

The Bet Is On Digital

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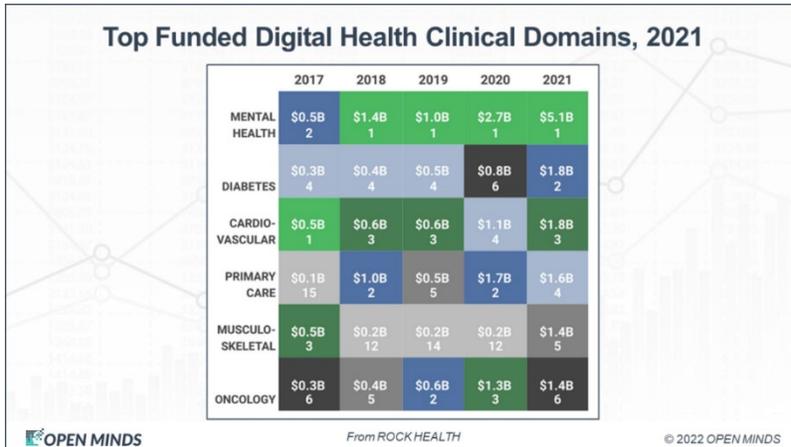
The numbers are in for 2021 investments and the odds-on bet is that digital health will continue to grow and stay hot. That was my takeaway reading the just-released report, [2021 year-end digital health funding: Seismic shifts beneath the surface](#) from Rock Health. Digital health investments exceeded 2020 levels by July of last year, with total funding of U.S.-based digital health startups amounted to \$29.1 billion across 729 deals, with an average deal size of \$39.9 million.

Investments in technology for treatment grew 2.5 times year over year, with a focus on prescription digital therapeutics. The record funding totals were driving by 88 mega deals (rounds of \$100 million or more), which brought in \$16.6 billion, or 57% of the year's total. Top of the list were Noom, Ro ([\\$500M](#)), Mindbody, and Commure. 2021 saw an average of nearly 23 digital health exits via merger or acquisition each month, almost double 2020's monthly average of 12.

Once again, behavioral health was in the top spot, raising \$5.1 billion in investment, \$3.3 billion more than any other clinical indication and double the 2020 total of \$2.7B. Those investments were driven by the integration of mental health services into broader platforms and the rise of virtual options for intensive mental and behavioral health needs. Think companies like Lyra Health, NOCD, and Equip Health. For some of our recent coverage of these players, check out these articles in the *OPEN MINDS* Industry Library:

- [Pear Therapeutics Acquires Two New Digital Therapeutic Technology Assets Addressing A Comprehensive Spectrum Of Depression Conditions](#)
- [FDA Grants AppliedVR Approval For First Virtual Reality Therapeutic To Treat Chronic Low Back Pain](#)
- [Lyra Health Raises \\$235 Million, Will Fuel International Expansion](#)
- [NOCD Raises \\$33 Million To Expand Its OCD Telehealth Treatment Platform](#)
- [Behavior Change Digital Health Company Noom Raises \\$540 Million, Planning To Expand Into Diabetes & High Blood Pressure Wellness Coaching](#)

- [Ro Raises \\$500 Million In Series D Funding To Expand Its Vertically Integrated Primary Care Platform](#)
- [Commure Receives \\$500M In Funding For Health Software](#)
- [Mindbody Completes Acquisition Of ClassPass](#)



The prediction is for continued acceleration in digital health investments for a number of reasons. The proportion of consumers using digital health appear to be 'stable'. 73% of telemedicine users expect to continue using telemedicine at the same rate or higher in the future (see [Rock Health's 2021 Digital Health Consumer Adoption Survey](#)). Provider organizations are continuing to offer virtual care options—in fact, 60% of physicians plan to continue offering care through telemedicine even after the pandemic (see [Responding to COVID-19 shattered preconceptions of what it takes to create a digital-first health experience](#)). And investors appear to be stable—new and repeat investors are about the same, and big tech players are investing the space.

For any behavioral health and primary care provider organization, the continual investment and growth in digital care speak to the coming digital revolution in treatment services. As I think about this pending transformation, my one observation is that there probably hasn't been a similar treatment transformation in the mental health space since the introduction of the first anti-depressants and antipsychotic medications.



Executive teams need to consider their own digital transformation—how to integrate these emerging digital treatments into their service delivery system—and how to develop a business model that reimburses for these digitally infused services. The pandemic moved the needle forward with telehealth, but adaptation is not transformation. The key is to understand the market drivers and integrate digital tools across the organization.

Understand the market drivers. Digital transformation means something different to consumers and to health plan managers. Understanding their needs, wants, gaps in care, and cost drivers is key. With that understanding it is possible to leverage technologies to solve specific problems in the market.

Integrate digital tools across the organization. To succeed in the future market landscape, executive teams need to focus on how best leverage technology across the organization. Historically, automating ‘back office’ services has been more common—finance, human resource management, inventory, and more. The bigger challenge is rethinking the consumer interface with a provider organization—and getting better performance at a lower cost by leveraging technology from the first appointment, in assessment, in service delivery, and in post care.

For more resources on digital therapeutics and strategy, check out these resources from the *OPEN MINDS* Industry Library:

- [The Unicorn Next Door](#)
- [The Virtual Care Team In A Pocket?](#)
- [Treatment = Talk+Pharma+Digital](#)
- [AI, Digital Therapeutics, Chatbots, Schedulers...New Health Care Technologies Within Your Reach](#)

- [Digital Therapeutics For Behavioral Health: Anytime/Anywhere Health Care](#)
- [Supercharging The Workforce With Digital Therapeutics](#)
- [Why Are Digital First Mental Health Companies So Popular?](#)
- [Managing The 5%](#)
- [Person-Centered Care – Better With Tech?](#)
- [The Addictions Treatment Market: Demand, Digital, Investment, & Expansion](#)