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# ISRAEL'S DIGITAL HEALTH SECTOR

Q1-Q3/2021 UPDATE

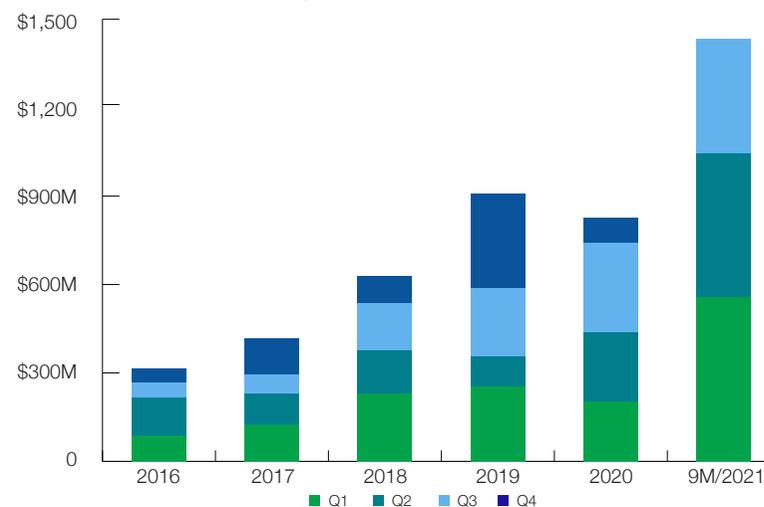


# Investments in Israeli Digital Health Companies in Q1–Q3/2021 are up 71% from FY/2020

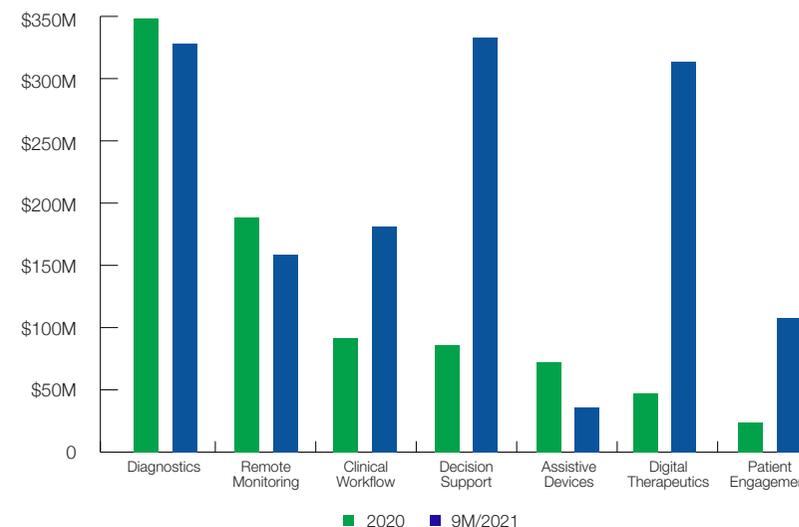
- The Digital Therapeutics subsector sees a major increase in investments, continuing a trend that started earlier this year
- Harel Insurance is making moves in the Insurtech business, investing in two Patient Engagement companies
- AI for radiology company Aidoc secures the largest investment of the quarter with a \$66M

Investments in Israeli Digital Health companies amounted to \$389M in Q3/2021, bringing YTD funding to a record \$1.4B, which is already 71% above FY/2020 figures. There was a slight slowdown in funding in Q3/2021 compared to the \$485M raised in Q2/2021 and \$558M in Q1/2021, likely due to the holiday season in Israel.

Total sector funding by quarters (\$M)



Funding by subsector (\$M) 9M/2021 vs FY/2020



The most interesting development of the quarter was a large increase in investment in **Digital Therapeutics**. We had started observing the trend of growing investment in consumer-focused companies at the beginning of the year. By the end of Q3/2021, Digital Therapeutics, the subsector most often associated with both B2C and B2B2C solutions, became the third most funded subsector of the Israeli Digital Health sector. It follows the Decision Support and Diagnostics subsectors, which continue to lead the investments in the sector.

## Largest funding rounds in Q3/2021

Company	Subsector	Amount, \$M	Round type	Investors
1. Aidoc	Decision Support	66	Round C	TLV Partners, Maor Investments, Alpha Intelligence Capital, General Catalyst, Square Peg Capital, Magma Venture Partners, Emerge
2. Aviv Scientific	Digital Therapeutics	40	Round B	Deep Insight
3. BrainQ	Digital Therapeutics	40	Round B	Peregrine Ventures, Dexcel Pharma, Hanaco Venture Capital
4. BrainQ	Digital Therapeutics	30	Round A	Aleph, Micha Kaufman, LocalGlobe, General Catalyst, Sir Ronald Cohen, Entre Capital, Shay Wininger
5. Sternum	Clinical Workflow	27	Round B	Square Peg Capital, Spark Capital, Btov Partners

Source: Start-Up Nation Finder

Note: Earlier rounds can be found in our previous [update](#)

