



WELL Health and CloudMD Continue to Fall: Should Investors Be Worried?

Description

I am a strong believer that the world will continue to become more digital, as we move forward into the next decade. These are trends we are seeing in many industries including e-commerce, payments, accounting, among many others.

In the year of the pandemic, telehealth companies have seen an incredible amount of growth. Companies such as **WELL Health Technologies** ([TSX:WELL](#)) and **CloudMD** ([TSXV:DOC](#)) have been the talk of the town for months. However, over the past two months, both companies have experienced prolonged downturns, leaving retail investors to wonder if they should consider cutting losses.

In this article, I will discuss the outlook for both companies.

What goes up, must come down?

Prior to the recent declines in stock prices experienced by WELL Health and CloudMD, both companies had been performing extremely well in 2020. Their respective year-to-date performances, prior to the start of the downturns, stood at about 450% and 330%, respectively. Investors should understand that this type of growth is very rare and that sustaining such parabolic growth is even rarer.

Since the start of October, WELL Health stock has seen a decline of about 18% at the time of this writing. Meanwhile, CloudMD has fallen about 35% over the same period. It should be noted that these downtrends can be seen in other companies that operate within the same industry.

American telehealth company, **Teladoc**, has declined about 18% since early-August after seeing a more “modest” gain of 200% since the start of the year.

It can be argued that the growth seen by these companies was helped, in large part, by the pandemic. As countries imposed stay-at-home orders, a large proportion of families needed to adapt.

One of the ways they managed to do this was by adopting telehealth practices. Now that the distribution of a COVID-19 vaccine appears to be just around the corner, institutional investors are

starting to question the upside that presents itself in this industry.

Should investors be worried?

I believe any bearish sentiment from investors regarding telehealth companies to be very short-sighted. That said, I would agree that WELL Health and CloudMD are incredibly overpriced for their relative values today, an increased adoption of telehealth is undeniable.

The industry has been forecast to grow at a compound annual growth rate of 37.7% from 2020 to 2025, bringing the global telehealth market from its current size of \$38.7 billion to a staggering \$191.7 billion.

Foolish takeaway

I remain [bullish on the telehealth](#) industry. WELL Health and CloudMD have continued to grab market share at a rapid pace this year, including establishing a presence in the [American telehealth market](#). The stocks may continue to fall in the short term.

However, investors that are willing to bet on longer time horizons should not be worried. The telehealth industry will continue to grow. As long as WELL Health and CloudMD continue to perform as they have, early investors should be rewarded tremendously.

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TICKERS GLOBAL

1. TSX:WELL (WELL Health Technologies Corp.)
2. TSXV:DOC (CloudMD Software & Services Inc.)

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