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Mental health investor Hopelab wants teen builders



Some venture capitalists pay adults to start companies for teens. Youth-focused behavioral health investor Hopelab puts young people to work at those 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 \$26 billion by 2027, per a [recent report](#) from venture firm Telosity.

Driving the news: Venture investments in youth-centered mental health companies have exploded in recent years, rising from \$59 million in 2018 to \$871 million in 2021, per Telosity.

- As recently as July 2020, when Sietstra joined Hopelab, employers and health plans weren't interested in mental health services for young people

"Fast forward to now," Sietstra says, "and employers are saying 'Yeah, we do need solutions for young people because that's what our customers are asking for.'"

- It "feels like this large and sudden wave in investment," Sietstra adds

Flashback: Hopelab this month poured \$1.5 million into five startups offering services for youth-focused mental health care: Brave Health, [Caraway](#), InStride, MindRight and [Violet](#).

- Other startups in the company's portfolio include eating disorder treatment company Equip school-focused telehealth provider Hazel, and teletherapy company Hurdle

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

- Portfolio company [Caraway](#), 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 segments

What they're saying: "You're going to meet someone's needs better when you're hearing from the users themselves," Sietstra says

- "If we're thinking about engagement as key for efficacy, then you're really going to need to understand what it takes to capture and keep a young person's attention," she adds.

Yes, and: Shortages of trained, representative and affordable mental health providers have one-on-one therapy an impossibility for many young people, but especially for those from underrepresented groups. (As of 2019, [88%](#) of counselors identified as white.)

- Those constraints have led Hopelab to invest in more creative solutions to mental health support, such as those that use coaches and peer groups.
- Sietstra views such tools as particularly helpful "if you're not in a situation where you can get a provider who's comfortable and equipped to understand your identity or talk about things that might be stigmatized in your community or a big rite of passage in your community."

What's next: Hopelab's la shape digital product desi

- "We're trying to reduce barriers for companies to bring youth into their development process," Sietstra says

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