

## Finding product-market fit twice — Alma's Harry Ritter on pivots and staying close to customers

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### Transcript

**Brett:** Today's episode is with Harry Ritter, founder of Alma, a membership-based network that helps independent mental health care providers accept insurance and build thriving private practices. Harry has a really interesting background. He's a physician who also went to law school, and he spent four years at Oscar Health where he oversaw care delivery.

Ever since First Round invested in the company's seed round, it's been amazing to see Alma's incredible progress up close. But as you'll hear in our conversation, their journey has had its twists and turns. In a sense, the team had to find product market fit twice as they went from physical co-working office spaces pre-pandemic to quickly building out their virtual care capabilities during the pandemic.

We kick off the conversation with how Harry got the idea and built out the early team as a solo founder. It was really interesting to hear how he used his medical training to approach customer discovery and the insights he got from his structured interviews with therapists were fascinating. Next, we dive into the details of how the team launched the physical co-working spaces. But of course, like many businesses, the pandemic had a massive impact on Alma. Harry talks us through the oh shit moment of losing 70% of their revenue in one weekend, and he shares how they quickly built out the digital product to accomplish their customers' new job to be done. Harry also shares how he rallied the team through this pivot. We end with his advice for handling competition, as well as his take on the difference between building a marketplace versus a platform.

Alma is such an inspiring example to learn from, and there are tons of helpful tactics here, whether you're in the early stages of starting a company or going through a tough pivot. I hope you enjoy the episode. And now onto my conversation with Harry.

**Brett:** Harry, welcome to the show. It's amazing how far Alma has come over the last five years, and I know just a few weeks ago you announced your Series D funding round, \$130 million round, I believe, after onboarding over 8,000 therapists onto your platform and now in all 50 states. So incredible progress for Alma. But this episode, Harry, is largely about how you unlocked product market fit at the very beginning of

your journey. I'm excited to go really deep into the early days. So let's rewind back to 2017. How did you come up with the original idea for Alma?

**Harry:** I think like many founders, the original idea for Alma was really born out of personal experience. I was a resident. I was training to do primary care at an amazing program up in Boston and learning all about how you take care of people in some of the most acute settings in the world. And yet in my primary care clinic, very, very uncomfortable with mental health. It wasn't something that we really learned about or approached. But around that time, I started taking care of my father as a solo caregiver and going through that process of challenging and traumatic moment in my life of being a solo caregiver for someone.

And that was really this aha moment when I started to see how mental health could really have this huge impact on my life. I found my way to therapists that had this transformative impact on my life. And so that really was what opened my mind to this space and said, this is a huge problem. Mental health is something that we don't talk enough about in primary care. We don't talk enough about in conventional health care. And if we can fix this, if we can figure out solutions for people like me, we can do something really powerful. So that was really the initial starting place for me was that personal experience. And of course, mental health, such a big problem, such a big area and growing area.

**Brett:** The specific idea for Alma, did you have that in mind very early on or how did you go from the inspiration to the idea?

**Harry:** So I knew that I wanted to do something in the mental health space. I knew that as an industry, it was this massive opportunity. And I continue to believe that it was the single most impactful thing you could do to transform not just healthcare, but society. But it's always a question when you're starting a company, what's going to be your entry point? What's going to be your angle? What contribution can you make? For me, I was a clinician. So it felt very natural for me to go to my people, which were the providers in the space and spend time with them and getting to know their issues.

And at the time I was working at Oscar Health where I had an opportunity to open up the Oscar Center. It was an integrated primary care and mental health clinic. And so I was in the room with these providers and trying to make referrals out to these providers and spending time in the community. And so that was really where from the broad idea of I want to do something in mental health, I started to distil out a unique approach to the space that I thought could be impactful where as a company we could really focus on the providers, the provider needs, the unique provider challenges that existed in the industry.

**Brett:** And what were some of those challenges that you had identified early on with providers?

**Harry:** Well, the big thing with providers in mental health, which is so interesting and so different from the rest of healthcare is that it's primarily an industry of independent solo practitioners. So if you look at my colleagues from medical school, almost every one of them went to go work at a big large health system or a large employed private practice like a one medical group or things like that. So health when we were in the clinic and we were trying to make these referrals to clinicians of the community, you'd call these providers up and it wasn't some big brand or some big company. It was that person as a solopreneur, a small business owner, and they were trying to figure out how they made all of this come together in a business out of their profession. And so that was the big aha moment when I realized here you have these incredible humans who don't have the business skill, the support, the technology they need to meet the surge in demand for mental health services.

**Brett:** Speaking of solopreneurs, you were a solo founder. And so you had the idea for Alma. Sometimes what we see is a couple of founders who come up with the idea together. Yours, you were solo, but you had the idea. Why did you choose to go that approach?

**Harry:** I think the main reason was that there wasn't someone obvious that I had to start the business with. I think that for many people who I've seen be successful as co-founders, they're just perfect for each other. They were designed to start this business together. They work well together, riff off of each other. There's a real deep partnership that pre-existed the company and I just didn't have that going into the project. If I had found someone along the way, that might've been different, but I was much more interested in what was the problem that I could solve. And then understanding that the problem you choose to solve might also impact who the right people are that you need to bring to the table. That was my experience. There just wasn't that person at the beginning. And I got to start from the other side of it, which was what's the problem.

