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Economic impact assessment of ANDHealth+ and Masterclass: ACCELERATE programs



Acknowledgements

ANDHealth appreciates the support of its partners, supporters and program participants in supporting its vision for an integrated ecosystem for the development, commercialisation and implementation of evidence-based digital health in Australia.
We acknowledge their enormous contribution towards our ability to fulfil our core purpose of accelerating the commercialisation of Australian digital health companies.

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Report prepared for ANDHealth with the support of MTPConnect





Glossary of terms

Term/acronym	Definition
Digital health	Technologies that use computing platforms, connectivity, software, and sensors for health care and related uses. These technologies span a wide range of uses, from applications in general wellness to applications as a medical device. They include technologies intended for use as a medical product, in a medical product, as companion diagnostics, or as an adjunct to other medical products (devices, drugs, and biologics). They may also be used to develop or study medical products.[1]
SMEs/startups	These two terms are used interchangeably in this report. For the purposes of this report, they refer to small and medium enterprises. To be considered an Australian SME the business must employ no more than 199 employees as defined by the MRFF (SME); and not surpass ASIC thresholds for small business including consolidated revenue of less than A$50M and/or consolidated gross assets of less than $25M at the end of the previous financial year.[2,3]
Government investment (into ANDHealth+ or Masterclass, as appropriate)	Refers to 'Total investment' excluding 'Industry investment'.
Health technologies	Refers to all healthcare-related technologies spanning biotechnology, pharmaceuticals, medical devices, digital and connected health technologies.
Industry investment (into ANDHealth+ or Masterclass, as appropriate)	Refers to 'Total investment' excluding 'Government investment'.
MTPConnect	MTPConnect is Australia's Life Sciences Innovation Accelerator: an independent, not-for-profit organisation established by the Australian Government in 2015 to champion the continuing growth of Australia's vibrant medical products sector.[4]

1 What is Digital Health? U.S. FDA
2 Are you a large or small proprietary company, ASIC 2019
3 MRFF Early Stage Translation and Commercialisation Support Grant Opportunity Guidelines, Department of Industry, Science and Research/Department of Health and Aged Care, 2020
4 Overview, MTPConnect

Glossary of terms

MRFF	The Medical Research Future Fund (MRFF) was established on 26 August 2015 by the Medical Research Future Fund Act 2015 (MRFF Act). It is a $20 billion long-term investment supporting Australian health and medical research. The MRFF aims to transform health and medical research and innovation to improve lives, build the economy and contribute to health system sustainability.[5]
Management costs	Refers to the overall costs of program management, including the cost of delivering specific project management support provided by ANDHealth to participant SMEs.
Non-dilutive funding	Funding that does not involve the transfer of equity. May also be referred to as non-dilutive investment.
REDI Initiative	The $32 million Researcher Exchange and Development within Industry (REDI) initiative is delivered by MTPConnect for the Australian Government's Medical Research Future Fund. REDI is providing industry experiences and skills development for students, researchers, clinicians, MTP (medical technology, biotechnology and pharmaceutical) sector professionals, entrepreneurs, and innovators. The initiative is building an industry-ready workforce with the skills and capacity to keep pace with the demands of a rapidly changing sector - for now, and the immediate future.[6]
Total investment	Refers to investment into SMEs via ANDHealth+, including Industry investment plus Government investment. This investment may be disbursed to SMEs, or applied to program management and specific project management costs provided by ANDHealth to support participant SME operations ('Management costs').
Total funding disbursed to SMEs	Refers to funds provided directly to ANDHealth+ participant SMEs.
U.S. FDA	U.S. Food and Drug Administration, a Federal agency of The Department of Health and Human Services in the United States of America, primarily engaged in food and drug regulation. Regulatory definitions of the FDA are often referenced in Australian regulation/industry.

5 Medical Research Future Fund, Department of Health and Aged Care
6 Researcher Exchange and Development within Industry (REDI) initiative, MTPConnect

Executive summary

This report summarises research conducted by the independent consulting firm, L.E.K. Consulting, from September to December 2023, to determine the economic impact of two key programs introduced into the Australian digital health sector by ANDHealth, a unique organisation dedicated to accelerating the commercialisation of evidence-based digital health technologies. All data is current as of 30th June 2023.

ANDHealth was established by a consortium of commercial and government partners in 2017 and is the only commercialisation, incubator and accelerator organisation specifically targeting Australia's digital health start-ups/SMEs. It is a non-profit organisation with a unique industry-led approach which provides Australia's nascent and growing digital health sector with commercialisation and investment readiness education, non-dilutive investment and highly specialised services and support to help them successfully commercialise their products and services.

The two programs covered in this report – ANDHealth+ and Masterclass: ACCELERATE ("Masterclass") – are part of a broader group of ANDHealth programs and initiatives directed at SMEs in the digital health sector. Since their inception, both programs have delivered substantial benefits to their participants, to the broader industry and Australian economy across a range of metrics. These include capital raising, revenue performance, numbers of patients impacted, jobs created, clinical trials undertaken and successful entries into international markets.

With a combined $24 million in funding - $19.75 million from the MRFF, $3.28 million from industry contributors and $900k from MTPConnect, as at 30 June 2023, ANDHealth+ had supported, and continues to support, 19 digital health SMEs across four cohorts. This funding will also see ANDHealth support a further two cohorts over the coming years. Current and former ANDHealth+ companies have collectively raised $144.8m in capital, created 412 jobs and impacted nearly 642,000 patients.

Since it onboarded its first companies in late 2017, ANDHealth+ has had a considerable impact when compared to other comparable programs from both the general technology/deep technology space as well as the health technology sector. In addition, its participants have delivered between one and a half to two times greater impact in core economic metrics than non-ANDHealth+ digital

health companies. Its success is due to a number of factors including ANDHealth's specialised expertise and focus, the requirement for all advisors and suppliers to have demonstrable, real world experience in digital health commercialisation and the involvement of a multi-sectoral, multi-disciplinary industry-based panels in assessment, selection and acceleration activities.

Masterclass is a structured commercialisation education program, which has also delivered significant impact to participant SMEs. It targets companies which are at an earlier stage of development than ANDHealth+ companies. The Masterclass program provides highly focused educational support and access to national and international industry leaders, investors, and enterprise healthcare customers in a facilitated workshop format, as opposed to the non-dilutive investment and sustained specialised mentoring, project management and support delivered to ANDHealth+ participants.

ANDHealth received funding of $2 million from MTPConnect's Researcher Exchange and Development within Industry (REDI) initiative for delivery of training programs including Masterclass. This, combined with the Masterclass establishment funding provided by MTPConnect in 2018, has allowed ANDHealth to deliver Masterclass to 184 attendees across four years. In total, 49 of its digital health participants have raised $17 million, commenced 35 pilots, research projects or clinical trials, impacted 377,185 patients, and created 100 new full time equivalent (FTE) jobs.

Overall, the ANDHealth+ and Masterclass programs deliver outstanding value to participating companies, patients, funding bodies and the broader Australian economy.

This report provides an overview of both programs, before detailing in separate sections the benefits of each program and the evidence that supports their achievements and impact to date.

1. Introduction

ANDHealth is a national, not-for-profit organisation dedicated to accelerating the commercialisation of evidence-based digital health technologies. It was established in Australia in 2017 by a consortium of industry partners, with support from Industry Growth Centre MTPConnect.

ANDHealth is Australia's only commercialisation organisation dedicated specifically to supporting the rapidly growing population of digital and connected health technology small to medium enterprises (SMEs) nationwide. Its current programs leverage a unique industry-led, non-equity taking model to provide access to real-world experience and expertise in support of emerging innovators and growth companies.

Since the start of FY 2018, ANDHealth has supported more than 755 digital and connected health SMEs across Australia up to 30 June 2023, delivering commercialisation education and support programs for companies across the entire commercialisation pathway, from idea to global market uptake and exit.

Australia's National Digital Health strategy outlines the strategic significance of the digital health industry and the benefits of digital health technologies in delivering a more efficient health system, greater healthcare access to rural/ remote areas and improved patient experience through technology.[7]

The commercialisation of digital health technologies offers Australia significant health and economic opportunity, leveraging our international strengths in health and medical research alongside emerging capabilities in technology, to create companies which can serve global populations, while remaining headquartered here at home.

However, these companies also face a commercialisation and valuation pathway which is distinctly different from the more established biopharmaceutical and medical device pathways. This pathway is rapidly evolving as regulators, health systems and payers adapt to these new types of technologies, meaning that real world experience and proven track records from executives and innovators who have successfully navigated this environment are critical to enabling Australia's high potential innovators and technologists.

ANDHealth addresses these and the other commercialisation hurdles facing digital and connected health SMEs across Australia, by leveraging national

7 Australia's National Digital Health Strategy, Australian Government Digital Health Agency, 2017

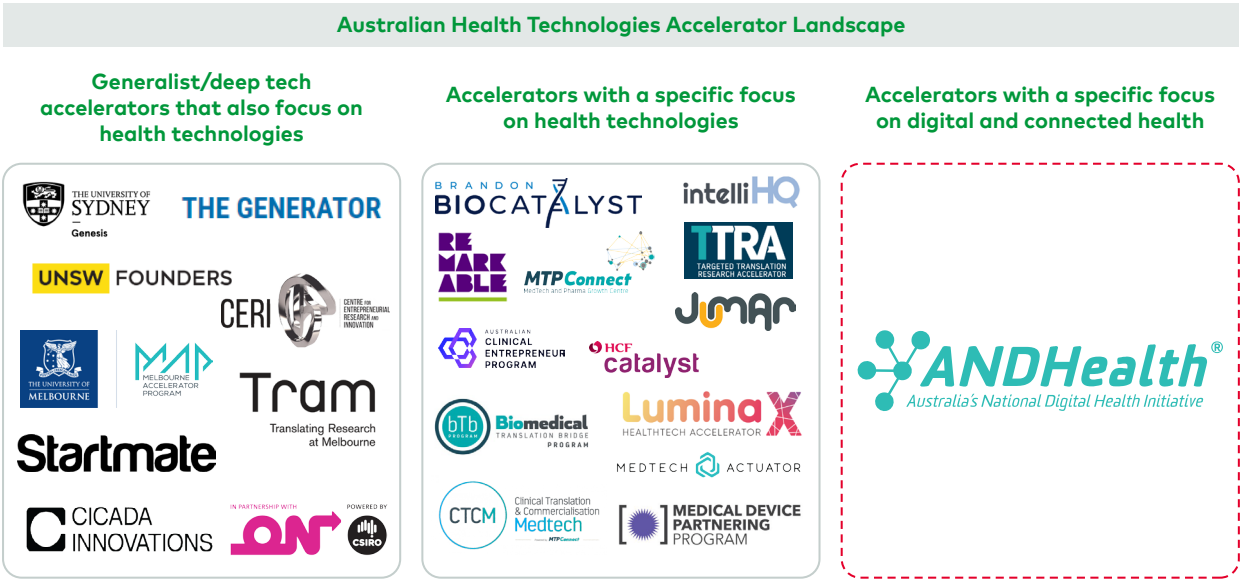
and global networks of industry professionals with proven track records and a multi-sectoral, multi-disciplinary cohort of industry partners to 'wrap' Australian innovative SMEs with experience, support and, in some cases, funding.

Across a suite of programs currently funded by the Australian Government Department of Health and Aged Care's Medical Research Future Fund, MTPConnect, the Victorian Government, LaunchVic, NSW Health and the WA Government, ANDHealth delivers highly curated and targeted commercialisation and investment readiness education, expert advice and mentoring, specialised commercialisation expertise and, via specialised funding streams made available by the Medical Research Future Fund, significant non-dilutive investment to Australia's digital health innovators and SMEs.

ANDHealth is unique because it it has an extremely high conviction, high touch model which provides participating companies in its flagship program, ANDHealth+, with not only non-dilutive investment but also high quality targeted advice, assistance and networks to help companies develop the clinical and commercial evidence to successfully take their technologies, products and services to market.

ANDHealth is Australia's only organisation that is specifically focused on businesses in the evidence-based digital health sector, which poses a significantly different commercialisation environment and process when compared to the more traditional biotechnology and medical device sectors.

Figure 1
Australian Health Technologies Accelerator Landscape



Source: Various project websites; Australia's National Digital Health Strategy

From FY 2018 to the end of FY 2023, ANDHealth supported over 770 digital health companies, of which 755 remain in operation, demonstrating a fast-growing sector which delivers highly skilled jobs, creates economic opportunities and delivers improved health outcomes for all Australians.

This report addresses two of ANDHealth's flagship programs, both of which are funded directly and indirectly through Australia's Medical Research Future Fund.

ANDHealth+ is ANDHealth's flagship non-dilutive investment program and has had two different funding sources to date. The original 'pilot' cohort was funded under an MTPConnect Growth Centre Project Fund grant of $900,000 over two years. In 2020, ANDHealth successfully proposed a scaled-up ANDHealth+ as part of the MRFF Early Stage Translation and Commercialisation Program Digital Health Stream, successfully securing $19.75 million over four years from the MRFF, augmented by a further $3.28 million financial investment from industry and commercial sources.

ANDHealth Masterclass is a curriculum-based, commercialisation education program, which was established with a further $250,000 grant from MTPConnect's Growth Centre Project Fund. ANDHealth subsequently received $2 million in funding from MTPConnect's REDI initiative to support delivery of training programs, including Masterclass. At the time of this report, the initial establishment cohort and three of the four cohorts of REDI funded Masterclass have completed the program and reported their impact metrics.

In addition to these two programs, ANDHealth's other programs and industry support activities are funded through other Federal and State programs and commercial sources, including, but not limited to, MTPConnect's Targeted Translation Research Accelerator for Diabetes and Cardiovascular Disease, the Victorian Government's Department of Jobs, Skills, Industry and Regions, LaunchVic, NSW Health (in partnership with Cicada Innovations), the WA Government Department of Jobs, Tourism, Science & Innovation and the Therapeutic Goods Administration.

It is important to note that as with any business which has a portfolio-based strategy (such as venture capital, accelerators, incubators etc) the overall success of programs such as ANDHealth+ and Masterclass are often driven by several participants that display outstanding results in comparison to their peers. This is to be expected and is why portfolio approaches, which minimise concentration risk in only one or two companies, are deployed in high-risk industries. However, it is also normal practice to assess the success of such programs or investment houses on the performance of their portfolio as a whole.

As an industry which is often characterised by long periods of deep research and development and sustained investment prior to any revenue generation (in many circumstances driven by the need to achieve regulatory approval prior to marketing the product), the length of time spent as a participant in these programs is also critical. In health technologies sectors, including digital health, there is often a time-lag between participants receiving funding and support, and then achieving tangible results and impact.

These factors are reflected in this report, which focuses on ANDHealth+ and Masterclass and their results in delivering support to participants across their respective financial years of operation to date. Each program has delivered support in significantly different ways, while operating at different stages of the commercialisation pathway.

1.1 ANDHealth+: harnessing world-class expertise and non-dilutive funding to take companies from proof-of-concept to global markets

ANDHealth+ is a competitive program targeted at digital health SMEs who can demonstrate proof of concept and evidence of user and customer interest/demand. Companies must meet a specific definition of digital health which meets the definition of medical research under the Medical Research Future Fund Act (2015), ultimately requiring them to be developing products which change the clinical paradigm and/or impact patient outcomes. The current funding allows for five (up to seven) companies to be selected annually over four years, through until 30 June 2025.

ANDHealth+ runs its highly competitive application process annually. During this process, the ANDHealth team undertakes 75-100 Expression of Interest meetings with companies, which convert to approximately 55 full applications per round.

