

**MARKET UPDATE:
MAY 2020**

May 27, 2020

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OUR RESEARCH

As the demand for mental healthcare increases due to pandemic-related directives, so has investors' capital allocation into mental health innovation and technology. According to GIMBHI research, 2020 has seen **over \$920 million in funding** for mental health startups spread **across more than 75 deals** (please contact us if you have any questions). According to market sources, 2020's total funding volume is likely to eclipse \$1 billion before the end of Q2 2020. If you're interested in detailed data, insights, and research – feel free to reach out at shiv@gimbhi.com.

Note: Companies covered in this month's report include Mindstrong, Omada, Holmusk, Psicologia Viva, Zenklub, VivaBem, Mendi, Orexo, Gaia, Pear Therapeutics, MoodSpace, Happify Health, Hyka Therapeutics, TryCycle Data Systems, NeuroFlow, My Journey Health, Silo Wellness, and Kernel.

This report has been updated on June 8, 2020 to modify funding volume and remove NeuroFlow's valuation, which was inaccurately reported.



MENTAL HEALTH VENTURE FUNDING

On May 21, **Mindstrong**, based in Mountain View, CA, raised \$100 million in Series C venture funding. In addition to virtual care, Mindstrong developed a biomarker that measures brain function from interaction patterns from human-computer interfaces, allowing clinicians to conduct evidence-based interventions. Basically, the company can detect changes in someone's mental health based on how they use their phone. Investors in the round included Optum Ventures, Foresite Capital Management, ARCH Venture Partner, General Catalyst, and Bezos Expeditions. 8VC, What If VC, and other undisclosed investors also participated in the round. Mindstrong has raised \$159.8 million to date. After Mindstrong's Series B round in 2018, its post money valuation was \$200 million.

On May 18, **Omada** raised \$57 million of acquisition financing, led by Perceptive Advisors. The funds were used to finance the buyout of virtual physical therapy startup Physera and fuel company growth. Omada bought Physera for \$30 million. Omada provides digital coaching to aid the management of chronic disease, with an emphasis on preventing diabetes, Type 2 diabetes management, hypertension, behavioral health and now musculoskeletal issues. Omada has raised \$257 million to date. The post money valuation for Omada, after the Series D round in June 2019, was \$593 million.

On April 7, Singapore-based **Holmusk**, raised \$21.5 million in Series A financing. The deal was officially announced on May 18. The deal was led by Optum Ventures and Health Catalyst Capital. Optum Ventures has been especially active in the mental/behavioral health space. Heritas Capital also participated in the round. Holmusk is building the platform based on real world evidence in behavioral health and chronic diseases. This will help expand care for patients with mental & behavioral health issues. Holmusk has raised over \$31 million to date.

In May, we have news of three Brazilian mental health startups receiving funding: Psicologia Viva, Zenklub, and VivaBem.

On May 15, there was an announcement that Brazil-based **Psicologia Viva (PV)** raised the equivalent of \$1 million from Neuron Ventures, the corporate VC arm of Eurofarma. While the deal was signed in 2019, the announcement was made this week. PV operates as a marketplace where patients can connect with therapists. The startup states to have managed 18,000 consultations last March. This number jumped to 24,000 in April. And for this month, Psicologia Viva expects to channel 30,000 consultations.



On May 19, Sao Paulo-based **Zenklub** raised EUR 2.8 million of seed funding in a deal led by Indico Capital Partners. 200M fund and All Iron Ventures along with other undisclosed investors also participated in the round. The funds will be used toward product and engineering. Like PV, Zenklub operates a healthcare platform created to provide therapy sessions online. Zenklub has raised the equivalent of \$4.73 million to date.

On May 16, Sao Paulo-based **VivaBem** raised \$2.5 million in a seed round led by Swedish Webrock Ventures. VivaBem (ViBe) partnered up with Doktor.se, a telemedicine startup based in Stockholm, Sweden. VivaBem will use these funds to expand further into Brazil as well as improve its product, a platform for employee healthcare. According to Contxt, “its alliance with Doktor.se is also strategic in terms of product development and soon VivaBem will offer a screening system that uses artificial intelligence (AI) technology.” VivaBem is an employee engagement and intelligence health-tech platform that reduces health costs and increases employee productivity.

As of May 15, Swedish startup **Mendi** had \$2.285 million raised on Indiegogo, making it the most funded project in history in the categories of brain and mental health on Indiegogo. Mendi is the first clinical-grade brain training product designed for home use. Backed by the EU and partnering with researchers at Stockholm University, Mendi is designed and manufactured in Sweden.

STARTUP UPDATES

Orexo has moved deeper into the digital therapeutics space. On May 11, Orexo acquired the exclusive US rights to **GAIA's** deprexis®, a digital therapy to help patients manage their symptoms of depression. This deal follows two other deals in which Orexo acquired commercial rights to vorvida®, a digital therapeutic to reduce drinking in adults with alcohol use disorder, and also the commercial rights to OXD01, a digital therapy for opioid use disorder (OUD). On May 18, Orexo announced its partnership with Lyfebulb, a patient empowerment platform, to help substance abuse patients.

On April 29, **Pear Therapeutics**, a developer of prescription digital therapeutics, announced the launch of its product candidate, Pear-004, for people living with schizophrenia. Based on FDA's Enforcement Policy for Digital Health Devices for Treating Psychiatric Disorders During the Coronavirus Disease 2019 (COVID-19) Public Health Emergency, Pear plans to provide patients with access to Pear-004 through a few healthcare providers and academic centers.



