



## Transcript

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Chris Aholt: Good morning, everybody. Thank you so much for being here today. My name is Chris Aholt. I'm an associate in the healthcare group at J.P. Morgan. Very happy to be here.

Today we'll be hearing from Dr. Jon Cohen, CEO of Talkspace, and we're also joined here by the CFO, Jennifer Fulk, who will help out with the Q&A.

Dr. Cohen's planning on doing about a 20-minute presentation followed by the Q&A session, so thank you very much.

Dr. Jon Cohen: Thanks very much, Chris, and thanks to all of you who for some reason, or other are still here. I can imagine that you probably have flights either midnight or tomorrow, which is why you're here still. Thank you for attending for maybe the last session of the day.

Good morning. My name is Jon Cohen. I'm the CEO of Talkspace. I have been in the job for almost 10 weeks now, so it's been interesting to say the least.

I'm accompanied here today with Jennifer Fulk who's our chief financial officer. I want to make a couple of observations about the company after having been here for 10 weeks, and more specifically about what I'll call the macro environment in which we live.

If you look at any list of trends in the US healthcare system right now, any top 10 trends, you'll see that there are two things that'll definitely be on any list. One is mental health services, and the other is telehealth. Its time has come as I like to say.

Telehealth services and mental health services, in general, continues to be a massive market, which I'll get into in a couple of minutes, rapidly growing with really a huge amount of unmet need.

I like to say as a physician that the time for mental health in the delivery of health care system in the American healthcare system is now. It has finally come for those of you who've been around in medicine for a long time.

I would point to one interesting anecdote. For those who've been following what's happening with Damar Hamlin, the guy, obviously, the NFL player who had the cardiac arrest, and had an amazing recovery.

If you look at the story in the last 48 hours, it's all about how we're going to provide therapy to the teams, and the team members. How are we going to deal with those people, what their response is going to be before they go back on the field, and what are the teams doing relative to the players?

I will tell you right now, that discussion never would have happened five years ago. It just wouldn't happen. It's just as I said, it's mental health and mental health services. The time has come.

Having said that, having been here, as I said, for 10 weeks, a very high level, which I'll get into, observations. Talkspace has been around for 10 years. It continues to have an amazing brand and a very strong brand in the market.

It has a really amazing product. We have an amazing team, executive team, and a really, really engaged, terrific board. More so as important is the strategy, which I'll talk about, is really the correct one relative to what usually is going on in health care. I'll get into that in a couple of minutes.

This is the usual disclaimer, which I'm sure all of you have memorized at this point. Let me get into what I'll call the key differentiators for Talkspace and our strategic imperatives.

We deliver therapy to members, and I'll talk about the four different ways that we deliver that, which has been traditionally BTC. Mostly, it's now related to the payer environment, which includes both direct-to-employer, and through EAP programs, and through the payer coverage.

That is our diversified revenue stream, which is across multiple channels. We have a very, very strong commercial pipeline with established relationships with both national payers, and a huge number of both large, and small employers.

Product innovation is a very big deal for us. I'll get into that in a couple of minutes as I go through the differentiators. We, as I said, continue to have a leading brand across all of our channels, which you'll see. Then we have an amazing national network of therapists, both part-time and full-time, which we call a hybrid model.

Most importantly, which I'll get to both now and in the end, Talkspace has a defined, very significant path to profitability within a very, very short period of time, or a very short period of time, and will maintain a very strong cash position as a result of both the path to profitability, and the cash that we currently have on hand.

As I mentioned earlier, it's amazing, having been in my prior life, what it looks like now that you have this unpenetrated totally addressable market that continues to have a tremendous demand.

Let me get into some of those specifics as I run through this. As I said, the market continues to grow. Some of the data that we like to talk about, the number on the left, you'll see it says greater than 30 percent of US adults have experienced symptoms of anxiety and depression.

We've seen studies now that it's upwards of 40 percent post-COVID. It's gone probably to over that at this point. COVID has had a remarkable impact on people's anxiety levels. What I haven't had here is one in four Americans actually have a diagnosable mental health condition, one in four.

