

One Medical mulls an acquisition by companies like CVS as financial uncertainty intensifies

Article

The news: Primary care disruptor **One Medical** is weighing a takeover, per Bloomberg.

- The company has reportedly received interest from companies like **CVS Health**, but there are still other suitors.

Is CVS going tit for tat with Walgreens? CVS' interest in One Medical could be a play to deepen its brick-and-mortar clinics as **Walgreens** builds up its own clinics via **VillageMD**.

Last year, CVS announced its plan to convert 900 of its retail stores (10% of its US locations) into primary care offices and mirror traditional doctors' offices. We posited CVS' plans are likely a move to counter competitor Walgreens' **\$5.2 billion** investment in primary care clinics VillageMD.

One Medical's virtual and in-person clinics could give CVS another layer of armor against Walgreens.

- One Medical has clinics located in major cities across the US, and has 17 locations in New York alone.
- Plus, it's already partnered with major health systems like **Mount Sinai** to offer its patients access to referrals and specialists.

The larger trend: One Medical could be seeking shelter under a healthcare giant's roof as health tech companies become more financially cautious in an era of economic uncertainty.

One Medical's peers are laying off employees as they focus on profitability amid the looming recession.

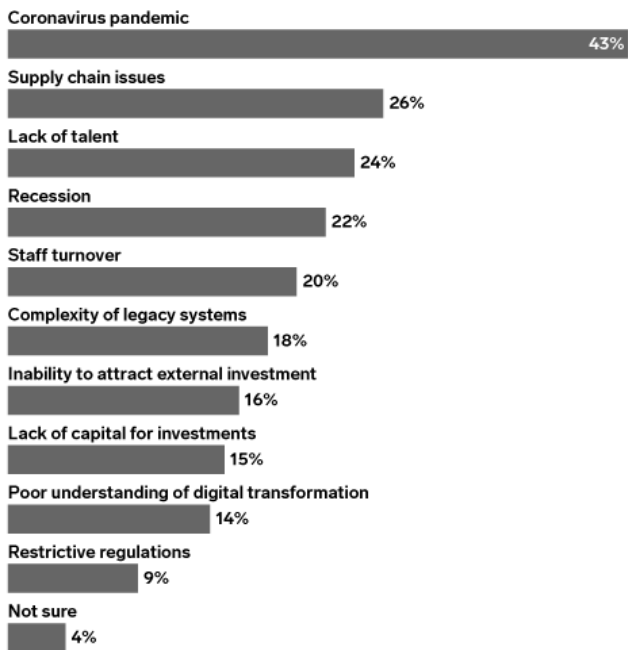
- In June, **Carbon Health** laid off 250 employees (8% of its workforce) as it cited profitability concerns.
- And **Ro** laid off 18% of its workforce after reaching a \$7 billion valuation to "increase efficiency."

It's likely One Medical wants to tap the muscle and funding of a retail giant like CVS before it has to cut employees or make major organizational changes to continue operations.

- In **Q1**, **One Medical reported a \$92.6 million loss** from operations (36% of its net revenues).

Barriers to Achieving Performance Ambitions Next Year According to US Business Decision-Makers, Dec 2021

% of respondents



Source: Proactis, "Proactis eRecovery," April 26, 2022

275049

eMarketer | InsiderIntelligence.com