

Healthcare IT

Market Update

JANUARY 2025



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Healthcare IT | 2025 Market Outlook

Upbeat Sentiment on Healthcare IT Heading into 2025

Healthcare IT deal activity in 2024 remained relatively stable compared to overall healthcare M&A, as buyers focused on the integration of complementary services and innovations to strengthen market positioning.

Over 50% of all PE-led deal activity in the healthcare space concentrated on healthcare services and technology while over 80% of strategic transactions involved like-for-like deals.

Notable healthcare IT transactions in 2024 included Veritas Capital's and KKR's recap of Cotiviti, Provana's acquisition of four RCM businesses, Francisco Partners' acquisition of AdvancedMD, Med-Metrix's acquisition of Healthcare Receivable Specialists and H.I.G.'s acquisition of Mobile Health.

Several subsectors continue to invest in technology, with payers prioritizing IT investments in care coordination, utilization management, and claims processing and payments, providers investing in cybersecurity, clinical workflow optimization, and interoperability, biopharma investing in clinical trial IT infrastructure and others using AI, analytics software platforms to drive efficiency.

The overall M&A outlook for HCIT deals remains positive heading into 2025, with companies driven by the continued pursuit of innovation, operational efficiency and growth in an evolving healthcare ecosystem.

Trends Heading Into 2025



Continued Investment in Digital Health Platforms

Investment in digital health solutions and AI-driven care models is expected to continue into 2025 as the healthcare industry focuses on enhancing patient outcomes, unlocking efficiencies and improving access to care.



Providers Fueling RCM Market

Among the many subsectors within healthcare IT, RCM has been garnering significant interest among the investor community and, as a result, generating healthy valuation multiples. Deal activity in this subsector is expected to persist as providers continue to outsource non-core functions to address financial pressures and focus on better care delivery.



Payers Focus on Cybersecurity and IT Infrastructure

In the face of rising cybersecurity concerns and legacy technology infrastructure, Payers are prioritizing investments in these areas in order to mitigate the risk and impact of attacks and improve the integration of current IT applications.

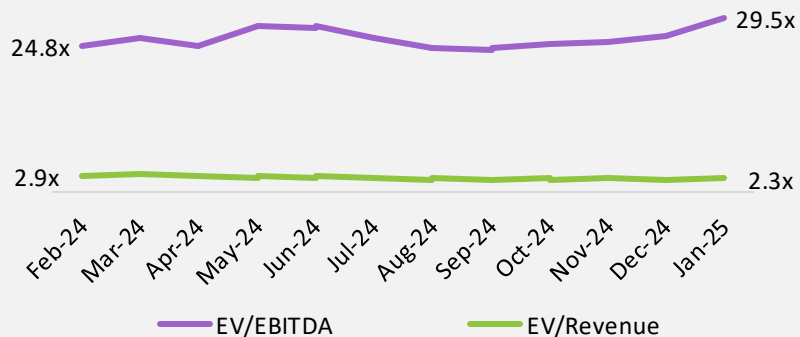


Deregulation as a Catalyst for Healthcare Deal Activity

The new administration has already begun to roll back prior regulations with the intent to reduce regulatory burdens on businesses and has proposed shifting AI oversight toward industry self-governance to help foster innovation. These initiatives may contribute to further innovation and deal activity within the healthcare sector.

January 2025 M&A Market Snapshot

Healthcare IT Median Multiple Index^{1,2,3}



EV/EBITDA Multiples Expand While EV/Revenue Multiples Contract

- All healthcare technology subsectors observed experienced a jump in EV/EBITDA multiple over the last twelve months through January 2025
- Provider-Tech EV/EBITDA multiples experienced the greatest increase over the observed period, while Pharma-Tech generated the highest multiples of all other subsectors as of January 2025
- With the exception the Provider-Tech, all other subsectors within healthcare technology experienced a decline in EV/Revenue multiples over the last twelve months through January 2025
- Payer-Tech EV/Revenue multiples experienced the biggest decline over the observed period
- Following suit with EV/EBITDA multiples, Pharma-Tech generated the highest EV/Revenue multiples of all subsectors as of January 2025

Select Healthcare IT Transactions

Date	Subsector	Target	Acquirer	EV (\$M)
01/29/25	Provider-Tech	BetterHealthcare	HEALTHBUS	Undisclosed
01/29/25	Virtual Care & Digital Health	ENVISION TECHNOLOGY PARTNERS	inductivehealth DIVERSIS CAPITAL	Undisclosed
01/21/25	Payer-Tech	Humbi AI	innovaccer	Undisclosed
01/10/25	Provider-Tech	Healthfuse	InTandem CAPITAL PARTNERS	Undisclosed
01/10/25	Pharma-Tech	ProxsysRx	Maxor BPOC	Undisclosed
01/09/25	Virtual Care & Digital Health	amwell eCare Psychiatric Care business	AQUILINE CAPITAL PARTNERS LLC	Undisclosed
01/09/25	Provider-Tech	Feedroll HEALTHCARE XM	RELIAS	Undisclosed
01/08/25	Provider-Tech	ALINEA ENGAGE	Net Health THE CARLYLE GROUP	Undisclosed
01/07/25	Virtual Care & Digital Health	my Health team	swoop	Undisclosed
01/06/25	Virtual Care & Digital Health	DECISIO	AIRSTrip*	Undisclosed



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Contact Us

Please reach out to us to schedule a call to discuss this month's market update or to explore how we can serve your business needs.

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