013

Withings



\$30M
Series A

\$1.52M
Seed

Edamam

\$850K
Seed

NOTABLE INVESTORS

idinvest
PARTNERS

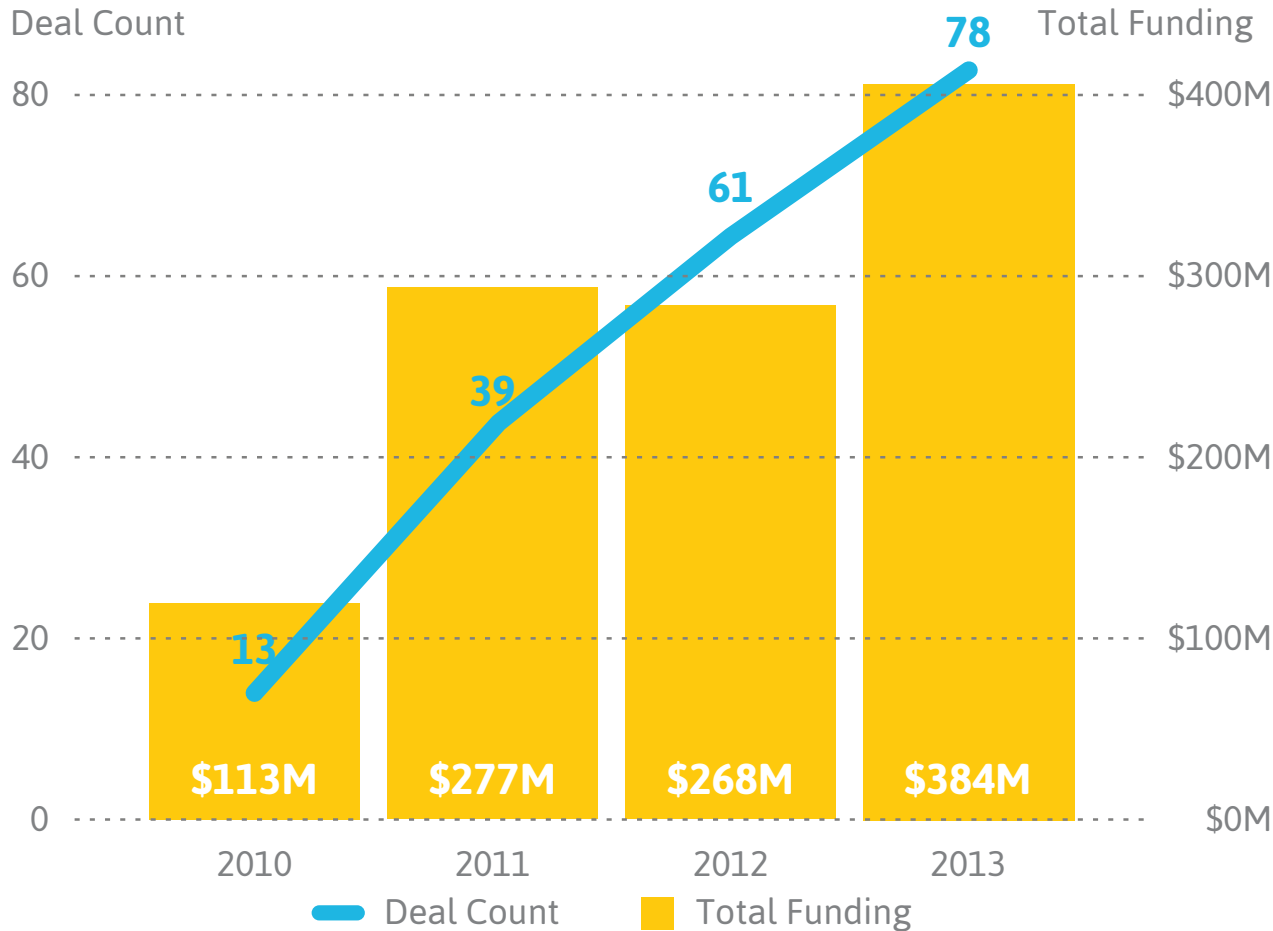


HIGHLAND
CAPITAL PARTNERS

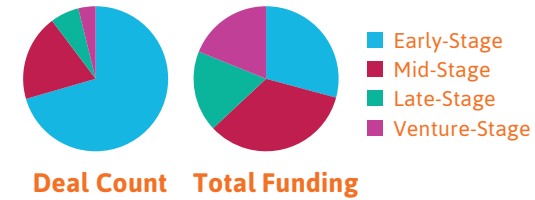
VERSANT
ventures

Navigating the Healthcare System

Most actively funded opportunity in 50+ market at **78 deals** and **\$384M** in funding



