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[Berkery Noyes Releases Healthcare/Pharma Information And Technology Industry M&A Report For Half Year 2013](#)

Berkery Noyes, an independent mid-market investment bank, today released its half year 2013 mergers and acquisitions trend report for the Healthcare/Pharma Information and Technology Industry.

The report analyzes M&A activity during the first half of 2013 and compares it with the four previous six-month periods from 2011 to 2012. This market includes information and technology companies servicing the pharmaceutical, healthcare payer, and healthcare provider spaces.

According to Berkery Noyes' research, deal volume decreased 16 percent since second half 2012. However, the number of deals was close to the industry's historical average for 2011 when examined on a half year basis. The median revenue multiple over the past six months declined from 2.2x to 1.9x, while the median EBITDA multiple moved slightly from 9.8x to 10.2x.

Transaction value increased 58 percent, from \$5.08 billion in second half 2012 to \$8.03 billion in first half 2013. This rise was largely attributable to BC Partners' announced acquisition of Springer Science & Business Media, a scientific, technical, and medical (STM) publisher, for \$4.42 billion. Without this acquisition, deal value would have declined 29 percent.

Roper Industries was responsible for the second highest value transaction in first half 2013 with the acquisition of Managed Healthcare Associates for \$1 billion. Managed Healthcare Associates offers software and data analytics to pharmacies and long-term healthcare providers, amongst many other services. Roper Industries also completed the largest deal in full year 2012, acquiring [Sunquest Information Systems](#) for \$1.39 billion.

Healthcare IT remained the most active market segment in first half 2013, representing 40 percent of the industry's aggregate volume year-to-date. Moreover, acquirers are showing strong interest in companies that facilitate healthcare information sharing and interoperability. Allscript's acquisition of medical software provider dbMotion for \$188 million was one such example in first half 2013.

"The breadth of acquirers for HIT companies continues to expand as buyers look to capitalize on the size, rapidly evolving dynamics and growth characteristics of the healthcare market," said Jonathan Krieger, Managing Director at Berkery Noyes. "Acquirers are aggressively looking to broaden product suites, leverage distribution channels, and realize revenue and cost synergies."

As for other notable deals in the report, [athenahealth](#) acquired Epocrates, a provider of point-of-care medical software applications, for \$214 million. This was the highest value mobile-based healthcare deal throughout the past two-and-a-half years. Meanwhile, the largest Pharma IT transaction backed by a financial sponsor in first half 2013 was JLL Partners' acquisition of BioClinica, a provider of clinical trial management solutions, for \$105 million.

"Large vendors are taking steps to stay ahead of the technology curve," stated Jeffrey Smith, Managing Director at Berkery Noyes. "Some of the most popular tools being sought by acquirers include software focused on analytics, as well as mobile based platforms. There is potential in the market for consolidation as acquirers look for solutions to help update their information delivery methods."

Although overall volume decreased 16 percent since second half 2012, the M&A outlook for the industry remains favorable. "Many transaction closings were pushed forward into 2012 because of the changes in U.S. capital gains tax rates," said Tom O'Connor, Managing Director at Berkery Noyes. "As a result, there were relatively few unique HIT assets of scale on the market in the first half of 2013, which is fostering pent-up demand. The M&A environment should stay attractive for HIT sellers who are considering a liquidity event in 2013 or 2014, and high quality assets of scale will continue to command healthy valuations in the near-term."

Source: Berkery Noyes

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