
Roche acquires mySugr! Major move to reinvent its Diabetes Care business, tremendous victory for world's most popular diabetes app - June 29, 2017

Executive Highlights

- Moments ago, Roche [announced](#) in a *worldwide* press release that it has acquired mySugr, bringing the incredibly popular diabetes app (1+ million users) and 47-person company into the Roche family. mySugr will still operate as an independent/autonomous company under Roche, remaining an open platform for insurers and device/pharma companies. We see this news as a major victory for both companies.
- According to one source we spoke to, mySugr was valued between ~\$75 million-\$100 million. If true, that lends massive confidence that Roche is making/will continue to make a significant investment in digital diabetes care.
- Roche has been an [investor/integrated BGM partner](#) with mySugr, though this news shows the BGM giant's clear desire to reinvent itself and put an open digital ecosystem at the center of its strategy. Roche gains the world's most popular diabetes app and diversified business models/revenue streams to move beyond hardware alone (e.g., population management), along with the world-class mySugr team's amazing user experience/digital prowess and lighthearted approach to diabetes data.
- With this exit, mySugr becomes a clear success story in diabetes/digital health (yes!), gets more financial firepower and resources to move quickly, and still gets to operate independently to achieve its mission: "Make diabetes suck less." We expect an even faster move into population management with payers across the world (unlimited strips + remote monitoring for a fixed price), more international expansion, and greater use of new technology (machine learning, closed loop, etc.).

In major news, Roche [just announced](#) that it has acquired mySugr - wow! Notably, the news was announced in a Roche [company-wide global press release](#), a clear sign of commitment to the brilliant 47-person company and the world's most popular diabetes app (1+ million users, [as of May](#)). mySugr's heartfelt founders' letter ([soon to be posted here](#)) is an incredible read - one of the best news releases we've seen in a very long time from any diabetes company.

According to one source we spoke to, mySugr was valued between ~\$75 million-\$100 million. If true, that lends even more confidence that Roche is making/will continue to make a significant investment here. This also serves as major digital health exit for a diabetes company!

Notably, mySugr will still operate as an independent and autonomous company under Roche, remaining an open platform for all health insurers and device/pharma companies - "regardless of their position as a competitor or Roche Diabetes Care." Nice! (Current partners include Abbott, Beurer, Dexcom, Medtronic, and Novo Nordisk.)

Roche has been an [investor/integrated BGM partner](#) to mySugr since at least 2015, though this news shows the BGM giant's clear desire to reinvent itself and put digital technology at the center of its strategy. Roche's Global Head of Diabetes Care, Marcel Gmuender, has a pretty amazing line in mySugr's [press release](#): "[mySugr] will constitute an integral part of our new, open digital health ecosystem centered around the needs of people with diabetes. We are passionately working to redefine the way diabetes care is being provided so that people with diabetes are not only seamlessly connected to their caregivers but can experience relief from their daily routines while spending more time in their target range." We love this

desire to partner with other device companies, to connect patients and caregivers, to drive time-in-range outcomes and relieve burden, and to put patients at the center.

With this exit, mySugr becomes an even clearer success story in diabetes/digital health, gets more financial firepower (no wasted time fundraising) and resources, and still gets to operate independently and nimbly to achieve its mission: "Make diabetes suck less." The company has always put world-class user experience/design and an open ecosystem approach at the center of its app, and we expect these will continue (or even accelerate) with this deal.

Financial terms were not disclosed, though the scrappy mySugr team has operated on a shoestring budget - its last round [in 2015](#) raised just \$4.8 million (Roche was a lead investor). mySugr was founded only five years ago, and the initial idea for it came a bit before that: "The mySugr idea was born in 2010. Smartphones were still quite new, the first tablets just hit the scene and the diabetes industry felt stuck in a gloomy place." Boy is it a different world now in technology, where mySugr's core principles seem to be infiltrating many products.

