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Earnings Call

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Call Participants

EXECUTIVES

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Director of Communications

Jennifer Fulk
Chief Financial Officer

Jon R. Cohen
CEO & Director

ANALYSTS

Anna Leigh Kruszenski
SVB Securities LLC, Research Division

Charles Rhyee
TD Cowen, Research Division

Jack A. Senft
William Blair & Company L.L.C., Research Division

Presentation

Operator

Good day, everyone, and welcome to the Talkspace First Quarter 2023 Earnings Conference Call. Today's call is being recorded. [Operator Instructions]

I would now like to turn the conference over to Jeannine Feyen. Please go ahead.

Jeannine Feyen
Director of Communications

Good evening, and welcome to Talkspace's earnings conference call for the first quarter of 2023.

I'm Jeannine Feyen, Director of Communications. I hope you've had the opportunity to access the press release we posted on Talkspace's IR website and the presentation of our earnings results. We'll use this presentation to walk you through today's remarks. Leading today's call are our CEO, Dr. Jon Cohen; and Jennifer Fulk, Chief Financial Officer. Management will offer their prepared remarks, and we'll then take your questions.

Certain measures we'll discuss on this call are expressed on a non-GAAP basis and have been adjusted to exclude the impact of one-off items. Reconciliations of these non-GAAP measures are included in our earnings release and on our website, talkspace.com.

I also want to remind you that we will be discussing forward-looking information today, which may include forecasts, targets and other statements regarding our plans, goals, strategic priorities and anticipated financial results. While these statements represent our best current judgment about future results and performance as of today, our actual results are subject to many risks and uncertainties that could cause actual results to differ materially from what we expect. Important factors that may affect our future results are described in our most recent SEC reports and today's earnings press release. For more information, please review our safe harbor disclaimer on Slide 2.

Now I will turn it over to Dr. Jon Cohen.

Jon R. Cohen
CEO & Director

Thanks, Jeannine, and thank you all for joining us today.

Before I begin with the highlights of the quarter, I would like to start with a reminder of the importance of our mission to provide access to high quality, affordable mental health care at scale. We are very encouraged by the increasing focus we see every day by multiple constituency groups across the nation on the need for more mental health care access, and we are privileged to continue to be a major player to help improve our country's mental health fitness. As you may know, May is mental health awareness month. To highlight the importance of our society's mental health, Talkspace launched a campaign featuring our own members sharing personal stories of how therapy has helped them and published a comprehensive mental health conditions library with vetted therapist authored articles that is now available to all visitors on our website.

Let me now turn to the quarter's highlights. We began the year with a very strong set of results, driven by solid execution across the business, and we made meaningful progress against our 4 strategic priorities. Consolidated revenue grew 11% year-over-year to $33.3 million or 10% versus Q4, driven by a significant acceleration in our payer business, which registered a meaningful increase in sessions driven by higher capture rate, which represents the number of active members as a percentage of covered lives. The increased sessions are driven by multiple factors, including a significant increase in the number of covered lives and increase in awareness that people can access therapy through Talkspace at little or no out-of-pocket costs and an increase in utilization of the service as we continue to make modifications of the product and make it easier for patients to use the service. At the same time, we further reduced our quarterly operating expenses by almost another $2 million. This resulted in a significant improvement in our forecasted adjusted EBITDA for the year and an acceleration of our guidance to breakeven, as I will discuss shortly.

Let me dive into the significant progress we continue to make on our strategic initiatives driven by our commitment to the OKR operational process that I laid out last quarter that focuses on delivering results. Our first priority is to drive payer revenue growth. We are pursuing this by expanding the number of active members who are covered by their behavioral health benefits and their employee assistance plans and by focusing our efforts to make people aware of these benefits. Payer revenue was $14.8 million in the first quarter, up 39% sequentially versus Q4 and up 83% year-over-year. This is driven primarily by an increase in session volumes, which were up 34% sequentially from 128,000 to 172,000 and up 90% year-over-year.

