

HEALTHCARE FOCUS: HEALTH APPS, REMOTE DIAGNOSIS AND FLEXIBLE ELECTRONICS

Cooper Parry Corporate Finance

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Cooper Parry
CORPORATE FINANCE



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Digital health is revolutionising healthcare, putting control in the hands of patients via technology through lots of different applications. From smart phone apps, to wearable technology, to blood test results being given on digital dashboards online – the capabilities are endless.

mHEALTH APPS

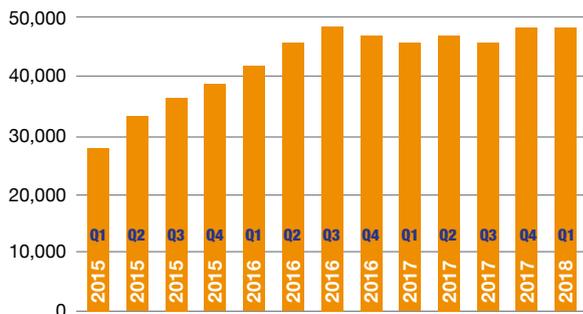
According to research carried out by mobile analytics firm Flurry, health and fitness app usage in the US grew by 330% between 2014 and 2017. Popular fitness apps allow users to set goals and monitor activity. It keeps them motivated on their fitness journey. This new wave of apps is taking digital health to the next level.

Mobile health apps – also called mHealth apps – offer health solutions for specific illnesses. They offer a lot more than simply tracking activity levels. The global mHealth app market is predicted to be worth \$28.3 billion in 2018 and expected to reach \$102.4 billion by 2023 (Research and Markets, 2017).

Key uses of mHealth apps are for chronic care management such as:

- managing blood pressure
- diabetes and mental health
- various diagnostic apps and apps to track women's health.

NUMBER OF iOS mHEALTH APPS



Source: Statista

CHRONIC DISEASE MANAGEMENT

A lot of research has been carried out in the field of diabetes management and mHealth. One study found that although two thirds of diabetic patients interviewed had a smartphone, only one third of them used an app to help them manage their diabetes. Many felt the apps didn't offer much value and took too much time to use. But with further investment into developing clinically approved apps, there's an opportunity to unlock huge potential in chronic disease management.

REMOTE DIAGNOSIS

The application of technology and healthcare does not have to solely rely on apps collecting data. There are several companies that provide testing services too. These are for things such as diabetes, allergies and liver function to name a few.

How does it work? The consumer orders a test online, receives a test kit in the post, sends their sample and receives their results online. It empowers the individual to take control of their health and allows them to accurately track their data. As the consumer specifies which test they require, often a finger prick sample of blood is all that is required.

Although these tests are in no means designed to replace seeking medical advice from a doctor, they can give users a better understanding of various aspects of their health. In fact, by posting results to personal online accounts, it reduces the amount of time required by doctors and individuals attending face to face appointments.

BUSINESS IN THE UK

In 2017, Key Capital made an investment into York Test which performs testing remotely in a deal valued at £8.6m. Another exciting business based in the UK is Healthy Stuff, which not only performs the testing with the latest, state of the art Bio-feedback testing equipment from Germany, it also then provides advice and access to products

for people with allergens and food intolerances. It serves customers in over 40 countries and has also invested in state of the art in-vitro diagnostic equipment and labs in the UK under the brand Lifelab Testing. It intends to roll out 'lab at home' blood testing on a global scale.