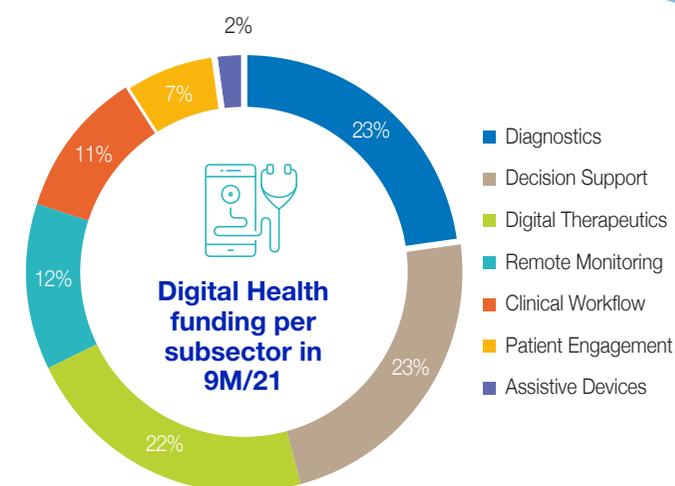
## Breakdown by subsector



**The Decision Support** subsector continued to perform strongly raising \$96M in Q3/2021 and bringing the total subsector funding this year to \$332M, almost quadrupling the amount raised across all of 2020.

- The largest round in Q3/2021 was raised by AI-for-radiology company Aidoc, which raised a \$66M Round C led by [General Catalyst](#).
- Other rounds include a \$14M Round B investment in AI ultrasound analysis company [DIA Imaging Analysis](#) from a large group of foreign investors, including Philips, with whom DIA had signed a strategic partnership agreement earlier this year.
- [Genetika+](#), a company that uses AI to find personalized treatment solutions for depression, raised a \$10M Round A from a syndicate of investors led by [GreyBird Ventures](#), a Boston-based VC focused on precision medicine.

Even though there were no investments in the Diagnostics subsector in Q3/2021, it remains the second most funded subsector in Digital Health, on par with Decision Support, having raised \$328M since the beginning of 2021.





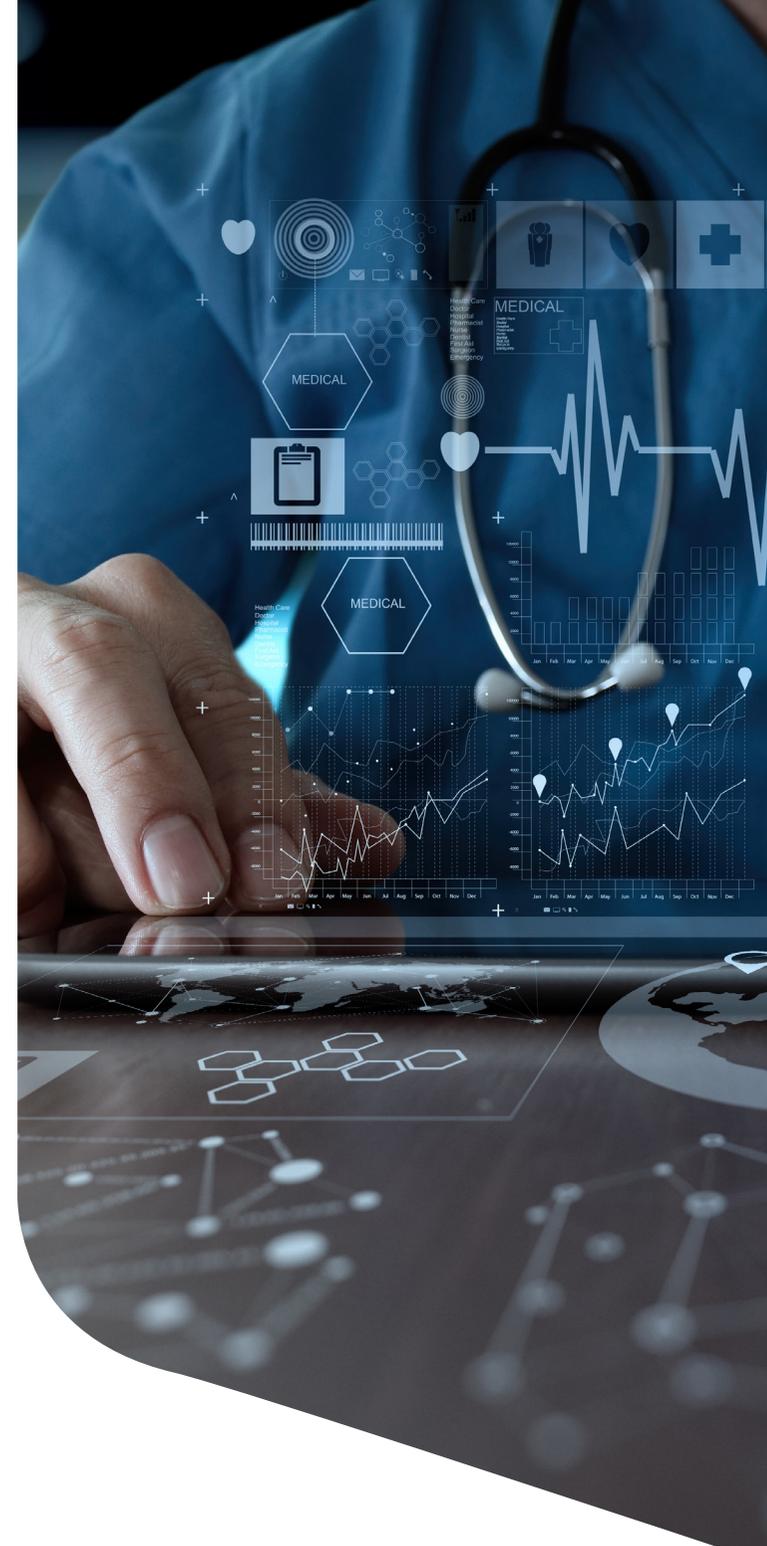
**Digital Therapeutics** is the fastest-growing subsector of 2021, having raised \$242M YTD, including \$94M in Q3/2021 alone. Most of the companies that raised capital in Q3/2021 were not typical Digital Therapeutics players, but rather companies offering unique solutions for their respective focus areas.

