



Sector Spotlight: Healthcare Services

September 2023



Key Market Trends

01

A fast-growing subsector of the healthcare services market is **healthcare communications** - valued at **\$4.9bn in 2023** and **growing at 20.7% CAGR** to reach **\$18.5bn by 2030**, highlighting the demand for effective communication strategies to ensure patient engagement, drive healthcare advancements, and navigate the rapidly evolving industry.

Healthcare services and communications have shifted towards being more **patient-centric**. Patients are now more empowered to access information, share their experiences, and actively participate in decision-making about their care. This trend is leading to the **accelerated development of patient communities, online forums, and support groups**.

03

The COVID-19 pandemic expedited the **adoption of digital health technologies** and **reshaped** the way healthcare services are delivered, with **telehealth becoming a critical avenue** for remote consultations, **digital platforms** offering monitoring solutions, **mobile apps** providing health management, and **wearables tracking vital signs**.

In an era marked by widespread digital connectivity and information sharing, ensuring the **confidentiality of patient data** and **upholding ethical principles in healthcare services** have become imperative, prompting **heightened focus on robust data security measures** and **transparent consent mechanisms** to preserve patient trust and safeguard sensitive data.

05

Virtual Reality (VR) and Augmented Reality (AR) are revolutionizing healthcare services by enabling immersive medical training, enhancing patient education through interactive visualizations, and transforming physician-patient interactions with clear, visual explanations of diagnoses and treatments.

With the proliferation of online channels, social media, and digital advertising, and with consumer behaviours shifting towards online engagement, **the role of end-to-end, technology-enabled healthcare digital services** that allow clients to attract and retain patients and optimize marketing is expected to continue growing at an accelerated speed.

