

Babylon goes public via \$4.2B SPAC merger, despite security concerns

Article

Telehealth vendor **Babylon** [confirmed](#) its rumored public debut: The company will go public through a **\$4.2 billion SPAC merger** with Alkuri Global Acquisition Corp., which is expected to close by the end of this year. Babylon's services (like its suite of digital triage and telehealth tools) cover approximately **24 million worldwide users**, including individuals in the US, Europe, and Asia.

SPAC deals give companies more control over public opinion than a traditional IPO—which bodes well for a company like Babylon that’s come under public fire in the past.

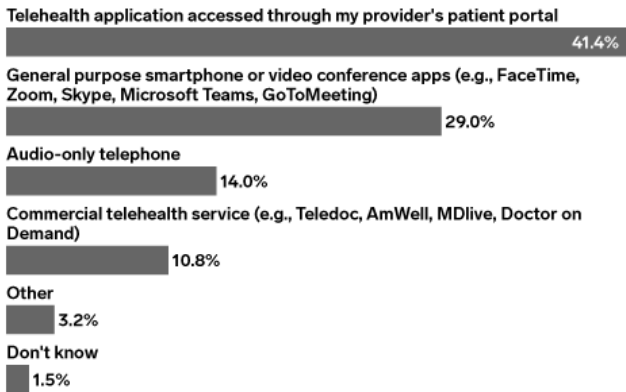
- **Companies are legally prohibited from publicly forecasting their financial earnings with an IPO—but these same conditions don’t apply under a SPAC deal.** A SPAC deal gives companies like Babylon an opportunity to boast rosy financial projections: For example, Babylon reported \$79 million in 2020 revenue (a 394% annual increase)—and it expects that figure to swell to \$321 million this year.
- **Babylon doesn’t have the squeakiest cybersecurity track record—so, the opportunity to abate any additional public scrutiny could be helpful.** For example, last year, Babylon’s software error allowed some users to view recordings of other patients’ virtual visits; and in February 2020, Babylon was in hot water for posting details of a physician critics’ in-app search results on Twitter. However, the company has since then heightened their security transparency on their site, indicating it takes consumers’ “data security extremely seriously.”

Telehealth companies with built-in, AI-powered triage tools are gaining steam among large US hospitals—making now an opportune time for Babylon to make a splash on the public market.

- **Chatbot-based telehealth cos have been inking deals with major US health systems over the last year.** For example, last year, Babylon teamed up with **Mount Sinai** to launch an AI-powered diagnosis and telehealth services for millions of New Yorkers. And AI-generated symptom checker app **Buoy Health** is teamed up with **Boston’s Children’s Hospital** to identify potential causes of pediatric symptoms to guide parents to the correct mode of care.
- **Hospitals’ interest makes sense, considering t health chabots that triag can steer patients away from costly, unnecessary ED visits.** Symptoms checker helped decrease patients’ uncertainty about health issues and symptoms—34% of patients felt uncertain about their health before using chatbot tools, but that dropped to 21% afterwards, according to data published last year in JAMA. Further, over **32%** of users said diagnostic chatbots reduced the “urgency” of their intended level of care (like going to the emergency department). Easing patients’ concerns prior to visiting the ED should go a long way to cutting health systems’ costs: The US collectively spends up to \$8.3 billion annually on preventable ED visits.

How Did US Telehealth Users Connect with Their Healthcare Provider for Their Most Recent Telehealth Visit?

% of respondents, Feb 2021



Note: ages 18+; among those who had at least one telehealth encounter during March 1, 2020-Jan 30, 2021
Source: The COVID-19 Healthcare Coalition, "Telehealth Impact: Patient Survey Analysis," April 11, 2021

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