DarioHealth Corp.

Fourth Quarter 2023 Results Conference Call

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PRESENTATION

Operator

Greetings and welcome to the DarioHealth Fourth Quarter 2023 Results Conference Call. At this time all lines are in listen-only mode. Following the presentation we will conduct a question-and-answer session.

(Operator instructions)

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Kat. Please go ahead.

Kat Parella

Thank you Operator, and good morning everybody. Thank you for joining us today for discussion of DarioHealth's fourth quarter and full year 2023 financial results.

Leading the call today will be Erez Raphael, CEO of DarioHealth. He'll be joined by Rick Anderson, President. After the prepared remarks, we will open the call for Q&A where we will be joined by Twill co-founders, Tomer Ben-Kiki and Ofer Leidner.

An audio recording and webcast replay for this call will also be available online as detailed in the press release invite for this call. For the benefit of those who may be listening to the replay or archived webcast, this call is being held on Thursday, March 28, 2024.

This morning we issued a press release announcing our financial results for the fourth quarter and full year 2023. A copy of the release can be found on the Investor Relations page of DarioHealth's website. Actual events or results may differ materially from those projected as a result of changing market trends, reduced demand, or the competitive nature of DarioHealth's industry. Such forward-looking statements and their implications may involve known and unknown risks, uncertainties, and other factors that may cause actual results or performance to differ materially from those projected.

The forward-looking statements discussed on this call are subject to other risks and uncertainties, including those discussed in the Risk Factors section and elsewhere in the Company's Full Year 2023 Annual Report on Form 10-K. Additional information concerning factors that could cause results to differ materially from our forward-looking statements are described in greater detail on the Company's press release issued this morning and in the Company's other filings with the SEC.

In addition, certain non-GAAP financial measures may be discussed during this call. These non-GAAP measures are used by Management to make strategic decisions, forecast future results, and evaluate the Company's current performance. Management believes the presentation of these non-GAAP financial measures is useful for investors' understanding and assessment of the Company's ongoing core operations and prospects for the future. A reconciliation of these non-GAAP measures to the most comparable GAAP measures is included in this morning's press release.

With that, I'd like to introduce Erez Raphael, Chief Executive Officer of DarioHealth. Erez?

Erez Raphael

Thank you, Kat, and thanks to all of you for joining our call this morning.

Twenty twenty-three financial results are a continuation of our multi-year strategy and the evolution of our financial profile that is now being accelerated with the Q1 accounts that are launching and accelerated further with the Twill acquisition.

Before analyzing the potential contribution of Aetna and other accounts that we launched in Q1 and that we continue to launch in Q2, I would like to first remind you of our three revenue streams, which remains the same post the Twill acquisition as we operate in the same channels.

First is our historical direct to consumer or "B2C" business.

Second is our core business, the recurring revenue from health plans and employers or what we call commercial B2B2C with clients like Blue Shields of California, Aetna CVS or, in Twill's case, clients like Cigna, Elevance and Amazon, Google and others.

The third revenue stream that we call commercial strategic, which is milestone based rather than monthly recurring revenue and comes mainly from pharma partners like Sanofi and in Twill's case clients like Merck, Eli Lilly and others.

In the fourth quarter, our B2C business generated approximately $2 million, which is consistent with the channel's expected $8 million to $9 million annual revenue run rate. This number has been managed down to a cash flow neutral or slightly positive run rate, which has proved accretive to our strategy of allocating resources to growing our B2B2C channel, reducing OpEx and improving gross margins.

On the commercial strategic side, while our commercial strategic revenue remains on track for annual run rate of approximately $6 million to $8 million a year, in the fourth quarter we recorded $582,000 in revenue, which is less than the average quarterly strategic revenue for the first half of the year. This is due simply to the milestone-based timing of revenues from our strategic channel. We want to reiterate that this partnership's revenues should be viewed on a yearly basis and not a quarterly basis, and the economic value for us on a yearly basis has not changed.

