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Talkspace

Third Quarter 2022 Earnings Conference Call

November 8, 2022

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Steve Braun, *Cowen*

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Stephanie Davis, *SVB Securities*

PRESENTATION

Operator

Good morning, and welcome to Talkspace's Earnings Conference Call for the Third Quarter 2022. I am 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 Doug Braunstein, Chairman of the Board, Dr. Jon Cohen, newly appointed CEO, 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'll turn the call over to Doug Braunstein.

Doug Braunstein

Thanks, Jeannine, and thank you all for joining us today to discuss our third quarter 2022 results.

Before we dive into the quarter, I'm very pleased to welcome Dr. Jon Cohen to Talkspace as our new Chief Executive Officer. Jon joined the Board in September and previously served as Executive Chairman and CEO of BioReference Laboratories, one of the nation's largest commercial laboratories, where he built and scaled Scarlet Health, the country's largest digital at-home blood draw solution, which is now a covered service for over 83 million people. Jon's a visionary leader with a 30-year track record in healthcare and brings a wealth of experiences and relationships, including deep payer connections, government experience, hospital and physician practice management, operating excellence, and scaling technology-driven digital healthcare delivery technologies.

Our Board and Company are extremely excited to have Jon leading the Talkspace forward in its mission, and I look forward to working with him as I continue my role as Chairman.

Dr. Jon Cohen

Thank you, Doug, and thanks to all of you again for joining us today.

I am thrilled to join Talkspace's talented team at a time of great need for high-quality, affordable, and personalized mental health services. First, I would like to thank Doug for his leadership over the past 12 months. He steered the Company during a difficult transition and has executed seamlessly, making progress across all business areas.

During Doug's tenure, the B2B business scaled significantly, the B2C media spend efficiency improved dramatically, and the size and productivity of our clinical network also increased. Importantly, he instilled operational and financial discipline throughout the organization, and his efforts have laid the foundation for Talkspace's future success.

When I joined the Board in September, I was excited to be part of such an innovative mission-driven company like Talkspace. As a new member of the Board, I've gained a deep appreciation for the fundamental strength of the Talkspace brand, its differentiated technology platform, our leading position with payers and clinicians, and the firm's culture and talented employees. I have taken on the CEO role because I believe that we have an enormous opportunity ahead of us. Demand for Talkspace services continues to increase, and user engagement has never been stronger.

We have a robust product offering, a leading footprint in our B2B business, and a sizable network of tenured clinicians, which provides us the opportunity to bring meaningful value to our members, payers, and enterprise partners. Over the coming weeks, I'll be listening and learning from our employees, clinicians, partners, and investors. I am personally committed to expanding access to mental health care and have the greatest degree of confidence in the long-term growth opportunities for Talkspace. I expect to further address our strategic and financial priorities in our future earning calls.

With that, let me turn it back to Doug.

Doug Braunstein

Thanks again, Jon, and I am truly excited to work with you as you lead the Company forward.

Jon is joining a newly strengthened leadership team at Talkspace. During the quarter, we hired Katelyn Watson as our new Chief Marketing Officer, Andrea Cooper as our Head of HR, Richie Nguyen as Head of Clinical Network, and we named Steve Dziedzic as Head of our product organization. These executives are already having an impact on our organization, and it's a testament to the fact that we continue to attract exceptional talent to Talkspace, given its important mission.

Importantly, we believe this quarter's performance demonstrates we're delivering on several milestones in our strategic and business transformation that Jennifer and I have spoken about during our prior earning calls.

Moving on to our quarterly performance on Page 3. Specifically, you see that B2B revenue in Q3 was up over 65% year-on-year on a comparable basis, excluding prior period adjustments in the third quarter of 2021 and a 15% quarter-on-quarter growth, driven by a meaningful increase in the number of sessions and active users. B2B revenue, for the first time, represented most of the Company's revenue in the quarter. Our focus on growing our B2B business is delivering what we believe are meaningful improvements across most metrics.

We added significantly to our covered lives this quarter. We delivered on record daily sessions. We added to our DTE customer base, and we continue to generate a significant flow of B2B users through what was our traditional consumer-only channel. Importantly, the 9 million lives we added in the quarter came onto the platform in the second half of September. Given the timing of these new lives, it had a modest revenue impact on the third quarter. We are also in advanced discussions regarding additional covered lives in Q4.

