



# Digital Health Investor Report: Most Attractive Platform Markets in Healthcare



# Why digital health investors should rethink their strategy

The most valuable companies in the world are platform businesses. Globally, **6 of the 10 largest companies are platforms**.<sup>1</sup> In the private market, **60%-70% of unicorns are platform businesses**.<sup>2</sup> When compared to pure software or SaaS companies, platform companies grow faster, reach greater profitability and produce superior shareholder value.<sup>3</sup>

In digital health, platforms resoundingly outperform their pure software peers. They receive **larger deal sizes**, attain **higher valuation premiums**, secure **follow-on funding more successfully**, and **exit at greater rates**.<sup>4</sup> Yet in 2023, only 15% of all digital health investment was placed in platform businesses; the rest in traditional software or SaaS companies.<sup>5</sup>

**The evidence is irrefutable:** a platform strategy is a means of wealth creation unrivaled by any other business model. Yet most investors don't prioritize platform investments accordingly. Digital health platforms should be an integral part of every healthcare investment strategy.

## But it's certainly not that easy

Investing in digital health platforms can be daunting. With delayed monetization and complex go-to-markets, it can be difficult for investors to confidently assess the strength and potential of a platform business.

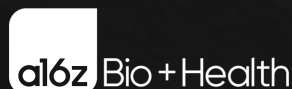
Further, evaluating the size and value of a healthcare platform market can be challenging as platform businesses create value in the connections between various stakeholders across different (traditional) healthcare markets. This renders common market analysis, reports and expertise largely inappropriate or ineffective.

**A new paradigm is required to guide platform investment strategy in healthcare.**

This report provides new data and research into the most attractive platform markets in healthcare to help firms deepen their network effects investment strategy.

“The very simplistic answer is if you look at the biggest companies in healthcare, they are network businesses.”

**Julie Yoo**  
General Partner








1. McKinsey Quarterly: Platform Plays - McKinsey Digital

2. Is There a "Platform Premium"? An Exploratory Study of Unicorn Business Models and Valuations - MIT Sloan, Harvard Business School, University of Surrey, Redpoint Ventures.

3,4,5. [2024 State of Healthcare Platforms Report](#) - Summit Health Advisors.

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“When solving for informational needs across multiple [healthcare] stakeholders, there is not a more value-creating model than a well-designed two or three-sided network.”

**Scott Barclay**  
Managing Director

**INSIGHT**  
PARTNERS



**Summit Health Advisors** is a boutique consultancy that works hand-in-hand with digital health companies and investors to help build the next wave of dominant, market-defining businesses in healthcare. We are experts in network effects and platform business strategy.

## We help digital health investors:

### Identify new platform market opportunities

and develop a data-driven network effects investment strategy

### Support due diligence for prospective platform investments

with objective network effects scoring and healthcare markets expertise

### Drive platform portfolio company growth and scale

with advisory engagement and fractional leadership

# Digital health platforms should be in every investor's portfolio

Year over year, platform companies have emerged as dominant businesses in healthcare, outperforming their non-platform peers in funding and financial performance. As new [evidence](#) suggests, digital health platforms also succeed at a higher rate than non-platform companies. **With a greater potential return and lower risk of failure, platforms should be an investment priority for all digital health investors.**

## Private Digital Health Market

**1.9x**

Platform Valuation Premium<sup>1</sup>

Average post-money valuation of platforms vs non-platforms, Series B and higher, 2023

**1.8x**

Greater Follow-on Funding Rate<sup>2</sup>

Percentage of platform vs non-platform companies who raise a follow-on round, 2016-2023

**2.1x**

Higher Acquisition Rate<sup>1</sup>

Digital health platform vs non-platform acquisitions by investment allocation, 2023

## Public Digital Health Market

**2.7x**

**1.7x**

**58%**

valuation premium

Enterprise value / revenue<sup>3</sup>

**\$929K**

**\$465K**

**2x more**  
scalable

Revenue per employee<sup>3</sup>

**(9%)**

**(72%)**

**87% closer**  
to profitability

EBIT over revenue<sup>3</sup>

1. Analysis of private venture funding for US-based digital health companies in FY2023, using Summit Health Advisors' proprietary Digital Health Platform Database.
2. Analysis of private venture funding for US-based digital health companies, from 2026-2023, (N=4,765), using Summit Health Advisors' proprietary Digital Health Platform Database.
3. Includes publicly traded digital health companies with headquarters in the US, as of December 31, 2023, that have gone public since 2016, (N = 19). Platform companies include Accolade, Agilon, Amwell, Apollo Med, Doximity, GoodRx, OptimizeRx, Phreesia, and Progyny. Non-platform companies include 23andMe, Augmedix, Cano Health, Cue Health, Health Catalyst, Hims & Hers, Owlet Baby Care, Sharecare, Teladoc, and Warby Parker.