We expect our commercial strategic revenue to continue at an annual run rate of $6 million to $8 million on a Dario standalone basis. Due to the demand we have already seen from pharma for the integrated Dario-Twill offering since the acquisition was announced, we expect to be able to grow this commercial strategic revenue stream along 2024 and 2025..

The fundamentals of our core B2B2C ARR business with employers and health plans continues to grow and is also accelerating in Q1 2024 with the launch of Aetna and multiple employer accounts. Full year 2023 B2B2C channel revenue grew by 39% year-over-year. This Dario standalone B2B2C revenue stream shows adjusted gross margins of above 70%. Going forward, with Twill's historic B2B2C margins above 90%, we anticipate the combined gross margins for the Company to hit above 80%. The vast majority of both the immediate and expected future revenues from the Twill acquisition will appear in the B2B2C channel, pushing us much further ahead in our objective to grow our core business. We anticipate that with the launch of Aetna and other employer accounts in 2024 and combined with the Twill B2B2C revenues, the B2B2C recurring revenues channel will be the majority of the total revenue for the full year of 2024 among the three revenue streams that we have.

We also saw significant interest and multiple employers' adoption of the Dario GLP-1 Behavioral Change program, as well as expansions of current customer relationships on the metabolic side. Our product is already fundamentally a complement of the new GLP1 market opportunity.

We have seen solid growth in our core B2B2C business in 2023 and see that accelerating in 2024 on a standalone base. We anticipate larger growth and scale with the transformational acquisition of Twill that we announced last month, an acquisition that we believe will accelerate the timeline to cash flow positive.

This acquisition creates the most disruptive digital health platform this space has seen. It provides the ability to leverage Twill's innovative approach to engagement and navigation and breadth of offering to increase sales opportunities, revenue per customer, our enrollment rate, and the lifetime value of our members. The combined company will cover six conditions: diabetes, hypertension, pre-diabetes, musculoskeletal - MSK, behavioral health/mental wellbeing and pregnancy support, as well as redesigning the top of the funnel to increase enrollment rate through innovative member navigation.

The acquisition nearly doubles our pro forma revenues. It creates immediate scale across big name clients in the health plan and pharma space with clients like Cigna, Elevance, Amazon, Google, Microsoft, Merck, Eli Lilly and others. Because the companies are very synergistic also on the operational side, we expected to achieve 30% annualized cost synergies within two years. Most importantly, we expect an accelerated path to profitability in 2025 through revenue scale, increased gross margins and cost synergies. We believe our new cash flow positive point is at approximately $62 million in revenue.

We ended the year with $37 million in cash and on top of that we raised an additional $22.4 million alongside the acquisition. This puts us in a great position to execute on our strategy.

With that, I would like to hand the call over to Rick to elaborate on the commercial side.

Rick Anderson

Thanks, Erez.

We were pleased to complete the 2023 employer sales cycle last quarter and have launched or will launch more than 15 new customers on the platform in the first quarter of 2024 or within the next couple of months. In addition, we launched the first members on the private labeled Aetna platform in January and have seen

Aetna continue to add customers throughout the first quarter. We expect that our revenue from Aetna will continue to grow over the next several quarters as they continue to sell the solution to their customers.

Last quarter we announced that we had been selected by Aetna to replace one of their existing vendors in providing digital cognitive behavioral therapy. This separate piece of business we anticipate will launch with more than 5 million members in the second quarter. Please keep in mind that our behavioral health business is priced on a per employee per month basis at a much lower price than our full suite product. In aggregate these launches are expected to significantly increase our revenue in the first quarter of 2024 with further increases into the second quarter.