2013 Activity



NOTABLE DEALS IN 2013

 \$68.25M Venture Round	 \$40M Series A
 \$4M Series A	 \$2.1M Series A

NOTABLE INVESTORS

 The Heritage Group	 THRIVE CAPITAL
 General Catalyst Partners	 FOUNDERS FUND

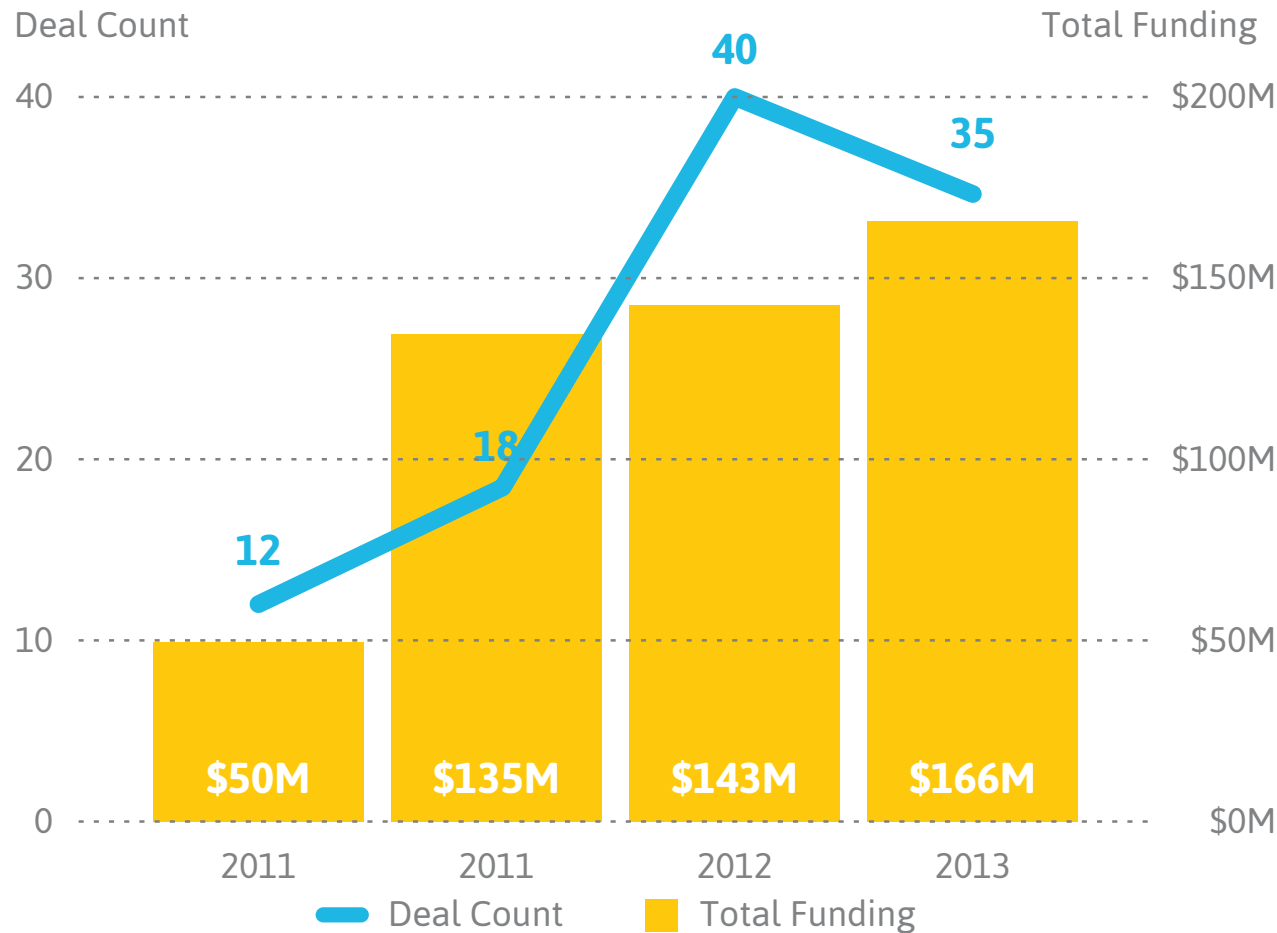
khosla ventures

MARKET FACT*: Fee-based case assistance service and advertising sales will be the two dominant revenue models for the care navigation market

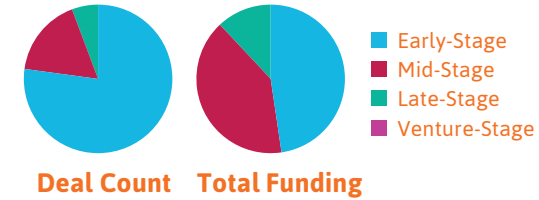
*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