40 percent of all employers, well, 40 percent of people will tell you an employee left their jobs in 2021, and they cited burnout as their major reason.

In addition, if you look in the middle part of the graph, we have the CAGR at 5.5 percent. It's probably greater than that. You'll see that the prediction is at 2027, \$137 billion.

Quite honestly, as I said, it's an unmet need. It's really, really hard to look at what the size of the market is, but I've seen numbers of 300 plus billion in the next 10 years for mental health services.

47 percent of mental health visits are currently conducted by telehealth. Think about that. Almost half of the mental health visits in the country are currently delivered through a telehealth solution.

I will also tell you that if you look at all the telehealth visits, 65 percent of all telehealth visits are related to mental health. There's a two-times increase in mental health claims as a percentage of total telehealth. The market, as I said, is just pretty extraordinary.

Again, if I move now towards what our products are, and what we actually have to offer, what we talk to people is that we now offer the full spectrum of care across our entire platform.

This is a huge differentiator for us in the market relative to other people. There are obviously a bunch of other mental health, telehealth companies in the market.

Some of them deliver specific niches relative to certain populations, and then some will offer specifically different segments of the product that we offer. They can offer video only. They can offer asynchronous texting only. There are different parts.

Our platform is both comprehensive, and across the entire spectrum. Text messaging, is where Talkspace really grew up. They were essentially the pioneers in texting that approved to the public, and through all the HIPAA regulations, so that we could provide a safe product through a therapist by asynchronous texting. Then of course we move to live video.

Some of the more common diagnoses -- the list is very long -- as you can imagine is anxiety, and depression, PTSD. Familial relationship issues is a big deal, and so is adjustment disorders just to give you a couple of top five or six.

If you look in the middle where it says therapy, that is our core. In our core is the texting. It is the voice, and it is the live video. What we've recently done is we've expanded to two parts of that spectrum. The first is we have a self-guided product.

The self-guided product is really particularly interested for businesses, and large organizations. It's what we call curated content with workshops, and exercises, which they're able to provide to their employees, or their constituents.

It really does help the HR executive, and the large employers to have the self-guided program. On the other side is we also have expanded into psychiatry. Psychiatry is session based. It's a group of several hundred nurse practitioners and MDs who deliver.

We can treat, and prescribe, but we don't do, well, I like to refer to as hardcore. We don't do schizophrenia, and bipolar, etc. We do have the ability now to refer within our network so that if people do need specific treatment, and/or prescription, we can actually provide that service.

Let me move a little bit to our platform. Now, when I say platform, right now, there are four products that give us our revenue stream. I'm not going to talk about out-of-pocket, or BTC because it's somewhere where we've moved off of.

We do have a vigorous business in BTC, but it's not what I'm going to talk about today. I'm going to talk more about where we are with our other three big products, or revenue lines.

The first is the payer side. If you see where it lists behavioral health and employee assistance program, and some of the brands that are in there, which are the "trusted brands" on each one.

The biggest, I think, positive of the company right now and probably the strongest strategic advantage, and what differs for us than anybody else in the space is we have over 86 million covered lives. We're going to update that number with our Q1 call in February, but that's a huge differentiator for us in the market.

Why is that so important? Well, if you look now, and well, within a very short period of probably today, and if you look for therapy, and you end up finding Talkspace, what you'll see now is that you'll go online, and it'll say, "Well, how would you like to get your therapy?"

You could pay out of pocket, but by the way, most likely you're covered, and if you're covered, we look at your insurance plan, and we'll tell you what that is, and what you're out of pocket will be.

That, as you can imagine, is a big deal because basically, we're telling people, "Pretty good chance you could get therapy, and it's not going to cost you anything or it'll cost you a \$10 or \$20 out of pocket." Let me reiterate, it's a huge differentiator for us in the market compared to the other bigger players, and some of the other smaller players.

The other, which I don't want to ignore, is of course the direct-to-employer. We've been in that business for a long time. It continues to be a very vigorous part of the business for us.