The application itself is robust, designed to give ANDHealth's multi-sectoral, multi-disciplinary industry selection panel all the information they need to identify a shortlist of Australia's highest potential digital health companies. The shortlisted companies then undertake a comprehensive pitch and Q&A session (up to 1 hour) with the selection panel and members of the ANDHealth+ International Investment Advisory Committee, before the final five - seven are selected.

Applicants must demonstrate their solution meets the MRFF's definition as proof-of-concept stage, evidence-based SME providers of 'digital health',

defined by the MRFF 2020 Early-Stage Translation and Commercialisation Support Grant Opportunity Guidelines as:

"Technologies that use computing platforms, connectivity, software and sensors, either alone or in combination with physical products, to treat, diagnose, cure, mitigate and/or prevent disease or other conditions. Does not include digital health records, secure messaging, ePrescribing and other national digital health infrastructure."

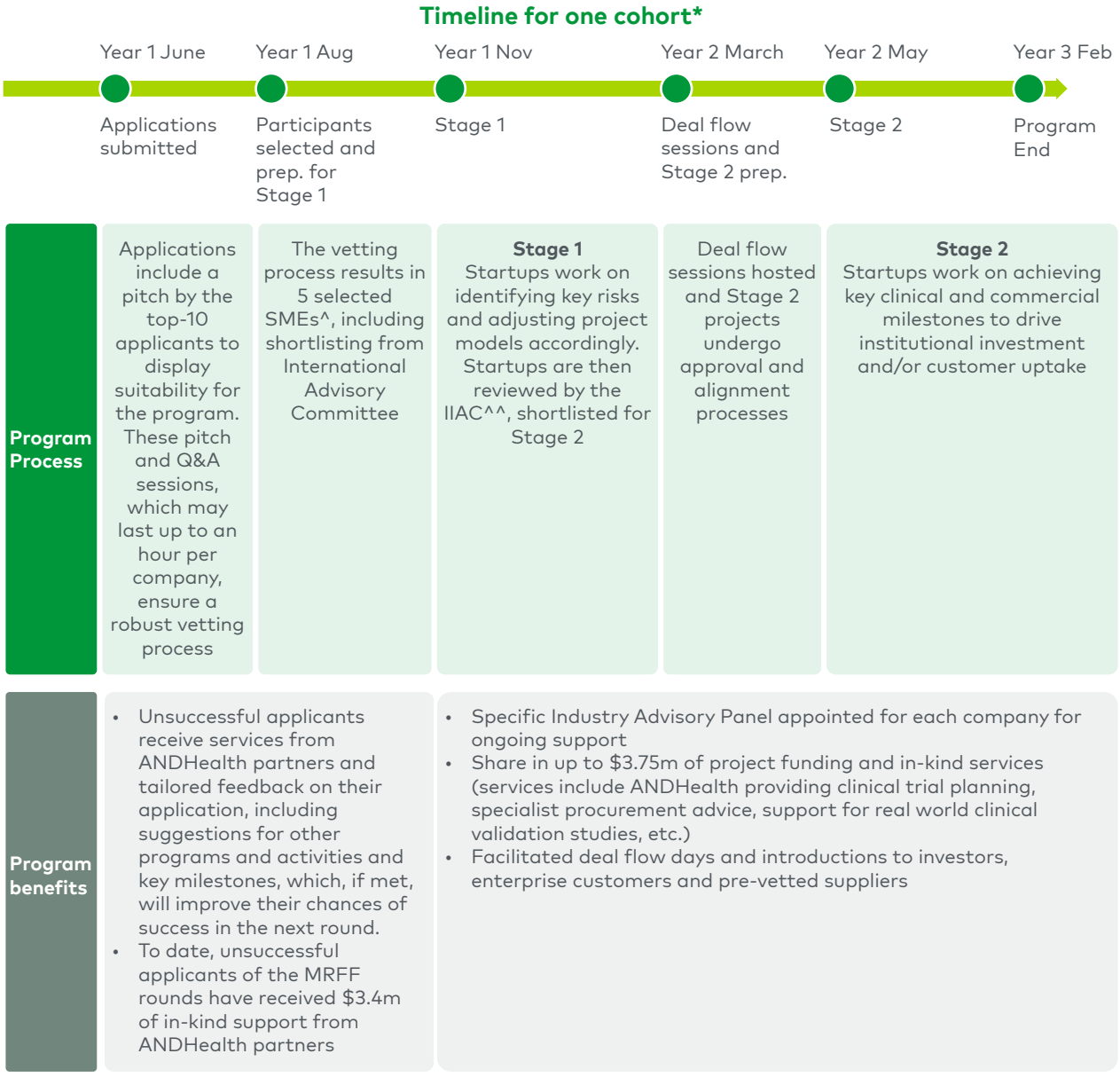
Successful applicants are paired with an Industry Advisory Panel (IAP), a tailored group of industry experts with successful track records in diverse aspects of digital health commercialisation. In consultation with their dedicated ANDHealth support team and IAP, the selected participants will design projects intended to accelerate their progress along the commercialisation pathway. In addition, they are supported by a team of portfolio managers, who assume many of the administrative responsibilities of effecting the project activities funded through the program, lessening the burden of participation on the limited resources of the SME's management team.

The ANDHealth+ program is split into two stages, with all project activities informed by the Industry Advisory Panels and ratified by the ANDHealth+ International Investment Committee. Stage One is focused on immediate de-risking activities which position the company for success in Stage Two. In Stage Two, larger scale projects are designed to achieve key clinical and commercial milestones, which will position the companies for institutional investment and/or enterprise customer uptake.

To progress to Stage Two, companies need to meet all Stage One project requirements, as well as be assessed through a series of 30-45 minute "deal flow" meetings with professional investors and enterprise customers to ensure product-market-investor fit. Finally, their progression from Stage One to Stage Two is ratified by the International Investment Advisory Committee.

Uniquely, ANDHealth+ also offers all unsuccessful applicants feedback from the Industry Selection Panel, specific to their application, alongside significant in-kind support from ANDHealth industry partners. In total, ANDHealth has made $3.4 million in in-kind services available to unsuccessful applicants to ANDHealth+, contributing to the overall growth and development of the industry it serves.

Figure 2
ANDHealth+ program timeline



Note: * Typical timelines described but may vary between cohorts; ^ Past rounds have supported more than 5; ^^ International Investment Advisory Committee
Source: ANDHealth Website

Four groups of companies have participated in ANDHealth+ since its inception: two pilot cohorts in FY 2018 and FY 2019, and two subsequent cohorts commencing in FY 2022 and FY 2023. The two pilot cohorts, comprising 10 companies in total, were funded through support from MTPConnect, and were provided up to $60,000 to be spent directly on company projects. The two subsequent (ongoing) cohorts were funded by the MRFF Early Stage Translation and Commercialisation (ESTAC) program, providing a $3.75 million pool of funding per cohort across Stages One and

Two. Cohort Three of the MRFF-funded program was announced in August 2023.

1.2 ANDHealth Masterclass: providing pre-proof of concept companies with intensive industry-led skills development to accelerate technology and company maturity

ANDHealth Masterclass is an intensive six-day workshop, currently delivered as a two day per week, three-week program. Originally run as an in-person, immersive experience, the program pivoted to virtual delivery during the COVID-19 pandemic and has remained virtual due to the national demand for it to remain universally accessible.

Masterclass has two core objectives: firstly, to support post feasibility but pre-proof-of-concept companies to accelerate their skills, technology and company maturity (significantly improving their readiness and competitiveness for Proof of Concept programs such as ANDHealth+); secondly, it includes other industry professionals who are supporting digital health innovators, to more broadly increase the commercialisation capability in the sector across Australia.

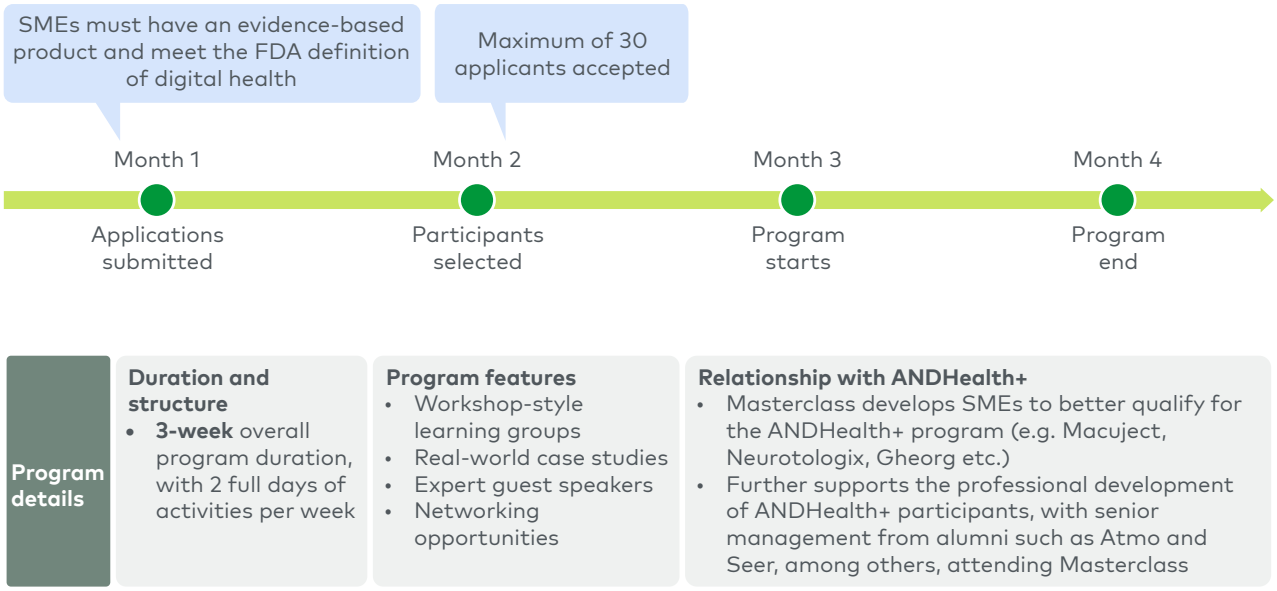
As a result, Masterclass involves a wider range of participants: as well as digital health companies and entrepreneurs, Masterclass cohorts also include service providers, clinicians, industry professionals and investors.

Its broader approach involves applying knowledge transfer and networking principles and activities to start-up incubation. It also supports and strengthens the ANDHealth+ program, by supporting past ANDHealth+ participants, and developing future ANDHealth+ applicants to improve their chances of successful application.

Masterclass includes presentations by national and international expert speakers, with each program usually featuring 40-50 speakers drawn from across the globe, alongside facilitated breakout sessions with industry experts, customers and investors.

Figure 3
Masterclass program timeline

ANDHealth has run four Masterclass cohorts, one per year across 2019 – 2022



Source: ANDHealth website

As at the start of FY 2024, there have been four Masterclass cohorts, starting with a pilot in November 2019 and subsequent intakes each year afterwards. The sessions have had over 184 attendees in total, with each Masterclass running for an average of 40 hours of structured activities and learning. MTPConnect funded the pilot program and then continued their support via the REDI initiative.

In the following chapters of this report, we assess the economic impact that ANDHealth+ and the Masterclass programs have delivered to the Australian economy and analyse the success of each program against a range of detailed metrics.

2. Measuring the impact of ANDHealth+

2.1 How the research assesses ANDHealth+'s impact on Australia's digital healthcare sector

To date, the ANDHealth+ program has had a considerable, positive economic impact on Australia's digital healthcare industry, as demonstrated across a range of economic indicators.

This report summarises research that has been conducted using the following key metrics: the amount of capital raised for successful participants and the number of jobs they have created; their revenue generation across their years of operation; the ability to launch their services internationally; and the number of clinical trials commenced, which enable these companies to test and launch their products and services to market.

Across these metrics, this report uses the term 'Total Investment' to describe the investment into SMEs via ANDHealth+, including industry investment and Government investment. This investment may be disbursed to SMEs, applied to program management and/or specific project management costs provided by ANDHealth to support participating SMEs.

This investment supports companies to increase the overall number of patients impacted by, and benefitting from, digital health products, which in turn further supports the Australian healthcare system and contributes to better healthcare for all Australians and for global patient populations.

The key measure of success is the extent of the capital raised by participant SMEs, as a result of their participation in ANDHealth+ and Masterclass. Capital raising is a key metric because it provides SMEs with the cash required to accelerate their activities and grow, thereby unlocking the other benefits already described.

It is especially important in the health technologies sectors, as these companies often face long development timelines and significant clinical trials before receiving clearance to market their product from relevant regulators. This long, pre-market development timeline means that health technology companies are often unable to generate revenues for an extended period, leaving them dependent upon grants and equity capital for survival.

"ANDHealth+ provides the real-world skills that underpin successful companies, allowing them to build the capital they need to continue innovating, market their products to the world and employ more Australians."

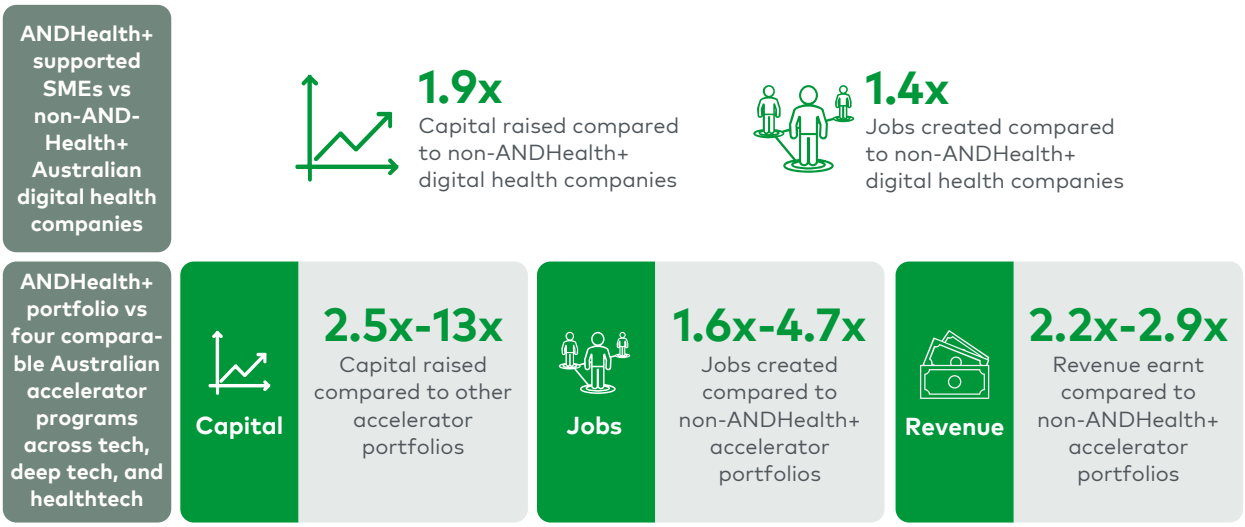
Robert McLeay, Founder and Chief Scientific Officer, DoseMe, ANDHealth+ Pilot Cohort 1

An injection of capital also enables a participating SME to accelerate its critical path activities, through providing adequate funding to secure specialised expertise and support for complex commercialisation milestones, such as clinical trial design and execution. Capital helps the SME to validate its business model (leading to more investment from investors) and gain a competitive edge, by capturing new markets or providing it with a clinical or economic advantage over its competitors.

2.2 ANDHealth+: its economic impact at a glance

ANDHealth+ has delivered substantial economic benefits to the Australian economy since its inception in FY 2018, first as a pilot funded by MTPConnect and then as a four-year program funded by the MRFF from 30 June 2021 to 31 July 2025.

