



Hot Life Sciences Startups: Friends, Foes, and Frenemies in the Innovation Ecosystem

Healthcare and Life Sciences ITS
Annual Report – March 2017 – Preview Deck

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Overview and abbreviated summary of key messages

This report provides a comprehensive assessment of the life sciences startups landscape. It delves deep into factors such as the ways in which the startups disrupt the status quo of the current life sciences business models, degree of technological involvement, and the value it brings to stakeholders across the life sciences value chain. The report also profiles leading startups across the three principal investment categories.

Some of the findings in this report, among others are:

Life sciences: A market longing for digital innovation

- Regulatory pressures, growth slow-down, cultural baggage, and growing consumerism have increased the need for innovation in the life sciences industry
- Industry stakeholders are trying to transform their business model in line with these changing dynamics
- Life sciences firms are also responding by investing in next-generation technology such as analytics, cloud-computing, automation, and artificial intelligence

Hot life sciences startups: Key players driving disruption

- In spite of a sharp drop in global startups investments, healthcare and life sciences companies performed significantly better than their peer industries. Despite a moderation in overall funding, niche therapeutics within life sciences continue to attract more investment
- Technology-powered startups within the drug research and medical devices areas received the most funding in 2016. Drug discovery / product development, clinical & pre-clinical trials, and sales & marketing comprise the key categories in the life sciences ecosystem

Investment focus: Assessment of key investment categories

- **Drug discovery / product development:** Applications, solutions, and platforms that help biopharmaceutical companies to speed go-to-market cycles. These includes cloud labs, analytics-driven systems, IoT, and RPA. The category also involves applications /systems focused on new product development in the medical devices segment
- **Clinical and pre-clinical trials:** Applications that help biopharmaceutical and medical devices organizations to efficiently manage trial processes. They primarily leverage business intelligence, cloud computing, artificial intelligence, and analytics tenets to deliver accurate trial results
- **Sales and marketing:** Applications and platforms that deliver decision support solutions to life sciences sales representatives. These applications help them to drive their sales targets. Primary technologies used are analytics, cloud computing, and mobility

Hot life sciences startups | Leader board

Startups in the drug discovery / product development space address a variety of industry needs. To be able to provide a fair representation of the wide gamut of use cases, we have chosen ten leading players in this segment to providing a holistic view of the market segment

Drug discovery / product development



DNAexus



GNS HEALTHCARE



Clinical and pre-clinical trials



Sales and marketing



This study provides a deep dive into life sciences startups landscape; below are few exhibits to illustrate the depth of the report (page 1 of 2)

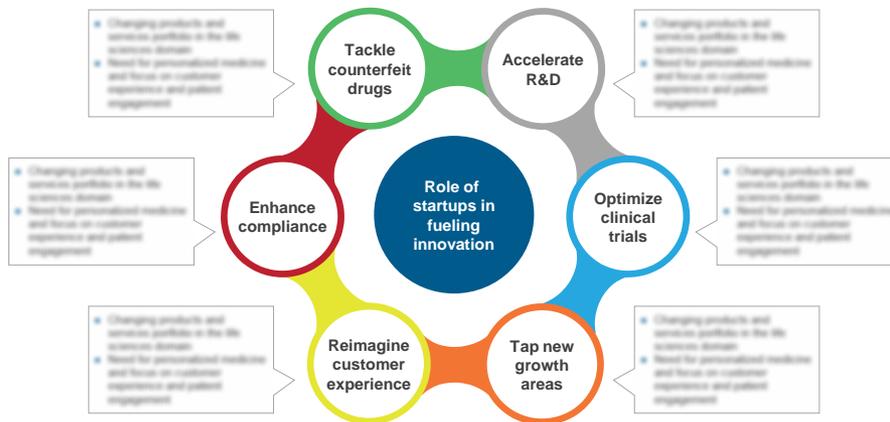
Challenges facing life sciences companies