**Brett:** You mentioned your background a little. It's a super interesting background, not only as a physician, but also law school. I know you were an alum of Oscar Health. As you were thinking about who should I bring onto this team to work with me or what are the areas that I need to learn that will be new for me? What were some of those?

**Harry:** And I've seen this talked about a lot more recently than maybe it has in the past, but the most important thing you can do if you want to start a company to try to understand what you have as your ability and what you need is to work at a company first and to have that experience. I think being at Oscar was such a huge part of how I developed as a leader and also what gave me enough of an understanding of all those other parts of the business that you have to bring together to be successful and to make the business work well. My strength really came from what I was, which was a clinician, understanding how to build relationships, think about the systems of care that we needed to build. I needed to find a really strong product and engineering partner who could really help me think about that side of the business. That was really our first key hire was our CTO, still our CTO today, Nick Thuesen. We met at a coffee

shop down in Flatiron. It was sort of love at first sight and we knew it was the right fit, but I knew from what I had seen at Oscar that that was the piece that I simply couldn't build myself. I had to have a really strong leader to do that with me and that was really what helped me find that first hire.

**Brett:** What advice would you have for founders who are considering going the solo founder route versus the co-founder route?

**Harry:** The most important thing to understand is regardless of whether it's founders, co-founders or early team members, you need to know who you are, what you can do well and based upon the business you're trying to build, what those key capabilities will be that you can't live without and build the team to do that. If you're starting with a co-founder because there's someone that you simply can't imagine starting the business without, that's a different story. But if you have an idea for what you want to build and you start to understand the shape of that idea and you understand well enough, hopefully through experience that you've had as an operator in some capacity, you got to think about what are those key things. Product and engineering, if you want to build anything in venture is going to be one of those things. So it's either you or the other person. But outside of that, it really depends on the business and what those key things are that you're going to want to bring to the table.

**Brett:** Okay, so let's get to customer discovery, customer validation. This is an area that I'm always curious about how founders validated the initial idea. How did you think about taking the idea that you had and getting feedback on it and validating it with your customer?

**Harry:** The way that I approached it was in as quantitative a way as possible. You really have to get close to your customer in the beginning, spend time with them, and then make sure that you are collecting feedback from that customer in a way that you can step back and analyse, absent your own bias on the subject. So I'll give you an example. What I did in the beginning was we went to our therapist that was working in our Oscar Center that I had known well. I went back to her and said, hey, can you introduce me to three therapists? And I want to have a conversation with those therapists about their practice because I knew this was the space I wanted to build.

And what I tried to do in those conversations was create an interview guide. It was a Google Sheet interview guide where I had 10 key questions that I would ask every single person that I spoke to. And at the end of each of those conversations, ask them for three more introductions to new therapists that I could speak to. And what was really valuable about that, obviously the conversation would go in many directions beyond those 10 questions, but by having a consistent data set, you were able to then come back to that and reread it and identify insights or correlations or ideas that maybe you wouldn't have had because you would have come at the questions with too much of your own internal bias around the idea that you're trying to validate and build a business around. So that was really my focus was meet as many customers as you can, get as close to them as you can, and then try to create a structured mechanism to

collect that data so that you have the ability to challenge your own biases around some of the information that you might be getting back.

**Brett:** Do you remember what some of those initial 10 questions were? Were they very general or were they very specific?

**Harry:** The way that I built those guides was built on some of the interviewing skills that I had had from medical school. When you're trying to diagnose someone, you're supposed to start with your narrow questions and your open-ended questions. Your open-ended questions are really important because they let you capture information that you might have not even thought to ask. Your narrow questions are important because you get a little bit more of a structured data set out of that that you can then use to think about what comes next. So there was a combination. There were questions that were really focused on what are the biggest challenges that you face in your private practice today? If there's one thing that you would be looking for to help you build the practice of your dreams, what would that be? So those being the more open-ended question. And then there was always the more specific. What application are you using, technology you're using for taking notes or what application or technology are you using for finding new patients?

**Brett:** Was there anything that you learned, like the responses that you were getting that really surprised you or kind of eye-opening for you?

**Harry:** Absolutely. The thing that was mind blowing to me that I didn't expect going in was this insight that started to emerge around community and the importance of community and connection for providers. You go into starting a business and you're thinking about it from a business point of view. What are the business needs? You need customers, you need to make money, you need to make things easier or simpler to use. But you don't oftentimes think about the emotional or psychological components of being a business owner. And what was amazing to me in that interview guide was when I went back and started looking at the questions around what are the challenges that you experienced in your practice, the one consistent theme that I hadn't thought about was loneliness. Yeah, you didn't expect it, right? They were saying, I'm out there every day with my patient trying to help them get better. And yet I'm really lonely. Where's my community? Where's my support infrastructure? I don't really know what I'm doing. And that's scary. Having that sense of connection and community is really something that I feel like I'm missing. And so that became really core to our business. Our provider centricity, our emphasis on community and connection came out of that insight that I didn't expect going in.

