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Healthcare Mosaic Report:

Digital Health Update—No Longer Unicorns, but Phoenixes Abound

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Summary

In our quarterly *Healthcare Mosaic* report, we select a far-reaching topic of interest in the healthcare space and provide a variety of data points and analyses to offer a more complete picture of what it means for the broader healthcare marketplace—and both public and private investors in the space.

In this *Healthcare Mosaic* report (now our 36th in the quarterly series), we take a deeper dive into the digital healthcare marketplace (with a focus on consumer-facing solutions), where private market funding, M&A activity, and valuations all appear fairly robust, despite relatively anemic equity market performance from the publicly traded operators.

More specific, in this thematic report we analyze:

- The rise and fall of publicly traded digital healthcare companies;
- Key industry trends that we believe provide support for continued growth in digital health solutions;
- A review of recent private market funding and M&A activity in the space;
- Key areas of employer focus, and expected purchasing trends, for digital health solutions;
- Our current thoughts on the relative market positioning and valuations of our covered digital health operators—where we see a material disconnect between market valuations and the intrinsic value in many organizations; and
- An overview of select companies—in both the public and private markets—that we believe are well positioned to benefit from these trends. Again, our focus in this report is on consumer-facing digital health applications, as we have covered the market for provider-centric tools (e.g., workflow solutions, artificially intelligence, ambient documentation) in a prior *Healthcare Mosaic* report.

The covered companies that we believe will be most impacted by these trends are **Accolade (ACCD), LifeStance (LFST), Teladoc Health (TDOC), and Talkspace (TALK).**

Moreover, we believe our analysis is relevant for a wide variety of public and private operators in the space (including those that combine virtual and physical care delivery operations), such as leading patient navigation and advocacy providers (e.g., **Quantum Health, Included Health, Personify Health**); chronic condition management organizations (e.g., **Dario Health [DRIO], Kaia, Omada Health, Noom, RecoveryOne, WellRight, Vida, Virta Health, Vori**); digital behavioral healthcare providers (**Lyra, Headspace, Headway, Modern Health, Spring Health, SonderMind**); and leading specialty care and condition management providers (e.g., **Hinge Health, Sword Health, Carrot Fertility, Maven Clinic, Progyny [PGNY], The Lactation Network, OncoHealth**).

In tandem with this quarter's report, ***we are also hosting a fireside chat with the management team of Sword Health, a pioneer in AI care for musculoskeletal (MSK) health.***

During the fireside conversation, management will discuss the company's AI-care operating model, customer value proposition and outcomes-based pricing, total addressable market opportunity, and key growth initiatives, among other items.

Please register for this live-only, virtual event, which will take place on December 4, 2024, at 11 a.m. Central time, via this link.

Introduction

In early 2018, Bethanie Murguia—an author and illustrator of children's books—published a new hardcover book: *Do You Believe in Unicorns?* While the piece was never meant for an adult audience, it appears that myriad public and private equity investors would have nonetheless answered her with a resounding "yes." This was especially true for the period following the peak of the COVID-19 pandemic, when countless digital healthcare entities raised capital with valuations that qualified them as "unicorns" (i.e., valuations that exceeded $1 billion) and as numerous digital-health initial public offerings hit the markets with strong receptance.

At the same time, it appeared that the U.S. healthcare landscape was changing forever. Lockdowns had patients stuck at home, yet the sudden emergence of novel remote monitoring solutions, ubiquitous telehealth providers, and countless digital health offerings made accessing care easier and more affordable than ever.

Investors also were more than willing to fund this growth, flooding the market with nearly $60 billion in capital for digital health deals in the three years following the pandemic—**an amount that was nearly 50% greater than the cumulative capital raised in the space during the prior eight years**, according to data from Rock Health's Digital Health Venture Funding Database.

With this capital inflow, hiring was robust, and myriad entities quickly came to market with digital health solutions for everything from chronic care management programs to virtual care offerings to condition-specific point solutions. And an all-too-common theme was that these solutions not only improved outcomes and patient well-being, but also lowered the cost of care—*nirvana for employers and health plans that could use such solutions to reduce their healthcare spending during uncertain economic times.*

Alas, the euphoria was short-lived, as a period of seven interest rate hikes throughout 2022, a return to more normal care-consumption patterns (and points of care), and unfulfilled promises of robust returns on investment led to the downfall of many digital health unicorns.

At the same point, price competition began to accelerate across the market, as novel entrants looked to gain share, and numerous incumbent (and truly valuable and proven) digital health organizations ceded clients to these digital health newcomers—leading to slower-than-expected growth expectations and subsequently stumbling stock prices for those entities that made it to the public markets during the early 2020s (a topic we address in more detail in the following section of our report).

Then, as contracts came up for renewal, HR managers were hit with vendor fatigue, not knowing which solutions realistically drove cost reductions or care improvements. In addition, the array of digital health offerings was overwhelming to employees, who were often unaware of what their employer even offered or how to access these innovative care solutions. In turn, demand for these solutions abated, and the more prominent news stories became focused on the massive layoffs at these once high-flying digital health start-ups, followed by a period of consolidation in the space.

Where does this leave the sector as we enter 2025? In our view, in surprisingly good standing.

The strong players have survived and the weak ones either disappeared, shrank, or refocused, or were acquired into entities that now offer broader solution sets—with operators that possess strong innovation engines investing in distribution, and those companies with strong distribution adding incremental solutions to their product offerings. Either way, the common theme today is that leaders in digital health must be able to address the cost and quality needs of employers and health plans at scale, with integrated solutions and proven results.

Thus, **digital health operators have refocused their value propositions to ensure positive ROIs for customers, a key requisite for success in today's market, in our view.** This compares to the early 2020s, when the focus was more on improving employee health and wellness and less on pure financial returns. In fact, today's leading digital care providers have begun to either put fees at risk to guarantee savings or have worked with third-party actuaries to validate their savings models—and with the savviest of operators doing both.

This appears to be reinvigorating investor interest in the private markets, given the wave of digital health capital raises, rumored initial public offerings, and continued industry consolidation. In addition, private market valuations appear to have returned to near-peak levels (again, in stark contrast to the public health technology providers).

For example, according to Bessemer's State of Health Tech 2024 report, across all funding stages, median pre-money valuations for private companies have returned to, or even slightly surpassed, the peak levels seen in 2021 (after dropping precipitously in 2022 and 2023). Our review of PitchBook data (discussed in a later section) confirms this significant uptick in private market valuations in 2024.

Moreover, over the last few years, employers have experienced a material spike in healthcare costs (another topic we discuss in a subsequent section). Notably, myriad industry studies and employer surveys predict that **2025 will bring the highest uptick in annual healthcare costs in more than a decade,** following near-record increases in 2024.

Accordingly, employers again appear to be interested in finding solutions to help manage healthcare cost trends, with an eye toward solutions with proven ROIs, performance guarantees, and more comprehensive offerings (or the ability to impact key areas of demand from workers). This, combined with more pricing discipline and less competitive noise in the space, has created a more compelling growth opportunity across today's digital health marketplace; although, one would never guess this is the case simply by looking at the stock charts of the public operators.

So we now turn to another one of Murguia's more recent books for guidance: *We Disagree.*

Put simply, **we believe this presents a good time for investors to reengage in the space as a long-term investment area, as we see a fundamental disconnect between intrinsic values and public market valuations in many digital health names.** Thus, it is also an opportune time for us to look at digital health solutions as the topic for our fourth quarter 2024 *Healthcare Mosaic* report.

The Rise and Fall of Digital Health Operators

The Boom-and-Bust Cycle

After several years of a stagnant IPO activity, digital health, along with the broader healthcare IT industry, experienced a wave of IPOs from 2019 through 2022. According to PitchBook, there were 14 digital health IPOs in 2021 alone, compared to 15 deals completed between 2014 and 2018.

As detailed in the introduction of this report, both public and private market investor enthusiasm for digital health was high for several reasons, including a large addressable market and the massive opportunity to disrupt inefficiencies in the healthcare sector, which accelerated post the COVID-19 pandemic. In turn, the market welcomed a number of successful IPOs during this time. With high levels of enthusiasm regarding the growth outlook for digital health, investors also were willing to pay rich valuation multiples for these stocks, even though most of the entities coming to market were still years away from demonstrating profitability or cash flow generation.

As macroeconomic conditions deteriorated in 2022, marked by rising inflation and interest rate hikes, access to capital became tighter. During this time, digital health operators began to adjust their business strategies, as investor preferences shifted toward quality businesses with track records of profitability over pure growth. In many cases, digital health management teams also pivoted their approach in the market away from growth-at-all-costs strategies in favor of accelerating the path to profitability.

Commentary from management teams also cited slower decision-making processes at clients (i.e., elongated sales cycles) and elevated customer acquisition costs (CAC)—which we believe is partly attributed to aggressive growth strategies by private market operators—as key reasons for the change in growth posture. Here, we believe that aggressive growth tactics deployed by private companies (mainly aggressive pricing and promises of material ROI) created distractions in the market, presenting a difficult selling environment for digital health, especially for the publicly traded entities whose share prices were more sensitive to near-term earnings expectations.

Similarly, one of the other larger themes that presented during this time frame was what we often refer to as *point solution fatigue.* Purchasers of digital health solutions became overwhelmed by the pure number of offerings available in the market as well as an inability to differentiate which of these novel offerings would actually lower costs and/or drive outcomes. This created bottlenecks in the decision-making process and eventually led to a preference to partner with larger platform vendors that offer integrated solutions.

Putting all this together, we believe this growth deceleration fed into the bear narrative for digital health operators, presenting questions regarding the value proposition or return on investment (ROI) opportunity for solutions offered in the space.

Again, given the moving parts in modeling these businesses, along with a general macro shift toward profitable entities with a more proven track record, investor sentiment deteriorated rapidly (and markedly) for the digital health theme.

As a result, digital health stocks have underperformed the market of late, marking a significant contraction in the equity market capitalization for stocks across the industry—***averaging nearly an 85% decline in market capitalization from the peak levels hit between 2020 and 2022 to where the stocks trade today*** (exhibit below).

Also of note, despite the broader equity markets reaching near-record levels at near the end of 2024, not a single digital health provider is within striking distance of its peak market cap.

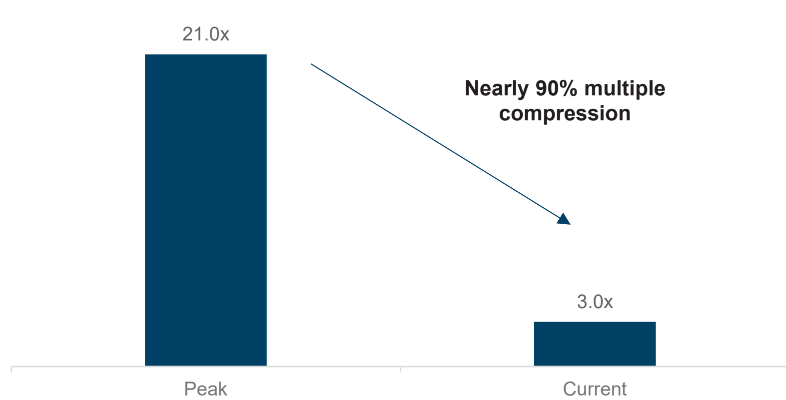
Exhibit 1
Digital Health Update
Change in Market Capitalization, Digital Health Industry
$ in millions

			Market Capitalization		
	Ticker	Company Name	Peak	Current	Change
	ACCD	Accolade, Inc.	$3,632	$311	(91.4%)
	AMWL	American Well Corporation	$10,084	$147	(98.5%)
	DCGO	DocGo Inc.	$1,121	$442	(60.6%)
	DOCS	Doximity, Inc.	$20,788	$9,895	(52.4%)
	DRIO	DarioHealth Corp.	$370	$27	(92.7%)
	GDRX	GoodRx Holdings, Inc.	$22,073	$1,845	(91.6%)
	LFST	Lifestance Health Group, Inc.	$10,817	$2,877	(73.4%)
	OPRX	OptimizeRx Corporation	$1,727	$100	(94.2%)
	PGNY	Progyny, Inc.	$6,028	$1,326	(78.0%)
	PHR	Phreesia, Inc.	$3,810	$1,215	(68.1%)
1)	SHCR	Sharecare, Inc.	$3,201	$532	(83.4%)
	TALK	Talkspace, Inc.	$1,399	$578	(58.7%)
	TDOC	Teladoc Health, Inc.	$44,264	$2,063	(95.3%)
	Industry Average		**$9,947**	**$1,643**	**(83.5%)**

1) Acquired by Altaris Capital Partners on October 22, 2024; current capitalization reflects takeout price
Source: FactSet; William Blair Equity Research

Similarly, valuation multiples for the digital health industry have experienced significant contraction from peak levels. As shown in the exhibit below, ***the average enterprise-value-to-sales multiple for the publicly traded operators has contracted by nearly 90% when compared to the average peak multiple for each company*** (please see appendix A for more detailed valuation analysis of each digital health peer company used for this analysis).