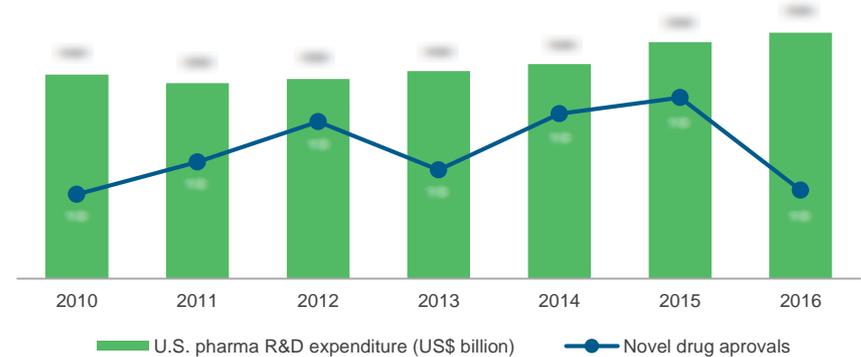
Key takeaways



Role of startups in fueling innovation



U.S. pharma R&D expenditure vs. novel drug approvals

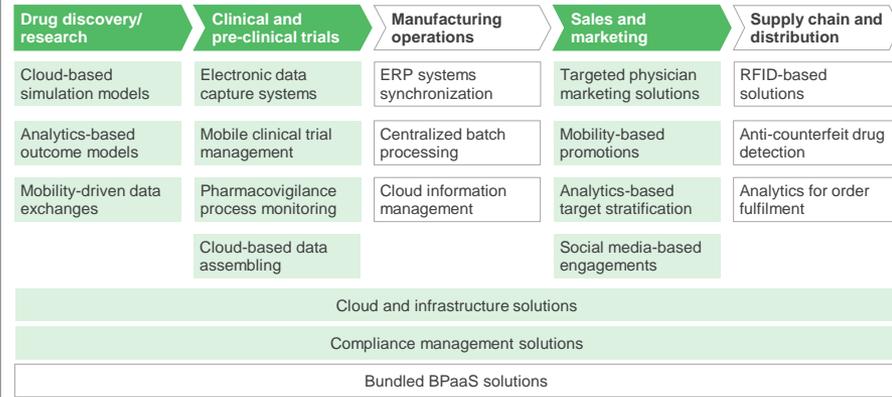


Source: Everest Group (2017)

This study provides a deep dive into life sciences startups landscape; below are few exhibits to illustrate the depth of the report (page 2 of 2)

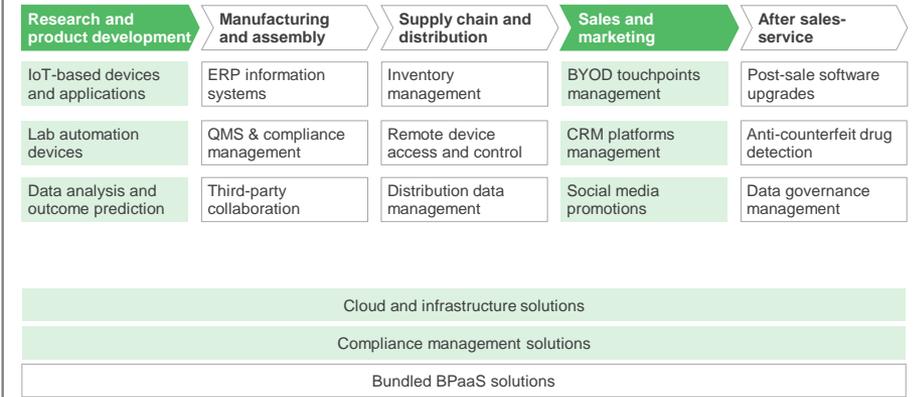
Digitalization of pharmaceuticals and biotechnology value chain

Areas where startups are focused



Digitalization of medical devices value chain

Areas where startups are focused

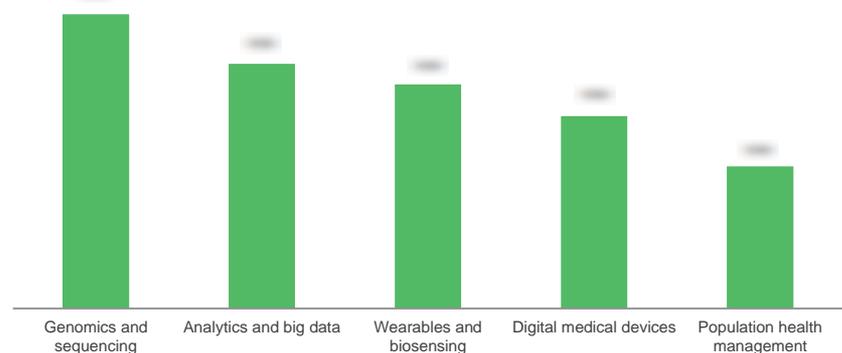


Key life sciences startups investment focus areas



Investments in life sciences startups, by category

US\$ million, 2016



Source: Everest Group (2017)

Profile Sample: Startup A

An integrated clinical platform for care management

Overview

Business description: The company integrates cloud computing and bioinformatics to create a genomic medicine platform. The aim is to help companies achieve an accelerated medicine discovery. Core value proposition is around security, scalability, and collaboration.

