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VC funding in Healthcare IT dips in Q1: Report

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Venture capital (VC) funding in the Health IT / Digital Health sector across the globe has dropped by about 35 percent, coming in at $784 million in 142 deals compared to $1.2 billion in 134 deals in Q4 2014, says a report by Mercom Capital Group.

Announced debt and public market financings in the sector amounted to $975 million in seven deals in Q1 2015 including one IPO, bringing the total corporate funding raised in the sector for Q1 2015, to almost $1.8 billion.

Health IT / Digital Health companies have now raised almost $10 billion in VC funding since 2010, the report stated.

"Funding fell across the board with the exception of Mobile Health (mHealth), which was the bright spot this quarter. There was also significant M&A activity in the first quarter for mhealth companies. We have already seen 10 M&A transactions in Q1 compared to 21 in all of last year, which bodes well for exits in Mobile Health," said Mr Raj Prabhu, CEO and co-founder, Mercom Capital Group, in a statement.

As per the report, Healthcare practice-centric companies raised $347 million in 44 deals in Q1 2015 compared to $568 million in 43 deals in Q4 2014. Areas that received the most funding under this category were Data Analytics companies with $92 million, Data Warehousing companies with $70 million, Health Insurance Exchange companies with $38 million, EHR/EMR companies with $36 million, and Practice Management Solutions companies with $34 million.

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Consumer-centric companies raised $437 million in 98 deals this quarter compared to $643 million in 91 deals in Q4 2014. Mobile Health companies continued to attract the most VC funding bringing in $282 million in 56 deals, most of which went to mHealth Apps with $220 million. Telehealth companies secured $65 million while Rating and Comparison Shopping companies brought in $47 million.

In India, Practo, a developer of a physician search engine closed $30 million (Rs 187 crore) in Series B funding from Sequoia Capital and Matrix Partners, during the January-March quarter 2015.

Other deals in the country included $300,000 (Rs 1.86 crore) raised by eKincare, an online and offline platform that enables monitoring critical medical information.

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