

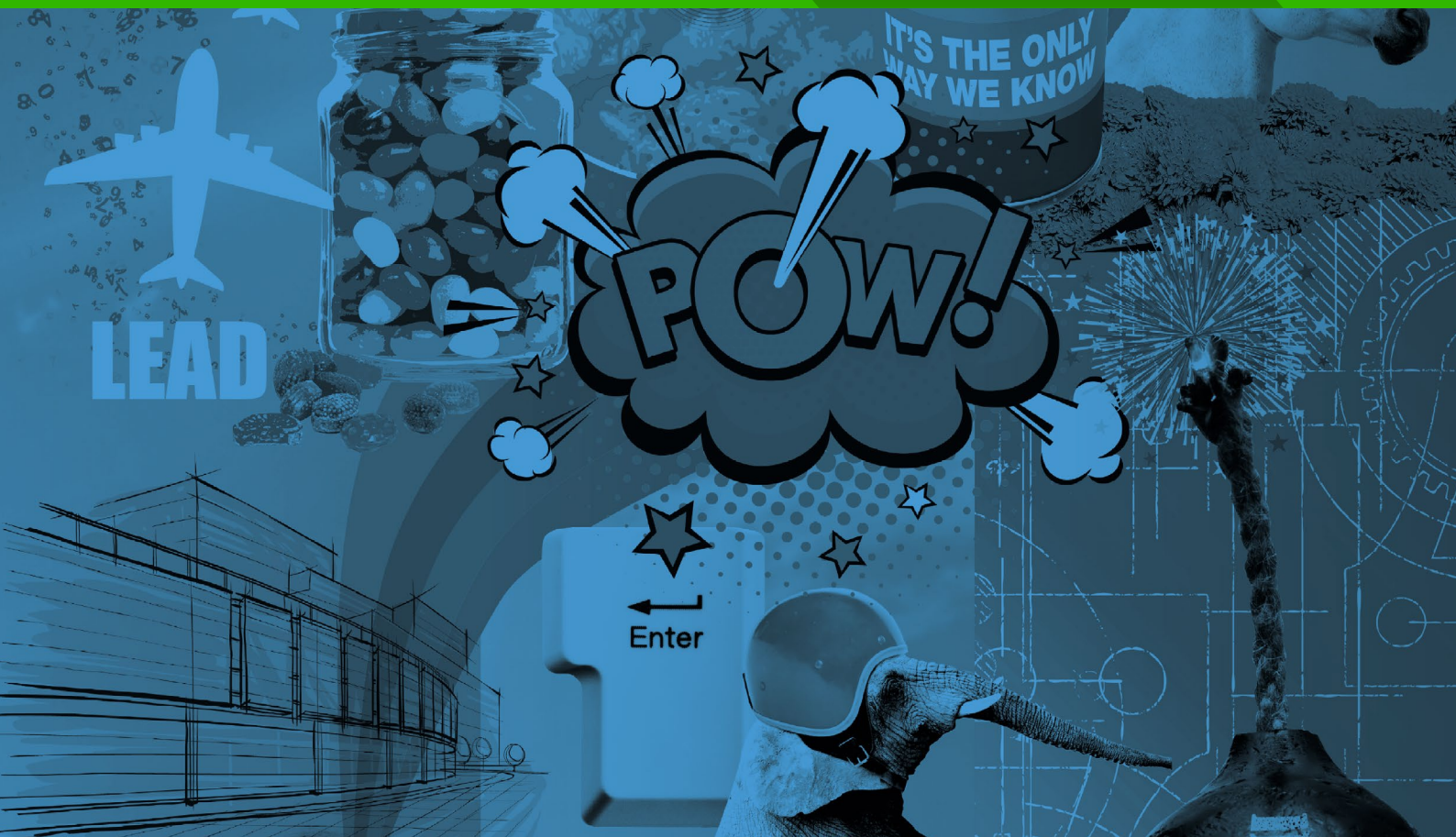
TECHNOLOGY - ENABLED CARE IN THE HOME

At-home care is seeing a surge in demand due to the pandemic. As a result, technological advancements which support the sector, such as telehealth devices, apps and systems are also seeing a rush of investment.

