A photograph of two doctors in white lab coats. The doctor on the right is holding a tablet, and the doctor on the left is pointing at the screen. Both have stethoscopes around their necks. The background is slightly blurred, focusing on the doctors and the tablet.

# HCPEA Healthcare Buyouts 101 Training

October 2024

Prepared for \_\_\_\_\_  
HCPEA



# Disclaimer

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- ▶ The views expressed by the presenters are not necessarily those of Ernst & Young LLP or other members of the global EY organization
- ▶ This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice



# Today's Presenters

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# Healthcare Overview and Commercial Considerations

# EY-Parthenon helps clients fast-track their growth and portfolio strategies, with expertise across nine core sectors

## EY-Parthenon overview

### What we do

**Strategy:** Fast-track growth and portfolio strategies that help clients realize their full potential for a better future

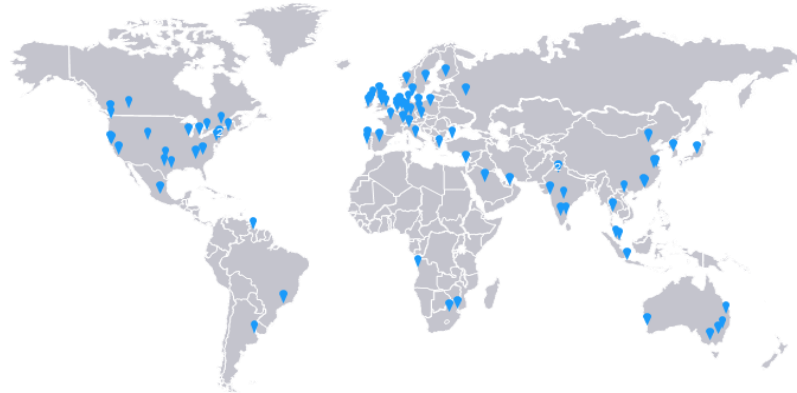
**Transactions:** Complete transaction lifecycle support, from all aspects of due diligence through effective integrations and separations

**Value creation:** Identify the right levers to pull to rapidly improve business performance

**Restructuring and business transformation:** Trusted leadership in urgent and complex situations to rapidly solve business challenges

# 9,300+

## EY-Parthenon practitioners in 100+ offices



**EY works with 100% of the Private Equity International's Global Top 100 buyout firms and over 250 PE funds worldwide**

**EY has delivered transaction advisory services to 92% of Private Equity International's top 25 global private equity firms and has completed ~3,500 diligence projects over the last 24 months**

### Private equity expertise in 9 core sectors

 <b>Advanced Manufacturing and Mobility</b>	 <b>Consumer</b>	 <b>Education</b>
 <b>Energy</b>	 <b>Financial Services</b>	 <b>Government and Public Sector</b>
 <b>Health Science and Wellness</b>	 <b>Real Estate</b>	 <b>Technology, Media and Telecommunications</b>

Powered by an **ecosystem of almost 400,000 EY experts** in the fields of Due Diligence, Valuations, Tax, Business Consulting, Technology Consulting, Digital Transformation, ESG, Risk Management, Assurance, and much more...

**Building a better working world**

# Our Health Sciences & Wellness Strategy and Transactions Team is comprised of dedicated healthcare and life sciences professionals focused on a broad set of capabilities

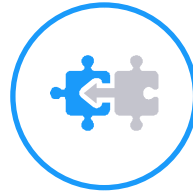
## EY Health Strategy and Transactions team overview

### EY Health Strategy and Transactions



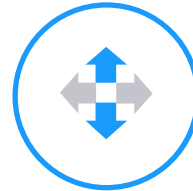
#### Strategy

Enabling fast-track growth and portfolio strategies that help you realize your full potential for a better future



#### Buy and integrate

Enabling strategic growth through better integrated and operationalized acquisitions, joint ventures and alliances



#### Sell and separate

Enabling strategic portfolio management and better divestments to help you maximize value from a sale and standalone business



#### Reshaping results

Helping you transform/restructure your organization for a better future by enabling business critical and capital investment decisions



#### Corporate finance

Enabling better decisions around financing and funding capital expansion and efficiency

### EY-Parthenon Health Sciences & Wellness capabilities overview



#### Healthcare IT



#### Payer



#### Provider



#### Health Services



#### R&D



#### Med-Tech



#### Pharma



#### Commercialization & Manufacturing

**#1**

Ranking in Quality of Work in Healthcare<sup>1</sup>

**4,000**

Health care and health partnership engagements in the past 5 years, including numerous PE transactions

**#1**

Ranking in Brand Favorability, Distinctiveness and Trust<sup>2</sup>

**#1**

Ranking in Life Sciences Service Providers<sup>3</sup>

1. Source Global Research: Perceptions of Consulting in Healthcare in 2020

2. EY Global Brand Survey 2021, Health Sciences & Wellness clients.

3. HFS Top 10: Life Sciences service providers, 2021

# Agenda

- ▶ **Health market overview**
- ▶ Commercial diligence considerations for healthcare transactions

# The US health sector is large

## ~\$4.8t

- ▶ US GDP for healthcare marketplace (2023); projected \$7.7t by 2032

## ~17.3%

- ▶ Health share of GDP in 2022; health care spending grew by 4.1%, increasing from the 3.2% growth in 2021

## ~17 million

- ▶ People work in the healthcare, accounting for 11% of all jobs in the US economy

### Providers

- ▶ Hospitals/IDN
- ▶ Physician groups
- ▶ Home health/hospice
- ▶ Academic medical centers
- ▶ Outpatient clinics/retail health
- ▶ Post-acute continuum

### Payers

- ▶ Commercial
- ▶ Provider sponsored plans
- ▶ Long-term services and supports
- ▶ Government
- ▶ Self-funded employers/TPAs
- ▶ Tricare

### Services, investors

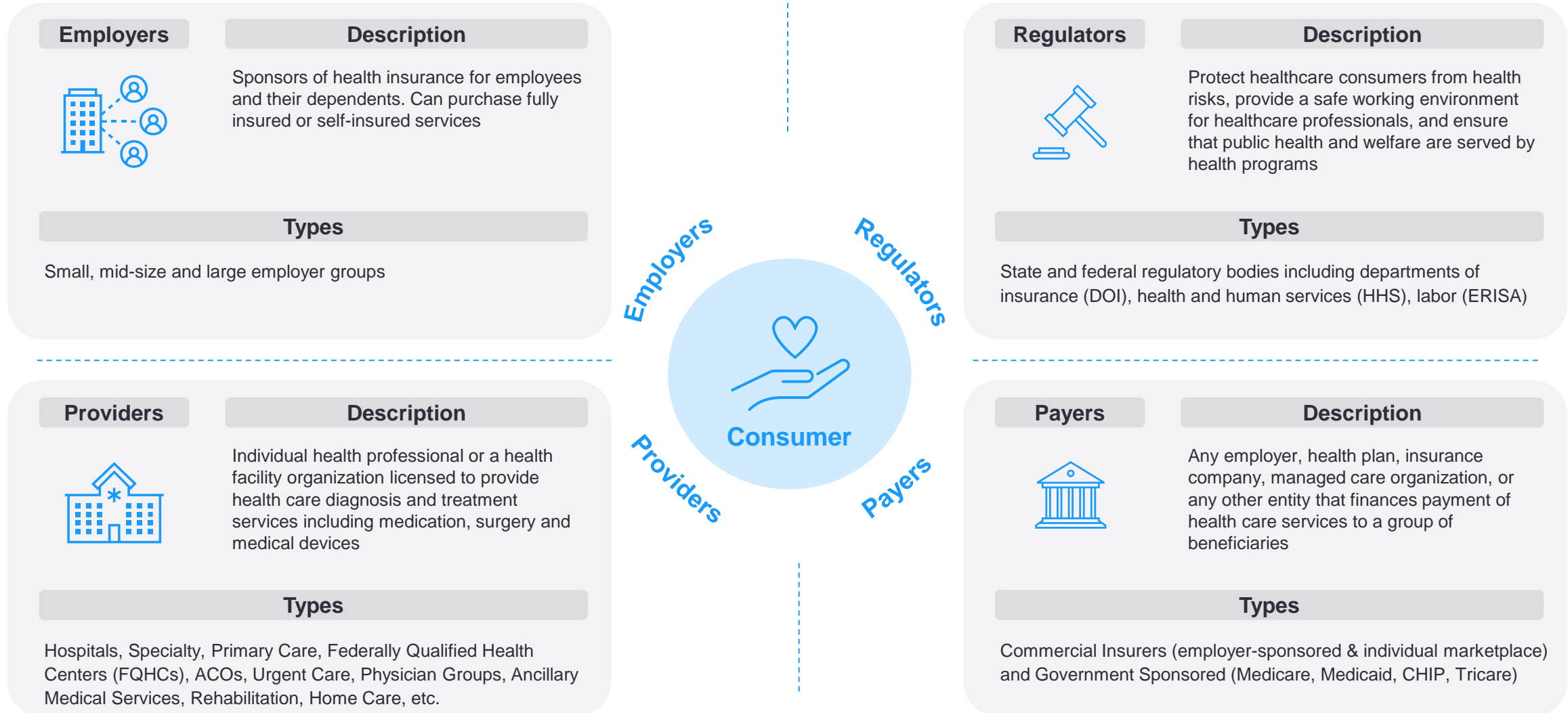
- ▶ Private equity
- ▶ Health and wellness
- ▶ Healthcare staffing
- ▶ Outsourced HC services
- ▶ DME
- ▶ Healthcare technology
- ▶ Pharmacy
- ▶ Infusion services
- ▶ Outsourced vendors

### Adjacent

- ▶ Life sciences
- ▶ Medical technology
- ▶ Retail
- ▶ Medical devices
- ▶ Distributors
- ▶ Diagnostics and lab services



# The healthcare ecosystem comprises of multiple complex stakeholder relationships that increasingly center around the consumer



# There are two major payer groups - government sponsored and commercial insurance

## Government-Sponsored Programs

### Medicare

- ▶ Government sponsored programs for those over the age of 65 or aged, blind, disabled
- ▶ Rules and regulations are set at the federal level
- ▶ Varying levels of coverage exist (hospital, physician, drug, managed care)
- ▶ Up to 20 % cost sharing, leading beneficiaries to buy supplemental insurance or move into managed care

### Medicaid and CHIP

- ▶ Eligibility is based on household income
- ▶ Each state can devise specific programs if minimum federally defined benefits are met
- ▶ Cost sharing is generally limited due to income levels

### TRICARE and Veteran Affairs

- ▶ Department of Defense health care programs for active and retired military personnel and their dependents