We are thrilled to have added approximately 20 million covered lives year-to-date, including 5 million additional lives in the first quarter from expanding our Optum EAP relationship and recently becoming an in-network provider for a new large national payer for all of their behavioral commercial book of business, which is another approximately 14 million lives. This brings the total of Talkspace covered lives to 112 million people, representing growth of 35 million lives since Q1 2022, up nearly 50%.

In addition to adding lives, our marketing efforts and product improvements meaningfully increased our capture rate in the first quarter by 26% sequentially and over 60% year-over-year. For the remainder of the year, we have line of sight for many more additional lives to be added and an active pipeline with several other national and local payers for additional lives as we expect to expand access to an even broader portion of the U.S. population, including underserved communities. We have become highly efficient at adding lives and have been able to accelerate our pace of implementation as new contracts are signed. The size and scope of our payer network is providing us with the opportunity to develop new partnerships with other health care provider networks that are looking to add mental health services with payer coverage, such as primary care physicians and large health care systems.

Our second strategic initiative is to grow our direct-to-enterprise business. Our DTE business was up 53% year-over-year to $8.7 million and flat sequentially as new customer wins were offset by attrition in legacy accounts. One of my biggest objectives when I first arrived was to rebuild a vigorous and experienced DTE team to continue to aggressively pursue this part of the business. I am happy to announce that we added 5 new folks this quarter, including several seasoned sales executives and someone devoted to the broker consultant channel, which we did not have recently.

We will continue to reinvest some of our SG&A savings in this business to grow the top line. This is very much a work in progress. However, our pipeline of new business remains very strong and continues to grow. This quarter, we launched Talkspace Engage, a mental health engagement suite that helps HR professionals promote mental health awareness internally and drive therapy utilization. We are also continuing to evolve our self-guided library through the addition of new classes and workshops in response to our customers' feedback.

Our third strategic initiative is to be the platform of choice for providers. Year-to-date, we have grown our provider network by approximately 800 therapists, a 26% increase since the beginning of the year. Moreover, we continue to experience incremental gains in productivity as average billable hours for our full-time clinicians have increased by approximately 20% sequentially from Q4. Of course, we remain extremely focused on clinical quality and access metrics. Notably, despite the significant increase in volumes in Q1, our average therapist time to match remained under 10 hours.

The investments we have made in our network are paying off. The changes we have implemented to enhance the provider experience, both in terms of training and support we provide as well as product enhancements are resonating in the therapist community and strengthening our brand. We have made progress on provider satisfaction and retention, reducing provider churn by nearly half in the last 2 quarters. Anecdotally, we are starting to receive more inbounds from therapists who want to join our network, and we have also introduced referral programs.

Our fourth initiative is to continue to achieve profitable growth by driving operational excellence. The team has made substantial progress in driving cost efficiency, shrinking our adjusted cost base by 31% year-over-year, while revenues were up 11% in the same period of time. As a result, we were able to narrow our adjusted EBITDA loss to $6.4 million, down 65% year-over-year. The work to optimize the business platform allowed us to streamline across our entire business and further reduce our labor, media and vendor costs.

I want to mention 2 of our other business categories. In the consumer category, we observed the lowest pace of revenue decline since we started optimizing our media spend in the second quarter of last year. Despite a 6% further reduction in advertising spend in the first quarter, our active consumer base has remained nearly flat since December, a notable improvement versus the 14% consumer user decline registered in the fourth quarter of 2022. Our product enhancements and more targeted marketing efforts have led to a 13% improvement in user retention in the first quarter. We believe these initiatives will result in the next few quarters in the continued stabilization of our consumer category.

Additionally, we have a fast-growing psychiatric business for medication management, which has significant synergies with our core therapy business. This includes over 230 licensed nurse practitioners and physician providers. We do not prescribe controlled substances and mostly prescribe medication for anxiety and depression. 25% of the U.S. population are taking prescription medications for their mental health and the average time to see a psychiatrist is 1 to 3 months. 50% of the U.S. counties have no psychiatrists. Although the majority of our referrals come from the outside of our network, we have begun to develop a process through our large therapist network of about 4,000 therapists to refer to our psychiatry providers for further psychiatric evaluation and prescriptions when necessary. The integration of these 2 businesses provides a comprehensive suite of services when needed, and we see the psychiatry market as a significant opportunity to grow our business.