That's where we contract directly with employers, or large entities. What I mean by that, universities, colleges, schools, and entities like that, where they pay us a per member per month, or in some cases, per student per month fee, or the employer layers it on as a benefit.

It's very, very attractive for employers to have a direct relationship with us because it just makes it easier for employees to navigate if they know they have a DTE therapy program, one number. They know who to call, they know what the benefits are going to be, how many sessions they're going to get. It just makes it easier for people.

We also know we have the data now in terms of employers, what the result is of therapy. It turns out retention rate is higher. Productivity rate is higher. Absenteeism, as you can imagine, is lower because you're not leaving work for a couple of hours to go somewhere to get therapy, and come back.

We have some data to suggest that actually morale is actually improved on a DTE program. Those are the three big business lines. If you have those business lines, then I'm going to continue to talk about the, we call BH, behavioral health, which is the coverage by either direct through your payer, or through your EAP, your employee assistance program, through your employer.

The question then is how do we drive people and how do we drive that business? There are, what I call, what we refer to as four different levers. First off, we are adding a very significant amount of covered lives to that 86-plus million lives. That's A.

B, the current payers that we have, and it's public, that it's the big ones you think about, which is Optum, United, Aetna, Cigna, and multiple others, and the Blues, etc., they themselves are adding lives as we are in network.

Not only are we adding more payers, but we're also seeing additional lives being added as a result of, we're currently a client of them or a service provider. That's the first.

The second thing is to increase the capture rate. You may have the benefit. The question is how do you let people know? That's a really, really big initiative of ours right now, is how do we let people know, or what our strategy is for targeted marketing to let people know that this benefit exists for them?

That's another fairly significant change for us, to increase member awareness. Once we capture that patient, then what happens is they have a certain number of sessions that they want to be able to or can use. We need to make sure that we increase utilization.

For instance, at the end of this year, we knew that we had a whole bunch of clients who had used maybe two or three of their sessions, and they had two, or three left, and we were encouraging them to use their sessions before the end of the year to increase utilization.

Then, of course, it's pricing, and for those of you who've been in healthcare a long time, it's unusual to actually have the payers interested in something that you have, and are actually willing to pay for it.

Actually, are quite honestly appropriately sitting at the table with us as we tell them what our prices are, and what we need to do in terms of increased pricing because of the cost of therapy. Again, because we're in a market where the need is so enormous, and everybody's looking for mental health services.

Let me move now to the cost side, which is my CFO sitting next to me, her responsibility. Of course, she has to be the bad person. She gets to take out all the costs.

They have done -- I've been here, as I said, 10 weeks -- in the last year, a remarkable job at Talkspace in taking out the costs. As you could see here, if we look at the ratio of the recurring operating expenses relative to the percentage of revenue, you could see which way the graph is going.

They've really, really gotten control of what the cost looks like, and that will continue to come down as we move towards break even. The measures that have been taken that they've used -- there's no surprise -- is, of course, labor cost efficiencies, which is how much is your headcount, and how much you can survive with or without optimizing the marketing spend, which was a big deal.

For those of you who, again, follow Talkspace, you know that we've significantly decreased our marketing spend, consolidated, renegotiating vendor contracts, focusing on sales force productivity, improving the network productivity, and of course, the disciplined corporate spend rate.

Those are all the issues that have gone into making sure that we're taking out a fair amount of cost to get to where we need to do on the expense side.

If I move now towards our brand and our brand awareness -- I think this is particularly interesting -- it turns out that the strength of our brand continues, although we spend less.

The Talkspace brand is really, really strong, and continues to be extraordinarily strong in the marketplace, and we're obviously very proud of that.

Recently, we received an award. We actually received an award for the industry's best large provider of telehealth mental health services in 2022, and many, many people, of course, have always associated us with Michael Phelps.

He continues to be a partner with us. He's been a great ambassador for mental health services. He continues to record our product really highly, and shares his views frequently, as all of you know, to support the issues of therapy for everybody. That continues to be really a great partnership.