As Erez noted, our core B2B2C revenue increased 39% in 2023 over 2024, which reflects our investments in building the Dario brand and reputation in the self-insured employer and health plan space over the last several years. As I have discussed in the past, the B2B2C market yields step growth in a reinforcing cycle that requires a significant amount of work at the beginning to build reputation, benefit consultant relationships and reference customers. When successful, this cycle builds on itself each year. We are seeing the continued fruits of our efforts in early 2024, which is off to our best start ever as measured by number and size of opportunities in the pipeline at this point of the year. Currently our average size employer in the pipeline is more than 200% larger this year than the average in our current book of business, and this does not reflect the Twill standalone pipeline.

The building of reference customers is also reflected in existing customers expanding, including a self-insured financial services customer that expanded in the first quarter and both of our Medicaid customers being in the process of expanding, which is anticipated to impact 2024 and 2025 revenue. We have further expanded our relationship with Blue Shield of California through our partner Solera and we expect to launch a second condition within a month. In addition, we expect to add to our list of health plan customers during 2024, including at least one additional large health plan.

Of course the most significant recent development commercially is the acquisition of Twill Health. We believe this will enable us to provide a comprehensive and differentiated platform to our customers that will increase our win rate, revenue per customer, lifetime value per member and gross margins. It gives us significantly more B2B2C scale by approximately tripling our B2B2C revenue, adding marquee employer customers, including three of the largest technology companies, and two additional health plans. The fact that both companies are selling into the same channels with no customer overlap provides significant opportunities for cross-selling, especially since Twill customers have historically expressed interest in chronic conditions. This has been validated in the last month through discussions with our largest customers and partners who have expressed an interest in understanding how they can access a larger array of services from the combined entity. We are very pleased to have such affirmation so soon after the acquisition, and like Dario, Twill has a several large opportunities in the pipeline for 2024 and 2025.

Twill also has significant relationships with pharmaceutical companies that we believe will enhance the strategies that we have been pursuing with B2B strategics, as well as platform licensing opportunities. We expect this to result in more opportunities to leverage our combined platform, including relationships already in the pipeline that we expect to come to fruition in 2024.

In summary, between the standalone and combined opportunities, we expect to increase B2B2C revenues in the first quarter of 2021 and we see the ability to dramatically accelerate our revenue in 2024 and 2025 across our B2B2C and strategic B2B channels.

With that I would like to turn it back over to Erez.

Erez Raphael

Thank you, Rick.

As we look back on the strategic changes we have made to the Company in the past few years, such as moving from single- to multi-condition and from B2C to B2B2C, we see how impactful they were on the financial profile and path to growth and for profitability. The expansion of our product offering, especially post Twill, has delivered the most comprehensive platform in the industry, validated by clinical results among members, as well as billions of deeply analyzed data points.

Our plan of expanding our B2B2C core business has been progressing with a good pace, and we'll accelerate more in 2024. With Twill, this channel of this recurring revenue becomes even larger and will be larger than the other two channels combined when we are looking on the full 2024 revenues. This will be the main driver for the acceleration to profitability at $62 million in revenue.

Today, Dario has a massive client base and book of business, including three out of the top eight national health plans, such as Cigna, Elevance and Aetna, as well as big name national employers such as Amazon, Google, Microsoft and key pharma companies such as Sanofi, Merck and Eli Lilly. And we are very encouraged by the interest of Dario and Twill clients to expand their contracts into the full offering post acquisition.

With the massive jump start we are starting 2024 with, we believe that our path to profitability is clear and direct, and we plan to continue our upward trajectory for this goal on a quarterly basis.

With that, I want to hand over the call to the operator for the Q&A session.

Operator

Thank you. (Operator instructions)

Our first question comes from the line Charles Rhyee of TD Cowen. Please go ahead. Your line is open.

Adam

Hi. This is Adam on for Charles. Thanks for taking my questions. It's great to see many new customers have launched in the platform already in 2024, both on the white label lane solution and the core Dario platform. At the Investor Day, you talked about how the average customer (inaudible) would be meaningfully larger in terms of employees versus the average customer size in 2023, so it's good to hear in the prepared remarks that the average-size employer in the pipeline is 200% larger versus the existing book of business.

