

PE Hub

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DEALS

Inside the deal: TTCP's quest to fight loneliness with Pyx acquisition

'This sector is ripe for change and innovation,' says TTCP partner and CEO Dawn Owens.

The US Surgeon General Vivek Murthy recently warned of a loneliness epidemic hitting the country.

TT Capital Partners, a Bloomington, Minnesota-based private equity firm is stepping up to the table with a recent majority investment in Pyx Health, a Tucson, Arizona-based provider of technology and support that reduces loneliness.

PE Hub spoke with Dawn Owens, TTCP partner and CEO, on what enticed the firm to invest in this space. "We appreciate both the importance of addressing the issue [of loneliness] and what it does for healthcare quality, costs and access," she said. "It's an opportunity for people to have the best health they can achieve, and we have seen how difficult it can be to do those things."

Founded in 2017, the company serves more than six million people in more than 70 markets across nearly 30 states covered under nearly all major payers, as well as government, employer and community health plans, according to Pyx Health.

Owens said the company uses app-based technology, paired with timely human interventions, to help those identified as lonely from their data.

Pyx has "a science-based solution that looks at primarily health plan data to identify characteristics and profiles of individuals who are likely struggling with loneliness," she said. "The company has a



Dawn Owens, TT Capital Partners

predictive model that helps them identify people who likely need intervention and support."

But the process of solving loneliness brings to the fore the need to ensure that the healthcare system is accessible to those who need it, she added.

"We thought this is a business that can help with accessibility and make our healthcare system better for a population of individuals who are underserved by it," she said, adding that severe loneliness was not new prior to covid, although the pandemic put a spotlight on the issue and the downstream impacts.

Owens said Pyx helps a subset of individuals who are "really poorly served by our healthcare system" because they lack other tools and resources that may not actually even be healthcare related but get in the way of good health.

The process of solving loneliness could be a gateway into exposing other social determinants of health (SDOH) that people might be facing, Owens added.

"The marketplace has started to recognize that loneliness and self-isolation can be a gateway to addressing additional needs. People are more likely to ask for help with loneliness, and in the course of helping them you discover the other needs that they have, which can be other social determinants."

For growth, Pyx will take a combination of both organic and inorganic strategies. For M&A, Owens said Pyx will look for businesses with complementary services that will accelerate their vision.

Portfolio in the behavioral health space

Founded a decade ago, TTCP describes itself as a sector-focused specialist. "We only invest in healthcare services and technology businesses."

Owens has had many years working within the healthcare system, holding senior positions at large health institutions, including UnitedHealth Group and OptumHealth where she served as CEO for over five years.

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In its portfolio, TTCP has Twill, a New York-based company that focuses on depression, and Accanto, a St Paul, Minnesota-based company focusing on eating disorders. There is also MedZed, a SDOH investment that touches on loneliness. Its main difference with Pyx is that MedZed provide in person clinical and non-clinical services.

Why does the firm like this sector, according to Owens: “It is widely recognized that behavioral health and

access to care is a critical need in our healthcare system. People often have to wait a very long time to access care across the entire behavioral health continuum, including traditionally underserved populations.

“This sector is ripe for change and innovation. We’ve invested in multiple companies across the behavioral health spectrum that improve the quality, outcomes and cost of care – as well as access to care.”

The firm’s investment approach is work with management teams, “help them take what they have built and help them realize their vision for growth and opportunity as it relates to how they serve the healthcare market,” said Owens.

“Private capital can make a huge difference in those businesses by being able to make investments, build businesses that are strong, viable, dynamic, growing and profitable, and also do what’s right for this healthcare system and the people it serves.”