**Brett:** Wow. So when you think about creating the product, designing the product and jobs to be done, was solving loneliness one of the top jobs to be done for Alma early days?

**Harry:** I think it absolutely was. There was this idea that in addition to the practical needs of a provider to build a business, there was also an at least equally important psychological and sort of communal need to feel that you had your people and there



was someone there to have your back. It wasn't just about you being there for your clients. It was about you having colleagues and others to help support you in your own career journey.

**Brett:** And did those sentiments come pretty naturally from customers, from the providers during your discovery? It seems to me like a question you sort of have to tease out. No one's going to tell you, oh, I'm lonely every day. What was the questions that you asked to get to that?

**Harry:** Yeah, it's interesting, especially for caregiving professionals who are so primed to be receivers of other people's needs. It actually does take a lot for them to stop and say, well, actually, what do I need? And it was interesting because I would ask always an open-ended question at the beginning and an open-ended question at the end. And it was always at the end that you would really see this insight starting to emerge. In the beginning, the focus was much more on the superficial or the transactional and only after they'd had enough time to really reflect on, yeah, what do I actually need? This insight would start to emerge. So I do think that's right. It does take coming back sometimes to the same question at different moments and getting to know someone where deeper insights might emerge.

**Brett:** Yeah, I totally agree with that. I feel like in the last two to three minutes of these customer calls, that's when a lot of the magic happens if you ask them an open-ended question after they've had time to think through everything. That's when they open up. That's amazing. How about in terms of developing a routine around customer discovery? I know you did a bunch of these initial conversations. Did you then develop a habit or a way that you talk to customers in an ongoing way?

**Harry:** In the early days of Alma's story, we had a really strong physical space component to our business. So the platform initially was about helping providers build private practices. The most important product we had was these beautiful spaces that we built, which were built as not just office spaces, but community hubs really off this insight of the need for providers to have a sense of connection. Before the spaces opened, we would do recurring events actually hosted by you, by the First Round team at the First Round offices down in Flatiron. We would have these really fun catered dinners that we really ripped off of First Round.

So First Round, I remember in my early days, you'd come into the First Round office and you'd have these amazing dinners with other CEOs. And it was this really amazing communal experience. So I decided to copy from First Round and build this dinner experience for providers. And we would do that on a monthly or bi-monthly basis before we opened our doors. Then when we opened our doors, we had this amazing opportunity because our customers were literally in this space every single day. And so we actually moved our offices into the space. So we were having breakfast and lunch and dinner and every other imaginable meal and interaction with these providers.

**Brett:** So your team actually worked in the same physical space as your customers were?

**Harry:** We did. So in the first six or nine months, we took two of the therapy rooms and we put desks in them and we worked out of those therapy rooms. That was great because also it meant that if someone needed to run to the front to let a new client in or help a provider problem solve the internet, we were there and it was this very intimate relationship. When we grew out of that space, we decided rather than moving down to Flatiron where most of the tech companies at the time would naturally gravitate, instead we took an office a floor below, which was this very dingy looking office, but it preserved that proximity to the customer, which ultimately ended up being, I think, a great decision for us.

**Brett:** When you think about advice you'd give to founders on customer discovery, what are some of the mistakes that you think might be easy to make and things that you'd advise founders against?

**Harry:** The biggest mistake I think founders can make is to think about their customer as a class as opposed to as individuals. So if you say something like providers need X or some stakeholder needs Y, it's easy to forget that there's human beings behind it. Human beings are ultimately the users of products, companies are not the users of products, human beings are the users of products. And I think instead if you can get a little bit closer to the individuals that are there. So that was really the beautiful thing about our early experience at Alma. It wasn't about providers as a whole would like to see this feature. It was such and such provider who I bumped into yesterday in the lounge had this particular challenge and it became a lot more human and a lot more connected to the fundamental product need. The fundamental used to be done as opposed to this more abstract one. Staying away from abstractions and trying to get down to the much more human level of customer need is really helpful. And I think the more that you can stay close to the customer themselves to do that, it helps a lot.

**Brett:** So how do founders do that? Because I imagine at Alma, your whole team had this. You could be like, oh, I bumped into so and so provider in the lounge and everybody knew who that was. And so those individual stories were so present for people. I know you haven't had to do this, but have you thought about how other founders who don't have that direct connection might achieve something like that and keep the individual in mind?

**Harry:** You're right. For us in the beginning, it was a totally amazing unfair advantage that we had. And it was really true of some of our engineering team members who might not have interacted with our customers first hand. Were they not walking into the door with them at the same time and standing with them in the break room and having those interactions? So I think that was really amazing. I think there are a lot of ways you can still do that. And as we've grown as a company, particularly after the pandemic, when we no longer were able to be in the room with our providers, there's tools to do that. So one thing I think every team and every company should be doing is

finding ways to bring their customers into all company moments, like all team events, to hear them speak to those experiences that they're having. It's unbelievably motivating and powerful. There's best practices, obviously, that product and design teams can implement around customer interviews and spending time with customers. Getting the customer in front of not just the product managers and the design team, but everybody throughout the company, I think is really important.