Figure 4
ANDHealth+ comparisons vs. other Australian digital health companies and other comparable Australian accelerator programs across tech, deep tech and healthtech



Source: ANDHealth management data

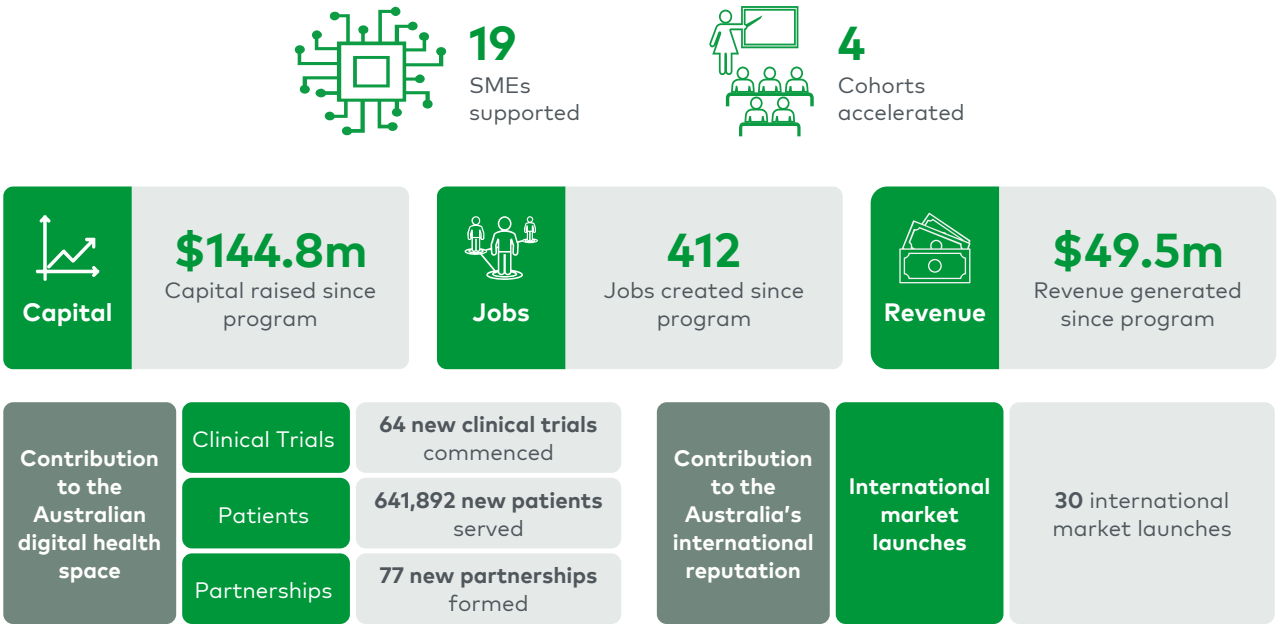
L.E.K.'s assessment of the economic impact of ANDHealth+ and Masterclass programs reveals that digital SMEs participating in ANDHealth+ have raised 1.9 times more capital compared to similar SMEs outside of ANDHealth+ and have created 1.4 more jobs than their non-ANDHealth+ peers.

This report compares ANDHealth+ against four other accelerator/incubator programs: two directed at general technology/deep technology businesses and two that are health technology-specific. The comparison data shows the superior results of the ANDHealth+ program: its participants have raised between 2.5 and 13 times more capital, created at least 1.6 times more jobs and earned at least 2.2 times the revenue of the other companies enrolled in the comparator schemes.

More broadly, over its five years of operation, ANDHealth+ has connected its participants to direct investment networks, supported them with advice and services around business strategy and commercialisation, and added value to their operations through the program's intimate knowledge of the digital healthcare sector.

As a result, the 19 ANDHealth+ participants have at 30 June 2023, had raised over $145 million in capital, generated over $49 million in revenue and created over 400 full time-equivalent jobs for Australian workers.

Figure 5
ANDHealth+ - total economic impacts



Source: ANDHealth management data

But this is only part of the story: ANDHealth+ participants have also made a considerable contribution to Australia's digital health footprint, impacting 641,892 new patients, running 64 new clinical trials and forming 77 new partnerships. These companies have also boosted Australia's global reputation in the sector, by launching their products and services into 30 international markets.

These are impressive achievements, particularly when considered in detail in the following section. The next section will also illustrate that while there a few outstanding digital health companies driving impact in particular metrics, they differ across the different metrics. This is because differences in product type and focus area significantly influence the type of impacts generated by each company. Readers should also refer to Appendix A for more information on the research methodology used to determine the performance of ANDHealth+ participants against each of the following measures.

2.3 Measuring the success of ANDHealth+ in detail

The evidence for the effectiveness of the ANDHealth+ program is clear when the following measures of success are examined one by one. Across all metrics, ANDHealth+ has delivered considerably more impact than the other four comparable accelerator/incubator programs.

Capital raising

As mentioned earlier in this report, capital raising is a critical metric that determines the growth potential of digital health SMEs and it is typically used as the primary measure for their early-stage success. Access to capital enables companies to hire more staff, invest more funds in research and development, improve their abilities to commercialise and market their services, and better equips them to deal with regulatory requirements and hurdles.

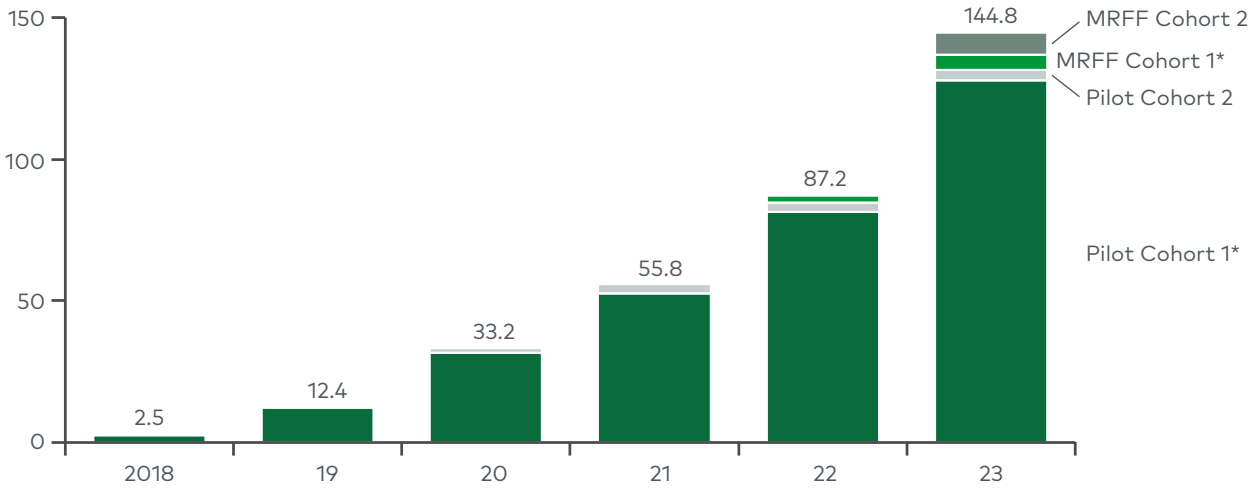
"ANDHealth provided Atmo with valuable digital health expertise and advice at a critical early stage in the venture, which ultimately improved our ability to successfully raise seed funding and achieve early milestones."

Mal Hebblewhite, CEO, Atmo Biosciences, ANDHealth+ Pilot Cohort 1

Figure 6
Cumulative capital raised - ANDHealth+ participants

Capital **$19.7 of capital raised** for every $1 of ANDHealth+ Investment

Cumulative capital raised from start of the ANDHealth+ Program, by cohort, since starting ANDHealth+ program (FY2018-23)
Millions of AUD



Note: Pilot Cohort 1 onboarded Oct 2017 | Pilot Cohort 2 onboarded Sept 2018 | MRFF Cohort 1 onboarded Jan 2022 | MRFF Cohort 2 onboarded Jan 2023; * Perx Health only included as part of Pilot Cohort 1 but also participated in MRFF Cohort 1;
Source: ANDHealth management data; L.E.K. research and analysis

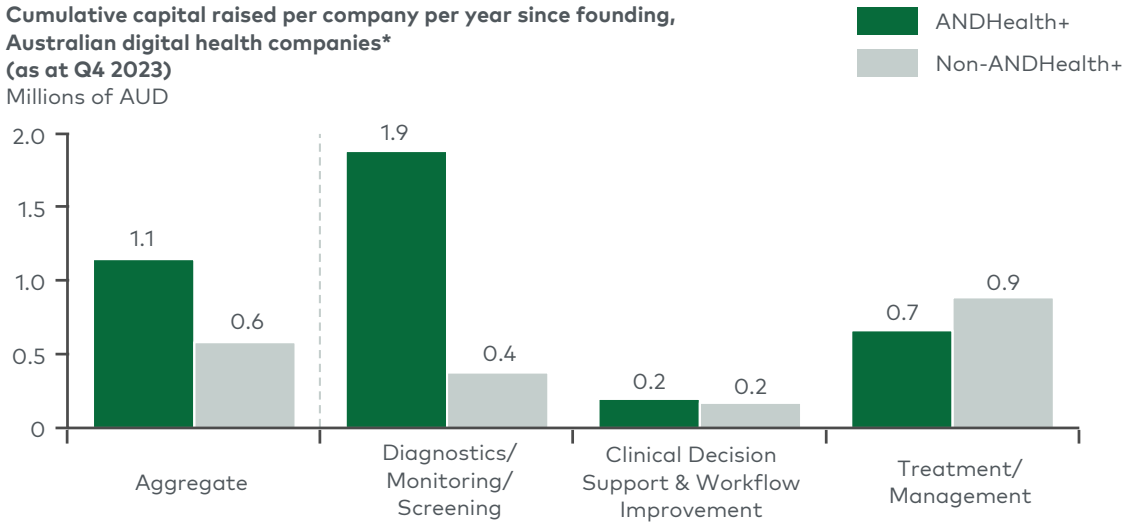
Since the commencement of ANDHealth+'s first pilot cohort in FY 2018, its participants have raised a cumulative total of $144.8 million in capital. Every $1 of Total Investment (direct investment into portfolio companies plus operating costs) by ANDHealth+ has resulted in $19.70 of capital raised (i.e., a 19x multiplier effect).

Two participants from Cohort 1 – Seer Medical and Perx Health – have had spectacular success in this measure, raising a combined $100 million of capital since participating in the program. As noted earlier in this report, both these companies are examples of the 'outperformers' that are commonly seen in SME/start-up venture portfolios, where a few standout SMEs will outperform on various metrics, which necessitates a portfolio model for accelerators/incubators and venture capital firms. Also notable is the fact that MRFF cohort companies are yet to complete the ANDHealth+ program, compared to pilot program companies who have had two-three years more time to adjust to the 'time-lag' effect typically seen with accelerator/incubator programs.

When compared to other companies that did not participate in ANDHealth+, ANDHealth+ participants have raised approximately double the capital of others: on average, they achieve $1.1 million in capital after six months of participation, as compared to non-ANDHealth+ SMEs, who on average raise $0.6 million of capital.

Figure 7
Capital raised - comparisons with non-ANDHealth+ digital health companies

Cumulative capital raised per company per year since founding, Australian digital health companies* (as at Q4 2023)
Millions of AUD



6.8	5.9	7.9	5.1	5.8	5.8	6.2	5.9	**Avg. company age (yrs)**
19	116	8	45	5	19	6	52	**Count (n)**

Note: *Comparison performed with all digital health companies based in Oceania, grouped into the three categories of Diagnostics/Monitoring/Screening, Clinical Decision Support & Workflow Improvement, and Treatment/Management. Excludes 'not applicable' companies such as pharmaceuticals. For full methodology, see Appendix;
Source: Pitchbook; ANDHealth management data; L.E.K. Analysis

Figure 7 shows the breakdown of capital raising averages across various areas of the digital health industry. The greatest difference by category is seen in ANDHealth+ participants in the diagnostics, monitoring and screening category, where companies on average raised $1.9 million of capital since establishment, compared to the average $0.4 million raised by non-ANDHealth+ SMEs in the same category.

"The attraction for us was their...associated (investor) networks both locally and internationally. This alone positions (ANDHealth+) as far more than other local accelerators and incubators."

Charles Cornish, Executive VP, DoseMe, ANDHealth+ Pilot Cohort 1

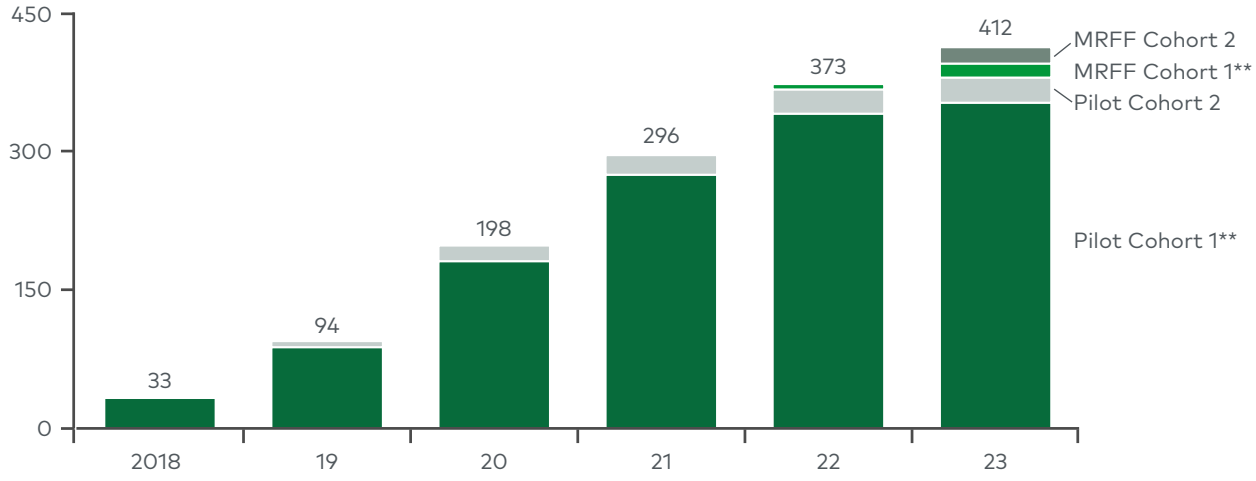
Jobs creation

The ability of these companies to create jobs in the digital health sector is another critical measure of the success of ANDHealth+. More jobs in the sector reinforces its vibrancy and growth, positioning it as a technology-driven industry that employs skilled workers. The creation of highly skilled, technology-based jobs is also critical for Australia's economic future, helping to stem the decline in productivity within the economy.

Figure 8
Cumulative jobs created by ANDHealth+ SMEs

New Jobs	
	56 new jobs created for every $1m of ANDHealth+ Investment
	$4.2 of gross economic value (driven by employment) for every $1 of ANDHealth+ Investment*

Cumulative Jobs created by ANDHealth+ supported SMEs, by cohort, since starting ANDHealth+ program (FY2018-23)
Total Jobs



Note: *Calculated through applying average gross economic value produced by a Medtech job to the total number of ANDH+ jobs created; **Perx Health only included as part of Pilot Cohort 1 company but also participated in MRFF Cohort 1
Source: ANDHealth management data; L.E.K. Analysis

Against this metric, ANDHealth+ participants have created a cumulative total of 412 full time equivalent (FTE) jobs since FY 2018.