## Commercial Insurance

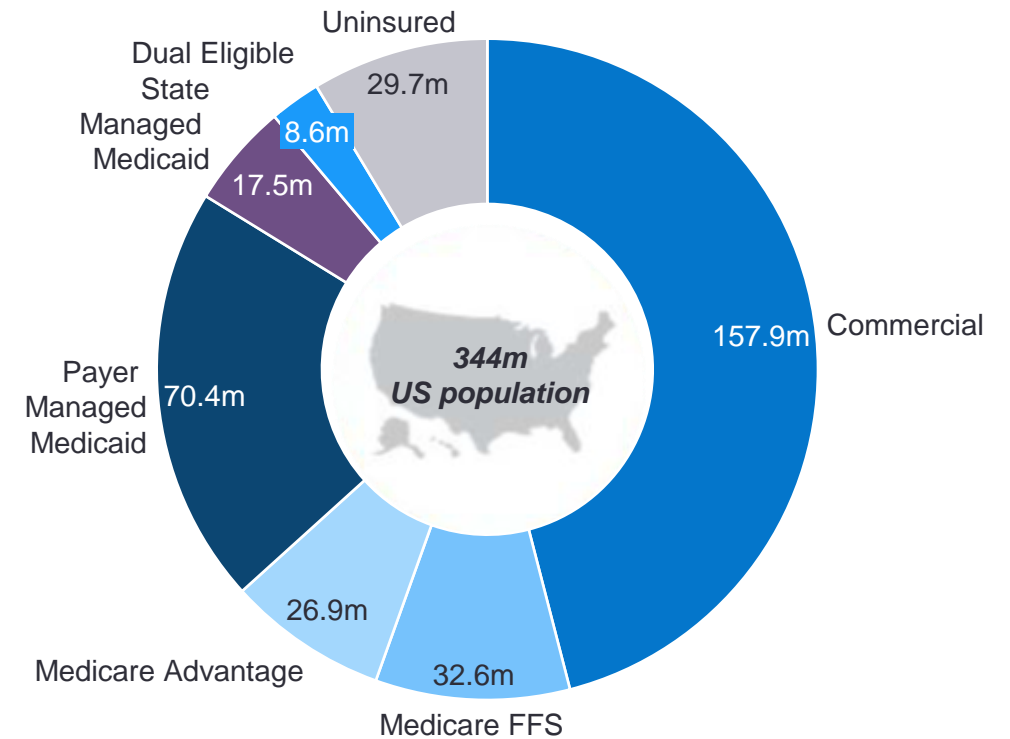
### Employer-sponsored Insurance

- ▶ Employer may provide 1-3 options, offered to eligible employees and their dependents
- ▶ Employer typically shares some of the cost of premiums and co-pays with the employee

### Individual Marketplace

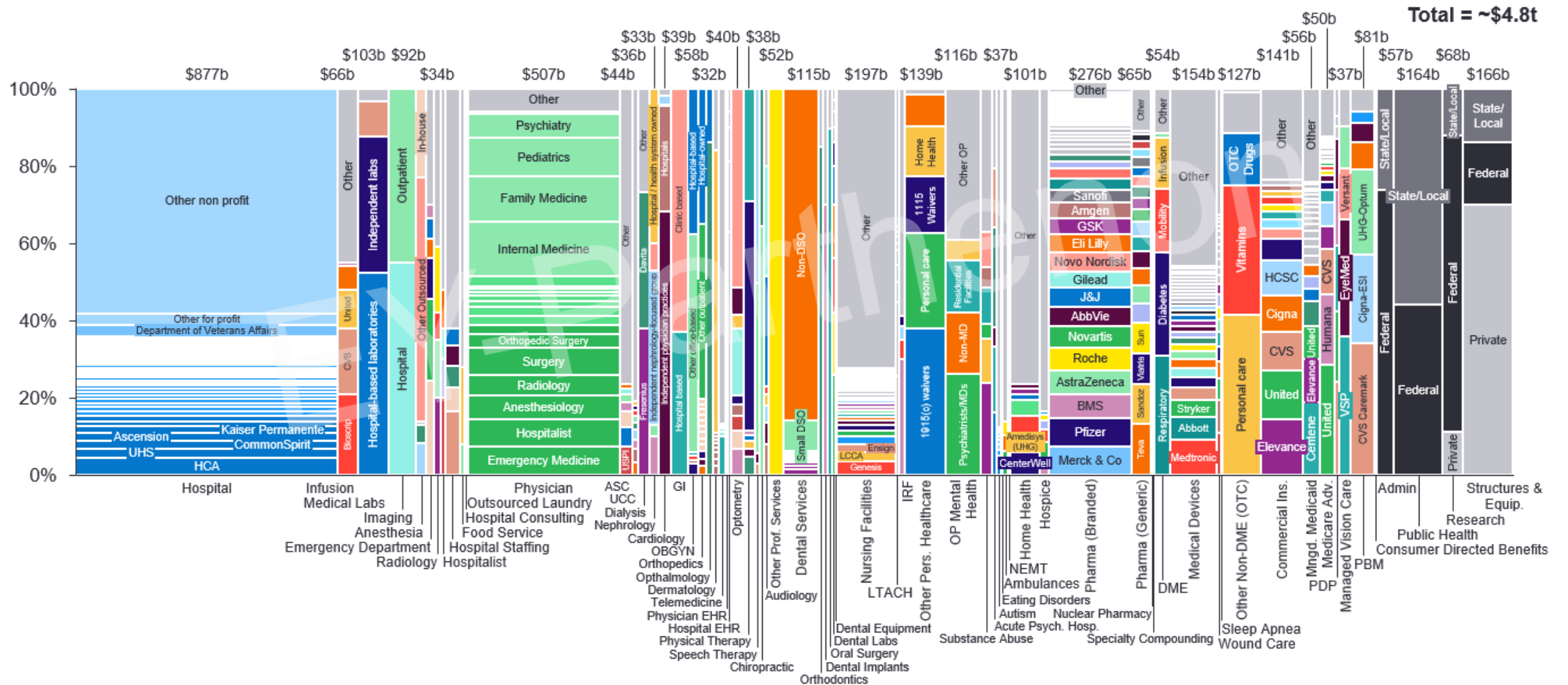
- ▶ Created for those not covered by employer plans, but not eligible for Medicaid
- ▶ Purchased by individuals directly from health plans on government run exchanges
- ▶ Community-rated underwriting

Health Insurance Coverage of the United States (2022)<sup>1</sup>



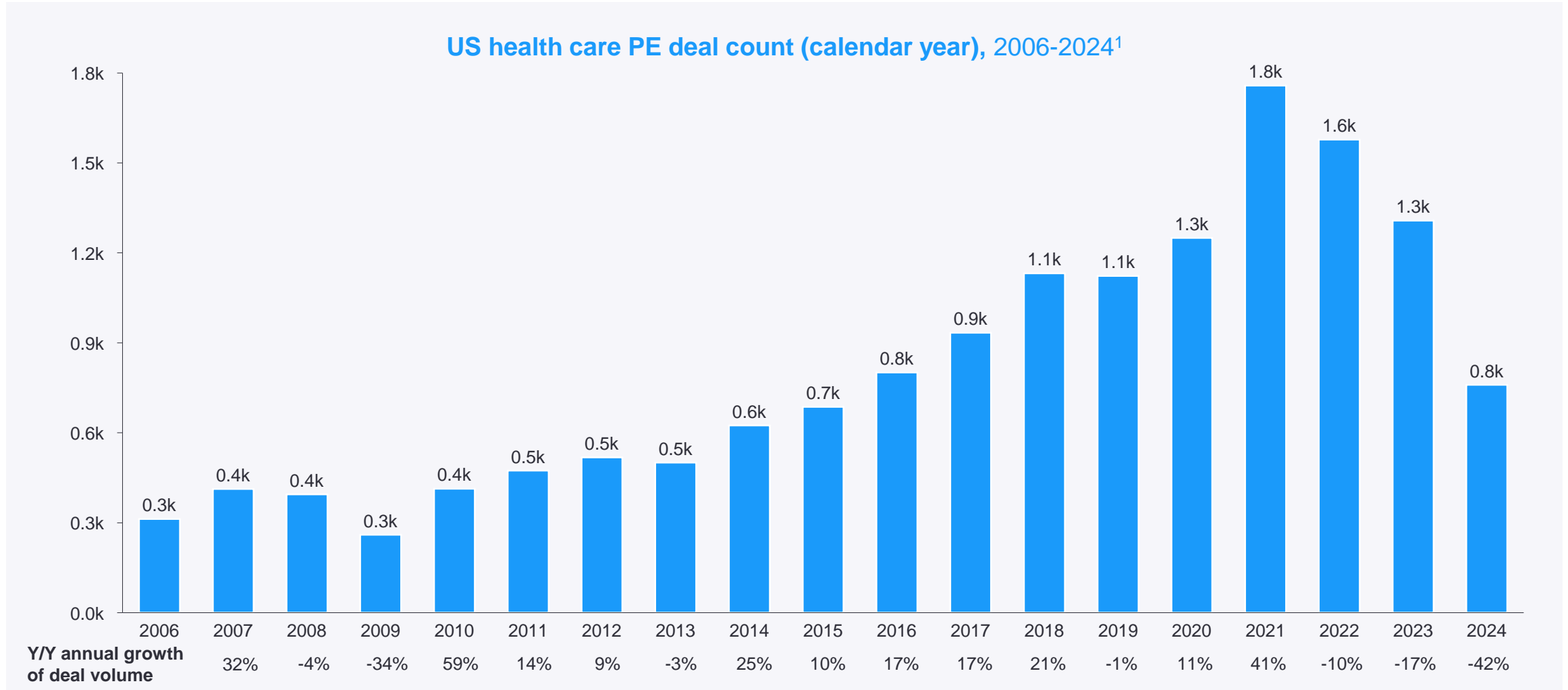
# Characteristics of the market – vast, localized, generally unconsolidated – remain the same

US national health expenditures (2023)



