



Frontiers Health – Healthcare Report

Outlook Q4 2025 & beyond

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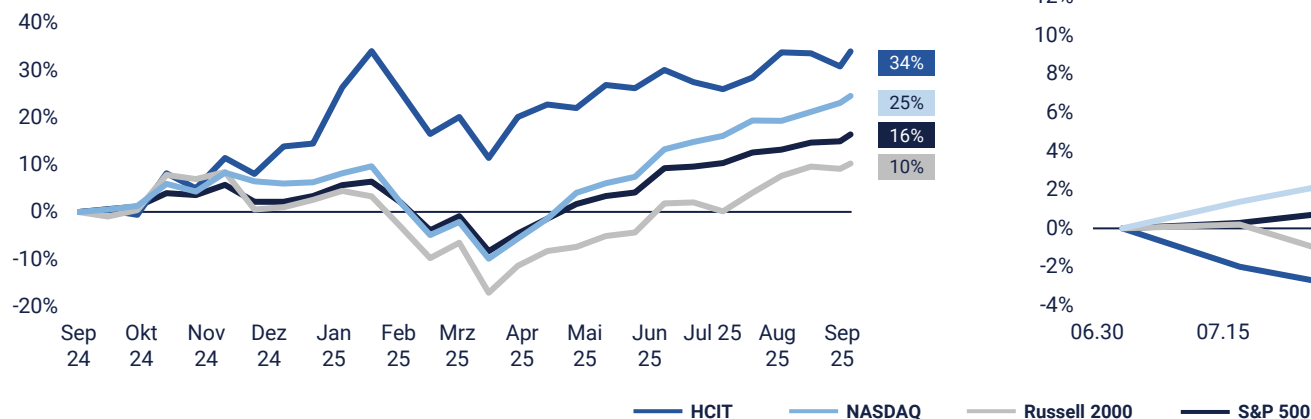
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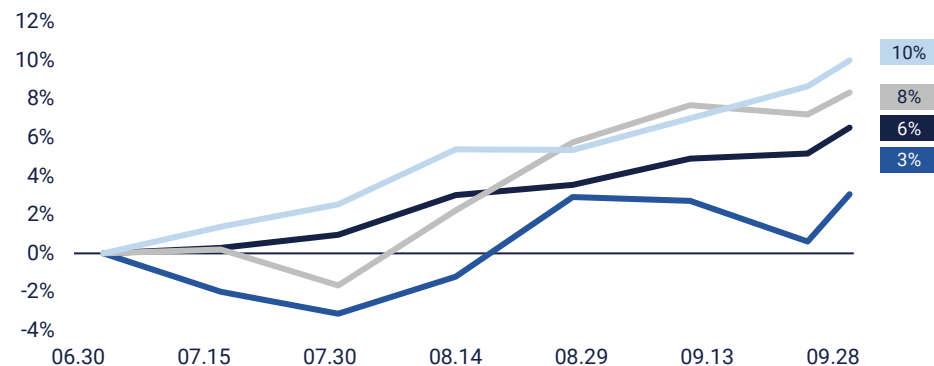
- 1 **Public markets & transaction highlights**
- 2 HealthIT deep-dive

Public markets: LTM indexed share price performance across HCIT subsectors (I/II)

