

PE Likes Healthcare IT
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PE firms interested in this complex sector are drawn to IT deals, as 22% of healthcare IT and pharma mergers and acquisitions in 2011 were financed by PE, venture capital and other investment firms, according to investment bank Berkery Noyes.

Said Jon Krieger, Managing Director at Berkery Noyes, “Private equity firms oversee \$3T in global assets and due to the global economic challenges, 30% of that is sitting on the sidelines waiting to be invested. A lot of that money is going into the U.S. healthcare IT market to capitalize on current adoption trends and above-market growth rates. We’re seeing a lot of interest from both strategic and private equity buyers looking to acquire private HIT companies to penetrate the healthcare market. Their ability to leverage existing customer bases, industry knowledge and relationships often enable them to accelerate the growth trajectory of the companies they acquire.”

Middle-market dealmakers will note that automated processes are designed to remove time and cost from a very expensive administrative system. And investors see the potential upswing in the space as they actively look for key targets.

Added Krieger, “Despite weak capital spending by hospitals and health insurers, healthcare IT is the top budget priority for both providers and payers.”

Overall, be it IT or facilities, this sector is likely to remain a healthy one for middle-market professionals, especially in the context of Europe’s slowdown.