

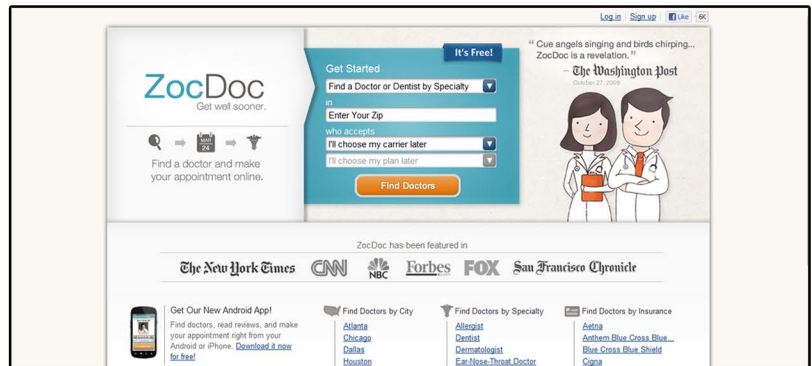
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Is ZocDoc The Fastest Growing Health Information Technology Company?

Zina Moukheiber

ZocDoc, a New York-based four-year-old start-up raised \$50 million from DST Global last week. DST Global is the investment vehicle of Russian billionaire Yuri Milner, who had made early bets in Facebook, Zynga and Groupon. ZocDoc is its first health-related investment. "They're now mini-experts on U.S. healthcare," says Cyrus Massoumi, the start-up's co-founder and CEO. Milner joins another billionaire investor who's become a mini-expert, Peter Thiel. His Founders Fund put up \$15 million last summer. Others include venture capitalist Vinod Khosla, Amazon's Jeff Bezos, Salesforce.com's Marc Benioff, and SV Angel's Ron Conway. This brings the amount of money ZocDoc has raised to \$70 million, one of the largest in health IT. Castlight, which provides comparison shopping for medical procedures, has raised \$80 million. (Massoumi boasts having a higher valuation).



In a complex industry with soaring costs, ZocDoc's business is deceptively simple. For free, patients can schedule doctor appointments online—kind of like Open Table for restaurants. Doctors pay \$250 a month for the service. Massoumi says that because his automated scheduling software is more efficient than a receptionist, most of his clients add at least two new patients per month which makes up for the monthly fee. It's not about cutting costs, but generating more revenue for the physician, he says. In contrast, the benefits of electronic health records, he adds, are not clear to physicians.

"We're the fastest growing health technology company," says Massoumi. He won't disclose the number of doctors signing up, but 700,000 unique patients per month use ZocDoc in 10 cities so far. Its inventory of available appointments has increased from 5,000 in September 2007 to 2 million by February 2011; and as of August 5 had reached 5 million available appointments over the next 90 days. "We know within seconds whether a doctor has cancellations," says Massoumi.

A 35-year-old former McKinsey & Co. consultant, Massoumi co-founded ZocDoc in 2007 with Oliver Kharraz, a neurologist who also worked at McKinsey. Massoumi had flown from Seattle to New York with a bad sinus infection which punctured his ear drum upon landing. It took him four days to find a Ear Nose & Throat doctor through his health insurance web site—this in a city that has the highest number of doctors per capita in the world. He found out that it typically takes 20.5 days to see a new doctor, and that physicians had a 10% to 20% cancellation rate. "I thought there had to be a better way," he says. If restaurants and airlines could automate booking, why couldn't doctors?

At ZocDoc's TechCrunch launch in 2007, the start-up got \$5 million from Khosla, Bezos, and Benioff. It was followed by a more modest \$100,000 check from Forbes, when it won the Boost Your Business competition. (That check helped him fund ZocDoc's expansion into San Francisco and Washington D.C.). It was not easy getting harried doctors to sign up. Massoumi was escorted by security guards out of three offices, where he'd attempted to pitch his Power Point presentation. Now doctors call up ZocDoc, he says.