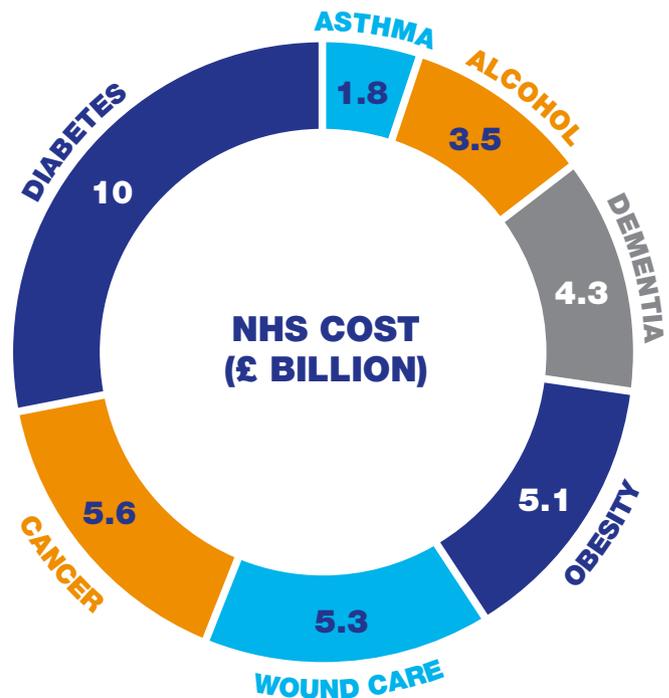
FLEXIBLE ELECTRONICS

Flexible electronics are used in a variety of industries including automotive, industrials and energy, and they're now being adapted for medical purposes.

A team of researchers based at Tuft's University in Massachusetts have developed a bandage so intelligent it can monitor wound pH levels and temperature, deliver antibiotics and electronically deliver the data to the healthcare provider.

By providing highly tailored treatment to wounds directly from bandages, it reduces the need for patients to see doctors face to face and could also mean more effective treatment. This in turn would result in reduced numbers of repeat appointments required because of wounds recovering correctly the first time.

This could lead to huge cost savings, a key concern for the NHS, with £5.3 billion being spent on wound care in 2017/18. Research has found that annually the NHS is likely to see an increase of 11% in the number of wounds needing treatment, highlighting the mounting pressure for cost effective solutions.



Source: Institute for Pressure Injury Prevention

PET HEALTH

Digital health is a prominent trend in healthcare for humans and has also begun making waves in the pet care sector.

Nielson has found that trends in pet care often mirror the trends of pet owners, such as a focus on organic, healthy foods.

Digital health has followed this trend, with the global pet wearable technology sector predicted to reach \$2.4 billion by 2022. There are now activity trackers that connect to apps the owners download onto their smartphone to track activity levels and sleep quality, with the aim of generating big data to better understand and care for pets.

KEY TRANSACTIONS IN DIGITAL HEALTH

There continues to be a trend of private equity investment into the healthcare space, with HgCapital investing in Orion Health in July this year. Tech players such as Amazon are also getting in on the action through their acquisition of PillPack inc in June.

DATE	TARGET	TARGET DESCRIPTION	BUYER	DEAL VALUE
03 July 2018	Orion Health Group Limited (Rhapsody business)	New Zealand-based Rhapsody business of Orion Health Group Limited, an integration platform for healthcare data	HgCapital	£115.1m
	Orion Health Group Limited (Population Health business) (24.9% Stake)	New Zealand-based Population Health business of Orion Health Group Limited that provides integrated, patient-centric solutions		
28 June 2018	PillPack, Inc.	US-based online pharmacy that fills, sorts and delivers clients medications, revenue multiple: 10.0x	Amazon.com, Inc.	£764m
08 May 2018	Symbility Health Inc.	Canada-based healthcare software-as-a-service solution provider, revenue multiple: 2.6x	Telus Health Solutions Inc.	£9.5m
26 January 2018	Goetech, LLC (51% stake)	US-based company engaged in the development and distribution of web and mobile-based platforms for hospital pharmacies that improve quality standards, productivity in the processes, control systems and monitoring different preparations while increasing patient safety	Grifols SA	£69.0m

