



SHARPBRAINS

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The State of the Brain Fitness Software Market

2008

Top 10 Highlights: State of the Brain Fitness Software Market 2008

- 1 **2007 was a seminal year** for the US Brain Fitness software market, which reached \$225 million in revenues – up from an estimated \$100 million in 2005.
- 2 **Over 20 companies** are offering tools to assess and train cognitive skills to four customer segments: consumers; healthcare and insurance providers; K12 school systems; and Fortune 1000 companies, the military, and sports teams.
- 3 **The Nintendo *Brain Age* phenomenon** has driven much of the growth. The consumer segment grew from a few million in 2005 to an estimated \$80 million in 2007.
- 4 **There is major confusion in the market**, so education will be key. Users and buyers need help to navigate the maze of products and claims.
- 5 **Over 400 residential facilities** for older adults have launched computerized “brain fitness centers.” Sales to the healthcare and insurance provider segment grew from \$35 million in 2005 to an estimated \$65 million in 2007.
- 6 **More than five programs have shown results** in randomized controlled trials. Cognitive functions that can be trained include: visual and auditory processing, working memory, attention, and decision making.
- 7 **A product has obtained 510(k) FDA clearance** for rehabilitation of stroke and Traumatic Brain Injury patients. Another product is being used by a growing network of ADHD specialists.
- 8 **Large-scale, fully-automated cognitive assessments** are being used in a growing number of clinical trials. This opens the way for the development of inexpensive consumer-facing, baseline cognitive assessments.
- 9 **The potential for K12 Education** remains largely untapped due to limited research linking cognitive training to academic performance.
- 10 **Companies, sports teams and the military are finding opportunities to improve productivity.** The aging workforce will make this a must.

Dear Reader,

Given the growing level of attention being paid by executives, investors, consumers, public policy makers, and the media to the role of “Brain Exercise” as one of the main pillars of “Brain Health,” we are pleased to publish this first ever primer on the *State of the Brain Fitness Software Market 2008*. This report is the result of twelve months of extensive research including interviews with over a hundred scientists, executives, investors and consumers.

So far, scientists have only scratched the surface of what brain exercises can do to enhance brain health and productivity. A new “Brain Fitness” industry is now emerging that crosses traditional sector boundaries – consumer applications, casual gaming, healthcare, K12 education, corporate training/wellness, military and sports. This industry has the potential to help millions of people of all ages understand, assess, and train their brains. The brain fitness industry is harnessing and commercializing a growing body of research about neurogenesis (the creation of new neurons in our brains), neuroplasticity (the ability of the brain to rewire itself through experience), and the cognitive reserve (neural protection against Alzheimer’s symptoms).

Today there are many commercial applications of brain fitness available targeting four main customer segments: Consumers; Healthcare and Insurance Providers; K12 School Systems; and Fortune 1000 Companies, Military & Sports Teams.

As in all emerging industries, uncertainties abound. Will users be willing to change their habits and devote the time and effort required to improve their brain health? Will the FDA regulate the industry, and if so, how? How will the healthcare community and consumers react to the multiplicity of sometimes contradictory claims?

Our goal with this report is to map out the brain fitness industry and help readers better understand the context for this diverse and dynamic emerging market. To achieve this goal, The *State of the Brain Fitness Software Market 2008* is organized into seven chapters and an appendix:

- Chapter 1: Why now? Market Overview
- Chapter 2: The Science of Brain Fitness: Neuroplasticity, Neurogenesis & the Cognitive Reserve
- Chapter 3: Consumers – Taking Charge of Their Brain Health
- Chapter 4: Healthcare and Insurance Providers – Focus on Preventive Health
- Chapter 5: K12 School Systems – Responding to Learning Disabilities in New Ways
- Chapter 6: Fortune 1000 Companies, Military & Sports Teams – Improving Productivity
- Chapter 7: Future Directions: Market Trends 2007-2015

At the end of many of the chapters are transcripts of interviews with prominent scientists that provide in depth reviews of the scientific topics covered in the report. In addition, company profiles are included for all of the products introduced in the report.

Finally, we would like to thank our editor Lisa Neuberger, our research analyst Andreas Engvig, and our graphic designer RiaMae Diaz for keeping our brains sharp throughout the development and production of our first annual *State of the Brain Fitness Software Market 2008* report. We would also like to thank the over one hundred people we interviewed over the past year for sharing their valuable time and insights.

Alvaro Fernandez,
Co-Founder & CEO, SharpBrains

Dr. Elkhonon Goldberg,
Co-Founder and Chief Scientific Advisor, SharpBrains



Table of Contents

Editorial	1
Executive Summary	6
Chapter 1: Why now? Market Overview	10
• The focus of this report	11
• Market size and four main customer segments	12
• Part of the larger neurotechnology market	13
• Brain fitness became a media darling in 2007	14
• More than meets the eye	15
• Demand: consumers and institutions for health and productivity	15
• Science: new findings spark focus on brain fitness	16
• Supply: separating hype from reality amid growing supply	17
• Policy: brain health starting to shape public policy agenda	18
• Navigating the program landscape	18
• Interview with Dr. Yaakov Stern - The connection between building a cognitive reserve and delaying Alzheimer's symptoms	22
Chapter 2: The Science of Brain Fitness	26
• New brain paradigm: lifelong capacity to change responding to experience	27
• Neuroimaging: enabling scientific exploration of the live brain	27
• Cognition: core set of brain function	29
• Some cognitive functions improve as we age – others typically decline	30
• The four “pillars” of brain health	31
• Software-based brain fitness programs: effective to train specific skills	32
• Cognitive assessments: critical to identify bottlenecks and measure progress	34
• Cross-training the brain builds up the cognitive reserve	35
• An emerging field: much more research needs to be done	35
• Interview with Dr. Jerri Edwards - Improving driving skills and brain functioning	36
Chapter 3: Consumers – Taking Charge of Their Brain Health	40
• Nintendo creates global awareness for brain training	41
• Growing appetite for “casual games” among players over forty	42
• Baby boomers move the market by sheer size	42
• Consumer interest in health and wellness	44
• Growing concerns about herbal supplements	44
• Commercial software products flood market with inconsistent claims	45
• A number of critical questions remain unanswered	45
• Company profiles: Lumos Labs, CogniFit, Nintendo, Scientific Brain Training	45