**Brett:** You took us through a good timeline there, Harry, of 2018, which started with initial idea, customer interviews, the dinners that you did. At some point in 2018, you opened your first physical space. Where along this timeline for you were those moments that were confidence inspiring, where you were like, I actually think this could be a good idea that we're working on here?

**Harry:** The first moment that I really remember clearly was the first or second day that we'd opened our first space in Midtown. I was at the front of the space helping new customers, new clients that were coming into the space find their way in. I remember very clearly this one person who came into the space with shoulders hunched over, you could tell that they were a little bit anxious about what they were doing there, what this experience was going to be like. This space was really beautiful and they walked in and the elevator doors opened and I saw them lift up. They grew an extra inch or two. They suddenly just had this look of, oh, wow, this is what therapy can feel like and look like if you take a much more thoughtful approach to building this experience. That was a really powerful moment. Then just seeing the interaction that that provider had when they had the support of Alma to deliver care to that person, the pride that they were able to speak to, that was one of those moments that was very powerful. Just seeing how people reacted to creating good quality experiences in mental health and just the hunger for that level of experience was really great to see.

**Brett:** What did the V1 product of Alma actually look like? Because I know part of it was the physical space. Part of it was some software that you had built. What was that V1 product like?

**Harry:** The product in its infancy really focused on three things. Community, so how do we solve that loneliness challenge that we were talking about? What were the events and programming and connecting tools that we could build for providers to stay together with one another? The second was around lead generation and helping prospective clients find providers in the Alma community. So the directory service and our client matching service, which were really designed to help people find a good clinician for them. And then our early billing tools, which were really focused on cash-based support. Because when we started the company, while we aspired to really crack the code on affordability through insurance, we didn't have those relationships in place. And so the early tools that we built in the technology for billing were really focused on cash pay and supporting providers to make that process simpler and easier.



**Brett:** So let's go back. You've mentioned the physical space a couple of times. And I just remember I was lucky enough to visit you in 2018 when the space was under construction. It was basically a hard hat zone at that point. I was just so struck by your attention to detail. We were walking through the space. There'd be like a crack in the tile on the floor and you'd put a piece of blue tape down so the construction crew would see it. That attention to detail and then imagining how that would translate to your attention to detail when you first open the doors or launch the product. So what was that like that first day when your customers started coming into your space? Do you remember what launch day felt like?

**Harry:** Launch day for any new product is terrifying because you've spent all this time and energy invested in building this thing. And then you have just no idea what people are going to say. It's a very nerve wracking experience to feel that and to see what's that going to be like. I do remember saying to the team on that first day that if nothing else happened, but that day, all we ever ended up doing with Alma was helping that first group of people have a really great therapy experience because of what we had invested. That would be worth everything. That was enough to really feel like we had done something meaningful and positive in the world. That's one of the powerful things about being in a mission driven space where if you feel like you're adding good back into the world, you have that and you know that that's a good starting place, but very scary. And then as you see people coming in and starting to use the products, and I think when they start to use the product in ways that you didn't quite imagine also, we had this tea bar that you could grab a cup of tea and seeing providers interacting with that, bringing it to their patients. All of a sudden you start to realize like this is something that they're going to take ownership of and make their own. You start to feel like, okay, this thing is going to work.

**Brett:** That's super cool when it starts to take on a life of its own. So you mentioned the team. What did the early team look like at this point?

**Harry:** In the early days, at the very beginning, our first two team members were Nick Thuesen, who was our engineering leader and came in to build the product and build the engineering squad, and then Nina Roth, who I had known for years from Oscar, who was everything else. Nina did sales, community support, operations. She was that quintessential can do absolutely anything person on the team who really helped make all of that work. And then the team started growing from there, hiring the early team members who would help run the space, hiring our first marketing hire, the rest of the team started to come together from that core.

**Brett:** Was there anything about that early set of team members that you felt was just critical and you learned how important it was to hire people with a certain characteristic or attribute? And maybe that's informed how you think about people that you want to join Alma now.

**Harry:** One of the things that I really admire and look up to about our early team members and has been a consistent theme that they've imparted to the business and is

true of really everyone that's come to Alma is this sense of humility and respect for not just one another, but the work that we do. I always tell our team that in mental health, we're interacting with really intimate and personal details of people's lives. We have to do that with a huge sense of respect and a desire for innovation and change, but also a healthy appreciation that we don't know what we don't know. And we need to make sure that we're always listening to one another and really coming at every issue with a sense of humility and curiosity. Our early team members really embody that. These were people who had incredibly high EQ, who were thoughtful, who were listeners first. And that's one of our company values today. To listen first really came out of those people who I think were never fixated on being the smartest person in the room. They were fixated on getting the best answer out of the room.

**Brett:** And did you know that from the beginning, I want to hire people that are humble and curious, that's just part of who you like, or was it something you learned?