See the table below for our views on what each side wins from this exciting deal, followed by more commentary and our questions!

mySugr Gets...	Roche Gets...
<ul style="list-style-type: none"> ▪ Financial firepower from Roche to move faster, no time spent raising a large financing round. ▪ Roche's global footprint to bring mySugr to more countries across the world. ▪ Ability to operate independently and as a device-agnostic player at the center of Roche's digital ecosystem - including partnering with companies that may compete with Roche. ▪ Roche's BGM expertise to offer unlimited strips and population management in a far bigger way. ▪ Even more aligned incentives with Roche, who was previously an investor and partner. ▪ Quicker access to insurance companies to drive reimbursement at scale (we assume given Roche's size). ▪ Roche sales reps to expand awareness of mySugr, particularly with HCPs. ▪ Clear path to prove value in larger clinical trials. 	<ul style="list-style-type: none"> ▪ A reinvigorated diabetes strategy that moves beyond selling BGMs/strips in a pressured market. ▪ World's most popular diabetes app to place at the center of a digital ecosystem. ▪ Diversified business models/revenue streams: mySugr Pro (\$2.99/month), mySugr Coaching, population management with unlimited strips. ▪ World-class mySugr team with amazing user experience prowess and patient focus. ▪ Immediate innovation that can hit the ground running at Roche - no need for lots of development work. ▪ Approved bolus calculator in Europe in a standalone app. ▪ mySugr Coaching infrastructure with high potential. ▪ mySugr's data/app/glucose data display expertise to improve its Insight CGM and partner with Senseonics. ▪ Large mySugr data sets available for driving better products and understanding patient needs.

- **As we noted [in our interview in May](#), mySugr is riding impressive momentum.** With more than 1 million registered users worldwide, the company believes it is the most popular diabetes app globally. (Glooko/Diasend also have 1+ million registered users, though not all use their mobile apps, as far as we are aware.) The strong uptake reinforces mySugr's excellent design, differentiated value-adds (reports, bolus calculator, coaching), device integrations, diversified business model, and focus on gaining regulatory clearance. The mySugr Logbook app has stellar 4.6-star average ratings on the [iOS App store](#) and [Google Play](#), and is available in 52 countries and 13 languages (~50% of users in the US, ~45% in Europe, and ~5% in rest-of-world).
- **In mySugr's just-published industry update, it confirmed that German payer VKB is launching a mySugr hassle-free package for insulin treated patients at €999 per year.** The offer includes: automated shipping of unlimited test-strips; Accu-Chek Guide meter; mySugr Coach; and the mySugr Pro App. According to the update, mySugr is the first digital diabetes service in Germany to be reimbursed by a payer. The "About mySugr" section of the press release also mentions unlimited strips, a clear sign that this will be a key focus area with Roche. As a reminder, this move into population management in [Germany was announced earlier this year](#).



- **In our [May interview](#) with the mySugr team, management emphasized its vision to work more with payers, bring more clinical outcomes data to digital health, and become a digital diabetes clinic.** We see high potential on all these fronts! Today's news mentions several areas of focus, including expanded international presence, enhanced focus on "new diabetes technology" (presumably CGM and automated insulin delivery), continuing to build a great product experience, integrating more devices, and getting more insurance companies on board.
- **For Roche, this builds on the mySugr integration with Accu-Check Connect/Guide; [significant investments in Senseonics](#) and its Eversense CGM; more focus on affordability ([Simple Pay](#)); and an expanded digital strategy over its Bluetooth-enabled BGMs and integrated Accu-Chek Connect bolus calculator.** We look forward to watching how Roche evolves, since clearly it is moving beyond the core BGM business alone. In some ways, J&J has taken a similar path in partnering with WellDoc.

- **"To create the highest possible value for people with diabetes, we need to combine and integrate many different disciplines of craft and science** (medical devices, mobile apps, delivery of physical goods, human coaches, big data analytics, psychology, diabetology...), venture deeply into new technologies (closed-loop, machine learning, ...) and deliver the result through a clear and empowering user experience." - A brilliant quote from mySugr's four co-founders: CEO Frank Westermann, Head of R&D Fredrik Debong, Design Director Gerald Stangl, and Chief Compliance Officer Michael Forisch

Close Concerns' Questions

Q: How will this announcement speed up what mySugr hopes to accomplish? How much was funding gating its ambitions?

Q: How will mySugr's other device partners react - will they embrace mySugr/Roche's vision of an open ecosystem?

Q: How will Roche evolve its business model with mySugr in the fold? Will it move towards population management in a bigger way? What will Roche look like in three years?

Q: Will mySugr Coaching scale and become a bigger focus?

Q: When might mySugr bring its bolus calculator to the US?

Q: How will mySugr integrate CGM data? Will this become a bigger focus under Roche?

-- by Adam Brown and Kelly Close