



2 Ways to Bet on the \$830 Billion Telehealth Opportunity

Description

Global healthcare is about to be disrupted. Over the past year, millions of people have received medical attention via video conferencing and ordered pharmaceutical drugs online. Telehealth gained mainstream adoption for the very first time. Now, this market is set to expand across the world and could be worth \$830 billion by 2027.

Here are two ways you can make an early bet on this immense market opportunity.

Telehealth stock 1

WELL Health Technologies ([TSX:WELL](#)) is Canada's market leader at the moment. This team got an early start and has managed to acquire enough clinics to become the largest private healthcare chain in the country.

Over the past year, the team has acquired a telehealth platform, an online pharmacy and health tech startup in the United States. These strategic acquisitions have added multiple layers to WELL Health's growth story. The company is currently worth \$1.6 billion and expects an annual revenue run rate of \$400 million in 2021. Put simply, this could be a multibagger tech stock over the next decade. That is if it lives up to expectations.

Telehealth stock 2

CloudMD Software & Services ([TSXV:DOC](#)) has achieved tremendous success relatively quickly. Since its listing in 2018, its market value has increased tenfold to \$374.1 million. Much like its larger rival, CloudMD achieved this pace of growth via aggressive acquisitions.

The company offers software and service-based health technology solutions to healthcare facilities across Canada. There's plenty of demand for quality healthcare through telemedicine and artificial intelligence. CloudMD currently supplies its solutions to [376 clinics](#) and over 3,000 licensed Practitioners.

Impressive financial results have continued to affirm the company's growth metrics. In the most recent quarter, the company reported a 187% year-over-year increase in revenue of \$8.8 million. During the quarter, it closed 5 acquisitions and, in the process, added \$13 million in annualized revenue. Additionally, the company has identified key acquisition targets that are expected to strengthen the core business.

Amid the robust revenue growth, CloudMD also boasts a strong cash position of \$95 million on hand. That could shrink to \$35 million when recent acquisitions are completed. But the cash position is still far greater than its debt load of \$7 million.

Valuation

While the stock is not cheap, based on its price-to-sales multiple of 18, it is an ideal pick for investors eyeing exposure in the burgeoning telemedicine sector.

CloudMD has already proved it has the potential to be a stable, high margin, and fast-growing company. Robust revenue growth underscores its credibility in generating long-term shareholder value.

Bottom line

Healthcare technology took a big leap in 2020. With everyone confined to their homes, being able to connect with doctors via video and text messages probably saved lives. By 2027, this telehealth market could be worth over \$830 billion.

Canadian companies like WELL Health and CloudMD have first-mover advantages. They've been cementing their position in the market for years and are now poised for steady growth. Add these to your watch list if you're trying to bet on the disruption of global healthcare.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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