Many home care providers are seeing the potential of technology to improve patient care and grow their business.

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TECHNOLOGY-ENABLED CARE IN THE HOME

MARKET

UNDERLYING DEMAND FOR AT-HOME CARE DRIVES TECH	AGEING POPULATION	There is strong, long-term underlying demand for At-Home Care. Due to an ageing population and increased life expectancy, people are living for longer with more complex needs. The 65+ population is growing at c1.5%, driving conditions linked with older age.
	COVID-19 FEAR	Over the lockdown period, some families have become nervous about using residential care for their loved ones and would prefer to have them in the safety of their own homes.
FUNDING FOR HEALTH TECH	FUNDING	Health and social care providers are increasingly seeing the benefits of assistive technology and therefore investing significantly in these pipelines. There is also substantial government backing for smaller ventures which are helping to advance healthcare outcomes through the Research and Development (R&D) Roadmap to increase R&D public spending to £22 billion per year by 2025.
REGULATION	LEGAL REQUIREMENTS	There are an increasing number of organisations such as Care Software Providers Association (CASPA), which provide support on how social care providers can adapt technologies to suit their services but are also creating new standards across the industry where none currently exist.
INVESTMENT	LEGAL REQUIREMENTS	There was a considerable jump in Healthtech investment across the US and Europe in 2018 to 2020, from \$2.6bn to \$4.8bn respectively. We have also seen a greater number of smaller deals emerging, with around 40% of these deals being in the virtual care space.

SOURCES homecareinsight.co.uk, governmentcomputing.com, mckinsey.com, Cooper Parry Analysis

TRENDS EMERGING FROM THE IMPACT OF COVID-19

INCREASED AWARENESS OF THE CAPABILITIES OF CARE TECH

In the face of the pandemic, we are seeing more focus and attention placed on the capabilities of technology-enabled care (TEC), particularly in the home.

Spiralling costs due to Covid-19 are forcing providers to fight desperately to reduce expenditure and optimise employee time – prioritising infection control and hygiene over menial tasks. Technology is often the solution to these issues.

An example of a provider offering these solutions is Log My Care, which provides free care planning software to encourage care providers to switch from producing time-consuming paper notes to online. The Founder, Sam Hussain, has recently seen a family-run care home go from paper to making 80 digital logs per day after just five days.

EMAR IN HOME CARE

The digitalisation of MAR (Medication Administration Record) charts saves substantial time for care givers who would've previously had to keep paper copies of these charts and manually update them. However, with eMAR, managers can update medical information for clients on any Internet connected device immediately and share this information in real-time with carers via an app.

These systems are highly auditable, therefore if applied correctly, they can efficiently demonstrate to the CQC that as a care provider you are safe, responsive, and well-led in medicine administration.

A DRIVE IN E-LEARNING SOFTWARE INVESTMENT

Due to the scarcity of available labour in the Health and Social Care space, there is a drive in investment in the digitised skills and training sector. Home Care Insight reports a current vacancy rate of 7.8% in the care sector.

A recent initiative launched by People 1st International and National Care Forum (NCF) is seeking to redeploy staff from 'hard-hit' industries such as hospitality and tourism into care positions. This initiative, and others like it, will reinforce the drive in online learning as displaced, skilled staff look to retrain in another sector.



TRENDS EMERGING FROM THE IMPACT OF COVID-19

ANTI-LONELINESS TECHNOLOGY IS ON THE RISE

With COVID-19 often being coined the 'Loneliness Epidemic', there is no surprise that we've seen a rise in anti-loneliness technology start-ups and transactions in order to accelerate growth.



ROBOTICS

Ageless Innovation's robotic companion pets are designed to bring comfort, companionship, and fun to the elderly. At first, technology such as robotic companions seemed like a dystopian concept, however evidence is now coming through that they can:

- Facilitate relaxation
- Give an increased sense of purpose, and
- Stimulate motor skills



CHATBOTS

The adoption of chatbots is increasing across the healthcare sector. Improvements in artificial intelligence and machine learning have enhanced the ability to simulate human conversations. Chatbots can act like a digital companion and a medical reminder bot.

Since its launch, the use of Florence chatbot has rapidly increased to more than two thousand daily users.

