

Ellen Kelsay:

For far too long, investments in digital health solutions for women have been underfunded. According to Rock Health, just 3% of the U.S. digital health deals since 2011 have been focused on women's health and well-being. But that is all changing. Increased interest and investment in Femtech, digital health solutions for women, is opening the door to address previously unmet needs. With me to discuss this untapped market is Sari Kaganoff, general manager of consulting at Rock Health, the first venture fund dedicated to digital health. Sari and her colleagues are keeping a watchful eye on the Femtech landscape, including areas ripe for innovation, as well as how the digital health sector as a whole can become more inclusive. I'm Ellen Kelsey and this is the Business Group on Health podcast, conversations with experts on the most relevant health and well-being issues facing employers today. On this episode, I speak with Sari about the current and future state of digital health for women. Sari, before we dive into the conversation for our listeners who might not be familiar with Rock Health, can you describe your organization a bit and what the nature of your work there is?

Sari Kaganoff:

Rock Health is a digital health focused company and there are two main parts to our business. On the one side, as you mentioned before, we're a digital health venture capital firm that we invest in seed and Series A startups. On the other side of our business, we have an advisory business which supports enterprise health care companies on their digital health strategy. I work in the enterprise health care side. I'm the general manager of consulting, supporting enterprise companies on digital health strategy.

Ellen Kelsay:

Great, thanks so much. I think having that perspective and all the different work that you all do at Rock is just so important and informative to a lot of the topics that we hope to cover in our conversation today. I wanted to start with a lot of the research that you all produce, and one in particular that you just released relatively recently on Femtech. What is Femtech? Let's just really start with a definition of Femtech and what that means.

Sari Kaganoff:

Femtech is a catchy phrase for digital health solutions that address women's health issues. There really is a broad array of solutions that that covers. It's everything from fertility and sexual and gynecological health to maternal health, and then all the way to the other end of the spectrum around health care conditions that impact women in different way than they would men. So to synthesize it's really just digital health for women's health, but easier to remember. For me in particular, Femtech is particularly important, obviously as a woman, but also as a mom. I have five kids and going through the journey of having each of them, I've recognized how many challenges the health care system has around the topic of maternity and birth. So for me, in particular, that's one area that I'm really excited to see change in maternal health, specifically.

Ellen Kelsay:

It is a catchy phrase. And as you know, I was reading your research and the article that you put out there is so much to it, to the point you raised. There is just a lot of different layers of women's health related issues and services in the digital space addressing those. So curious from your perspective, why does it seem to be on the radar all of a sudden, why are VCs interested in Femtech?

Sari Kaganoff:

So I can't answer the question of why it's now all of a sudden. I think it's been a long time coming. There was an unmet need for a long time and slowly people have been waking up to it. Around 80% of health care decisions are made by women and that's for themselves, but it's also for the other members of their family. And in fact, I've heard it, women are referred to as the chief medical officer of the family. Often they're making decisions for their children, for their parents, for their spouses, as well as for themselves. From a health care consumer perspective, women should have been a priority focus for a long time, although they hadn't been. In addition, women spend around a little under 30% more per capita than men on health care. So from the perspective of that, it should have been coming for a while.

I really think the reason it hasn't been happening as much is generally we've seen a lot of gender mountains, you know, across the last several hundred years and more so that's one contributor. Another main reason though is that most venture capitalists are male. And what we've seen in research that we've done around equity in venture capital, we see that most venture capitals look for problems that they understand and founders that they recognize and that look like them. So often women's health issues are just not rising to the top of their list of things to focus on, at least historically. I think there's beginning to be a recognition that there is a missed opportunity here and we're seeing more movement in the space because of that. But I think for a long time, it was just sort of not on the radar of a lot of venture capitalists.

And by the way, it's not just in health tech, it's also in health care in general. One thing that I think shocked me when I was talking to a startup founder, who's focused on research for women's health, and they mentioned that the birth control that we use today and sort of designed dozens of years ago, hasn't really changed since, it's really the same mechanism of action. But actually there are a number of different pathways that we can be using to innovate and actually there's a lot of opportunity there. If you look at some of the other therapeutic areas, oncology or skin diseases, there's so much more research that goes into the mechanisms of action that you can address. In productive health it's really just the same old tools that we're using. So it's not just health tech, it's also health care for women in general that is lagging.

