

Practice Fusion Lands A Whopping \$70M To Bring A Big Data Cure To The Healthcare Crisis



[Rip Empson](#) 09/24/13



The world of digital health startups has begun to explode over the last two years — and innovation in healthcare along with it — but nonetheless, [the latest reports show a landscape that is](#) still suffering from a dearth of seed investments, investors that are still “dabbling,” and an absence of a powerful player like Google or Facebook. Today, however, [Practice Fusion](#) appears poised to take up the reigns and perhaps create that blockbuster IPO that the digital health space has been waiting for.

Since its inception in 2005, Practice Fusion has been on a mission to re-invent the stodgy, archaic world of Healthcare IT by offering a free, digital platform for Electronic Medical Records (EMRs) to doctors, their practices and their patients. Fast forward to 2013, and over 100,000 doctors have adopted Practice Fusion’s EMR platform and are now using it to

prescribe, communicate with providers, order labs and document visits.

Today, the startup made it clear just how strong its growth has been over the past few years, announcing a whopping \$70 million Series D investment, led by Kleiner Perkins Caufield & Byers (KPCB) and institutional investors OrbiMed Advisors and Deerfield Management Company. The startup’s existing investors, including Artis Ventures, Morgenthaler Ventures and Felicis Ventures also contributed to the round, which brings its total capital to \$134 million.

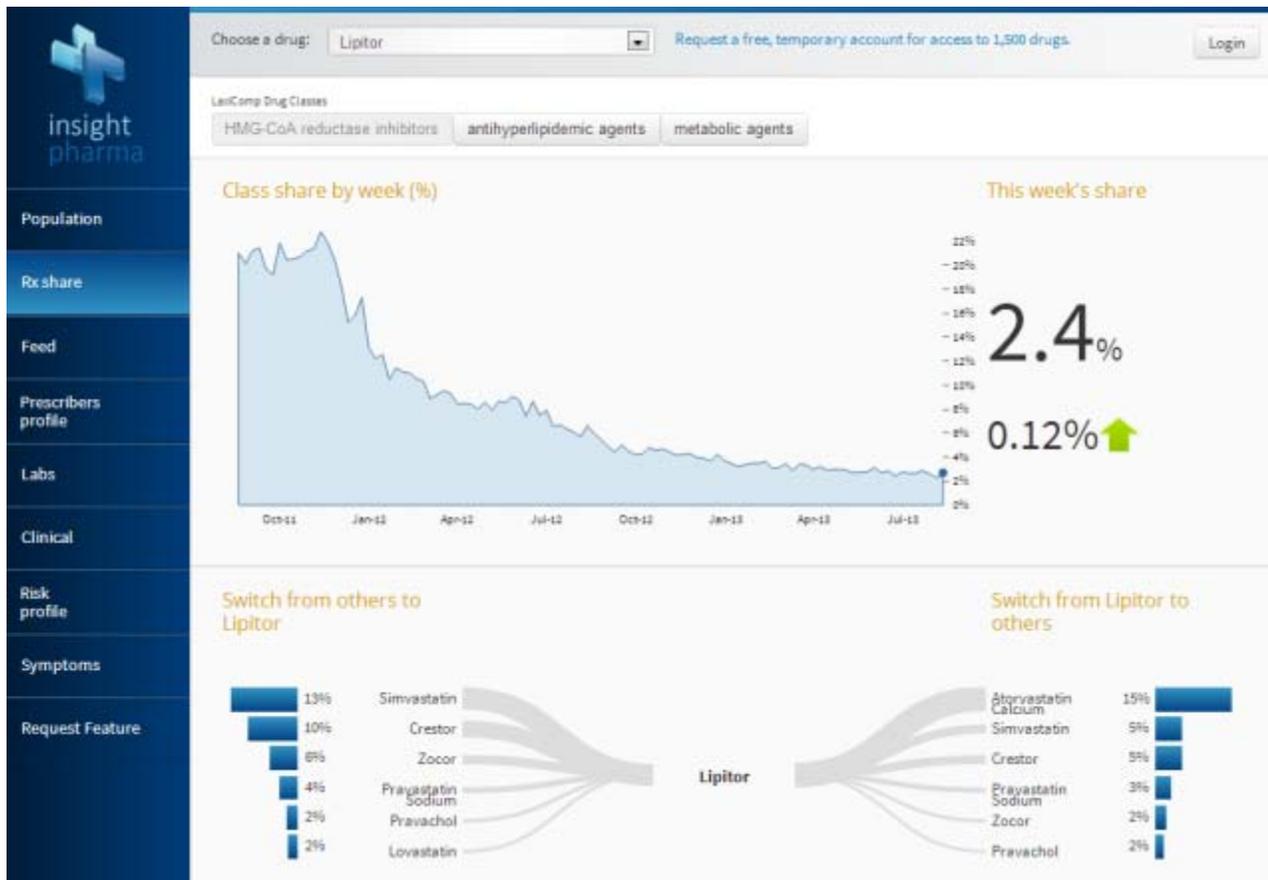
The big question, of course, is just what this massive infusion of capital means for a company at this stage in the game. In a conversation this week, Practice Fusion founder and CEO Ryan Howard was unwilling to put a timeline on a potential IPO, but he did say that the company’s new \$70 million would give it the capital it needs to head in that direction and that, looking forward, he has “every intent of taking [Practice Fusion] public.”

With Bloomberg reporting that this new round values the company in the ballpark of \$700 million, Practice Fusion has become one of the largest digital health startups of this new generation, and it seems that, on the IPO front, it’s not a matter of “if” but “when.” The company’s growth, Howard says, has compounded since raising \$34 million [in series C back in June of 2012](#).

