Mental health investor Hopelab wants teen builders

Some venture capitalists pay adults to start companies for teens. Youth-focused behavioral health investor Hopelab pays young people to work at their startups.

The strategy means the firm’s portfolio companies can compete with the likes of TikTok and Instagram to help young people thrive. Hopelab head of investments Erin Sietstra tells Axios.

Why it matters: Soaring rates of mental health disorders among adolescents have created a market for youth-focused behavioral health startups that could fetch as much as $1 billion by 2025 (per PitchBook) from venture capital firms.

Driving the news: Investments in youth-oriented mental health companies have exploded in recent years, rising from $5.4 million in 2018 to $167 million in 2021, per Telosity.

“Al as recently as July 2020, when Sietstra joined Hopelab, employers and health plans weren’t spending in mental health services for young people. That has changed since,” Sietstra says, and employers are saying, ‘Yes, we do need solutions for young people because that’s what our customers are asking for.”

In a larger and wider wave in investment, Sietstra adds.

Flashback: Hopelab this month poured $1.5 million into five startup offering services for youth-focused mental health care. Brain Health, Cushy, InStride, Mind Right and Yiilik.

Other stargazers in the company’s portfolio include eating disorder treatment company Kaya, school-based mental health provider Hued, and telemedicine company Huddle.

How it works: At each of its companies, Hopelab pays young people in the driver’s seat: helping design, create and deliver products and services that teens actually want to use.

Portfolio company Cushy, for example, interviewed dozens of young people representing various races, gender identities and sexual orientations before launching publicly, CEO Lori Evans Bernstein previously told Axios.

The company eventually hired nearly a dozen Gen Z staff across its product and campus engagement teams.

What they’re saying: “You’re going to want someone’s needs better when you’re listening from the same demographics,” Sietstra says.

“If we’re thinking about engagement as key for efficiency, then you’re really going to need to understand what it takes to engage and keep a young person present in an service,” she adds.

And, Sietstra says, partnerships and affordable mental health providers have one-on-one therapy as improbably for many young people, but especially for those from underrepresented groups, she notes. “If you’re someone identified as white, those constraints have led to the focus on more creative solutions to mental health support, such as those that use coaches and peer groups.”

Sietstra says many teens are particularly helpful if “you’re not in a situation where you can get a provider who’s comfortable and equipped to understand and identity in call clear things that might be organized in your community to bring a little of hope that you’re coming from a big city or a small city.”

What’s next: Hopelab’s flagship digital product was

“Trying to reduce barriers for companies to bring youth into their development process,” Sietstra says.