Exhibit 2
Digital Health Update
Average Peak EV/Sales Multiple vs. Current Valuation, Digital Health Industry



Note: Digital Health industry based on ACCD, AMWL, DCGO, DOCS, DRIO, GDRX, LFST, OPRX, PGNY PHR, SHCR, TALK, and TDOC
Source: FactSet; William Blair Equity Research

As we look forward, the market cap and valuation pictures painted in the previous charts suggest to us that many digital health names have been left for dead by investors. Moreover, many have traded into small-/microd-cap territory and have limited trading volumes, in our view, further reducing investor interest in the names.

Despite this, ***we remain confident that the digital health space presents a compelling long-term investment opportunity—as we discuss in detail in subsequent sections.***

Reset in Expectations Also Reduces Risk Profile
Besides an improvement in fundamental business conditions, we also believe long-term financial estimates have declined meaningfully over the past few years, thus presenting a more favorable setup for companies to meet or exceed investor expectations going forward.

As shown in the below exhibit, out-year revenue estimates (defined as fiscal 2025 or calendar 2026) have declined as growth expectations moved lower over both the last two-year and 12-month periods. At the same time, adjusted EBITDA expectations have largely held up more favorably, particularly over the last year.

In fact, based on our analysis, the consensus adjusted EBITDA targets for the group, on average, have increased over the past 12 months. In our view, this serves as an indicator that the industry has, in large part, successfully demonstrated an ability to scale profitability and drive earnings growth.

Exhibit 3
Digital Health Update
Calendar 2025/Fiscal 2026 Sales and Adjusted EBITDA Estimate History
$ in millions

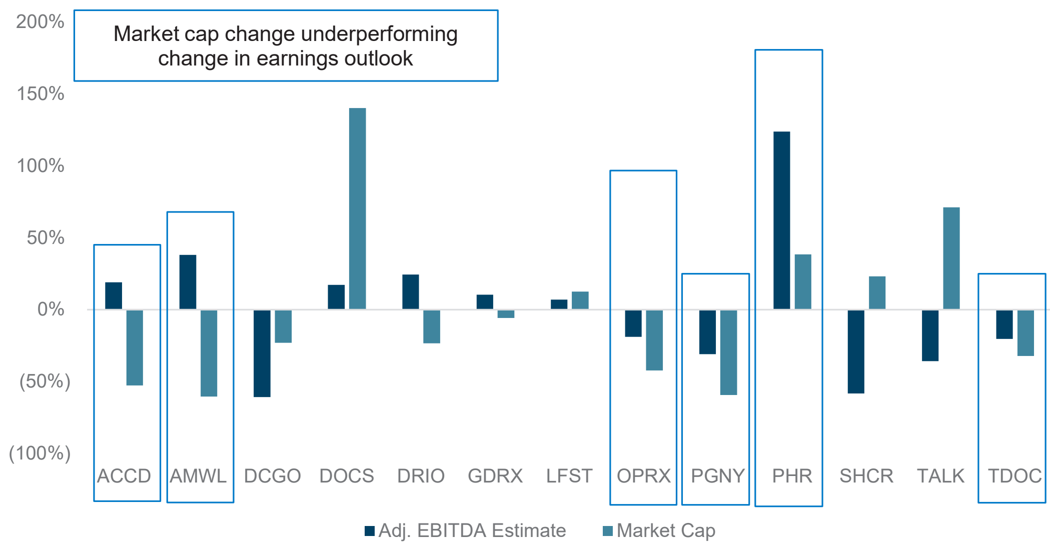
		Sales Estimate					Adjusted EBITDA Estimate				
Ticker	Company Name	Current	-1yr	-2yr	1-yr Change	2-yr Change	Current	-1yr	-2yr	1-yr Change	2-yr Change
ACCD	Accolade, Inc.	$524	$578	$580	(9.3%)	(9.5%)	$35	$29	$28	19.1%	27.5%
AMWL	American Well Corporation	$312	$303	$451	3.1%	(30.8%)	($62)	($100)	($24)	38.1%	(155.1%)
DCGO	DocGo Inc.	$419	$880	n/a	(52.4%)	n/a	$38	$98	n/a	(60.7%)	n/a
DOCS	Doximity, Inc.	$596	$569	$829	4.7%	(28.2%)	$307	$262	$329	17.3%	(6.7%)
DRIO	DarioHealth Corp.	$37	$37	$102	0.9%	(63.2%)	($12)	($15)	$5	24.4%	(345.1%)
GDRX	GoodRx Holdings, Inc.	$826	$842	$1,014	(1.9%)	(18.5%)	$278	$252	$260	10.4%	7.0%
LFST	Lifestance Health Group, Inc.	$1,383	$1,374	$1,304	0.7%	6.1%	$124	$116	$109	6.9%	14.2%
OPRX	OptimizeRx Corporation	$100	$122	$108	(18.2%)	(7.4%)	$12	$14	$16	(18.8%)	(28.2%)
PGNY	Progyny, Inc.	$1,157	$1,568	$1,754	(26.2%)	(34.1%)	$192	$278	$307	(30.9%)	(37.3%)
PHR	Phreesia, Inc.	$481	$554	n/a	(13.3%)	n/a	$60	$27	n/a	123.9%	n/a
1) SHCR	Sharecare, Inc.	$423	$578	n/a	(26.8%)	n/a	$25	$60	n/a	(58.3%)	n/a
TALK	Talkspace, Inc.	$233	$234	$199	(0.1%)	17.4%	$18	$29	($12)	(35.7%)	249.4%
TDOC	Teladoc Health, Inc.	$2,541	$2,929	$3,332	(13.2%)	(23.7%)	$326	$410	$376	(20.4%)	(13.3%)
Industry Median					**(9.3%)**	**(21.1%)**				**6.9%**	**(10.0%)**
Industry Average					**(11.7%)**	**(19.2%)**				**1.2%**	**(28.8%)**

1) Acquired by Altaris Capital Partners on October 22, 2024
Source: FactSet; William Blair Equity Research

Ultimately, we believe this delta between investor sentiment, equity market performance, and earnings expectations also presents one of the most compelling signs of investment opportunity in digital health.

For example, as shown in the exhibit below, equity market performance has significantly lagged the change in 2025 adjusted EBITDA estimates for several companies. In other words, we believe the recent equity performance is overly pessimistic relative to the underlying outlook for profit growth in the digital health sector. Further, there appears to be little correlation between the change in adjusted EBITDA expectations and stock price performance (a surprise to us, given more of an investor focus on profits versus growth in today's market).

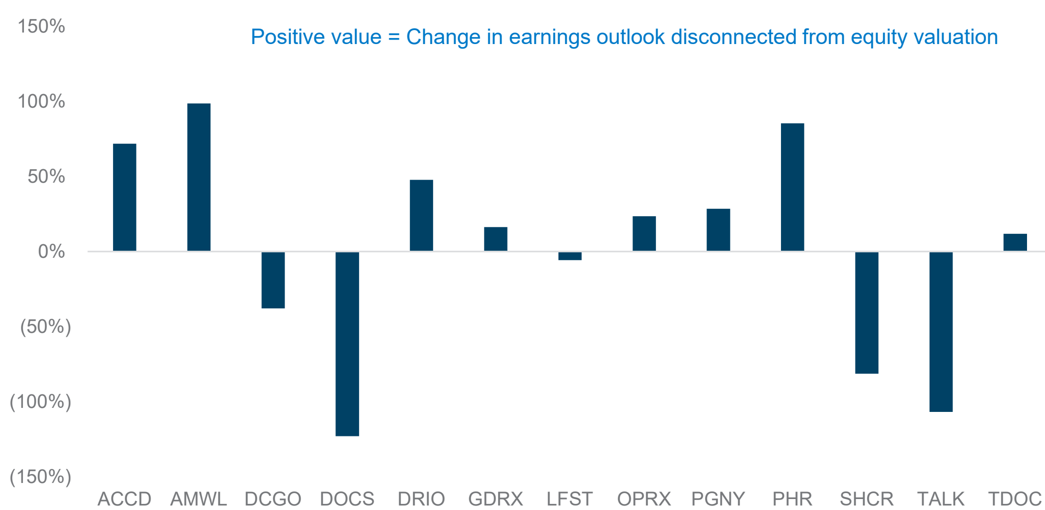
Exhibit 4
Digital Health Update
One-Year Change Adj. EBITDA Consensus Estimate vs. One-Year Change Market Capitalization



Source: FactSet; William Blair Equity Research

Looking at this dynamic another way, below we plot the difference between the one-year change in adjusted EBITDA consensus from the one-year change in market cap for each company in the digital health universe. Again, we believe this reflects an overly pessimistic view expressed in the market relative to the actual change in underlying earnings forecasts.

Exhibit 5
Digital Health Update
Change in Adjusted EBITDA Estimate Minus Change in Market Capitalization



Note: Based on 1-yr change in adjusted EBITDA consensus forecast versus 1-yr change in market cap

Source: FactSet; William Blair Equity Research

Overall, we believe this backdrop presents a compelling setup for digital health investments moving into 2025 and beyond. Moreover, several macro headwinds that have impacted digital health (e.g., inflation and interest rates) appear to be dissipating. At the same time, we believe many of the key bear questions (i.e., value proposition, customer retention rates, and ROI) about digital health have been favorably answered, with digital health remaining an important part of driving a more-efficient healthcare system. Moreover, the wave of private capital into novel competitors that caused price competition and buyer fatigue also has abated.

As such, we believe now is a compelling opportunity for investors to revisit an industry that appears to have lost its unicorns, as we believe several phoenixes are set to rise from the ashes.

Digital Health Solutions Remain Highly Relevant in Today's Marketplace

Demand Remains Robust

Given the recent equity market performance of leading digital health vendors, investors may suspect that growth outlooks are diminishing or that customer retention rates are dropping precipitously across the space. However, ***based on both reported results and recent industry survey data, it appears the exact opposite is true.***

For example, during its most recent earnings call (on October 15, 2024), Accolade, a digital care, second opinion, and patient advocacy provider, highlighted that it is entering the "next stage of growth," following a period of culling some contracts that were not consistent with its path to profitability. Management specifically noted that this involves improving retention rates, with gross dollar retention rates returning to the 90% or higher level going forward.

Moreover, recent survey data points to continued investment, across all purchaser types, for digital health offerings. For example, a recent survey from Peterson Health Technology Institute (PHTI) found that 43% of health plans, 52% of employers, and 56% of health systems plan to increase their spending on digital health solutions over the next 12 months. Moreover, 41% of health plans, 45% of employers, and 30% of health systems plan to hold spending steady; only 3%, 1%, and 3% of these purchasers, respectively, plan to decrease spending on digital health solutions.

So What Is Driving This Demand?

Regarding the demand outlook for digital health solutions, we believe two main factors continue to support the near-term growth outlook: 1) the need to address rising healthcare costs trends; and 2) the need to offer employees health and benefit offerings that drive engagement and improve health and workforce productivity.

First, healthcare cost trends appear to again be on the rise, with 2024 costs exceeding budgets and 2025 costs anticipated to rise at the highest level in more than a decade.

For example, a recent report published by global insurance services firm WTW (*WTW's 2024 Best Practices in Healthcare Survey)*, which was based on surveys and interviews with more than 400 U.S. employers covering more than 6 million employees, found that healthcare cost control was a top priority for executives in 2025. More specific, WTW predicts that U.S. employers expect healthcare costs to rise 7.7% in 2025, an uptick from 6.9% in 2024 and 6.5% in 2023. The report also notes that most employers are seeing current-year healthcare costs trending above budgeted levels.

To help offset these record cost trends, *52% of survey respondents plan to implement programs that will reduce total costs, while 51% intend to adopt plan design and network strategies that steer to lower-cost, higher-quality providers and sites of care—both of which can be accomplished with digital health solutions.* In addition, surveyed employers continue to explore technology-enabled solutions for managing costs, with 54% exploring navigation solutions or technologies that help employees better understand provider pricing and quality before obtaining services.