Aging with Vitality

Third highest year-over-year growth in median deal size at **119%**



2013 Activity



NOTABLE DEALS IN 2013



\$31.13M
Series A



\$30M
Series B



\$8.4M
Series C



\$7.45M
Series B

NOTABLE INVESTORS

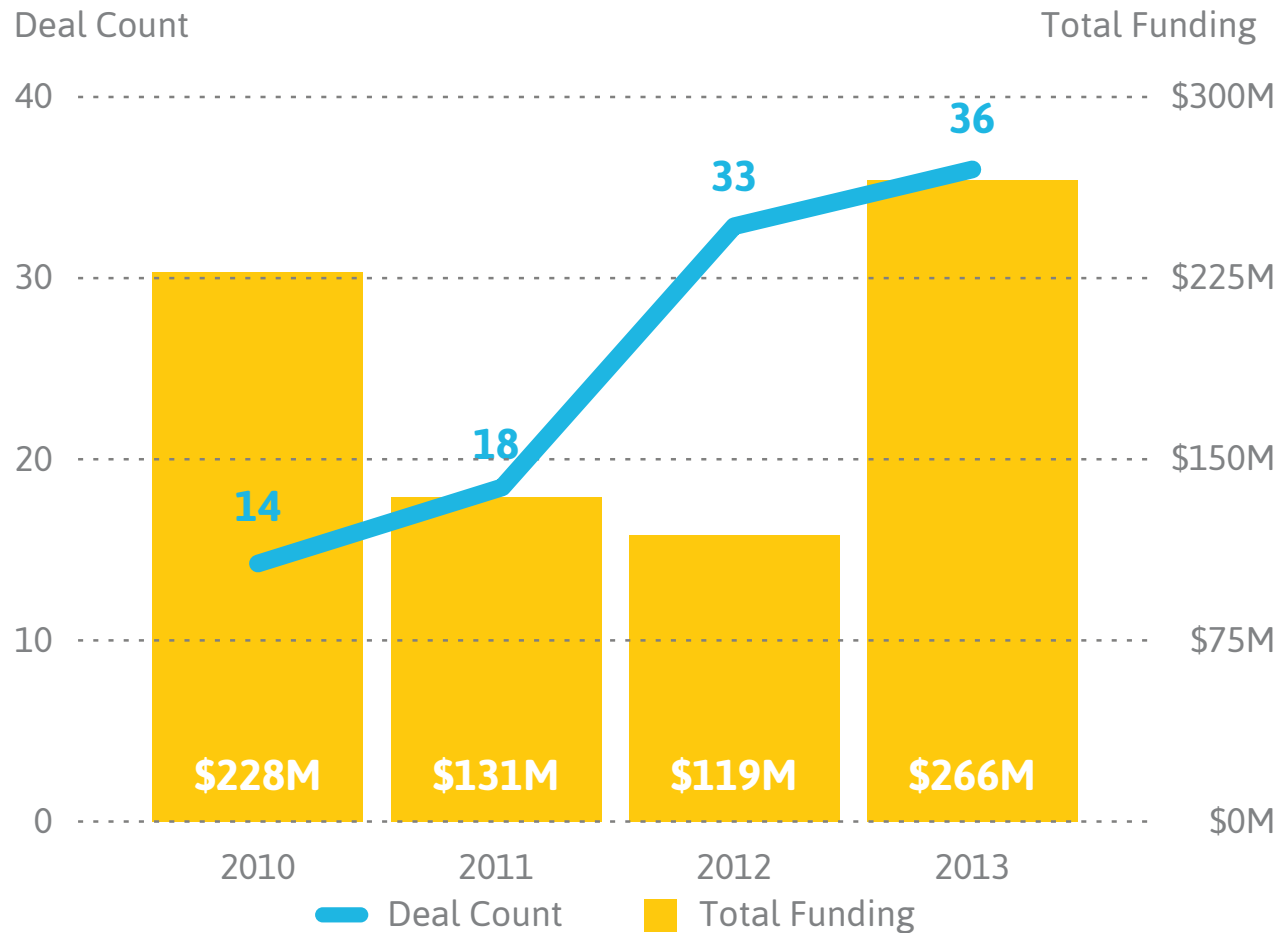


MARKET FACT*: The Affected Population of this market hit **101 million** at the end of 2012 and will reach **113 million** by 2018

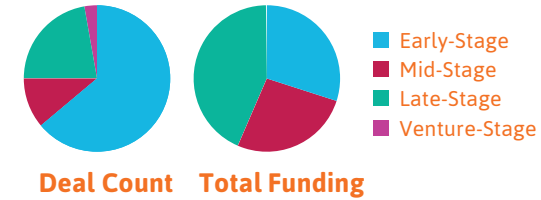
*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

Vital Sign Monitoring

Largest median deal size at \$2.76M



2013 Activity



NOTABLE DEALS IN 2013



\$62.5M
Series F



\$32.19M
Series C



\$18.15M
Series D



\$11.5M
Series B

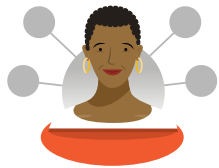
NOTABLE INVESTORS



MARKET FACT*: An estimated 78 million consumers 50+ have at least one chronic condition

*Health Innovation Frontiers Report downloadable at www.aarp.org/50plusinsights

The nine areas present vast emerging market opportunities



SOCIAL ENGAGEMENT

Largest year-over-year growth in median size deal value at **265%**



BEHAVIORAL AND EMOTIONAL HEALTH

Highest proportion of early-stage deals at **94%**



NAVIGATING THE HEALTHCARE SYSTEM

Most actively funded opportunity in 50+ Market at **78 deals** and **\$384M** in funding