Chapter 4: Healthcare and Insurance Providers – Focus on Preventive Health & Clinical Conditions	48
• “Brain fitness centers” becoming mainstream in residential facilities	49
• A major incentive for insurers: delaying the onset of Alzheimer’s symptoms	50
• Emerging clinical applications	51
• Stroke/ Traumatic Brain Injury Rehabilitation	51
• Attention Deficit Disorders	52
• Potential future clinical applications	53
• Use of computer-based cognitive assessments in large scale clinical trials	53
• Open questions	53
• Company profiles: Posit Science, Dakim, Cogmed, NoraVision, BrainTrain, Cognitive Drug Research, CNS Vital Signs, Brain Resource Company, Cogstate	54
• Interview with Torkel Klingberg – Expanding working memory for kids with ADD/ADHD	58
• Interview with Elizabeth Zelinski – Healthy aging enhanced with computer-based programs	59
Chapter 5: K12 School Systems – Responding to Learning Disabilities in New Ways	62
• Early K12 brain fitness applications	63
• Mismatch between academic needs and the claims of existing offerings	64
• A great resource: the US Department of Education’s “What Works Clearinghouse”	64
• Scientific Learning’s history and growth plans	65
• What Works Clearinghouse’s take on <i>Fast Forward</i>	66
• Houghton Mifflin’s <i>Earobics</i>	67
• Other program developers	67
• Interview with Dr. Bradley Gibson – Linking computer-based cognitive training to academic performance	68
Chapter 6: Fortune 1000 Companies, Military & Sports Teams – Improving Productivity	70
• Fortune 1000 companies increase health & wellness budgets	71
• In light of the aging workforce, a focus on brain fitness is a logical extension	72
• In companies starting to embrace serious games, brain fitness may be a new application	73
• Military and sports teams leverage new brain fitness technologies	73
• Programs to improve driving skills proliferate	74
• Company profiles: Applied Cognitive Engineering (ACE), CogniFit	75
• Interview with Dr. Daniel Gopher – Applications for computer-based cognitive simulations	76
Chapter 7: Future Directions: Market Trends 2007-2015	80
• Brain fitness goes mainstream	81
• Leveraging better tools	81
• A growing ecosystem	82
Appendix	
• End Notes	83



List of Figures

Chapter 1: Why Now? Market Overview	10
• Figure 1.1 : Brain fitness industry	11
• Figure 1.2: Brain fitness market by segment	12
• Figure 1.3: Snapshot of brain fitness customer segments	13
• Figure 1.4: Neurotechnology industry breakdown	14
• Figure 1.5: Brain fitness market forces	15
• Figure 1.6: Level of clinical validation of software products	19
• Figure 1.7: Brain fitness software usage map	20
• Figure 1.8: SharpBrains “program evaluation checklist”	21
Chapter 2: The Science of Brain Fitness	26
• Figure 2.1: Neuroimaging shows real time brain activity in live humans	28
• Figure 2.2: The anatomy of a human brain	30
• Figure 2.3: The aging mind	30
• Figure 2.4: Typical evolution of working memory capacity	31
• Figure 2.5: Selected cognitive training research studies	33
Chapter 3: Consumers – Taking Charge of Their Brain Health	40
• Figure 3.1: Revenue growth in consumer segment	41
• Figure 3.2: Projected US population growth over 55 years old (2000-2030)	42
• Figure 3.3: Percentage of Americans age 55 expected to live to 90	42
• Figure 3.4: Average health expenditures by age	43
• Figure 3.5: Health spending as a top priority by age group	44
Chapter 4: Healthcare and Insurance Providers – Focus on Preventive Health and Clinical Conditions	48
• Figure 4.1: Revenue growth of healthcare & insurance segment	49
• Figure 4.2: Expected prevalence of Alzheimer’s in US (2000-2050)	50
• Figure 4.3: Projected US medicare costs (2000-2010)	50
• Figure 4.4: Comparison of intervention options	51
Chapter 5: K12 School Systems – Responding to Learning Disabilities in New Ways	62
• Figure 5.1: Revenue growth in K12 school systems	63
Chapter 6: Fortune 1000 Companies, Military and Sports Teams – Improving Productivity	70
• Figure 6.1: Revenue growth in Fortune 1000 companies, military and sports teams	71
• Figure 6.2: Why boomers do not want to retire	72



List of Companies Included

Advanced Brain Technologies

Applied Cognitive Engineering

Brain Resource Company (ASX: BRC)

Cogstate (ASX: CGS)

BrainTrain

Cogmed

CNS Vital Signs

CogniFit

Cognitive Drug Research

Dakim

Houghton Mifflin

Gemstone

Lexia Learning

Lumos Labs

MyBrainTrainer

Nintendo (NTDOY.PK)

NovaVision

Posit Science

Scientific Brain Training (EPA:MLSBT)

Scientific Learning (NSDQ: SCIL)

TeachTown