The result of our strong progress to date has led us to upwardly revise our guidance. For 2023, we now believe we will achieve total revenue in the range of $130 million to $135 million, up from $125 million to $135 million, while narrowing the adjusted EBITDA loss range to $21 million to $24 million for the year as compared to the prior guidance of $28 million to $32 million for the year. Based on this, we now believe we will achieve breakeven adjusted EBITDA by the end of the first quarter of 2024, a quarter earlier than we had initially expected with over $95 million in cash on hand at the time of breakeven.

While continuing with the urgency of our path to breakeven, we are also actively working on a long-range strategic plan, which includes growth initiatives to further expand our leadership position in the rapidly growing mental health care space. Given the significant cash position, we will have flexibility to see compelling investment opportunities to continue to build our business and deliver on our mission. Last quarter, I discussed how mental health has entered the mainstream as no longer a nice to have, but finally is recognized as an integral part of any health care delivery model. We are facing the greatest mental health crisis in history and are witnessing a seismic shift in the way the government, employers and payers are prioritizing need for mental health services.

However, there remains a scarcity of available resources to meet increased levels of demand through traditional delivery models. Talkspace solves this problem with a scalable, accessible and affordable model. Our proven testing platform makes therapy available within hours and live video available within 7 days compared to waitx of weeks with other players. Talkspace has always been at the forefront of this revolution, and we remain committed to advancing our collective mental health solutions, improving our existing products and creating new products and services to better serve our customers. We believe that mental fitness should be a preventative habit in everyday lives as opposed to being a remedial intervention after a crisis.

To conclude, we have made great progress during the first quarter of 2023, building on our strong momentum we established in 2022. Our strategy to shift the business to a B2B enterprise with member growth predominantly through a payer model continues to gain significant traction. With 112 million covered lives, we believe we have the largest payer network for telehealth mental health services in the country.

With that, I'll turn the call over to Jennifer to run through the financials. Jennifer?

Jennifer Fulk
Chief Financial Officer

Thank you, Jon, and good evening, everyone.

My comments today will be based on first quarter results on a sequential quarter-over-quarter basis. I will cover highlights across our financial and operational progress and then give you more context for Jon's comments on our revised 2023 guidance and breakeven time line.

Turning to Slide 5. Total revenue for the first quarter was $33.3 million, a 10% increase over the fourth quarter of 2022. B2B payer revenue increased approximately 39% sequentially to $14.8 million, driven primarily by an acceleration in session volume growth across behavioral health and EAP with sessions growing 34% quarter-over-quarter a few points on the strong revenue growth. As Jon noted, our capture rate was up 26% from prior quarter, demonstrating the exciting progress we made to optimize our marketing efforts across all member acquisitions and to enhance the top of funnel member experience. This is important as it highlights the significant growth opportunity we have in front of us.

We also continue expansion in covered lives and saw an increase in sessions per active user, which also contributed to strong revenue performance. And while we typically experienced strong volume acceleration in the first quarter as the start of the new year comes with renewed focus and investment in personal health, we are very pleased by the sustained levels of new members joining Talkspace through April. Last, we have made significant progress in our revenue cycle management processes. We improved success rates of claims, both through important product adjustments to our claim systems, but also through refined processes and collaboration with payers. We recognized a partial impact of these improvements in Q1, but these efforts will be more meaningful in our financial results going forward.

Moving to the B2B DTE category. First quarter revenue increased slightly to $8.7 million. As Jon mentioned, our work here is in progress, but we are confident in the underlying market demand, the competitiveness of our broad mental health care offering, the powerful tools we've recently launched to support enterprises and the tenured sales executives who are enthusiastically deployed against a vast, but prioritized target list. Regarding the consumer segment, revenue declined 10% sequentially to $9.8 million in the first quarter. Importantly, and as Jon noted, we saw early signs of stabilization with active users nearly flat over the quarter and retention up 13% sequentially.

