# Teladoc Health – CEO Delivers Game Changing Comments

## CEO Comments at the recent GS Conference cannot be ignored.

When we first highlighted Teladoc Health (NYSE: TDOC) earlier this year, we saw a misunderstood asset with scale, recurring revenue, and a path to profitability. The stock has traded lower since — but our conviction has only grown as Wall St. has ignored the gamechanger.

AI will make this a more profitable business and its scale cannot be replicated for its market cap.

At a $1.4B market cap, Teladoc is not getting its full value as the largest telehealth provider as they are still paying the price of acquisitions of old …But all that is about to change. If you listened to management at the Goldman Sachs Global Healthcare Conference you heard a mind-blowing stat that got ignored by Wall Street.

CEO Chuck Divita and CFO Mala Murthy laid out a focused strategy around AI, benefits integration, and operational discipline. But the real key to Teladoc's Better Help division is the acquisition of UpLift.

BetterHelp isn't just Teladoc's largest revenue contributor — it **is** the business. It drives more than 50% of total company revenue and, until now, operated as a direct-to-consumer, cash-pay model. Teladoc is now unlocking the next phase: **embedding BetterHelp into employer health benefits.**

With the UpLift acquisition, Teladoc gains infrastructure to transition BetterHelp into a covered benefit.

This isn't incremental — it's transformational.

**Murthy said it plainly:**

"I think of BetterHelp, it's the most widely recognized brand out there. It's hard to find someone who hasn't necessarily had some level of awareness in that. And in The U.S, we have about 4,000,000 people that sign up or start the registration process with BetterHelp. So it's massively larger than anything else close to it. However, over 80% of people drop off and don't become active users and it's because it's cash pay and it's expensive and obviously the consumer has been under a lot of pressure."

"Yes, throughout the year we and these are people that have a need, have awareness, obviously, BetterHelp, have a need, start the registration process, give us their e mail, take the quiz and so But when it comes down to sort of like this is what the product can cost, etcetera, you have a significant drop off and the thing that people refer to most is obviously the out of pocket costs that come with that"

**"You take just a one percentage point net increase in conversion off of the 80% that go away, it's like $40,000,000 in revenue"**

**The Math (Now with Insurance Integration)**

- **4 million** people start BetterHelp's sign-up quiz each year.
- **> 80 %** of them (~ 3.2 million) abandon the flow, largely because therapy was cash-pay.

**What changes after the UpLift acquisition**

- BetterHelp is moving in-network, so therapy sessions can be covered by insurance.
- Eliminating out-of-pocket cost lets Teladoc recapture demand that used to walk away.

**Revenue upside**

If just **1 %** of those 3.2 million drop-offs convert under an insurance model:

**(32,000 × $1,250 = $40,000,000)**

That's **$40 million in incremental annual revenue**.

This isn't a pricing gimmick—it's a structural shift that turns BetterHelp from a consumer subscription into a covered healthcare benefit, unlocking far wider adoption.

Now step back: this is a platform with 100M+ users, distribution into health plans and Fortune 500 employers, and a new engine to monetize at scale. And yet Wall Street is still valuing this like a zero-growth app.

The market is underestimating the value of the platform – ***coiled spring potential***

Teladoc's scale is unparalleled in the telehealth industry:

- **Membership**: Over 102.5 million in U.S. Integrated Care and 397,000 BetterHelp paying users, compared to Hims & Hers' 2.4 million subscribers.
- **Global Reach**: Operates in 175+ countries, offering services in 40+ languages and covering 450+ medical subspecialties, dwarfing smaller players.
- **Client Base**: Serves 10,000+ customers, including 60 of the top 100 U.S. hospitals, and has 1 million+ active chronic care enrollees.

In contrast, Hims & Hers achieves higher revenue per subscriber ($57) due to its targeted, high-margin offerings (e.g., sexual health, hair loss). Teladoc's broader, contract-driven model, while massive, yields lower per-member revenue, highlighting the need for acquisitions to drive value.

Despite a $1B net loss in 2024, driven by a $790M BetterHelp impairment charge, Teladoc's $1.3B cash position and $169.6M free cash flow support further M&A. Posts on X highlight Teladoc as an "under-the-radar AI play" and a "cash-generating machine," reflecting sentiment that its strategic pivots are undervalued.

Teladoc's acquisitions are a calculated effort to unlock its latent potential:

- **Catapult Integration**: Enhances chronic care enrollment by identifying at-risk members, with 50% of Catapult users having chronic conditions.
- **UpLift Synergy**: Boosts BetterHelp's growth by tapping into insured populations, countering its 11% user decline in 2024.
- **Market Positioning**: Unlike point-solution providers (e.g., Omada, Talkspace), Teladoc's "whole-person" strategy, bolstered by M&A, positions it to consolidate a fragmented market.

**So why a PE takeout?**

Because **this is a textbook private equity setup**:

- **Depressed public valuation** relative to revenue, user base, and strategic IP
- **Massive cost takeout potential** — especially in marketing spend at BetterHelp
- A business model that **generates real cash flow at scale** under a leaner structure
- A core mental health brand with **renewed pricing power via employer integration**
- A distressed seller in the public markets with **no activist defense and declining sell-side coverage**

Whether it's a platform like General Atlantic, TPG, or Hellman & Friedman — the kind of firms who understand behavioral health and can bolt on digital pharmacy or care delivery — this is a deal someone takes private, fixes quietly, and re-lists in 3 years at 4x the current EV.

**Management has laid out the playbook.** Either they execute, or private equity will.

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