

# Apple, Google, VCs invest in health technology

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It's no coincidence that archrivals Apple and Google launched competing software initiatives this summer for wearable gadgets that track fitness and health.

Health technology is hot in the Bay Area, where some of the biggest tech companies and a swarm of startups are working on everything from doctor-recommendation apps and video diagnostic services to data-crunching analytics and cutting-edge DNA sequencing.

Hoping to capitalize on the power of mobile computing, artificial intelligence and new analytics software - as well as new laws and the sense that a bloated [health care](#) industry is ripe for new efficiencies - venture capital firms and big tech companies are pouring vast sums into new medical technology.

The pending "collision of new technology and the life sciences" will bring radical change to "what health care means and what it looks like, in the next 20 years," said Bill Maris, managing partner of Google Ventures, the Internet giant's in-house investing arm.

Some entrepreneurs want to change the way people interact with doctors and insurance companies. Others believe they now have the tools to unlock the genetic secrets of health and serious disease, and to identify effective treatments by analyzing mountains of data. And some just want to help you lose a few pounds.

In just the first six months of 2014, investors put a record \$2.3 billion into digital health startups - or slightly more than the \$2 billion invested in all of 2013, according to a survey by Rock Health, which funds health tech companies.

Health companies are also hot on Wall Street: The Ipreo research firm counted 52 initial public offerings in the first half of 2014, compared with 53 in all of last year.

Some of the valley's commercial tech giants have dabbled in health before. Intel has long promoted its processors for specialized devices that monitor patients at home and in clinical settings. Hewlett-Packard has sold commercial computer systems tailored to the needs of hospitals and biotech labs. IBM has studied [public health data](#) at its San Jose research lab.

Now, major tech companies are seeing gold in new consumer health products.

At its annual developer conference in June, Apple introduced a new "Health" app for tracking a user's heart rate, sleep patterns, calorie intake and other health metrics. Apple also launched "Health Kit," an Internet platform for app developers that can store data from different devices and share it with a user's doctor or health system. Three weeks later, Google announced its own initiative, called "Fit," which includes developer tools and an online platform for collecting data.

Google co-founders Larry Page and Sergey Brin also have a long-standing interest in health research. Google Ventures is a longtime backer of 23andMe, the personal genetics startup led by Brin's wife, Anne Wojcicki. While that firm has run into regulatory hurdles, Google launched a spinoff company last fall with the ambitious aim of combating "aging and associated diseases" on a cellular level.

Meanwhile, researchers at Google's secretive X division are working on wearable medical devices, including a "smart" contact lens that monitors a wearer's glucose level. The same team is building a database of genetic and molecular information from healthy volunteers, which they hope to analyze for useful medical knowledge.

Google Ventures is backing at least a dozen other life science companies, ranging from Doctor on Demand, a consumer service that arranges online video consultations, to Flatiron Health, which is hoping to mine useful information from digitized data collected by cancer-treatment providers and researchers.

Data-driven medicine is a key element of the Affordable Care Act, the federal law that implemented President Barack Obama's health care reforms, which experts say is a major force behind the boom in new health technology. At Rock Health, managing director Malay Gandhi said he's seen the impact in two ways:

First is the wave of new online startups that provide ratings and information or help consumers find health-related services in new ways. These include startups such as San Francisco's Stride Health, a Web service that compares and recommends insurance plans, and Studio Dental, which describes itself as an "Uber for your teeth" because it lets users make appointments online with a dentist who comes to their workplace with a fully equipped van.

Second, Gandhi said, the law provides powerful financial incentives for doctors and hospitals to show the effectiveness of their care, which is sparking demand for new software to track and analyze patient data. Currently, experts believe as much as a third of health spending in the United States is wasted or unnecessary, said Ed Yu, a health industry expert at PricewaterhouseCoopers.

In yet another trend, Yu said he's seeing a wave of new Bay Area startups that help drug retailers and other companies operate "social listening" websites, where patients and their families can share information with others who are affected by a particular disease.

Surveys show many consumers still have reservations about sharing health information online. The Federal Trade Commission has also raised concerns about health apps sharing data with advertisers or other third parties.

But tech companies are working on that, too. Mountain View, Calif., startup TrueVault makes software that helps app developers meet privacy and security standards required by federal health law.

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## HEALTH TECH FUNDING

Venture capitalists poured a record \$2.3 billion into digital health companies during the first half of 2014, according to a report by startup accelerator Rock Health, which identified six major types of health technology being funded:

- Digital medical devices (\$206 million)
- Data collection and analytics (\$196 million)
- Consumer tools for buying health care or insurance (\$193 million)
- Software to help providers track patients' [health](#) and treatment effectiveness (\$162 million)
- Software for tailoring treatment to patients' genetic information (\$150 million)

million)

Source: Rock Health 2014 Midyear Digital Health Funding Update

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