- The largest round was \$40M Round B in [BrainQ](#), a neurology therapies company. This is a remarkable round for a Digital Therapeutics startup, both due to the size and the mix of investors, which includes Dexcel Pharma, which could become a strategic partner for the company.
- Longevity company [Aviv Scientific](#) also raised \$40M in a Round B, led by [Deep Insight](#), an Israeli VC investing exclusively in DeepTech solutions. Aviv Scientific operates a chain of clinics, offering personalized treatment for cognitive and functional decline based on the company's OMICS database insights.
- [Empathy](#), which created a digital companion for navigating bereavement, raised \$30M in a Round A from top-tier international and Israeli VCs and angel investors. The company's offering is much wider than Digital Therapeutics but includes emotional support and guidance which makes it appropriate to be included in the Digital Therapeutics space.



The **Clinical Workflow** subsector raised \$67M in Q3/2021, bringing its YTD total to \$173M.

- The largest round was in [Sternum](#), a company developing cyber security solutions for IoT devices, which raised a \$27M Round B from foreign investors, led by US-based Spark Capital.
- NLP for automated healthcare coding developer [NYM](#) raised \$25M in a Round B from a group of investors, led by Addition and joined by Tiger Global.
- [Eleos Health](#), which offers an advanced analytics platform for therapists, raised \$6M in a seed round from an investor group that includes Arkin Holdings, Israel's leading life sciences investor, which has recently placed a high emphasis on Digital Health.





The **Remote Monitoring** subsector has raised an accumulated \$154M since the start of the year, on par with FY2020, including a modest \$18M in Q3/2021. There were just two investments in Remote Monitoring companies throughout the quarter:

- [Antidote Health](#), a telehealth company helping provide access to care to underserved populations, raised a \$12M seed round. Investors included iAngels, Flint Capital, and Welltech1, which had previously focused on early-stage wellness companies.
- A \$5.9M round in Nanovation-GS, which develops nanomaterial-based sensors for continuous monitoring of lung function. The capital was from the EIC (European Innovation Council) in grant and equity funding.



The **Patient Engagement** subsector saw \$103M in investments so far this year including \$50M in Q3/2021. This comes after virtually nothing was invested in the subsector in 2020. All three rounds were in startups targeting insurance companies as clients.

- The largest round was a \$26M Round B raised by insurtech company [Sproutt Insurance](#). The round was led by Israeli fintech-focused fund Moneta, as well as Harel Insurance, one of Israel's leading insurance companies.
- [Assured Allies](#), another insurtech company, raised \$18.3M in Round A from a group of investors, which includes two insurance companies: US based Wilton Re and – again – Israel's Harel.
- [Medorion](#), which develops behavioral solutions for insurers, raised \$6M in a Round A from a group of Israeli investors, which included 10D, which has recently focused on Digital Health as one of its key areas of investment.



The **Assistive Devices** subsector raised \$15.3M YTD, with no new rounds in Q3/2021.

## Notable Exits

One of the oldest and most well-known Israeli Digital Health players, AI medical vision solution developer [Zebra Medical Vision](#) was acquired by [Nanox Medical](#), another Israeli Digital Health medical device company, which went public on NASDAQ in 2020. The reported price of the deal was \$200M, lower than other recent valuations in the sector. Founded back in 2014, Zebra has raised a cumulative \$52M from tier-one financial and strategic investors before being acquired by a pre-revenue startup.





**Start-Up Nation Central** is the address for corporations, governments and investors to connect with the Israeli tech ecosystem. We catalyze growth opportunities by bringing Israeli tech innovation to global business and societal challenges.

Established in 2013 and headquartered in Tel Aviv, Israel, Start-Up Nation Central is a not-for-profit organization funded by philanthropy.

**Start-Up Nation Finder** is a free online platform for identifying and engaging Israeli tech organizations based on users' specific interests. This Business Innovation Platform is a comprehensive knowledge hub on Israeli startups, investors, acceleration hubs, multinational corporations, and technology-based innovation associated with academic research. The open-source platform provides up-to-date information and insights into thousands of active Israeli tech companies.

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