02

04

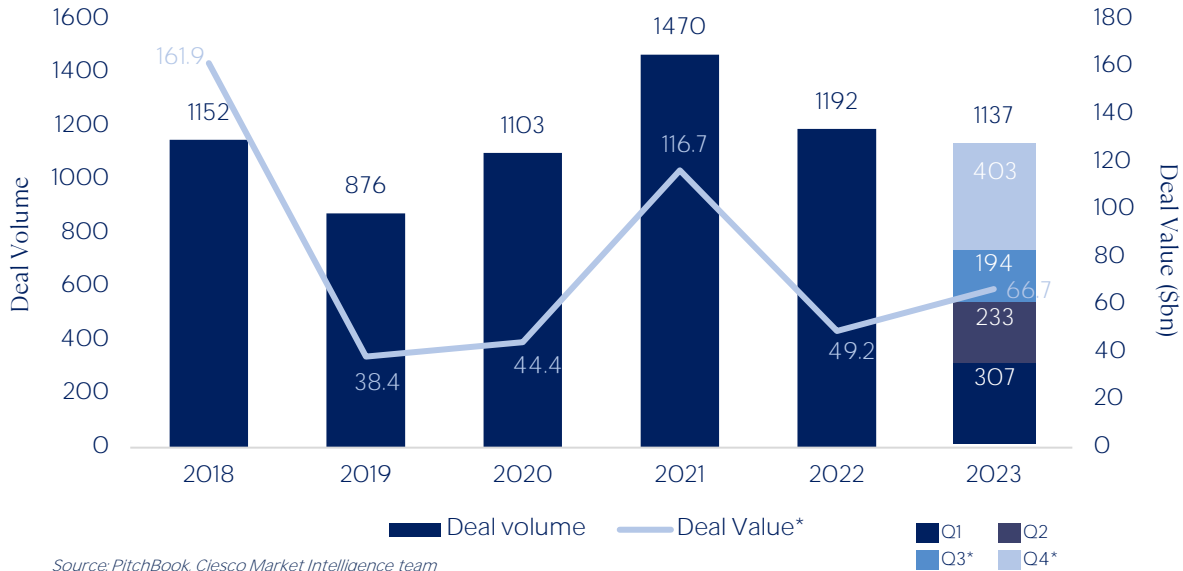
06

Notable Transactions

*EV = Enterprise Value

Target	Buyer	Date	Target Description	Buyer Description	EV*
COR EVITAS Excellence in Evidence	ThermoFisher SCIENTIFIC	Aug-23	Biopharmaceutical Data & Analytics (US)	Biotechnology & Life Sciences Solutions (US)	\$912.5m
Enzo	labcorp	Jul-23	Clinical Laboratories & Digital Reporting (US)	Diagnostics & Drug Development Services (US)	\$113.25m
medica:	IK Partners	Jul-23	Teleradiology Reporting to NHS & private (UK)	Mid-market European Private Equity (UK)	\$341.92m
InstantScripts	Wesfarmers Health	Jul-23	Telehealth Consulting (Australia)	Conglomerate (Australia)	\$94.38m
KANTAR	M3 GLOBAL RESEARCH	Jul-23	Healthcare Research & Insights (UK)	Market Research Leader (US)	-
HMP	VieMed	Jun-23	Home Medical Solutions Provider (US)	Respiratory Equipment (US)	\$31.86m
SYNLAB	SONIC HEALTHCARE	Jun-23	Specialty Testing & Diagnostics (Switzerland)	Pathology & Radiology (Australia)	\$111.89m
YgEia3	Kinnick LLC	Jun-23	Health & Wellness Testing (UK)	Family Office (US)	\$688.87m
Digirad	ITG Imaging Solutions	May-23	Diagnostic Imaging Solutions (US)	Imaging & Equipment Distributor (US)	\$39.65m
TI Health	REAL CHEMISTRY	Mar-23	HCP Engagement Company (US)	Healthcare Agency Group (US)	-
eraptr	AMULET CAPITAL PARTNERS	Feb-23	Healthcare Digital Marketing (US)	Mid-market Healthcare Private Equity (US)	-

Healthcare Services Deal Activity



Source: PitchBook, Ciesco Market Intelligence team

Contrary to many sectors, healthcare services fared well during the COVID-19 pandemic. In 2021, the sector saw the highest number of deals with 1,470, a 33% increase on 2020 deal volume. Aside from 2021, and a slight drop in 2019, other years remained fairly consistent with an average deal volume of 1,149. Despite deal volume peaking in 2021, deal value was highest in 2018, at \$161.9bn. Deal value in 2021 remained high at \$116.7bn, considerably higher than in 2019, 2020 and 2022. Deal value in 2022 decreased by 58% to \$49.2bn, and deal volume dropped by 19% to 1,192 deals recorded.

2023 shows forecasted deal volume and deal value totals, as well as deal volume segmented by quarter. The assumptions included in this forecast are a continued trend in Q3 with an accelerated trend in Q4. This is due to the fact that numerous transactions were progressing at a slower pace during Q2 and Q3 of 2023 and are now on an accelerated track to be completed by the end of the year. The forecast shows that deal volume is expected to be around 1,140, with a higher anticipated deal value of \$66.7bn.

*Deal values for the period do not include values from all deals captured in the deal volume for the period as values for some deals are not disclosed

*2023 shows YTD data until 30/08/2023, therefore deal volume and deal value totals are partly forecasted, Q3 deal volume is partly forecasted and Q4 deal volume is entirely forecasted

www.ciesco.com

Buyer Spotlight



NASDAQ: SYNH

Founded in 2018
Market cap: \$4.4B
NC, USA HQ

Team: 23,000 Total
900 - Communications

Recent Acquisitions:



INC Research merged with inVentiv Health in January 2018 which gave birth to Syneos Health, the listed parent company of Syneos Health Communications that specializes in biopharmaceutical solutions.



Founded in 2001
Revenue: \$360M

CA, USA HQ
1,400 Employees

Recent Acquisitions:



Real Chemistry creates innovative AI-powered, idea-driven healthcare experiences for patients. A real healthcare disruptor blending Data, Communications and Medical Solutions.

Forum Health

Founded in 2019
Raised \$14.2m

MI, USA HQ
100 Employees

Recent Acquisitions:



Since being founded in 2019 Forum Health has been particularly acquisitive and has bought 14 healthcare companies over the space of the four years, building its network of health and wellness offerings at the forefront of technology and data analytics.



