

# HEALTHCARE FOCUS: TRENDS IN TECHNOLOGY

Cooper Parry Corporate Finance

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CORPORATE FINANCE



# HEALTHCARE FOCUS: TRENDS IN TECHNOLOGY

Innovation in technology is rapidly changing consumer experience. It's happening in every industry, and particularly in healthcare, where there's a strong emphasis on making every patient's journey as seamless as possible. There are also lots of new-found ways where technology can be used alongside traditional care. It's going to have a huge impact on the future of how we all receive our healthcare.

## ITS ROLE IN THE NHS

We all know the NHS is stretched. Technology has a huge part to play to alleviate some of that pressure and several new initiatives have already been introduced. Patients can now book appointments with their GP online and several apps have been approved and even connected to NHS records. And there are even further changes that are set to take place.

## TELEMEDICINE, BIG DATA AND THE INTERNET OF THINGS

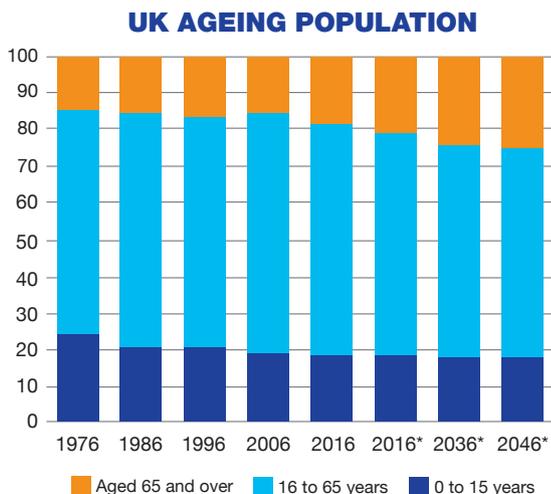
In this edition of Healthcare Focus, we'll cover the potential of telemedicine, and how talking to a GP over the phone might be the future. We'll consider the power of big data to establish trends, as well as the emergence of the Internet of Things to empower patients to manage their own conditions. Lastly, we'll look at the importance of cybersecurity to keep sensitive data protected.

# TELEMEDICINE

**Telemedicine: the remote delivery of healthcare services, such as health assessments or consultations, over the telecommunications infrastructure e.g. by telephone or over the internet.**

With a growing population and longer life expectancies, there's an increasing need for more efficient healthcare services to cope with rising demand. Figure 1 shows that the percentage of the UK population aged 65 and over will increase from 18% in 2016 to 25% by 2046. The health services are stretched, even with current levels of demand. Therefore steps must be taken in the future to deal with a high volume of patients, whilst still maintaining high standards of care.

**Figure 1**



*\* Based on population projections. Office for National Statistics*

## PHONES OVER FACE TO FACE

Most of us use our smartphones to communicate, and this technology has the power to shake up the healthcare industry. An increased use of telemedicine would mean patients wouldn't have to travel to get the help they need. This approach has already been proven to be just as effective as a face-to-face appointment for diabetes management and mental health support (Kruse et. al., 2016). Doctors simply carry out assessments over the phone or via video calls. Data can then be captured and recorded accurately, reducing the need for handwritten notes.

## APPS – THE BENEFITS AND CHALLENGES

Apps can also be a powerful tool in this area. There are already 39 online providers of primary care registered with the Care Quality Commission. One example is Push Doctor, where patients pay a one-off fee for a 10-minute video consultation with a GP. This GP is able to provide medical advice, prescriptions and sick notes. It allows patients to be treated quickly at a time that suits them and also eases the pressure on local NHS services.

Although it has proved to be effective for some at providing convenient treatment, it has raised some questions regarding how easy it can be for patients to be prescribed potentially dangerous medicines with minimal tests. One way these providers could combat this is by looking to gain higher levels of integrity through more stringent regulations. The overall benefit of telemedicine can't be ignored and it could play a much larger role in the future of healthcare services.

