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## Digital health companies see data evolution

By **KATHERINE CONNOR**, The Daily Transcript  
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Digital health has been a steadily growing segment of the venture capital market, claiming more than 10 percent of the \$40 billion in venture funds invested in the United States last year.

As both the wireless and medical sides continue to evolve, this sector is expected to grow as well as undergo significant changes.

"Your typical car has 400 onboard sensors, your iPhone has a handful of sensors and four radios, and we clumsy humans have — at best — zero onboard sensors and, if you're lucky, one annual checkup," said Wain Fishburn, a partner at **Cooley**, at a San Diego Venture Group discussion Wednesday.

The first of what Fishburn calls the three stages of the digital health continuum — adding sensors to monitor metrics such as glucose, sleep or activity — has been done for years.

The second stage — organizing and analyzing the data from the devices — is where the industry sits now.

Take **ResMed's** S+ non-contact sleep device, for example. The sensor is able to monitor you during sleep, but then takes it a step further with a dashboard that analyzes the information so users can get scores for their sleep level and see patterns.

The third step — moving the data into something actionable, or making suggestions for users or their caregivers — is where the industry is headed.

Dean Sawyer, CEO of **Sentarian**, a remote-patient intelligence company that uses the metrics with machine learning to predict which patients are going to get sick and when, said his company is also moving from the second to third stage, which he said is part of the biggest revolution in history.

"Since modern medicine has existed, all of your health data has been captured inside the four walls of a hospital or clinic, and all the knowledge of the medicine has resided in the brains of doctors," Sawyer said.

"We're about to have this major transformation where I would argue that the vast majority of data and the most important data in health care is now going to be captured outside the walls of a hospital or clinic."

From a VC perspective, Julie Papanek, principal at **Canaan Partners**, said the value of this shift from latent to actionable data is in reducing the use of health care professionals when they're not necessary.

"We ... think the data coming out of consumers to allow effective interventions at the right time is going to be where digital health really shines in the future," Papanek said.

Accordingly, Canaan has shifted a portion of its capital from medical device companies to digital health and health infrastructure firms such as **Chrono Therapeutics**.

"I call it the triple threat," Papanek said, noting that the company's first app is for smoking cessation.

"It's a drug delivery transdermal patch — drug and device — that is wired and connects to a behavioral support application on your phone."

Digital health is all about the data and making it actionable for consumers as well as health care providers to reduce the cost of care.

That's really what it all comes down to, said Tyson McDowell, president of **Avadyne Health**, which uses machine learning and call centers to improve the patient's experience from the bill-payment side of things.

"The No. 1 manipulator of patient behavior is money," he said.

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