**Harry:** I think like a lot of things retrospect makes all the details come into focus. I think in the early days, these were people I just liked. I knew that they were the kind of people that if I was going to have to spend day after day after day in a room with, I was going to be excited about that. I've always known that humility and gratitude and the ability to care about others is something I've cared enormously about. But I can't tell you that if I went back to those first hiring conversations, I was thinking in my head, what's the scorecard here for humility or gratitude? In retrospect, absolutely. And something you and I have talked about in the past, as **you think about culture in an organization and going from early stage to later stage, those people-driven attributes become I think values-driven attributes.** And if I think about how we developed our values as a company, it's probably looking back at those early team members and asking the question, what values do you represent? And those sort of become the values that obviously resonate with the organization.

**Brett:** Absolutely. So 2018, 2019, how was the business doing during those first couple of years? And what were some of the success metrics that you were shooting for?

**Harry:** It's interesting. We're talking about product market fit and some of the ways that we started to experience product market fit in the early years of Alma. And yet if you look at the business, almost today, it's a very different business, at least in terms of the product portfolio. Our spaces don't exist anymore, largely because COVID came around. That was this totally unexpected, massive wrench in the plan to what we were doing. So before COVID, we had this amazing space. We had launched our second space. The response from our community members was phenomenal. People loved being in a space that was giving providers this platform to be amazing, to show their clients a great experience, to make them feel like this was something that they should be really excited about doing. We had these amazing community events going in our spaces, panel conversations, lectures that we were doing. It was becoming this really vibrant ecosystem for therapy in New York, which was amazing. And we had just started to think about how were we going to crack the affordability piece. So we

had just signed in the time leading up to the pandemic, our first insurance contracts. So we're just starting this new chapter in the business to really try to take what we had built in experience, largely in our spaces, and start to really crack the nut on affordability through insurance.

**Brett:** You started to touch on it. We're getting to March 2020 here when the world changed and of course impacted Alma and impacted so many businesses, but yours in particular, because you had these physical spaces. So I'd love to hear that story and what those days were like. And I almost think about it as Alma, you found product market fit twice, pre-pandemic and then post-pandemic with a different experience. Can you tell us about those days?

**Harry:** I remember so clearly walking into the community space in our Midtown location, and I forget exactly the date, but it was right when in New York, things were starting to get bad. It was amazing because that day, it felt just like any other day. People were there, they were seeing patients, no one wore masks back then. So it wasn't even a concept. And I was standing in the lounge and I was listening to some of the providers speaking and all of a sudden I picked up on everybody talking about the same thing, which was tomorrow, last day, we're not coming in anymore. And it was just this moment where, especially being in the room with your customers and getting a little bit of intel early, I knew at that moment, it was a Friday in the fall that Monday, no one was going to be there. They had decided that amongst themselves. This wasn't like Alma's closing. It was the actual providers who had decided it. It was the providers. The providers saw that this was what was happening and it was like a light switch. And sure enough, Monday morning, everybody was gone.

We have this amazing graph where you looked at space utilization and it literally was week over week, just this drop where we lost something like 70% of our revenue in a weekend. It just disappeared. It was definitely an oh shit moment in that you're sitting there thinking, well, I've just invested all of this money and energy into these amazing spaces and we've built all this great technology and we've started this work in insurance and that's really exciting. But at the time, again, 70% of our revenue came from the spaces. So you kind of have to ask, well, what does this mean for the business?

I think the moment that came right after it though was stepping back and saying, well, hold on a second. Mental health in a moment like this is only going to matter that much more. We lived in a terrible moment in mental health in 2019 where you had suicide, you had depression on the rise, you had the opiate crisis. So mental health was already a massive thing and then you sit back and say, hold on a second. If we're all about to go into lockdown and we're about to experience all of the challenges that are about to come with this at that time epidemic that was emerging as a pandemic, mental health can only matter more. And moreover, these small business owners who struggled to figure out how to run a business during normal times, how much more so do they need us to show up for them now when things are getting hard?

**Brett:** Totally. Your mission has never been more important. Your customer has never been more in need. So almost shuts down on that Monday. What do you do next couple of weeks? How did you figure it out what the business should do and how the business should respond?

**Harry:** The first and most important thing was to figure out how do you get providers and patients back together to continue their work because they need each other. This is a moment when people need that connection. They need that support more than ever before. And the good thing here was that the answer was pretty obvious. It was virtual care and it was the role that telemedicine was going to play in the pandemic. The early work was really all focused on how do we help these clinicians get to their patients virtually and how do we create support for those clinicians to be effective virtually. So we took our community work, our training work, which was in our spaces and focused on all kinds of things and we made it all virtual and we focused it all on virtual care.

95% of our providers didn't do virtual care pre pandemic. Now 100 percent of them were. What were the training gaps? What were the learning gaps? What were the ways that we could bring support to them to help them facilitate that process? And we quickly looked at our technology stack. We said, well, where can we introduce new benefits? We immediately made free access to HIPAA compliant Zoom, a feature of the membership. So providers had a way to get in front of patients using a HIPAA compliant solution. So it was all really focused on how do we take everything we've done and now focus it on the job to be done, which is helping these providers get in front of their patients virtually. And I think we did that in such a compressed time frame.

**Brett:** The good thing is that, hey, here's all the things that we learned in having a physical space, the things that really work. How do we translate that? But from a leadership perspective, from a founder perspective, how did you rally the team around that and get it to happen so quickly?