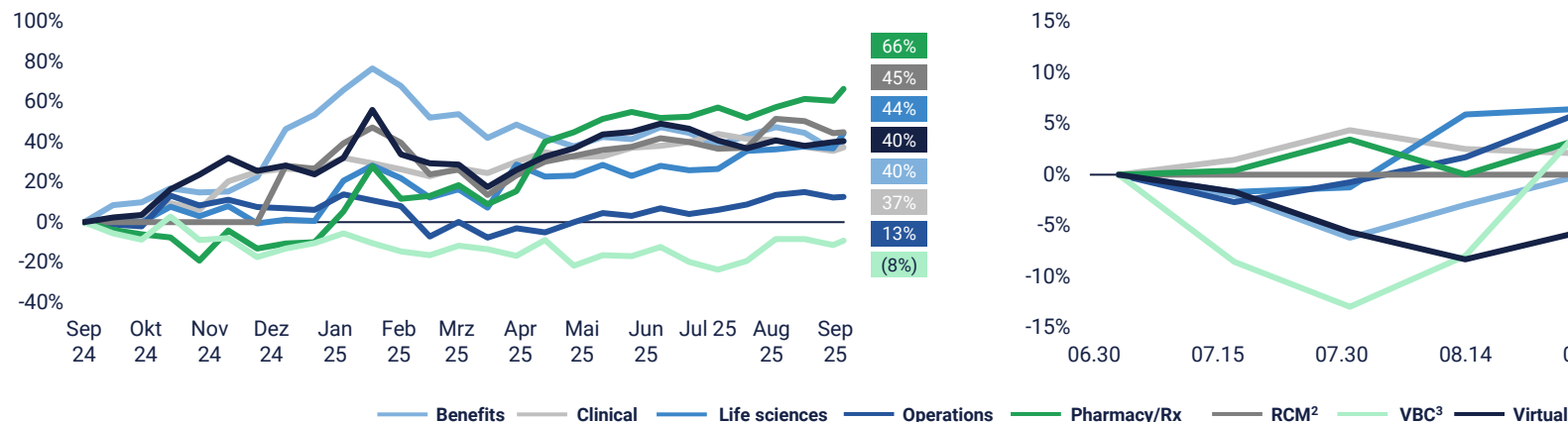
LTM share price performance – HCIT¹ vs. major market indices



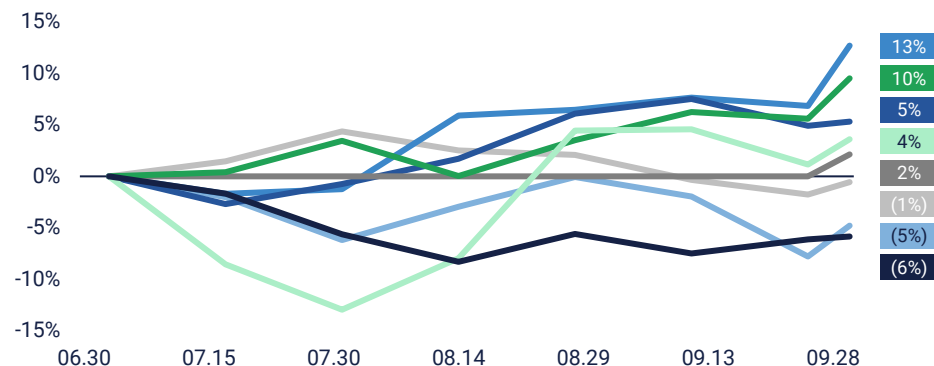
L3M share price performance – HCIT vs. major market indices



LTM share price performance – HCIT subsectors



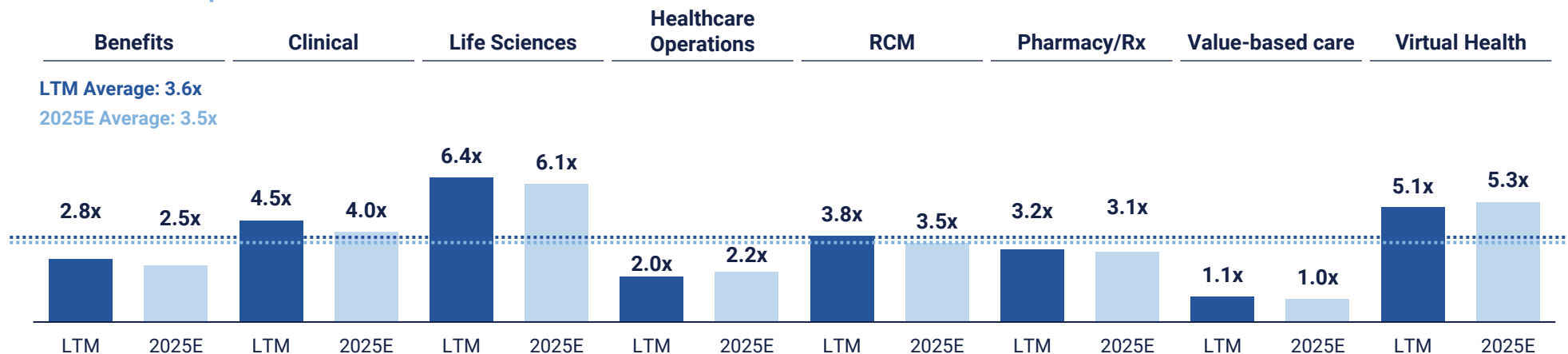
L3M share price performance – HCIT subsectors



