

MDLIVE leads state in venture funding in 2nd quarter



By Nancy Dahlberg
ndahlberg@MiamiHerald.com

MDLIVE, a Sunrise-based telehealth company that has been on a growth tear, raised the most venture capital in the state in the second quarter, according to the MoneyTree Report released Friday.

MDLIVE, with more than 200 employees, provides access to virtual doctor visits utilizing partnerships with established industry leaders, including Walgreens, Microsoft and major health systems across the country. The company raised \$50 million from Bedford Funding Capital Management, a private equity firm based in White Plains, N.Y. “We view this as an important first investment in a growing partnership with MDLIVE to fundamentally change healthcare in the United States,” said Charles Jones, managing partner of Bedford.

In total, South Florida companies raised more than \$86 million in the second quarter, and all of that money flowed into health-tech or biotech companies. That’s up from \$70.9 million last quarter, according to the report from PricewaterhouseCoopers and the National Venture Capital Association, based on data provided by Thomson Reuters.

More than half the state’s funding flowed to South Florida. The other funded companies were: CareCloud of Miami (\$15.3 million), TissueTech of Doral (\$15 million), Altor BioScience of Miramar (\$10.7 million) and Watermark Medical of West Palm Beach (\$5 million). In addition, Carson Life and Meetoo, both of Miami, raised undisclosed seed rounds.

Florida companies in total raised \$153.7 million in 17 deals, up sharply from \$85.6 million in the first quarter and \$117.4 million in 13 deals a year ago.

Still, for the country’s third-largest state, that is less than 1 percent of the national venture capital pie.

Nationally, venture capitalists invested \$17.5 billion in 1,189 deals in the second quarter, the MoneyTree Report showed. Quarterly venture capital investment increased 30 percent in terms of dollars and 13 percent in the number of deals, compared with the first quarter when \$13.5 billion was invested in 1,048 deals.

The second quarter is the sixth consecutive quarter of more than \$10 billion of venture capital invested in a single quarter.

“There is no reason for this to slow down. We are seeing faster growth rates in software companies than we have ever seen ... and there is still a lot of room to innovate,” said Tomasz Tunguz, partner at Redpoint Ventures in Menlo Park.

Indeed, the software industry continued to receive the highest level of funding of all industries, increasing 30 percent from the prior quarter to \$7.3 billion, the largest quarterly investment total going into software companies since the inception of the MoneyTree Report in 1995.

Tunguz sees continued opportunity in enterprise software. It’s one of the fastest-growing categories in tech, yet funding is still only at half the level of 2000, he said. “There is \$1.2 trillion in market cap committed to enterprise and only 2 percent of that has moved to the cloud. There is a lot of money still to change hands.”

Other categories doing well nationally were media/entertainment, with \$2.7 billion going into 118 deals, and biotechnology, with \$2.3 billion going into 126 deals.

The top five deals, according to MoneyTree, were AirBnB (\$1.5 billion); Snapchat (\$538 million), Zenefits (\$500 million), WeWork (\$400 million) and DocuSign (\$278 million).

“We saw 26 megadeals [of \$100 million or greater] in Q2, including yet another billion-dollar investment. After seeing the very first billion-dollar VC investment in Q1 of last year, we now count four of the last five quarters with companies receiving billion-dollar investments, adding to the ever-growing herd of unicorns, which is approaching triple digits,” said Tom Ciccolella, U.S. Venture Capital Leader at PwC. He believes 2015 VC is on track to exceed the \$50 billion invested in 2014.

Investment in Florida companies in 2015 will have a tough climb to exceed 2014, as much of last year’s \$865 million total was raised by one company — Dania Beach-based Magic Leap, which raised \$592 million in two rounds. But so far, South Florida healthcare-related companies are leading the charge this year. OrthoSensor, Pure Life Renal, Brickell Biotech, Vigilant BioSciences and USARAD all attracted funding in the first quarter.

MoneyTree Report results are available at nvca.org.

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