

Despite economic uncertainty, fertility startups are still riding the pandemic-era funding and M&A high

Article

The news: Virtual and in-person fertility clinic network and unicorn **Kindbody** acquired **Alternative Reproductive Resources (ARR)**, a Chicago-based gestational surrogacy agency.

Kindbody's acquisition tear: In February, it acquired **Vios Fertility Institute** and its network of clinics.

- The deal gave Kindbody ownership of **26 new clinics** across the US, and pushed the fertility startup to unicorn status.
- The Vios acquisition built upon Kindbody's existing services including telehealth and in-person visits for services like in vitro fertilization (IVF), genetic and fertility testing, and surrogacy/adoption services.

Zooming out on the macroeconomic environment: Kindbody's acquisition is a bright spot as many health tech companies cut back on staff and pause growth to focus on profitability.

- Primary care startup **Carbon Health**, telehealth startup **Ro**, mental health entrant **Cerebral**, digital pharmacy startup **Capsule**, AI firm **Olive**, and healthcare payments company **Cedar** are just a few that have cut large portions of their workforces over the past two quarters.
- The layoffs indicate health tech companies are not recession proof, even when that company has reached a billion-dollar valuation.
- Plus, a drop in funding over the first six months of 2022 also means digital health companies can't take as many risks as they did in 2021 (like scaling rapidly).

The big takeaway: Even in the era of uncertainty, fertility startups like Kindbody are striking M&A deals and nabbing VC funding from investors.

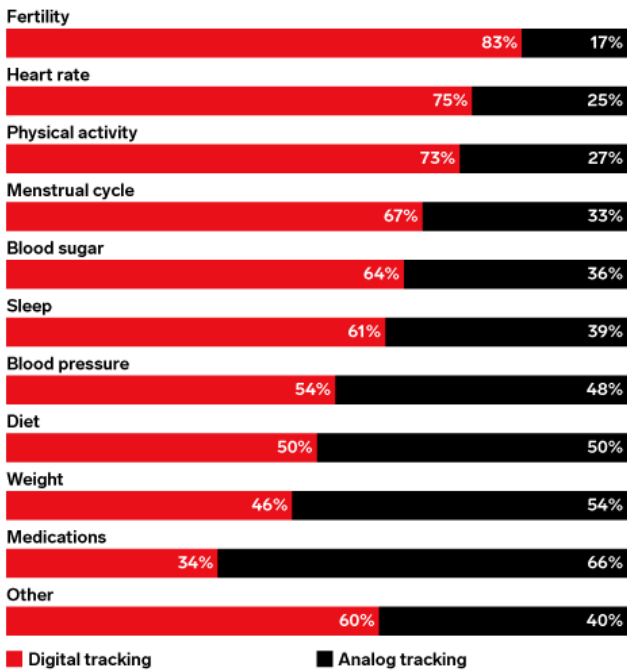
- For example, in April, women's health startup **Evernow** raised nearly **\$29 million** to support women through menopause.
- And in February, **HerMD** raised \$10 million in Series A funding to open new clinics and expand their telehealth offerings.

Investors are likely gravitating toward fertility entrants because it isn't a risky bet amid a pending recession. Financial uncertainty doesn't appear to deter US adults' desire to have children.

- Among the US adults that say they don't want to have kids, only 17% cite "financial reasons" as their main concern, per an October 2021 Pew Research Center survey.

Health Tracking Methods Used by US Adults, by Health Metric, Oct 2020

% of respondents in each group



Note: ages 18+; digital tracking defined as in a digital journal or log, with a wearable or connected device (e.g., smart scale, glucometer), or in an app that doesn't connect to a wearable; analog tracking defined as in your head or in a paper journal or log
 Source: Rock Health and Stanford Center for Digital Health, "Digital Health Consumer Adoption Report 2020" conducted by Toluna, March 11, 2021

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