This equates to 56 new FTEs for every $1 million of Total Investment by ANDHealth+ and $4.2 of gross economic value (driven by employment) for every dollar of Total Investment by ANDHealth+. By comparison, based on country-level investment and labour market data analysed from 41 countries over 19 years, an International Monetary Fund report shows that approximately $1 million of public investment creates on average only four new research and development jobs in a developed economy.[8]

Figure 9
Comparison of ANDHealth+ performance with IMF benchmark



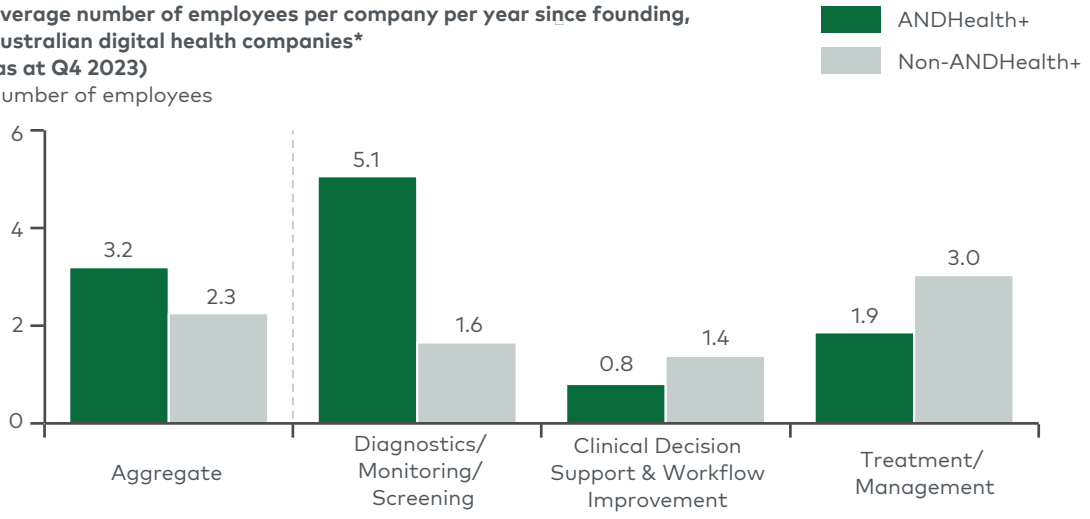
Note: * Based on country-level investment and labour market data analysed from 41 countries over 19 years
Source: ANDHealth management data; IMF Putting Public Investment to Work; L.E.K. research and analysis

Seer Medical, Perx Health and Atmo Biosciences were strong performers here, with a shared contribution of approximately 330 new FTE roles to the labour market.

8 The direct employment impact of public investment, International Monetary Fund, 2021

Figure 10
Job creation comparisons with non-ANDHealth+ digital health SMEs

Average number of employees per company per year since founding, Australian digital health companies* (as at Q4 2023)
Number of employees



6.8	5.9	7.9	5.1	5.8	5.8	6.2	5.9	**Avg. company age (yrs)**
19	116	8	45	5	19	6	52	**Count (n)**

Note: * Comparison performed with all digital health companies based in Oceania, grouped into the three categories of Diagnostics/Monitoring/Screening, Clinical Decision Support & Workflow Improvement, and Treatment/Management. Excludes 'not applicable' companies such as pharmaceuticals. For full methodology, see Appendix;
Source: Pitchbook; ANDHealth management data; L.E.K. Analysis

ANDHealth+ companies also generated 1.5 times the number of jobs compared to non-ANDHealth+ start-ups: an average of 3.2 jobs per company per year, compared to an average of 2.3 jobs created by start-ups generally. Most of this job creation occurred in FY 2019 and FY 2020, mirroring the years when capital raising also saw the greatest increases.

Again, companies in the diagnostics, monitoring and screening areas put on the most jobs, with 5.1 jobs created on average, compared to the 1.6 jobs created by non-ANDHealth+ participants in these areas.

CASE STUDY:
ANDHealth+ helps put Seer Medical on a path to growth

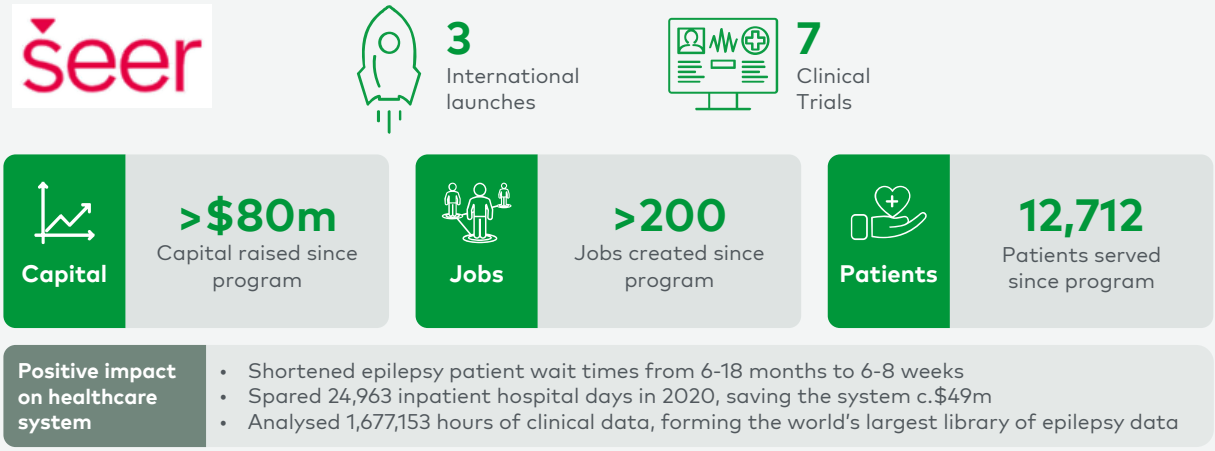
Seer Medical delivers hospital-grade EEG and ECG monitoring for epilepsy diagnosis from the comfort of the home. It uses data from these services to monitor for signs of seizure activity in patients, helping increase the accuracy of this reporting and enabling healthcare professionals to provide a better, faster pathway to diagnosis and treatment. Seer Medical has shown that its services can improve the diagnostic outcomes and reduce the burden health systems. Since 2017, Seer Medical has saved the Australian healthcare system over $263 million.

Seer Medical was a participant in ANDHealth+'s FY 2018 pilot cohort. While in the program, Seer Medical received a direct $60,000 investment, along with over $150,000 worth of in-kind offerings, including technical platform services, and support for its media and communications, insurance, human resources, intellectual property and legal needs.

> **"ANDHealth+ facilitated significant large bodies of work, which have de-risked our business for investors. They provided access to consultants who undertook crucial operation health checks to ensure compliance and provided a very comprehensive 360-degree business review."**
>
> **Georgina Kenley, COO and Co-founder, Seer Medical, ANDHealth+ Pilot Cohort 1**

This support started Seer Medical on its journey to raising over $80 million in capital and creating over 200 new jobs. The company has since expanded from its Melbourne base to twelve satellite clinics in rural Victoria, Tasmania, New South Wales and Queensland, as well as operations in the US and UK.

Figure 11
Impacts generated by Seer Medical



Source: ANDHealth management data – Collected Testimonials; Company websites; L.E.K. research and analysis

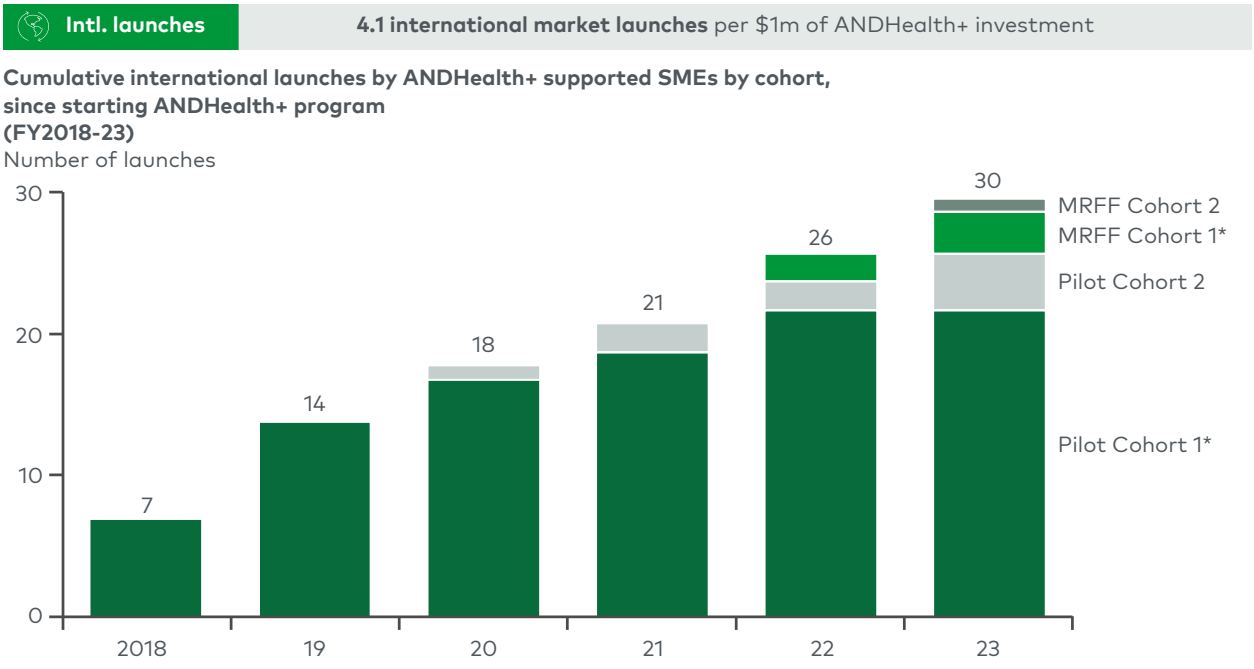
Thanks to early support from ANDHealth+, Seer Medical has demonstrated strong growth over the past six years, making a significant positive contribution to healthcare in Australia, including by helping over 12,000 Australians access critical diagnostic monitoring, shortening patient wait times from 6-18 months down to within 6-8 weeks, and saving the hospital system over $263 million as a result.

Entry into international markets

Another critical milestone for digital health companies is their ability to launch themselves into international markets, particularly in the US, UK and European markets. Entering these markets provides these businesses with a broader range and scale of customers, who are more likely to adopt their innovative products and services.

But launching into international markets can be challenging for these businesses. The investment needed is often uncertain, with many factors – particularly the target market and type of product – often impacting on the overall cost to launch. Local regulations, language barriers and consumer dynamics can also create challenges to a successful international market entry.

Figure 12
Cumulative international launches by ANDHealth+ SMEs



Note: * Perx Health only included as part of Pilot Cohort 1 company but also participated in MRFF Cohort 1
Source: ANDHealth management data

The support of ANDHealth+ has made a real difference in helping these businesses succeed in these initiatives, with program participants completing 30 successful international market launches since its start. Looking at this through an ROI lens, participants have carried out 4.1 successful international market launches for every $1 million of Total Investment by ANDHealth+.

Amongst the success stories are ANDHealth+ participants Perx Health, DoseMe and Seer Medical, all three of whom have successfully launched in several international markets over the past few years. These have included successful entries into the US market, typically one of the first – and one of the hardest – target markets for digital health companies, given its size and complexity.

CASE STUDY :
ANDHealth+ support sees Perx Health achieve a 19-fold increase in raised capital between FY 2018 - FY 2023

Perx Health is another digital health SME that entered the first ANDHealth+ program as part of Cohort 1 in FY 2018, and since then has benefited greatly from ANDHealth+ investment and support. In addition, Perx Health was selected in the first MRFF-funded cohort of ANDHealth+, which is currently nearing completion.

Perx Health's core product is an innovative digital care management program, delivered via a mobile app, that aims to improve participants' health by using behavioural science and positive, persistent motivation. It has significant clinical evidence behind it, including data which indicates that using Perx Health's digital care program can result in a 7.5% reduction in HbA1c and achieve 90% medication adherence over 12 months.

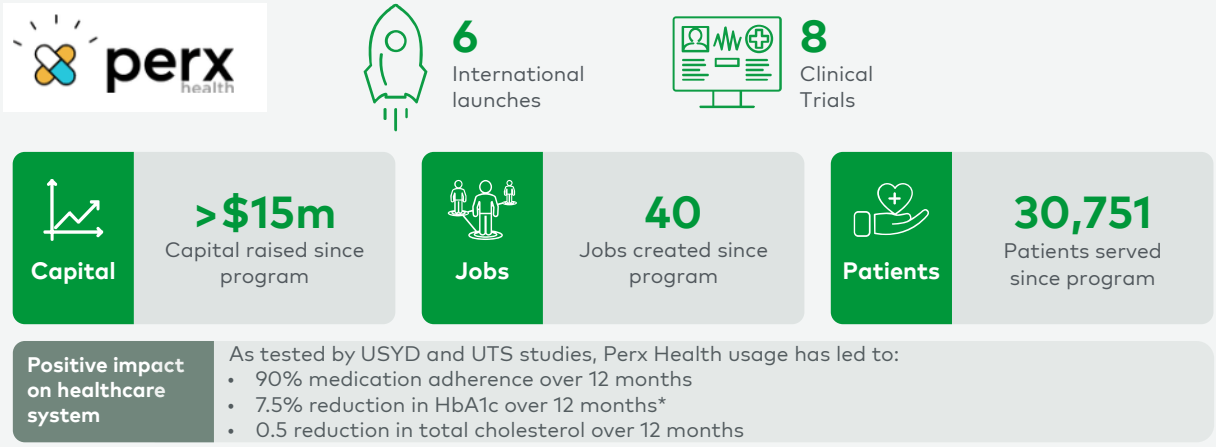
The Perx app helps people living with chronic conditions to stay motivated and complete their daily tasks such as taking medication, monitoring their conditions and taking part in physiotherapy and physical activity. It includes challenges, access to a supportive community and tangible rewards like gift cards and prizes. The program also enables insurers and providers to better track patients' progress and receive insights into patient behaviours.

As an ANDHealth+ participant in both the FY 2018 pilot cohort and first MRFF cohort, Perx has received $810,000 in investment dollars, as well as $245,000 in-kind services during the pilot program and ongoing mentoring and other in-kind services provided by ANDHealth+ via the MRFF-backed program.

> **"ANDHealth provided guidance on the drafting of our randomised control trial protocol with the University of Sydney. Their investor day facilitated multiple investor connections with some of the leading investors in Australia...and connected us with multiple potential pharmaceutical, payer and provider customers."**
>
> **Scott Taylor, Co-founder, Perx Health, ANDHealth+ Pilot Cohort 1; MRFF Cohort 1**

The ANDHealth+ involvement supported Perx to grow its cumulative capital 19-fold to over $15 million across six years, creating 40 new jobs across the same period. The company's early involvement in ANDHealth+ also saw it expand its evidence base by completing a pivotal clinical study with an academic partner that demonstrated significant increase in medication adherence across three targeted conditions.

Figure 13
Impacts generated by Perx Health



Note: *HbA1c refers to a blood test for diagnosis of type-2 diabetes
Source: ANDHealth management data – Collected Testimonials; Company websites; L.E.K. research and analysis

Since starting to work with ANDHealth in 2018, Perx has grown from a local startup in Sydney to a scaleup operating both nationally across Australia and internationally with several customers in the USA. It has supported tens of thousands of participants across customers in federal health initiatives, state hospital outpatient services and private insurance programs.

"ANDHealth+ was a critical supporter for us as we successfully started commercialising our unique product. The tailored assistance given ranged from funding support for a real-world trial with an ANDHealth+ partner, strategic regulations and market-entry advice, plus a sounding-board of experienced med-tech professionals."

"We have been a part of numerous innovation communities including corporate incubators and VC-backed tech-accelerators. However, only ANDHealth+ has the deep expertise and commercial partnerships to truly understand a health-tech business."

