Austin wearables startup secures more funding; inks production deal in China

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Sara Brand with True Wealth Ventures, left, with Jean Anne Booth, founder and CEO of Austin’s UnaliWear, modeling the Kanega smart watch.

AUSTIN — When venture capitalist Sara Brand wrapped up her $4.7 million capital raise in August for her debut investment fund, she knew instinctively she would reach out to Jean Anne Booth.

A couple of phone calls and meetings later, Brand, founder of Austin's True Wealth Ventures, has just made her firm's first $500,000 investment in Booth's three-year-old Austin startup, UnaliWear, which has created the Kanega smart watch aimed at senior citizens who still live independently or people of any age with physical limitations.

The investment by True Wealth Ventures is part of a $2.1 tranche of Series A funding secured by UnaliWear from 29 investors — with the remaining $1.4 million of that funding round to be finalized later this year. That's on top of a $3.1 million seed funding round UnaliWear closed in late February to bring its smart watch a step closer to production.
Six of the investors who participated in the seed funding round also participated in the series A financing, Booth said. Two of the investors in the series A round include San Diego, California-based Portfolia Rising Tide Fund, a VC fund with 95 female limited partners, and Silicon Valley-based Astia Angels, another investment vehicle focused on female-led startups.

“As soon as we were in a position to write our first check a month ago we knew (UnaliWear) was one of our first meetings,” said Brand, whose VC firm was formed in 2015 to specifically target investments in startups run by women in the consumer health care and sustainable products markets. Her firm is already working the phones for other potential investments, Brand said.

Brand said her decision to plunk down cash to back UnaliWear was based on several factors, including Booth's entrepreneurial track record that includes creating companies that were sold to tech giants Texas Instruments and Apple Inc.

“What they've been able to develop already with their first $3.5 million [of funding] is incredible. The experience and loyalty of the team (Booth) has put together is another factor. The market opportunity is massive, and they're really attacking it well in my opinion.”

Booth, UnaliWear's CEO, said the Kanega watch is ready for a breakout year in 2017. A live market testing pilot program is underway involving nearly 7,000 users. That will be followed by a final user experience trial that will continue through December by 600 users ranging in age from 23 to 97, including younger people with disabilities and senior citizens – including Booth's and Brand's own mothers.

“What we're doing has never been done before. I didn't set out to build something that was on the leading edge of technology but that's what we ended up doing,” Booth said. “I started off wanting to solve the problem of extending independence for seniors with dignity. This final user test is critical because we're using a product that includes speech, and there's a fine line between being helpful and being annoying. That's what keeps me up at night.”

The watch is the wearable component of a personal emergency response system that can remind users when to take medications or can summon help if they fall down — and it's also a cellphone. Users will pay a $50 upfront activation fee and then pay $49.95 a month for the cellphone service and 24/7 access to a medical alert call center. Users do not have to pay for the watch.

The watches will be made in China now that Booth has secured a production deal with global manufacturer Flextronics International Ltd. (Nasdaq: FLEX). Booth said she has also recently secured agreements with three undisclosed U.S. medical alert call centers as channel partners. As Austin Business Journal first reported earlier this year, AT&T Inc. will provide the cellphone service for the device.

“There are 17 million people in the U.S. above the age of 75 living independently, and less than 12 percent use any kind of medical alarm. So there's a huge untapped market, not even including the Baby Boomers,” Booth said.
Added Brand: “So far (UnaliWear's) competition is totally lacking and this market for people over 75 is a total blind spot in the venture capital community. It's a growing market, but not very sexy apparently.”