



EQUITY RESEARCH

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Noom

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Noom

Noom is a mobile app and mental health platform for weight loss.

#telehealth

[Visit Website](#)

Details

HEADQUARTERS

New York, NY

CEO

Geoff Cook



REVENUE

\$1,000,000,000

2023

VALUATION

\$3,700,000,000

2024

GROWTH RATE (YY)

25%

2023

FUNDING

\$657,300,000

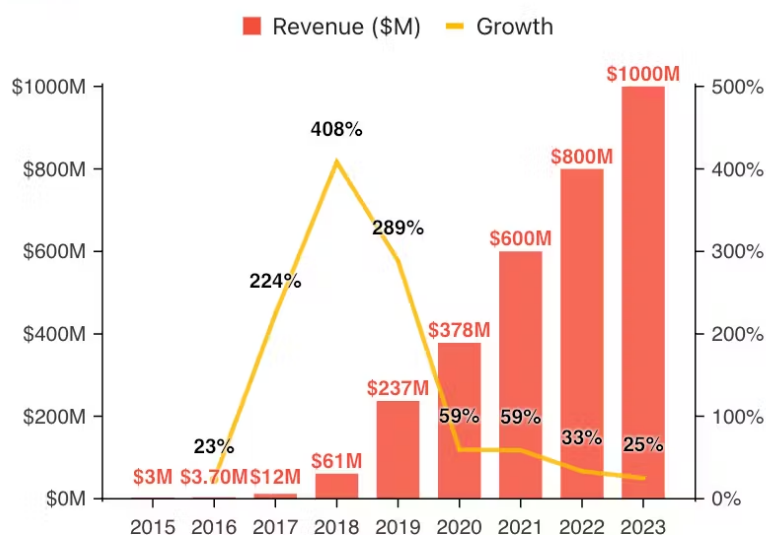
2024

Revenue



Noom

Annualized recurring revenue (ARR)



Sacra estimates that Noom hit \$1B in ARR in 2023, growing 25% YoY with 1.5M subscribers paying anywhere from \$17/month to \$70/month depending on the length of their subscription renewal cycle, with revenue largely coming from Noom's core weight loss app (vs Noom Mood, its mental health app and Noom Med, its Ozempic D2C healthcare product).

Noom pivoted their \$4M/year B2B business into a D2C weight loss app in 2017, growing from \$12M ARR in 2017 to \$600M ARR in 2021 with aggressive ad spend that grew from \$5M to \$330M.

Noom counter-positioned against WeightWatchers' (NYSE: WW) brand of in-person weight loss support groups (mainly for older women) as a mobile-native, science-backed app with fully-virtual text-based coaching, targeting ex-WeightWatchers users and capturing the upside of their decline (WeightWatchers revenue steadily declined from \$1.83B in 2012 to \$890M in 2023).

As of the end of 2023, Noom had roughly 1.5M paying subscribers paying anywhere from \$17/month to \$70/month depending on the length of their subscription renewal cycle for access to the paid features in the app—the coaching, community, and content. Noom and WeightWatchers together account for roughly 60% of global weight loss app revenue.

Valuation

Noom was valued at \$3.70 billion as of its last major funding round in May 2021. The company has raised a total of \$657.3 million across ten funding rounds since its founding. Key investors in Noom include Sequoia Capital, Silver Lake, and RRE Ventures. A more recent secondary market valuation estimated the company at approximately \$1 billion, with shares trading at \$16.46 per share.

Product

Noom's (2008) core product is a weight loss app that combines the food and activity tracking of apps like MyFitnessPal (2005) and LoseIt! (2008) with the human coaching and diet scoring of WeightWatchers (NASDAQ: WW), with colors (green, red, yellow) for different foods, rather than WeightWatchers's point-based system.

Noom currently offers the following products:

- Noom Weight:** The company's primary consumer-facing app for weight loss. Key features include daily lessons on nutrition, exercise, and psychology, food logging with a color-coded system (green, yellow, red), step tracking, and one-on-one coaching via in-app messaging
- Noom Med:** A telehealth platform launched in 2023 that provides access to prescription weight loss medications (e.g. GLP-1 agonists) for qualified patients, along with ongoing support.
- Noom Mood:** A separate program focused on stress management and mental wellness, using similar psychological principles as the weight loss program.
- Enterprise solutions:** B2B2C offerings for employers and health plans, providing Noom's programs as part of wellness benefits.

Noom's business model is primarily subscription-based, with users paying monthly or annual fees for access to the programs. The company has also diversified revenue streams through B2B partnerships and the addition of prescription medication services.

Business Model

Noom is a subscription-based digital health platform that offers personalized weight loss and wellness programs. The company's core revenue stream comes from consumer subscriptions to its mobile app, which combines AI-powered content delivery with human coaching to drive behavior change.

Noom's B2C model hinges on a hybrid coaching approach that uses AI to enable their human "coaches" (who cost \$19-24/hr) to manage 300-400 users each, contrasting sharply with competitors like Talkspace, which uses licensed therapists (costing ~\$68/hr), or Vida Health and Omada, which employ registered dietitians and nutritionists (about ~\$30/hr) managing only 7-15 users each.

At its peak in early 2021, Noom employed around 2,700 coaches, representing the majority of its 3,000-person workforce, though this number decreased to 1,000 by October 2022 as the company increased its use of LLMs in the support flow.

Noom's B2B2C business hinges on selling Noom as a benefit into employers and health plans (as a benefit) and into pharmaceutical companies (as the support arm of a drug protocol), with the value proposition of 1) reducing healthcare costs overall by solving obesity (21% of healthcare costs associated with being overweight), and 2) improving adherence with long-term drug treatments like GLP-1s.