MEDICATION MANAGEMENT

Newest market opportunity in 50+



PHYSICAL FITNESS

Second highest number of incubator and seed investments at **19 deals**



AGING WITH VITALITY

Third highest year-over-year growth in median deal size at **119%**



EMERGENCY DETECTION AND RESPONSE

Second highest year-over-year deal count growth at **22%**



DIET AND NUTRITION

Largest year-over-year growth in total funding at **171%**



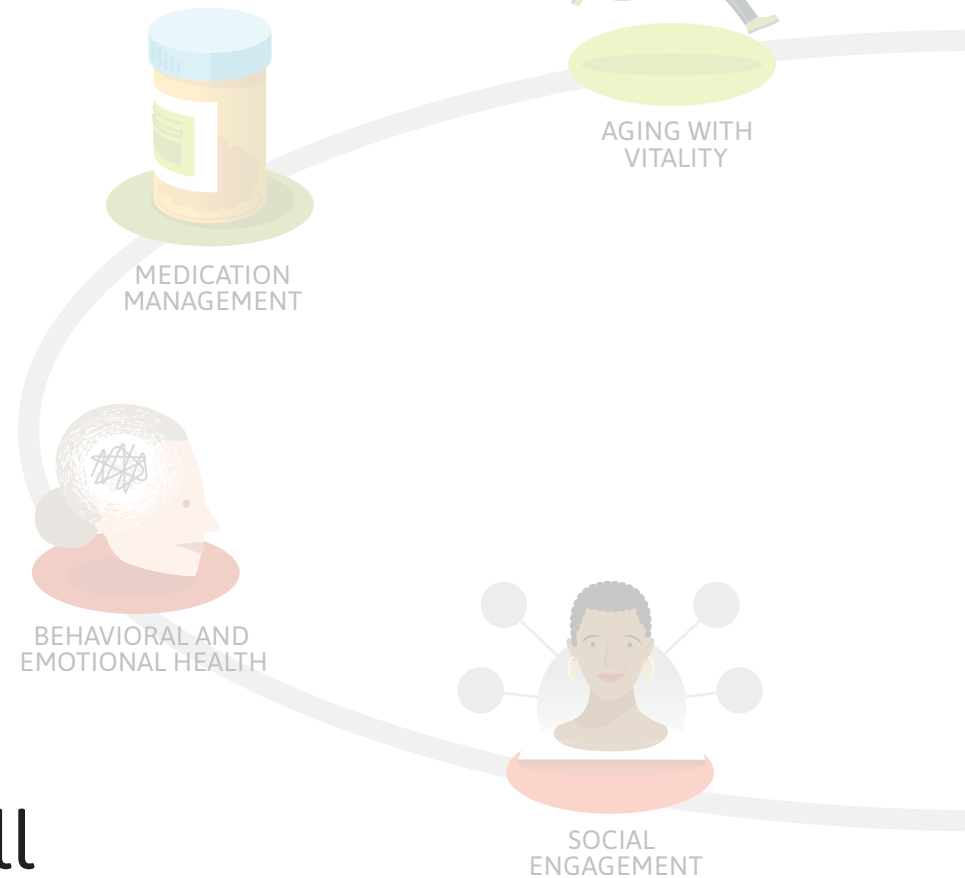
VITAL SIGN MONITORING

Largest median deal size at **\$2.76M**

Vast 50+ Market Opportunities

The nine health innovation frontiers represent a vast and under-addressed market opportunity.

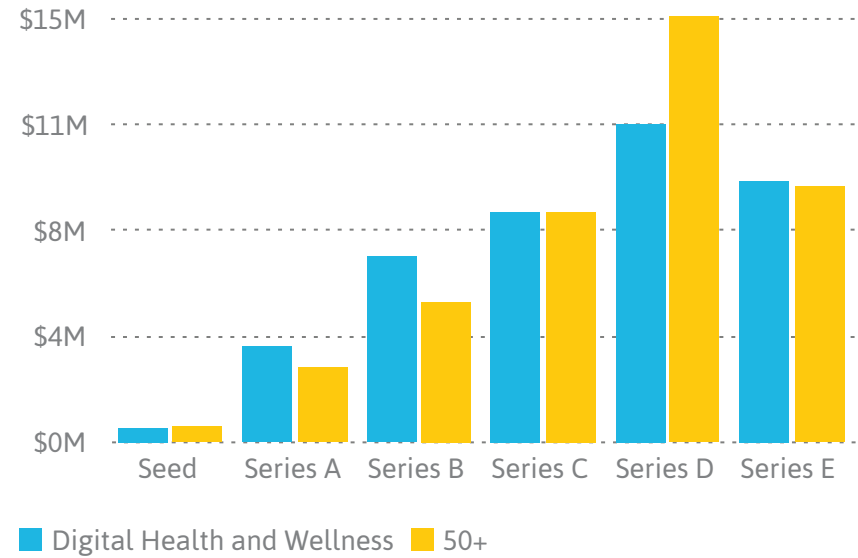
Breakthrough technologies, innovative services, and disruptive business models will benefit more than 100 million people 50+ and represent \$20 billion in revenue by 2018.