Founded in 1966
\$34bn Valuation

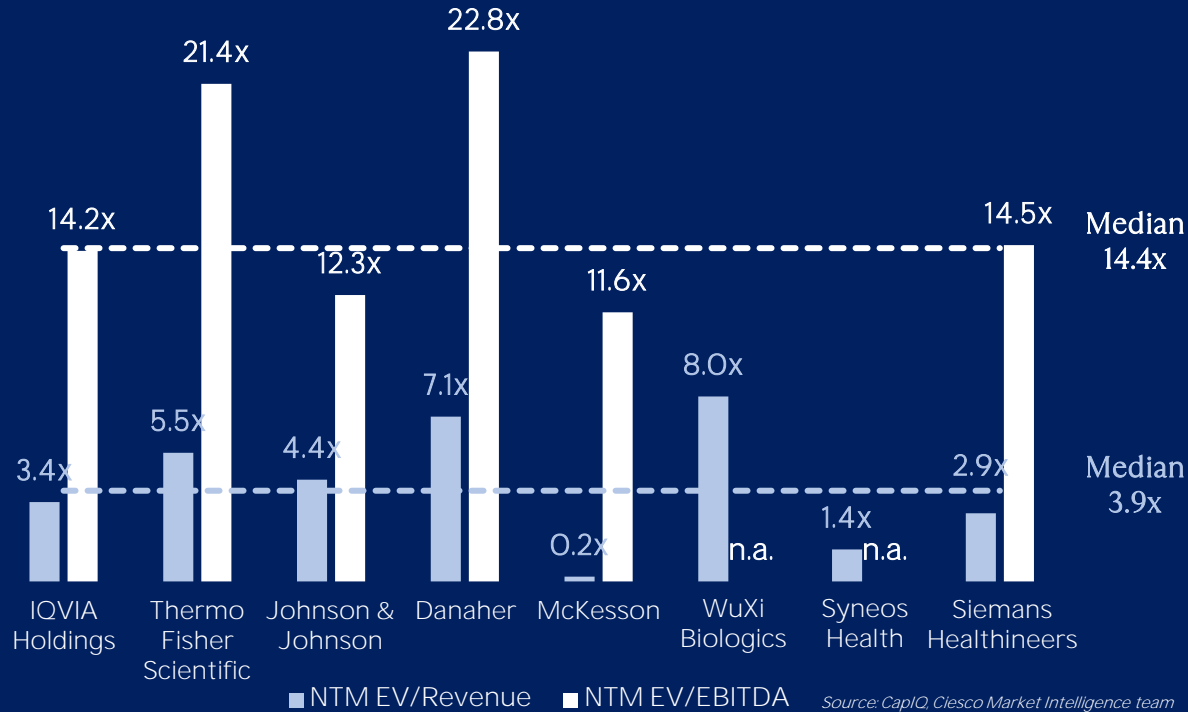
IL, USA HQ
20,000 Employees

Recent Acquisitions:



Medline Industries, medical equipment manufacturer, was acquired by Blackstone, Carlyle and Hellman & Friedman in June 2021, valuing the company at \$34bn in one of the largest leveraged buyouts of all time.