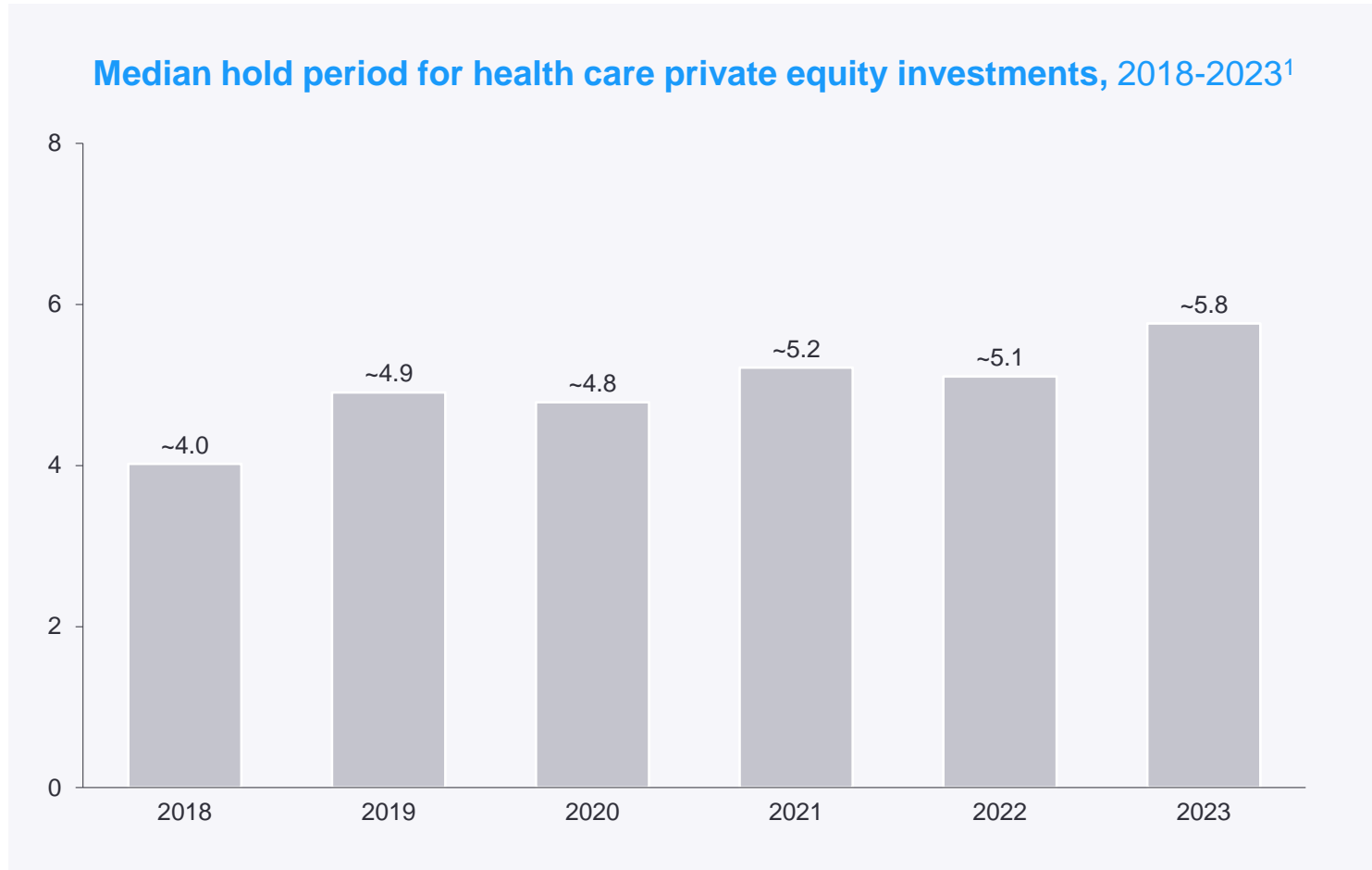
1. Physician market is independent of hospital-employed physicians; specialties refer to both hospital and physician market based on share of revenue by setting  
 Source: EY-Parthenon analysis

# Private equity deal volume outlook: health care PE deal volume has declined since the pandemic but is expected to rebound from 2024 forward



1. 2024 deal count represent deal count as of update on September 30, 2024; excludes PIPE deals  
 Source: Pitchbook; EY-Parthenon analysis.

# Median hold periods for health care investments have increased since 2018



## Commentary

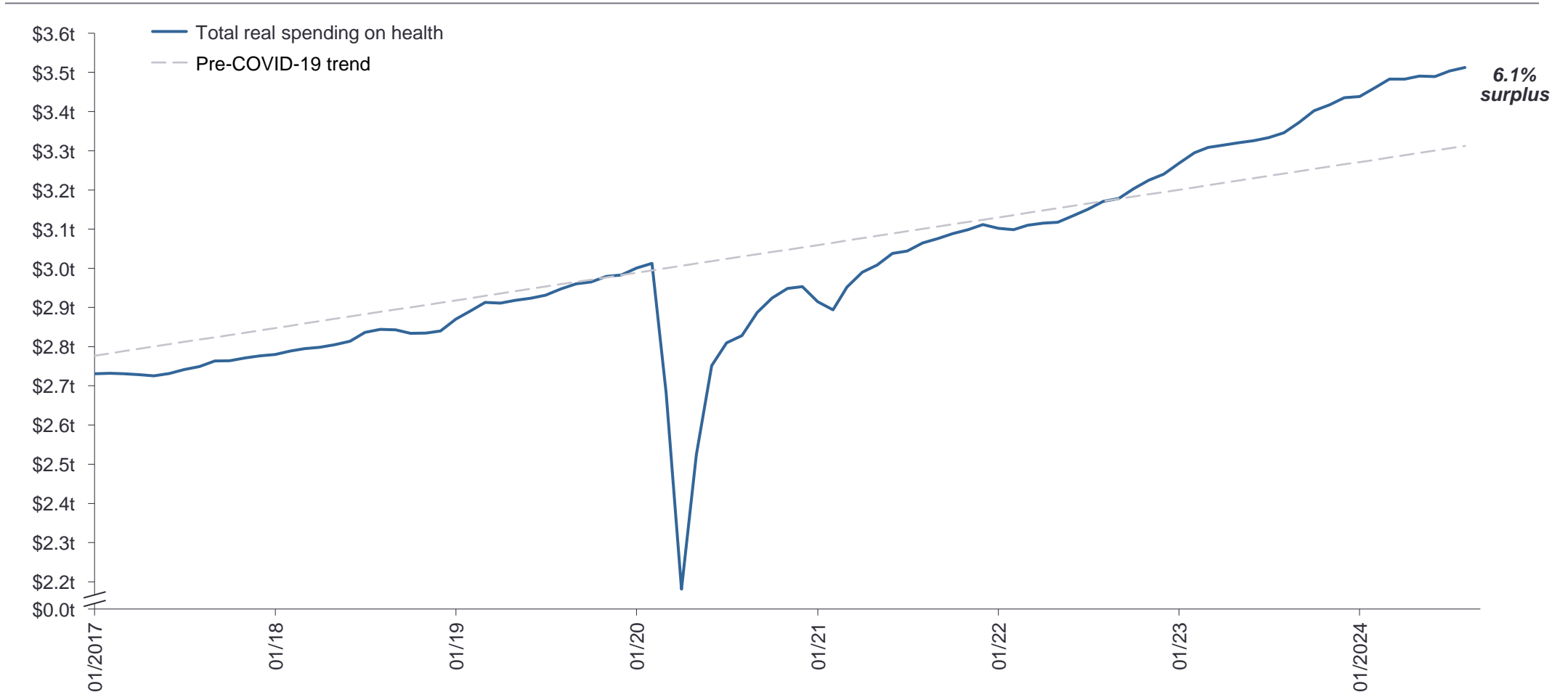
- ▶ Longer median hold periods are a function of **higher interest rates and inflationary pressures**
  - PE assets became **more expensive to invest in** post-COVID as the Fed raised interest rates to fight inflation
  - PE assets were also **harder to sell** given more costly financing
  - The relative illiquidity created a more **challenging environment for private capital fundraising**
  
- ▶ PE firms responded to the macro challenges by:
  - Focusing more on **portfolio value creation opportunities**
  - Using continuation vehicles to **roll over assets from existing investment pools**
  
- ▶ As interest rates decrease, **PE deal activity is showing signs it is poised for a turnaround**
  - Market participants note slowly filling acquisition pipelines and decreasing seller price expectations — signaling that a gradual increase in dealmaking could be coming

1. Median hold period calculated based on exits that occurred in each respective year from private equity buyout deals for which health care is reported as the primary industry sector  
 2. Data shown as of 9/13/2023  
 Source: PitchBook; Bloomberg; EY-Parthenon analysis.

# Real consumer spending on health is now exceeding the pre-pandemic trend

## US health spending trends

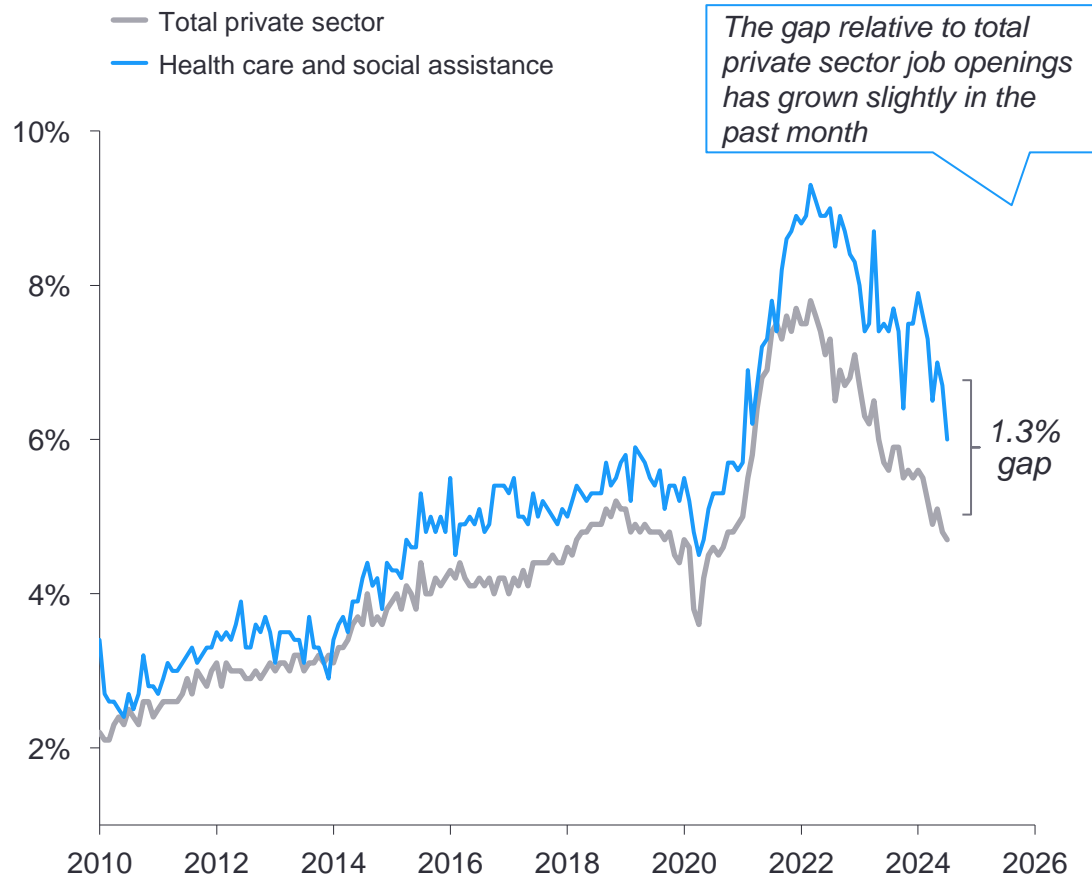
Total real spending on health (services + goods) vs. pre-COVID-19 trend,  
January 2017-August 2024