Similarly, a recent survey from the Business Group on Health (an executive summary of the survey can be found at this link), which captured data from 125 employers that currently cover more than 17.1 million lives across the United States, also found that healthcare costs are projected to increase at the highest rate in more than a decade in 2025. More specific, 2025 cost trend is expected to hit 8% for health and wellness benefits, indicating the growth in healthcare costs is up more than 50% since 2017 alone.

The report also notes that employers expect to bear the bulk of this cost increase, with the average employer contribution for health premiums hitting a record high of $12,932 in 2025, up nearly 10% from $11,762 in 2024. Again, we believe this cost trend facing employers is increasing interest in digital health solutions that can lower spending with a proven ROI (or via savings guarantees).

Lastly, we highlight a recent research report published by PwC's Health Research Institute (*Medical cost trend: Behind the numbers 2025)*, which was based on surveys and interviews with more than 20 U.S. health plans that in aggregate cover more than 100 million employer-sponsored members and 10 million Affordable Care Act (ACA) marketplace members.

Here, the data again indicates that healthcare cost trends will easily outpace inflation. PwC predicts the medical cost trend will increase 8.0% for group coverage and 7.5% for individual coverage in 2025, up 50 basis points from 2024 levels for each category. This is the highest level of cost trend in 13 years, representing a marked uptick from the midsingle-digit cost trend experienced between 2016 and 2021. Again, the message is clear—healthcare costs are hitting all-time highs and corporate executives are concerned about the impact of this trend on their bottom lines and, thus, are seeking out solutions for this issue.

Second, we believe employers continue to seek out solutions that can help engage their workforce and improve health outcomes and workforce productivity.
Here, we highlight a recent study conducted by Arizent and *Employee Benefit News*, based on an online survey among 100 human resources executives and leaders with a role in professional benefits, which looked at how companies and benefits managers prioritize and drive employee engagement through health benefits.

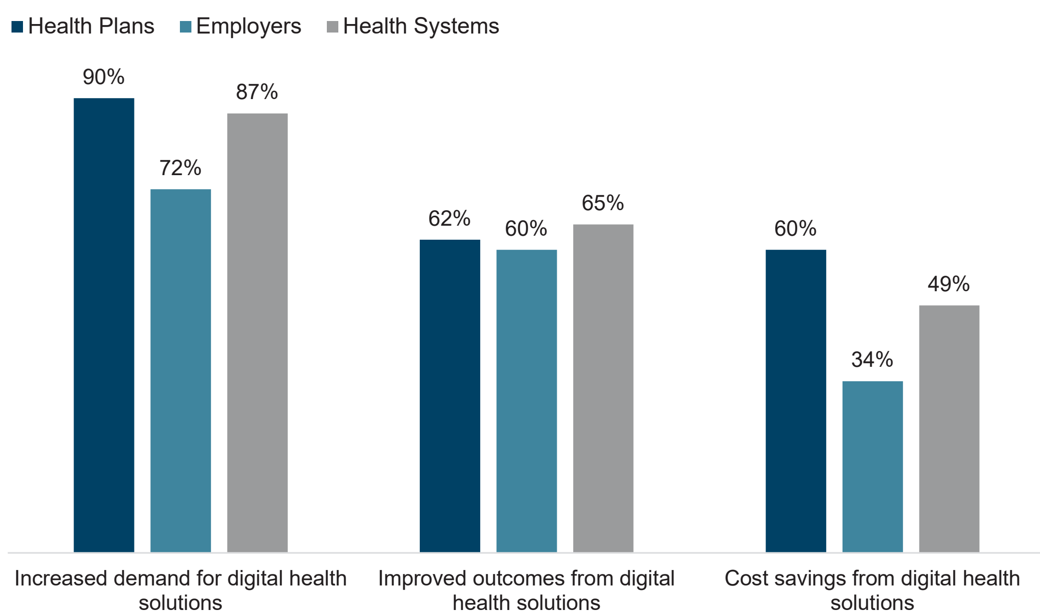
The top priority for benefits professionals, by far, was employee retention and recruitment, with more than 70% of respondents citing this theme as being among the top-three priorities for their team. *Employee engagement with health and benefits was cited as a key priority by two-thirds of respondents.* Moreover, only 5% of respondents considered engagement as a low priority, while 0% said it was not a priority at all. Furthermore, more than 30% of larger employers (with more than 5,000 employees) indicated employee engagement was the top priority. In general, larger employers (more than 1,000 employees) were significantly more likely than smaller employers to rank employee engagement as the top priority.

For employers, the hope is that employee engagement helps workers become more educated about their benefits, drives better care utilization, and leads to employees both being more active in improving their health and relying more on preventive care. To this end, all respondents expect some benefit to their organization from increasing employee engagement with healthcare benefits. Overall, 76% of respondents believe increasing engagement leads to improved employee satisfaction, while 73% believe it will drive improved healthcare outcomes.

Moreover, approximately two-thirds of respondents indicated they believe better engagement will lead to a reduction in long-term healthcare costs or to help better manage and contain costs—again both of which *we view as top-of-mind priorities given the spike in healthcare cost trend discussed above.*

As it specifically relates to digital health solutions, we again highlight the PHTI *2024 State of Digital Health Purchasing* survey, which reveals that across all purchaser types digital health solutions are being purchased to: 1) meet consumer demands; 2) improve outcomes; and 3) help reduce costs (exhibit below).

Exhibit 6
Digital Health Mosaic
Reason for Spending on Digital Health Solutions



Source: Peterson Health Technology Institute

Moreover, when asked how important it is that digital health solutions impact health outcomes, 100% of health plans, 100% of employers, and 99% of health systems indicated it was of key importance. Moreover, 97% of plans, 98% of employers, and 97% of providers indicated that such offerings should improve member experiences and convenience or access to care.

So What Are Buyers Looking for in Today's Marketplace?

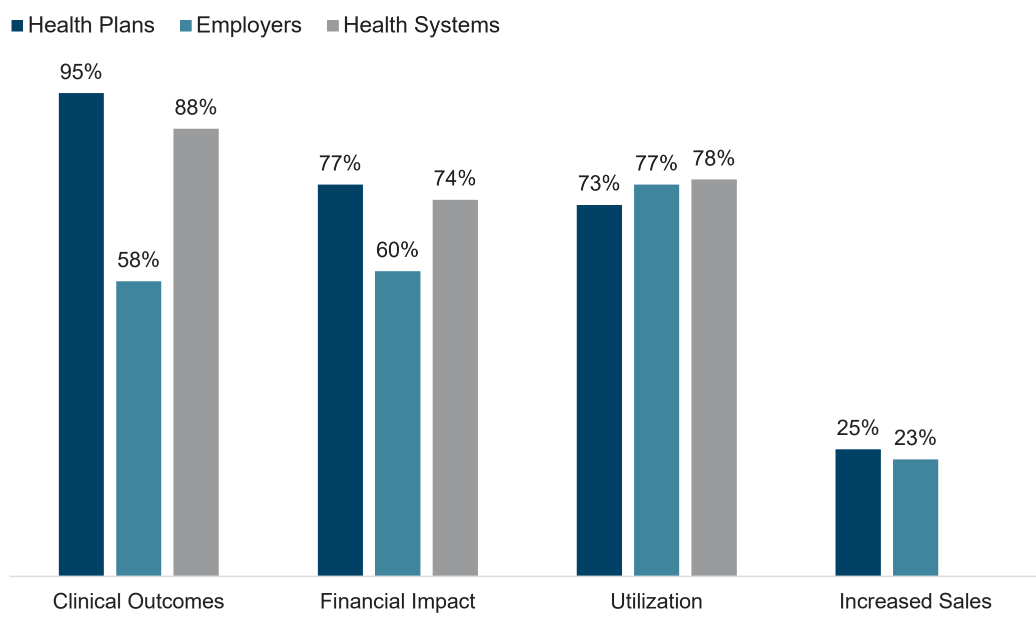
ROI and End-User Engagement

As discussed in the introduction of our report, we believe today's purchasers of digital care solutions are more focused than ever on the ROI of the solution and the ability of the solution to actually engage the targeted user base. To us, this is a natural outcome of the wave of digital health solutions that came to market in the early 2020s—many of which promised cost savings and strong consumer satisfaction only to fail to engage employees and, perhaps as a direct result, also struggled to deliver any ROI.

Here we note that survey data indicates that performance-based contracting is also increasing across the market. For example, ***100% of employers in the PHTI survey were interested in performance-based contracts,*** while 60% of health plans and 50% of health systems also had interest in such guarantees.

Moreover, the survey indicated that all purchasers were relatively consistent in the type of metrics used to measure contract performance, with clinical outcomes, financial impact, and utilization of the service all key metrics to monitor (exhibit below).

Exhibit 7
Digital Health Mosaic
Metrics Used to Contract Performance



Source: Peterson Health Technology Institute

Similarly, when asked about what factors would motivate a change in solutions (e.g., switch vendors or add/eliminate products), responses from all buyer categories again highlighted costs, user satisfaction, and outcomes as key areas of focus—with a particular focus on the solution's costs and user satisfaction/needs (see exhibit below).

Exhibit 8
Digital Health Mosaic
Motivating Factors to Change Solutions

	Total	Health Plans	Employers	Health Systems
Cost of Solutions	**79%**	80%	73%	85%
User Satisfaction or Needs	**63%**	55%	68%	66%
Interoperability/Integration With Other Tools/Offerings	**48%**	57%	28%	61%
Outcomes Data Proves No Improvement From Usual Care/Existing Offerings	**48%**	53%	35%	56%
Insufficient Outcomes Data	**45%**	47%	34%	54%
Data Breach	**43%**	45%	34%	52%
Relationship With Vendor	**39%**	38%	40%	38%
Patient Request	**34%**	28%	46%	26%
Influence of Broker	**16%**	12%	26%	9%

Source: Peterson Health Technology Institute

Validation Studies

To this end, we believe leading digital health vendors must have studies that validate their ROI and engagement metrics. As an example, when Oshi Health, a digital health vendor for GI conditions, discussed the organization's late 2024 capital raise, it noted that investors were explicitly interested in funding the company's growth as a result of its clinical study it completed with a managed care partner. The study found that Oshi saved $10,292 per patient, per year in avoidable testing, procedures, ER visits, and medication utilization. Moreover, 92% of patients reported symptom improvement, and 98% of patients were satisfied with the care they received.

In discussing the study, Oshi CEO Sam Holliday specifically stated, "Without that clinical trial and that cost savings proof, I don't know that we would have been able to convince health plans to cover our care the way they are."

Similarly, most leading vendors in the space have invested in third-party performance studies. For example:

- Patient navigation and advocacy vendor ***Quantum Health*** released a cost-savings impact report that covered its entire book of business from 2018-2022 and indicated an average year-one savings of 5.9% with a 3.3-to-1 ROI.

- ***Accolade,*** a competitor to Quantum Health, provided a study from Aon that validates the company's ability to reduce claims costs. Of note, Aon determined independently that for the populations that implemented Accolade in 2019, Accolade's customers had a 0% trend versus the control group's 8.3%. Moreover, the populations that implemented Accolade in 2018 had a 2% annualized trend as compared to the control group's 6.1% trend.

- Digital musculoskeletal (MSK) leader ***Sword Health*** released a report from Risk Strategies Consulting that indicated a 3.24 gross saving ratio and a 2.24 net savings ratio from its programs. The study also demonstrated that participants in Sword's program have lower utilization of services for MSK disorders and physical inactivity-related chronic conditions such as diabetes and depression.

- A detailed PHTI report on virtual musculoskeletal (MSK) solutions concluded that Sword was a leading ROI generator in the space, with the company having the largest base of clinical evidence of any solution evaluated.

- Another digital MSK leader, ***Hinge Health,*** released a study based on claims data of more than 8,000 health plan members across 136 employers and 46 industries. Based on a methodology validated by an independent actuarial firm, the two-year medical claims analysis evaluated medical care costs and utilization for those who sought care before and after the program enrollment, finding that program participants spent less across all MSK categories, producing a 2.4x ROI, driven by an average reduction of $2,387 MSK in medical claims spend per participant compared to the control group.

- Cardio metabolic digital health leader ***Omada*** released a long-term study showing that members with elevated baseline A1C (≥8%) enrolled in its program experienced clinically meaningful and statistically significant reductions in A1C. Moreover, those with baseline A1C within the goal treatment range (<8%) maintained glycemic stability over one year.