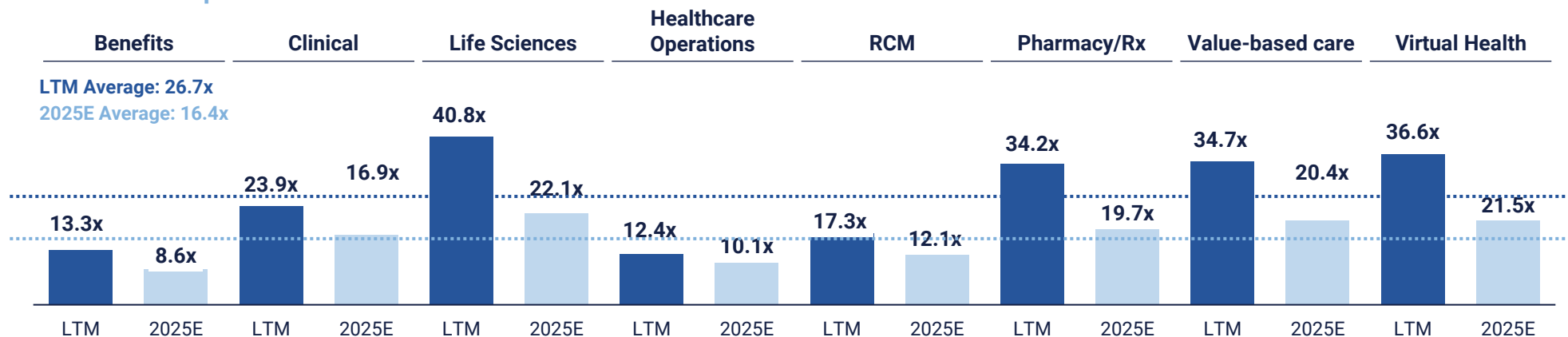
Note(s): 1) HCIT comp set comprises a broad index of European and American HCIT companies; 2) RCM = Revenue Cycle Management; 3) VBC = Value Based Care
Source(s): PitchBook; S&P Capital IQ as of 9/30/2025

Public markets: HCIT sub-sector valuation benchmarking (II/II)