**Harry:** I think it came back to the DNA we had built around our customers, where when I was talking to our team about our customers' needs, it wasn't this abstract concept of a provider. It was people that they knew and that they had built relationships with in the spaces that they knew they could show up for and support at that moment. And I think that was really powerful. Goes back to one of my biggest learnings as a CEO, which is it's not just enough for your product and design teams to be in front of your customers. Every single person who works at the company needs to have a connection to the customer. Because in a moment like that, if I'm coming to them and saying, look, here's what we know they need, it's not just me saying it. They can feel it coming from the customers that they've worked with. So that was really, I think, a big part of it. We brought our providers into some of those sessions, into the ideation rooms. And I think that made a big difference in terms of getting the team really rallied around it.

**Brett:** From a team psychology perspective, were there a couple of weeks when the team was really down and we don't know what we're going to do? Or did you turn it around very quickly?

**Harry:** It's a good question. One of the things that was hard about COVID in those early days is we didn't get to see each other anymore. So those touch points became a little bit less common, less frequent. We all were going through a lot in those early days and thinking about also our own families and what we needed for ourselves. And so in a way, our relationship to thinking about our jobs at that moment was a little bit different. And knowing that at least you knew what you could do and there was a plan and there was somewhere to run towards was enough for people to feel like, okay, I can do this and I can make a difference and I can make myself feel productive at this moment. I think we were able to do it by focusing on the customer, focusing on the job to be done. And then also just trying to make sure folks were supported because it was a really hard time for people on a personal level. And I think that was a big part of what it meant to feel supported at work and excited about work.

**Brett:** Absolutely. And I think you told me the team was roughly about 20 people at that time. As you're going through this pivot, what was the biggest lesson for you as a founder and advice you might give to other founders who are trying to pivot not with a small team of two or three people, but with a team of 20 people?

**Harry:** The most important thing I've always felt as a CEO and it's one of our company values is really communicating honestly and proactively and taking people through the why of decisions that you're making. And at the time, one example we had to go through a reduction in force, which is one of the most traumatic things that companies have to do. And doing that at the outset of a pandemic, all the more so where there's so much uncertainty about the future and health benefits as an example. You're going into a health crisis and all of a sudden folks who don't have a job anymore, what's going to happen with health benefits and things like that. So the key to it was really communicating the why, communicating honestly, being vulnerable, being transparent, creating space for folks to ask questions and to understand. I don't think we often give people enough benefit of the doubt in terms of their capacity to really empathize and come along on those journeys. And that was really critical in those early innings.

**Brett:** The strategy is now we want to take all of these things that worked for us in a physical environment. We want to bring them into a fully online digital environment, having to find product market fit all over again. What were the early signs that doing that was starting to work and starting to click with your audience again?

**Harry:** Well the other side of it to your comment on things that were changing was that we had just launched our first insurance partnerships. Very end of 2019, the big initiative going into the year was this new work that we were doing to help our providers take insurance so that we could start to tackle one of these key components of mental health care, which was affordability. So that was also another thing that was



going on. We were pivoting out of in-person into virtual and we were at the same time introducing what would ultimately become a transformative part of the business, a new way to make care affordable for the end client.

The thing that was challenging also was that investors at the time were also trying to figure out what advice to give their companies. And if you looked at us on the surface level, you'd say, well, this looks pretty bad. You've got a company that has millions of dollars of real estate in New York City, the most deeply impacted city, maybe in the world at the time from COVID. What advice to give to help that company potentially survive? What really helped us build conviction there was going back to the data. And one of the things that Nick, our CTO, pushed us on early was to invest in infrastructure and visualization tools to understand our data so that when we wanted to look at the trend on certain parts of the business, we could do that. We had introduced Looker a little bit earlier than other companies might have to have some of those tools at our disposal. And so what that allowed us to do is to start to cut the data and say, okay, well, yes, revenue is down 70%, but providers that are adopting our virtual tools and participating in our insurance work are actually taking off.

So if you look at these early metrics and you pull away the rest and look at that now seed stage business that's emerging from the ashes of this collapse in our revenue from space, you've got some unbelievably exciting early metrics here around growth velocity, around retention, around customer satisfaction. We had a series of board meetings every two weeks for a six week period. And the first two of those board meetings were the worst I've ever had in my career as a CEO because we were trying to figure out what to do. And I wasn't so sure. And there was just a sense of what are we actually doing here in the room? For the third board meeting, we really had taken the time to invest in understanding the data. And I came back to the board with this full throttled, I'm putting everything on the line here. This is what I believe the company needs to do. And here's the data to support it. That was the change moment where everybody in the room looked and said, all right, well, if you believe in it, you're willing to do it. And you've got this data here that seems like it makes sense. Let's see what's going to happen.

**Brett:** I got to imagine the data that you were seeing was compelling. It was probably on a fraction of your customers, not all customers, but incredibly strong signs in that subset. Do you remember Harry, what some of those data points were or how you got to such conviction? Because it's a massive level of conviction that you had to get to.

