

Digital health funding hits \$15B in the first half of 2021

Article

Data dump: Global venture capital funding for digital health totaled **\$15 billion** in the first half of 2021—driven largely by telehealth investments, which accounted for about **30%** of all digital health funding in H1 2021, [according to](#) a new report from Mercom Capital Group. That's a **138%** increase in funding activity compared with the **\$6.3 billion** raised in H12020. Digital health funding so far this year already far surpasses all digital health funding from

2020—and it's the largest amount raised in a single year since 2010 (when the Affordable Care Act was passed, sending a wave of investments into innovative health ventures).

Telehealth companies brought in over 105 deals—a **147%** rise compared with last year's **\$1.7 billion** raised across 79 deals. Telehealth was the largest area of digital health investments (\$4.2 billion), followed by wellness (**\$1.7 billion**), mobile health apps (**\$1.6 billion**), analytics (**\$1.5 billion**), and clinical decision support (**\$1.1 billion**).

A breakdown of some of the most notable funding hauls:

- **Ro reeled in a whopping \$500 million in March.** The direct-to-consumer (D2C) telehealth company has an aggressive expansion plan underway—it wants to expand its in-home offerings, build more pharmacy distribution centers, and grow its in-house network of providers.
- **Hinge Health raised \$310 million in January**—boosting it to a \$3 billion valuation.
- **Capsule captured \$300 million in April**, which it's using to build out a one-stop shop online marketplace for D2C digital health solutions (in addition to its existing digital pharmacy business).
- **Lyra Health raised \$200 million in June**, catapulting its valuation to \$4.6 billion and setting itself on a trajectory to expand its telemental health platform internationally.

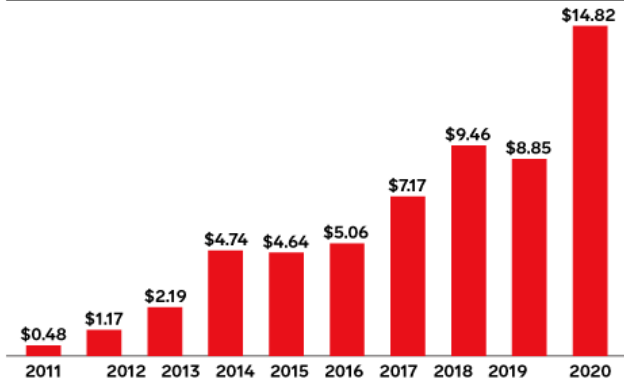
Why this isn't so surprising: Investments in D2C telehealth are breaking records even as telehealth utilization drops off.

- **Telehealth use is plateauing:** It fell **37%** from its pandemic high to the end of Q12021, per Trilliant Health's analysis of **70 billion** medical claims data representing over 300 million patients across the US.
- **But telehealth use is still 38 times higher than before the pandemic**, according to a recent McKinsey report.

And consumer interest is holding strong: About **40%** of consumers say they'll keep using telehealth, which is up from the **11%** who used it before the pandemic. Moreover, **40% to 60%** say they're interested in broader telehealth solutions, per a June 2021 McKinsey Consumer Health Insights survey.

Digital Health Venture Capital Funding Worldwide, 2011-2020

billions



Note: includes private equity and corporate venture capital; 615 deals in 2019; 637 deals in 2020

Source: Mercom Capital Group, "Digital Health Funding and M&A: 2020 Fourth Quarter and Annual Report" as cited in the company blog, Jan 11, 2021

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