

# Top Deal: Ending Dementia



## Key Deal Stats:

- Company: Smart Brain Aging
- Raising Platform: RedCrow
- Pre-Money Valuation: \$18M
- Security Type: Convertible Promissory Note
- Discount Rate: 17%
- Raise Type: Seed Series/Series A - Debt
- Raise completion date: June 16th, 2019
- Minimum Investment: \$1,000

- At time of publication, April 25rd, 2019 SBA, Inc. raised \$301,000 from 2 investors of the \$1,000,000 goal

*The Smart Brain Aging team has been selected as a "Top Deal" by KingsCrowd. This distinction is reserved for deals selected into the [top 10% of our due diligence funnel](#). If you have questions regarding our deal diligence and selection methodology please reach out to [hello@kingscrowd.com](mailto:hello@kingscrowd.com).*

## **The Problem**

Dementia is a normal part of aging. Wrong! Dementia is a disease. Dementia is a neurodegenerative progression which is faster than normal aging.

Dementia has become an accepted part of aging. [70%](#) of people over the age of 85 experience dementia. One in ten Americans over the age of 65 has Alzheimer's related dementia, [5.5 million](#) Americans live with dementia. In 2019 alone, dementia will cost the [US \\$300 billion](#) to care for those afflicted with the condition. There is no cure for dementia and virtually no way to slow it down.

In 2017, the National Academies published a highly regarded [consensus report](#) which documented slight progress in treating dementia, while stating there is no evidence of preventing dementia. The report notes there is significant research on dementia prevention and hopefully the results will lead to success. As the Baby Boomer generation of 74 million people ages 54 to 72 years old become seniors, the market demand for prevention and treatment of dementia will grow.

## **The Solution**

SBA (SMART Brain Aging, Inc), incorporated in 2016 utilized seven years of dementia research gathered by its founder John DenBoer, PhD. The product is Brain U which offers both an in person clinical program and an online version to those over 50 who are either concerned about a degenerating brain or are in the initial stages of dementia.

Brain U Clinical is available at multiple locations across the greater Phoenix, AZ metro area. Many of these locations are inside of assisted living facilities, including some national brands such as Brookdale. The program is a one-to-one interaction with a medical professional. Brain U Clinical is reimbursable by Medicare and some private insurance. The clinical program targets seniors who have mild cognitive impairment or dementia.

Brain U Online is an online tool based on Brain U Clinical's experiences. The online version targets people over 50 who are concerned about maintaining current cognitive function and memory and want to be proactive about exercising their brain. There is a 14-day free trial. After the trial, the product is \$29.99 per month or \$19.99 per month with a year contract. At this moment Brain U Online caters to the worried and wealthy.

## **Competitors**

DenBoer states there is no direct competitors because Brain U has "scientific legitimacy." There are certainly direct competitors. BrainHQ is the closest.

Unlike Brain U Online, BrainHQ is available in 24 state's Medicare Advantage plans, as of 2019. BrainHQ gained Medicare reimbursable states based on more than 150 peer-reviewed articles in science and medical journals. DenBoer anticipates future competition from major hospitals. Mayo Clinic's Health Habits addresses those who have received a dementia diagnosis and does not have an online program at this moment.

DenBoer does not consider some of the popular digital brain training programs such as Lumosity, Elevate and Rosetta Stone as competitors due to the lack of scientific research on the products, but many customers will.

By 2020, the digital brain health marketplace is expected to top [\\$20 Billion](#) worldwide. This is a meteoric rise from the \$210 million market size in 2005. Despite Lumosity's issues with legitimacy claims, the company pulled in [\\$44 M in revenues](#) last year.

## **Team**

John W. DenBoer, PhD is founder, CEO and Chief Medical Officer. Dr. DenBoer is a Clinical Neuropsychologist specializing in the assessment and detection of early-stage dementia. DenBoer is not a Medical Doctor, yet he publicly eludes to it. In the trailer to his upcoming Netflix Documentary, “This is Dementia”, he states, “I went to medical school in Boston.”

DenBoer’s title of Chief Medical Officer is confusing. A Chief Medical Officer in most states must be a Medical Doctor as the primary role is to oversee other Medical Doctors. The [Arizona bylaws](#) on medical staff state a Chief Medical Officer must be a board-certified physician. His Bio on the SBA website says he has “published extensively in the area of Clinical Neuropsychology”, yet PubMed, the widely regarded database of published peer reviewed science articles, only returned two articles.

Sal Kohgadai is the co-founder and CTO. Kohgadai has over 17 years of technology experience across a variety of industries. According to his LinkedIn profile this is the first medical business he is a part of.

## **Why We Think SBA is Worth Watching**

- 1. John DeBoer’s Leadership:** DenBoer is incredibly passionate about Dementia and Brain U’s ability to delay the impact of dementia. His dementia focus originated from his experience witnessing his grandmother succumb to the disease. DenBoer cleverly created a documentary entitled, “[This is Dementia](#),” on Netflix to be released on May 1<sup>st</sup>. This is likely to provide DenBoer and subsequently SBA significant publicity. DenBoer also presented a [TED Talk](#) back in 2017.
- 2. Medicare Relationship:** SBA’s Brain U Clinical is Medicare and private insurance reimbursable. The rate is \$110 per hour. The company claims they have over 500 paid users in the program. According to SBA they are about to enter into partnerships with over 500 assisted living facilities and 400 home health agencies in the Phoenix metropolitan area.

Phoenix is a hotbed of dementia as it is a popular retirement location. If SBA achieves even a fraction of the anticipated partnerships it will establish relationships with providers who have locations across the country, smoothing the way to national expansion.

**3. Clinical Trials:** SBA reports it is nearing the end of clinical trials at Harvard Medical School, UCLA Health and Tgen. These are double-blind studies, the gold standard of proof. Successful completion of these studies will be a significant factor in gaining Medicare reimbursable status for the online product.

**4. Market:** Despite the dubious research behind most online brain training games, they remain popular. Brain U has a registered patent and is research supported. Part of SBA's marketing strategy is to get doctors to recommend the product to their patients.

If Brain U Online receives the approval as a reimbursable service as DenBoer expects, it will significantly impact growth. Not including SBA, the top five companies in the space generated over \$100 million in revenue last year. With the US over 65 population forecasted to reach almost [60 million in 2020 and almost 100 million in 2060](#), there will be a rapidly growing core market for brain training games.

### **The Rating: Top Deal**

Smart Brain Aging is a Top Deal. SBA is well positioned to capitalize on the rapidly retiring Baby Boomer generation. This is a wealthy, educated generation of Americans, already spending money to slow down the inevitable aging process. Lumosity remains a market leader in the digital brain game market, despite the 2016, \$2 million-dollar FTC fine for deceptive advertising. Lumosity and many of its peers train the brain to be good at their games. Effective dementia prevention involves new learning and challenges, which Brain U provides.

Lumosity gained market leadership by aggressively advertising. This will serve as a benefit for Brain U because Lumosity spent the money to create

primary demand stimulation for digital brain games. DenBoer's charisma and publicity skills landed the company a Ted Talk and a Netflix documentary.

As seniors focus on the efficacy of digital brain games, Brain U will receive more attention. If Brain U online can achieve Medicare reimbursement approval, it can ride the coat tails of BrainHQ's success into profitability.

Modern medicine has dramatically increased the life expectancy of people. The Baby Boomer generation expects longevity and are demanding quality of life. Brain U may be the key to delaying the Baby Boomer generation's dementia onset. Lumosity is the first generation of digital brain games, Brain U has the potential to be the market leader in the next generation of digital brain games. If interested, be sure to invest [HERE](#).