

Wearables Weekly

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Fitbit IPO Prices Above Expectations

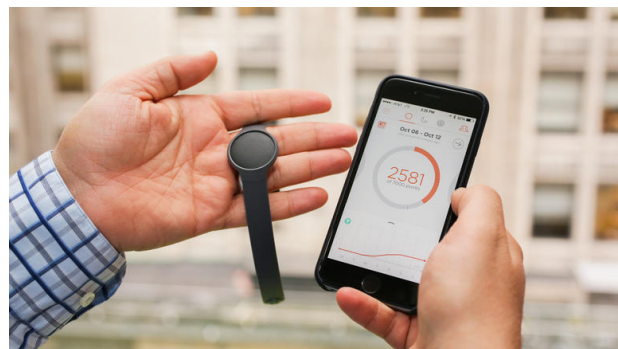
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Fitbit raised about \$732 million in its initial public offering by selling 36.6 million shares at \$20 per share, significantly higher than the original estimate of \$14 per share. The IPO is the third largest in the US this year and gives Fitbit a valuation of over \$4 billion. The deal, led by Morgan Stanley, Deutsche Bank, and Bank of America, was bolstered by Fitbit's strong financials – Fitbit is one of only a few companies to go public this year that is already profitable.



Vitality's Views: Fitbit's strong IPO reflects the strength of the market and the company's recent financial performance. Although Fitbit is currently the market leader, it faces competition from industry heavyweights including Apple and Google. Furthermore, the company now faces legal challenges from another competitor, Jawbone. In order to sustain its position in the market, Fitbit must continue to innovate and demonstrate that its product can positively impact health outcomes. Otherwise, it risks suffering the fate of other tech companies with similarly strong IPOs but weak long term performance.

Misfit CEO: Wearables Need To Be Easier to Use



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In an interview with CNBC, Sonny Vu, CEO of wearable device manufacturer Misfit, emphasized device usability as fundamental for the wearable market. Vu also noted the need for wearable companies to prove their utility beyond basic sensing capabilities. These remarks occurred in the days leading up to the much anticipated initial public offering of Misfit's competitor, Fitbit.

Vitality's Views: One of the biggest challenges for wearables is continued use of the products to improve health. Usability is also important to increase engagement among older users, who are less likely to adopt newer technologies. In a [JAMA viewpoint](#) published earlier this year, researchers from the University of Pennsylvania identified the following issues that need to be addressed in order for health technologies to drive behavior change: 1) devices must be affordable; 2) individuals must use the device 3) information must be accurately tracked and collected; and 4) data must be presented to the user such that it is easily understood, it motivates action, and it sustains motivation. Device manufacturers would be wise to take note of these recommendations.

Wearables at Work

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In addition to using wearables to encourage healthy behaviors, some employers are using this technology to monitor employees. Profusion, a data science company, recently implemented a project that tracked 171 personal metrics for 31 volunteers among its staff. Analysts then used this data to cluster staff into different categories based on behavioral patterns. Employee surveillance is not a novel concept: current examples include GPS trackers for delivery drivers and software that monitors office workers' website activity. One

expert predicts a future in which employers have access to a real-time “employee performance dashboard” with biometrics such as sleep quality displayed.

Vitality’s Views: Wearables represent an opportunity for health promotion in the workforce. As wearable devices continue to generate huge amounts of data, there will be analytical challenges for companies trying to make sense of the data. Additionally, there are significant legal and ethical issues that must be addressed when it comes to the data generated by wearable technologies. Vitality hopes to facilitate dialogue on these issues with the launch of a public consultation later this summer.

A New Kind of Wearable

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When most people hear the term wearable technology, they think of watches and fitness trackers like Apple Watch and Fitbit. It seems the next frontier is smart clothing: fabric with micro-sensors embedded directly into the material so that it can better measure body heat, movement, and other biometric information. In addition to the fitness and wellness markets, there are potential applications for smart fabric to be used as protective equipment for workers who could potentially be exposed to chemicals and other environmental stresses.



Vitality’s Views: While many devices in the market already measure some biometric markers, there have been concerns over the validity of this data (e.g. the [class action lawsuit against Fitbit](#) relating to sleep quality measurement). In order to gain meaningful insights from wearable data, it must be valid and accurate – manufacturers of this technology hope that it can improve existing wearables in the market. Although still in development, smart clothing represents another opportunity for wearable technology in health promotion and disease prevention. With companies like [Google](#) exploring the market, smart fashion will likely be here before we know it.

Other Health Technology Headlines:

[How Fitbit Can Avoid Becoming Another Blackberry](#)

[IBM Invests in Big Data Software](#)

[Intel Acquires Recon, Manufacturer of “Google Glass for Sports”](#)

[eBay Looks to Wearables as the Next Big Boom](#)

[Periodic Table of Wearables](#)

[Report: IoT and M2M Market to Increase Fourfold by 2019](#)

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We would be interested to receive your comments on our Weekly Wearables Newsletter!

Please contact Gillian Christie, Health Innovation Analyst, Vitality Institute at gchristie@thevitalitygroup.com with your feedback.