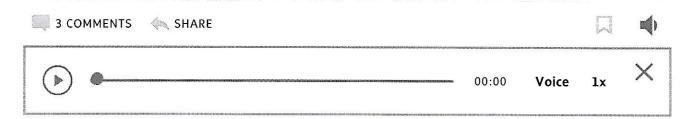# As pandemic wreaks economic havoc, two Toronto startups see a spike in demand – and raise funding

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PUBLISHED APRIL 19, 2020
UPDATED 17 HOURS AGO

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PocketHealth, founded in 2016 by brothers Rishi and Harsh Nayyar, seen here on April 17, 2020, had already signed up 500 health care institutions including St. Michael's Hospital in Toronto and Hamilton's McMaster Children's Hospital to replace their antiquated systems of providing medical images to patients.

CHRISTOPHER KATSAROV/THE GLOBE AND MAIL

Two Toronto startups that have seen demand spike for their digital offerings during the pandemic have raised millions of dollars in venture capital, a sign private investors are keen to fund business models that look compelling in a post-COVID-19 world.

PocketHealth Inc. raised US$6.5-million this month from Toronto's Radical Ventures as North American hospitals and clinics increasingly added its service that enables patients to obtain medical images online, instead of the standard method of getting copies burned on compact discs.

Meanwhile, FundThrough Inc., which provides online financing to small businesses to cover receivables – invoiced work that has not yet been paid – raised $8-million led by Urbana Corp. and past investor David Mirvish.

While they operate in different sectors, both attribute rising demand to a speed-up of customer adoption brought on by the pandemic – in contrast to many businesses that have suffered steep losses. "We don't think this is a temporary spike, we think this is the turning point for our business," said FundThrough chief executive officer Steven Uster.

PocketHealth, founded in 2016 by brothers Rishi and Harsh Nayyar, had already signed up 500 health care institutions including St. Michael's Hospital in Toronto and Hamilton's McMaster Children's Hospital to replace their antiquated systems of providing medical images to patients. Instead of using staff time and resources to burn images onto CDs – which patients then have to retrieve – institutions install and link PocketHealth software to their image archiving and communications systems in a day, at no cost. Patients can then receive and perennially access their MRIs, CT scans and X-rays on PocketHealth's internet-based storage system for a one-time $5 fee. It had 150,000 patient customers before the pandemic.

"The second I heard about it I thought, 'This is so obvious,' " said Marc Ossip, medical director for radiology at the three-hospital William Osler Health System in Greater Toronto, which added PocketHealth last year and shut its CD-burning operation. Osler has averaged more than 15,000 burned CDs in each of the past three years. "It

was one of those things you knew was going to be successful and we needed it because it was good for our patients and the hospital."

Despite that, many institutions were reluctant or in no rush to modernize. That changed when they stopped non-essential visits in March to limit the virus's spread. That left many with no virtual way to release patient records. "We said, 'No, this can't wait because we need this now, we need to make sure patients don't have to come into the hospital,'" said Leon Goonaratne, senior director, digital, with Toronto's University Health Network, which moved up its deployment date to April 1 from July.

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As a result, PocketHealth's monthly deployments have jumped by 300-plus per cent, with 100 scheduled in the near term. "That's a backlog we've never had before," said CEO Rishi Nayyar, whose profitable company is now looking to expand its 11-person team. "It's all because of the urgency created by COVID, which is compressing the need to deploy PocketHealth."

"COVID massively accelerated the right time for the company to be right now," said Radical's managing partner Jordan Jacobs.

For FundThrough, the spark was a pandemic-related drop-off in overall business activity. That led big companies to stretch out repayment periods to suppliers. FundThrough uses online factoring, meaning it offers quick financing to small businesses for work they have already performed and invoiced, providing immediate cash in exchange for later collecting the full amount owed, plus interest and other fees when customers pay. With repayment periods stretched out, requests for FundThrough increased by close to 30 per cent in the four weeks ending April 15 over