Can you talk about from the new customers that launched so far in 2024, what the average customer is like that Dario is winning, both in terms of the number of employees and so their size, and from a prior experience with digital health (audio interference)?

Rick Anderson

Yes. Thanks for the question on that. I think that really what I mentioned in the remarks as well, the fact that what you see in the business is really a step function of that. So I would say that the average size of customer is what we would call large middle market to smaller enterprise-sized customers would be the average, although there are some that are sprinkling in there that are bigger in 2023, and we see, as I mentioned, a big step-up of that in 2024, and most of those are employers. I don't think there's really a standard in terms of type of business, etc.

We have had good traction actually in labor as well as in transportation companies. So what one may think of not necessarily as traditional, high technology-adopting companies, we're actually seeing good traction.

I think that, that really speaks to the fact that diabetes, hypertension and pre-diabetes are sort of universal concepts and that those are challenging employers across the spectrum.

Geographically, they're also fairly well distributed across the U.S. So there's not really a typical industry or type of customer, I think, from that perspective.

Adam

That's very helpful. Thank you. Another question on adjusted OpEx, it looks like it decreased sequentially in the fourth quarter driven by what looks like lower digital marketing expense. Can you talk about what drove this lower digital marketing expense, whether it was a function of CAC trends or something else in the quarter? A

A follow-up to that would be with Twill, can you remind us how you're thinking about OpEx trending in 2024 for the combined entity?

Erez Raphael

Yes. So the strategy that we had in the transformation from B2C to B2B, we deliberately or intentionally decided to slow down the B2C to improve our financial profile. You clearly can see in the last six quarters that we quarter-by-quarter reduced the OpEx, improved the gross margins. while taking the B2C down.

The way that we think about the B2C is that it's on an average of $2 million a quarter, $8 million a year. and that's the cash flow positive point. And I think that relatively between Q3 to Q4 we have seen more or less the same number. So we don't see a real decline on the B2C. That's the stable run rate looking into this kind of channel.

Regarding Twill, generally speaking, Twill are not generating a B2C revenue, so this is only a value (phon) channel. Twill do generate what we are calling B2B2C, which means employers and health plans, which is our second channel. And the third channel that Dario have is strategic that is coming mainly from pharma, and on that channel, Twill is also active.

So the way to look into the evolution into 2024, 2025 with Twill, I think that the second channel which is the B2B2C (inaudible) employers and health plans that drives ARR have an annual recurring revenue and monthly recurring revenue. That's going to be the majority of the revenue of the Company in 2024 and going to account for more than 50% of the revenues of the Company. which is something that will also contribute to the continuous improvement in the gross margins that will improve potentially to more than 80% on an integrated base. This channel is going to be the main driver that will help us push the Company to the cash flow positive point that we are targeting for the second half of 2025 according to our plans.

Adam

That's very helpful. Thank you. Last question for us is, how should we think about growth expectations for 2024? Whether on the standalone businesses, is it still right to think about 100% to 170% B2B2C revenue growth. And for the integrated business with Twill, what’s the right way to think about the outlook for potential growth for B2B2C in 2024?

Erez Raphael

On the B2C, we disclosed that we're going to keep it stable in the range of $8 million. On a standalone basis, Dario was talking about 100% for the second channel. On an integrated basis, given the revenue is much larger, we're not going to see this level of growth on the B2B2C. It's going to be less than 100% on an integrated base for Dario and Twill.

And for the third channel, which is the strategic, we expect that the Company will be able to close more deals because we already see interest on the integrated platform and we got very concrete discussions with a few clients. So the average of $6 million to $8 million have the potential to grow between 2024 to 2025.

Overall, we do think that we're going to see a growth for the second and the third channels, B2B2C and the strategic on an integrated wave (phon) of Dario and Twill.

Adam

That's very helpful. Thank you guys.