- Importantly, this contrasts to another PTHI study from March 2024, which generally found that "Digital diabetes management solutions in the remote patient monitoring and behavior and lifestyle modification categories do not deliver meaningful clinical benefits, and they increase healthcare spending relative to usual care." Most industry vendors took aim at flaws in the study and its conclusions, as the report indicated only one vendor, ***Virta,*** held promise in improving outcomes (consistent with a variety of peer-reviewed data offered by the company).

- ***Virta*** also was profiled in a study released in November 2024 in *Diabetes Research and Clinical Practice.* The study followed 122 participants over five years to assess the effectiveness of Virta's nutritional ketosis intervention. The study concluded that 61.3% of the study participants sustained 5% weight loss over the five-year period, and 39.5% of participants sustained a 10% weight loss.

We also believe the establishment of a new online database from the Digital Medicine Society (DiMe), announced in late October, will help purchasers gauge which digital health products meet baseline privacy, security, and equity standards, as well as clinical ROI criteria. Of note, DiMe worked with experts from across the digital health ecosystem, including clinicians, developers, regulators, payers, and patient advocates, to create the framework used to assess digital health tools and award a DiMe Seal to those that meet its quality standards.

Generating Employer-Level ROI

We also believe it is important to generate ROI at the employer level to further penetrate the broader payer marketplace (e.g., fully insured lives, Medicare Advantage, and Managed Medicaid), which is a critical long-term growth driver for the digital health space, in our view.

Here, we believe the savviest digital health operators first look to prove their value with employers (either through direct relationships or sold via a health plan partnership to ASO books of business) so that payers can analyze data and determine if it is appropriate for their at-risk lives.

Utilization-Based Pricing Models

We also believe today's buyers are more focused on utilization-based pricing models over per-member, per-month (PMPM) fees based on an entire population. Overall, we view these utilization-based models as more goal-congruent between parties, as vendors get paid only when they engage users and deliver value. Accordingly, this creates a large need to be sophisticated at driving awareness and utilization of the digital health benefit across an employee population. In turn, we also believe that digital health vendors must work with customers up front to secure marketing access to users (with direct mailings and email marketing the best means to do so, in our view).

We also believe the most innovative vendors are even moving toward **outcomes-based pricing models**. For example, ***Sword Health***, a MSK digital and AI-care based physical therapy platform, recently switched from engagement-based pricing to outcome-based pricing. More specific, the company now bills its clients the full amount for a service *only if a participating employee's health improves*, and under the program there is no limit on the time or the number of sessions it can take to achieve this. *In our view, this is the most goal-congruent of all pricing models, and we expect more organizations—as long as they have the confidence in their solutions—to move toward this model over time.*

Importance of Fully Integrated Solutions

Lastly, regarding the digital health offerings experiencing the most demand, we continue to believe that fully integrated offerings, along with patient navigation providers with curated partner ecosystems, are more likely to capture share going forward. We also believe those solutions that are critical pain points (e.g., weight-loss, cancer care, and MSK) or in high demand from employees (e.g., mental health and family planning) are well positioned for growth.

As discussed earlier, post the COVID-19 digital health adoption boom, many solutions went unused by employees as they were disparate and unconnected. Moreover, benefit managers began to struggle with multiple vendor relationships and the need to work within plan designs to make all of these disparate solutions work in harmony.

In turn, this became a major industry issue over the next several years, with "60% of employers feeling overwhelmed about the complexity of managing their benefit programs, as the amount of time spent on vendor negotiations, communications, contracting, education, and relationship management escalated materially," according to a survey of 1,000 HR leaders from the Society for Human Resource Management (SHRM).

Similarly, a survey published by Quantum Health found that 69% of large employers are "worried about siloed care experiences for employees." This same report also found that 60% of employers are concerned about a lack of integration between vendors.

Again, this fatigue has impacted employees who were overwhelmed with the various vendors and points of contact for each distinct solution. They often failed to fully understand the scope of their benefits (including not knowing that certain benefits even existed), let alone how to effectively access them and link together these solutions to optimize care and lower costs.

Accordingly, we believe the market will continue to demand more comprehensive digital and in-person health and benefits offerings—solutions that are not only broad but that can also serve as a centralized hub for care coordination and overall benefit education (and can direct users to the appropriate digital health solution at a specific time of need/urgency). We expect this to drive a continued wave of consolidation in the space, as incumbent providers either partner with, or acquire, solutions to meet these novel employer demands or to further their distribution for existing solutions—a topic we address in the following section.

However, in regard to share shifts, we believe this may still take a bit of time to play out, as industry data indicates that some contracts are fairly long-term in nature. For example, according to the recent PHTI survey, 36% of all digital health contracts have 3- to 5-year terms, with 3% greater than 6 years in length.

Still a Market for Key Point Solutions—Mental Health, MSK, Family Planning, GLP-1

Lastly, we still believe a large market still exists for some point solutions—especially those that address major (or emerging) pain points for plans and employers (e.g., MSK, family-building, mental health, and more recently, GLP-1 drugs and cardiometabolic conditions). These tend to be major pain points for employers with a younger population base (or are areas of significant demand from workers), and we believe such solutions will continue to see strong support in the marketplace (with sales either flowing direct to employers or via health plan partners or navigation providers that have curated ecosystems of preferred partners).

As an example, we highlight a recent Harris poll conducted for *Fortune Magazine* (Fertility Benefits Are a Major Weapon in the War for Talent) that indicates that 45% of workers say that ***fertility coverage*** is an important factor when choosing where to work. HR Executive also recently published an article titled "Fertility benefits for employees: Why this is a business imperative," which in our view, again indicates a significant focus on this issue for employers. And Mercer's final 2024 health benefits report from November indicates that coverage for fertility treatment increased to 47% of all larger employers in 2024, with the largest U.S. employers covering these services at a rate of 70%. Moreover, in the report, the authors noted that, "Fertility benefits have become table stakes for employers wanting to offer comprehensive, inclusive benefits."

Similarly, an earlier Mercer study found that 94% of larger employers (500 or more employees) reported that they have strengthened their coverage for ***mental health care,*** increased support, or put in place new programs or systems to help in the last three years. In addition, a UnitedHealthcare report recently highlighted that ***MSK*** is the costliest condition for employers. Moreover, 75% of those affected by MSK issues are Gen X and baby boomers—who make up the majority of today's workforce and thus make this a major pain point for employers.

To conclude, we highlight another PHTI survey result that highlights other common clinical indications that purchasers are interested in, both over the past few years and looking toward 2025 (shown in the exhibit below). In our view, ***this again indicates that several areas—including cardiometabolic condition management, mental health, family planning, and preventive health and primary care—should continue to experience strong demand going forward.***

Exhibit 9
Digital Health Mosaic
Future Clinical Indication Focus Areas

	Common Clinical Indications in Past Two Years	Common Clinical Indications Prioritized for the Next Year
Diabetes	**65%**	53%
Primary Care	**62%**	46%
Mental Health (e.g., Anxiety, Depression)	**56%**	50%
Preventive Care	**56%**	51%
Cardiovascular	**54%**	47%
Asthma and Other Respiratory Conditions	**43%**	31%
Obesity	**42%**	41%
Women's Reproductive Health and Fertility	**39%**	30%

Source: Peterson Health Technology Institute

Data from the same survey, broken down by purchaser, also shows largely consistent purchasing patterns. However, there is some divergence in the most common areas of investment; for example, health plans have overindexed on investments in diabetes management, while employers appear more focused on investments in areas like mental health and primary care (as shown in the exhibit below).

Exhibit 10
Digital Health Mosaic
Clinical Indications Purchasers Have Offered or Covered

	Total	Health Plans	Employers	Health Systems
Diabetes	**65%**	78%	57%	60%
Primary Care	**62%**	56%	73%	58%
Mental Health (e.g., Anxiety, Depression)	**56%**	57%	70%	38%
Preventive Care	**56%**	61%	54%	53%
Cardiovascular	**54%**	66%	39%	56%
Asthma and Other Respiratory Conditions	**43%**	55%	40%	34%
Obesity	**42%**	63%	28%	34%
Women's Reproductive Health and Fertility	**39%**	43%	44%	28%

Source: Peterson Health Technology Institute

Private Market Funding, M&A Activity Support Healthy Long-Term Market Growth

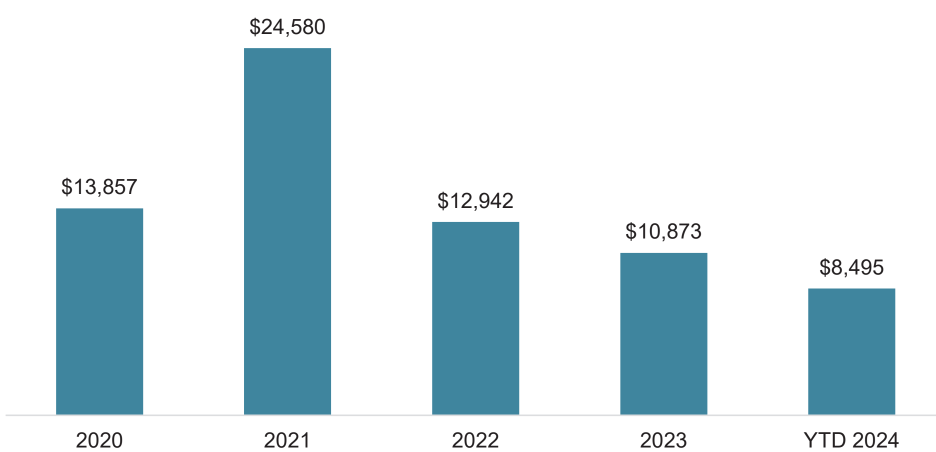
Influx of Capital

Funding in the digital health marketplace has been somewhat of a rollercoaster ride over the past decade. Leading up to 2020, both the number of deals and total funds flowing into the space were increasing nearly every year. Then, ***in the three years following the pandemic, investors nearly doubled the amount of invested capital from the cumulative eight years before that,*** according to data from Rock Health.

Since then, however, the market has experienced several consecutive years of declining deals and total funding into the space—a trend that has been fairly consistent across all healthcare verticals, in our view, mainly driven by a rising interest rate environment.

Using deal count to date (through the third quarter 2024), we estimate 2024 total deals of around 638, a significant decrease from the 1,185 deals in 2021, and a 33% decrease from just last year. Moreover, according to PitchBook data, total capital invested has fallen from $24.6 billion in 2021 to $10.9 billion last year (shown in exhibit 11 below) and roughly $8.5 billion year-to-date in 2024. Still, there are several notable trends that reflect an improving fundraising environment, in our view.

Exhibit 11
Digital Health Mosaic
Total Capital Invested, Yearly
$ in thousands



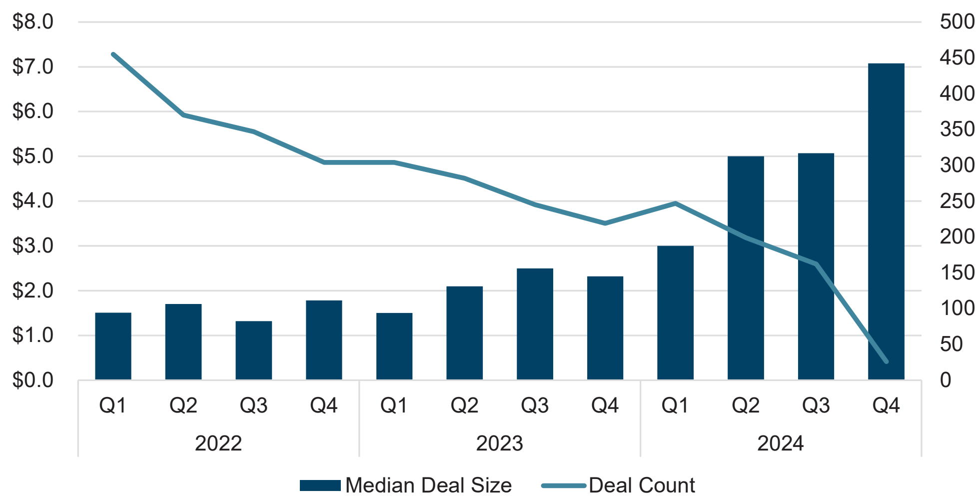
Note: Filtered for keywords "digital health", "digital healthcare", and verticals "digital health"
Source: PitchBook Data, Inc.; William Blair Equity Research

Focus on Investing in Larger, More Profitable Entities

First, it appears that investors have a heightened focus on investing in larger, more profitable entities instead of putting their dollars at risk with less certain, emerging providers with minimal operating history.