Hugo Rourke, Co-Founder, Perx Health, ANDHealth+ Pilot Cohort 1; MRFF Cohort 1

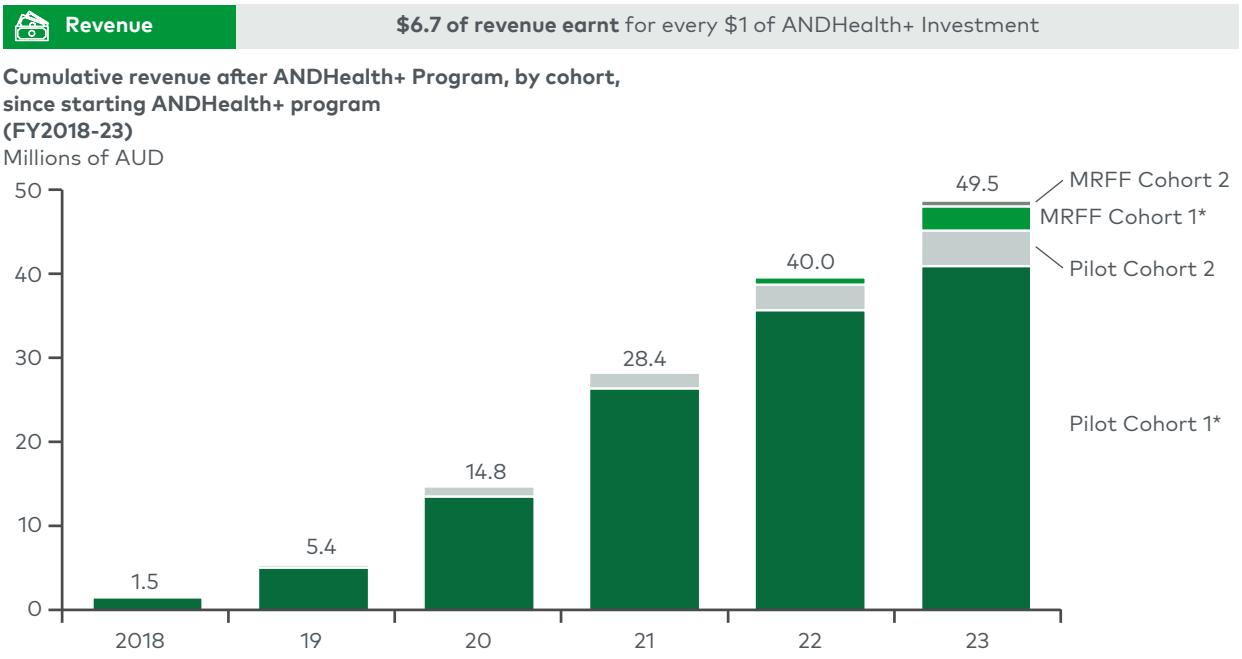
Revenue generation

A critical metric for success is the ability of digital health companies to generate revenue: this underpins the businesses' success, but also demonstrates that their products and services – and the business case behind them – are commercially viable in the markets they enter.

However, unlike non-health technology businesses, many digital health businesses face years of pre-revenue development and clinical trials, and a significant lag in revenue generation due to complex payment models and highly risk averse purchasing behaviour which is prevalent in healthcare markets.

As such, revenue is an important driver for the ANDHealth+ cohort, but this should be considered in conjunction with other key metrics, as some participant companies will not generate revenue during the program. Rather, they will direct their efforts and investment towards clinical evidence and regulatory approvals required before they are able to sell their products and services. In fact, 8 of the 19 (42%) ANDHealth+ participants are 'pre-revenue', with the majority of these needing to further develop their evidence base and obtain regulatory approvals in order to bring products to market.

Figure 14
Cumulative revenue earnt by ANDHealth+ SMEs



Note: * Perx Health only included as part of Pilot Cohort 1 company but also participated in MRFF Cohort 1
Source: ANDHealth management data

The support provided by ANDHealth+ helps participants to identify and define viable commercial models and has enabled them to generate a cumulative $49.5 million in revenue since FY 2018. This equates to $6.7 of revenue for every dollar of Total Investment by ANDHealth+ over this time.

Approximately 90% of ANDHealth+ participants are now generating revenue, with Seer Medical, Osara Health (formerly CancerAid) and Perx Health as standout examples in the program, generating nearly 88% of the total aggregate revenue of $49.5 million since the start of the program.

"The industry insight of (ANDHealth's) panel members has helped us translate our digital health research into patient use, and mature our business model to reach Life Insurers with a sustainable business model which allows us to further support patients closely in their cancer care throughout Australia."

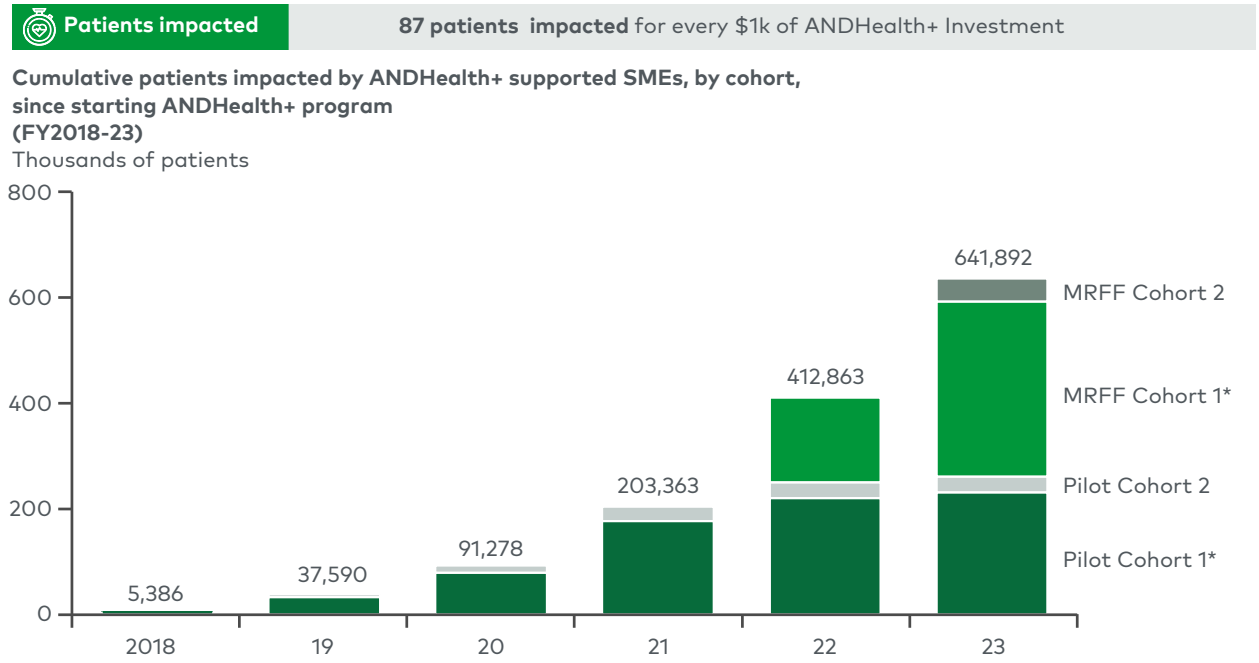
Dr Raghav Murali-Ganesh, Founder and CEO, Osara Health (formerly CancerAid), ANDHealth+ Pilot Cohort 2

Patients impacted

Ultimately, digital health businesses are only effective if they can positively impact and change the lives of patients through clinical impact.

ANDHealth+ participants have clearly demonstrated that they can do this throughout the course of the program. Since FY 2018, ANDHealth+ companies have impacted 641,892 patients, which equates to 87,000 patients impacted for every $1 million of Total Investment by ANDHealth+.

Figure 15
Cumulative patients impacted by ANDHealth+ participants



Note: * Perx Health only included as part of Pilot Cohort 1 company but also participated in MRFF Cohort 1
Source: ANDHealth management data; CSIRO Telehealth Trial Final Report

Program standouts VaxApp and DoseMe, both platform technologies which are geared to impacting higher volumes of patients, show very strong performances against this metric, with both companies impacting a combined total of nearly 66% of the overall patient load impacted by ANDHealth+ participants.

The number of patients impacted represents one measure of success. An additional, equally important metric is the hugely positive effect created by ANDHealth+ companies in delivering products and services to help vulnerable patient populations with chronic conditions like cardiovascular disease and long-term urinary tract issues, as well as children and young people.[9] Targeting these groups benefits the broader healthcare system, by avoiding extra costs and helping support a healthier workforce and general population.

Clinical trials and studies

Clinical trials and studies are a critical step for digital SMEs looking to commercialise their technologies, by providing them with the clinical evidence they need to support any clinical claims they are seeking to make and enabling

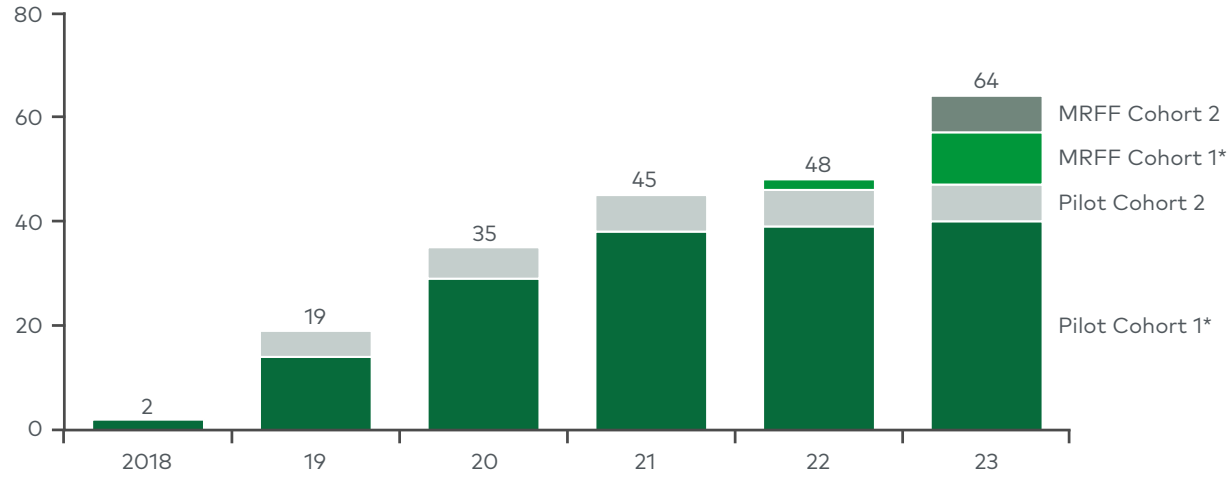
9 Health and Economic Benefits of Chronic Disease Interventions, Centre for Disease Control and Prevention (CDC), 2023; National Strategic Framework for Chronic Conditions, Australian Government Department of Health and Aged Care, 2019; and National Action Plan for the Health of Children and Young People 2020 – 2030, Australian Government Department of Health and Aged Care, 2019.

them to secure the necessary regulatory clearances to market and sell their products in global markets. For non-regulated digital health technologies, clinical studies often provide the evidence required to secure healthcare customers, who are unlikely to purchase non-regulated products in the absence of such evidence.

Figure 16
Cumulative clinical trials commenced by ANDHealth+ participants

Clinical trials **9 clinical trials commenced** for every $1m of ANDHealth+ Investment

Cumulative Clinical trials commenced by ANDHealth+ supported SMEs, by cohort, since starting ANDHealth+ program (FY2018-23)
Number of clinical trials



Note: * Perx Health only included as part of Pilot Cohort 1 company but also participated in MRFF Cohort 1
Source: ANDHealth management data; L.E.K. research and analysis

Since the program's commencement in FY 2018, ANDHealth+ companies have commenced a cumulative total of 64 clinical trials, equivalent to nine clinical trials for every $1 million of Total Investment by ANDHealth+. This is impressive when compared to a cross sectional study led by the Journal of Medical Internet Research, which found that digital SMEs typically achieve an average of 0.05 clinical trials for every $1 million of investment.[10]

10 Assessing the clinical robustness of digital health startups: cross-sectional observational analysis, Amaryllis Mavragani, Journal of Medical Internet Research, 2022

Figure 17
Disease areas covered by ANDHealth+ participants (non-exhaustive)

ANDHealth+ supported SME	Disease targeted	Burden of disease	No. of clinical trials commenced	Example of clinical trial
atmo BIOSCIENCES	Motility disorders and small intestinal bacterial overgrowth (SIBO)	Gastrointestinal motility disorders, specifically gastroparesis and slow transit constipation, are debilitating illnesses that affect 13-24% of the world's population	15	Conducted a clinical trial showing that the Atmo Biosciences gas-sensing capsule accurately identifies key anatomical landmarks in healthy individuals
Sound Scouts Hear for your future	Hearing loss	Between 3%-13% of primary school aged children have some level of hearing impairment in Australia	9	Conducted a trial on c.500 participants, showing the Sound Scouts app successfully identified hearing loss in 85% of cases
perx health	Chronic conditions	45% of all Australians suffer from one or more chronic conditions	8	Conducted a trial in partnership with UTS showing the Perx Health platform contributed to a 97% adherence rate to chronic management plans
seer	Epilepsy	Around 150,000 Australians suffer from epilepsy	7	Conducted a trial which successfully showed wearable devices alongside the Seer Medical app improved seizure cycle tracking

Source: ANDHealth website; Australian Institute of Health and Welfare; Australian National University Foodborne Disease report; Department of Health; ABS; Better Health Victoria; L.E.K. research and analysis

Many ANDHealth+ participants are focused on developing solutions to help patients and the healthcare system manage diseases classed as 'high burden', such as hearing loss, epilepsy and other chronic conditions.[11]

Atmo Biosciences, a participant in the initial ANDHealth+ FY 2018 pilot group, has performed strongly here, commissioning an average of three clinical trials every year since joining the program. Similarly, Sound Scouts, a participant in Cohort 1 of the MRFF-funded ANDHealth+ program, has commissioned seven clinical trials across FY 2023.

11 Epilepsy in Australia, Australian Government Institute of Health and Welfare, 2022; Ear Health in Australia, Australian Government Department of Health and Aged Care, 2023; Prevalence of Chronic Conditions, Australian Government Treasury, 2023; and Irritable Bowel Syndrome, Victorian Government Better Health Initiative, 2023.

Together, Atmo Biosciences and Sound Scouts have accounted for 37% of the total clinical trials commenced. These trials have been in the areas of gastrointestinal conditions and hearing loss respectively – health issues that affect millions of Australians each year.

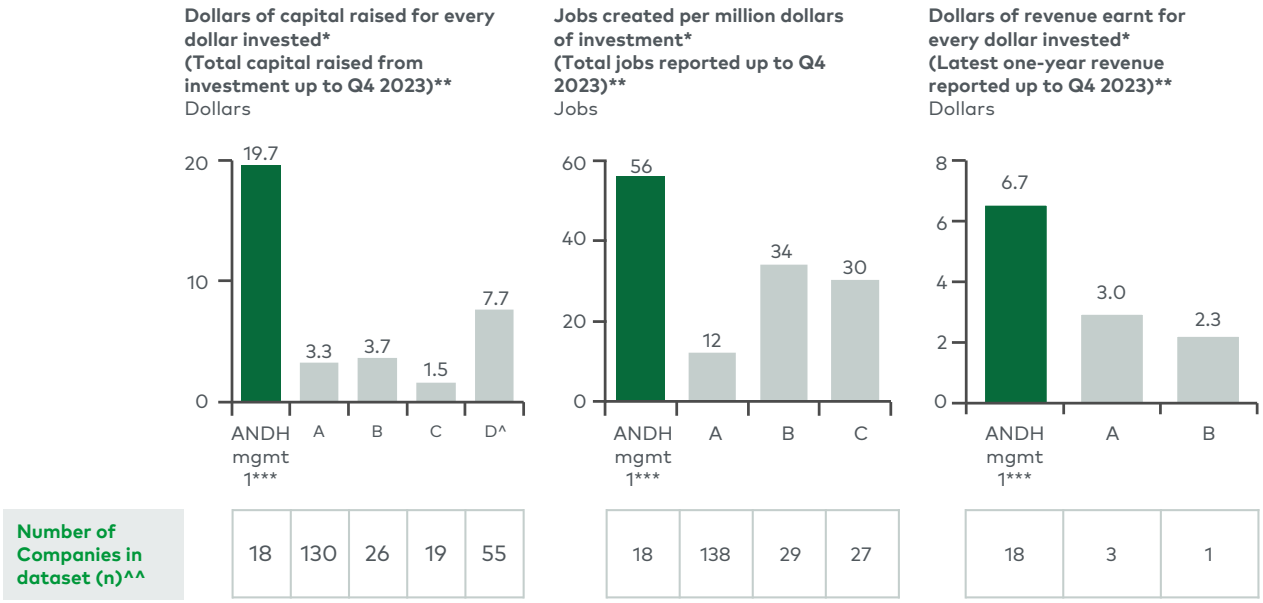
"ANDHealth provided guidance on the drafting of our randomised control trial protocol with the University of Sydney."

