

WellDoc raises \$20 million from Merck GHI Fund, Windham

By: Brian Dolan | Jan 10, 2014

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Baltimore, Maryland-based WellDoc, one of the earliest and best known mobile health companies focused on diabetes management, has landed a \$20 million round of investment that includes contributions from Merck Global Health Innovation Fund and Windham Venture Partners. The announcement marks WellDoc's first round of institutional money — the company has long relied on angel investors and debt — and now reports total funding at north of \$50 million.



WellDoc co-founder and CEO Ryan Sysko and Chief Strategy & Commercial Officer Chris Bergstrom told MobiHealthNews that the company would welcome one or more additional strategic or institutional investors that would complement Merck GHI Fund.

"We are having additional conversations," Sysko said. "We really would like to — and Merck GHI would as well — find a co-investor or maybe multiple co-investors that add strategic value. It could be an institutional VC, a payor, a big data company, or it could be a consumer technology company."

Bergstrom said that WellDoc has enjoyed working exclusively with angel investors up to this point because they brought more than just a check. Notably, longtime WellDoc angel investor Roger S. Fine is a retired General Counsel from Johnson & Johnson. Fine and his son Adam also co-founded Windham Venture Partners, which co-led this most recent round with Merck GHI Fund.

"When you look at how active Merck GHI has been in investing in digital health, they have acquired a lot of knowledge about technology — consumer technology, digital health technology — you name it. For us, that blend of life sciences and consumer technology is really important for understanding WellDoc," Sysko said. "We don't really see that in a lot of other strategic investors."

WellDoc's flagship offering is **BlueStar, an FDA-cleared mobile application and program for people with Type II diabetes** that is prescribed by physicians and adjudicated through pharmacies just like pharmaceutical therapies. The program is supported by WellDoc's Automated Expert Analytics System, which includes real-time motivational messages, behavioral coaching and educational content, delivered right to the patient's mobile device. The program also provides patient's physician with clinical decision support tools based on how they're doing.

WellDoc plans to use the new funds to continue the commercialization of BlueStar, which is already in the market today and available by prescription for employees at a handful of self-insured companies (like Ford and Rite Aid), but also through a growing number of as yet undisclosed payors around the country. The recent investment will enable WellDoc to build out its sales team to pursue the traditional sales channels that pharmaceutical and medical device companies have leveraged for prescribable products. The company also plans to "think outside the box" and support that traditional model with consumer marketing, too.

Expect an increasing number of regional payors to greenlight reimbursement for BlueStar over the course of 2014 and more pharmacy benefits managers to support it. WellDoc will also work to introduce the product directly to physicians so they're comfortable with it and understand how and when to prescribe it.

"The trends of healthcare reform are really starting to kick in, too," Bergstrom said. "Especially in the last 12 months and as we move into Meaningful Use Stage 2 this year. When we talk to physicians and payors — everyone is focused on quality metrics, care coordination, and bridging the gap in care between office visits — but not in a way that excludes those office visits from going on. In some ways we have been lucky [at WellDoc] — but in other ways deliberate — in building a product that aligns with the things that the healthcare community is focused on, that payors are rewarding physicians for, and that change the economics for patients, too."

For a few years before BlueStar, WellDoc's main product in the market was **DiabetesManager, a mobile-enabled diabetes management platform** that the company partnered with AT&T to market. Sysko said that WellDoc has stopped marketing DiabetesManager and is focused on BlueStar now, the product that WellDoc was founded to build.

"In our partnership with AT&T we were focused on that traditional disease management model where you have a nurse and a call center working with a patient trying to engage them," Sysko said. "It's really more about engagement in that market than it is about clinical outcomes. We thought that it was a good opportunity for WellDoc and we had a good partnership with AT&T, but at the end of the day, it didn't fulfill our mission of building a product focused on clinical outcomes that can be used by a patient and their doctor, which in a lot of ways is what BlueStar represents — the fulfillment of the vision of my sister, the other founders, and early [employees] who have been a part of WellDoc."

While the WellDoc team has previously indicated plans to move beyond diabetes management in the future, Sysko and Bergstrom said the company is squarely focused on the rollout and commercialization of BlueStar right now.

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Event List

- Webinar: 2014 Digital Health Trends: Jan 30, 2014 Online Event: 2PM ET / 11AM PT
- HCI-DC 2014: Igniting an Interoperable Health Care System: Feb 06, 2014 Washington, DC
- HIMSS14 Annual Conference & Exhibition: Feb 23 - 27, 2014 Orlando, Florida
- mHealth Regulatory Coalition's MMA Roadshow – Managing mHealth App Development Under FDA Regulation: Mar 20, 2014 Cambridge, MA (MIT)
- WLSA's Convergence Summit: May 14 - 16, 2014 San Diego, California
- ATA Annual Meeting: May 18 - 20, 2014 Baltimore, MD
- Health 2.0 8th Annual Conference: Sep 22 - 24, 2014 Santa Clara, California

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