Healthcare Services Public Comps



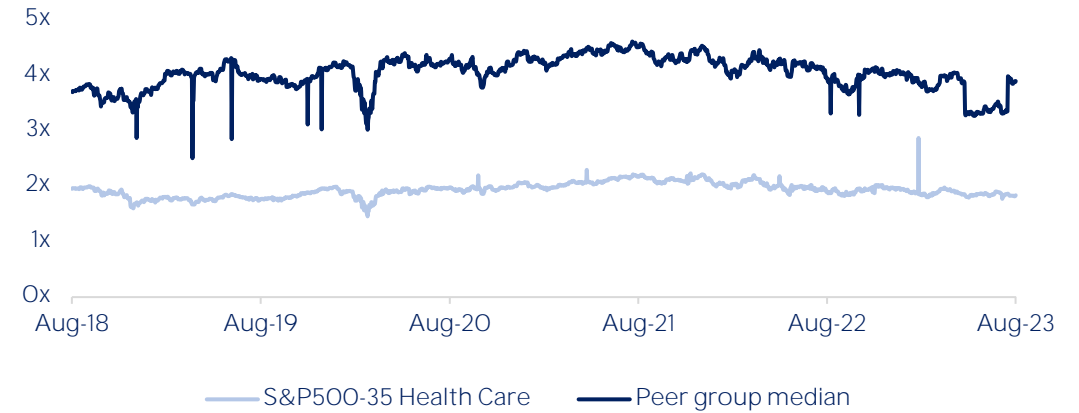
Healthcare Services public comps demonstrate strong multiples for both EV/EBITDA and EV/Revenue, with medians of 14.4x and 3.9x respectively. The peer group was chosen to reflect Cisco’s tracked Healthcare Services data, excluding care providers and hospitals.

EV/Revenue over the last 5 years shows that the peer group trades at a consistently higher multiple compared to the S&P500-35 Healthcare Index. Multiples across the five-year period are typically x2 those of the index, whilst following a broadly similar pattern, as exemplified by the dip in mid-August 2019 and peaks in early and mid August 2021.

EV/EBITDA shows median peer group multiples just slightly higher than the index throughout 2018, 2019 and 2020. Towards the end of 2020 was the start of a steeper sustained increase that significantly differentiated between comparatively flat index, until returning to previous levels by 2022. The healthcare index shot up in mid 2022. Whilst not surpassing EV/Revenue multiples, the index rose considerably higher than the peer group and almost reached the peak of early August in 2021.

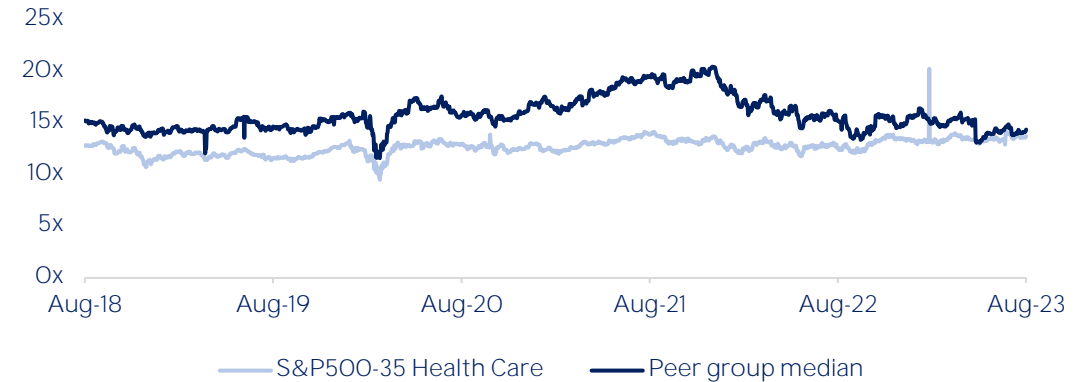
Sector Valuations

NTM EV/Revenue over the last 5 years



Source: CapIQ, Cisco Market Intelligence team

NTM EV/EBITDA over the last 5 years



Source: CapIQ, Cisco Market Intelligence team

Sector Specialist Team



Chris Sahota
 Founder & CEO
chris.sahota@ciesco.com

Chris founded Ciesco in 2010 and is a trusted advisor to Ciesco clients, guiding them with their corporate growth strategies and M&A activities. He has unique deal-making experience from an industry practitioner's standpoint and an advisory standpoint, allowing him to give a holistic insight into the deal process.

During his corporate career, Chris held senior industry roles at McCann Worldgroup, including McCann Health, Initiative Media and the International operations of FCB and Bozell Worldwide. Chris boasts an intricately curated worldwide network of connections spanning the industry, encompassing trade leaders, financial investors, industry experts, and advisors alike



Colin Wheeler
 Partner
colin.wheeler@ciesco.com

Colin brings almost a decade of M&A experience through Origination and Deal transactions activity at Ciesco. He is a sector specialist having previously worked for over 30 years on the agency, brand and consultancy side developing and managing blue-chip brands.