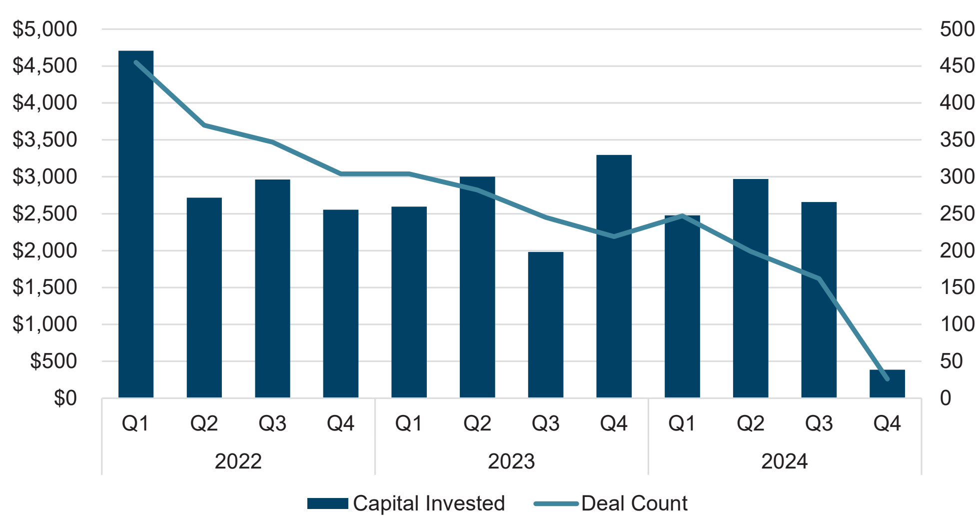
More specific, while the deal count has consistently decreased every quarter since the beginning of 2022, the median deal size has increased. For instance, the ***median deal size is up nearly three-fold since first quarter 2022,*** while total quarterly deal count is down nearly two-thirds (66%) during the same period (e.g., first quarter of 2022 had just over 400 deals completed versus just 139 as of last quarter). These dynamics are shown in the exhibits below.

Exhibit 12
Digital Health Mosaic
Median Deal Size Versus Deal Count
$ in millions



Note: Filtered for keywords "digital health", "digital healthcare", and verticals "digital health"
Source: PitchBook Data, Inc.; William Blair Equity Research

Exhibit 13
Digital Health Mosaic
Total Capital Invested Versus Deal Count
$ in millions



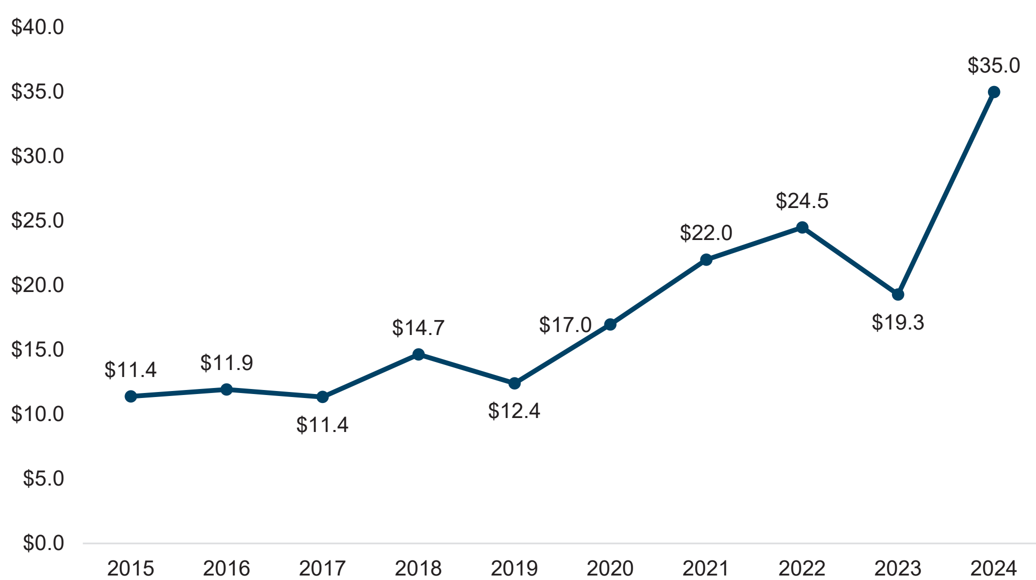
Note: Filtered for keywords "digital health", "digital healthcare", and verticals "digital health"
Source: PitchBook Data, Inc.; William Blair Equity Research

Pre-money Valuations Returning to Peak Levels

Second, pre-money valuations are going back to peak levels. Despite the previously discussed valuation compression in the public markets, private valuations appear to have had the opposite reaction. Health tech valuations have rebounded toward peak levels.

From our analysis of PitchBook data, we found that total median pre-money valuations—considering all rounds—are now more than two times the median pre-money valuations in 2020 (exhibit below). Interestingly, these record valuations are coming after valuations dipped modestly last year.

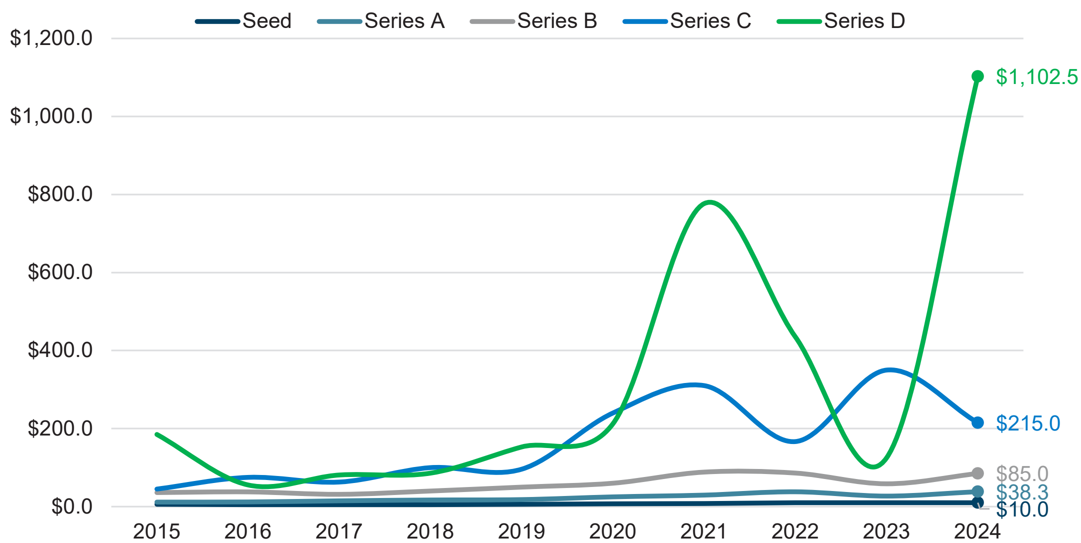
Exhibit 14
Digital Health Mosaic
Total Median Pre-money Valuations
$ in millions



Source: PitchBook Data, Inc.; William Blair Equity Research

This trend of peak median pre-money valuations is also largely consistent across nearly all funding stages; despite a few stages (e.g., the massive spike in series D valuations) skewing the overall valuation metrics. Again, we believe the spike in series D valuations speaks to the larger more-established operators capturing the bulk of venture dollars (and investor interest) in recent quarters.

Exhibit 15
Digital Health Mosaic
Median Pre-money Valuations by Round (in millions)



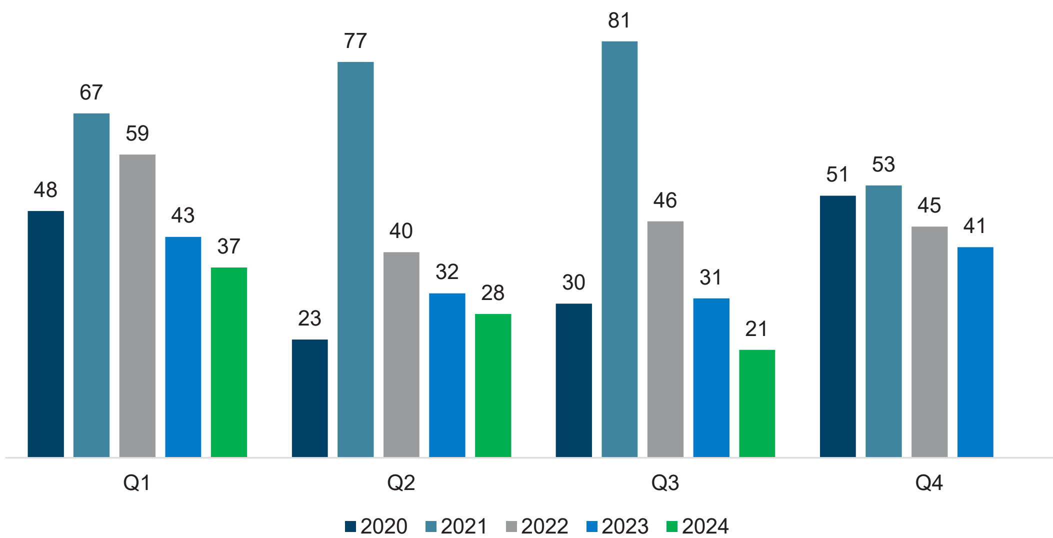
Source: PitchBook Data, Inc.; William Blair Equity Research

M&A Activity and IPO at a Glance
In 2024, the digital healthcare mergers and acquisitions market also has been relatively lackluster, though M&A activity typically increases when interest rates are low, as capital is less expensive and entities are more willing to use M&A as a growth strategy. Thus, as interest rates begin to fall, we believe organizations will return to the M&A market as another growth avenue over the coming quarters.

To this end, we found a recent comment from HealthStream's chairman and CEO, Bobby Frist Jr. (made during the company's late October earnings call) as insightful: "Now, while the M&A markets in healthcare technology have been slower than usual over the past 18 months, ***we expect to see them begin to pick back up in the next 12 months*** [emphasis added]."

Overall, the M&A deal count has remained lower than previous years; according to Rock Health data, the cumulative M&A deal count between first quarter and third quarter of this year was 86, versus the 147 total deals last year and 190 in 2022—as shown in the following exhibit.

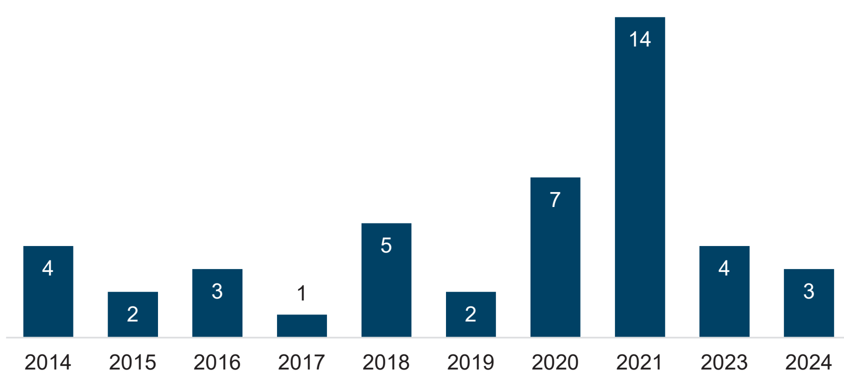
Exhibit 16
Digital Health Mosaic
Quarterly M&A Activity



Source: Rock Health

Similarly, when looking at public offering activity, the digital health market has seen only a sparse amount of activity (and has seen a slower rebound than other sectors). We believe this is likely a reflection of overall investor sentiment on the space, investor focus on sectors outside of digital health, and a focus on larger, more profitable entities coming to market given current investor expectations for new issuers.

Exhibit 17
Digital Health Mosaic
Digital Health IPO Deal Count



Source: PitchBook Data, Inc.; William Blair Equity Research

Again, underlying trends point to a healthy M&A marketplace. More specific, with the dynamic of a smaller total deal count and high valuations, we believe there are likely a few scenarios playing out.

1. Consolidation in the industry has declined as companies preserved cash and waited for more reasonable valuation expectations from sellers.

2. However, following the market correction, some organizations are now rising above others (especially when assessing recent valuations), given demonstrated high organic growth, strong unit economics, recurring sales models, and strong cash conversion cycles.

