

## Healthcare Information Technology

### German Sector and M&A Report

2019

### The rise of 'Digital Health' and its impact on software firms

Healthcare IT has experienced strong growth in recent years, but its peak still lies ahead. The transformation of the healthcare industry into 'Digital Health' is expected to maintain its momentum in the coming years and will involve fundamental change for providers of software in the healthcare industry. This makes it the perfect time to redefine their role in the market.

The global market for Healthcare IT software has seen a strong rise of M&A activity and startup funding over recent years. Average multiples of around 25x EBITDA, paid in the framework of Healthcare IT acquisitions, reveal the attractiveness for investors. In the field of health digitization, Germany seems to be lagging behind and has a mostly unconsolidated market structure with few large players and a wide field of small but highly specialized providers. The digital transformation of healthcare will push software developers - small and large - into seeking partnerships and cooperation. Thus, the German market is expected to enter into a far-reaching consolidation process which would bring both opportunities and risks for software companies.

#### Key insights:

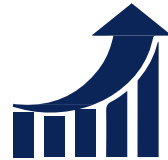
- **A high degree of fragmentation and specialization:** small developers lack the efficiency and overall ability to serve the growing demands of their growing customers. On the other hand, large providers often lack the specific know-how they need to stay competitive.
- **Strong innovation pressure:** software providers will undergo an extensive modernization process investing into the development of new products and technology to keep up with an increasingly demanding market. Small providers might be unable to meet this challenge alone.
- **Cost pressure:** healthcare providers have to cope with constant cost pressure, which they pass on to their software suppliers. Thus, efficiency and synergy will be key to survival for such supplier to an extent never before felt on the market.
- **Healthcare consolidation:** the consolidation in the healthcare sector leads to large cross-sector providers that require much more complex solutions and services. Software suppliers have to adapt to these rapidly changing demands.



**Matthias Holtmeyer**  
Partner, CapitalMind

*"The competitive landscape is shifting quickly for Healthcare IT providers as customers become more demanding and value conscious. Operators need to respond to these developments as in many cases, old business models no longer work. PE is targeting proven concepts with growth potential, which is giving the M&A market and valuations a major boost."*

# Key takeaways



## Growth

The global market will be growing at an extraordinary CAGR of ~20% until 2020. Some segments grow at even higher growth rates such as Mobile or Wireless Health.



## M&A

Global M&A activity has seen a sharp rise within the past 5 years. While the US market is still ahead, European providers have started intensifying their purchasing behavior regarding smaller competitors.



## Trends

Digitization is the megatrend that will substantially change healthcare and its various processes. Representing a huge opportunity, the digital revolution at the same time involves strong challenges for Healthcare IT providers.



## Prospects

Digital Health providers are facing strong innovation and cost pressure. They will have to adapt fast to radically changing market conditions.

## Our selected deals in Healthcare IT



**PROMEDICO®**  
Beter voor iedereen

acquired a stake in



**Care2U**

Healthcare Software



**CSC**

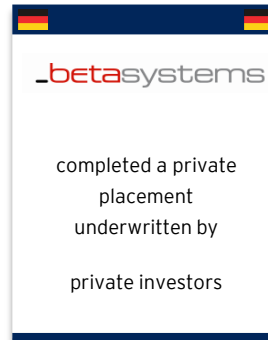
sold 100% of

**ISOFT**

to

**Radiomed**

Healthcare Software



**betasystems**

completed a private placement underwritten by private investors

Business Software



partial sale/funding of



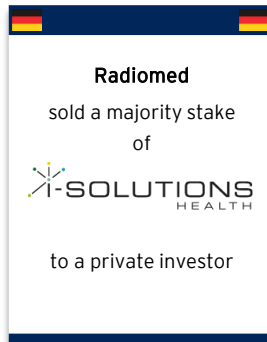
**Springest**

to/by




**FD MEDIAGROEP**

Education Software



**Radiomed**

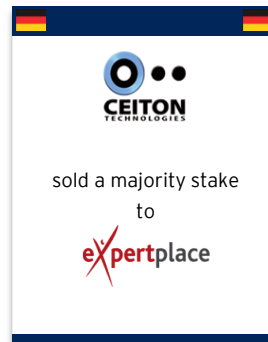

sold a majority stake of



**i-SOLUTIONS HEALTH**


to a private investor

Healthcare Software

**CEITON TECHNOLOGIES**

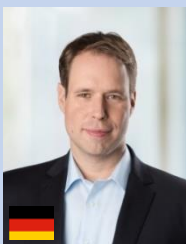
sold a majority stake to



**expertplace**

Workflow Software

**If you would like to discuss this report in more detail or opportunities for your business, please get in touch**



**Matthias Holtmeyer**

Partner

+49 30 278 909 15

matthias.holtmeyer@capitalmind.com

Matthias is a Partner of Capitalmind, focused on the Healthcare and TMT sectors. He has been an M&A advisor for 20+ years, and leads our Berlin office, with direct access to some of the most dynamic and fastest-growing companies in Europe.

Before joining Capitalmind, Matthias was a founding Partner of a German M&A boutique, focused on transactions in the mid-market. And before that he spent 13 years with KPMG, where he rose to become Partner, leading the Healthcare sector in their corporate finance department. Matthias began his career as an IT-Consultant for Coopers & Lybrand.



**Ron Belt**

Managing Partner

+31 73 623 8774

ron.belt@capitalmind.com



**Jean-Arthur Dattée**

Partner

+33 14 824 6288

jean-arthur.dattee@capitalmind.com



**Stig Madsen Lachenmeier**

Managing Partner

+45 20 433 373

stig.madsen.lachenmeier@capitalmind.com



BEYOND TRANSACTIONS

Smart advice | by your side | worldwide

Capitalmind is one of the largest independent corporate finance advisory firms in Europe, owned by its partners. Since 1999 we have provided unbiased advice to mid-market companies, entrepreneurs, (private equity) investors and large corporates on selling, buying and financing businesses all over the world, and in the following sectors:

- 200+ closed transactions in the last 5 years - 500+ since 1999
- Worldwide access to strategic/financial players and likely buyers
- Team of 60+ experienced professionals in Europe
- European Headquartered advisory firm, with offices in Benelux, France, Germany & the Nordics
- We have received numerous awards



BUSINESS SERVICES



CONSUMER



FOOD & AGRO



HEALTHCARE



INDUSTRIALS



TMT

**'s-Hertogenbosch**, The Netherlands  
Reitscheweg 49  
5232 BX 's-Hertogenbosch  
T +31 (0)73 623 87 74

**Paris**, France  
151, boulevard Haussmann  
75008 Paris  
T +33 1 48 24 63 00

**Frankfurt**, Germany  
Sonnenberger Straße 16  
65193 Wiesbaden  
T +49 611 205 4810

**Amsterdam**, The Netherlands  
Vreelandseweg 7  
1216 CG Hilversum  
T +31 (0)73 623 87 74

**Copenhagen**, Denmark  
Strandvejen 60  
2900 Hellerup  
T +45 20 433 373

**Berlin**, Germany  
Schumann Straße 17  
10117 Berlin  
T +49 611 205 4810

[www.capitalmind.com](http://www.capitalmind.com)