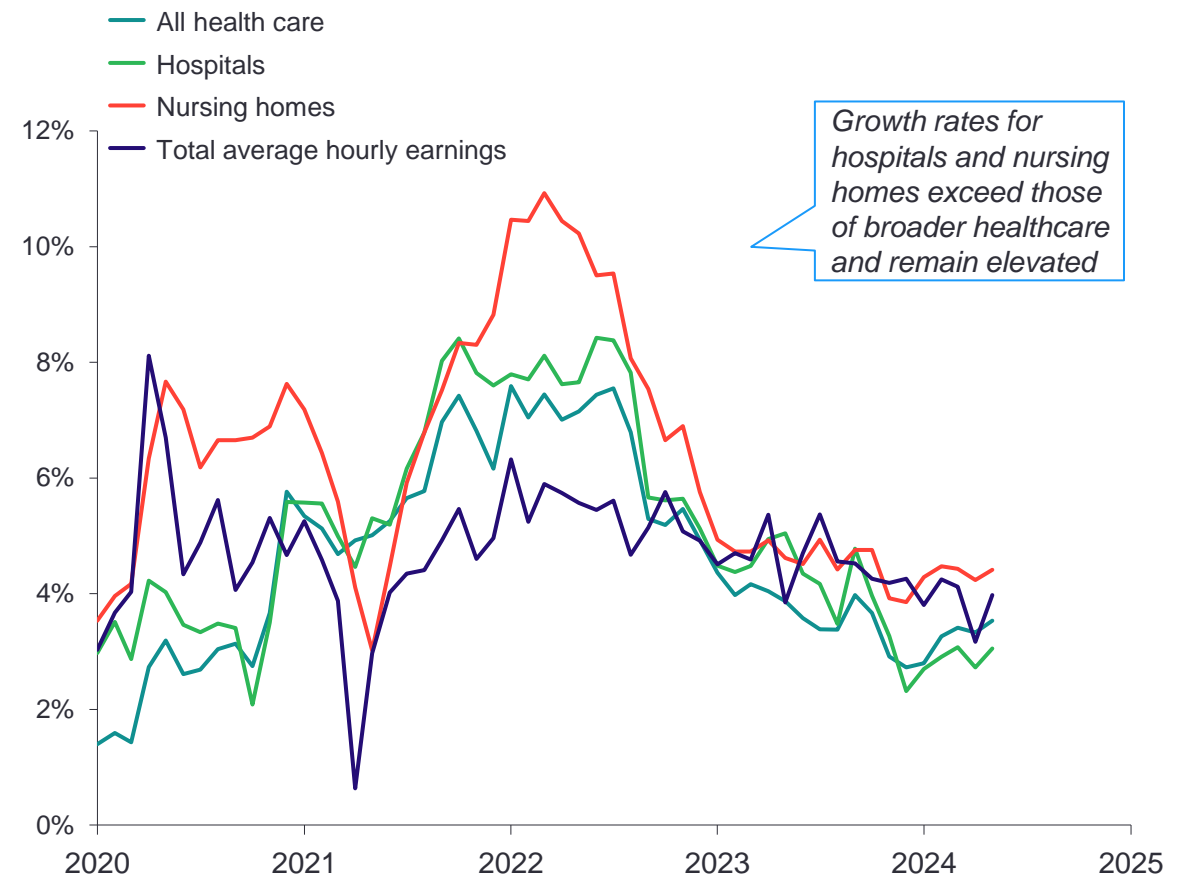
# Demand for healthcare and social assistance workers and associated labor costs rose rapidly; trends are now stabilizing and normalizing to the overall economy

Trends in health care job openings and average hourly earnings

Job openings rate,  
January 2010-July 2024



YoY % change in average hourly earnings,  
January 2020-May 2024 (seasonally adjusted)

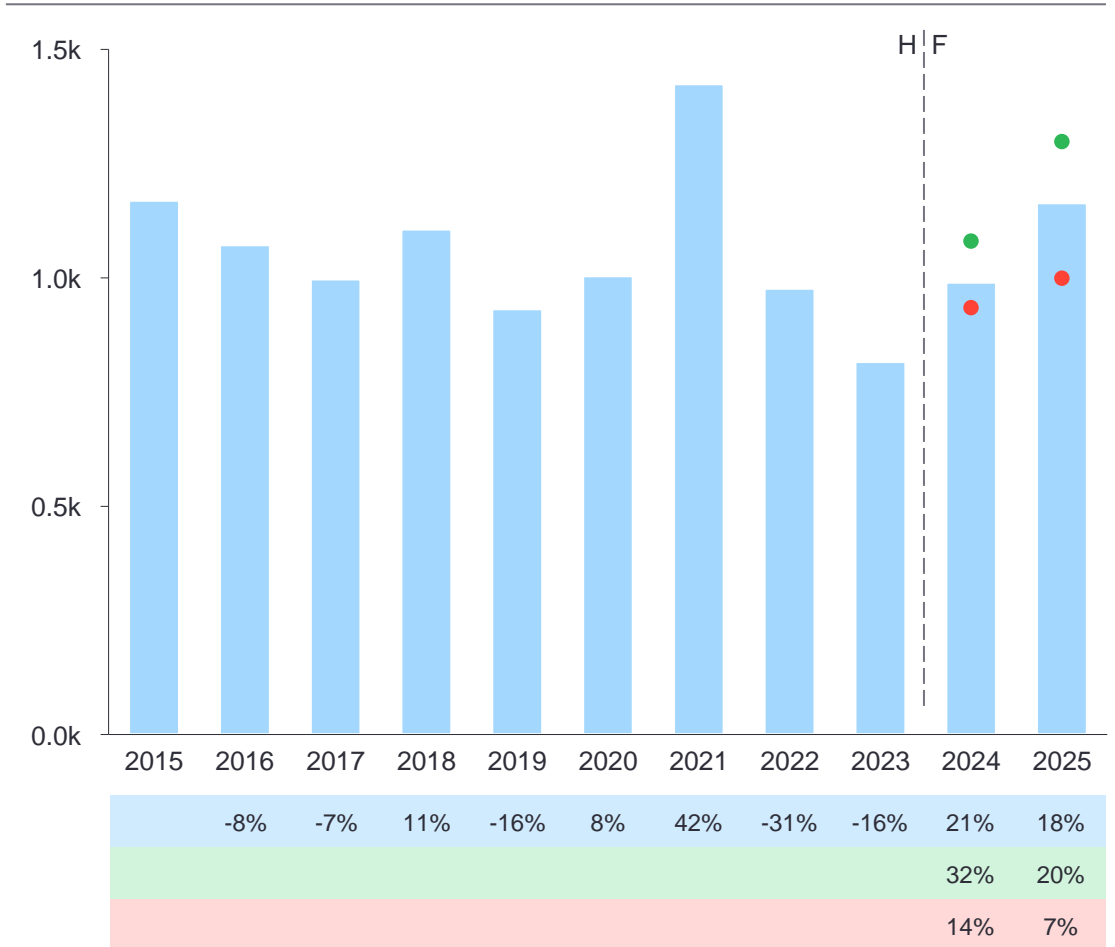
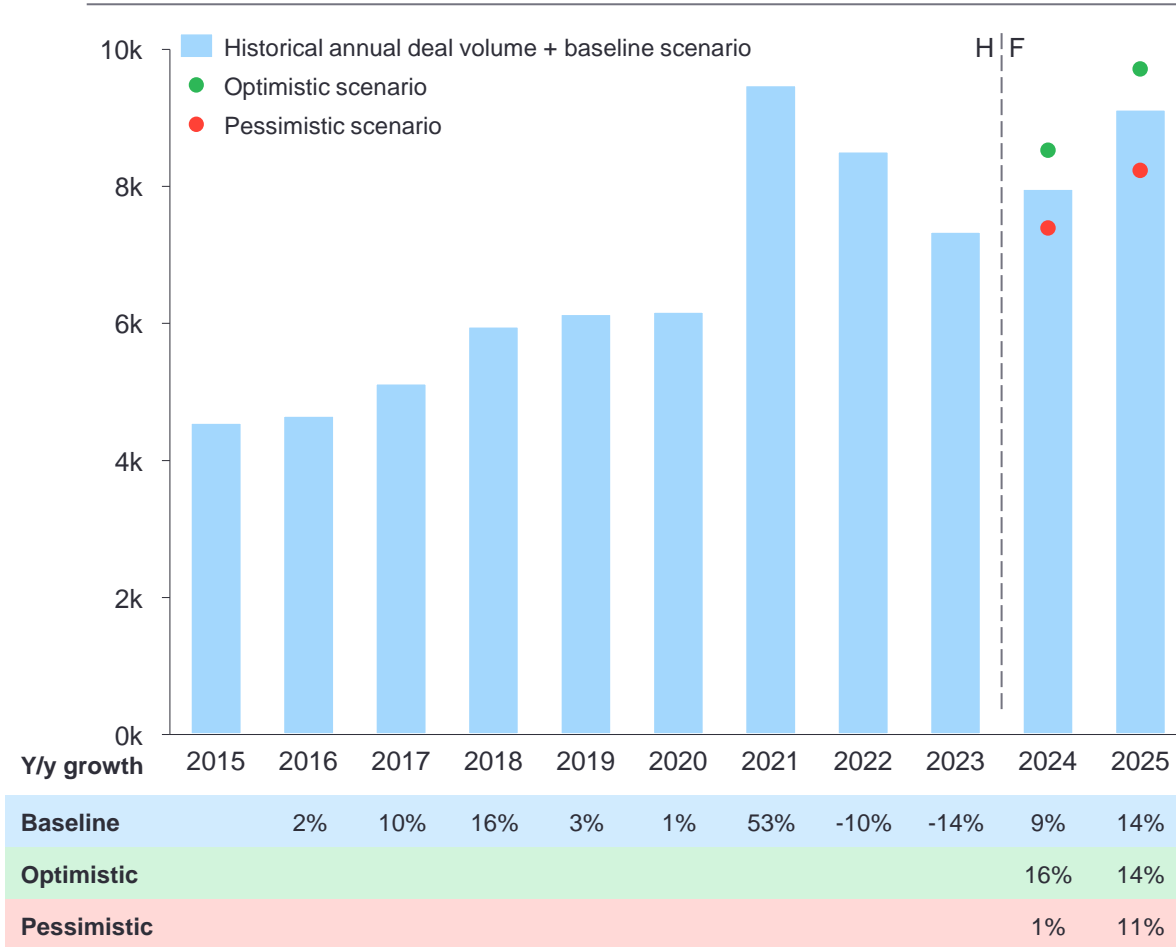


# Our baseline outlook for US deals suggests annual deal volume recovery of ~9% and ~21% in 2024 for private equity and corporate M&A, respectively

UPDATED JULY 2024

Annual US PE deal volume<sup>1,2</sup>  
2015-2025F

Annual US corporate M&A deal volume (deals >\$100m)<sup>1,2</sup>  
2015-2025F



1. Scenarios based on EYP Macroeconomics team's outlook scenarios for the entire US economy (includes all business sectors, not just healthcare)

2. Pitchbook and Dealogic data utilized through CY2024Q1. EYP forecast data begins in CY2024Q2

Source: Pitchbook; Dealogic; EY-Parthenon



# The US health sector continues to face significant pressures to restructure; multiple notable forces drive the healthcare market today

NON-EXHAUSTIVE | FOR DISCUSSION

There are multiple individual forces that drive the healthcare market today...