Erez Raphael

Thank you.

Operator

Thank you. (Operator instructions)

We have another question come through. That's from the line of David Grossman at Stifel. Please go ahead. Your line is open.

David Grossman

Erez, maybe first, just to follow up on that last comment about the strategic piece of business, so $6 million to $8 million run rate, is that a good number to use for 2024 and then growth in '25? Or would you expect growth in 2024 as well?

Erez Raphael

I think that in 2024 there is some potential to grow. I think that the majority of the growth is going to come in 2025. We are in concrete discussions that started even before—some of them started even before the acquisition was announced with few clients that were over the world. But I think that this is things that will take time in terms of getting to to get signed, and I would anticipate that the majority of the impact will happen in 2025 and not in 2024, although the chances to have something in 2024 exist.

David Grossman

Got it. In terms of Aetna, I assume that the ramp, the new piece of business that you won as well as the new clients that you're onboarding will show up in the enterprise segment, right? The second segment of your business. Is that accurate, and if so, can you give us a sense of what kind of visibility you have right now based on the business in hand with Aetna?

Erez Raphael

First of all, it's counted into the second channel, the B2B2C health employers and health plans, specifically Aetna enrolling new employers into the platform, and the more employers they enroll, the more revenue we have. At the moment, we have like in the ranges of like 10 employers that went on the platform, and this is something that is keep moving forward into Q2 and Q3. This is something that will gradually go up and the visibility that we have is ongoing activities that we are having between our sales team and Aetna in order to introduce the platform to more and more employers.

It's not like a full selll cycle like when we are selling directly to employers. This is something that is relatively faster, and the platform is getting adopted. But we don't have a visibility like a specific target of 40 or 50 or 60 employers by this quarter or another quarter. This is why we are relatively thinking about the growth in a conservative way, although the network that Aetna has is very, very wide and the win rate and the ability to get more clients is much faster than value on a standalone base. So we're very positive about the potential growth here.

David Grossman

Right.

Rick Anderson

Sorry, just to add one thing. The new piece of business that we won that will launch in the second quarter is an existing piece of business, so all 5 million of those members will come in the second quarter.

David Grossman

In 2Q, Rick, is that what you said?

Rick Anderson

Yes, beginning of Q2.

David Grossman

Okay. Got it. Then sorry if I missed this or it was in the release, but did you mention just how large Twill was in the quarter and for the year in 2023 in terms of revenue?

Erez Raphael

Yes. This is something that we disclosed in the press release. I think that between Dario and Twill together the pro forma for 2023 is $37 million to $38 million, not audited yet, and that's the disclaimer that we put. We are working on the audits of Twill and in the next quarter it's going to be published, but on a non-audited way we are looking into $17 million to $18 million that is coming from Twill, on which between $14 million to $15 million is related to the second channel, employers and health plans, and another $3 million to $4 million that came from pharma. All the numbers are for 2023, obviously.

David Grossman

Right. Got it. Just on Twill, maybe you can just help us understand as you look at their existing book of business, they do obviously have a really strategic presence in the Medicaid kind of segment of the market. How should we think sales cycle in terms of selling metabolic into that phase?

Rick Anderson

Sorry, David. Selling metabolic into which phase? It just cut out for a minute for me.

David Grossman

Into the Medicaid phase. Like, how should we think about the timing of your ability to do that? Is it more given Medicaid awards happen more on an annual basis, is that something that can be added before that?

Or is it really getting into that particular segment, is that something that's more of a '25 kind of outcome than a '24 outcome?

Rick Anderson

No. I mean one of the good news/bad news about selling into health plans when they bear the risk, which would be managed Medicaid, managed Medicare or Medicare Advantage, or even on the commercial side when it's their fully insured book of business, is they can launch whenever they want to launch. And so it's not really—I mean to some extent, right? They have to have the business. So if they're looking to add new business, we won't be able to start until they add that business or if they need renewals, etc., that may impact the timing of it.