**Harry:** It is. This is where you always have to be careful about averages versus segments. We looked at average growth and things like that. Numbers didn't look all that compelling. But if you looked at providers who were joining Alma for the virtual support services and to participate in our insurance program, all of the sales metrics were phenomenal. The close rates were through the roof. The time to sale was incredibly quick. So we were seeing that the value prop was resonating quickly for providers. They were getting it. They were understanding it. They were signing up for it. And then when we looked at those early provider retention numbers and utilization

numbers, we saw that these providers were immediately using the product, scaling up their practices extremely quickly and loving it. If you looked at that segment, which over those first few months started to grow quite quickly, but again, in those early months was 10, 15, 20 providers. That was really where the data existed to see some of these early insights.

**Brett:** It's almost like you unlocked this formula, what the product features were that really mattered. It was the virtual services plus the insurance. And you saw it happening in a small part of the audience. And you decided, okay, we're going to go all in on this piece of the product. What came next?

**Harry:** It was about retooling everything to make sure that that value prop worked for our providers. The other big piece of it was the lead generation. We saw through traffic to the website that people looking for therapy and mental health services was also skyrocketing. So before those insights were necessarily available in the public domain and part of the conversation around mental health and the pandemic, we saw those insights in our data early. You got a boatload of people who are looking for care more so than ever before. You now have tooling that starts to get providers what they need and training and education to do virtual care effectively. We've found this unlock around reimbursed care through insurance that we can get reimbursed for virtual care as well that comes together to really make that work. So what we did was we took everything at the company and said, okay, well, how do we go back to the first question that we started the company with, which is what do these providers need to be successful? Order those jobs to be done and focus every penny of our resources on exclusively that work.

**Brett:** And I think this one actually might be relevant for a lot of founders and what they're thinking about now. Pandemic product pivot had to do a small reduction in force, start to focus on that part of the product and grow it. How did you think about starting to regrow the team as you were starting to see progress and see growth again?

**Harry:** The process of building the team was very challenging for much of that year, we always felt behind. I think this is a true story of many companies that grow, but we'd also lost some of our team as well. So we were not only growing the team, but we were recovering from some of the cuts that we'd been forced to make. What we tried to do was focus again on what mattered the most. So product and engineering in particular, sales, marketing that will really help us grow the provider base, grow the client base that was coming to that provider group, and then the technology and the tooling to make that work. What we really also focused on was thinking about, well, how are we going to have to expand the aperture of employees that we can work with? So we used to be a New York based company and we realized early on, there's no way we can grow this quickly without becoming remote first. And so we started to accept applications from folks all over the country. I looked yesterday, I think we have team members today in 30 states around the country, which is awesome.

**Brett:** 2020, 2021, when was the new strategy really starting to work in such a way that you were able to then raise funding again? And did you ever hit any moments where you thought you might run out of money in this time period?

**Harry:** In those early weeks when the pandemic struck and we were looking at our lease obligations, we were looking at those security deposits and all those other kinds of things. There was definitely a fear. We never got that close, but seeing those obligations lined up was definitely terrifying. Going into the spring and then summer of that year, it became clear that this was really working. We were really excited about that. And then the question really became, as it often does in a fundraiser, what are the metrics I need to put together? How long do these cohorts need to be? How much data and historical experience do we have to have here to really go out and get the best round done for the business? By middle or end of 2020, mental health had clearly emerged as a core theme. We had this unbelievably amazing product that was really starting to run at a great speed. And so we were able to go to market and raise our B and go from there.

**Brett:** Amazing. So one of the things that I'm always curious about, Harry, is as a founder, how do you think about competitors? In the early days, I know you were very driven by what your customers needed. We know that more recently telehealth has become such an active space. How did you think about competitors in the early days? How do you think about them now? What would be the advice to founders on how to think about competition?

**Harry:** Thinking about competition is tricky and it's a balancing act. The term I use is you need to be competitor aware, not competitor obsessed. You can't stick your head in the ground and ignore your competition because your customers are looking at different solutions and making choices. And those choices are critical to not only your business's success, but the quality of your products. If you look at any great product that's ever been built, they were never the only company doing that thing. So having the push of competitors and knowing that your customers have choices is motivating and it drives you. But it's very dangerous to become competitor obsessed because ultimately your competitive set changes over time. If I think back to the businesses we talked about in our early days versus in our current iteration, those businesses have changed, they've evolved. So the goal is to be competitor aware, to know what's going on and to really focus on it first and foremost from the vantage of your customer and how the products and services that your competitors are building are impacting the buying decisions or use decisions that your customers are making. And to worry less about which VC has funded your competitor, how much money they've raised or what headline is affiliated with your competitor and tech crunch. That's really the focus.

**Brett:** How do I know if I'm appropriately competitor aware versus if I'm becoming competitor obsessed?

**Harry:** The way we approach it in our strategic work is always the order of operations. It always starts with what's our product vision, what are we trying to do as

a business, what's the value prop, what are the customer needs. At the end of that document, and I think that's really where it belongs, you come back to what is the competitive landscape and what are some of the competitor questions. So it's an order of operations thing. And I think for CEOs who are leading strategy discussions, this goes back to interview conversations at the beginning we were talking about the evolution of those conversations, you have to know where to introduce the discussion about what competitors are doing in the dialogue so that you're not doing it too soon and becoming competitor obsessed, but you're not doing it so late that you aren't being competitor aware and using that data to make the right decision.