We continue to expand our enterprise franchise, which grew 62% year-over-year and 10% sequentially as we launched 10 new accounts, and we're able to renew some of our legacy contracts on more favorable terms. So as a result of these efforts, we expect our B2B business to be even greater share of overall Company revenues in the coming quarters, driven by growth in this business channel and our continued investment.

As you can also see on Slide 3, B2C revenues declined quarter-on-quarter by 18% as we managed our advertising spend down for the fourth sequential quarter. As expected, we're also now recognizing the full impact of lower renewals from prior cohorts on current quarter performance. We expect this trend to continue at least through Q4, where declines in revenue may exceed our planned reduction in advertising spend.

If you turn to Slide 4, you'll see on this slide we continue to make real progress on the four key initiatives I outlined in our prior quarterly call and have clearly prioritized our internal resources around these initiatives. First, it starts with growing our B2B business. I've already discussed a number of the financial metrics and KPIs that highlight our progress during Q3 for the B2B business.

Let me also highlight a number of important product changes we've executed on this past quarter that are driving these metrics. During the quarter, we enabled members to select their optimal coverage plan, which led to higher utilization.

As we mentioned last quarter, our managed behavioral healthcare cohorts are particularly sticky, and we expect monthly utilization to improve as these cohorts mature. We also managed to fulfill demand in a more timely and efficient fashion by leveraging our asynchronous capabilities, which have also contributed to higher conversion, better engagement, and better margins. We introduced our matching by availability function for video members at the end of the quarter, which allows a member to choose a therapist by session availability according to that member's schedule. Again, we're seeing improvements in conversion based on this new feature.

In the third quarter, we were also able to fully automate our e-commerce funnel, unifying the B2B and the B2C consumer experience through that channel. We'll be introducing additional product enhancements in future quarters, including making the transition from EAP to MBH more seamless for the member and the provider, which we believe will also increase engagement.

Importantly, while these product enhancements require very little additional investment, many of these can drive utilization, conversion, and retention across our entire covered lives platform.

Last, on the DTE side, we're also making changes to our product to enable HR executives to better optimize their entire behavioral healthcare spend. External research continues to suggest that behavioral healthcare needs for employees continues to be a top priority for HR executives, and we believe our product suite offers a range of alternatives, including Talkspace self-guided to address Company's needs.

Our next priority is moving the Company towards cash flow breakeven, and that means an enhanced focus on efficiency. I'd say like many companies today, in our third quarter, we underwent a thorough review of our cost base. As a result, we implemented headcount reductions and organizational changes at the beginning of Q4. For example, we unified our marketing efforts for B2B, B2C, and B2B2C across the Company under our new Chief Marketing Officer. This created significant efficiencies in headcount, and it also allows us going forward to optimize our marketing and our brand spend more effectively across the full membership platform.

Besides expense controls, which remain a priority across the business, we're continuing to make progress on revenue cycle management capabilities and our customer service operations. We expect that both of these efforts will improve our cash flow generation continuing into 2023.

Separately, we also expect to take some additional efficiency steps in Q4, which will further reduce our operating expenses throughout 2023. We expect that as a result of these actions, our operating expense run rate will be reduced by approximately $4 million per quarter, excluding the impact of further marketing spend reductions. You'll see a portion of this reduced run rate, excluding severance costs, reflected in a more contained EBITDA loss in Q4, but the full effects of these changes will be realized in 2023.

Third, our clinical network remains a top priority for the Company as we meet growing B2B demand. We expanded our network again in Q3, the second consecutive quarter of gains in our network. We did this by improving our platform and enhancing our recruiting, training, and retention efforts for our independent contractors. We've added several new products and design features, and we continue to add those through Q4 and into 2023, and we expect that that should further enhance our network's engagement with our platform.

As we discussed on our second quarter call, we took significant action through the third quarter to improve the quality, engagement, and clinical efficiency of our NPP network. As a result, while this network has been reduced, we've significantly improved the engagement of our remaining NPPs with members, and we're now once again adding selectively to this network. These actions also helped to improve gross margins in the quarter. Under our new Head of Networks leadership, we've also reorganized our internal resources to more efficiently manage the network, taking out excess costs as well as improving operating performance.

Finally, we continue to optimize our B2C business. As I mentioned, we reduced advertising spend again this quarter, specifically by scaling back our performance marketing and emphasizing organic traffic. Our organic traffic increased double digits sequentially, driven by our Google Search engine optimization efforts as well as editorial content production.