Moving to gross margin. Total first quarter gross profit grew 4% sequentially to $16.7 million, and gross profit margin ticked slightly lower to 50.2% from 53.5% in the fourth quarter, but slightly higher than the first quarter of last year. The gross margin decline quarter-over-quarter was primarily attributable to revenue mix shift towards the B2B payer category as well as higher member engagement as we had a record number of new members start therapy in the first quarter, and our therapists typically spend more time with a new member as they need to establish the relationship and build a treatment plan. So we expect this effect to normalize going forward as we project a more steady pace of new member acquisition.

Turning to Slide 6. GAAP operating expenses decreased 31% sequentially to $25.8 million. Note that in Q4, we had a onetime noncash impairment charge of $6.1 million. Excluding stock-based compensation and nonrecurring expenses, Q1 expense was approximately $23.5 million, a reduction of $1.9 million on a comparable basis versus Q4, demonstrating significant incremental progress in streamlining our business across our 3 major categories of spend. First, in media, we were able to reduce spend in Q1 as we continue to optimize our media mix with a more robust and agile all-member attribution model.

A couple of examples of customer acquisition efficiencies are, first, through organic search, organic traffic and new member acquisitions through this channel were up significantly, and we have exciting projects underway focused on further improving this channel performance. Second, we continue to evolve our brand messaging to ensure we maintain an identity that is contemporary and relatable as we expand access more and more broadly. We do this by focusing on our members and their journey through therapy. Data from initial efforts show that leveraging our member testimonials is a powerful and highly effective strategy for continuing to grow our brand equity. These examples are part of our unified member acquisition strategy across the marketing and product funnel. The synergies across segments have resulted in a meaningful continued improvement in member acquisition costs over the last 3 quarters.

Regarding corporate infrastructure spend, as we have advanced our operational agenda, we have also reorganized and reduced our corporate headcount. In the fourth quarter, we had streamlined our marketing and G&A functions as we unified our marketing approach. In addition, we recently reorganized our product and technology teams with a leaner approach to our priority product initiatives. These changes will amount to an incremental reduction in headcount-related costs of approximately $800,000 per quarter going forward.

Lastly, in the third-party spend and other corporate expense, we have been aggressive in prioritizing our vendors and reducing contractors work where feasible. Despite streamlining our corporate spend, we have made tremendous progress building our robust internal controls and processes. These meaningful reductions to our cost base and our continued disciplined approach to investments results in what we believe is a highly scalable infrastructure. The operating leverage from our capital-light business model is important as we progress to profitability and execute against our growth ambitions.

Moving to profitability in the quarter. Both revenue growth and reductions in OpEx resulted in a significant improvement in adjusted EBITDA loss by 28% sequentially to $6.4 million in Q1, demonstrating important progress on our path to profitability.

Turning to the balance sheet. We ended the quarter with $125 million in cash and cash equivalents. Cash outflows in the first quarter outpaced adjusted EBITDA by approximately $7 million. This is primarily due to $3.5 million in litigation settlement payments accrued for in the fourth quarter 2022 employee bonus payments and the expansion of working capital driven by the acceleration in B2B revenue growth and the associated longer payment cycle.

Turning to Slide 7. As Jon discussed, we are revising our guidance upwards based on the strong progress in the first quarter and what we believe are sustainable trends that we see thus far in the second quarter. For full year 2023 revenue, we have narrowed our estimated range to $130 million to $135 million, which is the high end of our earlier range based primarily on Q1 results, including the strong payer revenue performance. And for full year adjusted EBITDA loss, we are moving the range up to $21 million to $24 million.