Let me talk now a little bit about product innovation. One of the most important things we can do is to continue to focus on the core business, and what we can do to innovate to actually drive the business priorities.

That's really important because sometimes, you get a lot of ideas. A lot of people come every week and say, "Look, we should do this. We should do that. We should expand to do this," and our view is we have an amazing product. We need to concentrate on that product, and make it even better.

I'd say there's two parts of the innovation that's going on right now. One is how do we drive an increase in revenue? Which means improved bookings conversion, improved member satisfaction, which is the people who are signing up, and retention, and increase reimbursable session rates.

There's a couple of screenshots of what the scheduling looks like when you go online to schedule. There's a little photo of when we introduce you to your provider.

On the other side of the innovation is to decrease cost. What can you take out? What can you actually do relative to your business priorities to take out costs? Which is increasing provider efficiency. How efficient are your providers? How efficient are your, both your part-time and your full-time people in utilizing their bandwidth?

The next is how do you increase the network utilization? Then the third, of course, is the providers have to be happy. We have, I will tell you even more very recently, a very, very strong, engaged, and very, very positive network -- sorry about that -- of providers who really do like working for us.

Jennifer and I did a couple of focus groups about a month ago, and they like working for Talkspace, and that's a really big deal for us, and what we need to do to enhance that.

This is the network. The network is 3,000 plus providers across all 50 states. Those 3,000 are the part-time therapists. It's an interesting work dynamic for them.

Many of them, to be honest, are at home. They're doing this part-time. They take sessions as they need them, and they can increase the number of sessions, whatever their need is.

We've had a 30 percent growth in the number of providers in the last 12 months, and particularly, 34 percent of our clinicians identify as a person of color to be able to serve diverse networks, and diverse communities.



It is hybrid, as I said, both independent, full timers. Independents and full-time people. Some of the reasons why we're the platform of choice, we do these awards. We try and recognize people. They do form a community that interact with each other. We do provide them with developmental options and learning options.

We try and make it as convenient as possible for them, and really, no surprise that people doing therapy find it to be just incredibly meaningful work.

Let me talk about our outcomes. We have a fairly robust R&D part of the company, which does research into what mental health, telehealth delivery looks like.

Our flagship study is listed on this side here, where we studied 10,000 individuals across 50 states and looked at how they did with 12 weeks of asynchronous messaging therapy.

It turns out 67 percent resulted in remission. 67 percent, or improvement of symptoms on measures of depression and anxiety. Now, that's a really high number.

That was really the flagship study for Talkspace to really tell people, "You know what, you can do asynchronous texting with people and it really has a big impact."

The study on the other side, we are just about to report. I wanted to talk about it today because to be honest, I spent a lot of time dealing with COVID for the last two and a half years in my prior life, and I was really interested in what this resulted in.

It essentially is we've studied 820 healthcare workers who went through and post-COVID. What's interesting is 35 percent who entered into this study was first time in therapy.

I find that actually more fascinating that 65 percent of people were actually in therapy. It gives you an idea of actually how an incredibly prevalent mental health therapy is.

What we did is one month. One month therapy for this group of patients. 56 percent result in a remission or improvement of their symptoms on measures of depression, and anxiety with just the 30 days of care.

When you really think about it, it's probably no surprise. Just a lot of people need somebody to talk to. They just need somebody to talk to, and talk through what's going on, why they're so anxious after COVID, and what their feelings are.

All of us say I think the American public will never...No, I shouldn't say never. It's going to be a long time before anybody recovers from COVID. I think it's an unfortunate reality.

I will tell you again, even myself, we've all had this incredible flu, COVID season, but even now, honestly, if I wake up with a cold, the first thing I say to myself is, should I test for COVID? I have a home test and should I get tested?

I don't think that's going away for a long time. I think unfortunately people have a little bit of PTSD related to what's going on there. Anyway, that's some of our data.

Sorry. Here we go. What's our, reiterate, near-term priorities? First and foremost, when I came here, what I've committed to as much as I can is we will get to break even, and profitability, and we have line of sight of that.

