



## QUARTERLY REPORT

# INVESTMENT Q2 2016

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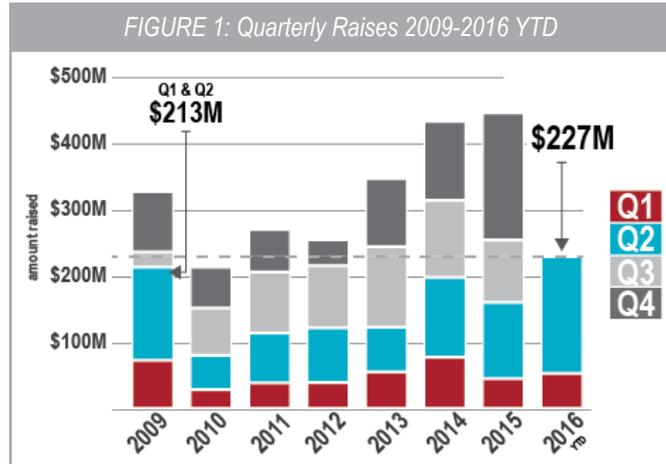
And Sustaining Members:



# Record \$227M Raised in First Half of 2016

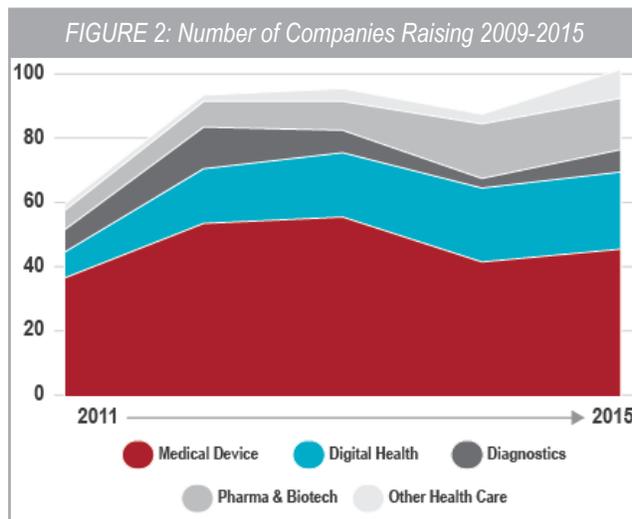
*Digital Health explosion adds to Medical Alley's historical strengths to secure record high \$227M in investment capital.*

**M**innesota's Medical Alley continues to define the health technology market for investors. Investment in health technology in Minnesota is up 75% over the past 4 years, including a record level of \$445M in 2015. 2016 is already demonstrating that the trend of increased investment is continuing. In the first half of this year, 64 Medical Alley companies raised a record high of \$227M in investment, beating the previous high of \$213M set in 2009 (figure 1). Q2 was particularly strong, closing at \$174M, second only to Q4 2015 (\$191M).



The growth is being driven by an increasingly diverse health technology industry (figure 2). While the medical device sector remains a dominant global player and strong investment continues (2016 second-highest half in last 5 years), for the first time digital health attracted the largest share of Q2 dollars.

The current landscape features significant new investments in the digital health sector highlighting the increasing convergence of health technologies and the expertise in Minnesota's Medical Alley. Over the past four years, investment in digital health companies has increased from \$18.4M in 2012 to more than \$102M in the first half of 2016 alone (table 1).



The increasing dollars going into the digital health sector reflect the strong and growing pipeline of deal flow coming from the region. In the first half of 2016, 19 companies secured funding and 50% of them raised \$1M or more, up 80% from the first half of 2015. Notable financings include **Bright Health's** \$80M raise and a follow-on round by **Retrace Health** (\$6.5M).

TABLE 1: Digital Health Raises 2009-2016 YTD

	2009	2010	2011	2012	2013	2014	2015	2016 (ytd)
# of companies	8	8	8	17	20	23	24	19
total raised	\$26M	\$19M	\$40M	\$18M	\$29M	\$43M	\$70M	\$102M

Increased investments in Minnesota digital health companies correlates to a growing list of successful exits and returns for investors. The acquisition of **Bloom Health** is the most recent addition to the list of successful exits that includes **Ability Network** (\$550M), **Preventice** (\$230M), **Cardiocom** (\$200M), and **Corventis** (\$150M). In just the last few years, Minnesota digital health companies have delivered more than \$1.38B in exits.

Healthcare evolution, consolidation, business model innovation and integration of new service offerings will continue to fuel M & A activity in multiple health technology sectors for the foreseeable future. With significant investment increases, Medical Alley continues to demonstrate growth and value throughout the healthcare marketplace and strong returns for investors.

For a full look at investment in Minnesota's Medical Alley visit:

<https://www.medicalalley.org/library/research/quarterly-investment-report-q2-2016/>

The Medical Alley Association serves the individuals and organizations that comprise Minnesota's health industry by influencing policy, fostering connections and providing critical intelligence to improve the quality of health around the world.

#### About our investment reports:

Medical Alley investment reports provide a comprehensive analyses of fundraising done by Minnesota-based health technology (drug, device, diagnostic and digital health) companies. A summation of equity investments including seed, angel, strategic, debt, public offerings and venture capital, it provides market intelligence for corporate development teams, venture investors, startups and policy makers. Now in its third year of publication it is widely recognized as the most complete analysis of health technology investment in Minnesota. Investment data is collected from the SEC, Evaluate Medtech, company press releases, disclosures and public filings, Minnesota Department of Employment and Economic Development (Angel Investor Tax Credit Report) and other sources. Duplicate data has been removed to arrive at the above numbers. While data may be available in public sources, Medical Alley does not release the list of companies that have raised money unless an individual firm has first made its own public announcement.