



## MEMORANDUM

### **Glooko raises \$16.5 million to add CGM and pump data to device-agnostic platform; new investor Medtronic; consumer version launches - March 19, 2015**

#### **Executive Highlights**

- Glooko has raised \$16.5 million in series B funding from new investors Medtronic and Canaan Partners, alongside existing investors that include The Social + Capital Partnership and Samsung.
- The funds will be used to add CGM, pump data, and personalized predictive algorithms to Glooko's device-agnostic platform.
- Glooko has [also soft launched a direct-to-consumer version of its product](#) for \$59 per year.

Glooko [announced](#) earlier this week that it has raised \$16.5 million in series B funding from new investors Medtronic and Canaan Partners, alongside existing investors that include The Social + Capital Partnership and Samsung. Notably, the funds will be used to add CGM and pump data to Glooko's device-agnostic platform ([MeterSync Blue adaptor](#), mobile app, website), which can currently display data from 30+ blood glucose meters and many popular activity trackers. Glooko is currently partnered to [integrate Asante](#) (June 2013) and Dexcom (as of [JPM 2015](#)) data into its platform, and we assume Medtronic is in the works given this funding. As we understand it, Glooko is also in deep discussions with Insulet. Glooko is currently compatible with 90%+ of the BGM market, and roughly the same will be true with pumps and CGM should all these partnerships come to market. Glooko has taken a very admirable Switzerland approach to simplifying data management, something patients, providers, and payer all stand to benefit from.

Notably, the funding will also allow Glooko to add personalized predictive algorithms, which to date have been largely missing in diabetes data management. The company shared several possibilities with us: analyzing blood glucose data alongside exercise data; making provider suggestions on how insulin delivery settings should change; and bringing more analytics around infusion set changes. Though the regulatory bar is higher, we believe providers and patients are starving for this type of knowledge, and Medtronic's CareLink Pro is widely praised for such insights.

Glooko's business model has been enterprise-focused to date - the company negotiates contracts with payers and health systems, who then give the Glooko system for free to patients. However, we're pleased to see Glooko has [also soft launched a direct-to-consumer version of its product](#) - for \$59 per year, patients can get a Glooko MeterSync Blue adaptor (30+ meters), access to Glooko's app on Apple iOS & Android, and access to the myGlooko web interface. We are very glad to see Glooko pursuing both business models, since the enterprise sales model is slow and time-consuming, and many patients could benefit from the company's simplified downloading system. That said, of course, we know patients have been resistant to spend "their own funds" on healthcare in the US.

Given the work at Glooko, Tidepool, Diasend, the FDA, and many forward-thinking companies (e.g., Abbott, Asante, Dexcom, Insulet, and Tandem are all partnered with one of the platforms), it's starting to feel like the interoperability issues are slowly but surely being addressed in diabetes device data management. From here, we believe it's all about building interfaces and algorithms that enable therapeutic change and are easy to use and interpret. And from a healthcare system perspective, it will be critical to have systems that can track populations and warn payers/providers about patients in danger. While this field has a number of unanswered questions, discussed at the end of this report, we've certainly seen some valuable recent progress.

- **It's notable to see Medtronic joining as an investor, a sign that the company may open up its data!** To date, Medtronic's CareLink has been a closed and proprietary system, and we hope the funding is a positive sign of a potential future integration with Medtronic.
- **Glooko now has 25 employees and has raised \$27.5 million in total funding to date.** The Social + Capital Partnership is one of the leading healthcare investors in Silicon Valley and was an early investor in Dexcom. As we understand it, Glooko could have raised another \$5 million from its existing investors, but decided to cap the round off. This round of funding is a sign of continued investor interest in data management software as a business and growth opportunity.
- **Glooko has announced partnerships with Joslin Diabetes Center, Diabetes & Glandular Disease Clinic (DGD), and Atrius Health.** The partnership with Joslin goes back to [January of last year](#), which thus far has developed the [HypoMap software](#) (launched in June 2014). We see Dr. Howard Wolpert's involvement as a major vote of confidence in the company - he combined tremendous comfort with technology with outstanding experience in managing the clinical aspects of diabetes. The press release yesterday newly listed Texas-based DGD and Massachusetts-based Atrius Health, which we are less familiar with.
- **Glooko makes its software API available, allowing integration into EHRs (e.g., the Joslin EHR has a Glooko button).** The company aims to develop end-to-end workflow and really simplify providers' lives through a device-agnostic platform - in particular, addition of exercise data/devices is quite notable. We heard a lot at [SXS Interactive](#) about providers' limited time and ability to see and keep track of disparate data, and integration in the EHR will be critical for improving clinical workflow.
  - **Glooko's open API also allow for custom applications to be built on top of the Glooko platform.** The [Joslin HypoMap](#) (for identifying hypoglycemia unawareness) was the first of these applications, and others are in the works. This is in many ways similar to the vision Mr. Howard Look has for the Tidepool platform, though of course, it's hard to compare the two software platforms, since they have so many nuances.
- **[The ADA/EASD Joint Statement on Insulin Pump Risks and Benefits](#) points out what has been previously unsaid:** "We found that useful information held by the manufacturing companies is not currently shared in a sufficiently transparent manner." Though this wording could be interpreted in various ways, it certainly reflects positively on Glooko, Diasend, and Tidepool. We also believe that pressure will be put on companies that aren't supportive of open access to data though that is speculation and the timing certainly unclear.
- **As a reminder, the Glooko system consists of three components:** the universal [MeterSync Blue adaptor](#) (compatible with 30+ meters, Apple/Android mobile devices), a mobile app, and a web dashboard. Glooko offers a kiosk version of its app for clinical practices, which is intended to simplify the workflow in the clinic. The company's [Population Tracker](#) is the provider side of the web dashboard, allowing clinicians to follow their population of patients and stratify them based on recent risk for extreme hypoglycemia or hyperglycemia. Glooko can integrate with third party apps/devices like Fitbit, Jawbone, Moves, Strava, Withings, Runkeeper, and iHealth.