For full analysis and findings, please see the [2024 State of Healthcare Platforms Report](#).

# \$1 Trillion

Healthcare Platform TAM

Our analysis suggests a \$1 trillion market opportunity for platforms in healthcare, as platform businesses are able to address many of the most pressing healthcare challenges.

We segment the total digital health platform market into two primary areas (or 'interactions'):

## Existing Interactions

Platforms that make **existing interactions between stakeholders** more efficient or more valuable

## Novel Interactions

Platforms that **facilitate new connections between stakeholders** to create and exchange value that is not possible today

# Our trusted approach to platform investment

As platform businesses produce value in fundamentally different ways than pure software businesses, they generate [revenue](#) along different trajectories and prioritize different [success metrics](#). Therefore, typical market assessment and due diligence frameworks are insufficient to evaluate network effects-powered businesses, especially in healthcare.

## Healthcare Platform Investment Framework



### Transaction volume and value

Platforms that enable high volume-high value interactions (on the [volume x value matrix](#)) typically generate greater network effects, foster greater platform stickiness, and command greater pricing power.



### Strength of network effects

This is assessed by the classic definition of Metcalfe's Law (simplified: more users equals more value) and the degree to which that value is unique, robust and defensible.



### Competition and crowdedness

The penetrability and scalability of a new platform market can be determined by the number, size and defensibility of its incumbents - and the competitive moats a company possess and/or can traverse.



### Platform market TAM

As platform companies create value in the exchange of information, goods or services between constituents in different healthcare markets (i.e. payer to pharma), TAM must be calculated based on the volume, efficiency and worth of the [value unit](#).



### Increasing returns to scale

The most exciting platforms benefit from both supply-side and demand-side economies of scale. The ability to simultaneously reduce per unit costs and increase revenue/margin per unit is critical to scale and success.



### Flywheel growth effects

High performance platforms can catalyze their existing user base to acquire new users (i.e. Uber's drivers and riders). Opportunities to harness existing relationships are vital to drive [adoption, utilization and monetization](#).

# Existing Healthcare Interactions

“Healthcare is naturally suited for network effects and platforms. There are just so many disconnected constituents. And so much disconnected data.”