Scott Taylor, Co-Founder, Perx Health, ANDHealth+ Pilot Cohort 1; MRFF Cohort 1

2.4 Comparing ANDHealth+ to other Australian accelerators/ incubators

The impact generated by ANDHealth+ has also been compared against other similar programs in Australia. Across the three core economic metrics of success – capital raised, jobs created, and revenue generated – ANDHealth+ clearly outperforms other Australian accelerators/incubators. For the purposes of this analysis, two general technology/deep technology and two health technology-specific accelerators/incubators were used as comparators.

Figure 18
Capital raised, jobs created, and revenue earned comparisons - ANDHealth+ vs other Australian digital health accelerator/incubator programs



Number of Companies in dataset (n)^^					
	18	130	26	19	55
	18	138	29	27	
	18	3	1		

Note: *Averages calculated through total of revenue/capital/jobs over the total amount of startups supported by the accelerator. Revenue/capital/jobs marked as empty in Pitchbook are dealt with as zeroes for purposes of the average; **Only looking at startups invested in after FY2018 to align with the ANDHealth+ period; *** Investment amount includes money directly invested into startups + ANDHealth management costs (using audited company financial data); ^Calculated through using startup 'capital raised' figures listed on website alongside investment amounts noted on Pitchbook (capital raised figures more complete on website); ^^Local accelerators included in comparisons based on public data availability
Source: ANDHealth management data; Pitchbook; Program websites; L.E.K. research and analysis

On a per dollar invested basis, ANDHealth+ outperforms other Australian accelerator/incubator programs in terms of capital raised and jobs created where there is a decent sample size of data available. ANDHealth+ also appears to outperform two other comparable programs in Australia on revenue earned by participating portfolio companies although there is only a very small sample size of data available for comparable programs in this regard.

Further analysis was performed using internal management data, firstly comparing performance using direct investment only, and secondly using government funds invested only, which showed additional outperformance by ANDHealth+. Aside from using internal data sources to validate these findings, when publicly available data from Pitchbook was analysed (excluding internal management data), ANDHealth+ clearly outperformed all other programs across the three categories. When data from CB Insights was included as another external data source (to provide further robustness around the data sources and results), ANDHealth+ still outperformed other

programs in key areas such as capital raising. More detail on this analysis can be found in Appendix B of this report.

These results reflect the unique attributes that make ANDHealth+ a standout in its class. Its success derives from its singular focus on the digital health sector; its deep knowledge of how to successfully commercialise evidence-based technologies products and services in this space; the engagement of industry in every stage of its process; its provision of high-quality mentorship and investment support; and the highly effective, specialised project management and support that it provides to its start-up participants.

"I believe ANDHealth has delivered great value to the digital health sector... and is addressing a significant gap in providing support for digital health companies in Australia and we applaud you for that!"
Gil Hidas, CEO, Kesem Health, ANDHealth+ Pilot Cohort 2

3. Measuring the impact of Masterclass

3.1 How Masterclass' impact on the digital healthcare sector was measured

As noted in Section 1 of this report, ANDHealth's Masterclass program is an intensive six-day series of workshops, run across three weeks, involving participants in deep industry education, knowledge transfer and networking activities aiming to accelerate their progress on the commercialisation pathway. The Masterclass program was created in response to the need for a 'bridge' between earlier stage companies and the proof-of-concept requirements for ANDHealth+. Four Masterclass programs have been run since the first Masterclass commenced in November 2019.

Masterclass has been funded since its creation by MTPConnect, initially through a Growth Centre Project Fund grant, then through the REDI initiative, which is ultimately funded by the Medical Research Future Fund.

In addition to supporting digital health companies, Masterclass is also made available to 'Industry Participants', who may not be directly involved in the commercialisation of a specific technology, but who do work in the sector and alongside digital health innovators. These participants may include service providers (e.g., legal, intellectual property, consulting, finance and accounting providers), technology transfer professionals, health system professionals, customers and/or investors.

ANDHealth's Masterclass digital health company participants are typically positioned earlier in their commercialisation journey when compared to those participating in ANDHealth+. The latter are often at a more mature level, having already demonstrated product proof-of-concept and evidence of demand for their technology, product and/or service.

Masterclass is focused on providing access to experts with demonstrable, real-world experience in commercialising digital health technologies in a curriculum-based format, whereas ANDHealth+ offers company-specific advisory services and non-dilutive investment to improve the readiness and appeal of each company to institutional investors and enterprise customers.

Masterclass participants benefit from a program which prioritises speaker/educator access and quality over expediency, with Masterclass programs providing content from approximately 50 globally sourced speakers to

approximately 40-60 participants. The curriculum covers various subjects critical to achieving successful digital health commercialisation, including but not limited to financial and investment, risk and regulation, sales and market entry, and business models and voice of the customer.

Within ANDHealth's program suite, Masterclass plays a pivotal role in accelerating company maturity and improving company success rates in applying for later stage programs, such as ANDHealth+. Based on ANDHealth data, 47% of companies selected in the last three ANDHealth+ cohorts have completed Masterclass prior to applying for the ANDHealth+ non-dilutive funding program. On average, these companies completed Masterclass two years before being selected for ANDHealth+.

The impact of Masterclass has been measured using quantitative data, similar to the metrics used to assess ANDHealth+ (capital raised, jobs created, patients impacted and number of clinical trials), as well as attendance rates and qualitative data such as net promoter score (NPS) measures and participants' feedback, alongside audited financial data relating to ANDHealth expenditure on the program.

Digital health company participant outcome data is collected through participant surveys on a six-month post program basis. Data is only collected once from each participant, in comparison to ANDHealth+ which collects data on a quarterly basis over an extended period of time. The outcome data does not capture growth which may have occurred after the six-month post-program mark. Industry participants (those not working directly on a specific digital health technology, product or service) provide feedback on program quality and NPS only, not on specific impact metrics.

3.2 Masterclass - Impact at a glance

Since the program's commencement in FY 2019, Masterclass has been delivered on an annual basis, resulting in 160 hours of programming involving 174 speakers (28 of whom were international experts), to a total of 184 participants spanning both digital health companies and industry participants. Attendee satisfaction has been high, with annual NPS ranging from 65 to 96 (average 87).

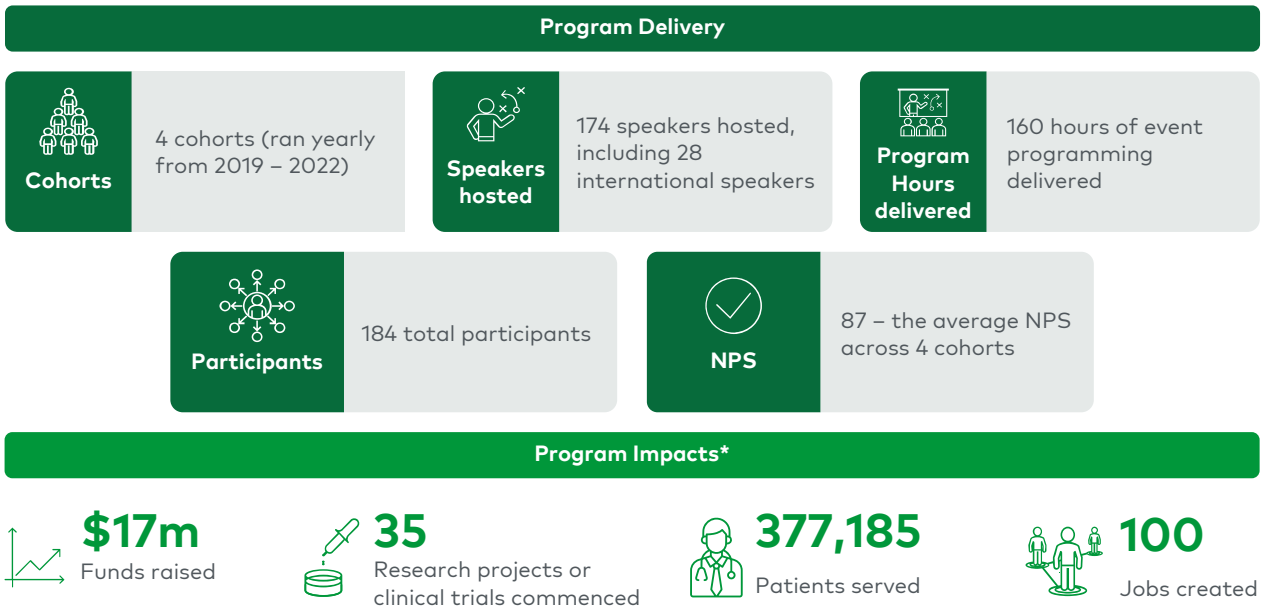
"This program has set the bar for providing a real-world, high impact learning program with global exposure to digital health companies seeking to scale. What stood out for me was the willingness of global stakeholders to participate and contribute to the digital health conversation."

Founder and CEO, Health Management platform, Masterclass cohort 2021

Importantly, Masterclass has assisted participants to raise capital to underpin the growth and expansion of their businesses, as well as demonstrating impact across other key metrics including patients impacted, clinical and commercial studies, and new job creation.

Masterclass digital health company participants who responded to post-program surveys confirmed that the program had so far helped them raise a cumulative total of c.$17 million in capital, as well as enabled them to begin 35 research projects and clinical trials, impact 377,185 patients and create 100 full time equivalent jobs in the Australian economy.

Figure 19
Masterclass - total economic impacts



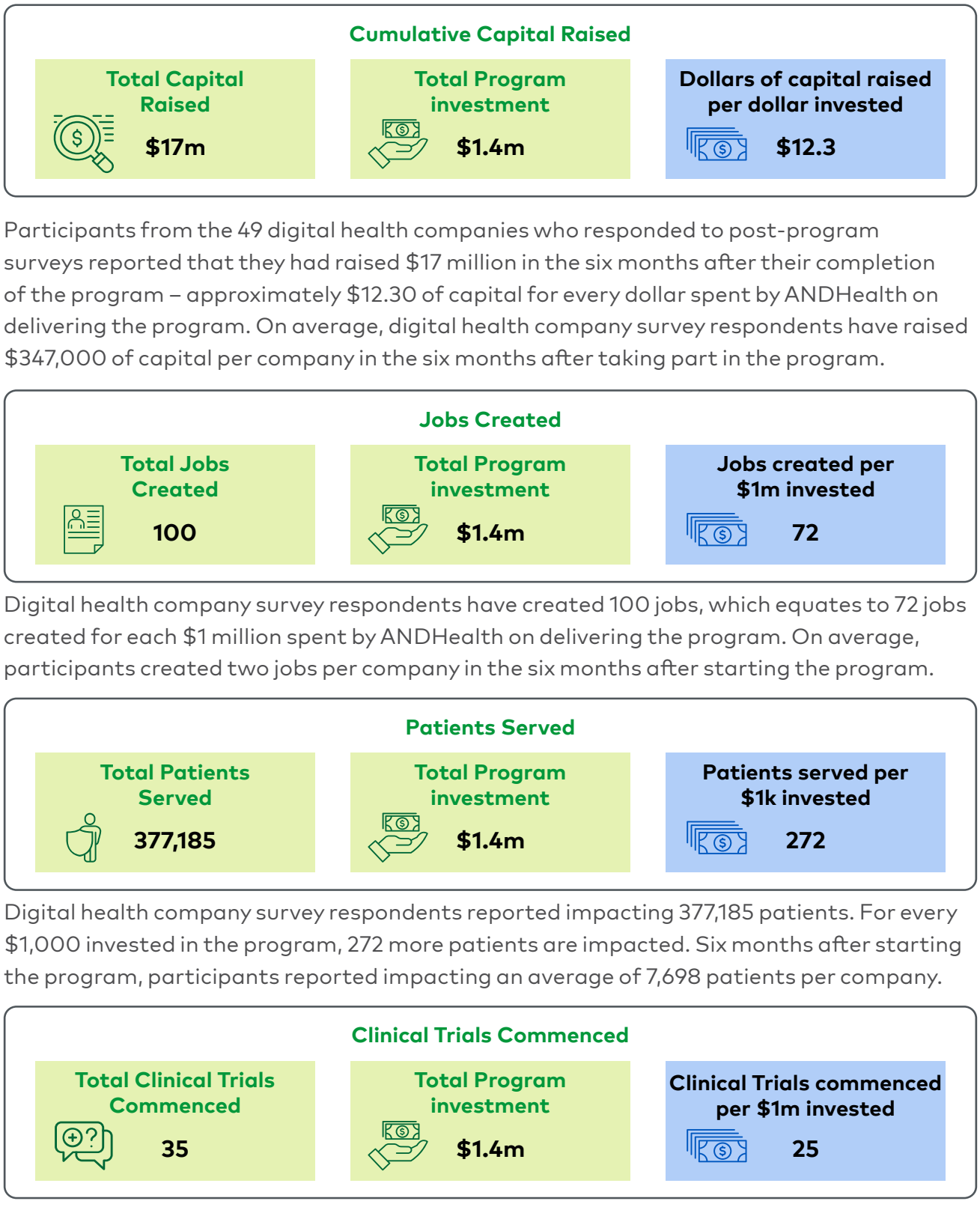
Notes: *Based on survey data of 49 startups out of 101 startups, 6 months after attending the program. Atmo Biosciences excluded to make fair comparisons with ANDHealth+ within further analysis
Source: ANDHealth management data

> **"The ANDHealth Masterclass was an incredibly in-depth, diverse and revealing program in digital health...for understanding development and commercialisation of digital health platforms."**
>
> **Medical Research Fund Manager, University of Melbourne, Masterclass cohort 2019**

3.3 Measuring the success of Masterclass in detail

As with the ANDHealth+ program, the evidence for the effectiveness of ANDHealth's Masterclass program is supported by a detailed examination of the various measures of success outlined in the previous parts of this section, based on the results of the ANDHealth surveys.

Figure 20
Masterclass - capital raised, jobs created, patients impacted, and clinical trials commenced



Participants from the 49 digital health companies who responded to post-program surveys reported that they had raised $17 million in the six months after their completion of the program – approximately $12.30 of capital for every dollar spent by ANDHealth on delivering the program. On average, digital health company survey respondents have raised $347,000 of capital per company in the six months after taking part in the program.

Digital health company survey respondents have created 100 jobs, which equates to 72 jobs created for each $1 million spent by ANDHealth on delivering the program. On average, participants created two jobs per company in the six months after starting the program.