3. There has been a shift away from point solutions, and more growth opportunities for more integrated platforms have started to spark a new wave of M&A activity in the space.

To the later point, we believe organizations are now using M&A to integrate new features and capabilities into their offerings or to expand their distribution capabilities. Here, Rock Health recently labeled this trend as the "tapestry" movement, describing it as such: "like weaving a tapestry, these deals stitch together different solutions to create offerings that are more robust and address a broader range of customer needs."

We also believe many of the digital health point solutions with limited use-cases are now being combined into broader platform offerings. Again, we view many of these solutions as products, versus sustainable companies, and accordingly believe the consolidation of these entities is healthy for the marketplace.

We also believe recent deal activity in the digital health space suggests that M&A participants are emphasizing market positioning and are focused on building up more comprehensive offerings to compete with legacy healthcare players.

Here, we believe a recent quote from DarioHealth CEO, Erez Raphael, discussing the organization's recent M&A transaction, summarizes this dynamic well:

> The digital health market is transforming from single-solution companies that want to "do it all" solo to scalable, combined offerings that drive efficiency for both vendors and clients.
>
> In Dario's case, the Twill acquisition not only contributed to a more comprehensive product offering, but it also accelerated our path to profitability. The decision to build versus buy was straightforward for us. Given the capital requirement and the time it takes to build, the buy option was much more attractive.

Recent Deal Spotlight and Detailed Funding and M&A Activity

We conclude this section by first highlighting the top-20 recent financing rounds in the exhibit that follows. We then continue with some specific examples of leading M&A and fundraising activity in the market thus far in the first three quarters of 2024.

Exhibit 18
Digital Health Mosaic
2024 Top-20 Funding Rounds

Companies	Deal Date	Deal Size ($M)	Series	Investors
Doc.com	5-Jan-2024	$300		Silver Rock Financial
Innovaccer	2-May-2024	$250	Series F	Kaiser Permanente, Mubadala Capital, Patni Financial Advisors
Foodsmart	12-Jul-2024	$200	Series D	The Rise Fund
Abridge	22-Feb-2024	$150	Series C	ApSTAT Technologies, Bessemer Venture Partners, CVS Health Ventures, Digital Innovation Fund, Gaingels, IVP, Kaiser Permanente Ventures, Lightspeed Venture Partners, Mana Ventures, Mass General Brigham, Nvidia, Redpoint Ventures, Spark Capital, Union Square Ventures, Wittington Ventures
Maven Clinic	16-Aug-2024	$150	Series F	Dragoneer Investment Group, General Catalyst, Icon Ventures, Lux Capital, Oak HC/FT, Sequoia Capital, StepStone Group
Zing Health	25-Sep-2024	$140		CRG, First Trust Capital Partners, Health2047, Health2047 Capital Partners, Leavitt Equity Partners, Newlight Partners, Town Hall Ventures
Vi Labs	28-Jun-2024	$131		Alpha Partners, Anfield Ltd, General Atlantic, J.P. Morgan, Savano Capital Partners
Sword Health	4-Jun-2024	$130		Lince Capital, Oxy Capital
Talkiatry	20-Jun-2024	$130	Series C	Andreessen Horowitz, Blisce, Gaingels, General Catalyst, Left Lane Capital, Perceptive Advisors, Regent Healthcare, Y Combinator
Transcarent	6-Mar-2024	$126	Series D	7wireVentures, Ally Bridge Group, Alta Partners, General Catalyst, Geodesic Capital, Human Capital, Kinnevik, Leaps by Bayer, Memorial Hermann Foundation, Merck Global Health Innovation Fund, Threshold Ventures
Rula	15-Jul-2024	$125	Series C	
Zephyr AI	13-Mar-2024	$111	Series A	Echo Investment Capital, Eli Lilly and Company, EPIQ Capital Group, Jeffrey Skoll, Revolution
Advantia Health	26-Jun-2024	$100		
Brisk Health	16-Sep-2024	$100		
Headway (Managed Care)	12-Jul-2024	$100	Series D	Accel, Andreessen Horowitz, Forerunner Ventures, Global Founders Capital, Spark Capital, Thrive Capital
Spring Health	31-Jul-2024	$100	Series E	Generation Investment Management, Kinnevik, Northzone Ventures, RRE Ventures, The William K. Warren Foundation
Amino (Information Services (B2C))	22-May-2024	$90	Series B	Commerce Ventures, North Woodmere Capital, Oxford Finance, Red Swan Ventures, Transformation Capital, WTI
K Health	23-Jul-2024	$88		Atreides Management, Claure Group, Mangrove Capital Partners, Pablo Legorreta, Valor Equity Partners
Grow Therapy	8-Apr-2024	$88	Series C	Anna Kendrick, Dak Prescott, Goldman Sachs Asset Management, Joe Burrow, Jrue Holiday, Lauren Holiday, Lily Collins, Plus Capital, Polymath Capital Partners, Sequoia Capital, SignalFire, TCV, Transformation Capital
Lore Health	9-May-2024	$80		Polaris Ventures

Note: Filtered for keywords "digital health" and related keywords

Source: PitchBook Data, Inc.; William Blair Equity Research

Recent Funding
Below, we highlight notable private operators that raised growth funding during the past year.

- In early May, Kaiser Permanente, a leading healthcare payer, led a $250 million investment round in ***Innovaccer.*** Innovaccer has developed a cloud-based software that integrates directly with electronic health record systems. The platform ultimately provides healthcare providers with a comprehensive view of their patients' health status. This financing round valued Innovaccer at approximately $2.5 billion, which is a slight decrease from its peak valuation of $3.2 billion in 2021.

- Telenutrition platform, ***Foodsmart,*** also recently raised $200 million fled by The Rise Fund. The organization offers nutrition counseling to patients struggling with conditions such as obesity, diabetes, hypertension, and high cholesterol. Specifically, Foodsmart provides patients with access to health food through an online marketplace of grocers.

- In a series C round in February, ***Abridge*** raised an additional $150 million led by Lightspeed Venture Partners. Abridge is a leader in generative AI for clinical documentation and essentially converts patient-clinician conversations into structured clinical notes in real time. This round came just four months after a $30 million series B round. Lastly, other new and existing investors from the round included Redpoint Ventures, IVP, Spark Capital, Union Square Ventures, Bessemer Venture Partners, Wittington Ventures, Mass General Brigham Artificial Intelligence and Digital Innovation Fund (AIDIF), Kaiser Permanente Ventures, and CVS Health Ventures.

- New York-based ***Maven Clinic*** closed on a $125 million round in early October. Maven Clinic is on a mission to "make healthcare work for all of us" and is "relentlessly focused on closing gaps in care for women and families." In essence, the organization offers patients virtual care across their entire reproductive lifecycle—ranging from family planning to pregnancy, surrogacy and adoption, postpartum, and even into menopause. This round was led by StepStone Group, with other participants including General Catalyst, Sequoia, Oak HC/FT, Icon Ventures, Dragoneer Investment Group, and Lux Capital.

- Of note, this capital raise followed the company's well-publicized announcement that it entered into an agreement to offer Amazon employees around the world with virtual family-building care and support services. Amazon previously partnered with ***Progyny*** for fertility benefits (accounting for 670,000 members and roughly 13% of Progyny's sales in 2023) but decided to move the relationship over to Maven starting January 1, 2025.

- ***Sword Health,*** a virtual provider of musculoskeletal care, also was active this year as it recently banked $130 million in a mix of primary and secondary sales. With this new financing round, the organization is now valued at roughly $3 billion, and according to the company, its valuation has now grown roughly 50% from its series D financing round in 2021, when it was valued at $1.8 billion. To date, Sword has raised approximately $340 million.

- ***Talkiatry,*** an organization providing psychiatric care, also recently secured $130 million through an equity and debt financing round, bringing the total raised to date to $245 million. The equity segment of the round was led by Andreessen Horowitz, with participation from Perceptive Advisors, and the debt financing was provided by Banc of California. Of note, according to the release, the funds secured in the series C round "will fuel Talkiatry's continued expansion of its value-based care model for behavioral health, reducing total cost of care, improving health outcomes, and producing real savings for patients, health plans, and health system or provider group partners."

- San Francisco-based ***Transcarent*** closed on a $126 million series D investment round in May that was led by General Catalyst and 7wireVentures. Other participants in the round included new investors Geodesic Capital and Memorial Hermann Health System, with support from previous investors Threshold Ventures, Kinnevik, Ally Bridge Group, Human Capital, Merck Global Health Innovation Fund, Alta Partners, and Leaps by Bayer. Transcarent is a care platform that makes healthcare more accessible and is a platform "that brings together medical, surgery, pharmacy, and mental health care into one place." This round brings total funding for the company to about $450 million at a $2.2 billion valuation.

- In June, ***Headway*** banked $100 million through a series D funding round to expand into Medicare Advantage and Medicaid. Headway is a platform that makes it easier for patients to find a therapist, while also making it easier for therapists to accept insurance. Since inception, the organization has raised more than $321 million, with this new round bringing its valuation to $2.3 billion (up 130% from its previous valuation).

- ***Spring Health*** also recently closed on a series E round totaling $100 million, bringing its valuation to $3.3 billion. The organization was founded roughly eight years ago with an idea to address the global mental health crisis. Since then, the organization has grown to cover more than 10 million lives through more than 450 contracted employers. In addition, Spring Health uses AI to empower more than 10,000 care providers. Lastly, Generation Investment Management led the round with participation from existing investors, including Kinnevik, William K Warren Foundation, RRE, and Northzone.

- ***Grow Therapy*** raised $88 million in a series C round in April. The deal was led by Sequoia Capital, though Transformation Capital, SignalFire, TCV, Plus Capital, Lily Collins, Dak Prescott, Joe Burrow, Jrue Holiday, Lauren Holiday, Anna Kendrick, and Goldman Sachs Asset Management also participated in the round. Since it was founded in 2020, the organization has conducted more than 3 million patient encounters, while achieving an 85 NPS, and significantly reducing symptoms.

Recent M&A

Similarly, in the below exhibit, we highlight a select number of M&A transactions that were completed in 2024.

Exhibit 19
Digital Health Mosaic
Select 2024 M&A Transactions

Companies	Deal Size ($M)	Deal Date	Primary Industry Code	Deal Type
Cotiviti	$5,600	30-Apr-2024	Practice Management (Healthcare)	Buyout/LBO
Endotronix	$675	24-Jul-2024	Enterprise Systems (Healthcare)	Merger/Acquisition
Equiti	$180	15-Mar-2024	Other Healthcare Services	Buyout/LBO
Augmedix	$139	2-Oct-2024	Enterprise Systems (Healthcare)	Merger/Acquisition
Twill	$35	15-Feb-2024	Clinics/Outpatient Services	Merger/Acquisition
Akili Interactive	$30	2-Jul-2024	Other Healthcare Technology Systems	Merger/Acquisition

Note: Filtered for keywords "digital health" and related keywords
Source: PitchBook Data, Inc.; William Blair Equity Research

- Earlier this year, ***Cotiviti,*** a leader in healthcare data analytics and technology, closed on a business recapitalization with Veritas Capital and KKR—where both are now co-sponsors with equal ownership stakes in the organization. Of note, the deal valued Cotiviti at around $11 billion.

- In late August, ***Cloudbreak Health,*** a video remote interpretation services organization, acquired ***Voyce,*** a technology-enabled language services provider. The combined entity was rebranded to Equiti. At its core, Equiti offers "comprehensive language access and other solutions tailored to the diverse needs of underserved and limited English proficient populations." According to PitchBook Data, the deal size is roughly $180 million.

- Washington-based ***Medbridge*** recently acquired Rehab Boost. Rehab Boost is a motion capture and movement-based AI organization, which under the Medbridge umbrella will relaunch as Medbridge Motion Capture.

- ***Augmedix,*** an organization that specializes in ambient medical documentation, was acquired by ***Commure*** in a $139 million all-cash deal, where Augmedix shareholders received $2.35 per share. Of note, this deal follows Commure's October 2023 merger with Athelas for $6 billion.

- ***DarioHealth*** bought ***Twill,*** a mental health application for $10 million in cash, plus 10 million shares of common stock in the form of pre-funded warrants. In conjunction with the acquisition, Dario priced a $22.4 million private placement of convertible preferred stock.

- Similarly, ADHD game developer ***Akili Interactive*** was taken private by ***Virtual Therapeutics*** for roughly $34 million. While Akili had its struggles as a public company, the organization initially came into the spotlight when it received FDA clearance for EndeavorRx, a video game designed to treat pediatric ADHD.