Ellen Kelsay:

I think that's a great point. And like you said, it's kind of this confluence of a lot of different factors that are perhaps long overdue, but bringing it to the forefront of an area of attention, of increased investment, of increased evolution in terms of development and capability on the solution side. It's an exciting time to see what has emerged recently and what's beginning to bubble up for future development as well. I'm curious from your perspective, and again, you all do a lot of research on this and you've wrote the report, what seemed to be the primary areas of interest? As you know, Femtech companies are coming to market, any particular areas of women's health issues that they're really looking to address and how are consumers responding to some of these solutions that are becoming available into the market either directly or through their employer?

Sari Kaganoff:

That's a great question. So definitely I'd say the top area that we see in invested in startups moving into it is the fertility area, and then closely following sexual and gynecological health, then comes pregnancy and motherhood, and then kind of lower down the totem pole, chronic disease and lifestyle and wellness. So really, I would say, primary focus on fertility and sexual and gynecological health with recently more pregnancy and motherhood. In terms of consumer adoption, a lot of these solutions

actually started out direct to consumer and many still are. In fact, 70% of these still sell direct to consumer. So obviously you see a lot of consumer uptake, more so than you might see in other therapeutic areas where they're expecting the health care system to take care of it for them. That said, we actually are in the process of running our annual consumer adoption survey. I'll give you a sneak peek. I would say hot off the presses, but it's not even on the presses yet, so a sneak peek of some of the data and one of the questions we asked women is if you are tracking your fertility, are you using a digital solution or another method, another method being paper in your head. Eighty-two percent of the women who are tracking fertility responded that they are using a digital solution to do that. Similarly we asked women who are tracking their menstrual cycle, and of those who are tracking, 67% are using a digital solution versus an analog solution. So definitely we see a lot of uptake of women interested in the space. I would say there's still a dearth of solutions out there, so as we see more solutions coming out, we'll see more adoption as well.

Ellen Kelsay:

I can't wait to see your survey. I'm very excited for when that comes out. Thanks for the sneak peek. You had mentioned fertility, sexual and gynecological health, other conditions, and I know one thing that I found of particular interest in your article is that it did identify additional areas of unmet need. And it talked about other populations that perhaps might have historically been underserved, both from a general health perspective to your earlier point, but then certainly from a women's health perspective. Let's kind of pull that thread from your research and talk about some Femtech developments and women's health developments for some other served populations. Can you maybe expand on that and share a little bit more insight that you all gleaned from your research?

Sari Kaganoff:

Yes, sure. One of the top things that we find is a need is support for Medicaid mothers. As I mentioned before, 70% of the phone tech solutions out there are actually direct-to-consumer, which means that the consumer is paying for them, not the health care system. So when you think of Medicaid mothers, who represent almost half of the births in the U.S., this is a population that obviously would not be able to afford a direct-to-consumer solution, is kind of one challenge. And then the second point around that is that the type of solution that they might need could differ based on the challenges that they're facing, whether it's support, education or support, access to a doula, like they may have a different set of needs than what we sometimes call the worried well mom who is more comfortable financially and able to actually pay for a direct-to-consumer solution.

So that's kind of one area. And I would say, similarly we see the maternal mortality crisis for black mothers is obviously something that has been in the news recently as well. That's another area where we see a lot of need, again to that point around who is paying for these solutions and how are they designed? You know, they've come from a very consumer centric view, and we really need more health care solution views and thinking through the systemic problems and the specific challenges that people face in different communities and really addressing those. I would say kind of expanding from that, there's also a need for more inclusive care in the queer and transgender communities. Often those people are marginalized, especially in the general health care system and particularly often when it comes to women's health or womxn health, as we sometimes call it, they can face a separate set of challenges around trust, around their needs, around finding the right caregiver, as well as a variety of other things, but really designing solutions for the needs of different populations is critical. I would say that's like a very big area of focus that we see opportunity for. There's a number of other areas as well.

One of the things I mentioned before is women are sort of the chief medical officers of their family. In fact, women are also overwhelmingly caregivers for other members of their family, whether it's elderly parents or sick children or spouses. So thinking about how can we provide support for women as caregivers and almost like independent of their own health care, but them as caregivers for the rest of their family. And also thinking about the kind of stress and burden that puts on them. I would say another area that we really feel like there's opportunity for is more around maternal health, but specifically focused on a couple of pockets where there really isn't a lot of work done to date. One is prenatal remote monitoring devices, which can help with clinical decision support. This was not mentioned in the article, but I personally feel that the kind of birth episode itself is something that most Femtech companies have not really tackled as of yet. I'm excited for our new investment which is actually tackling that piece. But most of the maternal health startups, during the pregnancy and postpartum support, are really avoiding that kind of messy but critical phase of birth. So I think that's something that could use a lot of kind of delving into. And then if we think more broadly, there are a number of other kind of women's health issues that have not really been tackled very much. One is if you think about menopause and perimenopause, there are a couple of solutions out there, but really kind of not a full spectrum of opportunities that have been explored and then sexual education for young women as well is another area.