# BIG DATA

**Big data: extremely large data sets that may be analysed to reveal patterns, trends and associations relating to human behaviour and interactions.**

Tools such as telemedicine allows healthcare providers to collect data on their consumers. And this data could be very powerful. It has the potential to identify health risks with patients, as it gives providers the ability to carry out detailed analysis. This analysis could reduce the costs of treatment, avoid preventable diseases and ultimately improve quality of life.

By harnessing the power of data, doctors and physicians could have the ability to make more informed decisions which would lead to better outcomes. Data can also be utilised for better planning. Forbes reported on hospitals in Paris which

were looking at admissions data from the previous ten years. They analysed this data to forecast admission rates for the next 15 days. This then allowed for extra staff to be brought in if higher levels of admissions were expected, leading to reduced waiting times and increased quality of care.

## BECOMING DATA SAVVY

Traditionally, healthcare companies are not data-driven. So becoming data savvy is a challenge for most providers. In the US, a key element of healthcare is to create value. Big data could be the answer. It allows value to be added throughout the consumer journey. It can also lead to accelerated rates of innovation through a better understanding of how consumers use current products and services. It could also help find the gaps where improvements are needed.

**McKinsey & Company identified a 5-stage process of data utilisation:**

### STAGE 1

You have some data you need, but key areas are missing.

You need to begin the journey.

### STAGE 2

You have had the data you need.

Unfortunately, you don't know what to do with it outside of time-worn analytics that yield little insight.

You have begun the journey.

### STAGE 3

You have the data, and you can do the analytics to decode what it's telling you.

But, the resulting insights are not yet fully realised in terms of driving business performance.

You've made a great start.

### STAGE 4

You have the data and the analytic capabilities, and you use the data to inform your business decisions.

You're leading the way!

### STAGE 5

You've flipped the process.

Instead of gathering data and using it to inform business decisions, you know what you want to do, and your data-gathering and insights strategy emerges from those priorities.

You've arrived.

# THE INTERNET OF THINGS

**Internet of Things: the interconnection via the Internet of computing devices embedded in everyday objects, enabling them to send and receive data.**

Another key development in the use of technology in healthcare is the emergence of the Internet of Things. These are devices that can collect data, which can then be analysed and stored more efficiently than by a human. There are a growing number of examples where it's working already.

Eversense have developed a glucose sensor that is inserted into the upper arm and communicates with a small transmitter that can also be attached to the arm. This vibrates if glucose levels are too high or too low, and sends data to a mobile app. This is a clear

example of devices communicating and allowing people to manage their diabetes with ease and peace of mind.

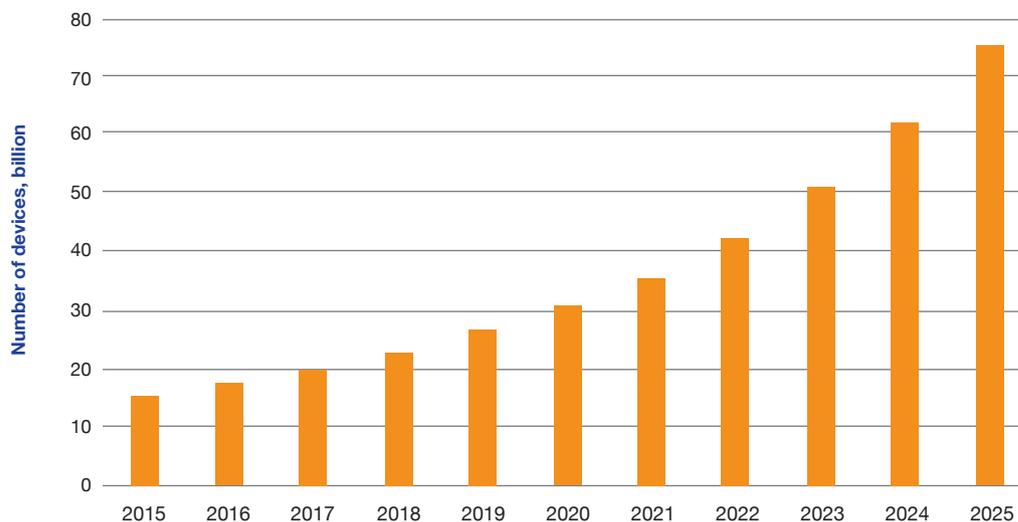
## HUGE POTENTIAL

The potential for applications like Eversense is endless. And the big players are aware of the competitive advantages it could bring. Google's healthcare division, Verily, are working with Alcon, the Switzerland-based eye care specialists, on a smart lens program. One of their concepts is a lens that can monitor patients' glucose levels in order to aid diabetes management.

