

Health Overhaul Opens Opportunities

While President Barack Obama's health-care overhaul proposals remain in flux, any new health plan will emphasize a more efficient and less wasteful health-care system. Those, unsurprisingly, are the very same promises the health-care technology companies are making.

But while such promises help improve Silicon Valley's health, it's less clear that technology can save the rest of the ailing industry time and money. And even if it does, networked technologies have a way of making things convenient for bad guys, too: Already, hackers have gained access to private health-care data.

But the system is so bloated and calcified that the opportunity for improvement is great - a point not lost on the venture capital industry. Venture investments in health-care companies in the second quarter totaled \$2.23 billion, outpacing the \$1.88 billion pumped into tech companies -- the first time on record that health-care investing exceeded tech investing, according to research firm VentureSource, which is owned by News Corp., publisher of The Wall Street Journal.

Robin Bellas, a venture capitalist at Morgenthaler, says his firm has quickly invested in a number of health-care firms recently. "The tech world is still struggling to find the new, new thing," he says, "and the billion-dollar plus markets are more obvious on the health-care side right now."

-- Pui-Wing Tam