And then if we think more broadly, there's a number of conditions that hit women particularly hard. Some of those are support for aging women in diseases such as Alzheimer's and osteoporosis, and then even thinking about behavioral health and broader whole-person care. And then as we mentioned before, there are also some diseases that hit women in a different way than men. For example, cardiovascular diseases do not always show up the same way in women as men. There's another opportunity there to think about how we deliver care differently and use digital solutions for that.

Ellen Kelsay:

Well, I was taking notes furiously, as you were rattling through that, and you peel back the layers of the onion and women's health goes really deep and through so many different areas. As you were just talking, you've got areas related to access and affordability for the Medicare population, you have issues related to equity for black maternal health, and queer and trans communities, you've got caregivers and the needs that they have, you've got the older female population who are dealing with, like you said, osteoporosis or Alzheimer's or menopause and perimenopause, and the younger women with sexual education. So you really do hit every demographic, every type of diversity in terms of the population with really very critical aspects that are unique to women's health. So it's such an important field and amazing just to hear you talk about that.

And I think for myself and many listeners we probably had just a very surface level understanding and did not really realize just how deep the waters of women's health and Femtech can go and should go. Thank you for sharing all of that with us; that was really very helpful.

I am curious from your perspective, are there any concerns that you all have about the digital divide? As you know we see solutions being rolled out. Are any of the solutions in any way, and I don't think so based on what you've said, but any kind of cautionary tales you have that some of these solutions could actually worsen the gap in terms of health equity or outcomes for certain populations or anything that people should keep an eye towards to ensure that that does not happen.

Sari Kaganoff:

That's a great question and it's something that becomes so ubiquitous to how we do things. We don't even realize what are the issues that we're up against. One example that I heard somebody say recently, I think it was at Rock Health Summit and it really kind of woke me up, but there are children who are sitting outside of fast food restaurants with their laptops in order to get Wi-Fi to attend school. I would say the number one thing to think about is access to technology is not even across the population. So when you are designing a digital health solution, if you design it for the latest iOS standard and the latest kind of cutting edge Wi-Fi or whatever it is that you're expecting people to have, you may actually be designing it in such a way that it is not become applicable to a large portion of the population.

Another thing to think about is, are there multiple people using the same device in a household and how do you address that issue? Can you use text messaging instead of a broader kind of bells and whistles platform that will enable more people to have access or WhatsApp or whatever it is the mechanism that people are using? I would say number one is to think about the type of technology you're using and who that can be potentially alienating. The second area I would say is language and cultural tone. So there's obviously the actual language. If we're talking about health equity, you know, people who are not native English speakers, specifically Spanish speakers or Mandarin speakers, may often be alienated in the health care system. But not just language, but also tone. What are the words you're using, what are the messages you're using, and how does that resonate in that particular culture, can be a big deal.

In fact, one of the things that I've learned over some of this research is that if you engage the patient or the person via somebody who speaks the same language as them and shares a cultural message with them, they get onboarded to the solution by somebody that shares a cultural reference with them, they're much more likely to adopt the solution than if they get a reach out from somebody in a different language with a non-culturally sensitive tone. So keeping in mind the language and cultural tone would be the second thing. I think the third thing to keep in mind, and in women's health we're far from that, but we may get there eventually and it's definitely relevant to the rest of health care, is as digital health solutions become more ubiquitous, if they are not designed for the people that we're intending to address, then they may actually end up limiting their health care options over time.

For example, today as telemedicine is taking over, people who do not access telemedicine have more limited options for health care because we're all beginning to shift toward the telemedicine, or as people use patient portals, there's less people to answer the phone when people call. Something to keep in mind is making sure as we do design solutions that work for everyone, but then also if they don't, what are the alternatives we're leaving for people? The last thing I would say is the commercial model is critical because as we mentioned, many of the women's health solutions and the Femtech solutions are direct to consumer and that's just because historically the health systems and the health plans were not thinking about this as a priority and even employers. But that means that you're requiring people to have a certain amount of pocket change to spend on these things. And some of these solutions, depending what it is, can be a couple hundred dollars a year or a month, and so are we excluding people based on the commercial model. In the health care system it's obviously much harder to get a solution on board with an employer or a payer, but if you are able to do that then you're likely making it much more equitable than if it is direct-to-consumer.