Conclusion

As discussed throughout this report, we believe the long-term growth outlook for leading digital health companies remains strong. However, there appears to be a material disconnect between public (depressed) and private (near all-time high) market valuations. Moreover, we believe the intrinsic value of many public companies is markedly higher than where the current equity price values these companies.

To be fair, initial valuations were unquestionably stretched, and most of these operators came public during a zero-rate environment, one where growth-at-all costs was being rewarded by investors. In addition, emerging competition and too-optimistic initial growth expectations caused many operators to fall well short of their initial intermediate term financial expectations.

Those providers that have survived have, in our view, turned the corner. Nearly all have morphed into cash-flow-positive entities with solid net-cash positions; margins continue to expand and organic growth rates are improving; and we believe the competitive environment is much more rational entering 2025. Yet most stocks are hovering near all-time lows, as investor scar tissue, small market caps and limited liquidity, and general investor malaise continue to weigh on these names.

So while they may no longer be unicorns, we believe they can be phoenixes, rising from the ashes and creating significant long-term alpha generation (either through stock price appreciation or takeouts) for investors willing to take another look at the space.

For more detailed analyses of our covered (public) companies, see our research reports or contact the author of this report at rdaniels@williamblair.com.

Company Profiles

In the section below, we provide brief company profiles of each of the operators highlighted in this report, either mentioned in the text or those in the exhibits above. For more detailed analyses of our covered public companies, see our research reports or contact the author of this report at rdaniels@williamblair.com.

Accolade, Inc. (ACCD)

Key Information
Headquarters: Seattle, WA
Year Founded: 2007
Leadership: CEO Rajeev Singh
Website: www.accolade.com

Company Description: Accolade, Inc. is one of the largest providers of benefit management solutions in the United States. These solutions include advocacy and patient navigation, virtual care, and second opinion services. Accolade primarily serves larger, self-insured employers, providing a single point of contact for both employers and their employees regarding health, healthcare, and benefits. Accolade's platform is personalized and predictive, empowering a consumer-driven approach to healthcare.

Carrot Fertility

Key Information
Headquarters: Sacramento, CA
Year Founded: 2016
Leadership: Founder and CEO Tammy Sun
Website: www.get-carrot.com

Company Description: Carrot Fertility operates a platform dedicated to fertility care, offering a range of fertility health services. The Carrot Fertility platform enables employers to provide personalized fertility benefits to its employees that include various treatments, such as egg freezing, in vitro fertilization (IVF), and family building.

DarioHealth (DRIO)

Key Information
Headquarters: New York, NY
Year Founded: 2011
Leadership: CEO Erez Raphael
Website: www.dariohealth.com

Company Description: DarioHealth Corp. is a digital health organization that operates a platform for managing multiple chronic conditions through digital therapeutics. It offers one-on-one coaching for diabetes, hypertension, weight management, musculoskeletal pain, and behavioral health. DarioHealth in essence provides personalized, evidence-based interventions that utilize precision data analytics, software, and tailored coaching.

Grow Therapy

Key Information
Headquarters: New York, NY
Year Founded: 2020
Leadership: Cofounder and CEO Jake Cooper
Website: www.growtherapy.com

Company Description: As a newer start-up, Grow Therapy is a platform that helps therapists launch their own practices. The company's platform enables independent therapists to establish, operationalize, and scale their own in-network private practices. In detail, Grow Therapy provides these therapists with credentialing, referrals, administrative, and community support services. In addition, Grow offers insurance-covered care to patients, allowing practitioners to reach more patients—thus expanding access to care.

Headspace

Key Information
Headquarters: Santa Monica, CA
Year Founded: 2010
Leadership: CEO Tom Pickett
Website: www.headspace.com

Company Description: With a mission "to improve the health and happiness of the world," Headspace is a meditation app at its core, though the platform also provides training and resources to help improve an individual's overall health and well-being. The company does not employ therapists or provide one-on-one sessions, rather it provides resources to create life-changing habits to support mental health.

Through its offerings, the organization aims to provide support in the following areas: meditation, sleep, stress, and mindfulness. The company operates using a subscription model (paid either monthly or annually), but also looks to partner with employers via its Headspace at Work offering.

Headway

Key Information
Headquarters: New York, NY
Year Founded: 2017
Leadership: Cofounder and CEO Andrew Adams
Website: www.headway.co

Company Description: Headway enables behavioral health providers to accept insurance and expand their practices while improving accessibility to affordable mental healthcare for all consumers. Founded in 2017, the New York-based firm functions as a cross-network platform, bridging together payers, providers, and patients, adding value to each constituent and the network as a whole. For its health plan clients, according to the company, it offers three times more available appointments than typical insurance networks, and offers only a 2-day average period until care delivery after the first contact.

Headway also offers its customers a traditional co-insurance payment arrangement; thus, the customers are only billed when services are provided—a positive, in our view, in light of statistics around treatment adherence. Moreover, Headway mainly serves customers that have commercial insurance, though updated this year, the company announced that it is beginning to accept original Medicare and Medicare Advantage in some states.

Hinge Health

Key Information
Headquarters: San Francisco, CA
Year Founded: 2014
Leadership: Cofounder and CEO Daniel Perez
Website: www.hingehealth.com

Company Description: With a membership base of more than 25 million individuals across roughly 1,300 customers, Hinge Health is a leader in the digital solutions market for joint and muscle pain. Of note, Hinge employs a platform that combines motion technology, wearable pain relief, and access to a clinical care team (made up of physical therapists, physicians, and health coaches) to provide members with pain relief and reduce unnecessary surgeries. As a result of the digital solution, the company has an average reduction in pain per participant of 68%, and a 58% average reduction in depression and anxiety.

Included Health

Key Information
Headquarters: San Francisco, CA
Year Founded: 2011
Leadership: Cofounder and CEO Owen Tripp
Website: www.includedhealth.com

Company Description: Included Health supports patients through their care journey and provides patients access to high-quality clinical care teams. More specific, the Included platform offers its members care guidance, advocacy, and access to personalized virtual and in-person care for everyday and urgent, primary, behavioral health, and chronic and specialty care. This platform now also includes on-demand, in-home support services.

Kaia Health

Key Information
Headquarters: New York, NY
Year Founded: 2016
Leadership: CEO Adam Pellegrini; Founder and President Konstantin Mehl
Website: www.kaiahealth.com

Company Description: A leader in the digital therapeutics space, Kaia Health was founded in 2016 and creates treatments for a range of disorders, including MSK conditions and chronic obstructive pulmonary disease. By using AI and computer vision, the Kaia platform is a low-cost solution for individuals to self-manage their condition with nonpharmacological, digital alternatives. Of note, the platform covers 60 million lives worldwide, has more than 500,000 users, and partners with about 300 U.S. employers.

LifeStance Health (LFST)

Key Information
Headquarters: Scottsdale, AZ
Year Founded: 2017
Leadership: CEO Kenneth Burdick
Website: www.lifestance.com

Company Overview: LifeStance is the largest provider of outpatient mental health services in the United States, and as a unique attribute, the company offers both face-to-face and virtual appointments—an unusual feature for behavioral health providers, which typically focus on one modality or another (i.e., telehealth or in-person), but not both.

At present, the company operates about 550 centers across 33 states, with nearly 7,000 employed providers utilizing the platform to deliver care via an in-network model that makes comprehensive outpatient mental healthcare highly accessible and affordable to patients in need. More specific, and as discussed above, the company utilizes a hybrid approach, where clinicians have the option to work on-site (in a LifeStance-owned center) or provide care virtually.

Lyra Health

Key Information
Headquarters: Burlingame, CA
Year Founded: 2015
Leadership: Cofounder and CEO David Ebersman
Website: www.lyrahealth.com

Company Description: Lyra was founded in 2015 by David Ebersman (former CFO of Facebook) and has grown to become one of the leading mental health providers in the B2B space. At its core, the company aims to reduce barriers to receive care as it follows a methodical process to treat patients. First, patients receive personalized care options, and after selecting an option, they can schedule appointments online and choose to meet in-person or via live video. Along the care journey, the patient learns new coping skills and exercises to deal with everyday challenges. Lastly, patients can access a dashboard to track and measure their progress. As patients have the option to receive care either in-person, over live video, or via live messaging, Lyra members only wait an average of 2 days to see a provider (compared to the national average of 21 days).

Besides offering general mental healthcare services, Lyra also offers its members care for the following areas: 1) family care; 2) preventive care; 3) moderate needs; 4) complex care; and 5) global support. As a result of these offerings and high quality of care, members see marketed improvement in outcomes.

Maven Clinic

Key Information
Headquarters: New York, NY
Year Founded: 2014
Leadership: Founder and CEO Kate Ryder
Website: www.mavenclinic.com

Company Description: Maven is one of the largest virtual clinics focused on women's and family health. It provides continuous, holistic care for fertility and family building, covering areas such as maternity, parenting, pediatrics, and menopause. Maven partners with employers and health plans to reduce costs, improve maternal health outcomes, and enhance diversity, equity, and inclusion in benefits programs.

Mindoula

Key Information
Headquarters: Silver Spring, MD
Year Founded: 2013
Leadership: Founder and CEO Steve Sidel
Website: www.mindoula.com

Company Description: Mindoula is an innovative population health management company that provides data-driven, team-based behavioral health support across the entire continuum of care. Mindoula partners with payers, health systems, hospitals, and primary care practice groups to enhance existing capabilities by integrating behavioral health with medical care.

Specifically, the organization deploys teams that include case managers, care managers, community health workers, peer support specialists, and psychiatrists to offer around-the-clock support to complex and underserved behavioral health populations.

Modern Health

Key Information
Headquarters: San Francisco, CA
Year Founded: 2017
Leadership: Founder and CEO Alyson Watson
Website: www.modernhealth.com

Company Description: Modern Health is an employer-focused provider delivering a fully integrated ecosystem of mental health solutions designed to drive clinical outcomes and organizational behavior across global workforces. The company leads a preventative, holistic approach to mental healthcare in the workplace, enabling employees to seek and receive a comprehensive care plan before crises emerge. More specific, Modern Health equips employers and their health plan members with well-being assessments, self-service wellness kits, and a global network of certified behavioral health coaches and licensed therapists.

Noom

Key Information
Headquarters: New York, NY
Year Founded: 2008
Leadership: CEO Geoff Cook
Website: www.noom.com

Company Description: Noom operates a digital health platform based on psychology, focusing on nutrition and exercise coaching. Its mobile application integrates exercise coaching and artificial intelligence to offer programs aimed at promoting behavioral change. This approach helps users manage and prevent chronic conditions like obesity, pre-diabetes, diabetes, and hypertension.

Omada Health

Key Information
Headquarters: San Francisco, CA
Year Founded: 2011
Leadership: Cofounder and CEO Sean Duffy
Website: www.omadahealth.com

Company Description: Omada Health is a digital care company that offers innovative and clinically effective digital health programs to empower individuals to engage in their health and lead healthier lives. The program is personalized to meet each participant's unique needs as they evolve, ranging from diabetes prevention, type 2 diabetes management, hypertension, behavioral health, and musculoskeletal issues. Omada combines professional health coaching, connected health devices, real-time data, and personalized feedback to deliver clinically meaningful results.

OncoHealth

Key Information
Headquarters: Atlanta, GA
Year Founded: 2009
Leadership: CEO Rick Dean
Website: www.oncohealth.us

Company Description: OncoHealth is a leading digital health company that assists health plans, employers, providers, patients, and researchers in navigating the physical, mental, and financial complexities of cancer through technology-enabled services and real-world data analytics. The organization employs a software and services platform that "combines oncology value management services with virtual cancer care to ensure people with cancer are getting the most appropriate treatment and supported through the duration of their treatment" and offers services including 24/7 oncology nursing, mental health, nutrition, and resource navigation.

OncoHealth currently supports more than 12 million individuals and works with more than 9,000 providers and roughly 18 health plans.

Personify Health

Key Information

Headquarters: Providence, RI
Year Founded: 2004
Leadership: CEO Chris Michalak
Website: www.personifyhealth.com

Company Description: After the recent merger of Virgin Pulse and HealthComp, the combined entity rebranded as Personify Health. Personify Health aims to tackle the rising costs and complexities of healthcare by moving away from a one-size-fits-all approach. The organization ultimately "provides personalized, holistic, and powerfully simple health solutions" to its members, and empowers them to "lead healthier lives." With a one-stop-shop-like approach, the organization offers solutions related to well-being, navigation and advocacy, care and condition management, cost containment, patient acquisition, health communications, and third-party administration.

