



From Background to Backing: Aligning Founder Experience with Startup Messaging

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Our global population is aging fast: from 1 billion people over the age of 60 in 2020 to a projected 1.4 billion by 2030¹. Health systems around the world are under increasing pressure, especially in terms of staff and costs². These figures are just the tip of the iceberg, illustrating the financial and human resource pressures under which health systems across the world are operating.

Digital health is often positioned as a solution to make healthcare more efficient, accessible, and sustainable. Startups are at the forefront of this promise, launching innovative solutions at a large scale. These range from AI-enabled diagnostics and telehealth platforms to wearable technologies and personalized care apps. The funding that startups need to grow these ideas into real businesses often depends on convincing investors.

A Dilemma for Founders

But how can founders convince investors that *they* are the digital health startup worth backing? How do they stand out to investors without sounding too risky or too unconventional? Founders must strike a balance: they want to be different from competing startups, but not so much that they scare investors off. At the same time, they need to show how they fit with investors' expectations. Prior research shows that investors pay attention not just to the startup's idea, but also to the founders behind it. This raises the question: should investors bet on the horse (the idea) or the jockey (the founder)?

The Influence of Founders' Backgrounds on Startup Messages

Using the Crunchbase database, we looked at over 11,000 digital health startups founded in the U.S. between 2010 and 2020. We analyzed how distinctive a startup's description is from the other startups seeking funding and whether it succeeded in receiving funding. We combined this with data from LinkedIn to look at the influence of founders' industry and founding experiences. Our key findings are:

1. Striking the right balance is tricky: digital health ventures that either clearly fit in or stand out are more likely to get funding. Those in the middle are neither very conventional nor extremely distinctive, so they face the greatest funding challenges. Being mainstream or very bold can work, but startups that are just a little different struggle to build a compelling case for investors.
2. Founders' backgrounds change the game: industry experience helps. Digital health ventures with founders who worked in various industries were more likely to get funding, even when their startup conveyed a message that really stood out from other startups. These founders seem to reassure investors, making distinctive messages less risky.
3. Serial entrepreneurship can backfire: surprisingly, startups with experienced founders were less likely to succeed if they also used very distinctive messaging. It may be that bold claims from seasoned entrepreneurs raise red flags for investors.

These patterns are reflected in real examples. Consider the following two digital health startups. Nivati, founded by an entrepreneur with startup experience but lacking broader industry experience, positions itself as a

holistic wellness platform with a mainstream message that closely mirrors other digital health startups. In contrast, BioXcel Therapeutics is led by a founder with a medical research background and positions itself distinctively, emphasizing the use of AI to accelerate drug discovery with a bold message. Both startups successfully secured investor funding, likely because, as our research suggests, their messaging aligned with their founders' backgrounds.

Key Takeaways for Founders

In an era where investors are flooded with startups in digital health, standing out in the right way is more important than ever. Your startup's messaging matters, but *who* is delivering the message also plays a big role. Founders should critically assess how their own experience influences the way their message is received by investors and adapt accordingly. Based on our research, if your founding team has broad industry experience, you have more flexibility to frame your startup in a distinctive way. Think of relevant experience as a kind of credibility credit that can give you more freedom to sound bold without causing investors to doubt. As serial founder, be careful with overly distinctive messaging, because it may raise doubts rather than confidence. In case you are new or have limited experience, stay closer to the norm in how you describe your startup. In the end, the messenger can be just as important as the message itself in telling a startup's story.

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- [1] World Health Organization. (2024, October 1). *Ageing and health*. Ageing and Health. <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health>
- [2] OECD. (2023). *Health at a Glance 2023: OECD Indicators*. OECD Publishing, Paris. <https://doi.org/10.1787/7a7afb35-en>