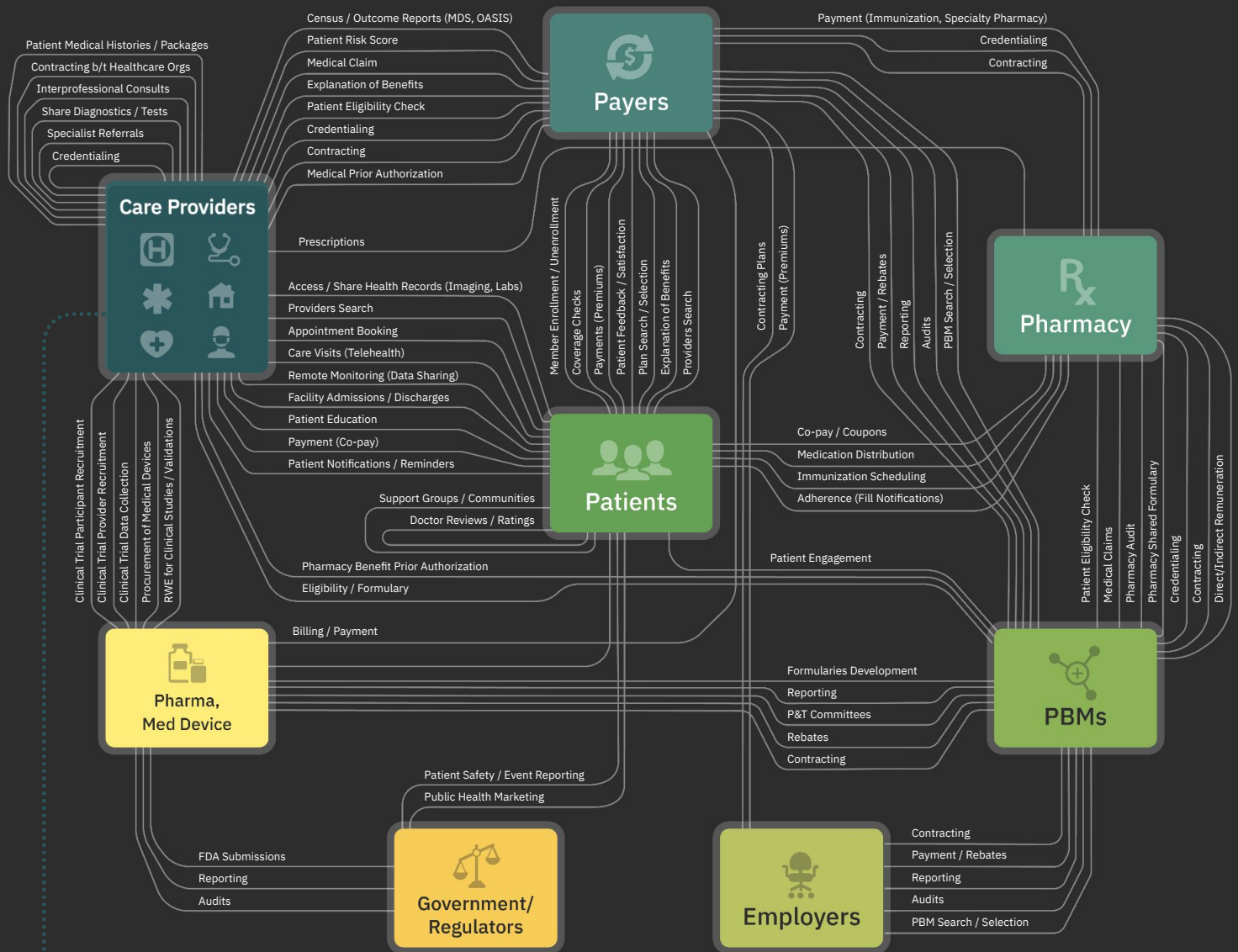
**Carl Byers**  
Partner

**F/PRIME**

# The healthcare interaction map

For most digital health SaaS companies, the multitude of stakeholders and interactions in healthcare creates added complexities and barriers to commercialization. For platform companies (and their investors), this web of interactions can spur tremendous innovation and investment opportunities—for those who can better facilitate these exchanges of value.

**Each healthcare interaction (line) on the map represents an existing platform market sector, each possessing numerous, unique investment opportunities.**



## Care Providers

- Hospitals
- Clinics
- Medical Groups
- Home Health/Care
- Hospice
- SNF

*For illustrative purposes, we've simplified and consolidated some of the primary healthcare stakeholders/markets and the interactions between them.*



# Top existing platform markets by investment attractiveness

Our platform market investment [framework](#) is used to evaluate and score each platform market sector (healthcare interaction) to determine which are the most attractive for investment.

## Sample Platform Markets for Investment

The table below highlights some of the most attractive platform markets in healthcare, ranked by Network Effects Impact Score.

Network Effects Impact Score <sup>1</sup>	Platform Market Sectors	Stakeholder Interactions	TAM	Transact. Volume	Transact. Value	Existing Competition / Crowdedness
82	Pharmacy Value Chain (Prescriptions)	Provider < > Pharmacy	Medium	High	Low	High
75	Clinical Trial Management	Pharma < > Providers / Patients	Very High	Low	Very High	High
70	Clinical Trial Recruitment	Pharma < > Providers / Patients	Very High	Low	Very High	Medium
62	Medical Image Exchange	Provider < > Provider	Low	Low	High	Low
61	Contracting and Credentialing	Provider < > Payer	Low	Low	Medium	Medium
59	Specialist Referrals	Provider < > Provider	Medium	Medium	High	Low
55	Medical Claims	Provider < > Payer	Medium	High	Low	High
41	Staffing Marketplaces	Provider < > Employer	High	High	High	High
40	Post-discharge / LTPAC Referral	Provider < > Provider	Medium	Medium	High	Low
<p>Additional Markets</p>						

Interested in diving deeper into any of these top platform market sectors?  
Interested in learning more about our evaluation framework and the data behind it?