But what we've seen so far is our Medicaid business is all launched, if you will, sort of mid-cycle on those kinds of things. We do have one of our Medicaid current customers that is in a re-bid process at the moment. But even in that particular case that relates to part of their Medicaid business, and they are in the process of expanding even in light of that, so it can happen essentially any time. It's just what we're expecting is, is that we're going to see expansions of Medicaid that will increase 2024 population under management and therefore revenue, but we also have with one of those plans, they're looking at 2025 expansion into other lines of business as well. That was the comment about 2024 and 2025.

David Grossman

Rick, is the utilization rate of metabolic in the Medicaid base, is it different than the corporate average, or is it similar?

Rick Anderson

There's actually wide variation in the customers that we have. But I would say on average, if you average both of them together, it's a little bit below. One of them is entirely consistent, maybe even a little higher than our commercial book of business, and the other one is lower. I believe that relates to the population that we started in with the one that's lower and I believe that will come up. We started in a more challenging segment of that population.

David Grossman

Got it. Then just last, Erez, just thinking about the cash burn in 2024, can you give us a sense of just how you're planning on the cadence of the cash burn, given that we're closing the acquisition, and I'm sure there's some work that has to be done in conjunction with that. How would you like us to think about again the cadence of the cash burn over the course of the year?

Erez Raphael

First of all, I'll try with on a standalone base. Dario on a standalone base reduced the OpEx by more than 30% year-over-year. And if you look into the OpEx of Q4, we had another 11% reduction comparing to the previous quarter. So Dario is clearly in a path to keep the OpEx down and the OpEx on a standalone basis between 2023 to 2024 is going to go down just for Dario by 10% to 15%. That's number one.

Twill, we're going through a similar kind of path in 2022/2023. So we are getting into this 2024 in an OpEx that is already reduced. On top of that, on a combined base, because the two companies operate in a very, very similar way, practically we are winning clients, enrolling members, retaining members and making them healthier. That's the objective of the businesses and everything is being done in a digital way.

If you look on the org structure and the operation, it's very, very, very similar. And a lot of the analysis that we did prior to the acquisition, and also in the last four weeks after the acquisition, we are very, very, very positive that we are having tons of synergies that will create additional efficiency of 30% in the next couple of years, from which we think we can get at least 20% in the first year, which means that on an integrated base we're going to see an OpEx that is lower by at least 20% for this year of 2024.

If you apply the revenues, the potential growth and the improved gross margins—and we think that for the core business it's going to be above 80% because the Twill revenue provide more than 90% gross margins—I think that the overall loss of the Company on the operations side is going to be down by at least 30% comparing to the Dario on a standalone base in 2023. So you're looking into somewhere like $22 million, $24 million a year loss, and that's something that we are having as an objective. The year after, as I said, we believe that with reduced OpEx and growth in the revenues, we're going to go to cash flow positive or very close to cash flow positive. That's the objective.

From a cash perspective, we ended the year with $37 million. We raised $22.4 million that we announced alongside with the deal. We paid $10 million of cash on the acquisition of Twill, and we ended up with, call it, $50 million, approximately $50 million cash. So we think that we are in a good spot and we think that we are designing the right financial profile in order to manage the risk of cash burn and the ability to grow in a very responsible way.

David Grossman

All right. That’s very helpful. Thank you very much.

Erez Raphael

Thanks, David.

Operator

Thank you. Our next question comes from the line of Chuck Padala at LifeSci Advisors. Please go ahead. Your line is open.

Charles Padala

Thank you, Operator, and good morning. Can you tell us more about the main benefits of Twill Care navigation technology?

Erez Raphael

Yes, we'll hand this question to Ofer Leidner, the founder of Twill that is part of our team.