Florence can remind individuals to take medicine at the time mentioned through messages. Also, it has additional features like finding a doctor or pharmacy nearby and providing information on any medical issue. The automated messaging system also tells what the user must do if in case they miss any pill. It is available on Facebook Messenger and Skype or Kik.



ACCESSIBLE DEVICES

Often the issue with the adoption of accessible technology in home care is the ability of those individuals brought up in the analogue generation to operate complicated apps and devices.

No Isolation, a Norwegian company, have produced KOMP. It is a digital screen where family members can send elderly relatives videos to keep them connected. It is operated with a single on-off button which also controls the volume, similar to an old radio set.

SEED-FUNDED COMPANIES ARE MATURING AND BECOMING ATTRACTIVE TO PRIVATE EQUITY

Previously, Healthcare Tech has proven a difficult sector for Private Equity investment as it is hyper-fragmented – made up mainly of start-ups with technology unproven to assess the needs of the sector. Therefore, these businesses have been attractive options for angel investors and crowdfunding in the past. However, we are beginning to see the first cohort of these businesses, acquired between 2010 and 2014 by growth funds, as sufficiently mature to be considered as investment candidates for Private Equity firms.

WHAT ARE PE HOUSES LOOKING FOR:

Opportunity to become platform providers (entities that create and maintain the basis for data exchange, analytics, and user engagement)

Proven ability to address a specific industry need or requirement e.g. digitizing core processes or providing digital health solutions

Proven revenue generation

Careful due diligence to assess threats; disruptive start-ups; deep-pocketed, nonhealthcare corporates, such as large technology companies; and even customers' internal tools

PE criteria has become even further refined over the last few months, with technology and healthcare at the forefront of their investment plans.

The number of Health Tech deals have remained strong throughout lockdown. And we are consistently seeing deals across three main categories:

OPERATIONAL SYSTEMS

Digitalisation of operational systems, quality reporting systems, contract management, staff management and financial reporting

AI / TELEHEALTH / MONITORING DEVICES

Monitoring devices, AI, social/community involvement apps

HEALTHCARE E-LEARNING SOFTWARE

Virtual care training and webinars

SIZE

Enterprise systems:

Established players of £500 million+ revenue addressing enterprise-wide needs

TECHNOLOGY

- Electronic medical records (EMR)
- Picture archiving and communication systems (PACS)
- Facilities Management
- Supply-chain management, including procurement
- Radiology information system (RIS)

MOST ATTRACTIVE AREA FOR PRIVATE EQUITY INVESTORS

Established speciality players:

Systems specialised on a single task, established ability to address need, fragmented landscape of £20 million – £200 million revenue players

- Patient safety and quality reporting systems
- Medicine and device tracking and monitoring
- Provider and vendor credentialing
- Contract and document management
- Retrieval of information
- Staff Management
- Financial reporting
- Revenue-cycle management

Entrants or start-ups:

Ultra niche systems, unproven ability to address needs or revenue generation, hyper fragmented space of <£20 million revenue players

- Telehealth
- Disease-specific clinical decision support
- Patient satisfaction or feedback