### Close Concerns Questions

- **Among Diasend, Glooko, and Tidepool, will one data management platform emerge as the most provider-friendly?** The most patient-friendly? The most payer/health system friendly? What will drive adoption?
- **What business model is best suited for diabetes data management to ensure the best innovation, adoption, and scale (see below)?** Will the business models of the various platform providers make access by other application easy? Which business models will offer the lowest friction and barriers for patients and caregivers?
  - **Diasend** charges clinics to use its platform, and recently made it free to patients;

- **Glooko** charges providers/health systems to offer it free to patients. If their payer doesn't cover it, patients can also pay \$59/year for access;
- **Tidepool**, a non-profit focused on the needs of the type 1 ecosystem, has been supported by philanthropy (e.g., JDRF), but also has an industry-facing model: device manufacturers would pay Tidepool on a regular basis, and in exchange, the organization would host device data and provide apps for patients and clinics to use. Notably, the group has just signed a deal with Asante to do so. Tidepool hasn't disclosed details of the transaction, but it represents a critical step towards the goal of becoming a self-sustaining non-profit.
- **Device** makers could continue to develop software in house and provide it free.
- **Will Diasend, Glooko, and Tidepool add compatibility with [Apple's HealthKit and ResearchKit](#)?** Will these platforms take off like iTunes, or should we expect lesser uptake?
- **When, where, and how will patients have access to their own data?** Will patients be able to take their data with them wherever and whenever they want?
- **How will the data be monetized/valued?** If value is created by one stakeholder and extracted by another, how will incentives be aligned to encourage the flow of data? Will vendors charge patients twice - once for the device, and a second time to access their own data from the device? Some worry that data will be resold to third parties while the patients themselves are prevented from accessing their own data.
- **Where is the line to be drawn between the patient's physiologic data and the manufacturer's device data?** Is alarm data or CGM calibration data or insulin dosing considered device data or physiological data?
- **Are there regulatory or legal or security or privacy concerns to exposing APIs to patients?** (e.g., "FDA won't let you have your own data" or "We have to secure things against hackers so you can't have your own data" or "HIPAA won't let us give you your own data").
- **Will an ecosystem of diabetes data management apps emerge?** Will patients be able to choose which apps they wish to use to manage their therapy? What apps would patients find most useful? What's the business model for apps that sit on top of platforms? Who will develop such apps? Will they need regulatory approval?
- **What data management solutions are most needed by the diabetes community?** Clinical decision support for providers? Therapy recommendations for patients? Population health management?
- **In a world where all data goes to the cloud automatically (e.g., Telcare, Livongo, Dexcom's Gen 5), how many patients will care to look at it?** The historical barrier to data management has been a painful downloading process; now that this is changing, what fraction of patients will elect to engage with their data?
- **What's the best way to make providers' lives easier?** We continue to hear alarming stats on shortening appoint times (as the patient population grows faster than the number of doctors to care for them) - what do providers most need?
- **Will remote data analysis see improved reimbursement over the coming years?** To what extent is this a barrier now? Will it change once data is easier to download?
- **How will healthcare reform affect data management?** Will population-level data management become increasingly important? As providers take on more risk, will they engage with data more?
- **Where is the patient's voice in all of this?** How will patient feedback be incorporated into product design, data sharing policies, user agreements, regulations, etc.?

*-- by Adam Brown and Kelly Close*