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22 January 2018	TechMatrix Corporation (medical systems business) (33.34% Stake)	Japan-based company engaged in cloud service picture archiving and communication systems and administration of medical data platform, revenue multiple: 4.3x	Mitsui & Co., Ltd.	£14.0m
18 January 2018	CHS Healthcare Holdings Limited (30% stake)	UK-based company providing hospital discharge management services and online databases for CCG staff	BGF Ventures	£10.0m
11 January 2018	ProVation Medical Inc	US-based provider of software solutions that streamline procedural documentation in hospitals	Clearlake Capital Group, L.P.	£113.1m
11 January 2018	ProVation Medical Inc	US-based provider of software solutions that streamline procedural documentation in hospitals	Clearlake Capital Group, L.P.	£113.1m
11 January 2018	DST Systems, Inc.	Listed US-based provider of specialised technology, strategic advisory, and business operations outsourcing to the financial and healthcare industries	SS&C Technologies Holdings Inc	£4.1bn
09 January 2018	Hangzhou Meliora Technology Co., Ltd. (49% Stake)	China-based company engaged in providing information technology services for healthcare institutions	B-Soft Co., Ltd.	£6.2m
08 January 2018	Practice Fusion, Inc.	US-based company that offers a cloud based electronic medical record system to medical professionals	Allscripts Healthcare Solutions, Inc.	£73.8m
04 January 2017	I-Med S.A.	Chile-based provider of online digital health platform that connects insurance providers physicians and patients for identity and insurance verification	Accel-KKR LLC	£61.0m

DATE	TARGET	TARGET DESCRIPTION	BUYER	DEAL VALUE
22 December 2017	Regas B.V.	Netherlands-based company that develops and sells software solutions that enable hospitals, social services and youth welfare organisations to plan, optimize and document their performance	BID Equity Advisory GmbH	n/d
21 December 2017	Visionary RCM Infotech (India) Pvt. Ltd.	India-based company providing medical billing and coding, and revenue cycle management outsourcing services to healthcare organisations	The Carlyle Group	£52.5m
14 December 2017	Brighter, Inc.	US-based provider of online platforms to connect patients, providers, and payers	Cigna Corporation	n/d
11 December 2017	RASMAS	US-based company that provides web-based healthcare product recall management subscription service	Inmar Inc.	n/d
07 December 2017	Healthcare Communications UK Ltd.	UK-based provider of appointment management and patient experience communications to the UK healthcare market, revenue multiple: 4.2x, EBITDA multiple: 37.5x	IMImobile PLC	£15.0m
05 December 2017	Forcare Holding B.V.	Netherlands-based provider of software for the healthcare sector	Koninklijke Philips N.V	n/d
28 November 2017	Doctolib SAS (Undisclosed Minority Stake)	France-based operator of doctor booking platform	Bpifrance SA Eurazeo SA	£31.m
20 November 2017	Nalari Health, LLC	US-based company engaged in providing online healthcare solutions	BehaveCare Inc.	n/d
15 November 2017	Hayes, Inc.	US-based provider of health technology research and consulting services	TractManager, Inc.	n/d
21 July 2017	YorkTest Laboratories Limited	UK-based food intolerance testing company, tests are ordered online and carried out at home	Key Capital Partners	n/d

CONTACT US

Healthcare Focus is a quarterly publication produced by us here at Cooper Parry, to provide you with our take on a select range of consumer trends. Our healthcare team include industry experts who have a global reach and in-depth sector knowledge.

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ANDY PARKER

Andy joined Cooper Parry in 2015, and prior to that was a Corporate Finance Partner and a member of the Healthcare team with a Big Four practice.

Andy has extensive experience of cross-border corporate transactions and selling businesses to private equity investors.

He's a Chartered Accountant and is leader of Cooper Parry's Corporate Finance business.



LAURA CLARKE

Laura joined Cooper Parry in 2005 and has a wealth of experience in both advising business owners and deal origination.

She liaises daily with colleagues across Global M&A Partners on global acquisition and sale mandates.

Laura is a Chartered Accountant, having trained at Deloitte.



TOM SUMMERS

Tom joined Cooper Parry Corporate Finance in February 2016 and has over three years of corporate finance experience.

He's acted as lead adviser on private equity transactions, management buyouts and company sales including international transactions.

Tom is also a Chartered Accountant and holds a BA (Hons) in Physics from The University of Oxford.



AMARDEEP ATWAL

Amardeep joined Cooper Parry in 2016 gaining exposure to several specialist areas, joining Cooper Parry Corporate Finance in 2017.

As a sector analyst, Amardeep focuses on consumer products and retail, researching current trends and activity in the market.

Amardeep holds a BSc First Class Honours in Business and Management from Aston University.

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