Paid conversion, one of our areas of focus, also modestly improved during the quarter as we optimized our media mix to higher conversion channels. Despite these efforts, CAC increased modestly sequentially for the first time in several quarters, driven largely by higher cost per paid visitor. In light of these fundamentals, we took a number of additional steps to reduce headcount and bring down our external vendor costs. These actions contribute to an important part of our overall operating savings going forward.

If I step back across the business, we're pleased with the progress we've made this quarter to balance growth in our areas of focus while taking specific actions to improve cash flow. I'm particularly excited about the new leadership of the Company as we head into 2023, and expect they'll continue to make progress on all of these initiatives. We believe, given the investments we've made this year that the Company has the balance sheet resources it needs to reach profitability while continuing to deliver on its mission to provide high-quality behavioral healthcare.

With that, I'll turn the discussion over to Jennifer.

Jennifer Fulk

Thank you, Doug, and good morning, everyone.

Consistent with prior quarters, I'll speak to sequential trends as we believe this view provides useful context to the progress we are making against our operational and strategic initiatives. I will also provide you with a few directional insights relevant to the key areas of our financials as it relates to Q4 in 2023.

Starting with Slide 5. During the third quarter, total revenue was $29.3 million, down 2% sequentially. This is driven by strong momentum in the B2B payer business and in DTE, offset by further softening in the B2C business, which we had anticipated. B2B revenue was $16.8 million, up 15% sequentially, driven primarily by a higher number of sessions completed by behavioral health and EAP members, as well as progress in our DTE business, including new accounts and improved terms on renewing accounts. B2C revenue was $12.5 million, down 18% from the second quarter. The decline was driven by a lower number of customer acquisitions in the period and fewer renewals from smaller existing cohorts. As we indicated in our last earnings call, we believe the macroeconomic conditions remain a headwind for our out-of-pocket B2C members.

As we build our coverage in the payer footprint nationally, we believe these conditions will provide additional incentives for members to leverage their health benefits to cover the cost of therapy through our platform. We see early signs of that today as we drive B2B conversion through our consumer offerings. We believe we are positioned well competitively to take advantage of this trend.

Moving to gross profit. In the third quarter, gross profit was slightly up versus the prior quarter at $14.6 million. Gross margin at 49.8% increased approximately 100 basis points from Q2. This was driven primarily by efficiencies resulting from the reductions in our full-time therapist's network early in the third quarter, partially offset by the revenue mix towards B2B.

As I've noted on prior calls, our B2B business gross margins are lower than our B2C business gross margins, but have higher contribution margins for the Company, and we continue to work on product enhancements to improve margins over time.

Turning to Slide 6. Third quarter 2022 GAAP operating expenses were approximately $34 million, down 3% from the prior quarter. Excluding stock-based compensation and nonrecurring items, Q3 expenses were approximately $30 million compared to $32 million in the prior quarter, driven by lower media and G&A expenses.

As Doug mentioned earlier, in the fourth quarter, we initiated meaningful reductions to our operating expense base of approximately $4 million per quarter, which we expect to realize partially starting in Q4. I believe this is an important effort for the Company, and we will continue to focus on operating efficiencies going forward.

The third quarter net loss was $18 million, Adjusted EBITDA loss narrowed to $15.5 million, an improvement of $1.5 million compared to the second quarter, driven primarily by a reduction in operating costs. We do expect Adjusted EBITDA loss to continue to narrow in Q4, driven by the partial impact of our operating efficiency measures.

We continue to maintain a strong balance sheet with approximately $153 million of cash on hand as of September 30, which we believe will be sufficient for the Company to reach profitability while continuing to deploy resources toward initiatives that will drive revenue growth.

Moving to Slide 7. This provides additional detail for our B2B business. Third quarter B2B revenues were up 15% from the second quarter. This strong performance was driven by a 16% increase in the number of sessions as the penetration rate across our member base in the level of customer engagement both reached an all-time high.

As Doug noted, we added 9 million lives in the second half of September. Given the timing, this had only a modest impact on our third quarter revenue, but will contribute in the fold to fourth quarter performance. In October, we have seen continued strong session growth based on new lives, higher engagement through our product changes, and better B2B conversion. While we expect that trend to continue, we do traditionally experience a seasonal slowdown towards the end of the quarter as our providers take time off for the holidays. This can reduce the number of sessions billed in our last month of the quarter, which may negatively impact trend line performance in the short term.