Reach out to Summit Health Advisors [here](#).



1. Proprietary network effects score based on Summit Health Advisors' deep expertise evaluating the strength, growth, monetization and defensibility of network effects that the create and capture value in healthcare.

# Existing platform market sector overview:

## MEDICAL CLAIMS

Medical claims have been processed through EDI clearinghouses for decades, but enormous opportunity for innovation remains. Few have tried applying true multi-sided platform business strategy concepts to the space. Claims represent a multi-stage interaction between a healthcare provider and a health insurance provider to request and receive reimbursement for a medical service provided to a patient.



Transaction Assessment			Competitive Landscape	
<p><b>15.9B</b></p> <p>Volume</p> <hr/> <p>Includes all types of claims transactions, 2022.</p>	<p><b>\$0.25</b></p> <p>Avg. Cost</p> <hr/> <p>Average cost per claims transaction, across each type of claims transaction, 2022.</p>	<p><b>\$3.9B</b></p> <p>TAM</p> <hr/> <p>Proportion of national health expenditure (NHE) for health insurance spent on medical claims, 2022.</p>	<p><b>CHANGE HEALTHCARE</b></p> <p><b>Availity</b></p> <p><b>WAYSTAR</b></p> <p><b>avaneer HEALTH</b></p> <p><b>TRIZETTO</b></p>	

Network Effects Opportunity Score		Competitive Landscape	
<p><b>55/100</b></p> <p>A high degree of fragmentation on both sides of the market (provider and payer), frequency and complexity of interactions, and value of underlying transactions all contribute to a higher score.</p>	<p>A crowded, competitive field and currently commoditized transaction set brings the score down. Opportunity remains for a savvy player with best-in-class technology and a dominant two-sided network strategy to win.</p>	<p><b>zelis</b></p> <p><b>SSI</b></p>	<p><b>\$15B</b> Combined Funding Raised</p> <p><b>\$52B</b> Combined Valuation</p>

**Data Sources**

Summit Health Advisors' proprietary digital health platform database, compiling data and analysis from CMS, CAQH, NHEA, Pitchbook, industry expert interviews, and other sources.



## Where is all this data from?

Summit Health Advisors' proprietary digital health platform dataset includes insights on nearly a thousand platform companies and dozens of platform market sectors.

**Connect with us** about our data and research

# Novel Healthcare Interactions

“In healthcare, there are often conflicting and unintended incentives and challenges between constituents, but if there is engagement with momentum by various parties in a [platform] solution offering, there is a value proposition there, to foster and scale, that can be very compelling.”

**Teresa Lee**  
Managing Director,  
Growth Equity

**OMERS**

# New and emerging platform markets

With increasing digitization, consumer agency and need for collaboration in healthcare, new platform value and market opportunities can be unlocked by better facilitating new, previously non-existent interactions between stakeholders. Below, we've highlighted just a few examples of recent platform market sectors and some of the companies already operating in the space.

Platform Market Themes

Early Market Entrants

Market Drivers and Tailwinds

Example Interactions

## Independent Provider Empowerment

Providers < > Payers



A lack of support and tools to help physicians manage their own practices are contributing to business growth challenges, greater consolidation, reduced independence and greater rates of burnout.

- Health plan contracting and billing
- Patient marketing / acquisition
- Patient engagement
- Virtual service expansion (telemedicine, NP/PA practice supervision)

## Health Data Democratization

Providers / Patients < > Pharma / Payers



Health systems are under immense financial pressure, looking for new revenue streams. Pharmaceutical companies, medical device makers, payers and regulators need quality, patient-level data to improve time to market or policy decisions.

- De-identified patient health data exchanged between providers or patients and 3rd parties for:
  - Clinical research and trials
  - AI model testing validation
  - Value-based procurement
  - Population/public health management and policy development

## Non-Clinical Networks

Individuals < > Individuals



Individuals looking for convenient / anonymous access to advice, support or comfort from others who have endured similar clinical circumstances or challenges.