Digital health company survey respondents reported impacting 377,185 patients. For every $1,000 invested in the program, 272 more patients are impacted. Six months after starting the program, participants reported impacting an average of 7,698 patients per company.

Digital health company survey respondents reported a cumulative total of 35 clinical trials, which equates to 25 clinical trials commenced per $1 million spent by ANDHealth on the program. Six months after starting the program, participants had begun around 0.7 clinical trials on average per company.

3.4 Other measures of Masterclass' success

The survey also measured two other metrics to assess the success of Masterclass. These were the Net Promoter Scores (NPS) achieved by the program through participants' feedback; and the attendance rate and composition of program participants from 2019 – 2022.

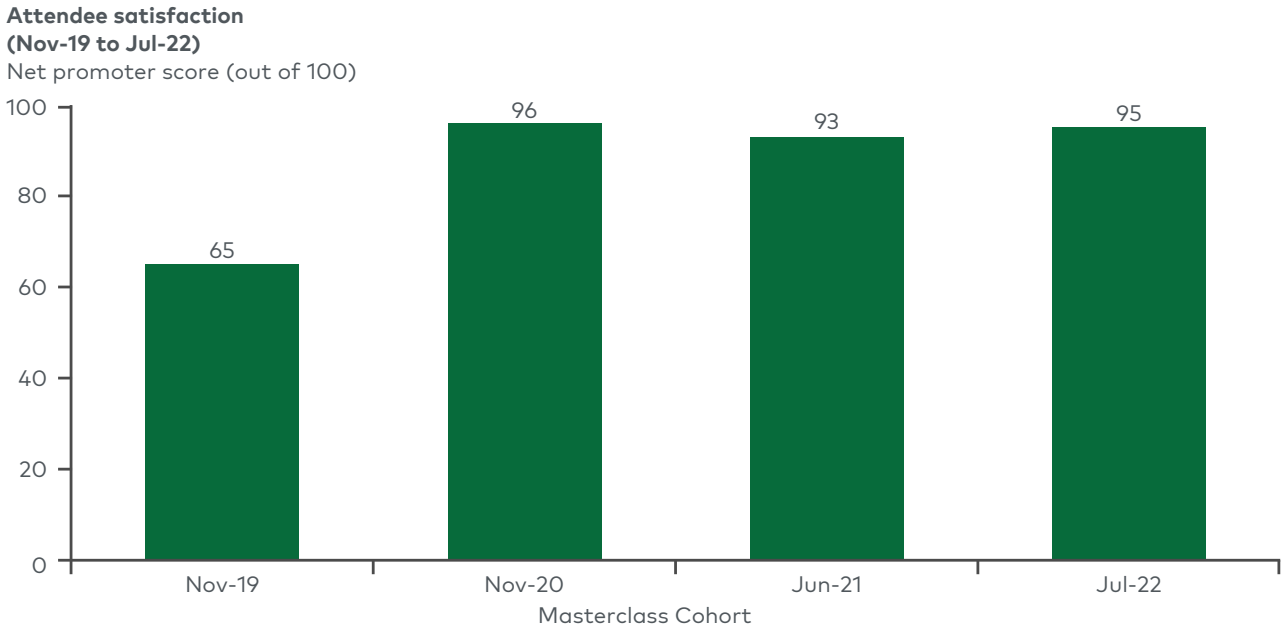
Net promoter score

The concept of a Net Promoter Score was developed by Bain & Co in 2003 and is considered the gold standard in customer experience measurement.[12]

Against this framework, Masterclass has received excellent participant feedback, with the inaugural 2019 cohort (the only physical delivery of Masterclass) delivering a NPS of 65 while subsequent cohorts across 2020-2022 (delivered virtually) recorded NPS scores of 93 to 96.

High NPS ratings suggests that attendees' satisfaction with the program is considerable, and these scores drive higher rates of growth as attendees recommend the program to others. This indicates participants' strong preference for virtual delivery and the quality that comes with this style of learning and interaction.

Figure 21
Masterclass-related average NPS of approximately 87



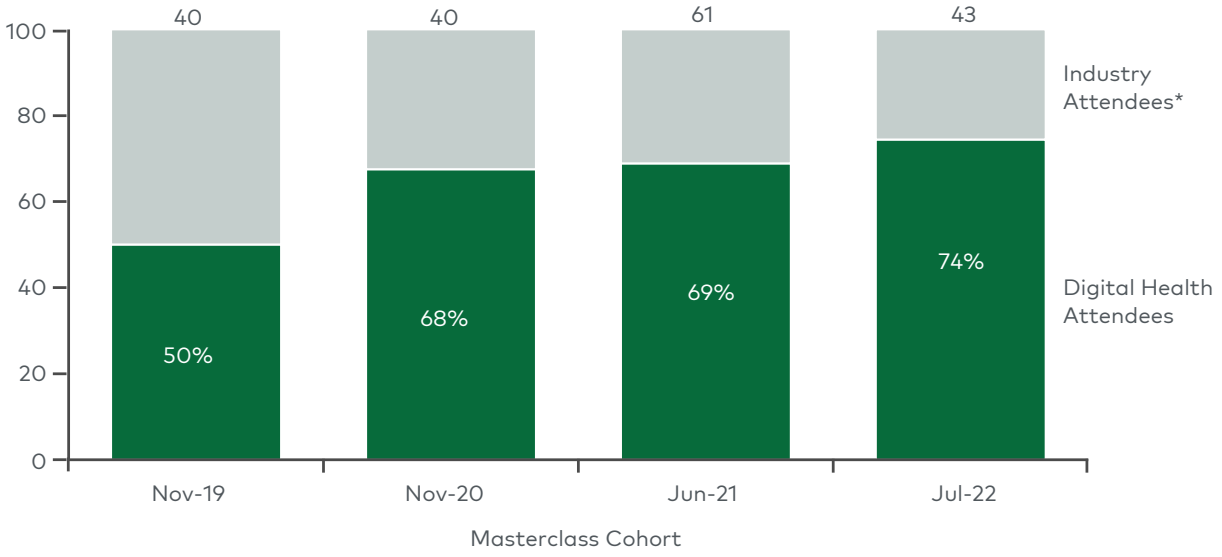
Source: ANDHealth management data – Masterclass impact metrics; L.E.K. research and analysis

12 https://www.qualtrics.com/au/experience-management/customer/net-promoter-score/

Attendances have been steady over the course of the program, with a growing number of digital health attendees year on year. This reflects the growing levels of demand from the entrepreneurs targeted by the program, and therefore an improved level of traction within the digital health start-up ecosystem.

Figure 22
Masterclass – year-on-year growth in attendees

Digital Health program attendance (Nov-19 to Jul-22)
Digital Health attendees as a % of the total attendees



Note: *Industry Attendees include investors, advisors, industry professionals, academics and policy leaders in the digital health sector who may not be entreprenuers themselves
Source: ANDHealth management data - Masterclass impact metrics

The excellent NPS and supporting attendance rates and positive feedback from participants shows the strengths behind Masterclass. As with all ANDHealth programs, the content and speakers are based on the premise that all speakers and advisors have real-world, demonstrable track records in the areas of content which they are delivering. The curriculum is both targeted and relevant to the digital health sector; its content is delivered effectively; the format ensures applied learning and development; and participants create meaningful, useful knowledge, skills, relationships and networks helps to empower them as entrepreneurs.

Figure 23
Masterclass - key strengths



A curriculum relevant for industry
"There have been many aspects which helped me, such as updates on regulation, the landscape of investment, how to go about reimbursement, to name a few..."
- Health Industry Senior Executive, Microsoft, Masterclass cohort 2020

Effective content delivery
"Masterclass perfectly demonstrated and addressed many of my unknown unknowns. This was done through a combination of didactic, interactive and personalized interactions that was expertly balanced..."
- Anonymous Masterclass attendee, Masterclass cohort 2020

Accelerated learning and development
"This standout program brings start-ups together with global experts for a one-week microscopic dive into everything digital health. As CEO, time is precious and, in that week, I gathered the expert advice, tools and connections that would otherwise have taken me year."
- CEO & Co-Founder, Cloud-based software platform, Masterclass cohort 2019

Creating relationships that empower entrepreneurs and unlock expertise
"The reach and network of ANDHealth which was open to us was true excellence and resulted in tangible impact to our business."
- Founder & CEO, Health management platform, Masterclass cohort 2020

Source: ANDHealth management data

4. Conclusion

Both ANDHealth+ and Masterclass have proven their effectiveness and impact as enablers of growth in the digital health and broader health technology sector. The evidence is clear and compelling: since their inceptions, both programs have performed strongly against a wide range of measures.

The results demonstrate that ANDHealth in delivering both ANDHealth+ and Masterclass has, through the introduction of both these programs, made a significant contribution to the progress of digital health SMEs in this country and to the broader Australian healthcare sector.

ANDHealth+, through its deep specialisation, industry-led model, mentoring support and links to investor and enterprise customer networks, has been instrumental in enhancing the growth prospects of its various participant companies, while Masterclass' knowledge-based programs have enabled participants at the beginning of their growth journey to move confidently into the next stage of their development.

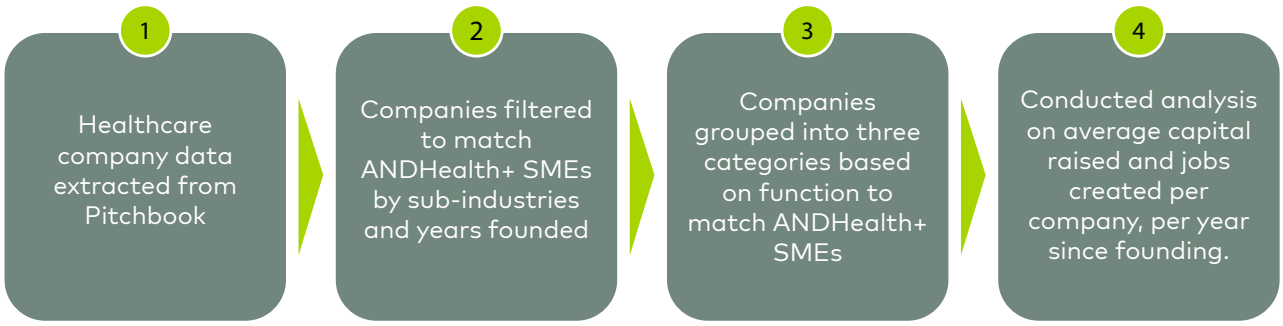
Both ANDHealth programs – along with ANDHealth's other, related initiatives in this space – will continue to deliver and improve on these results in the coming years. In order to do this, ANDHealth+ and Masterclass will need the ongoing support of the health technology industry, Government and the broader Australian business community.

With this support in place, ANDHealth is uniquely postioned to progress and refine ANDHealth+ and Masterclass, to ensure both programs remain 'best in class' and underpin the growth of our country's digital health industry, both here and internationally.

Appendices – Research Methodologies

Appendix A

Figure 24
Methodology for analysis of ANDHealth+ SMEs



To analyse the performance of companies in ANDHealth+, a comparison set of companies outside the ANDHealth+ program was constructed, using a matching distribution of company types and years of founding for SMEs in the ANDHealth+ program. The comparison was conducted through three primary steps:

1. A wide list of companies was extracted from Pitchbook with key filter categories: Industry - Healthcare, Verticals - Digital Health and Location - Oceania. Data updated until Q4 2023.
2. Companies in the dataset were filtered to exclude 'Pharmaceutical and Biotechnology' companies and include only companies founded in 2011 and from 2014-2020, to align the dataset with the founding years and company types of ANDHealth+ companies.
3. Companies were then categorised into the three primary digital health categories that matched ANDHealth+ company types, with inapplicable companies removed from the wider set. The categories were:
   - **Diagnostics/Monitoring/Screening:** this group involved companies responsible for digital technologies contributing to the detection of disease or improving monitoring systems with the aim of managing disease or health risks.
   - **Clinical Decision Support and Workflow Improvement:** this group involved companies using digital technologies to improve patient outcomes by facilitating better clinician decision-making and patient access. This category does not include digital health records, secure messaging and other national digital health infrastructure.

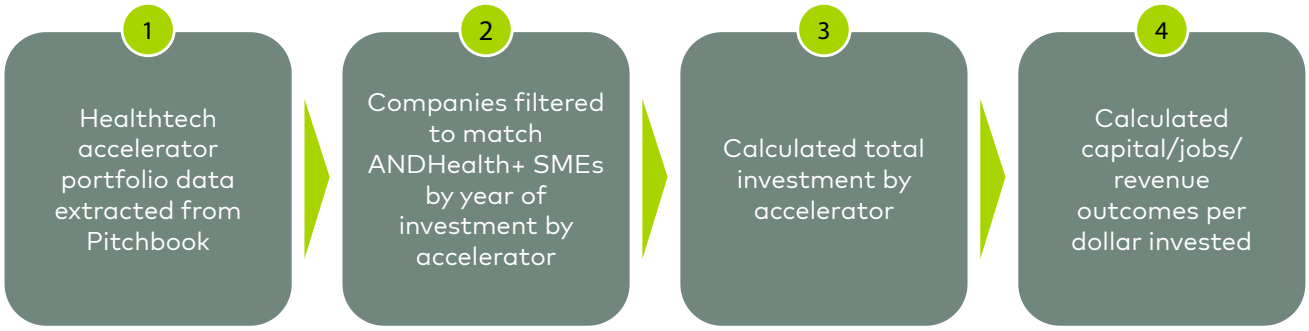
- **Treatment/Management:** this group involved companies using digital technologies to help patients directly with disease or empower clinicians with better treatment tools.
- **Not Applicable:** companies with healthcare technologies falling outside the above categories (such as surgical devices and messaging systems).

4. Using the 'Total Capital Raised' and 'Total Employees' datapoints on Pitchbook, L.E.K. calculated the average capital raised and average jobs created per SME. This was further divided by the aggregated 'Years Since Founding' to normalise for different levels of SME maturity. This analysis was conducted both across individual categories and at an aggregate level.

All ANDHealth+ capital/jobs data is sourced through SMEs self-reporting their outcomes to ANDHealth.

Appendix B

Figure 25
Methodology for comparison of ANDHealth+ with other digital health accelerators/incubators



To compare the impact of ANDHealth+ with other Australian digital health accelerator/incubator programs, the analysis of revenue, capital raised and jobs created was carried out on a 'return per dollar invested' basis. The analysis was conducted through the following steps:

1. Comparators were selected through shortlisting four health technology/ biotech accelerators/incubators with available data on Pitchbook.
2. Companies were filtered to exclude SMEs invested in by accelerators/ incubators before FY 2018, to align with ANDHealth+ investment years.
3. Using deals data on Pitchbook, L.E.K. calculated the total amount that each program invested into SMEs. Where necessary, an average deal size for all companies with deal size data was calculated and normalised for other companies in the dataset (which had capital/jobs/revenue data but not deal size data).
4. The 'return per dollar invested' figure was calculated through dividing the aggregated capital/jobs/revenue data of each accelerator/incubator portfolio by the total amount invested by each program.

SMEs with revenue/capital/jobs marked as 'empty' on Pitchbook were excluded from the analysis, to ensure the comparisons were not skewed due to unavailable data. For Accelerator Program 4, the total 'capital raised' amount was sourced from the Program website (as it was more complete than Pitchbook figures) and divided by the investment amount as listed on Pitchbook.

In Figure 25 above, the data source and investment amount for the ANDHealth+ portfolio is as follows:

- **Data source:** All ANDHealth+ capital/revenue/jobs data is sourced through SMEs self-reporting outcomes to ANDHealth. ANDHealth+ investment data is sourced through ANDHealth management.
- **Investment amount:** Total investment was used, which includes money disbursed to SMEs, or applied to program management and specific project management costs provided by ANDHealth to support participant SME operations. This total investment was used to adjust for the potential additional positive effects created by ANDHealth's direct project management assistance (an offering only provided by ANDHealth+ compared to local healthtech accelerators/incubators).