DTE revenue was up 10% as we added 10 additional accounts and we renewed some expiring contracts on more favorable terms. While these account wins are taking longer, particularly with the macro environment challenges, we have several large accounts initiating benefits in 2023.

Turning to Slide 8 to review our B2C performance. B2C revenues were down 18% sequentially in Q3. Performance was driven by an 11% decline in active numbers, primarily from lower renewals in the quarter, and we expect this trend to continue into the fourth quarter. We also reduced our media spend again in the third quarter as we continue to actively manage for efficiency and acquisitions of both B2C and B2B numbers.

I want to highlight a number of levers we believe we have to improve our cash flow over the coming quarters before opening up for questions.

First, we remain enthusiastic about the fundamentals in the B2B business, and the revenue growth demonstrated by our Q3 results. We continue to believe this to be our largest and most profitable growth opportunity going forward.

Second, the important steps that we have taken to reduce our cost base will have a significant impact on cash flow in 2023.

Third, many operating expense investments in systems, processes, and controls that we made in 2022 should benefit from operating leverage in the business going forward.

Finally, we continue to be disciplined in how we deploy our resources, prioritizing our most compelling and profitable growth initiatives.

With that, we will open the call for questions.

Operator

Thank you. We'll go first to Charles Rhyee at Cowen.

Steve Braun

Hi, good morning. Thanks for taking our question here. It's Steve Braun on for Charles. I just wanted to go to the customer acquisition costs. I think you had mentioned that the tax has increased modestly on cost per paid visitor. I guess, like, can you give us some color on your expectations for customer acquisition costs heading into the fourth quarter, given some of the bigger tech companies have reported weaker ad spending environment?

Doug Braunstein

Yes. I would say traditionally, 4Q as a seasonal matter given the holidays, CAC tends to go up. It has for us in the past, I believe it has for others. Our expectation going into the quarter is some additional modest pressure on CAC. But as we mentioned, we also expect to continue to reduce the aggregate amount of our ad spend. Our expectation is the combination of what might—will be our fifth sequential quarter of reduced ad spend and the declining renewal base from prior customer acquisitions means there is likely to be at least one more quarter of revenue pressure on B2C that exceeds the amount of cost we take out in advertising.

Having said all of that, we continue to find opportunities to improve our mix. We've been building our organic traffic quite dramatically, and I would also say, which is not included in any of these calculations that we report, we're driving a lot of B2B customers through the B2C traditional channels. If you looked at that and adjusted our CAC it continues to go down. But we're really trying to make the B2C business standalone cash flow breakeven, which is where we're driving that business towards and then get all the incremental benefits in B2B of customer acquisitions through the consumer channel.

Steve Braun

Okay, great. Thank you.

Operator

We'll go next to Ryan Daniels at William Blair.

Jack Senft

Hi, guys. This is Jack Senft for Ryan Daniels. Thanks for taking my question. I guess just to start off, can you provide any further color on the elasticity of the end market, and especially as it relates to the inflationary environment. Are you seeing a change in demand at all and especially on the DTC side? And if you are seeing any pressure, is it really only impacting the DTC side compared to the B2B segment that members often have cost covered by health benefit? Thanks.

Doug Braunstein

Yes. So part and parcel—it's a great question. Part and parcel of the our strategic shift to move our members from out-of-pocket direct-to-consumer cost into insured products was our anticipation that, over time, it is far better to service our members through an insurance product or an EAP product or a direct-to-employer product. We are seeing that shift play out real-time in both the dramatic acceleration we think we've now experienced for several quarters in the number of members using our insured products. We think building out our covered lives gives us even greater opportunity set to do that shift. And as I just mentioned on the prior call, what we're doing, is we're making it easier through this direct-to-consumer channel to actually find out that you're covered by insurance and pay through insurance.

You'll actually see over the next several months, you'll see even more website design changes that encourage people to actually seek their care through either EAP or their traditional healthcare, health insurance benefits. We're doing that because we think there's going to be ongoing pressure on the consumer in part, but we're actually doing that because we think we have a very meaningful competitive advantage relative to almost all of their digital platforms in terms of how many lives we actually cover through insurance. That's a significant competitive advantage for us that offers the identical quality of care, but it's a far lower out-of-pocket experience for a consumer.

