

Talkspace rings in mental health awareness month with a rosy Q1 earnings

Article

The news: Talkspace reported an 11% year-over-year revenue boost to \$30 million in its Q1 2022 earnings report.

What's driving growth? Its B2B business (rather than its B2C business).

- B2B visits grew 68% to 90,600.

- Its B2C members grew quarter-over-quarter despite lower marketing spend. But **B2C revenue was down 7% YoY**.
- **B2B customers (employers, payers) grew 54%** to 76.5 million. Talkspace attributed growth to expanding relationships with existing clients and acquiring new ones.

Talkspace's threat to competitors: It's not gushing money toward its marketing efforts, yet it's still reaping positive results in membership and revenues.

- For example, Teladoc-owned **BetterHelp** saw lower than expected Q1 results due to its high marketing spend, per Teladoc's Q1'2022 report.
- In another case, mental health startup **Cerebral's** ads ended up getting pulled from Instagram because of controversial messaging.

The bigger picture: There's a perfect storm for telemental health startups operating in the US right now. The mental health crisis is only getting worse, and there's a dwindling workforce of mental health specialists.

- **4 in 10 US adults reported symptoms of anxiety or depression** during the pandemic. That's up from 1 in 10 who said the same in 2019.
- And while there's high demand for mental health services, there's also a dwindling workforce of specialists.
- **The current mental healthcare workforce only meets 28.1% of the need** for mental healthcare in the US, per The Health Resources and Services Administration's 2021 data.

Telemental health companies are gaining investor and employer attention, since they're in a good spot to contend with the gaps in demand and care supply.

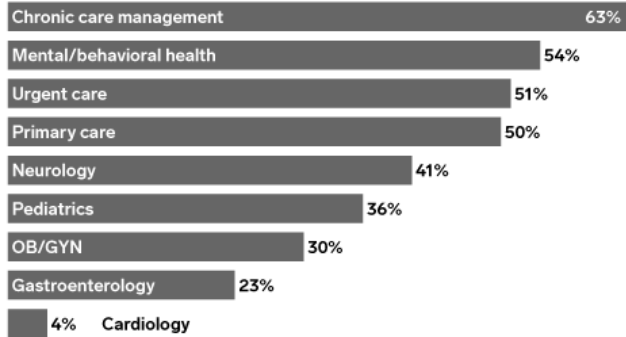
- **Mental health startups raked in \$1 billion in Q1**, surpassing areas like diabetes (\$500 million) and primary care (\$400 million), per Rock Health.
- 93% of global employers say mental health has a direct impact on their bottom line, according to a 2021 Verizon Media report.

What's next? Talkspace is in pole position for a major tie-up with a big healthcare player (like **CVS, Phillips**, or even budding telehealth stakeholders like **GoodRx**) looking to grow its telemental health footprint.

- Talkspace’s sizable customer base, wide range of digital mental health services and organic growth make it an appealing partner for a company like CVS that has said it plans to grow its mental health services.

**Areas of Future Expansion for Telehealth*
According to US Health Provider Organizations,
June 2021**

% of respondents



*Note: n=96; *defined as healthcare services delivered via digital and telecommunication technologies, including virtual visits by video and telephone, remote patient monitoring, and electronic correspondence with care team*
 Source: Center for Connected Medicine (CCM) and KLAS Research, "The Intersection of Value and Telehealth," Aug 2021

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