Ellen Kelsay:

I think that point is really important. Obviously, in our membership, we have a number of employers who have invested heavily in innovation and digital solutions and indicate that they plan to do even more so in the months and years ahead. But one challenge they do have is going to lead me to my next question about how do they effectively integrate these solutions into the broader ecosystem or continuum of services that they already have in place? So, you know, many employers have health plans, they've got PBMs, they might have a navigator or concierge service, so they've got a number of preexisting providers already in place and they want to introduce some of these digital solutions, but some of the challenges that these digital solutions kind of reside in and of themselves. And so integration from both a care coordination perspective but also a data perspective, are really, I think, critical factors from what a success in a commercial market look like. I'm curious from your perspective, how do you all think about that and how do you all advise some of the companies in your portfolios as they think about entering that space?

Sari Kaganoff:

I think what you're highlighting is actually a challenge in the broader digital health space as well. We start off with not much, and now we have a lot, and it's all very fragmented. I think we're going to see a convergence and in two different ways. So one is, I do think we'll see consolidation and there's examples of that in Femtech as well, where Maven, for example, acquired a parenting solution, you see Advantia acquiring Pacify, which is a lactation digital health solution. You see actual consolidation happening, but also on a broader scale I do think we're going to see more of an infrastructure play where companies can plug into a broader infrastructure. We're actually working on an article on this called *Platform Wars*, and this is going to come out in a couple of weeks, but we do see platforms emerging where companies will be able to have their specific solutions, but connect them into a broader ecosystem.

And then there are also a number of intermediaries working to consolidate, for example, digital health formularies or contracting groups that are streamlining that piece of thing. I think we're in a bit of a flux right now in the health care system where we finally do have a lot of options, but therefore are very fragmented. I think it'll take a bit of time, but it will integrate over time. And to your point, we do recommend to people that, to startups as much as you can share the data back with providers or enable the patient to share the data back and integrate with the broader solutions that they're offering, the easier it will be. I think stay tuned in a couple of years, but we'll see it get smoother.

Ellen Kelsay:

That's encouraging and I think you're right. I think that pendulum is swinging back. We swung so far to a myriad of very well-intentioned valuable solutions in and of themselves, but just this untenable ecosystem of solutions to a point where there's consolidation, moderation to another point you've made around kind of some aggregation, and I'm going to be fascinated to watch your article come out on platform wars. You're plugging some great research with that story, as well as your consumer adoption survey, so lots for our listeners to keep an ear an eye out on. Let's close with a question that I always like to ask of our guests, what are some of the spots that you see and what gives you a lot of hope and encouragement and in the months and years ahead.

Sari Kaganoff:

Firstly, I would say we have come a long way. If you look at it, it's a little over a billion dollars invested in Femtech since 2011, but most of that is kind of hockey stick and it's been in the last few years. I do think there's real momentum and there's a real shift in how people are thinking about it and this is much

more of a priority issue on the minds of payers, employers, VCs, etc. So that's kind of one bright spot. I'd say also, I do see more startups tackling some really tough problems that are much harder to solve and I'm excited by that. And also trying new business models and seeing what works. There's a company I know of that's working on identifying through clinical decision support when you have the risk of women having challenges in childbirth live. So there's things that are much harder that are very different than some of the solutions we've seen in the past. I think that's a really exciting moment. I see so many dedicated founders so focused on bringing better health care to women and I think that that is a very exciting place to be. We've had some great momentum, but we will I think see a lot more momentum and a lot more focus on equity and supporting women who really need it most in our society. So I'm excited for that.

Ellen Kelsay:

Well, that's great. I share your excitement and enthusiasm and lots of great things already in the works with many other seeds that are being planted that are going to bear some fruit in the not too distant future. Sari, thank you again for joining us for this really important and insightful conversation. We greatly appreciate it.

Sari Kaganoff

My pleasure. Thanks for having me.

Ellen Kelsay:

I've been speaking with Sari Kaganoff of Rock Health. For more information on this topic, as well as others that we cover throughout this podcast, please check out [Rock Health's website](#).

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