- Organ/tissue donor and recipient matching
- Anonymous peer-to-peer addiction support and sponsor matchmaking
- Caregiver matching for elderly, immobile patients
- Women's health support network for fertility or postpartum

## Consumer-Driven Marketplaces

Patients < > All



Consumers have historically had little agency. With EHRs on the provider side and smartphone and internet ubiquity in the hands of consumers, there are opportunities to leverage the increasing power and decision-making authority of the individual

- Provider search and appointment scheduling
- Lab order and selection process
- Consumer search for health information
- Tools for caregivers to coordinate benefits, orders and services
- Price transparency and services availability for procedures

## Provider-Controlled Directories / Credentials

Providers < > All



Health professionals continuously transitioning between employers, phone numbers, EMRs, etc., make it difficult to maintain accurate provider directories, yet credentialing is critical to enabling almost all healthcare transactions.

- Own, update and share provider data with each other and expose to 3rd parties
- Universal credentialing for physicians and nurses who practice at numerous organizations (i.e. agency nurses or surgeons)

## New platform market sector overview:

# Independent Provider Empowerment

Clinicians are rapidly losing their autonomy and agency within healthcare, which is resulting in clinician burnout, substandard care and poor patient satisfaction.

## The Market Drivers

### Loss of Independence

**78%**

Physicians employed by hospitals or corporations

### Loss of Mobility

**45%**

Clinicians restricted by employer non-competes

### Loss of Control

**49%**

Clinicians reporting burnout from excessive workloads

### Non-competes in Healthcare

**FTC**

Ruling expected to prompt significant labor liquidity

## The Role of Network Effects

Platform businesses are uniquely positioned to help clinicians regain their professional autonomy by:

### Bringing parity and transparency:

Platform businesses can bring negotiating parity (Aledade) and transparency (Syntax) when dealing with large orgs by aggregating the 'long tail' of providers.

### Matching supply and demand:

Platform businesses with aligned business models can drive practice growth by matching patients to providers (ZocDoc).

### Enabling care coordination:

Platforms can drive value by connecting clinicians with each other for consults (AristaMD) and to other clinical services.

### Empowering clinician careers:

Platforms can connect clinicians to part-time (Wheel) or full time work, and to other clinicians to help enable them to practice on their own (Zivian).

## The Emerging Platform Stack Supporting Independent Clinicians

### Back Office

Aledade  
[SYNTAX]  
Headway

### Clinical Practice

Arista|MD  
scan.com  
PHOTON

### Practice Growth

Zocdoc  
tebra  
SESAME

### Career Flexibility

wheel  
NURSA  
ZIVIAN



# Do your platform portfolio companies need help to grow?

## How Summit Health Advisors can help:



### Overcome the frigid cold start problem

Implement proven tactics to attract new users in the complex healthcare market.



### Build a scalable revenue model

Develop pricing models and strategies to drive early growth and long-term profitability.



### Navigate misaligned interests to build trust and value

Establish governance and messaging to foster trust and collaboration in a mistusting system.



### Develop metrics that matter

Design success metrics to best assess the growth of the business and drive organizational/investor alignment.



### Leverage network effects for growth and moats

Tap into the power of network effects to drive growth to increase margins and reduce CACs.

Share our playbook

with your portfolio companies

# Investing in digital health platforms? We'd love to chat!

**Identify new platform market opportunities** and develop a data-driven network effects investment strategy

**Support due diligence for prospective platform investments** with objective network effects scoring and healthcare markets expertise

**Drive platform portfolio company growth and scale** with advisory engagement and fractional leadership

Let us be your in-house network effects experts, helping you make sound platform investments and supporting your platform portfolio companies.

“A platform business builds value along a different trajectory than a pipeline business. With platforms, the payout can be much larger, but it will take longer to grow.”

**Marta Gaia Zanchi**  
Founder and Managing Partner

NINA.CAPITAL

## Get in touch


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Leading experts on  
**network effects** and  
**platform business strategy**  
in healthcare.



**Summit Health Advisors** is a leading advisory firm, specializing in network effects and platform business strategy in healthcare. The firm works closely with founders and investors in platform businesses on identifying and develop growth levers, monetization opportunities, go-to-market motions, competitive positioning, and product-market fit to unlock and create value for shareholders and stakeholders.