We will talk about that in terms of giving the street a little bit better idea, more than a little bit better idea when we do our Q4 earnings in February.

At the same time, we will end up with significant amount of cash on the balance sheet, which will give us an opportunity to do a lot of other things within a reasonable period of time.

We'll continue to invest in innovation to improve the product on both sides, both the provider side and the member side. Our go-to-market strategies in terms of managing the customer is really big deal.

As I mentioned, is how you will now look at Talkspace when you go online and find this, and the issue being, "Oh, by the way, your therapy's probably paid for." That's a really big deal for us generating profitable solutions.

We will continue, as I just said on the national payer side, add as many lives, which is lots, to continue to be on the forefront, on the behavioral side relative to the payers.

We want to continue to be the platform of choice for the providers. We can't provide the product. We can't do anything in terms of how good our product is, or provide it without having an amazingly, very significant platform of providers that are happy, and want to work for the company.

These are the key takeaways, which I won't run through. In summary, I am highly confident and remain optimistic that Talkspace is really well positioned to achieve our goals for 2023 given our strengths, and significant market tailwinds.

I'm happy at this point to answer any questions. Thank you.

[pause]

Dr. Cohen: There she is.

[pause]

Audience Member: Hey, Jon. Thank you.

Dr. Cohen: Thanks.

Audience Member: I work for Premera Blue Cross, so a big payer and client. My question is about your quality programs. We serve a lot of national, large household-name clients, and for any provider we partner with, they're very interested in quality, and management.

We know there are some in the industry that would have issues with that. Whether it's overprescribing drugs that shouldn't be prescribed so freely or some cases there are, again, I'd say, maybe competitors of yours that use not fully licensed providers like trainees who are being supervised, and that's how they generate the access they need.

Love to hear your thoughts on what you do, and how that fits into your plans. We have an entire quality organization metrics that oversees our providers.

We have a chief medical officer whose job is to maintain the quality of the therapy of the entire networks. That, again, coming from where I am, originally actually on the health system side, quality's a big deal to me.

It's almost rhetorical, but it is a big deal. We need to know if there's...Listen, no surprise. You have therapists who are "good," and the therapists who are a lot better at their jobs than other ones is, and things come up all the time. Every week, something comes up about this. How did they deliver it?

Remember, we are a service provider. We have notes, as you know. We submit our notes, we submit documentation. We are a full-fledged provider, so we have to do all the things that you need to do to not only just provide a great service, but actually to get reimbursed.

The quality metrics is a pretty big deal to us because then we have certain things that we monitor to know how people...Then how long did it take the therapist? How long did...? Did they get back to you in time? What did the members say about that?

All of that is actually ingrained, to be honest with you, before I got here into the company. A big deal. Sure.

Audience Member: Hi. The original consumer product was the text messaging product, and then you broadened from there. In your view, how do you see that mix evolving going forward? That's my first question.

Then my second question is, of the 86 million people who have the benefit through you, do any of them have what would be first-dollar coverage, or is it all subject to the deductible, and the standard copays of the medical benefit? Thank you.

Dr. Cohen: An answer to the second question is, as everything with the insurers, it depends on the design of your program with your employer. If the employer says, "Oh, we want to offer X through our EAP program," and there's not going to be a copay, or out of pocket, there's not going to be a copay.

It's just like your PBM and your prescription if they said, "No, no. If you need therapy, we want your employees to pay \$20 out of pocket." The answer is there could be zero out-of-pocket, and there could be a copay. It just depends on what the benefit design is relative to the employer.

In terms of your first question, the async texting versus video, from what I could tell, a lot of it's based on population. There is a huge tendency, as you can imagine for college and university students and young girls to text -- No shock or a shocker, right? -- so that they like the texting async because they could do it all the time. They could do it any time, in terms of the convenience factor.

The video, it really depends on who, what, and where you are and whether you're more comfortable. We had a discussion. It was actually part of, if you saw CNN last night, relative to Hamlin and what they're doing with the players, there actually ended up being a whole discussion, which you may know is that men are less likely to do video than women.