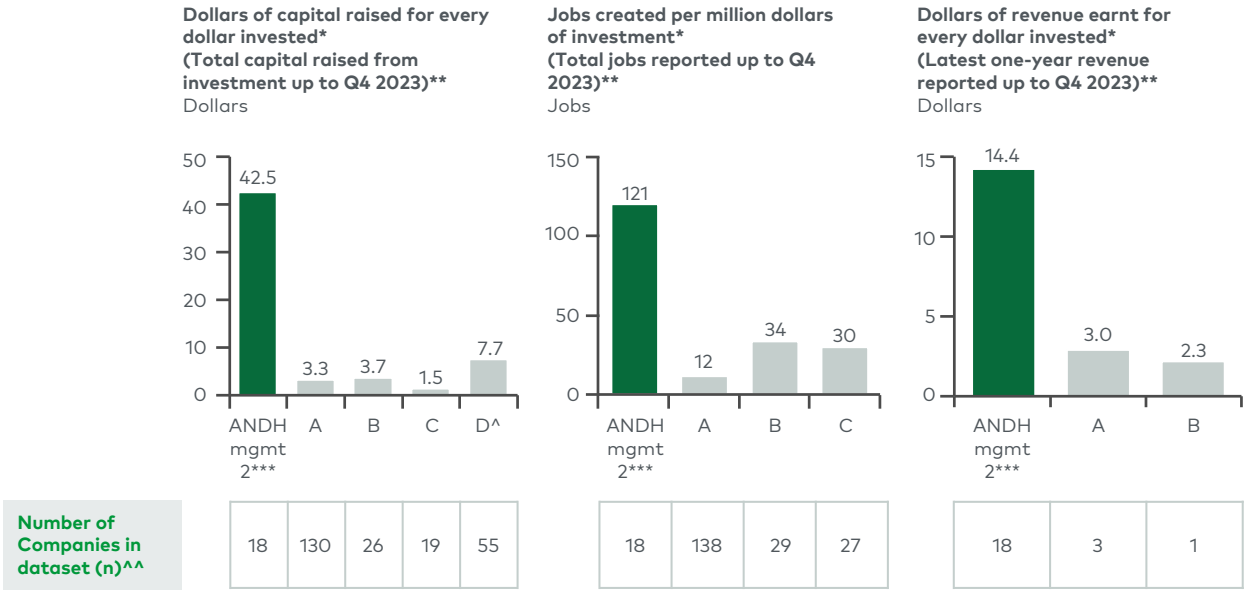
Four pieces of additional analysis were then performed to validate findings and improve the robustness of the comparisons with other Australian digital health accelerators/incubators. Described below are the findings and methodologies.

Appendix B.1

Additional analysis 1 – ANDHealth+ vs other digital health accelerators/ incubators, direct investment only

This analysis excluded ANDHealth+ Management costs from the total investment, to allow a like-for-like comparison of **direct investment only.**

Figure 26
Comparison with local comparators using only ANDHealth+ direct investments into SMEs



Number of Companies in dataset (n)^^	18	130	26	19	55	18	138	29	27	18	3	1

Note: *Averages calculated through total of revenue/capital/jobs over the total amount of startups supported by the accelerator. Revenue/capital/jobs marked as empty in Pitchbook are dealt with as zeroes for purposes of the average; **Only looking at startups invested in after FY2018 to align with the ANDHealth+ period; ***Investment amount only includes money directly invested into startups (using management data); ^ ^Calculated through using startup 'capital raised' figures listed on website alongside investment amounts noted on Pitchbook (capital raised figures more complete on website); ^^Local accelerators included in comparisons based on public data availability
Source: ANDHealth management data; Pitchbook; HCF Catalyst website; L.E.K. research and analysis

In Figure 26 above, the data source and investment amount for the ANDHealth+ portfolio is as follows:

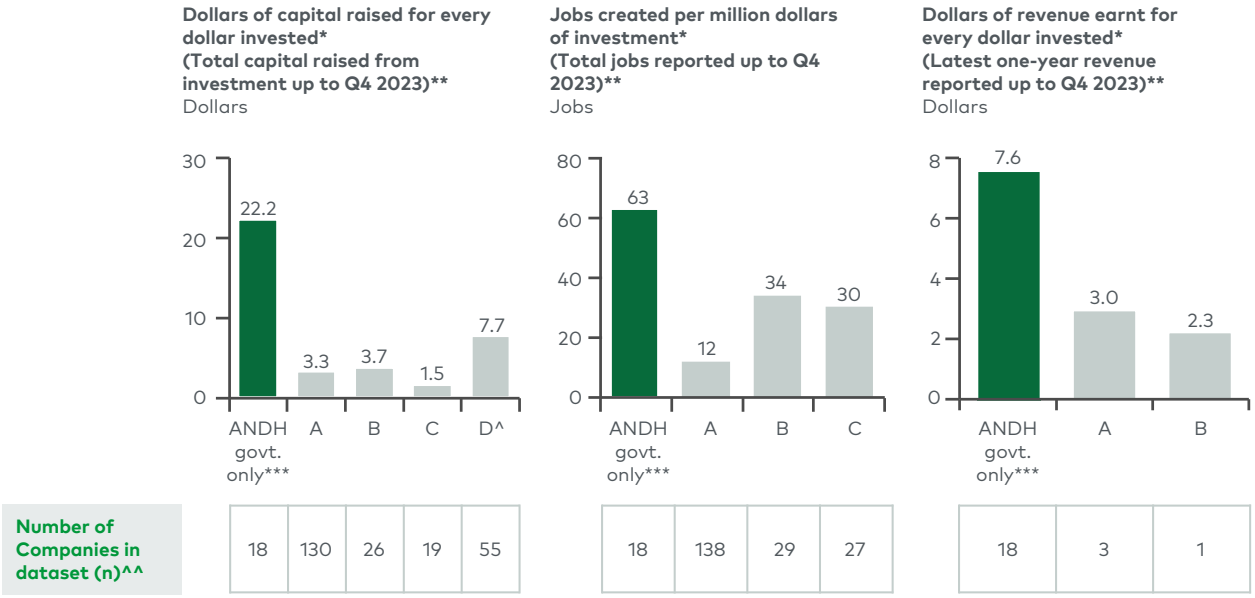
- **Data source:** All ANDHealth+ capital/revenue/jobs data is sourced through SMEs self-reporting outcomes to ANDHealth. ANDHealth+ investment data is sourced through ANDHealth management.
- **Investment amount:** Total funding disbursed to SMEs was used, which only includes funds invested directly into SMEs.

Appendix B.2

Additional analysis 2 - ANDHealth+ vs other digital health accelerators, government investment only

This analysis excluded ANDHealth+ management costs and private investment from the total investment to derive the **government investment only** for comparison with other digital health accelerators.

Figure 27
Comparison with local comparators using ANDHealth+ disbursement of government funds only



Number of Companies in dataset (n)^^	18	130	26	19	55	18	138	29	27	18	3	1

Note: *Averages calculated through total of revenue/capital/jobs over the total amount of startups supported by the accelerator. Revenue/capital/jobs marked as empty in Pitchbook are dealt with as zeroes for purposes of the average; **Only looking at startups invested in after FY2018 to align with the ANDHealth+ period; *** Investment amount includes money directly invested into startups + ANDH management costs (using management data); ^Calculated through using startup 'capital raised' figures listed on website alongside investment amounts noted on Pitchbook (capital raised figures more complete on website); ^^Local accelerators included in comparisons based on public data availability
Source: ANDHealth management data; Pitchbook; Program websites; L.E.K. research and analysis

In Figure 27 above, the data source and investment amount for the ANDHealth+ portfolio is as follows:

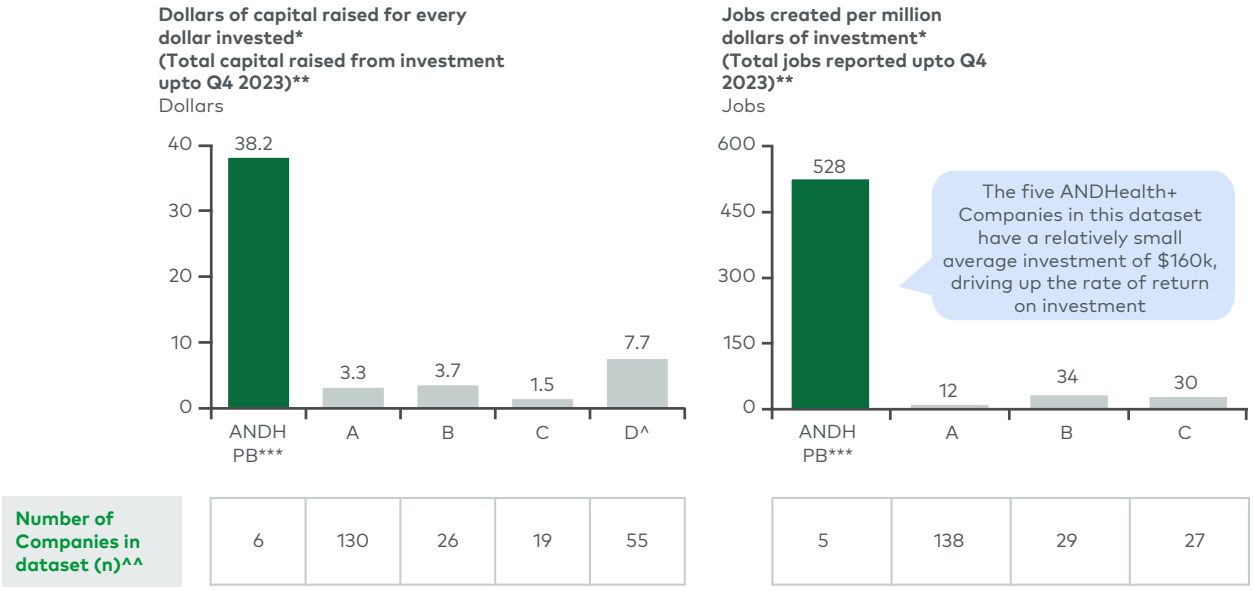
- **Data source:** All ANDHealth+ capital/revenue/jobs data is sourced through SMEs self-reporting outcomes to ANDHealth. ANDHealth+ investment data is sourced through ANDHealth management.
- **Investment amount:** Government investment into ANDHealth+ was used, which includes all funds derived from government sources only, that were invested directly into SMEs or used to support the cost of ANDHealth supporting SMEs through direct project management assistance.

Appendix B.3

Additional analysis 3 - ANDHealth+ vs. other digital health accelerators/ incubators, Pitchbook data only

This analysis only used **external data sources for ANDHealth+ impact metrics**, to normalise the data sources, and avoid bias due to more complete data availability from internal ANDHealth records.

Figure 28
Comparison with local comparators using Pitchbook as a source for ANDHealth+ data.



Number of Companies in dataset (n)^^	6	130	26	19	55	5	138	29	27

Note: *Averages calculated through total of revenue/capital/jobs over the total amount of startups supported by the accelerator. Revenue/capital/jobs marked as empty in Pitchbook are dealt with as zeroes for purposes of the average; **Only assessing startups invested in after FY2018 to align with the ANDHealth+ period; ***Investment amount only includes money directly invested into startups (using Pitchbook data). Insufficient revenue data available on Pitchbook for ANDHealth companies to compare against; ^Calculated through using startup 'capital raised' figures listed on website alongside investment amounts noted on Pitchbook (capital raised figures more complete on website); ^^Local accelerators included in comparisons based on public data availability
Source: ANDHealth management data; Pitchbook; Program websites; L.E.K. research and analysis

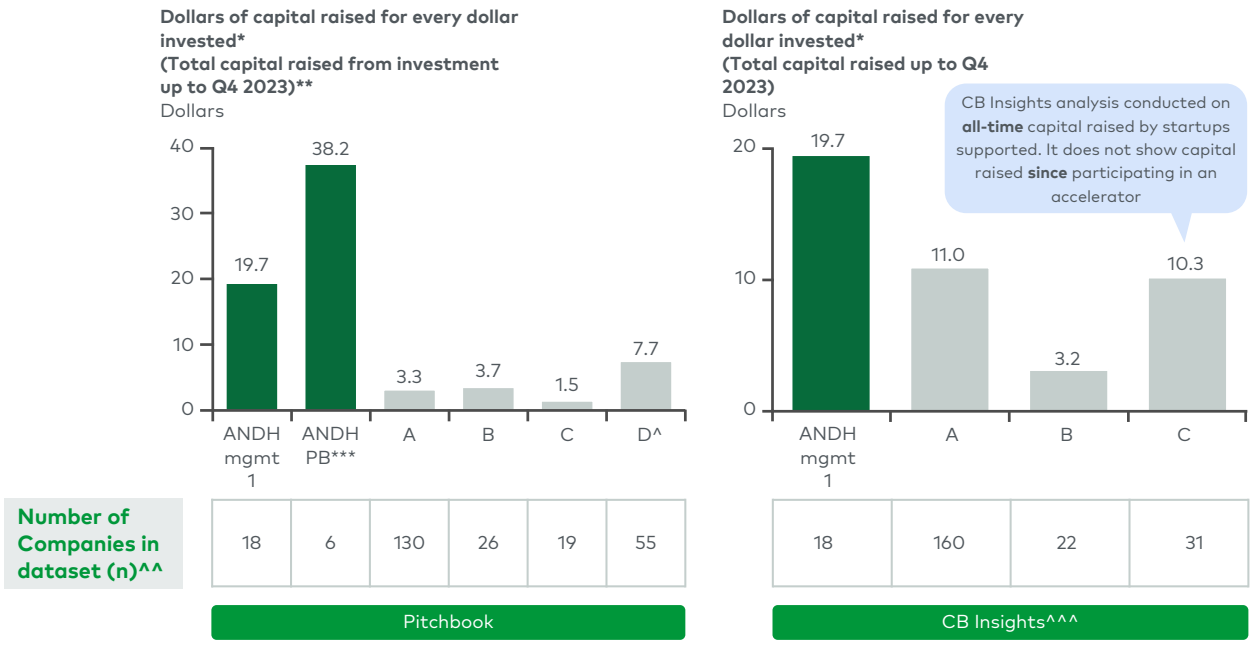
In figure 28 above, the analysis is conducted on ANDHealth+ using Pitchbook data exclusively, applying the same methodology used for other Australian digital health accelerators/incubators, rather than leveraging internal data.

Appendix B.4

Additional analysis 4 - ANDHealth+ vs. other digital health accelerator/incubator programs, Pitchbook and CB Insights

This analysis sought to validate the results of the Pitchbook-based analysis using an **alternative third-party data source** – CB Insights.

Figure 29
Comparison with local comparators using Pitchbook and CB Insights as a data source



Note: * Per dollar metric calculated through dividing the total of revenue/capital/jobs over the total amount invested by the accelerator. Revenue/capital/jobs marked as empty in Pitchbook have been excluded from the analysis; **Only looking at companies invested in after FY2018 to align with the ANDHealth+ period; ^ANDHealth+ supported SMEs that appear on Pitchbook as ANDHealth investments; ^^No ANDHealth+ deal size data on CB Insights so has been excluded
Source: ANDHealth management data; Pitchbook; L.E.K. research and analysis

In figure 29 above, the chart on the left is the 'capital raised' chart from Appendix B (with the ANDHealth+ Pitchbook datapoint from Appendix B.3. This chart follows the same primary methodology as Figure 18 that is described in Appendix B but uses CB Insights as a data source. Given no ANDHealth+ deal size data exists on CB Insights, this has been excluded from the analysis.

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