Let me describe the key elements of our revisions. First, we continue to believe payer revenue growth will outpace other revenue categories. This will be primarily driven through continued growth in capture rate, sessions per user as well as expansion in covered lives. As we mentioned earlier, we maintain an exciting and competitive offering in DTE, but as we said, it's likely to take more time for the renewed efforts to evolve. And regarding the consumer category, we expect revenue to stabilize towards the middle of this year, a result of our improvements to the member experience, which is resulting in a higher retention rate. While we are encouraged by the first quarter's stable trends, we remain prudent given the macroeconomic backdrop.

Regarding gross margin, we expect this to remain in the range of Q1 levels as the revenue mix shifts towards B2B payer categories and the higher user engagement is offset by continued product and price optimization, specifically progress in revenue cycle management initiatives. And on OpEx, we believe we have significant operating leverage from our current infrastructure and our operating costs will demonstrate incremental reductions from the actions we have taken, specifically in labor and vendor costs.

Regarding breakeven adjusted EBITDA, we now expect to reach this point by the end of the first quarter of 2024 with more than $95 million of cash remaining on the balance sheet at that time. This is a quarter earlier than we had initially forecasted. The cash balance projection factors in the increase in net working capital expansion required by our growing B2B categories and also the organic investments we will make to continue to grow revenue and enhance profitability over time.

Before we open the call for questions, I'd like to summarize a few points from our remarks. First, we believe our Q1 financial results demonstrate meaningful progress against our operational priorities and our path to profitability. Specifically, the increase in capture rate in the payer category are significant provider

network expansion and our further streamlined expense base. Second, our revised guidance reflects our enthusiasm about the sizable and growing covered member demand and payer coverage as well as our confidence in our operating leverage. Lastly, we believe we have the execution capabilities and financial leverage to continue to grow Talkspace and be a leader in the rapidly growing mental health care services market and deliver long-term value for our shareholders.
With that, we will open the call for Q&A.

Question and Answer

Operator

[Operator Instructions] We'll take our first question from Charles Rhyee with TD Cowen.

Charles Rhyee
TD Cowen, Research Division

You talked about team's stabilization in the DTC segment here. I know your peers talked about kind of stabilizing CAC. Maybe can you talk about what you're seeing there as well? And is this an area potentially if we see stabilization in costs related to customer acquisition that this area, this segment could become a potential for growth to shift back for growth again?

Jennifer Fulk
Chief Financial Officer

Thanks, Charles. So yes, so we mentioned in the first quarter, the early signs of stabilization through the members paying cash out of pocket. I'll come back though with a longer-term approach towards this category of revenue, which is really optimizing our media spend and our investments to acquire new customers across the entire member base. And so it's not a complete apples-to-apples to a historic approach towards this business, and we don't see it as a separate opportunity for us going forward.

Having said that, we are optimizing that spend to ensure we are maximizing the lifetime value and the value to Talkspace. So to the extent that we're able to bring in a further proportion of cash, people paying out of pocket for their therapy, we will certainly optimize those channels and those investments. Our view is we see the biggest market potential in the mental health care space being through further accessibility and affordability as more and more people are paying cash out of pocket, and that's why we -- as they're paying through getting coverage through either their employers or their insurance benefits. And so it's why we're emphasizing and we're so excited by the growth in members leveraging those benefits in the first quarter and actually for the last several quarters.

Charles Rhyee
TD Cowen, Research Division

Great. That's helpful. And Jon, I think you mentioned, right, the big opportunity in terms of number of lives coming on. And I guess I want to tie that in here because when I look at the guidance here, obviously a real positive raise in the guidance, but if I look at it, you're not really calling for much sequential improvement in revenue. And I think if you just annualize the first quarter here, we're kind of right in the middle of the range. Anything to think about in terms of what to expect in the back half -- or sorry, as we move through the rest of this year that might cause -- because it sounds like, Jon, your point is the potential for more members to come on, which I would imagine would lead to sequential improvements in revenue?