Digital Health and 50+ Market Snapshot

MARKET	DEAL COUNT	FUNDING	MEDIAN DEAL
Digital Health & Wellness	429 465 ↑	\$2.03B \$2.29B ↑	\$1.27M \$1.10M ↓
50+	183 203 ↑	\$723M \$928M ↑	\$1.20M \$1.00M ↓

2013 Median Round Size



50+ OPPORTUNITY	DEAL COUNT	FUNDING	MEDIAN DEAL SIZE
Social Engagement	28 26 ↓	\$105M \$142M ↑	\$520K \$1.90M ↑
Medication Management	10 11 ↑	\$6.72M \$7.06M ↑	\$190K \$432K ↑
Emergency Detection & Response	9 11 ↑	\$40M \$23M ↓	\$2.75M \$1.85M ↓
Behavioral and Emotional Health	17 17 →	\$75M \$35M ↓	\$1.09M \$758K ↓
Physical Fitness	32 29 ↓	\$134M \$107M ↓	\$2.56M \$935K ↓
Diet and Nutrition	15 11 ↓	\$23M \$62M ↑	\$1.10M \$1.44M ↑
Navigating the Healthcare System	61 78 ↑	\$268M \$384M ↑	\$1.78M \$750K ↓
Aging with Vitality	40 35 ↓	\$143M \$166M ↑	\$915K \$2.00M ↑
Vital Sign Monitoring	33 36 ↑	\$119M \$266M ↑	\$1.25M \$2.76M ↑

Key: 2012 | 2013

Methodologies

The data presented herein is from StartUp Health Insights, which was gathered from public non-grant funding information from SEC filings, company press releases, CrunchBase, AngelList, and other news sources as of November 21, 2013. The data spans from January 1, 2010 through September 30, 2013.

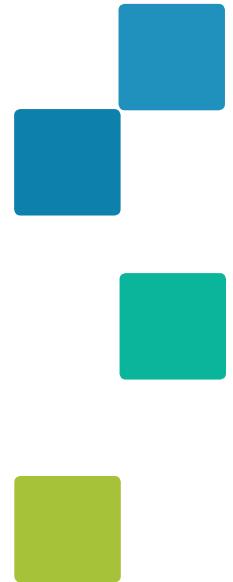
The funding stages are categorized as follows:

Early-Stage: Incubator, Seed, & Series A

Mid-Stage: Series B & C

Late-Stage: Series D, E & F

Venture-Round: Stage not disclosed publicly



The 50+ health investment sector, as defined by AARP, is comprised of the following market opportunities and some of their respective needs that are addressed:

MARKET OPPORTUNITY	EXAMPLES OF NEEDS ADDRESSED		
Social Engagement	Staying connected socially	Keeping mobilized	Stimulating intellect
Medication Management	Managing multiple medications	Preventing in-home accidents	Sharpening memory
Emergency Detection & Response	Detecting falls	Sending alerts when lost	Preventing in-home accidents
Behavioral and Emotional Health	Stress reduction	Receiving divorce/grief support	Managing life phase transitions
Physical Fitness	Improving muscle strength	Age-appropriate exercise	Maintaining healthy weight
Diet and Nutrition	Eating healthy and portion control	Maintaining a healthy weight	Reducing bad cholesterol
Navigating the Healthcare System	Managing healthcare costs	Evaluating quality of care	Plan for end of life care
Aging with Vitality	Aiding in memory and cognition	Improving or aiding vision	Improving or aiding hearing
Vital Sign Monitoring	Keeping blood pressure in range	Detecting skin problems	Improving sleep quality

Some deals (slides 9-17) may represent more than one sector, and as such, may be included in multiple categories. However, neither the aggregate data on the “digital health and wellness” industry (slides 1-2) nor the “50+” industry (slides 4-7) include double counting.

About



AARP's vision is to stimulate innovation and entrepreneurship in the market place around breakthrough products, experiences, and business models for health technologies benefiting the 50+ market.



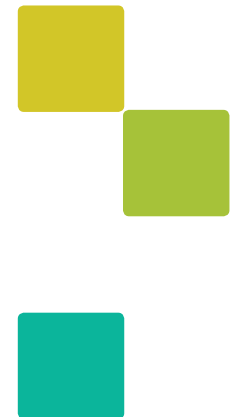
Startup Health, a global startup platform to accelerate health and wellness innovation, represents a new model for helping entrepreneurs succeed in the health sector. StartUp Health is on a mission to inspire, educate, and provide access for 1,000 digital health startups to reimagine and transform healthcare by 2020.



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