



Eclipse
Corporate Finance

M&A in the healthcare software and IT sector

Drivers of M&A in the healthcare software and IT market

The ongoing digitalisation of the NHS is driving significant M&A and private equity activity across the UK market

- The NHS is experiencing a surge in demand for its services, driven by a growing and ageing population, with an increasing prevalence of complex conditions
- Combined with a severe staffing shortage and ever present funding pressures, healthcare services across the NHS are stretched, from primary care to emergency services and secondary care
- Healthcare software and broader digitalisation offer the potential to play a key role in the battle to meet this heightened demand for healthcare services
- The Covid pandemic fast-tracked the use of innovative digital technologies through necessity and this has resulted in greater recognition of the role they can play in addressing the issues faced by the UK healthcare system
- The digital transformation is being supported by £938m in investment through the Unified Tech Fund for the financial year 2021/22, with £2bn of funding announced in June 2022 as part of the Digital Health & Care Plan ⁴
- This accelerated deployment of digital technologies has sparked significant M&A and private equity activity across the sector, which looks set to continue

\$12.5bn

global healthcare software
as a service market size ¹

16.5%

of UK healthcare providers do not have
an electronic patient record system ²

£938m

technology funding to NHS
organisations in FY22 ³

30%

of UK social care providers are still
using an entirely paper-based system ³

NHS Unified Tech Fund Priorities ³

Frontline Digitisation	£308 million
Elective Recovery Technology Fund	£250 million
Diagnostics	£248 million
Digital Maternity	£52 million
Shared Care Records	£50 million
Cyber Security Infrastructure	£27 million
Digitising Social Care	£8.2 million
PODAC *	£6 million
Digital Productivity	£4 million
Cyber Security Remediation Revenue	£3.3 million

* Digital Community Pharmacy, Optometry, Dentistry, Ambulance, Community Care Programme

¹ Grand View Research Report: Healthcare SaaS, 2021

² Laing Buisson Digital Health Report, 2021

³ NHS Unified Tech Fund, 2021

⁴ Gov.UK: A Plan for Digital Health and Social Care, 2022

Digitising patient records and data insights

Digitalisation of core NHS workstreams is driving a range of M&A activity

- At present, only 20% of NHS organisations are digitally mature, with c.86% having some form of Electronic Patient Records (EPR) in place¹
- The government has therefore set a goal for Integrated Care Systems and their constituent organisations to obtain all attributes of digital maturity, including electronic records and other critical systems, by March 2025
- This includes investment into a broader range of integrated digital capabilities such as Patient Administration Systems (PAS), medication management and resource optimisation tools
- As a result, acquirers have been targeting businesses offering software to support these digitalisation efforts, in addition to providers of data insights across the health system
- In parallel, providers of broader digital transformation consulting services have been sought after by private equity, with Palatine investing in Redmoor Health and Westbridge backing the MBO of Channel 3 Consulting
- This area of the market will continue to see M&A activity as the drive for digitalisation accelerates

Notable deals

 	 	 
 	 	 
 	 	 

¹ Gov.UK: A Plan for Digital Health and Social Care, 2022

Streamlining clinical pathways

With NHS backlogs at record levels, software solutions streamlining clinical pathways are increasingly in demand

- Exacerbated by Covid, NHS England waiting list for elective procedures reached a record 7 million in August 2022,¹ highlighting the urgent need for measures to be taken to tackle the growing backlogs
- With £250m of technology funding allocated through the Elective Recovery Technology Fund and a further £248m for Diagnostics,² it is clear that digital technology is viewed as a key tool in resolving capacity issues
- As a priority area for future NHS spending, investors and acquirers have increasingly focused on targets with specialist software and technology offerings which help to streamline clinical pathways and create efficiencies in the system
- This has covered a range of areas such as referral management, digital triage, remote pre-assessment and rehab, and patient flow solutions
- Alongside this, the movement towards community-based diagnostic services has led to various deals across imaging sharing and other digital solutions allowing efficient diagnostic reporting, whether on site or remotely

Notable deals

 	 	 
 	 	 
 	 	 

¹ NHS England

² NHS Unified Tech Fund, 2021

Transforming social care

Digitisation of social care records and remote monitoring are driving activity across the social care market

- With only 45% of social care providers having any form of digital care record,¹ addressing this has become a key priority across the UK system
- The government have set a goal of achieving 80% coverage for CQC-registered providers by March 2024, allowing carers to spend less time on administrative tasks and more time on patient care
- This has led to two high profile private equity investments in 2022, with August Equity investing in OneTouch and Livingbridge backing the MBO of Nourish Care Systems
- We expect to see further deals in this area, as technology providers look to “land grab” in a rapidly evolving market with significant opportunities
- A number of transactions have also taken place in areas such as remote monitoring and telecare software, primarily aimed at the domiciliary care market, in order to improve care for individuals within their own homes
- This movement towards proactive care in order to keep the elderly and vulnerable community out of hospital, will continue to drive M&A activity in the coming months

Notable deals

 	 	 
 	 	 
 	 	 