Jack Senft

Okay, thanks. Really, really great. Just a quick follow-up. I know last quarter, a headwind that impacted results was the W2 clinical inefficiencies. I'm just curious if those efficiencies you noted last quarter impacted results again this quarter or perhaps (audio interference) quarter? And then, two, if you could provide any color on the progress of changes you're implementing for that network and then any update on the hiring of the full-time clinicians, that would be appreciated. I believe (inaudible) I just wanted to clarify. Thanks.

Doug Braunstein

Yes. We did mention in our second quarter call that we were going to take a series of actions in Q3 that we believe would dramatically improve the engagement level with members for our W2 network. As we mentioned, we took a whole series of actions. The result of that is our W2 Workforce today is smaller, but it is far more efficient and far more engaged. As a result of that, it actually had a modest increase in our reported margin for the quarter. We expect that a lot of those actions took some time to implement during Q3. We'll see the full benefit of that in Q4. The other piece of it, which I think is really important, is we have also made significant changes both to the platform, the nature of our recruiting, how we train the attractiveness of our platform at independent contractors, ICPs.

While we were reducing headcount for W2s, we've been actually exceeding—our total numbers are going up because we've had very strong success in recruiting independent contractors. Four Q, you'll start to see because we now believe we've got the right processes and controls and management systems in place, you'll start to see us adding selectively to our national providers, our NPP W2 network, particularly in states where there is a very high demand and we think those full-time clinicians can immediately come up to the efficiency standards that we expect for the network. But we're making, I would say in the last several quarters, we've made a lot of changes to the platform and the product and investment that have really started to pay dividends on the network side for us.

Operator

We'll go next to Daniel Grosslight at Citi.

Daniel Grosslight

Hi, guys. Thanks for taking my question. Given the selling season for next year is largely over, I'm curious if you can provide a little more color on how we should think about enterprise and health plan add for 2023 and where you're seeing the greatest sources of strength in the B2B segment?

Doug Braunstein

Let me separate it out, Daniel. So obviously, across the B2B segment, there's the EAP and MVH sales process for us. That actually is an ongoing—that happens throughout the year. As I mentioned, obviously had a very successful addition of covered lives in Q3. We're very far along in additional lives in Q4. And I would tell you right at the moment, the level of discussion and backlog for quite a significant opportunity set of additional lives throughout the course of 2023 is as good as it has been.

The part of the challenge, quite frankly, is getting the systems for these large national payers and regional payers to talk seamlessly to our system and the actual implementation time for that sometimes takes months, if not quarters, to actually from the handshake or the contract to the first live actually coming on stream. But that's not a seasonal business, and we believe our pipeline and backlog of discussions there is as good as it has ever been. The DTE business, as we commented, that selling cycle is longer today. We do have a number of large accounts, Jennifer mentioned, that come onboard starting in January.

I would say the dialogue remains really robust with HR executives. In the selling cycle, really for small and mid-cap companies is actually not annual. It tends to be an additional benefit that gets added throughout the course of the year. There's a reasonable pipeline for us at that activity. The larger players tend to be a little more annual in nature, and I would say that the economic environment is getting more challenging for them. But it's interesting that's actually, we think, creating a longer-term opportunity for our product set because we've got a very efficient product that I mentioned that we've been rolling out that really optimizes the existing behavioral healthcare spend between EAP, insurance and our added benefits that we're finding a lot of traction with both HR executives and CFOs as we go to market.

It is on the DTE side. I think it's going to be—will remain a little slower selling cycle. But we like our mix of products going into a little bit more of a challenged economic environment.

Daniel Grosslight

Yes, makes sense. If I look just at the B2C side, I get the slowdown in active member growth. But if I look at ARPU or really PMPMs there, they sell (inaudible) the timing issues here, but they sell around 8.5-ish percent sequentially in 3Q versus basically flat in 2Q and up in 1Q. I'm just curious if you're seeing some weakness in ARPU as consumers scale back in spending, maybe they're doing less buy-ups of video sessions, etc., and what's causing that weakness in the B2C ARPU?

