

HEALTHCARE IT

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**TRAPPER
MARKELZ**

HEAD OF PRODUCT AT
MEYOU HEALTH

MEYOU HEALTH RECRUITED
TRAPPER MARKELZ FROM
GAMERDNA FOR HIS EXPERIENCE
IN GAME BEHAVIOR.



WELL PLAYED!

BOSTON'S GAME, HEALTH CARE AND IT EXPERTISE DRIVE SOCIAL GAMES FOR HEALTH

BY GALEN MOORE | MASS HIGHTECH STAFF

In startup pitches, “social” — current back when “Web 2.0” was still a pretty neat idea — has been replaced by a new buzzword, “game.” Talking the “game mechanics” talk is a must-do for any startup hoping to catch the interest of investors and the tech press.

In Boston, that sensibility has come to the halls of medicine. A handful of startups is working to duplicate the engagement success of social game makers like Zynga, and game-like services such as Foursquare and ScvngR. But instead of turning users into social-media barflies or virtual farmers, this crop of companies has a game-based approach to wellness-related activities like improved diet, exercise and disease management.

Games are hot, and so is health IT. Boston combines a growing video game sector, a storied IT sector, and a global leadership position in health care. It should come as no surprise that the city is proving a seed bed for startups at the intersection of the two trends. But as frothy as the two segments may be, their intersection has proven tough for VCs so far. Two new companies here — **MeYou Health LLC** and **Dailyfeats.com** — are backed by angels and strategic investments from corporations.

“With the technology we have available — mobile, the Internet, and now game dynamics — there’s a whole generation that is thinking we can make a difference in the world.”

VINAY GIDWANEY
DAILYFEATS.COM

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MEYOU HEALTH LLC

meyouhealth.com

FOUNDED: 2009 spinoff from Franklin, Tenn., enterprise wellness service provider Healthways Inc. (Nasdaq: HWAY)

APPROACH: Engage users who are not otherwise concerned about their health, by delivering an e-mail "Daily Challenge" with a Facebook Connect login. Sell the service directly to consumers, and to Healthways customers.

STATUS: Daily Challenge product launched in September, and has reached 20,000 users. The company plans to add premium modules, like specific sets of challenges, and micro-currency gained through engagement, this May. It is also looking at adding social features and tracking.

DAILYFEATS.COM

A property of VCMS Inc., dba Energy Inside

FOUNDED: 2009 by serial entrepreneurs Veer Gidwaney and Vinay Gidwaney

APPROACH: Coupons and rewards plus social graph for completing daily "feats" or challenges; white label partnerships with brand.

STATUS: Limited beta with one brand customer, 1-800 Flowers, and about 1,000 users; broader release planned this quarter.



STUART GARFIELD

MARKELZ SAYS THAT PERSVASIVE CONNECTIVITY AND MOBILE DEVICES ARE HELPING TO DRIVE INTEREST IN NEW GAME-BASED SERVICES.

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A third company, **DPL Health Games**, recently closed its doors after about a year of operation. Co-founder **Laila Partridge**, a former Intel Capital investor, said DPL saw test-group traction with a virtual-goods-based weight loss game, but fell into an investment gap. Video game venture capitalists didn't want to invest in what they perceived as an online community, and mainstream investors tended to shy away from games due to what they perceived as risk, she said.

"There is a big opportunity here and someone will nail it," Partridge wrote in an e-mail.

MeYou Health hopes they'll be the company to do it, and they may not need venture capital to do it. MeYou is backed by **Healthways Inc.** (Nasdaq: HWAY), a small-cap health services company based in Franklin, Tenn. When Healthways wanted to launch an initiative in game-based wellness programs, executives chose Boston, and entrepreneur **Chris Cartter**.

Cartter spun out **QuitNet**, a social smoking cessation service, from the **Boston University School of Public Health** in 1999. Two acquisitions later, he was working for Healthways as a vice president in 2008, managing QuitNet, when the company asked him to lead the initiative that would become MeYou Health.

One of the first things he did was to recruit **Trapper Markelz** as MeYou Health's head of product. A former vice president of product at GamerDNA, a venture-backed startup that aimed to create a social network around games, Markelz has been thinking about games and behavior for over 10 years.

Game mechanics have formed an important part of the sociological study of engagement since before the web existed, he said — but understanding of that thinking has only recently become widespread among web developers. New modes of online communication, and the pervasive web connectivity of mobile devices, have pushed that connection forward, he said.

"Game mechanics really are about driving engagement," Markelz said. "They create certain behaviors that manifest

themselves as higher levels of engagement in your product. They're really just a means to an end."

MeYou Health has hit 20,000 users, and hopes to sell its service direct to consumers, as well as to Healthways customers — health insurance companies and self-insurers among the Fortune 500. For such customers, personal trainers and diet apps may not motivate, Markelz said. They get their best return on investment in wellness programs like MeYou Health if they can stimulate healthy behavior among those who aren't thinking about their health at all.

"We're working to mechanize the stages that come well before joining a gym," he said. "There's months before any of that, where you first entertain the thought that you're eating bad."

At the end of the third quarter, Healthways reported \$108.6 million in cash, and \$10.5 million in quarterly earnings on \$170.5 million in revenue. The company hasn't disclosed how much it is investing in MeYou Health.

Dailyfeats.com is using a similar strategy, but doesn't have the backing of a profitable public company. Instead, it has an undisclosed angel round, and two young co-founders — brothers **Vinay Gidwaney** and **Veer Gidwaney**. Their previous startup, Control-F1, made IT-support automation software and was sold to **CA Technologies Inc.** (Nasdaq: CA) in 2006 for undisclosed terms.

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“If (brands) want to play a more relevant role in their customers' lives it's about more than just marketing to them. It's about helping customers become better people and do what they want to do in their lives.”

VINAY GIDWANEY

DAILYFEATS.COM

just game dynamics, but what is starting to be called persuasion on the web," Vinay Gidwaney said: "How do you get people to engage with your site in a meaningful experience?"

Health care and wellness are just one of Dailyfeats' focal points. The company believes its game-based technology can be used to stimulate behavior in several areas and industries. The first customer it has announced is **1-800-Flowers.com Inc.** in Carle Place, N.Y. (Nasdaq: FLWR).

"If (brands) want to play a more relevant role in their customers' lives it's about more than just marketing to them. It's about helping customers become better people and do what they want to do in their lives," Gidwaney said. "We have a pretty broad-based approach to positive action. We have everything from studying

and reading a book with your child to working out and taking the stairs, to giving blood."

Game programs are the latest form of wellness intervention, said **Larry Miller**, a co-founder at **MedNetworks Inc.** Founded in 2009 based on the research of **Harvard University** professor **Nicholas Christakis**, MedNetworks studies workplace social graphs for employers looking to maximize such interventions. In these efforts, the social component, Miller said, is paramount.

"If it's not the most important factor, it's pretty close," he said. "As humans the strongest influence on our behavior in general is our peers. That's how we learn behaviors. That's how we sustain them. It's fairly simple from our perspective: let's take advantage of that."

According to Dailyfeats.com's Gidwaney, young web and mobile developers are thinking the same way.

"With the technology we have available — mobile, the Internet, and now game dynamics — there's a whole generation that is thinking we can make a difference in the world," he said. **MMT**

GMOORE@MASSHIGHTECH.COM | 617-316-3224

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