

Triventures | Interview (in [Hebrew](#))

## "Accessibility is not a passing trend": The VC fund that is looking for the Netflix of healthcare

*Triventures began as a small investor in the field of medical devices but today about 90% of its portfolio is in the digital health domain and the target for its fourth fund is \$125M • Michal Geva, Managing Partner, explains why what is happening in digital health is a "sensation"*

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*Michal Geva, Managing Partner, Triventures / Photo: Private photo*

Triventures was established in 2009 as a small investor in the field of medical devices, with some activity in the evolving field of digital health. Little did the fund know that the new field in which it had begun to cautiously invest in, would become within a decade one of the most explosive and exciting fields in the market. Today, the fund invests about 90% of its assets in the digital health domain. It has grown from \$30M in its first fund to \$125M, the target of its fourth fund.

Among Triventures' investors are prominent companies in the field of medical devices, such as Boston Scientific, Johnson & Johnson, Abbott, Medtronic, Edwards, and Phillips, as well as an international insurance company and Samsung. "These are very close partnerships," says Michal Geva, the Israeli partner in the fund, which she set up together with investing doctors Prof. Peter Fitzgerald and Dr. Martin Leon from the United States. "Not only are we introducing these strategic investors to our portfolio companies, but we also help them build their digital health strategy".

## "What is happening in Digital Health is A Sensation"

### You can teach digital health strategy to the giant corporates?

**Geva:** "If a company is focused on pacemakers, for example, it already knows that it is possible to provide a variety of digital services to transplant patients, but it does not always know what services it should actually provide and what it should develop on its own and what it should engage in via partnerships. We can definitely help these groups because we see 700 companies a year, study the markets, the challenges and if there are opportunities for collaboration. Actually, we invest in 3-5 companies a year, but do not disregard the other companies, and if it is possible for us to bridge between them and large medical device companies, then why not. It has happened before."

**Fitzgerald:** "Because we were pioneers, we also made mistakes, that's what we call experience. What mistakes? For example, initially, we did not understand who in the healthcare system really controls patient access, or we made mistakes in artificial intelligence, we did not understand exactly what information was necessary to get a good algorithm. We learned that it is almost impossible to get a consumer to really pay for health, certainly not for prevention. You must find a stakeholder such as a payor, government, employer or even pharma company that will pay. We learned that retail stores are willing to finance consumer health applications. These are often considered much like diapers at chain stores, which are sold at a loss but attract buyers".

"What happened to the field of digital health is a sensation," says Geva. We thought it was an amazing field from the very beginning, a field that would double within five years and then the COVID-19 pandemic hit and accelerated everything even further. Between 2013-2018 there were only four digital health company IPOs that were worth over \$ 1 billion on the NASDAQ whereas in 2019-2020 it was 5 times that. Now, every new publicly traded digital health company becomes a potential buyer. Alongside healthcare, technology and insurance companies, there are multiple potential buyers for each company. Today 9 out of 10 Fortune 500 companies declare that they have healthcare operations. They start by providing services to their employees and it spreads from there. We see this for example in Amazon, which will likely be the largest healthcare player in the world. In 2011, \$480M was invested worldwide in digital healthcare companies and by 2020 the invested amount reached \$15B, and there are growth stage companies to invest in".

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## Triventures Exits

in million dollars

Name	Year	Amount
Apica	2014	75
MST	2018	5.8
Gover6	2019	100
ZingBox	2019	75
Orthospace	2019	220

### On the Intersection of Health and Other Verticals

Today, Triventures on its website its investments as *Beyond Healthcare*, meaning that beyond its investments in classic healthcare companies, it is playing on the intersection of healthcare and other areas, such as wellness. Among the fund's new investments is, for example, Grin, a teleorthodontics solution for teeth alignment that shortens the fitting and adjustment time of the product, thanks to much of the interaction between patient and doctor being done remotely on the smart phone .This product as expected became popular during the pandemic.