Jon R. Cohen
CEO & Director

Sure. So thanks. So first off, yes, we're looking at this relatively conservatively as we remember, only through the first quarter of the year. There's no question that we will be adding significant more lives in the subsequent quarters as we move forward. As we said, we're now up to 112 million covered lives having added, 5 million this quarter, but then we announced adding another 14 million in the first month of this -- of the second quarter. So the lives will continue to grow through a bunch of different channels, and we see a very significant pipeline in the number of lives that will be added throughout the year. The result of that, of course, is given our capture rate, which has now increased 26% this quarter alone, that will have a substantial impact going forward, we believe, on the top line revenue. So the opportunity continues to be there. And as I said, yes, the guidance is now $130 million, $135 million, but we're trying to be conservative as we enter the second quarter.

Charles Rhyee
TD Cowen, Research Division

Great. Just last clarification. Do you have a number of DTE clients for the quarter?

Jon R. Cohen
CEO & Director

We don't give the number of clients of DTE. But I think as you heard on the discussion, we continue to be really bullish on the DTE side. The pipeline is growing significantly. As you know, we've essentially rebuilt that entire organization, adding 5 new people, senior executives -- 2 very senior executives, actually, 3 within the last 4 weeks who have all been trained and are ready to go. We're seeing a lot of momentum on the DTE side. And plus, we're looking at some pretty big enterprise potential clients in the next several quarters that hopefully we'll be able to talk about in Q2 and then into Q3. So we remain pretty bullish on the DTE side.

Operator

We'll take our next question from Stephanie Davis with SVB Securities.

Anna Leigh Kruszenski
SVB Securities LLC, Research Division

This is Anna Kruszenski on for Stephanie. Congrats on the quarter. So first, I actually want to go back to the DTE segment. And I was hoping you could talk about what you're seeing in terms of employer demand trends because our checks have consistently pointed to vendor consolidation around employee benefits packages, given all the point solutions deployed during the pandemic. So just curious if you're seeing any impact of that on new wins in the DTE channel, since you did note some legacy client attrition there?

Jon R. Cohen
CEO & Director

As I'll reiterate is that a lot of people are talking about the macro environment and what's happening. I will tell you that if you look at what the #1 or #2 priority for HR executives, if you go to the meetings and you talk to them firsthand, what they're going to tell you is we need to continue to add mental health services to our employees. There is no lack of interest or need from any of the DTE employers about the need for mental services for their employees. And in fact, I would say we're seeing a significant interest in that.

I had the opportunity recently to go to one of these very large employer conferences and got a chance to walk the halls and talk to people. And the interest in mental health continues to be just incredibly high.. So I think that along with our reinvigoration of what we're doing on the DTE side to be able to look at the pipeline and grow the pipeline, we'll have a significant impact. So I would say and answer to your question is we know what the macro environment looks like, but we haven't seen any really significant impact or really much of an impact on that on our business.

Anna Leigh Kruszenski
SVB Securities LLC, Research Division

Got it. That's very helpful. And then just a quick follow-up, Jon. I was wondering if there's any update on just how you're thinking about the business longer term since being in the CEO seat? And if you could maybe talk about like the biggest lessons learned so far since joining the company?

Jon R. Cohen
CEO & Director

Yes. I would -- so I would say that we and the team really continue to be focused on path to profitability. We said that from day 1, we continue to lean in on that. And as you can see from the upgraded guidance, we've now moved it from the first half of 2024 to the end of the first quarter because we are really focused on profitability. So that's A. B is we've had significant growth as we said we would to move to a B2B enterprise solution, and you're seeing tremendous results on that.

And I would say talking about the DTE side and the stabilization of the consumer side, you've heard. But the whole business in terms of the large environment, as I've said in my comments, there is just no other time like it's been in mental health relative to what everybody is looking for and what the need is. So I would say, one, incredibly -- continue to be incredibly optimistic to really, really happy with the results from both Q4 and Q1 of this year. And as we stated before, we have a very, very significant leverageable model. When you look at the need, the real solution for significant parts of this country is to have a telehealth mental health solution that is large and is scalable compared to every other -- most other options that are out there for therapy.

Operator

[Operator Instructions] We'll take our next question from Ryan Daniels with William Blair.