Fact sheet

Year of incorporation	2007
Key executives	<ul style="list-style-type: none">• XX• YY• ZZ

Funding trail – Total funding US\$XYZ million



There were four rounds of funding from nine investors. Key investors are Claremont Creek Ventures, GV, and First Round.

Technology disruption

- The company leverages cloud computing expertise in genomic medicine discovery
- It has an open API and Javascript toolkit to integrate applications

Business disruption

- The platform helps biopharmaceutical companies to migrate local research and development pipeline to its cloud platform and delivers an end-to-end support
- The platform works with genotypic and phenotypic datasets to support genomic analysis, data management, and networking. It also enables scientists and researchers to mine data sets, perform analysis, and share results in a secured manner

Market buzz

- In November 2016, Stanford Center for Genomics and Personalized Medicine improved technology partnership between A and Microsoft to support data management and genomic analysis
- In 2016, A entered into an agreement to adopt GNS Healthcare's Causal Machine learning platform to accelerate value-based and precision medicine development

HLS IT services research calendar

Published
 Current

Topic

Release date

IT Outsourcing in Healthcare Payer Industry – Service Provider Profile Compendium 2015	June 2016
Life Sciences IT Infrastructure Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	July 2016
Hot Healthcare Start-ups: Dawn of a New World Order	August 2016
Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 2016
Life Sciences Digital IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 2016
Healthcare Payer IT Services: Outsource (Offshore) or Perish	September 2016
Healthcare Payer IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	October 2016
Medicare/Medicaid Version 2.0: Exploring the Next Growth Wave in the Market	November 2016
The Big Bang MACRA-economic Theory of Provider IT Transformation	November 2016
EHR IT Services in Healthcare Provider Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016
Healthcare Provider IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016
Transition from Obamacare to Trumpcare	December 2016
Addressing Payer Costs through a Comprehensive Model	December 2016
Customer (Dis)satisfaction: Why are Enterprises Unhappy with their Service Providers	January 2017
Exploring GICs in the Life Sciences Industry	February 2017
Internet of Things (IoT) in Medical Devices	March 2017
Hot Life Sciences Startups: Friends, Foes, and Frenemies in the Innovation Ecosystem	March 2017
Payer Annual Report 2017: Focus on Payer Automation	Q2 2017
Life Sciences IT Application Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q2 2017
Life Sciences Clinical R&D Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q2 2017

Additional HLS IT services research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

- 1. Hot Healthcare Start-ups: Dawn of a New World Order** ([EGR-2016-12-R-1882](#)); August 2016. Cost, access, and quality problems have plagued the US healthcare market in the recent years. Stakeholders are trying to tackle endemic industry issues through technology use. Consumer expectations are fundamentally changing from their healthcare experience. Stakeholders are trying to evolve the operating model of healthcare in the new normal. Start-ups have a fertile ground to reap benefits through innovative solutions that address these challenges through a fresh approach combining the elements of user experience (UX), design, and digital channels. Hence, even though the overall funding climate has begun to show signs of correction, healthcare is witnessing a sustained resurgence in investment activity. Services providers, enterprise buyers, and investment firms alike have varied reasons to better understand this exciting landscape and unlock opportunities in a fast evolving market. From a long list of over 200 start-ups, we selected start-ups in five primary areas of investments – care financing, care management, EHR, practice management, and telehealth. This report provides an overview of the challenges these start-ups are trying to address, how they are disrupting the status quo, and hyper-catalyzing the innovation mandate. It also covers the five hot start-ups in each of the five areas with spotlight on business overview, leadership details, funding trail, and disruption across technology & business, as well as market buzz.
- 2. Life Sciences Digital IT Services – Service Provider Landscape with PEAK Matrix™ Assessment 2016** ([EGR-2016-12-R-1919](#)); September 2016. The report covers digital IT market trends in life sciences, landscape of service providers for life sciences digital IT services, assessment of the service providers on a number of capability-related dimensions, and implications for life sciences digital IT buyers and service providers.
- 3. Healthcare & Life Sciences Digital Adoption Trends – Digital Adoption Driven by Consumerization of Healthcare** ([EGR-2016-4-R-1748](#)); April 2016. This report focuses on digital adoption by Healthcare and Life Sciences (HLS) enterprises across North America and Europe. It establishes a definitional framework for digital adoption and assesses the extent of digital technology adoption amongst HLS enterprises. The research identifies drivers for adoption, adoption maturity of digital technologies by HLS enterprises, optimism levels based on existing investments, and key priorities for the future. The report also identifies key implications for HLS enterprises and service providers

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