

PE Deal Sourcing: Healthcare Technology & Services

Client Overview

Industry	Mid-market private equity firm
Experience	30+ years, \$6B+ invested
Focus	Consumer Goods, Manufacturing, Services, Healthcare

The Challenge

Market Context: PE firms invested \$200B+ in healthcare acquisitions in 2021. The client needed to expand beyond provider practices and devices into high-growth healthcare technology and services.

Initial Approach: A global consulting firm provided high-level trends and subsegment identification, but lacked the depth needed for confident investment decisions.

Critical Gaps:

- Deep understanding of healthcare tech/services subsegments and their interconnections
- Quantitative and qualitative analysis of growth opportunities
- Identification of sustainable business models with vertical/horizontal integration potential

Our Approach

Four-Phase Methodology:

- 1. Discovery** – Aligned research scope with client strategy and portfolio strengths
- 2. Research** – Conducted qualitative and quantitative analysis of business models, key players, market forces (innovation, policy, economics), and ecosystem (adjacent segments and subsegments)
- 3. Analysis** – Developed segment benchmarking matrix and perceptual maps evaluating competitors on price, delivery, operations, reputation, and retention
- 4. Recommendation** – Delivered ranked target list with financial pro formas and synergy analysis

Results

7 Days	14%	4 Months
Ahead of schedule	Below asking price	To close

Outcome: Delivered a ranked list of four acquisition targets with five-year pro formas and sensitivity analysis. Client successfully closed on one target and extended the engagement for due diligence support and ongoing portfolio advisory services.

"Covalence Health's qualitative analysis gave us the confidence to evaluate and close the deal quickly."

— PE Co. Partners

Why It Worked

- **Deep Healthcare Expertise:** Team backgrounds spanning healthcare technology and services provided nuanced insights beyond surface-level trends
- **Speed Without Sacrifice:** Delivered ahead of schedule while maintaining rigorous analysis standards
- **Actionable Intelligence:** Financial modeling and synergy analysis enabled immediate valuation work
- **Strategic Alignment:** Recommendations considered integration opportunities with existing portfolio companies