Another company called Brightside deals with mental health. Geva: "This is a hot field, which we have been looking at for a long time. The field is growing thanks due to physical and economic access limitations to treatment, but also the stigma of admitting that help is needed. Remote access alleviates all these problems and the pandemic offers an 'excuse' to consume mental health services. In addition, the fact that drug treatment is much more effective today makes it more attractive. Brightside provides a complete platform of treatment mainly for depression and anxiety, which includes conversations with a therapist, prescriptions of medications, and home delivery of those meds, which is important since these people have a hard time getting out of bed sometimes .  
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A company called Burnalong is the Netflix of healthcare, Geva: "They have a database of about a thousand exercise classes that are delivered virtually. The company offers these services to employers and insurers and already has 200 institutional customers. Is this relevant after COVID-19? In our opinion, the public will not return fully to how things were. Technologies that enable remote accessibility to services are not a passing trend "  
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The inspiration for the success of such companies probably comes from Peloton, which conducts group virtual lessons for bicycles, and is traded at a value of \$

37B .Another investment of Triventures in this field is VI, which provides a virtual running trainer through an app.

## "The World is Moving Towards Accessibility"

Another area that is also popular recently is simplification of the payment process for health services, for the patient and the provider .Triventures recently invested in a company called Payground., which joins an existing investment of the fund in this field, Tailormed.

**Geva:** "The whole world is moving in the direction of accessibility, of 'On Demand' service. The health system was a bit heavy, and it took a while to embrace these changes. But during the pandemic, necessity made the market much more open to change and now it is impossible to go back".

**Fitzgerald:** "As a physician, I'm excited about the idea that today, those emergencies that used come to me, I can now reach before the situation escalates into an emergency. When you are dealing with an emergency, you honestly do not remember the patient's name two weeks later. As opposed to when dealing with the process, even if it's mostly done virtually, you connect with the patient and their family" .

**Netalie Nadivi,** General Partner at the fund: "Because these companies are based on the convergence of capabilities from other verticals into the world of health, 70% of our companies were founded by entrepreneurs that are not from the health domain at all, but from the cyber, data and technology units in the military".

**Fitzgerald:** "The healthcare sector connects to Facebook, Amazon, Google and Apple, and now also to the entertainment industry like Nike, Netflix, and Playtica. They know how to grab people's attention, recruit, and motivate them. I'm excited that groups from these sectors have come to help us in the medical world. This will have a drastic effect on human health.

"This connection could do wonders in adult treatment. My mother is 88 years old and just from the fear of me telling her to go to a nursing home, she is willing to kill me. Many adults suffer from depression. If entertainment, communication and even competitiveness can be brought through the digital world, it is wonderful and those who know how to do it are the Netflix and Nikes of the world. Netflix has converted a lot of people into vegetarians thanks to their movies on the subject, because they know how to attract you and convince you. They do not understand, as we do, the work flows of the health system, and this is crucial for implementation. If you do not implement it right, nothing will work. "

**And indeed, in the past we have seen in the fields of medical devices and pharmaceuticals that companies set up by teams that do not have doctors, sometimes completely miss the market needs and the real market barriers.**

**Nadivi:** "It is very important that the team also has a component from the clinical side, but sometimes it comes at a later phase, after the founders who came from outside the field have already broken the mental boundaries of the field".

**Geva:** "We must connect with those who understand the health system, the ins and outs of the system's incentive structure. Otherwise, it is certainly possible to build a business model that has no viability".

If in the past the field of digital health was built on companies that addressed mainly the consumer or offered the hospital an improvement in one of the processes that take place there, then today companies have much greater ambitions. There are digital health companies such as American Well with its Israeli affiliation, which has built a kind of alternative health system, which operates almost entirely remotely.

## **"Innovation Leads to More Innovation"**

**Is there less room in the market today for companies that offer a narrow solution?**

**Geva:** "Being part of an integrative solution is a real challenge today for young companies, even more so than the technological solution. It is very important to choose the right partners, the right computer systems on which the product runs from the very beginning.