Pear-004 has been evaluated in two clinical studies (one study with 3 parts) consisting of 167 patients. Data from these studies showed high patient satisfaction and engagement among patients with schizophrenia, and no reports of adverse events related to Pear-004. It intends to improve core symptoms and depression in people living with schizophrenia by providing multimodal neurobehavioral interventions in combination with standard of care anti-psychotic medication. Pear-004 provides social skills training, cognitive behavioral therapy (CBT) for psychosis, and illness self-management training.

MoodSpace is looking to be acquired. The app takes complex concepts from across mental health therapy and adapts them into bitesize daily workouts. The workouts can be used long term to keep mentally healthy or to help immediately in moments of crisis. The app has 200K lifetime downloads, 30K monthly active users, and positive ratings. According to UK valuations, the app would be valued at roughly ~\$2.5 million. Here is the link to their website: <https://moodspace.org/>

On April 14, **Happify Health** announced the launch of Happify Connect™, a screening and referral hub for employees and health plan members to access mental health support. Based on a clinical assessment and pre-defined triggers, Happify Connect directs individuals to mental health resources. Happify Connect's API can be integrated with employer and health plan mental health solutions. Digital technology healthcare company, Talkspace, is Happify Connect's first partner. According to Happify, the company has seen "an 80% year-over-year increase in demand from prospective employer and health plan clients for Happify Health's digital mental health solutions."

Boston-based **Hyka Therapeutics** seeks to pair their software with existing treatments for depression (medication). The development of combination therapies present an opportunity for antidepressant manufacturers to regain market share lost to generics. Hyka offers personalized treatment for depression, allowing for patients to connect with prescribers, interact with virtual CBT software, and track progress. Here is the link to their website: <https://www.hyka.io/>

On May 1, **TryCycle Data Systems**, a company that uses artificial intelligence to predict when patients need mental health treatment, is teaming up with the Royal Ottawa Mental Health Centre to help identify people at risk of suicide. TryCycle tracks patients with mental health and substance abuse issues. The startup, which has eight employees, works with hospital systems and insurers in the United States. Users receive prompts to answer questions related to their mental health. TryCycle's technology then analyzes the data to determine if patients are experiencing more severe symptoms.

On April 27, **NeuroFlow** announced the hire of Matthew Stiner to serve as the company's Director of Government Affairs. Stiner most recently served as a Director at Humana Military. In addition to



hiring Stiner, the company partnered with the Washington D.C.-based impact venture firm, Risk and Return, led by former Navy SEAL, White House Advisor, and Senior Advisor for McCrystal Group, Jeffrey Eggers. Risk and Return joins a syndicate of NeuroFlow's latest investment round which announced an initial close in December 2019. According the company, NeuroFlow has grown over "300% in the first half of 2020 so far with a lot of that growth attributed to the increased demand of mental health and remote care technologies during the COVID-19 pandemic."

On April 30, a psychedelic startup in Oregon called **Silo Wellness** announced that it developed a nasal spray that aids anxiety, depression, and PTSD. The spray sends psilocybin into the nasal pathway to treat anxiety, depression, and PTSD. Silo Wellness now offers seminars for people who want to test the product. Due to the psychedelic effects of psilocybin, the seminars would occur in Jamaica, where certain psychedelic drugs such as magic mushrooms are legal.

On July 1, Brazil-based **My Journey Health** will start its clinical validation testing with an educational institution and doctors specialized in substance dependence. My Journey is a solution that assists clinicians in monitoring the behavior and emotions of patients struggling with addiction, increasing the effectiveness and adherence to treatment.

BRAIN TECH

May 2020 was a crucial month for wearable brain technology. In addition to the \$2.3 million crowdfunding for Mendi, **Kernel**, a brain computer interface company, announced that they have a prototype brain scan helmet. Kernel developed an fNIRS/MEG helmet instead. In simple terms, MEG is like EEG but it measures the magnetic waves of brain activity, rather than the direct electrical waves. They company is also using fNIRS to measure blood-flow. According to sources, Kernel has shown the ability to determine what song a person is listening to with the brain scan, after initial data gathering.

"This is a huge step for wearable brain technology, as these devices will initially be in the price range of small clinics (\$5-10K) but are likely to reduce prices to the range at which individual consumers can purchase," Dr. Cody Rall, U.S. Navy Psychiatrist and Founder of TechForPsych, says. For more information on wearable brain technology, visit TechForPsych at the following link: <https://www.techforpsych.com/>



CANADA'S INVESTMENT IN MENTAL HEALTH

Justin Trudeau, Prime Minister of Canada, announced a \$240.5 million investment to develop mental healthcare tools in Canada. As COVID-19 continues to prohibit normal activities, Canadian government officials are starting to see the need for new mental health initiatives and programs. According to a study done by the Mental Health Commission of Canada, nearly 6.7 billion people suffer from mental health issues today. This statistic is only expected to rise as COVID-19 limits human interaction and normal life. By virtue of COVID-19, 90% of Canadians believed that there should be increased funding in the mental health sector. As a result, Justin Trudeau, Prime Minister of Canada, announced the \$240.5 million investment to develop mental healthcare tools in Canada.

The purpose of this investment was to increase mental health resources in Canada and to provide the tools for Canadians to cope with their mental health issues during COVID-19. First, the investment supported the initiative to allow patients to have access to doctors through the phone or text to deal with their mental health issues. Furthermore, the purpose of the investment was to allow health policy framers to become better informed on mental health statistics. Lastly, the investment supported federal or provincial collaborations with investors or organizations. Canada's investment in the mental health sector was designed to improve access to mental healthcare in Canada during COVID-19. The Prime Minister stated in a speech "It's important that we take care of ourselves and our families during these challenging times, and that's why we've introduced more virtual health resources and mental health tools to further support Canadians through this crisis."



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