Ofer Leidner

Yes. Thanks, Chuck, for the question. I think the main benefit of our care navigation solution and mostly that it shifts the relationship with the user on a very fundamental basis from a transactional relationship—what do you need and how can you find it—into something we like to call a longitudinal relationship. We're creating a top of funnel engagement that's really helping users feel confident and safe in that environment and knowing that they can manage their health journey with us during episodes and in between those episodes.

What we've built into that layer of engagement is several proven modalities such as peer-to-peer support, intelligent personalized content feed, doctors that are supporting users and helping them with answering questions and helping them navigate deeper into the care. From there, we simply take them into the self-care solution, coaches or any other care that they need deeper into their journey.

What we've done in this care navigation kind of environment is essentially removed all barriers to access. You don't need to log into your benefit portal. You can log in and access it for free, which, by the way, for employers it's a huge challenge when it comes to families and dependents. As a matter of fact, this platform is an open platform.

What we created though, ultimately, is a total population solution that engages people top of funnel understand very uniquely their journey, where they are and what they need to drive them deeper into the support that they need. What we're doing ultimately is driving people from engaging top of funnel and further pushing them downstream. And we know that when you engage more people on the top funnel, you can actually engage more people that need support in chronic conditions. As we mentioned before, in our database about 36% of the users that have touched our platform top of funnel have chronic conditions, many of which have metabolic conditions.

So ultimately, to summarize, we're moving with the solution from longitudinal relationship—we move into longitudinal versus transactional. We're using better data and engagement to lead more people towards activations into the conditions.

Charles Padala

All right. Ofer, very helpful. I know it's still very early but can you speak more to any feedback or progress you've made on the Twill cross-selling efforts?

Erez Raphael

Yes. I'm happy to address that. As you heard from Rick, we are practically integrated on the commercial side of the house. We went to all of our large clients and introduced the new capabilities and I would say we have perceived very positive feedback with concrete discussions about how we can bring more services.

For me, I would summarize this to say the thesis behind the combined entity and the multi-platform condition is moving from theory to execution right now, and that's where our focus is and what we're going to be focusing over the next few quarters.

Charles Padala

Okay. Thank you. Lastly, what are some of the integration milestones that you're looking for in the short and medium term with Twill?

Tomer Ben-Kiki

This is Tomer Ben-Kiki. Maybe I'll take this.

We've been working diligently on the integration on multiple levels since the announcement of the acquisition, and obviously, earlier than that. As Ofer mentioned, the first milestone that we targeted and have achieved is the commercial team of Dario that took over the entire set of products from Twill is in market on multiple levels. They're selling the entire portfolio of products, and as we said, the division is a comprehensive set of services in digital health that allows an employer or health plan or a company to get access to all these digital tools with one relationship.

The second component is selling the Veeva Health standalone product suite of Twill, which is undergoing right now.

And thirdly, we are going to, I would say, launch this combined vision that has been outlined by both Erez and Ofer to allow the Twill Care plan to optimize the flow of members and reduce the cost of acquisition when it comes to conditions that are covered by Dario, but there's a high prevalence of them in the mental health level at Twill Care that we'll provide. That synergy will be available in the middle of the second half, but we're actively selling it already.

Secondly, on the organizational level, we have integrated our executive leadership teams, the senior leadership teams, and are now executing on delivering on the financial profile and the cost optimizations that we've been—have presented to the market. This is a couple of milestones ahead of us in order to extract those in the best possible way.

And lastly, there's a couple of data, AI and ML (phon), I would say, achievements that we're not announcing yet, but we're deeply delivering, obviously, in digital solutions and the ability of the state-of-the-art technologies to drive our KPIs up.

That gives a bit more color.

Operator

Thank you. There are currently no further questions in the queue, so I'll hand the floor back to Erez Raphael, the CEO of Dario, for the closing comments.

Erez Raphael

Thank you. I would like to thank everyone for joining our call today and their interest in DarioHealth. Have a good day. Thank you.

Operator

This now concludes the conference. Thank you all very much for attending. You may now disconnect your lines.