"We certainly see a shift from companies that address the consumer directly, B2C, to companies that, while first cracking the product with the consumer, build business operations even to the tune of a few million dollars, but eventually their customers are insurance companies or large employers. Even Glasses USA (specializes in online prescription eyewear), which assumably sells a medical consumer product, has a partnership with the insurance company United Healthcare.

**Nadivi:** "We still do not know what the new world will look like - how many digital healthcare entities there will be and what elements from the old and new worlds will be involved in it. We have invested in companies that we bet on will be category leaders in their field. For example, with Brightside, despite that it has mature competitors, we hope it will be the American Well of its field."

## **Is the field of traditional medical devices - stents, valves, orthopedic implants - getting less attention today because of the blossoming of digital health?**

**Geva:** Looking back several decades, there is relatively less money available in these areas today, not only because of the interest in the digital sector, but also because of the regulations becoming stricter on such products, which has made the road to revenue much more difficult than before" .

**Fitzgerald:** "Medical equipment is still there, but the difference is that today it is surrounded by service. Instead of producing a new pacemaker, I add a function customizable by the patient to the pacemaker. The next upgrade will also be a software upgrade, on the same pacemaker. It feels as if someone has taken the same devices, which have always been innovative, but suddenly opened a window within them into the patient. Innovation leads to more innovation, because information is gathered which suddenly that yields more insights and more ideas.

"I can give 20 examples of how the presence of digital components improves treatment today. For example, if I want to wean a patient from a ventilator and I want to know how the body will respond to this change. Today, I do not stop the breathing immediately, but it takes me time to study the patient and only then do I feel comfortable weaning him from the ventilator. But if the digital component collects information about the patient throughout the period, I can make the decision even if I do not yet know the case. "

## **Are doctors already willing to make a decision based on such information?**

**Fitzgerald:** "Most doctors my age find it hard to accept. That's why I prefer not to call it AI, artificial intelligence. I call it IA, which is Intelligence Augmentation, support for human intelligence. But when you're 30 - Sure! They have no experience, and the experience of the system fills in exactly what they are missing" .

## **And are they still developing their personal experience?**

**Fitzgerald:** "Yes, and a variety of professional articles have been published that show it".

## **Is a Virtual Investment Process the New Normal?**

Not everything is perfect, of course . "One should be very careful about biases in algorithms developed on the basis of too little information or biased information. Google does not talk to you at all if you have developed an algorithm on less than a million different information points".

## **How was the investment process in companies during COVID-19 ? Do you expect that this will become the new norm in venture capital?**

**Geva:** "It took us a while to get used to it. At first, we said - we know enough companies face to face, it's not the end of the world if in the near future we do not invest in unfamiliar opportunities. But over time we saw that we wanted to enjoy the good part of what COVID-19 has brought. There's a great deal flow in the United States, and luckily Peter is in California."

**Nadivi:** "Sitting in a room with the entrepreneurs was missing, seeing the interaction between them in all sorts of different situations, sitting for lunch, seeing who they are. That's the price of efficiency. It happened that one of the companies we diligenced hid a certain detail from us for several months. Distance and virtual allowed this to happen."

**Geva:** "We've adapted a lot of our due diligence process to compensate for the lack of F2F meetings, such as interviews with referrals, investigation of the team surrounding the founders, finding information about other investors as well, speaking to clients. Today, there's no turning back from at least doing the initial filtering virtually. It is effective for both sides."

## **Triventures**

**Focus:** venture capital fund in the digital health domain

**History:** established in 2009 by Michal Geva, Prof. Peter Fitzgerald and Dr. Martin Leon. Today, the team also includes Netalie Nadivi, formerly a senior executive at Philips, and Orli Tori, former CEO of Neopharm Israel

**Data:** the fund manages ~\$150M in three funds, one of which in collaboration with the Sheba Medical Center, and raising an additional fund targeted to be \$ 125M

**Another thing:** exits in 6over6, ZingBox, Apica, MST, Orthospace, Proaccess Medical Sensible - X-Seal.