

TechCrunch

[Practice Fusion](#), a web-based electronic medical records and healthcare community, announced this morning that it has closed an impressive \$23 million series B round of funding. The round was led by [Founders Fund](#), with participation from [Artis Capital Management](#) and [Glynn Capital Management](#), as well as returning investors [Morgenthaler Ventures](#) and [Felicis Ventures](#). The healthcare community adds to the \$7 million in funding it raised in August 2009 and January 2010, bringing its total funding to \$30 million.

Launched in 2007, Practice Fusion allows doctors across the country to chart patient visits, review records, schedule appointments, prescribe medications electronically, order and receive lab tests, and connect patients to their health data — all in realtime. Unlike legacy electronic medical records systems that charged doctors exorbitant fees, Practice Fusion's web-based system is free to health care providers and lives in the cloud.

Offering a free digital system is fairly unprecedented and, at first blush, would seem financially unsound, but Practice Fusion was initially able to stay in the black through rapid product development, word-of-mouth buzz among doctors, and the \$44,000 economic stimulus incentive program rolled out by the Obama Administration in 2009. Since then, it has been able to rely on venture capital and has brought more than 70,000 health care providers into its community, allowing for triple-digit annual growth among its users, according to communications director Helen Phung.

As many are aware, the state of American healthcare systems remains atrocious, and the medical industry has struggled to incorporate technology into the management of the healthcare process. Sure, we may have cutting-edge devices in our ERs, but when it comes to IT and medical records, the U.S. healthcare industry might as well be in the Stone Age. Currently, only 1.5 percent of hospitals have integrated IT systems and only 6.3 percent of physicians have fully-functional electronic medical record systems in use, said Practice Fusion board member [Rebecca Lynn](#).

As this is the case, Practice Fusion provides hosted electronic medical records that are always online and works to improve the overall efficiency of a healthcare provider's practice by matching the workflow of primary care and specialty physicians through the entire lifecycle of a patient's healthcare — while giving them access to their personal records. And, through its API platform, Practice Fusion is currently attempting to situate itself as a testing ground for health data visualization and app development. Both of which need to become areas of increased focus for the healthcare industry.

The company has also announced the addition of Jason Portnoy as CFO. Portnoy was previously the CFO at roles at Palantir Technologies and Clarium Capital.