There's some uncomfortableness until they've been getting therapy for a while, then they will move into live video. The discussion that I caught last night is, this is an ex-football player for the players union saying, "Listen, we guys got to stop saying that you can't man up to do video."

It's a really big issue. I didn't realize it until the last couple of weeks. I would say it depends. Man, woman, age. It just depends on the group. We've seen, in certain populations, obviously pretty big uptake in the video. No surprise, because some people think it's just better to do it, because it's live. It's interaction. It depends on the population.

Audience Member: Thank you.

Casey: Thank you, Jon. Just wanted to...Keeping an understanding of the self-guided therapy side, how do you keep people engaged and motivated to continue using that?

Dr. Cohen: I'm sorry. How do we get paid for it?

Casey: Oh, how do you keep people engaged and motivated?

Dr. Cohen: What happens is that you go through the self-guided. It asks you a bunch of questions, then it tells you, and then there's feedback every day. It's similar to some other probably apps, and things like that.

In addition, we have these classes and content. If you're an employer, you say, "Listen, I'm really having trouble with my child. I'm just having some parenting issues," there is a class, one of like a lot that'll just say, "You have parenting issues," and then you could sign up for that, and it goes a couple of times a week, and it's with a live therapist.

I like to compare it to Peloton. Meaning, you go on. You may have 100 other people who you don't see who are taking the class, but the therapist is there live, giving you the information. That's how it works.

For the employers and the HR, the chief HR officer, or the benefits [inaudible], it's really good because it's something that your employees could do. There's all these different topics.

If they're using the self-guided, and DTE, by the way, the feedback to the HR executive is much more significant than on an EAP program because the data is just more obvious for us to be able to feedback. Anyway, that's how the self-guided works.

Casey: Thank you.

Audience Member: Hi. I just wanted to ask a quick question about, if you're managing to get a 67 percent improvement on asynchronous messaging with AI generative tools that are coming out, and being pretty present, how you guys are thinking about that, and from a defensibility point of view, and as well as the margin that those kinds of technologies can bring in, and yeah.

Dr. Cohen: I didn't hear the first part that well.

Audience Member: Oh, sorry. Just saying if you're getting 67 percent improvement from asynchronous messaging.

Dr. Cohen: Oh, got you. Right.

Audience Member: Something like an AI generative chatbot, shall we say, or whatever you want to say, is able to probably do that at a larger scale. I was wondering how you're thinking about that in terms of your business model.

Dr. Cohen: We have some early AI. I shouldn't say early, but we've been doing it for a while because we were looking at some predictive modeling relative to what people say, and how that could predict.

I understand the chat issue relative to AI. I can't tell you whether or not that's going to have an impact, or not or long-term. It's certainly something for us to be more than aware of, but I can't tell you right now what that impact would be.

We do have, which is a little bit related to your question earlier because I didn't talk about it, is I'm, let's just say, really sensitive to the issues of kids particularly, but anybody who wants to either endanger themselves, or endanger others.

We have put in, and are continuing to modify our algorithms relative to identifying that, and what people say. That to me -- everybody I'm sure -- is a really big deal. Like I want to know, and how do I know early on somebody who's at risk?

We have that kind of data analysis available to us to be able to look at that then, and that's a really big deal. Potentially big deal.

Audience Member: On your psychiatry side kind of moving to the right, how do you handle clinical testing? Some of the other things you might need to have a physical patient. Do you do that type of thing, or is it more of just hand it over?

Dr. Cohen: No. The answer is we don't do it. It's up to the NP or the psychiatrist to say, "OK..." If they see somebody as a physician, they say, "You know what, you really need to be tested for thyroid disease because something's amiss here, and in looking at you, or talking to you, you need to get..." She can say whatever "...because I think you have a medical problem."

I would say it's just like any other licensed provider that can provide a script. They have to be able to refer, and where they refer to, I don't have an answer for you.