Doug Braunstein

Yes. I would say—I know people are looking for signals. I wouldn't overly read into the decline in ARPU consumer weakness. I personally think that's going to be more of a 2023 event for direct-to-consumer businesses. I would say some of the ARPU mix for us that declined, we did some things in the product mix and offering that we think took ARPU down a little, but actually helped us on the gross margin side. That was a little bit of our own efficiency optimization of the product mix that we're selling direct to consumers. There may be some general pull from that, but I wouldn't actually generalize too much from what happened in Q3 to the consumer wallet.

Daniel Grosslight

Yes, makes sense. Thanks for the color, guys.

Operator

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

Stephanie Davis

Hey, guys. Thank you for taking my question. Jon, congrats on your role. I was hoping to kick off my question. I just hear about Jon. Your top priority since joining the organization and kind of what brought you in, given your diagnostics background and what stands out as the biggest opportunity from the new vantage point?

Dr. Jon Cohen

Well, thanks, Stephanie. Yes, we have a set of events that have crossed our paths, both in the past and now.

Stephanie Davis

We've seen a lot of you, Jon.

Dr. Jon Cohen

A lot in the last couple of months. (inaudible) Board and the filings. We'll go on the Board there. In terms of the specific to the answer your question, I mean, I think that the opportunity, no matter how you look at this market, the total addressable market for mental health, behavior health, it's just so gigantic, right? And since it's almost impossible to put a number on the matter of what you look or how you look at it. On top of it, if you look at the E&P market, that's also continuing to grow dramatically, particularly for large companies.

Then if you add on that, the team that's here has really been remarkable. I haven't met everybody yet. But the people are really quite extraordinary in terms of their commitment to the organization. And quite honestly, you'll be sensitive to this, the Board is really not low on smoke. I mean, it's a really terrific Board. They're really engaged. They really want to make us successful. It's really encouraging as I move into the role to see the strength of the Board and their commitment. Then if you add on to that, what's the Talkspace? Talkspace is not just startup. They've been around for 10 years. They have enormous brand recognition.

If you look at the services that people require, whether it's a 25% or 35% of the American public actually need or I've said that they want on therapy. Again, it's a pretty big number. If you put all those together on top of my interest, have significant experience relative to digital building the Scarlet Health platform and BioReference, which is an 80 million covered lives, my interest is digital health, and actually having built several very large B2B businesses in the past, to me, this is what I call a confluence of interesting events that have all come together to give me an opportunity, which I wouldn't have thought would have happened three months ago.

I'm really excited. We'll see what happens. We've talked about a lot to do and a long way to go. Quite honestly, as the person has followed us, Doug and the team have just made remarkable progress in the last 12 months. They teed it up for me, actually. But anyway, thanks for your question, Stephanie. I don't know if that answers what you're looking for.

Stephanie Davis

No. No, that's helpful. I guess my follow-up to that would be you have a mix of B2B and B2C background, given your time at BioReference, your time at Quest. When I think about the bulk of your attention, will it be mostly on the B2B side, the B2C side, or kind of a balance given what you said about the brand?

Dr. Jon Cohen

I would say that the big opportunity is B2B. The B2C exists. But the way I view B2C is not B2C versus B2B class. I view this as how do you get consultative mental health services to the most number of people in whatever fashion you can? And it turns out that large employers of B2B is a much more efficient way to get people services that they need than a B2C. I won't say concern with B2C is that when we talked about this yesterday is, anytime you put finances or money in front of people, it gives them a reason not to use a service.

The idea is to decrease the barriers, which frequently are financial for people, so that they will utilize the service. To me, it's not a matter of B2C versus B2B, but it's how do you get as many (inaudible) of the platform as possible. And I think the big way, of course, is large customers, B2B, EAP programs, the direct employers. I think I'll concentrate on—I would say, I'll concentrate on both, but we'll certainly lean towards the B2B experience because I think that's the future.

Stephanie Davis

Well said. Thanks for taking my questions.

Operator

That does conclude our question-and-answer session. At this time, I would like to turn the conference back over to Management for any concluding remarks.

Doug Braunstein

Thank you, Operator, and I want to thank everyone for their participation. We look forward to engaging directly with our investors over the next several days. And again, I want to conclude where I began, which is the Board and the Company are really excited about the opportunity for Jon and Jennifer, and the team to lead our Company forward. I think we've made real progress over the last 12 months, and we're looking forward to the opportunity to continue to demonstrate that progress for our investors. Thank you again for your participation this morning.

Operator

This concludes today's conference call. Again, thank you for your participation. You may now disconnect.