DEALS HAVE REMAINED STRONG THROUGHOUT COVID

DATE	TARGET	TARGET ACTIVITY	ACQUIRER	EV (£M)
01/09/2020	Circle Medical Technologies, Inc.	US-based digital company providing in-person and telemedicine primary care	WELL Health Technologies Corp.	10.44
27/08/2020	Accountable Healthcare America, Inc	US-based technology enabled health management company	GreenVision Acquisition Corp.	≈
07/08/2020	Carebook Technologies Inc.	Canada-based provider of powerful digital health solutions, virtual care, and a COVID-19 vital signs scan and screening tool	Pike Mountain Minerals Inc.	n/d
30/07/2020	Siilo B.V.	Netherlands-based developer of a free secure messaging app for the medical industry.	EQT Partners ABheal. capital Management GmbH Philips Health Technology Ventures	8.06
28/07/2020	Edifecs, Inc.	US-based health-care software and solutions provider	Francisco Partners TA Associates Management, LP.	n/d
20/07/2020	DXC (healthcare software business)	US-based healthcare software business of DXC Technology	Dedalus Italia SpA	416.53
16/07/2020	Seniorlink, Inc.	US-based provider of services, support, and technology that helps family caregivers to take care of elderly	Thomas H. Lee Partners, L.P.	n/d
16/07/2020	Forcura, LLC	Netherlands-based company engaged in development of a software platform, which enables elderly care organizations	Accel-KKR LLC	n/d
24/06/2020	Citra Health Solutions, Inc.	US-based healthcare services and technology company that solves for the needs of providers, hospital systems and payers in the transition to value-based care	Cedar Gate Technologies, LLC	n/d
15/06/2020	CareZone Inc. (prescription management technology)	US-based technology platform, patents and key intellectual property of CareZone	Wal-Mart Stores, Inc.	159.43
19/05/2020	Kaiku Health Oy	Finland-based developer of patient monitoring software for healthcare providers	Elekta AB	n/d
03/04/2020	eLearning For You Limited	UK-based provider of eLearning solutions for the care industry	The Access Group	n/d
03/04/2020	Ideal Life Inc.	Canada-based technology company providing remote patient monitoring service	Raziel Health	n/d
31/03/2020	Carie Health Inc.	US-based telehealth and virtual care technology and service solutions company	Emerald Organic Products Inc.	n/d
03/03/2020	Allied Integral United Inc	US-based company delivering next generation longevity care and wellness services	Superconductor Technologies Inc.	n/d
15/01/2020	Excel Medical Electronics, LLC	US-based company providing a platform to improve clinical workflow and making predictive analytics with the help of real-time patient data for cardiac monitoring and device data	Hill-Rom Holdings, Inc.	11.52
14/01/2020	NantHealth, Inc. (Connected Care assets)	US-based business engaged in operating and developing computer software facilities namely, DCX and VCX	Masimo Corporation	36.35
12/01/2020	InTouch Technologies, Inc.	US-based company which provides technology-enabled solutions to healthcare organizations for the delivery of clinical care virtually	Teladoc Health, Inc.	459.63
03/01/2020	Procura Software Pty. Ltd.	Australia-based company that provides clinical, operational, and financial software solutions for aged care services, home care and disability, independent living and residential aged care organisations	AlayaCare Inc.	n/d



CONTACT US



ANDY PARKER

Andy has over 25 years' Corporate Finance experience and is head of Corporate Finance at Cooper Parry.

Prior to joining Cooper Parry in 2015, Andy was a Corporate Finance Partner at PwC with whom he spent 18 years.

His focus is working with entrepreneurs to realise the value they have created in their businesses and with private equity investors.

His notable deals include debt advisory services in the buy-out of Helping Hands, the investment of Westbridge Capital into Bespoke Health and Social Care and AJ Mobility services, the buy-out of Regard Partnership funded by MML Capital Partners, and the sale of Genesis Dental to August Private Equity

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LAURA CLARKE

Laura joined Cooper Parry in 2005 and has a wealth of experience in both advising business owners and deal origination.

Laura organises networking events for Healthcare Leaders and provides regular sector commentary and market news for our entrepreneurial contacts.

Laura is a Chartered Accountant, having trained at Deloitte.

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MEGHAN PHILLIPS

Meghan joined Cooper Parry Corporate Finance in 2019, assisting the team with deal origination and market research.

She holds a BSc (Hons) in Mathematics and MSc Investments from the University of Birmingham.

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OUR RECENT COMPLETED DEALS IN THE CARE SPACE

<p>TARGET COMPANY DETAILS Target Name: Bespoke Health and Social Care Country: United Kingdom Deal Type: MBO</p> <p>BUYER DETAILS Buyer Name: Westbridge LLP Country of Buyer: United Kingdom</p> <p>SECTORS Healthcare</p> <p>COOPER PARRY CORPORATE FINANCE</p>	<p>TARGET COMPANY DETAILS Target Name: TANGLEWOOD CARE HOMES Country: United Kingdom Deal Type: Company Sale</p> <p>BUYER DETAILS Buyer Name: Elevation Healthcare Properties Country of Buyer: United Kingdom</p> <p>SECTORS Healthcare</p> <p>COOPER PARRY CORPORATE FINANCE</p>
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To read more about our recent deals, [CLICK HERE](#).