I would assume...I don't even know. I guess, they'd get the information to the primary care doc, or tell the person to make sure they see their primary care physician.

Audience Member: Do you still expect to be in the DTC business?

Dr. Cohen: Very good question. The answer is yes. I can't tell you how much of our business will be DTC, but I think...Here's the approach. Our approach is we call it now a member approach. You're going to come to Talkspace.

Let's say you come online. You come to Talkspace, and it's going to say to you, "You want to pay out of pocket? Then we can do that. Even now, today," or, "You may be covered. Let's check your benefits," or, "Your employer may have an EAP program, which you could run through there."

As far as I can tell now, that availability of people who are not going to be in network need to have an option, which will be out of pocket. I think you'll always be in it. The question is how much will move? I can't tell you.

I will tell you an answer to a question I had yesterday is there are multiple things that drive consumer patient engagement, and not patient engagement.

I will tell you that the number one issue that stops people from getting healthcare is if they have to pay for it. Across the board. I'm not just talking therapy. I'm talking about across the board.

The minute you put dollars in front of people that requires them to get a service, whatever service it is, it significantly decreases their relationship with the healthcare system.

The anti to that is, one of the biggest drivers of delivery of care is convenience. Convenience and an easy button really helps people get healthcare. Our model, as you can imagine, is unbelievably convenient, which is why it's growing so much because it's just easy to do.

Long winded answer to, yes, I think we'll be in that business, but an answer to somebody who asked me yesterday, given what's going on with the economy, given what's going on with inflation, given on whether or not we are in "a recession" or not, will that impact on anybody's out of pocket business?

My answer is, of course, it's going to impact on it, which, strategically for us, is another reason why we know we're on the right path moving away from that.

Audience Member: Well, just a year ago, all those competitors that raised unlimited amounts of money, drove up the customer acquisition cost through the TV channel.

Is that channel normalized now? Is that channel ever going to be profitable? Can you make that channel profitable if enough people who see the TV ad then have coverage through their employer, or is TV just not the way to go for the future?

Dr. Cohen: If my marketing executive was here, I would tell her...She'll tell you, I'm sure, the same answer, is social media of course as you probably know is much stronger than probably broadcast TV at this point, but you still have to make people aware of your brand.

The difference is, I don't talk about CAC. I stopped four weeks ago. I say to people, "Stop asking me about customer acquisition costs because it's irrelevant to where we're going in our business. Our business is on the enterprise side, and getting people to be covered by the payers."

It's no longer like how are you going to measure how much money we're spending on advertising because we want a BTC model. That's done. It's gone here. I tell people all the time, I tell the street that I'm not talking about CAC because it's irrelevant.

What is important though is how much we do for brand recognition so that all of our lines of business are recognized so when you go to get your EAP to your employer, or you know you have a benefit, what I want people to know is, "Oh, we know Talkspace." That's different than advertising because I want you to spend money.



What I need is to make people aware. We have other ways we're looking at what I call awareness. Actually, not just on the advertising side. There's other things we're doing to increase awareness.

Chris: Dr. Cohen, we are close on time so I appreciate if you can make any final comments.

Audience Member: There's one more.

Dr. Cohen: Oh, they have one more?

Audience Member: Oh, one more question. Real quick. What would you like to do?

Dr. Cohen: Sure, one more.

Audience Member: Yeah. Two quick related questions. One of which is on your text-based messaging treatment. Have you done follow-up studies at a year, or two years to see whether the symptoms are returned, whether they're effective?

Secondly, we're seeing a lot of comorbidity of anxiety and depression with other major medical conditions. Have you looked at whether or not your treatment modalities are reducing medical costs in these other areas because that'll be of great interest to employers?

Dr. Cohen: The answer to both of those is I have no idea, but if you find us, or text me, or something, I'll get you the answer because we do have a fairly large R&D group, and someone in there probably has that answer. I certainly don't.

Audience Member: Thank you.

Dr. Cohen: Anyway. Again, thank you everybody for paying attention and sticking it out to this late date. I really appreciate it. Thanks for being here.

[applause]