## Population demographics



Aging population



Underlying health conditions & comorbidities



Health disparities & inequity

## Challenges with the existing care delivery ecosystem



Complex stakeholder relationships and asymmetrical incentives



Untenable cost structure

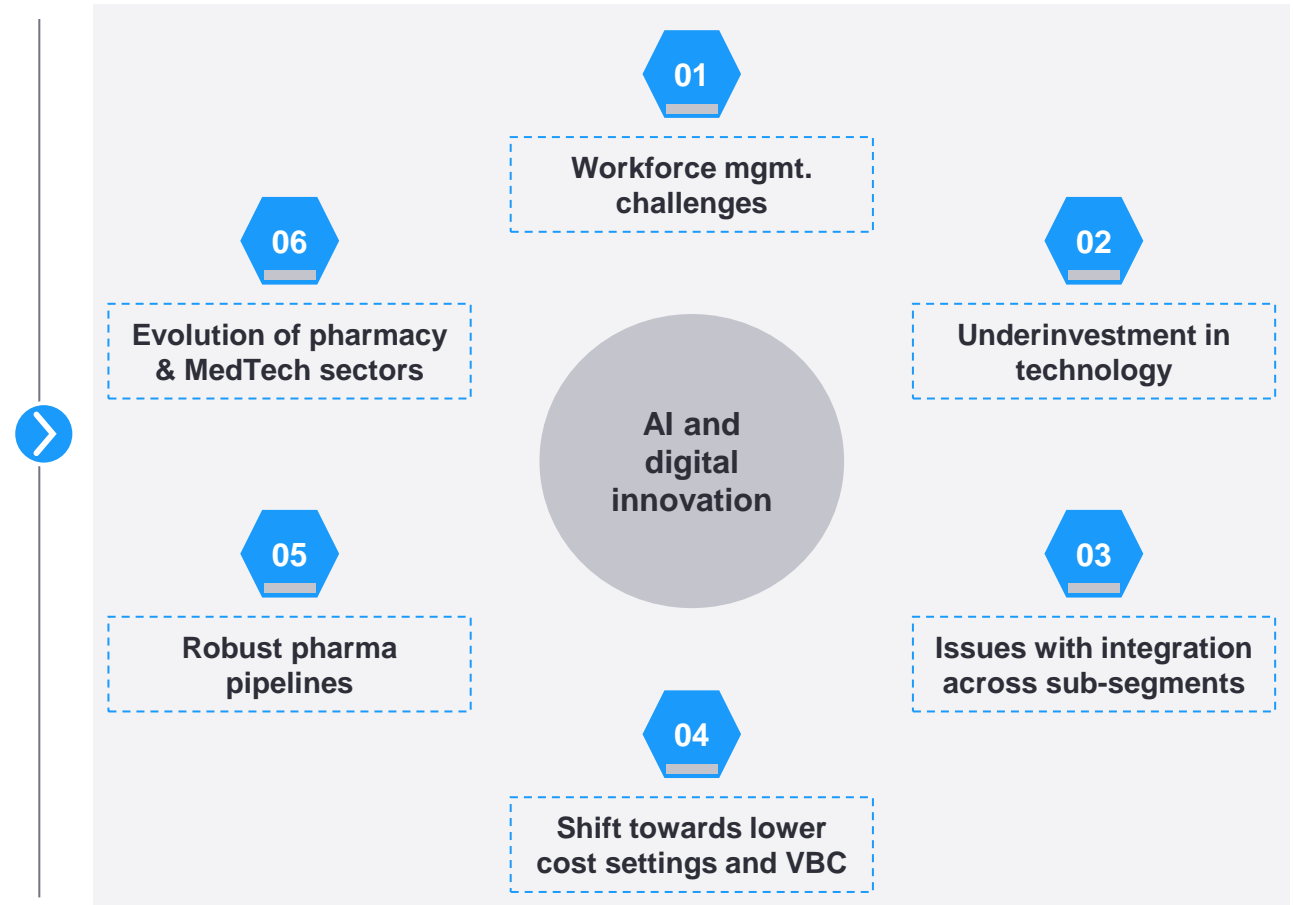


Ongoing labor shortages



Evolving consumer expectations

... looking ahead, several levers are expected to continue to drive investments in the healthcare and life sciences sectors



# Several themes exist that might serve as catalysts for opportunistic investments in the healthcare sector

Key investment themes in healthcare and life sciences

NON-EXHAUSTIVE | FOR DISCUSSION



HCIT

**1 Revenue cycle management:** prioritization of outsourced capabilities from tech-enabled vendors serving mid-cycle to back end of billing process

**2 Workforce management:** labor shortages and process complexities drive investment and demand for tech-enabled, workforce-focused solutions

**3 Practice management / specialty EHR:** continued M&A activity in specialty areas of ambulatory EHR and with smaller assets, as larger assets continue holding in market



Payer services

**4 Employer health:** focus on innovative, disruptive solutions that engage employees and demonstrate proven ROI



Provider services

**5 Provider services:** extended hold periods leading to diversification beyond traditional platforms to exploring alternative investment strategies



Life sciences

**6 R&D services:** clinical trial complexity offering opportunities for tech disruption from vendors in patient R&R, RWE-based decisions, and RBQM

**7 Commercialization services:** outsourced spend growth as biopharma companies face regulatory and competitive dynamics and seek to grow market access

**8 Pharmacy tech:** prioritization of solutions in ePrescription, pharmacy management systems, inventory management, and data aggregation due to overall tech investment growth



Pharmacy

**9 Specialty pharmacy:** focus on opportunities in independent specialties and subsegment model trends like growth of infusion services in non-traditional settings

**10 Specialty hub services:** growth of hub services to increase patients' medication access and adherence alongside evolving focus on biosimilars, advanced analytics, and e-Services

# Agenda

- ▶ Health market overview
- ▶ **Commercial diligence considerations for healthcare transactions**

# Commercial diligence assesses the attractiveness of a target by providing insights into critical factors such as current and forecasted market attractiveness, trends and risks

## Common goals of a commercial diligence

### Understanding the market landscape

- ▶ What is the industry and sub-sector that we play in?
- ▶ What is the value chain of service offerings?

### Understanding power dynamics within the industry

- ▶ Who are the different stakeholders in our industry (e.g., clients, patients, suppliers, regulators, etc.)
- ▶ What are the relative power dynamics between these stakeholders?

### Identify industry trends

- ▶ How has the industry changed over time? How is it poised to change in the future?
- ▶ What are the underlying drivers of change? -

### Assess customer expectations

- ▶ What are the incumbent expectations of doing business with us (e.g., pricing models, capabilities, service, etc.)
- ▶ How are these projected to change with new disruptions?

### Identify risks and opportunities

- ▶ What are the risks / headwinds facing us?
- ▶ What are opportunities can we leverage?

**Commercial diligence provides significant value to an entity across a range of growth scenarios: buying or selling assets, or refining the organic growth strategy**

# Commercial diligences are critical to understand “where to play” and “how to play”

## Market study focus areas



What are the best ways to **grow** our business?

## Main objectives



How should we properly respond to **regulatory trends**?



How can we strategically **bring products to market**?

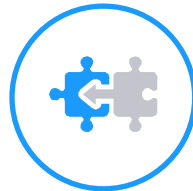


## Enabling components



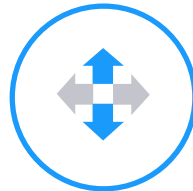
### Market dynamics

- ▶ Is the total addressable market serviceable, sizeable, and growing?
- ▶ What are the macro-factors that may impact the industry?
- ▶ What are the implications of tailwinds and headwinds?



### Competitive landscape

- ▶ Is the competitive landscape fragmented or consolidated?
- ▶ Who are the main players and disruptors stealing share?
- ▶ How are competitors differentiated and how can they be segmented?



### Customer dynamics

- ▶ How can customers be segmented (e.g., industry, geographies)?
- ▶ What are the purchasing behaviours and value propositions?
- ▶ What are the factors that may drive switching or impact “stickiness”?



### Growth opportunities

- ▶ What are the inorganic / organic growth opportunities?
- ▶ How can we increase share of wallet amongst existing customers?
- ▶ Which growth levers should be prioritized based on “right to win”?



### GTM strategy and roadmap

- ▶ How should we design our GTM strategy to enter a new market?
- ▶ What are the immediate “quick wins” and moves of no regret?
- ▶ What are the tactical next steps in realize our strategic ambitions?

**Market assessments help determine strategic options and inform investment viability questions**

# On the buy-side, market studies help to provide a better understanding underlying market trends and the target's competitive positioning

## Buy-side market study focus areas

### Is this a good market to invest in?

#### ▶ Quantitative market fundamentals:

- Total addressable market size
- Realized market/penetration
- Customer segmentation
- Market growth
- Number of annual opportunities

#### ▶ Qualitative market fundamentals:

- Market structure/function
- Customer buying behavior
- Key decision-making criteria
- Upstream/downstream ecosystem participants
- Industry trends
- Exogenous factors (e.g., regulation, population)
- Alternatives to the target and its peers

### Is this a good company within the market to invest in?

#### ▶ Relevant competitive landscape:

- Range of competitors & segmentation
- Competitive positioning
- Strategic approach

#### ▶ Target growth prospects:

- Core opportunities
- Adjacent opportunities
- M&A potential

#### ▶ Target relative performance:

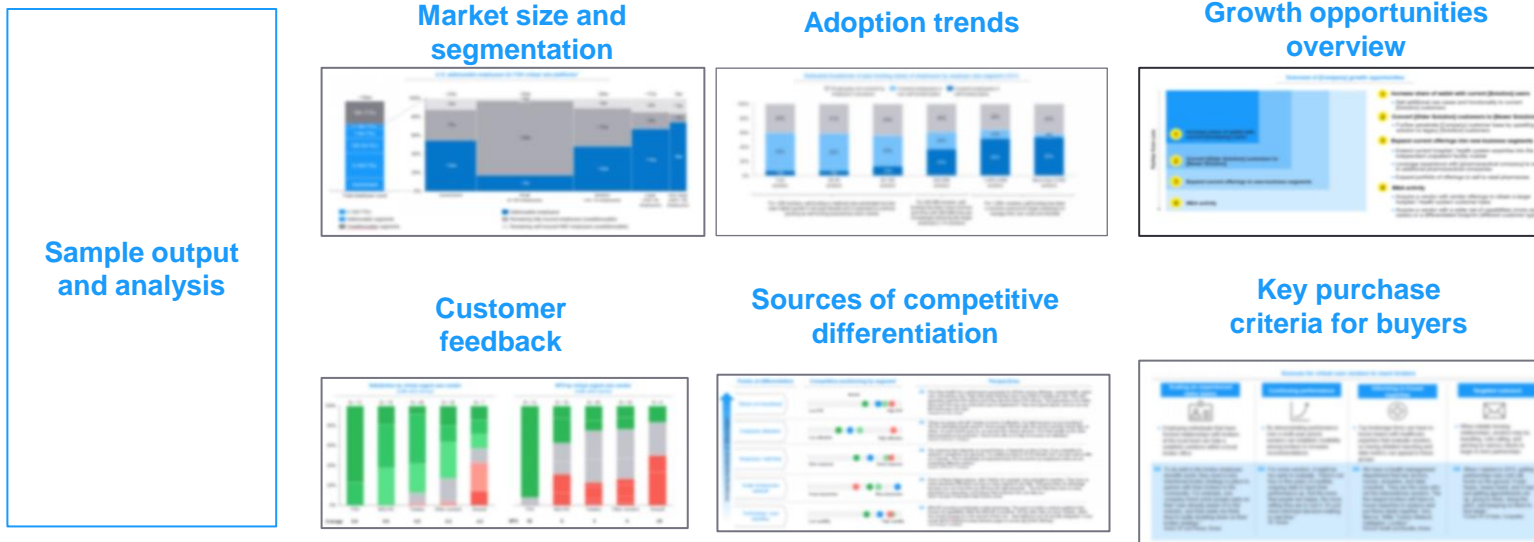
- Differentiation
- Perceptions
- Customer base satisfaction / stability
- Win rates