¹ Gov.UK: A Plan for Digital Health and Social Care, 2022



Appendix 1: transactions

Recent M&A activity

Date	Target	Target description	Acquirer / investor	Deal type
Oct 2022	One Touch Health	Care management software platform	August Equity	PE investment
Oct 2022	Redmoor Health	Digital transformation services partner	Palatine	PE investment
Oct 2022	Signis (Tri.x)	Care management software platform	OneTouch Health	Acquisition
Sep 2022	Blue Zinc	Patient referrals and clinical pathway software	Clear Course	Acquisition
Sep 2022	Convenet	NHS integration APIs provider	Datavant Inc	Acquisition
Jun 2022	EMIS	EPR and GP IT System	United Health	Acquisition
May 2022	Atlas eMAR	Care home electronic medication administration system	Person Centred Software	Acquisition
May 2022	Integris Solutions	Healthcare IT and informatics solutions	Cloud21	Acquisition
Apr 2022	Hicom Technology	Software solutions for clinical care	VitalHub	Acquisition

Recent M&A activity

Date	Target	Target description	Acquirer / investor	Deal type
Mar 2022	FourteenFish	Healthcare appraisal system	EMIS	Acquisition
Mar 2022	LDPath	Pathology reporting services provider	SourceBio International	Acquisition
Mar 2022	Nourish Care Systems	Care management software	Livingbridge	PE investment
Mar 2022	Public View	Healthcare information database provider	BCN Group	Acquisition
Feb 2022	IPlato Healthcare	Patient engagement software inc. myGP app	Huma Therapeutics	Acquisition
Jan 2022	Beautiful Information	Real-time information management software	VitalHub	Acquisition
Jan 2022	Edenbridge Healthcare	Primary care data and analytics specialist	EMIS	Acquisition
Jan 2022	Push Doctor	Video consultation software	Square Health	Acquisition
Jan 2022	Standex Systems	Cloud-based care planning system	Carebeans	Acquisition

Recent M&A activity

Date	Target	Target description	Acquirer / investor	Deal type
Dec 2021	RedCortex	Cloud-based healthcare services	TPXimpact Holdings	Acquisition
Dec 2021	Silverlink	Patient administration systems	Alcidion	Acquisition
Nov 2021	Docobo	Remote patient monitoring software	Graphnet Health	Acquisition
Oct 2021	Current Health	Care at home software	Best Buy	Acquisition
Sep 2021	Aimes Management Software	Cloud-based SaaS	Arrow Business Communications	Acquisition
Sep 2021	Allocate Software	Healthcare staff management SaaS	RLDatix	Acquisition
Sep 2021	Insignia Medical Systems	Medical image management solutions	Intelerad Medical Systems	Acquisition
Sep 2021	Servelec	EPR & PAS SaaS provider	Access UK	Acquisition
Aug 2021	Cievert	Referral management system	Evergreen Health Solutions	Acquisition

Recent M&A activity

Date	Target	Target description	Acquirer / investor	Deal type
Jul 2021	Alamac	Technological and advisory solutions	VitalHub	Acquisition
Jul 2021	Hospedia	Point of care software and services to the NHS	Volaris Group	Acquisition
Jul 2021	Vantage Health	AI powered referral platform	NEC Software Solutions	Acquisition
Jun 2021	Attend Anywhere	Web based video consultation	Induction Healthcare	Acquisition
Jun 2021	Clarity Informatics	IT software solutions to primary healthcare organisations	Agilio	Acquisition
May 2021	Consultant Connect	Platform connecting GPs and consultants	Teladoc	Acquisition
May 2021	Gooroo	Hospital administration management software	Insource	Acquisition
May 2021	Hello Tomo	Mental health and wellbeing software	ICAS World	Acquisition
Apr 2021	Extramed	Patient flow software	Alcidion	Acquisition

Recent M&A activity

Date	Target	Target description	Acquirer / investor	Deal type
Apr 2021	Otsuka Health Solutions	Mental health analytics	Holmusk	Acquisition
Apr 2021	S12 Solutions	Mental health professional information sharing software	VitalHub	Acquisition
Jan 2021	Channel 3 Consulting	Clinical and integrated care systems	Westbridge	PE investment
Jan 2021	IMMJ Systems	Electronic document management solutions	Foresight	PE investment
Jan 2021	Trustedoctor	Patient management software	Further Group	Acquisition
Dec 2020	Doctor Care Anywhere Group	Health management platform	IPO	IPO
Oct 2020	K2 Medical Systems	Maternity ward software systems specialist	N Harris Computer Corporation	Acquisition
Oct 2020	Mjog	Online patient communication software	Kry International	Acquisition
Aug 2020	InfoFlex	Cloud based patient information software, integrating with hospitals and clinics	Civica	Acquisition

Recent M&A activity

Date	Target	Target description	Acquirer / investor	Deal type
Aug 2020	Intouch With Health	Digital patient flow	VitalHub	Acquisition
Jul 2020	Cloud 21	Health IT services	X-tension	Acquisition
Jul 2020	PathXL	Digital pathology and image analysis software	Cirdan Imaging	Acquisition
Apr 2020	Microtest	GP management system software	PUBLIC	VC investment
May 2020	Zesty	EPR and PAS software	Induction Healthcare	Acquisition
Mar 2020	Pinnacle Health Partnership	Online pharmacy management SaaS	EMIS	Acquisition
Feb 2020	Wellbeing Software Group	Medical software solutions for radiology, maternity, pathology, and EHR	Citadel Group	Acquisition



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Company Sales



Acquisitions



Management Buy-outs



Capital Raises

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