Noom launched a partnership with Novo Nordisk in 2018 to provide ongoing treatment for patients of their weight loss drug Saxenda, though this partnership shut down after 4 years. Enterprise revenue today appears to be a fraction of Noom's D2C business, although ex-employee accounts suggest that Noom has approximately 250 active B2B partnerships as of 2024.

Noom's pricing model is based on auto-renewing subscription plans of varying lengths, from monthly to annual. The monthly plan is priced at \$70, while longer plans offer discounts, with the annual plan costing \$209 (about \$17.42 per month). This tiered pricing strategy incentivizes longer-term commitments, improving customer retention and lifetime value. Noom also offers a 7-14 day trial period with various pricing options to lower the barrier to entry.

Competition

Noom competes in the digital health and weight loss market, facing competition from traditional weight loss programs, other digital health platforms, and emerging GLP-1 drug providers.

Traditional Weight Loss Programs

Noom's primary competition comes from established weight loss companies like WeightWatchers (WW) and Jenny Craig. These companies have pivoted to incorporate digital elements, but Noom differentiates itself through its psychology-based approach and mobile-first platform.

WW, for instance, has struggled to transition its in-person meeting model to digital, with revenue declining from \$1.83B in 2012 to \$890M in 2023. Noom's growth during this period (reaching \$1B in revenue by 2023) suggests it has successfully captured market share from these legacy players. However, WW's acquisition of telehealth platform Sequence for \$106M in 2023 signals its intent to compete more directly in the digital space and offer GLP-1 medications.

Digital Health Platforms

In the digital health arena, Noom faces competition from apps like MyFitnessPal and LoseIt!, which offer calorie tracking and basic health coaching. Noom distinguishes itself by combining these features with more intensive psychological support and human coaching.

The company's hybrid model of AI-assisted human coaches allows each coach to manage 300-400 users, compared to 7-15 for competitors like Vida Health and Omada. This scalability has been key to Noom's growth, though it has also led to mixed user sentiment regarding the quality of coaching support.

Emerging GLP-1 Drug Providers

The rise of GLP-1 weight loss drugs like Ozempic and Wegovy has created a new competitive front. Companies like Ro and Calibrate have quickly moved to offer these medications through telehealth platforms. Noom has responded by launching Noom Med, its own GLP-1 prescription service.

This move allows Noom to potentially capture value from both the surging GLP-1 market and ongoing behavioral change support. However, it also increases commoditization risk as generic versions of these drugs become available.

TAM Expansion

Noom has tailwinds from the growing obesity epidemic and increasing consumer demand for digital health solutions, and has the opportunity to grow and expand into adjacent markets like chronic disease management, mental health, and enterprise wellness programs.

Expanding Beyond Weight Loss

Noom's core weight loss app has proven product-market fit, growing from \$12M in revenue in 2017 to over \$600M in 2021. However, the company views weight loss as just the starting point for a broader behavior change platform. Noom is well-positioned to expand into other areas of health and wellness that require sustained lifestyle modifications.

A key adjacent market is chronic disease management. Noom has already begun moving in this direction with the launch of a diabetes prevention program. The company could leverage its existing behavior change framework and technology to develop programs for conditions like hypertension, high cholesterol, and heart disease - all of which have strong links to obesity and lifestyle factors. With 60% of US adults having at least one chronic condition, this represents a massive potential market.

Mental health is another promising expansion opportunity. Noom launched Noom Mood in 2021 to address stress and anxiety. This move aligns with growing awareness of the mind-body connection in health. Noom could further build out its mental health offerings to include programs for depression, sleep issues, and other common mental health concerns. The global mental health apps market is projected to reach \$17.5B by 2030, indicating significant growth potential.

Enterprise Expansion

While Noom's growth to date has been primarily direct-to-consumer, the company has a major opportunity in the B2B market. Noom could offer its weight loss, chronic disease, and mental health programs to employers as part of corporate wellness initiatives. This would provide a new revenue stream and help Noom rapidly scale its user base.

Noom has already begun pursuing this strategy, partnering with companies like Novo Nordisk to offer its program alongside obesity medications. Expanding these pharmaceutical partnerships, as well as developing relationships with insurers and large employers, could drive significant growth. The global corporate wellness market is expected to reach \$94B by 2026.

By leveraging its core competencies in behavior change, mobile technology, and health coaching, Noom has the potential to become a comprehensive digital health platform addressing a wide range of wellness needs. This expansion strategy could grow Noom's total addressable market from the \$70B weight loss industry to the broader \$4T healthcare market.

Risks

1. Commoditization of weight loss advice: As AI and large language models become more sophisticated, they may be able to replicate much of Noom's personalized coaching and curriculum at a fraction of the cost. This could undermine Noom's value proposition and pricing power, especially as its coaching model already relies heavily on AI assistance. To mitigate this, Noom will need to continually innovate its behavioral change methodology and demonstrate superior outcomes.

2. Dependence on GLP-1 drugs: Noom's pivot to offering GLP-1 weight loss medications like Ozempic ties its fortunes closely to the availability and efficacy of these drugs. Supply shortages, new competing drugs, or unexpected side effects could severely impact Noom's growth. Additionally, as generic versions become available, Noom may struggle to maintain margins on drug sales. The company will need to diversify its offerings and demonstrate value beyond just drug access.

3. High customer acquisition costs: Noom has relied on massive advertising spend to fuel growth, with hundreds of millions spent annually on marketing. This creates pressure to monetize users quickly and could lead to churn if customers feel pressured into long-term commitments. Noom must find more efficient customer acquisition channels and focus on improving retention to justify its high CAC.

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