# In sell-side engagements, market studies help potential buyers better understand key market dynamics and company positioning

## Sell-side market study focus areas

### Sell-side market overview

- ▶ In today's competitive deal process environment, sell-side diligence helps potential buyers quickly "climb the learning curve" and appreciate the merits of an investment opportunity
- ▶ Fact-based, target-centric approach helps buyers conduct diligence efficiently and often reduces timeline to closing
- ▶ Pre-emptive diligence helps inform go-forward strategy and prepares management team for critical investor questions
- ▶ All projects focus on exploring an asset's "full potential"



# Role of Technology in Private Equity



# Contents

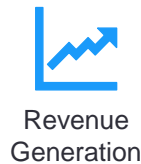
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- 1 Why should PEs care about technology?
- 2 Technology classification
- 3 Key Systems in Healthcare – Provider & Payer
- 4 Role of technology in the PE transaction lifecycle
- 5 Emerging role of AI and its impact on PE transactions

# Technology plays an integral part of PE's investment thesis and value creation strategy

## PE Portfolio Priorities

- ✓ Establish **investment thesis** with line of sight to up-side and down-side scenarios
- ✓ **Create value** during hold period



- ✓ Develop **exit strategies** to maximize shareholder value

## Role of Technology within PE



**Platform** for inorganic growth



**Tech-enabled** business improvements



Organic growth through **digital**



**High dollar** (one-time/recurring)

*Note: PE's emphasis on value creation and the size of their portfolios impact what tech stacks are commonly seen and recommended*

**Private Equity's unique technology needs require teams that understand the market, speed, and value creation needs...**

# Technology, including proprietary tech., corporate tech, and cybersecurity, supports front, middle and back-office functions of PE portfolio companies



## Product Technology



## Enterprise Technology



## Cybersecurity

Key Elements

- ▶ Comprises of **commercial software, platforms, or proprietary systems** that are customer facing and a part of the **company's core business**
- ▶ E.g., Shopify's online platform, Grammarly's software

- ▶ Comprises of off-the-shelf systems and infrastructure that **supports the enterprise** and its operations
- ▶ E.g., an ERP supporting finance and supply chain, HRIS & Payroll systems, company's network and storage

- Comprises of 3 main elements
- ▶ **Enterprise cybersecurity** – Focuses on protecting an organization's information systems from cyber threats
  - ▶ **Data Privacy** – Concerns safeguarding personal and sensitive information from unauthorized access
  - ▶ **Product security** – Security features built into products to protect against cyber threats

Leader

Typically led by Chief Technology Officer (**CTO**)

Typically led by Chief Information Officer (**CIO**)

Typically led by Chief Information Security Officer (**CISO**) or CIO for smaller organizations

# Key technology systems in the healthcare industry - Provider

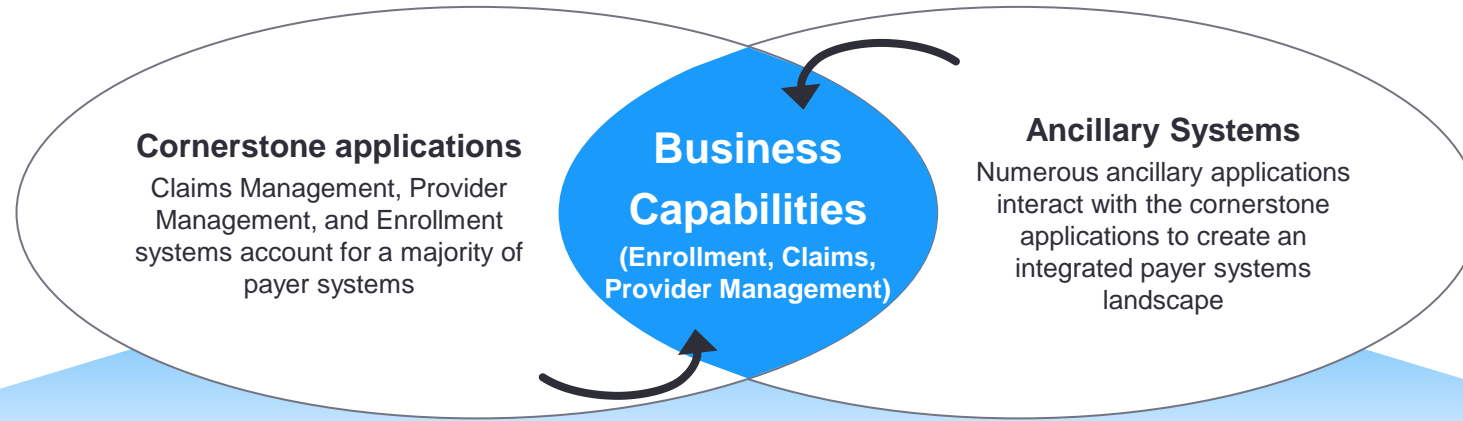


An integrated care delivery system in any provider transaction requires careful consideration of the technology across the following areas

 <p><b>Electronic Medical Record System</b> <i>Epic, Cerner, Netsmart</i></p>	 <p><b>Revenue Cycle Management</b> <i>R1, Finthrive, Aspirion, Waystar</i></p>	 <p><b>Ancillary Systems &amp; Integrations</b> <i>Change Healthcare, Surescripts, Omnicell</i></p>	 <p><b>Care Mgmt. , Coordination, and Support</b> <i>Careport, Aidin, Meddbase, LeadingReach,</i></p>
 <p><b>Population Health Management</b> <i>Innovacer, enli, Lightbeam</i></p>	 <p><b>Data Custodianship &amp; Privacy</b> <i>Imprivata, Protenus, Clearwater</i></p>	 <p><b>Interoperability</b> <i>FHIR readiness, middleware</i></p>	 <p><b>Patient Engagement &amp; Outreach</b> <i>Patient Point, Solution reach</i></p>

**Early alignment on other deal aspects such as change management, type of deal, target operating model would minimize disruption on Day 1 for both the buyer and seller**

# Key technology systems in the healthcare industry - Payer

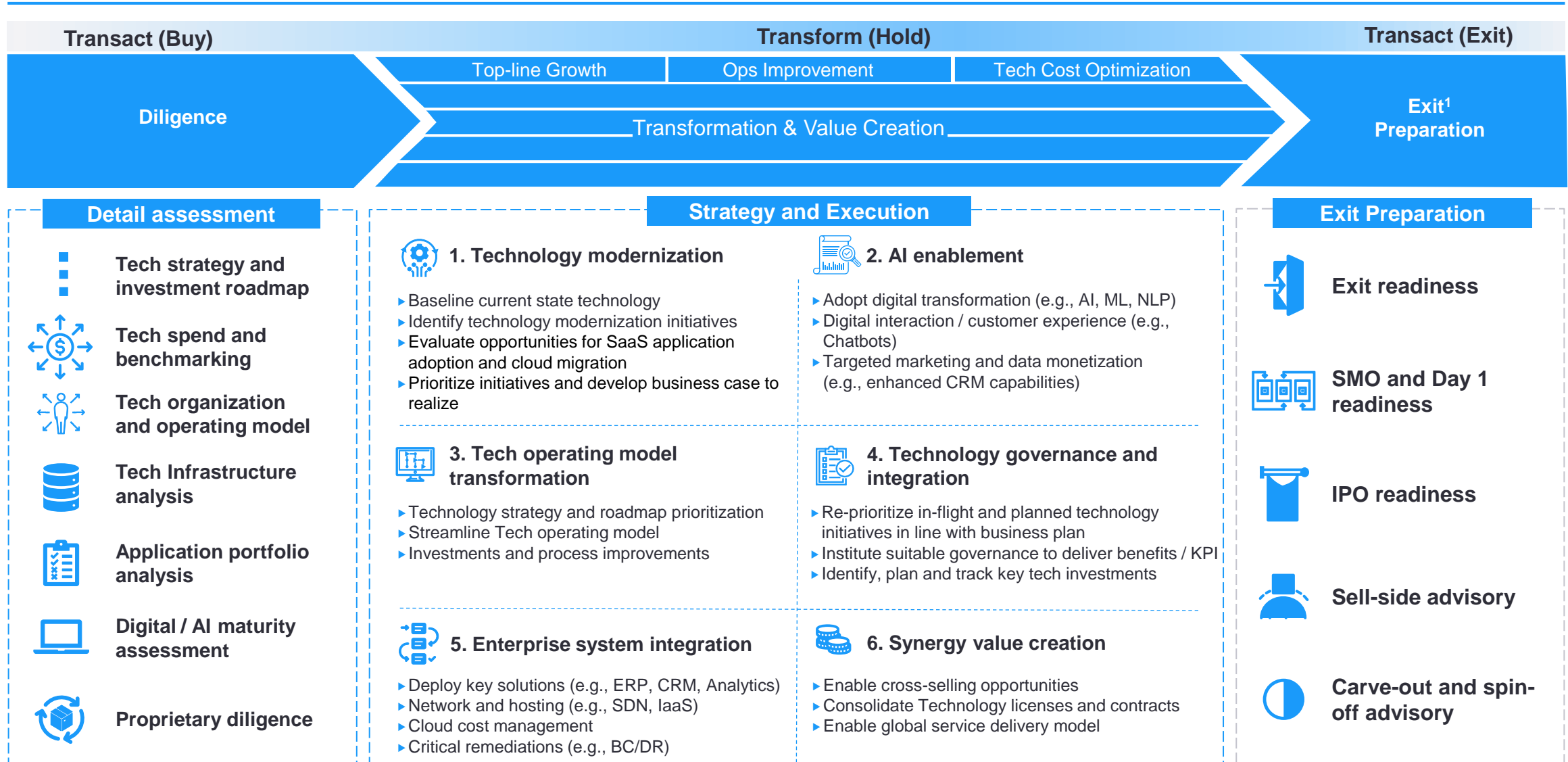


*A seamless payer value chain requires careful consideration of the technology across the following areas*



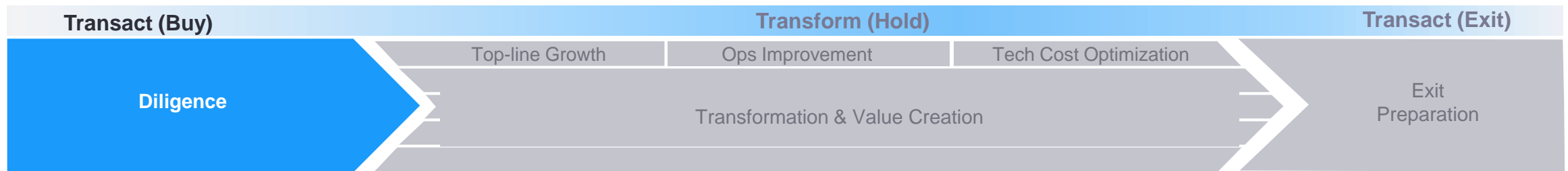
**Early alignment on other deal aspects such as change management, type of deal, target operating model would minimize disruption on Day 1 for both the buyer and seller**

# Technology plays a key role in each stage of the PE transaction lifecycle



1. EYP offers industry leading end-to-end technology sell-side (exit preparation and execution) advisory services that can be tailored to your exit strategy (e.g., divestiture, spin, IPO). Details to be shared in subsequent discussions.

