DISCERNMENT IN A DIGITAL HEALTH “GOLD” RUSH

Jessica A. Zeaske – Managing Partner – Echo Health Ventures
July 28, 2022
Audience Reminders

- Play along on social media using any of the following on Twitter:
  - MHDC: @mahealthdata
  - Speaker Name: @JessicaZeaske
  - Speaker’s Organizational Affiliation Name: @HealthEcho
  - Event hashtags: #mhdcechovc
- All attendees will be muted during the presentation
- Submit a question by typing it into the Question Pane at any time
- Provide feedback through our electronic survey following the webinar
Introductions

Jessica A. Zeaske, MHS, PhD, MBA

As a Partner at Echo Health Ventures, Jessica A. Zeaske, PhD, MBA, identifies and invests in emerging and growth stage companies for Echo in the tech-enabled services, insurtech, and digital health sectors. She is a seasoned venture capitalist and board leader having worked at independent, corporate, and university funds and written dozens of investment themes over the years.

Jessica currently serves on the Boards of Genome Medical, Eleanor Health, Heartbeat Health, Ideon, Wildflower Health, and Avalon Healthcare Solutions, and is a Board Observer at Abacus Insights.

Outside of Echo, Jessica serves on the Board of CareQuest Institute for Oral Health, a non-profit seeking to improve oral health for all, is a Trustee for Boston Medical Center’s Exceptional Care Without Exception Trust, is an Advisory Board member for Boston Children’s Hospital, and is a member of the National Association of Corporate Directors.

Jessica lives in Boston with her husband and three children and enjoys having a kindle full of good books and a passport full of stamps.
Overview: From the Venture Capitalist’s Seat...

Introduction / Overview of Echo Health Ventures

Status of VC and the digital health sector

Discussion:

• How does an investor approach health care deals that involve data? (which is all of them).

• What diligence is done in deals?

• How is valuation determined?

• How should a team prepare?

• How does a company increase its chances of being acquired?
Echo Health Ventures Overview

Our Mission:

To invest, build, and grow transformative health care companies through a unique, industry-leading corporate investment platform that drives financial and strategic value for our Alliance Members.
Overview

About Us
- Echo invests on behalf of its Alliance members, Cambia Health Solutions, Blue Cross North Carolina (BCNC), Blue Cross and Blue Shield of Tennessee and Arkansas Blue Cross and Blue Shield (ABCBS), in companies that catalyze health care transformation to improve outcomes, reduce overall cost, and improve quality.
- Founded in 2016 as a joint venture between Cambia Health Solutions and Blue Cross North Carolina.
- Access to over 10 million members lives.

Our Model
- We invest in companies that support and accelerate our Alliance Members’ strategic priorities and deliver financial returns.
- We build deep, collaborative relationships at all levels of the organizations we serve.
- Decision-making prioritizes the voice of the Alliance at each step in the investment process.

Investment Process
Our investment process leverages Alliance members’ perspectives at each step:
- **Sourcing:** Their strategic priorities inform our sourcing strategy.
- **Diligence:** Subject matter experts inform our diligence.
- **Approval:** Review and approval from Alliance Members is required for every investment.

Echo Insights
- We develop deep market insights through deal diligence, external networking, Alliance learnings and market evaluations.
- Incorporating the perspectives of our Alliance Members into these insights serves two purposes:
  1. Drive Echo’s sourcing and investing strategy.
  2. Inform Alliance Members’ strategic and tactical approach.
Echo Health Ventures 2022 Priorities

- Behavioral Health Solutions
- Pharmacy Triple Aim
- Novel Care Delivery Models
- Condition-Specific Care for High Unmet Needs
- Precision Health with Payer Value Proposition
- Population-Specific Solutions
- Consumer Financial Wellbeing
- Insurance / Benefits Design, Distribution
- Member / Customer Service & Engagement
- Payer Administrative Simplification
- Data & Analytic Platforms for Payers
- Platforms to Manage High-Cost Areas
## Investments

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<th>Amwell</th>
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| Wildflower | }
2021 Numbers

Continuing the long-term expansion of the venture landscape, 2021 registered massive capital-invested numbers, which outpaced the long-term trend each month in 2021...

Monthly VC deal activity and trend adjusted Z-score

Source: PitchBook | Geography: U.S.
*As of February 28, 2022
2022 Numbers So Far

Capital investment tempers in Q2 as caution enters VC
Quarterly US VC deal activity by stage

PitchBook-NVCA Venture Monitor
*As of June 30, 2022
Additional VC Trends in 2022

Dry powder continues to climb to new heights on the back of record fundraising

US VC capital overhang

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<thead>
<tr>
<th>Year</th>
<th>Overhang by vintage</th>
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<tr>
<td>2012</td>
<td>$72</td>
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<tr>
<td>2013</td>
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<tr>
<td>2020</td>
<td>$234</td>
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<tr>
<td>2021</td>
<td>$290</td>
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VC-backed IPOs sustain YTD underperformance

US VC IPO index

- VC IPO indexed value
- Morningstar US SMID Brd Grt Ext indexed value

*As of June 30, 2022

PitchBook-NVCA Venture Monitor
Digital Health VC Trends

U.S. DIGITAL HEALTH FUNDING AND DEAL SIZE
2012-H1 2022

TOTAL VENTURE FUNDING

$0B $10B $20B $30B


$1.6B $2.1B $4.5B $4.8B $4.7B $6.0B $8.6B $8.1B $14.7B $29.1B $736 $10.3B $329

AVERAGE DEAL SIZE

$10.8M $10.7M $15.2M $14.7M $13.5M $15.9M $21.7M $19.6M $30.6M $39.5M $31.2M

Note: Includes U.S. deals <$7M; data through June 30, 2022
Source: Rock Health Digital Health Venture Funding Database

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Massachusetts Health Data Consortium
Discussion

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- What diligence is done in deals?
- How is valuation determined?
- How should a team prepare?
- How does a company increase its chances of being acquired?
To submit a question, type it into the Questions Pane at the right of your screen, at any time.
Thank you for participating in today’s webinar

Please take a moment to complete the brief survey.
Your feedback is very important to us.