Today, more than four million patient visits are being managed on the startup’s platform, a number which has grown 75 percent year-over-year over the last 24-odd months. In turn, this has allowed Practice Fusion to expand its aspirations on the data front, increasing its de-identified data platform, which Howard claims is now the largest realtime clinical dataset in the U.S. Companies in the healthcare market, today, he says, are feeling the pressure of consolidation, which is why the team has been pulling all available levers to scale as quickly as possible.

The team itself has expanded to over 300, a large chunk of those hires coming in the last 12 months, and the company recently purchased another handful of floors in its office building in downtown San Francisco. With its new funding, Howard says that he plans to continue expanding both its team and the ways in which its leveraging its data platform, which has become a significant driver of its revenue growth — a growth rate that, by the way, has increased 300 percent since 2012, he says.

This clinical dataset, Howard claims, is now nearly four times the size of comparable systems owned by Kaiser Permanente and Veterans Administrations combined. Earlier this year, the company launched a new subscription research tool for doctors, reporters, analysts and pharmaceutical companies, called “Insight,” which was designed to showcase the ways in which it’s beginning to leverage its dataset to increase access to patient health information — and help diverse set of players involved in healthcare glean insight from that data.



The company also launched Patient Fusion, another example of how the company is productizing its data set, and has since set its sights on becoming “the Salesforce.com for doctors and the Facebook for health,” [as we wrote earlier this year](#). With Patient Fusion, the company’s platform now allows anyone to compare compare doctor reviews and book appointments within an hour of arriving at the doctor’s office.

Yet, unlike Yelp, [as I wrote in Many](#), “which would allow users to rate doctors even if they’ve never stepped foot in their office, Patient Fusion aggregates ratings from patients after their visits. This allows the company to not only build a database of verified reviews (based on visits it knows actually took place), but to lay the groundwork for a sizable local physician search engine as well.”

The site’s reviews now number in the millions, and through these products, along with a tool that helps patients better understand and manage their health spending, the company has been looking to take the next step towards becoming a full-service health information platform. “If the initial launch of Patient Fusion brought the

The screenshot displays the Patient Fusion interface. At the top, there's a navigation bar with 'patient fusion' logo and links for Home, My records, Appointments, Messages, Insurance, Resources, Providers, and Help. The main content area is titled 'Insurance' and includes a 'COVERAGE OVERVIEW' section for the period Jan 1, 2012 - Dec 31, 2012. It shows \$2,690 covered by insurance, \$672.50 in out-of-pocket costs, and 4 claims filed. Below this is a bar chart showing monthly costs and a pie chart indicating 75% coverage by insurance. The 'BENEFIT SUMMARY' section is for Anthem Blue Cross, Family plan, with members Brian and Susie. It details in-network and out-of-network deductibles and out-of-pocket expenses. The 'RECENT CLAIMS' section shows 0 claims rejected by insurance and \$581.15 in recent out-of-pocket costs, with a table listing three claims for visits to Kyle Stevenson, MD.

company into Yelp (and ZocDoc) territory,” [we surmised at the time](#), “then its new free service marks the beginning of Practice Fusion’s own version of Mint.com for health.”

The company has been busy on the product front with Patient Fusion and Insight, but with the new round, Practice Fusion has also been looking to beef up its strategic partners, especially those who can help the company leverage its growth (on both product and business fronts) and guide it down the road to a future IPO.

As part of its \$70 million infusion, for example, Beth Seidenberg, MD, a general partner at Kleiner Perkins, will be joining the startup’s board of directors. Thus far, although it operates in a world of old, traditional healthcare players, Practice Fusion has identified more as a technology company than a healthcare company, in the traditional sense. But, with Seidenberg now on its board, who brings experience as the founding CEO of two biotech companies and the former Senior VP and Chief Medical Officer of Amgen — along with its strategic investments from OrbiMed Advisors and Deerfield Management Company — Practice Fusion is showing that its begun to listen to the Old World as well.

And, as the company accelerates the rate at which its growing (and scaling) and works toward a potential IPO, advice and

counsel from these stakeholders will become increasingly valuable. Especially considering that the U.S. healthcare landscape is undergoing a seismic transformation, particularly concerning the coordination of care,

how healthcare providers measure their own performance and optimize for cost efficiency. Healthcare is moving toward a more patient-centric model, in which the success of care will be more focused on patient outcomes, whether they understand treatments and care and whether that care is actually living up to its promise.

Howard believes that Practice Fusion is in a unique position, sitting as it does between the tech and healthcare industries, to effect national health reform and, through its partnerships with life sciences companies, help them develop new population health management initiatives, which include compliance with public health guidelines and reports on market trends, among others. Today, Howard says, Practice Fusion has struck partnerships with 18 of the 20 largest pharmaceutical companies in the U.S.

In turn, its new funding will also enable Practice Fusion to continue to expand its relationships with the enterprise, including labs, billing centers and imaging centers, which today number over 300. Through these enterprise partnerships (and its APIs), the company has helped its partners manage more than one million lab transactions and 2.7 million prescriptions — in September alone.

Looking forward, the CEO says that his company will look to expand its API platform in the coming year to further develop its relationships with health developers and engineers and reach into the vast (and growing) landscape of mobile health apps on the market — a number that is closing in on 100,000.

All in all, Practice Fusion is moving quickly toward its goal of providing healthcare providers and patients with a more holistic view of their health, from EMRs to expenses. Howard believes that its growing dataset can help open the door to a laundry list of new innovations, cures, and, through partnerships, help solve some of the biggest costs and pain points that inflict the average patient. Considering that 30 percent of all health care spending in the U.S. (or more than \$750B per year) could be avoided without reducing outcomes, Practice Fusion's contributions is well-positioned to help move that needle.