# Technology diligences help PE's confirm their deal thesis and identify technology risks and additional investments



## Tech strategy and enterprise solutions

- ▶ Suitability of tech strategy and roadmap
- ▶ Effectiveness of tech governance
- ▶ Tech platforms to enable business operations

## Core business applications and infrastructure

- ▶ Tech platforms to enable business operations (e.g., Design & Arch.)
- ▶ Suitability of current solutions based on resiliency, supportability, and fit to business needs and growth

## Tech organization and operating model

- ▶ Suitability of op-model
- ▶ Sufficiency of headcount
- ▶ Tech licenses and contracts
- ▶ Benchmark analysis

## Integration planning and readiness assessment

- ▶ Side-by-side assessment
- ▶ Day 1 priorities and dependencies
- ▶ Integrated op. model design
- ▶ IT synergy assessment

## Technology, digital and AI maturity

- ▶ Ability to drive digital and AI enablement
- ▶ Proprietary solutions and architecture
- ▶ Suitability of core capabilities
- ▶ Potential gaps, risks and opportunities

## Illustrative Output

The illustrative output section displays ten key deliverables from a technology diligence engagement:

- Technology roadmap:** A strategic roadmap showing key initiatives and milestones over time.
- Business Processes and Tech Solutions:** A detailed matrix mapping business processes to the technology solutions that support them.
- Tech operating model:** A diagram and text describing the organization's IT operating model and third-party service providers.
- Integration readiness analysis:** A grid-based assessment of integration readiness across various dimensions.
- Proprietary diligence:** A table summarizing findings from proprietary diligence, including technology and architecture assessment.
- Application portfolio and architecture:** An application landscape overview showing the current state of the application portfolio.
- Infrastructure analysis:** A bar chart and text analysis of the organization's infrastructure capabilities.
- Tech spend and org. benchmarks:** A bar chart comparing IT organization benchmarks (FTEs as a percentage of total FTEs) against industry peers.
- Synergy assessment:** A regional breakdown chart showing synergy potential across different geographic areas.
- Digital and AI Maturity Assessment:** A process flow diagram and text detailing the organization's digital and AI maturity, including data, AI platform, and output.

# Product Diligence offers an opportunity for PE to assess the strength of the R&D function to sustain future growth through its product portfolio

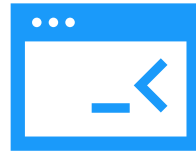
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## Four main pillars of a Product Technology Diligence



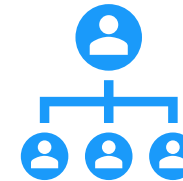
### Product & Roadmap

Product feature alignment to Client Investment Thesis and future roadmap



### Technology & Architecture

Architectural design, technology stack, scalability, extensibility, maintainability and technical debt



### R&D Organization, Spend & Processes

R&D org effectiveness, comparison to benchmarks and budget analysis









### Hosting Infra. & Cloud

Hosting scalability, cloud readiness and COGS analysis / trending

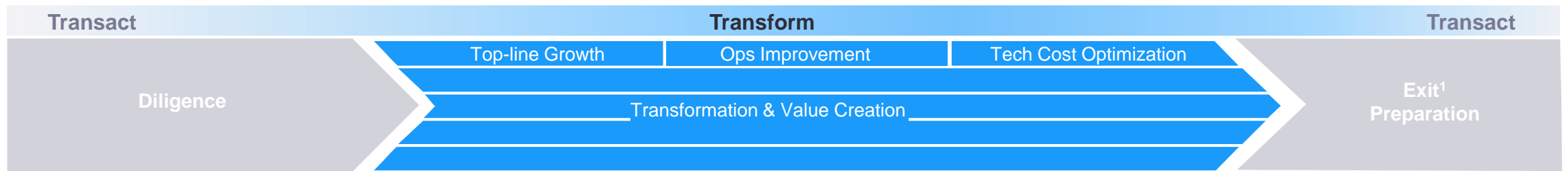


# Historically, tech diligence was mainly focused on downside risk; however, now the focus is more on upside potential and can underpin key value creation efforts

Historically **focused on downside risks**; renewed emphasis on **upside potential** and **portfolio optimization**

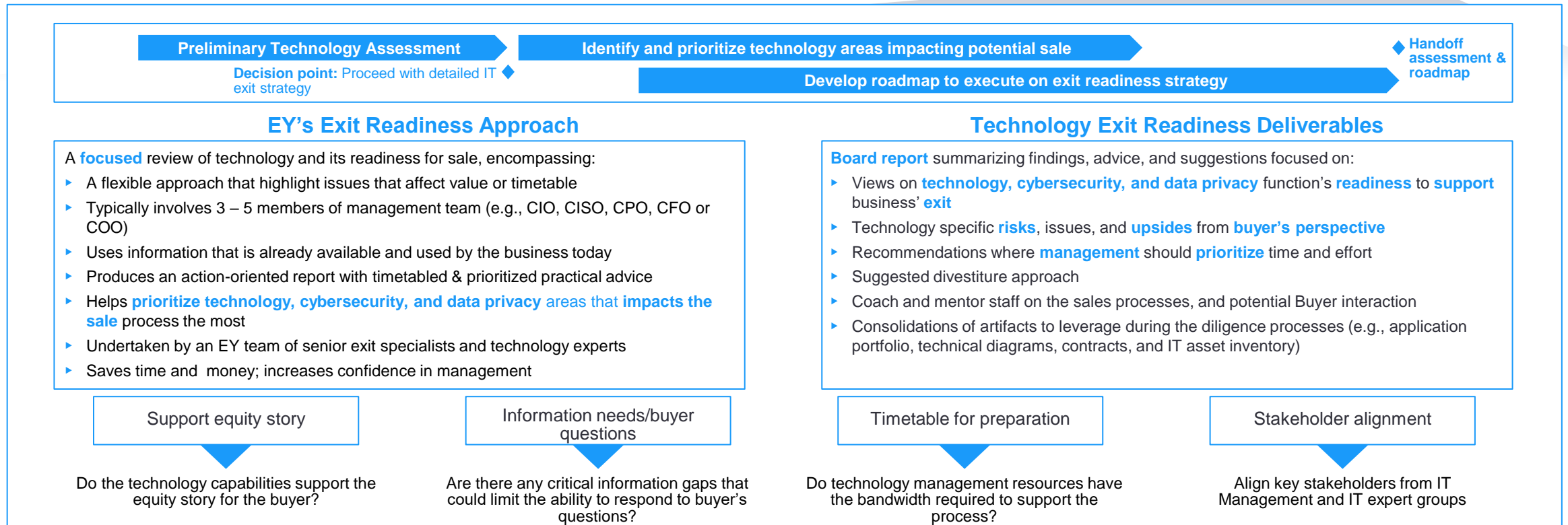
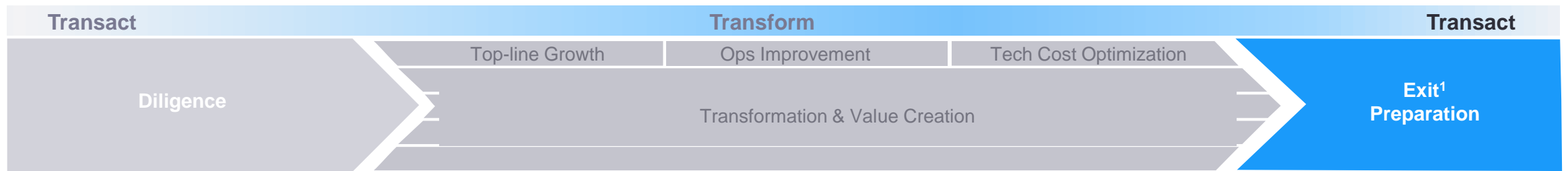
Focus areas	Key questions	Insights
 <b>Investment strategy</b>	Does Technology support the investment strategy?	Robustness of Tech to support deal thesis
 <b>Major risks</b>	Are there technology risks that may lead to business, financial, operational, legal and reputational impacts?	Key transaction risks associated with IT
 <b>Financial materiality</b>	What are the additional investments to mitigate the transaction risks?	Impact to EBITDA and capital spending
 <b>Carve-out &amp; integration consideration</b>	What is the reliance on the Parent for IT services? What are the replacement needs? What are the synergy opportunities and cost to achieve?	One-time and recurring costs
 <b>Value creation</b>	How can IT help reduce costs and improve operational efficiencies?	Upside potential and margin improvement
 <b>AI/Digital</b>	How can emerging technologies be leveraged to improve the top-line growth and support the investment strategy?	Upside potential