Colin was previously Managing Partner M2 Worldwide, developing healthcare business with Pfizer, Amgen, Grunenthal and AbbVie. He also developed a European healthcare client portfolio predominantly in services aligned to brand planning, measurement planning and tracking, behavioural and trend analytics, and 3D animation, with EVEO, prior to its acquisition by Liquidhub.



Aika Kussimova
 Associate Director
aika.kussimova@ciesco.com

Aika leads M&A transactions, origination and execution at Ciesco, specifically within Media, Healthcare and Sustainability services and technologies. She joined the team in 2016 and has been working closely with clients across a range of sectors and geographies, having successfully completed recent deals across the US, UK, DACH and Benelux regions.

Her recent advisory work includes advising on the sale of Cognite, a leading specialist biotech and rare disease-focused strategy and communications consulting firm to Vespa Capital. She also recently completed deals across Digital Media, Software Testing, and Digital Creative sectors.



Daniel Glentworth
 Analyst
daniel.glentworth@ciesco.com

Daniel is part of the M&A deal execution team with responsibilities including deal documentation preparation, market intelligence research and financial analysis. Dan is also closely involved with Ciesco's Origination and Market Intelligence efforts, particularly in the Healthcare and Media space.

Dan has strong financial analysis and accountancy skills. He previously worked at PwC and a corporate finance boutique in the UK, working closely with the leadership team on M&A and Origination. His background is in international finance.

Recent Ciesco Deals



SELL SIDE ADVISORY
 ENTREPRISE SOFTWARE / GLOBAL SOFTWARE GROUP



SELL SIDE ADVISORY
 MEDIA CONSULTING/ PUBLIC COMPANY



SELL SIDE ADVISORY
 HEALTHCARE SERVICES / PRIVATE EQUITY



BUY SIDE ADVISORY
 MEDIA CONSULTING / PRIVATE EQUITY

Our team is proud to have worked with these transformative businesses across the Healthcare Services landscape:



Disclaimer

The views presented in this document are for discussion purposes only. Ciesco Limited ("Ciesco") is not advocating any of the courses of action presented in it, which are being presented solely to illustrate a range of available options. This analysis is presented on the understanding that, apart from showing this document to those of your officers, employees or advisers who are engaged in reviewing it on your behalf, its contents will not be reproduced, redistributed or passed on, directly or indirectly, by you to any other person or published, in whole or in part, for any purpose without the written permission of Ciesco.

This document does not constitute or form part of any offer for purchase, sale or subscription of, or solicitation or invitation of any offer to buy, sell or to subscribe for, any securities nor may it or any part of it be relied on in connection with any contract or commitment whatsoever.

This document has not been approved for the purposes of section 21 of the Financial Services and Markets Act 2000. This document is not intended to be distributed or made available in the United Kingdom except to persons having professional experience in matters relating to investments for the purpose of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. If you do not have professional experience in matters relating to investments you should not act or rely on it, and you should return this document to Ciesco. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this document you agree to be bound by the terms of this notice.

This document has been prepared from information which is believed at the date of this document to be reliable. Phrases like "Ciesco expects", "Ciesco believes", "Ciesco anticipates" and similar phrases do not constitute warranties or guarantees of any kind, express or implied. The information in this document is subject to change without notice. Ciesco undertakes no responsibility or obligation to provide you with any additional information or to update the document or to correct any inaccuracies in it that may become apparent. Ciesco expressly disclaims any and all liability for representations or warranties, express or implied, contained in, or for omissions from, this document or any written or oral communication concerning it or its subject matter transmitted or made available to any person.

Ciesco Limited retains the right to request the return of this document at any time.

www.ciesco.com



156-158 Buckingham Palace
Road
London, SW1W 9TR
United Kingdom
<https://www.ciesco.com>

#NavigateTheFuture