The internet of things is looking to be a global mega-trend, with IHS predicting that the number of connected devices globally will reach 75.44 billion by 2025, up from 15.41 billion in 2015. See Figure 2.

Figure 2

## INTERNET OF THINGS GLOBAL MARKET



IHS Markit,  
March 2016

# CYBER SECURITY

**Cybersecurity: the body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorised access.**

With all the advances in healthcare technology, come new risks. A key issue is cybersecurity. With devices and databases storing large amounts of sensitive data, it's vital that it's kept safe. In May 2017, the NHS was victim to a vicious ransomware attack. It was subsequently found that this was partially due to a lack of compliance with cybersecurity recommendations. It caused widespread chaos and affected around 19,000 appointments.

F-Secure believe that the lack of awareness of the potential security risks, particularly regarding the Internet of Things, has the potential to cause a large volume of security problems. The future may see more healthcare technology companies working jointly with security firms. This would make sure consumers are protected from the potential threats.

# KEY TRANSACTIONS IN THE HEALTHCARE TECHNOLOGY SECTOR

One third of the transactions in the healthcare technology sector since November 2017 have been by private equity firms. These firms have invested a total of approximately £288m. In January 2018, BGF Ventures invested £10m into CHS Healthcare, a UK-based provider of discharge management services for hospitals.

DATE	TARGET	TARGET DESCRIPTION	BUYER	DEAL VALUE
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	£69m
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	Mitsui & Co., Ltd.	£14m
January 2018	CHS Healthcare Holdings Limited (30% stake)	UK-based company providing hospital discharge management services	BGF Ventures	£10m
January 2018	ProVation Medical Inc	US-based provider of software solutions that streamline procedural documentation in hospitals	Clearlake Capital Group, L.P.	£133m
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

DATE	TARGET	TARGET DESCRIPTION	BUYER	DEAL VALUE
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.	£6m
January 2018	Practice Fusion, Inc.	US-based company that offers a cloud based electronic medical record system to medical professionals	Allscripts Healthcare Solutions, Inc.	£74m
January 2018	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	£61m
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, optimise and document their performance	BID Equity Advisory GmbH	n/d
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	£53m
December 2017	Brighter, Inc.	US-based provider of online platform to connect patients, providers, and payers	Cigna Corporation	n/d
December 2017	RASMAS	US-based company that provides web-based healthcare product recall management subscription service	Inmar Inc.	n/d
December 2017	Healthcare Communications UK Ltd.	UK-based provider of appointment management and patient experience communications to the UK healthcare market	IMIImobile PLC	£15m
December 2017	Forcare Holding B.V.	Netherlands-based provider of software for the healthcare sector	Koninklijke Philips N.V	n/d

DATE	TARGET	TARGET DESCRIPTION	BUYER	DEAL VALUE
November 2017	Doctolib SAS (Undisclosed Minority Stake)	France-based operator of doctor booking platform	Bpifrance SA Eurazeo SA	£31m
November 2017	Nalari Health, LLC	US-based company engaged in providing online healthcare solutions	BehaveCare Inc.	n/d
November 2017	Hayes, Inc.	US-based provider of health technology research and consulting services	TractManager, Inc.	n/d
November 2017	European Telemedicine Clinic, S.L.	Spain-based provider of teleradiology and telepathology services to public hospitals and private healthcare providers in Europe	Unilabs SA	n/d
October 2017	Desma Health	US-based provider of a platform for doctors to record and share patient data	Commure, Inc.	n/d
October 2017	Stockell Healthcare Systems, Inc.	US-based company that provides software solutions and services to manage revenue cycles for hospitals, behavioural healthcare providers, and integrated health networks	Medsphere Systems Corp	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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