**Brett:** How do you think about where you are now, how far Alma has come and where you go next and what are the things that you're thinking about these days?

**Harry:** If I think about where we are today, we've built this amazing community of providers around the country and I think we've had a real impact on access to care in the United States. It's a lot easier for folks to find a provider that's in network where they can use their insurance benefits, where they can actually afford care. And we've built a service that I think makes it a lot easier for folks to connect with providers from diverse backgrounds who meet their specific needs that they're looking for and can deliver care in this really amazing way that is supported by the Alma platform. For the future, to me, it really goes back to the same question we asked at the very beginning and the same question we asked when the pandemic punched us in the face, which is what job does our provider need us to do for them to help them achieve their goals as these incredible caregivers in our society who deserve our support and who by supporting we will make a better world from?

As I think about that, we've come back again and again and again to this idea of community. What does it mean to create community and connection and support for clinicians? It's a very different company today than it was when we were 50 or 100 providers in a community space in Midtown Manhattan. We've got providers in all 50 states around the country. We are thinking about what does it mean to bring people together based on what they care about their clinical area of focus, their identity, the ways that we can create that connection and support in a more virtual universe, but then also back into more local experiences for providers that are across the country. We're thinking a lot about what else does it mean to help providers be efficient and able to really relieve some of that administrative burden that they have so they can take that time and energy and refocus it on themselves and self-care or on their families or back into their patients and back into delivering better care experience. So what are the other spots that providers in the new world where again, we're seeing virtual first care really staying the dominant theme. And then the other part of it that for us is really critical is how do we advocate for these providers to really claim their seat at the table in healthcare and earn the position and the opportunity that comes from a system that prioritizes and respects behavioral health as core, whether that's how we think about the role that behavioral health plays in value-based care or society or advocacy. There's just so much more that we must do to support these clinicians to make sure that behavioral health can have all the impact it deserves. By doing that, we

can do a really important job for these clinicians who need to be at that place because they're just too important a part of our society to not have at the table on those kinds of issues. Those are some of the things that for us are really core.

**Brett:** One of the things that we've thought about and I think we've talked about Harry is, is Alma a marketplace or is Alma a SaaS platform? Because in some ways, I think it's both. Is that something that you think about, care about? Is that important?

**Harry:** It's interesting. We've talked a lot more about it in the last year than we ever did in early Alma history. It wasn't something that we thought that much about or really, I think, understood the difference between. We were building products for our customers. Those products were designed to help those customers connect with their customers and we didn't really think about, well, does that make us a platform or marketplace? As we've grown up, we have thought a lot more about the distinction and we really do view ourselves first and foremost as a platform, a platform that helps providers succeed in building thriving in-network private practices. The interesting part about our business and I think what makes Alma unique is that to be a good platform for providers and helping them do this job, which is building a thriving practice, you have to help them serve their key constituents. You end up with something that looks a little bit like a three-sided marketplace where we are building products and services to help connect patients to providers. We're building products and services to help our providers manage those relationships. We're also on the other side of the equation, building relationships and connections with our payer community to make sure that that care is getting reimbursed and providers are able to enter into financial relationships with payers that make sense for them and drive value for all of the different stakeholders involved. The answer is it's not as simple as a yes, no, or a platform marketplace, but I think we start really with platform. The idea being that what makes us unique and where we think we can add the most value is how we enable providers to succeed in the future of mental health care.

**Brett:** Wrapping up, one of the things I'm always curious to learn from any founder is who are the people or the mentors that you've had in your career prior to Alma, could be now with Alma, and what did they teach you? What were some of those memorable lessons?

**Harry:** There's two that come to mind. The first, when I was in high school, I loved jazz and I was in the jazz band at our high school and I played the tenor sax. It was great. I'm a terrible musician. I don't play anymore, but I loved it. I got to meet this amazing man, he's since passed away, who owned a record label out in California.

One day he said, the thing about being a CEO, I don't know more than anyone that I work with about anything, but what I figured out how to do is find amazing people and get them excited about the opportunity they have when they work with each other. That's been my paradigm for leadership ever since. Every single person that works on my team is significantly better at what they do than I could ever dream to be. The thing that I've been able to contribute is getting them to come be part of Alma, trying to create a culture where they get to really work with one another and support one another and celebrate one another. That was a really powerful mentor for me. The



other one have really been friends of mine who have gone through the process before me. The thing that I think is so powerful about having those relationships, a lot of times when you look at founder and CEOs, especially founder CEOs who've had successful fundraising experiences, there's almost this era of invincibility or inevitability that of course you raise this round, that round and it kind of goes forward. And when you have those relationships, what you find out is that every single round, every single month, every single board meeting is terrifying and difficult and hard. When we think about equity in tech, this is one of the most important things we can do to improve the diversity of our founder base is by making sure that more and more people have access to those mentorship relationships because that's a huge part of what gives you the confidence you need to build a new company.

**Brett:** I think that's a great note to end on. Thank you, Harry. Really appreciate you being on the show and best of luck with everything going on at Alma.