# Technology helps drive value creation for PE funds and maximize investment value during the hold period



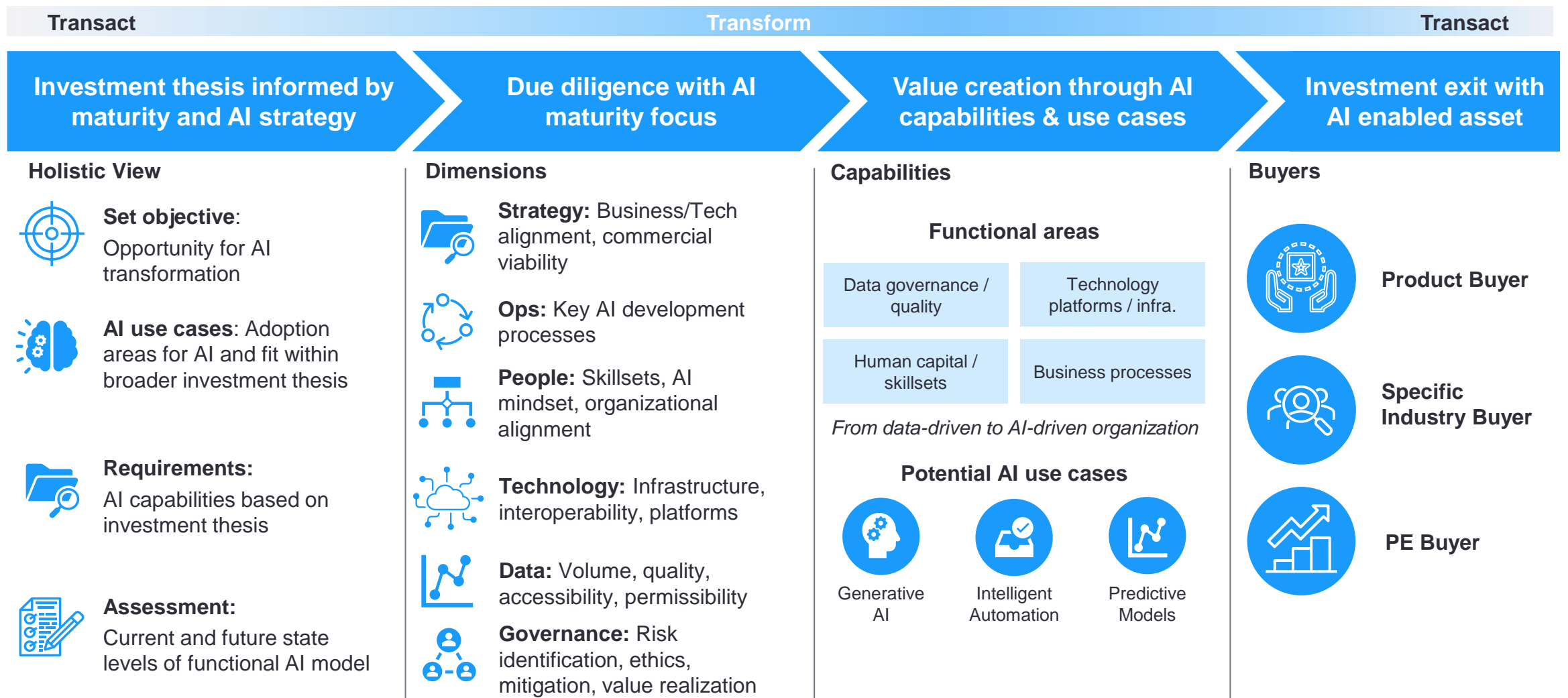
	1 Technology cost optimization	2 Tech enabled ops improvement	3 Top-line growth
<b>Technology pillars for value creation</b>	<ul style="list-style-type: none"> <li>Focus on initiatives that reduce technology operating expenses (e.g., application simplification, infrastructure and sourcing optimization)</li> <li>Primarily driven by CIO/CTO organization</li> </ul>	<ul style="list-style-type: none"> <li>Focus on technology driven value creation initiatives that streamline business processes and reduce inefficiencies across the value chain</li> <li>Initiatives span across functions and are driven in partnership with CIO and COO</li> </ul>	<ul style="list-style-type: none"> <li>New digital/AI capabilities to reduce operating costs, but more importantly improve top-line growth and customer engagement</li> <li>Initiatives span across multiple business functions and are transformative</li> </ul>
<b>Impact on financials</b>	<p><b>Increase</b> — driven by technology cost reduction</p> <p>No impact</p> <p><b>Decrease</b></p>	<p><b>Increase</b> — driven by technology enabled ops reduction</p> <p><b>Decrease</b> — technology enables reduction in operating costs</p> <p><b>Limited impact</b></p>	<p><b>Increase</b> — driven by new revenue potential and cost reduction</p> <p><b>Decrease</b> in operating costs enabled by digital</p> <p><b>Limited impact</b></p>
<b>Top 2 Initiatives</b>	<ul style="list-style-type: none"> <li>Operating model re-design</li> <li>Tech modernization</li> </ul>	<ul style="list-style-type: none"> <li>Predictive Analytics</li> <li>Automation</li> </ul>	<ul style="list-style-type: none"> <li>E-commerce</li> <li>Tele-health</li> </ul>

# Prior to exit, an integrated exit readiness assessment, including technology, simplifies the sale process and maximizes exit value



1. EYP offers industry leading end-to-end technology sell-side (exit preparation and execution) advisory services that can be tailored to your exit strategy (e.g., divestiture, spin, IPO). Details to be shared in subsequent discussions.

# Looking ahead, AI will impact the Private Equity sector not just at the fund level operations, but across all the transaction lifecycle stages



# Dan Shoenholz – Partner, Healthcare and Private Equity, EY-Parthenon



## Dan Shoenholz

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## Profile

- ▶ Dan leads EY-Parthenon's Healthcare and Life Sciences Private Equity practice. He has over 25 years of experience in commercial diligence, corporate and growth strategy, performance improvement, and organizational change management
- ▶ Dan has worked on engagements across the healthcare landscape for corporate and financial sponsor clients across strategy, diligence, value creation and transaction execution

## Representative experience

- ▶ Dan has worked extensively with companies and private equity firms for both front-end strategic analyses and transaction related advice. He has led over 600 engagements, working with large and middle market buyout funds and corporate clients across a variety of industries including health care, life sciences, financial services, media, and industrials
- ▶ Dan has deep experience in a number of areas of the healthcare industry, including multi-site providers, academic medical centers, hospital services, health care technology, revenue cycle management, pharmacy and employer health. Experience relevant to this project includes:
  - ▶ Commercial diligence on a Texas and Indiana-based pediatric services (autism, OT, PT, SLP)
  - ▶ Commercial diligence on a Florida-based operator of pediatric services
  - ▶ Commercial due diligence on a Medicaid pediatric dental clinic
  - ▶ Multiple diligences on physical therapy clinic operators
  - ▶ Multiple diligences on autism clinic operators

## Education and memberships

- ▶ Dan received his MBA from the Stanford University Graduate School of Business and his BA in Biology magna cum laude from the University of Pennsylvania, where he was a Benjamin Franklin Scholar

# Manish Arora – Senior Director, Healthcare and Private Equity, EY-Parthenon



## Manish Arora

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### Profile

- ▶ Manish is a Senior Director in EY Parthenon's New York office and is part of the Healthcare Private Equity practice
- ▶ He has 12+ years experience across various facets of the healthcare continuum supporting PE and corporate clients on commercial due diligence, growth strategy, market entry assessment, and business transformation engagements, leading 75+ diligences and advising on \$3B+ in closed transactions across the provider and HCIT segments
- ▶ Previously, Manish was at PwC Strategy& focusing on M&A and deals strategy in the healthcare services sector with prior experience as a hospital administrator leading enterprise strategy initiatives at Kaiser Permanente and hospital operations at Fortis. He has worked with US and int'l clients, with a proven track record of helping executives at the highest level navigate complex strategic issues and deliver meaningful results

### Representative experience

- ▶ *Dental commercial diligence*: Led multiple dental diligences across specialties including orthodontics, endodontics, pediatrics, oral surgery, general DSOs, dental insurance, dental equipment, etc.
- ▶ *Physician practice management platforms*: Led diligences of various specialty PPMs including, cardiology MSO, radiology, orthopedics, interventional radiology, etc.
- ▶ *Provider services*: Diligences across other provider segments including urgent care, workers compensation, physical therapy, behavioral health, eating disorders, SUD, payer tech, veterinary services, etc.
- ▶ *HCIT*: Buy side diligences for several HCIT sub-segments including companies focusing on workforce management, language / interpretation services, telesitting, scheduling, RCM and financial solutions, consumer driven benefits, etc.
- ▶ Strategic diligence for a Hospital's Board and C-suite to identify financial partnership options, assess network strategy, and chart a viable strategic roadmap for future success
- ▶ Growth strategy and feasibility analysis for a large national healthcare system's ventures unit to inform capital allocation and investment approach in assessing future commercial opportunities
- ▶ Commercial diligence and post-merger integration strategy for two hospitals from an investor-owned healthcare company

### Education and memberships

- ▶ Manish received his MBA from Yale University. He also received his MPH in healthcare management from Columbia University and holds an MD

# Alex Diamond – Senior Director, Healthcare and Private Equity, EY-Parthenon



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### Profile

- ▶ Alex is a Senior Director in EY Parthenon’s Healthcare Practice. He has 8+ years experience in strategy consulting and principal investing roles across the healthcare and life sciences industry. Alex is a case team leader and manages the day-to-day research and project delivery for commercial due diligence and corporate strategy engagements.
- ▶ Before joining EY-Parthenon Alex was a member of the investment team at SFW Capital Partners, a middle market private equity firm, where he focused on investments in life science tools, industrial technology, and healthcare technology. During his tenure, Alex completed three platform investments and one add-on investment and evaluated numerous additional businesses. Alex worked closely with the firm’s operating partners and portfolio company management teams to identify and execute value creation initiatives.

### Representative experience

- ▶ Led 20+ engagements primarily across the healthcare and life sciences sectors
- ▶ Led multiple buy-side commercial diligence engagements across hospital-based and post-acute care-focused EMR and Practice Management solutions
- ▶ Led multiple commercial diligence engagements of leading specialty pharmacy and digital pharmacy solutions
- ▶ Led buy-side commercial diligence of a laboratory information system provider focused on hospital-based labs
- ▶ Led buy-side commercial diligence of a document management system and scanning software primary used across hospital systems
- ▶ Led market assessment of a healthcare supplies company including assessment of enterprise level contracts with leading health systems and GPOs
- ▶ Led multiple buy-side commercial diligence engagements of healthcare and pharma digital marketing and analytics service providers
- ▶ Led market assessment of a language interpretation and translation service provider primarily serving the healthcare market

### Education and memberships

- ▶ Alex received his B.S. In Industrial Engineering and Economics from Northwestern University

# Shashi Shrimali – Senior Director, Technology - Healthcare and Private Equity, EY-Parthenon



## Shashi Shrimali

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### Profile

- ▶ Over 20 years of senior technical leadership and advisory positions within technology services and management consulting firms. Deep experience in technology transformation projects including platform modernization, enterprise architecture and digital transformation
- ▶ Prior to joining EY, he served as Consulting Director with IBM, PwC Strategy& and Cognizant focusing on various sectors leading technology transformation, due diligences, value creation, sign to close, and post-merger integration activities.
- ▶ Currently serves private equity and corporate buyers throughout the lifecycle of their M&A journeys. Pre-sign, Shashi has advised on several due diligences, including complex transactions where technology-as-a-product were at play.
- ▶ Other past roles have included as a CXO advisor, Enterprise Architect, Implementation lead, M&A advisor & Digital SME at various firms focussed on providing technology strategy, architecture & implementation service within the context of M&A and transformation/turnaround through technology for healthcare payors and providers

### Representative experience

- ▶ Led 100+ tech. diligence and value creation engagements for private equity and corporate clients primarily in healthcare and life sectors
- ▶ Conducted an product/AI diligence for a national health insurance company on a target with AI based Medicare enrollment platform
- ▶ Developed a multi-year digital strategy & roadmap for a regional health insurance company seeking to transform prospect, member, provider, broker and employee experience and improve and operational efficiencies
- ▶ Designed end to end processes (enrollment, claims, appeals & grievances, etc.) for front/middle/back-office functions of a national health payer to drive process optimization across the value chain and support operational readiness for core administrative, care management and provider network management platforms.
- ▶ Executed a sales, marketing and service strategy engagement (process and capability design, change management and operating model design) for a \$4B health insurance company'
- ▶ Led a complex sell-side, carve-out of a digital platform, for a multinational drink and brewing company. Led value creation engagements for a mid sized medical transportation, provider of biospecimen, and provider of home health and hospice businesses
- ▶ Extensive hands-on experience developing software solutions, integration architecture, data platform, and managing enterprise architecture and large-scale implementations.

### Education and memberships

- ▶ Shashi received his M.B,A from the Columbia Business School and his B.E in Computer Sc. from the NIT, India



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