Jack A. Senft
William Blair & Company L.L.C., Research Division

This is Jack Senft on for Ryan Daniels. I'll reiterate the comments on the solid quarter. So I know you're beginning to pivot your approach from the growth at all cost mindset to more of a focus on cost controls and profitability. The last few quarters, you have said that you reduced headcount and specifically really from third quarter last year to this quarter, and it sounds like -- or at least it sounds like in your prepared remarks. I'm curious, was this the largest contributor to the pretty significant decrease in G&A compared to last year, both sequentially and year-over-year? And then if so, is the headcount ended an okay level now? Or are you planning on reducing headcount even more? I guess I'm just trying to parse out the cadence of G&A and kind of how we should think about that going forward?

Jennifer Fulk
Chief Financial Officer

Thanks for the question, Jack. So we can get into the ledger items, but I would say at a high level, the significant progress we made on infrastructure in the last couple of quarters, so starting late in the third quarter and then finally, with more recent efficiencies and reductions that we made at the end of the first quarter were really results of progressing a lot of our operational capabilities and building infrastructure and then getting leaner and more efficient as we went.

So I would look at -- I mentioned Q1 overall OpEx levels, but the incremental reductions that we've recently made would be an additional $800,000 on a net basis of savings to the bottom line. And I would say between -- from Q3 of 2022 to Q4 into Q1, headcount was a big part of that, but there were several other items I earlier explained across all 3 major categories of our spend. We've talked about media, and I've talked about the efficiencies we've gained there. Outside of that, what has been a pretty large cost for us was in third-party spend contractors, vendors across the business as we were building capabilities to what we've seen now is a really efficient and scalable infrastructure going forward.

Jack A. Senft
William Blair & Company L.L.C., Research Division

Perfect. And then just as a quick follow up, I know that you guys saw an improvement in provider retentions last quarter, and I believe it sounded like it continued into this quarter again. So I guess just more like more higher level, is it more admin burden as to why providers are leaving? Or I guess is there anything specifically to call out as to why this improved? And then just as a quick second part, the providers that we're leaving, were they going to a competitor, possibly starting a new practice or something like that? Not sure if you get that granular, but just kind of curious on what you see here?

Jon R. Cohen
CEO & Director

Yes. So I would say, first off, when somebody leaves, we really don't know where they're going, right. So I don't want to be presumptuous and trying to decide where they go or actually, why they're usually leaving. I mean we do some post surveys. But on the other side of the coin, we've talked about adding 800-plus therapists this quarter. When you think about that, that's a remarkable number for the size and scope of this company and the number of total therapists we have. And the reason that people are coming to Talkspace are pretty clear. One, they get enormous positive feedback in how we treat them. We are very engaged with our therapists. We've got a bunch of focus groups. We know that they like working here. We know they like the flexibility.

We've added -- actually, we've made some recent product modifications to make their lives, what I'll say, even better, not just how they're getting paid, but really more about that. They actually now can help select the type of client that they want to interact with to some degree. So that's a different approach for our matching algorithm. So not only can the member match now, but the therapist also could match. So all in all, our -- not just impression, but our surveys are therapists really like working here. They like coming here. They're satisfied. They like the feedback. And quite honestly, I think we've talked about it before, but the average, I guess, the therapy time here or the therapist experience is 8 years or greater. So it's not just that it's a very, what I'll call, mature group of therapists that have been around a long time, and they know what they're looking for, and they know when they're happy.

Operator

[Operator Instructions] All right. And there are no further questions at this time. I would like to turn the call back over to Jon Cohen for closing remarks.

Jon R. Cohen
CEO & Director

Thank you, and thank you again for everybody who joined the call. I want to take this opportunity to again emphasize my continued optimism around the business and its prospects. We believe we have a tremendous opportunity to leverage our great brand, our market leadership position, our comprehensive product suite and our clinical and operational capabilities to grow the business and to reach profitability in the near future. Thanks, everyone, for joining us today, and have a great evening.

Operator
Thank you. That does conclude today's presentation. Thank you for your participation, and you may now disconnect.