Progyny, Inc. (PGNY)

Key Information

Headquarters: New York, NY
Year Founded: 2008
Leadership: CEO Peter Anevski
Website: www.progyny.com

Company Description: Progyny is an innovative solution for fertility, family-building, and women's health benefits; the company partners with employers, health plans, and benefit purchasers to provide comprehensive support. Progyny's services cover every stage of life, including preconception, fertility treatments, and family-building options like IVF, IUI, adoption, and surrogacy. Its offerings also extend to pregnancy, postpartum care, return-to-work support, and menopause. In addition, Progyny aids patients through concierge support, coaching, education, and digital tools, while also providing access to a network of fertility and women's health specialists who utilize the latest scientific advancements and technologies. In essence, the model aims to improve clinical outcomes and reduce healthcare costs.

Quantum Health

Key Information
Headquarters: Dublin, OH
Year Founded: 1999
Leadership: CEO Zane Burke
Website: www.quantum-health.com

Company Description: Founded in Columbus in 1999, Quantum Health is a leading consumer navigation and care coordination company serving the healthcare needs of self-funded public and private sector employers across the U.S. The company leverages its background in consumer behavior and a deep understanding of how people experience healthcare to drive patients toward the optimal journey across the healthcare system. The company also has developed an ecosystem of care delivery partners to help effectively manage the use of specialty care solutions.

RecoveryOne

Key Information
Headquarters: Walnut Creek, CA
Year Founded: 2014
Leadership: CEO Mark Luck Olson
Website: www.recoveryone.com

Company Description: The RecoveryOne platform provides personalized programs that combine digital therapy and live coaching to reduce costs and accelerate recovery. The RecoveryOne platform includes diagnosis-specific software that guides patients through individualized rehabilitation using audio, video, and text instructions. RecoveryOne's comprehensive care includes virtual MSK triage, tailored physical therapy programs, dedicated therapists, and one-on-one health coaching.

SonderMind

Key Information
Headquarters: Denver, CO
Year Founded: 2014
Leadership: Cofounder and CEO Mark Frank
Website: www.sondermind.com

Company Description: SonderMind is a telebehavioral health service that connects individuals of all payer types (or those without coverage) with licensed mental health professionals for virtual or in-person visitations. SonderMind charges on a per-session basis, which may be entirely covered through insurance. Of note, the company's proprietary technology employs a matching algorithm based on a brief questionnaire, a similar feature to that of Talkspace and BetterHelp.

Spring Health

Key Information
Headquarters: New York, NY
Year Founded: 2016
Leadership: Cofounder and CEO April Koh
Website: www.springhealth.com

Company Description: Spring Health leverages a proprietary, digital platform (Precision Mental Healthcare) that offers employers and health plans clinically proven ML models that can help accurately assess their employees/members' individual behavioral care needs. More specific, the company collects a comprehensive set of data on each individual (symptoms, family history, SDOH, personal preferences, socio-demographic data, diagnostic info, etc.) and then leverages ML to compare that data to hundreds of thousands of other data points to derive high-value care plans. These care plans are then used by the company's care navigators to guide individuals to the right care—ranging from coaching and meditation to therapy, medication, or other services. According to the company, more than 2 million employees worldwide currently have access to Spring Health via a variety of partnerships with employers and leading health plans.

Sword Health

Key Information
Headquarters: New York, NY
Year Founded: 2014
Leadership: Cofounder and CEO Virgílio Bento
Website: www.swordhealth.com

Company Description: Sword Health developed an AI-powered digital therapeutic system that is designed to aid with MSK healthcare needs. Sword's platform provides patients with in-home, interactive, physical rehabilitation exercises that are typically supervised by remote physiotherapists. On a mission to "free 2 billion people from pain," the company boasts a 60% reduction in surgery intent and an engagement rate of roughly five times that of traditional physical therapy. Of note, in September 2024 the company launched the industry's first outcomes-based pricing model, where clients only pay the full cost when members achieve measurable results.

Talkiatry

Key Information
Headquarters: New York, NY
Year Founded: 2020
Leadership: Cofounder and CEO Robert Krayn
Website: www.talkiatry.com

Company Description: Another emerging player in hybrid-behavioral health (virtual and brick-and-mortar offerings) is Talkiatry, a psychiatry-focused, medication management provider. Although relatively new to the space—launched in just 2020—Talkiatry has already expanded its partnership to over 60 payers, including large plans (e.g., UNH, Aetna, BCBS) and even Medicare and Medicaid. While much less expansive in reach than its larger competitors (i.e., 26,000 visits compared to millions for Cerebral, Headway, etc.), the founders argue a more favorable value proposition for its consumers. Through less restrictive payer contracts, Talkiatry is able to avoid common restrictions such as visitation limits and cost-sharing.

Talkspace, Inc. (TALK)

Key Information
Headquarters: New York, NY
Year Founded: 2012
Leadership: CEO Jon Cohen, M.D.
Website: www.talkspace.com

Company Description: Founded in 2012 by a husband-and-wife team that experienced the benefits of therapy firsthand, Talkspace has grown to become one of the largest, if not the largest pure-play provider of virtual behavioral healthcare services in the United States. In addition, Talkspace is a virtual-only therapy company that employs both W-2 (full-time) clinicians and 1099 clinicians (contracted); combined, the company employs more than 5,000 licensed clinicians across all 50 states—each of whom was meticulously selected.

Over the past year, the company has been on a mission to pivot its strategy to focus on the B2B segment (which includes EAP), versus the DTC, which used to be more of a priority. As of the most recent earnings release, Talkspace had about 8,600 DTC members on the platform, 158.1 million eligible lives, and completed 316,400 payer sessions.

Interestingly, we believe Talkspace has played a major role with addressing the mental health stigma. For example, Talkspace is known to partner with well-known celebrities and athletes like Demi Lovato and Michael Phelps, who have both been major advocates within the industry.

In our view, one of Talkspace's biggest differentiators is its matching algorithm—the company recently rolled out a new and improved matching algorithm. During the matching phase, algorithms are conducted to match specific patient needs with therapists, which is done using artificial intelligence (AI) and machine learning (ML).

Teladoc Health (TDOC)

Key Information
Headquarters: Mountain View, CA
Year Founded: 2013
Leadership: Teladoc CEO Chuck Divita, III
Website: www.teladochealth.com

Company Description: Teladoc Health is one of the largest, if not the largest provider of telehealth services in the United States. More specific, the company uses its technology platform to provide care through its two segments: Integrated Care and BetterHelp. Through the integrated care segment, the company offers virtual medical and chronic care services; BetterHelp includes virtual mental health services.

Similar to Talkspace, BetterHelp utilizes a process to match its patients with one of its licensed therapists on the platform. After a patient fills out a questionnaire, the technology stack analyzes the data to match the patient with a given therapist. Once the matching process is complete, the patient can message the therapist 24/7 via the website or mobile app. If the patient is unhappy with the therapist, the patient can request a new therapist.

The Lactation Network

Key Information
Headquarters: Chicago, IL
Year Founded: 2016
Leadership: CEO Sarah Kellogg Neff
Website: www.lactationnetwork.com

Company Description: The Lactation Network (TLN) is an organization that serves new families by connecting them with international board-certified lactation consultants (IBCLCs)—medical professionals that help "parents protect their health and feed their babies." TLN also works with health plans, employers, and healthcare providers to verify insurance benefits.

After the introduction between the IBCLC and the family, the consultant meets with the family, either in-person or via telehealth, to address questions and troubleshoot breastfeeding issues such as latching difficulties, milk supply concerns, pumping techniques, and painful breastfeeding.

Vida Health

Key Information
Headquarters: San Francisco, CA
Year Founded: 2014
Leadership: CEO Joe Murad
Website: www.vida.com

Company Description: Vida Health operates a virtual care platform designed to address an individual's overall health by integrating the treatment of mental and physical conditions. Specifically, Vida offers personalized, on-demand health coaching and programs through a network of experienced healthcare providers, including dietitians, therapists, and health coaches. The organization also focuses on chronic conditions such as diabetes, obesity, depression, and hypertension; however, through its cloud-based platform, Vida collects real-time data from over 100 devices and apps and utilizes AI-driven insights to improve care for employers, health plans, and providers.

Virta Health

Key Information
Headquarters: Denver, CO
Year Founded: 2014
Leadership: Founder and CEO Sami Inkinen
Website: www.virtahealth.com

Company Description: The company offers innovative treatment services aimed at reversing type 2 diabetes without the use of medications or surgery. Virta Health utilizes a virtual approach that combines personalized nutrition therapy with continuous provider-led support to eliminate the need for medications, while still losing weight. More specific, the platform combines advanced biochemistry and clinical expertise with data science and digital tools, to help patients sustain lifestyle changes longer.

Vori Health

Key Information
Headquarters: Nashville, TN
Year Founded: 2020
Leadership: Cofounder and CEO Ryan Grant
Website: www.vorihealth.com

Company Description: Vori Health is a holistic healthcare provider that partners with employers and health plans to provide musculoskeletal care and is well positioned to treat a number of back, neck, and other joint conditions. More specific, Vori offers full-service physical medicine and rehabilitation medical care, physical therapy, prescriptions, imaging and lab ordering, health coaching, nutritional guidance, and community support. The organization works with most major payers and accepts Medicare and Medicaid patients as well.

WellRight

Key Information
Headquarters: Chicago, IL
Year Founded: 2013
Leadership: CEO Neepa Patel
Website: www.wellright.com

Company Description: WellRight provides a comprehensive range of essential features, including health risk assessments, fitness device integration, a "pre-built challenge library," health coaching, claims data analysis, biometrics, and a rewards engine. The platform offers a customizable design that allows employers to tailor these offerings to create wellness programs that are relevant to employees.

Appendix A

Exhibit 20
Digital Health Update
Change in Enterprise-Value-to-Sales Valuation Multiple, Digital Health Industry
$ in millions

			EV / Sales	
	Ticker	**Company Name**	**Peak**	**Current**	**Change**
	ACCD	Accolade, Inc.	14.4x	0.6x	(96.1%)
1)	AMWL	American Well Corporation	38.0x	nm	nm
	DCGO	DocGo Inc.	2.6x	0.6x	(75.7%)
	DOCS	Doximity, Inc.	59.8x	17.9x	(70.1%)
	DRIO	DarioHealth Corp.	20.2x	1.6x	(92.0%)
	GDRX	GoodRx Holdings, Inc.	40.5x	2.3x	(94.4%)
	LFST	Lifestance Health Group, Inc.	5.2x	2.5x	(51.9%)
	OPRX	OptimizeRx Corporation	26.1x	1.1x	(95.9%)
	PGNY	Progyny, Inc.	15.1x	1.0x	(93.5%)
	PHR	Phreesia, Inc.	20.3x	2.3x	(88.5%)
2)	SHCR	Sharecare, Inc.	2.7x	1.2x	(56.3%)
	TALK	Talkspace, Inc.	2.7x	2.1x	(22.8%)
	TDOC	Teladoc Health, Inc.	25.1x	0.7x	(97.1%)
	Industry Average		**21.0x**	**2.8x**	**(86.6%)**

1) Current valuation reflects negative enterprise value

2) Acquired by Altaris Capital Partners on October 22, 2024; current valuation reflects takeout price

Source: FactSet; William Blair Equity Research

The prices of the common stock of other public companies mentioned in this report follow:

Accolade, Inc. (Outperform)	$3.79
American Well Corporation	$9.22
DocGo Inc.	$4.29
Doximity, Inc. (Outperform)	$53.41
DarioHealth Corp.	$0.77
GoodRx Holdings, Inc.	$4.95
Lifestance Health Group, Inc. (Outperform)	$7.51
OptimizeRx Corporation (Outperform)	$5.52
Progyny, Inc.	$15.59
Phreesia, Inc. (Outperform)	$21.10
Talkspace, Inc. (Outperform)	$3.47
Teladoc Health, Inc. (Market Perform)	$11.50

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DOW JONES: 44782.00
S&P 500: 6047.15
NASDAQ: 19403.90

Additional information is available upon request.

Current Rating Distribution (as of December 3, 2024):

Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	72	Outperform (Buy)	10
Market Perform (Hold)	28	Market Perform (Hold)	0
Underperform (Sell)	1	Underperform (Sell)	0

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