

Headspace and Ginger merge to form a \$3 billion telemental health giant

Article

The news: Telemental health unicorns **Headspace** and **Ginger** are merging into a combined entity: **Headspace Health**. Their combined reach will cover around **100 million users** across 190 countries.

- For context. Headspace is a pioneer in the mental health apps space, offering meditation and mindfulness offerings.

- Meanwhile, Ginger offers 24/7 on-demand mental healthcare via its app where users can connect with behavioral health coaches, therapists, or psychiatrists.

What this means: Headspace Health will be able to quickly go beyond Headspace's D2C model and expand into the employer market.

- Headspace made its first steps to enter the employer health benefits market in June, when it partnered with **Solera Health**.
- But now, the merger gives it access to Ginger's extensive 500+ employer customer base.

How we got here: Both Headspace and Ginger have been in hyper-growth mode over the last year—so it makes sense that they're joining their strengths to create a telemental health giant.

- Ginger secured major partnerships with employer health benefits platform **Accolade** and digital pharmacy co **Capsule** to develop inroads with employers and integrate seamless prescription delivery into their services. To add, this year alone, Ginger partnered with insurers **Cigna** and **AmeriHealth**, which broadened its potential pool of users by nearly **20 million**.

Headspace's marketing was key to its branding strategy and D2C growth. It's cultivated creative [partnerships](#) with entertainment companies (like **Netflix** and **Spotify**), major airlines like **JetBlue**, **United**, and **Delta**, **Amazon**, **Google**, the **NBA**, and mattress company **Casper**. This has allowed Headspace to engrave its market presence and nab a wide range of consumers.

The Headspace and Ginger playbook: The digital mental health space is booming as demand for mental healthcare climbs—but there's more to a digital mental health app's success than simply operating in a hot market.

Headspace and Ginger strategically built robust research that backed and informed their digital mental health products—something smaller entrants will have to keep in mind to sustain relevance.

- For example, Ginger has partnered with 8 of the top 10 academic medical centers in the US and over 40 medical institutions around the US to build a massive mental health database. And It's published over 25 studies demonstrating the clinical validity of its on-demand, team-based mental healthcare model.
- And Headspace houses its very own science department led by former National Institutes of Health (NIH) and European Research Council (ERC) researcher, Dr.Megan Jones Bell. On top

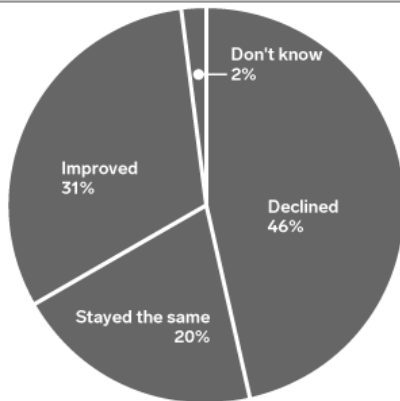
of that, it has partnered with 35+ scientific research institutions, including NYU and USC, published 25 studies on Headspace's effect on mental health outcomes, and has 65+ studies in its research pipeline.

Why can a strong research base fuel a mental health platform's adoption rates? Employers are antsy than ever to offer mental health benefits to their employees—but only if the benefits hold promise to produce positive mental health outcomes.

- **31% of employers** say the strain on employee mental health is having a severe or significant impact on their company, [according to](#) a recent study by The Hartford.
- Going one step further, now that mental health apps have a foothold in the D2C and employer markets, the final space mental health apps can encroach on is the provider space.
- Strong clinical evidence and electronic health record integration will be key for this—in fact, that's how Headspace made its way into health systems **Kaiser Permanente** and **Spectrum Health**.

How Would US Employers Assess the State of Mental Health of Their Workforce?

% of respondents, Jan 2021



Note: numbers may not add up to 100% due to rounding
Source: Lyra Health, "State of Mental Health at Work Report 2021" conducted by Upwave, March 4, 2021

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