EV/revenue multiples¹



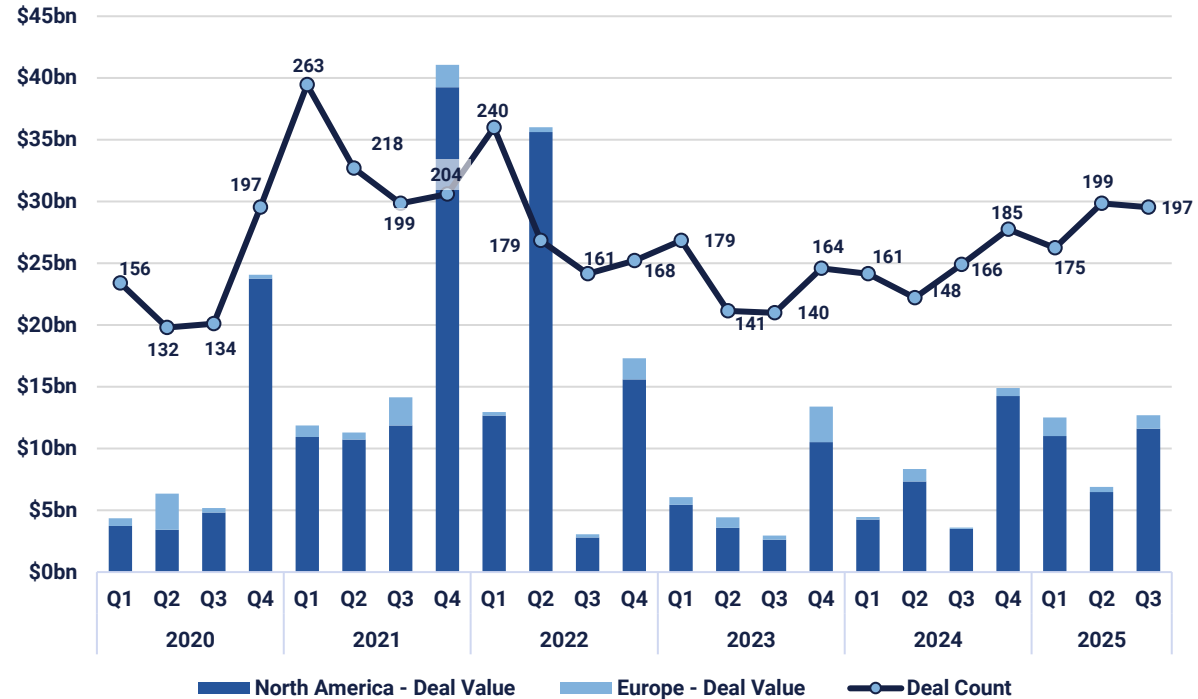
EV/EBITDA multiples¹



Note(s): 1) Comparable set comprises a broad index of American and European HCIT companies
Source(s): PitchBook; S&P Capital IQ as of 9/30/2025

Transaction highlights: HCIT M&A activity in Europe and North America (I/III)

HCIT M&A deal value & count in Europe and North America



Geography (\$m)	2020	2021	2022	2023	2024	2025 (YTD)
North America	35,732	72,804	66,702	22,179	29,358	29,110
Europe	4,232	5,578	2,639	4,673	1,939	2,991
Total	39,964	78,382	69,341	26,852	31,297	32,100
EV/Revenue (Median) ¹	3.9x	5.8x	4.4x	3.9x	3.3x	3.9x






















Note(s): 1) Across all HCIT deals
Source(s): PitchBook; S&P Capital IQ as of 9/30/2025

YTD Q3'25 commentary

- Healthcare IT M&A environment is **rebounding strongly** in 2025
 - YTD aggregate deal volume and values are the greatest since 2022
 - YTD deal value of \$32.1bn is more than full year 2024 and 2023
 - YTD deal values and volumes are up 96% and 20%, respectively, over the prior YTD period
- However, there is a strong concentration of **large deals driving up** overall deal values
 - 75% of aggregate YTD deal value is from the Top 10 deals
- Financial sponsors are leading the charge**
 - More than 60% of all deal activity is from PE/VC
- Focus on horizontal consolidation** to build end-to-end suites
- **Buyers want integrated platforms**, not point solutions

Transaction highlights: Top 10 M&A Deals in 2025 (II/III)

Top 10 M&A transactions YTD through October 2025

Date	Company	Acquiror	Valuation (\$m)
Oct-25	 PressGaney	qualtrics 	6,750
Mar-25	 ModMed		5,300
Mar-25	 CareAllies		3,300
Sep-25	 HEALTHEDGE		2,600
Sep-25			2,600
Jan-25		 ¹ 	2,069
Apr-25			1,850
Jun-25		Blackstone	1,700
May-25		 	1,425
Jan-25			1,333
Total Strategic Value			\$5,150
Total PE Value			\$23,777

 Standalone strategic acquiror

Comments

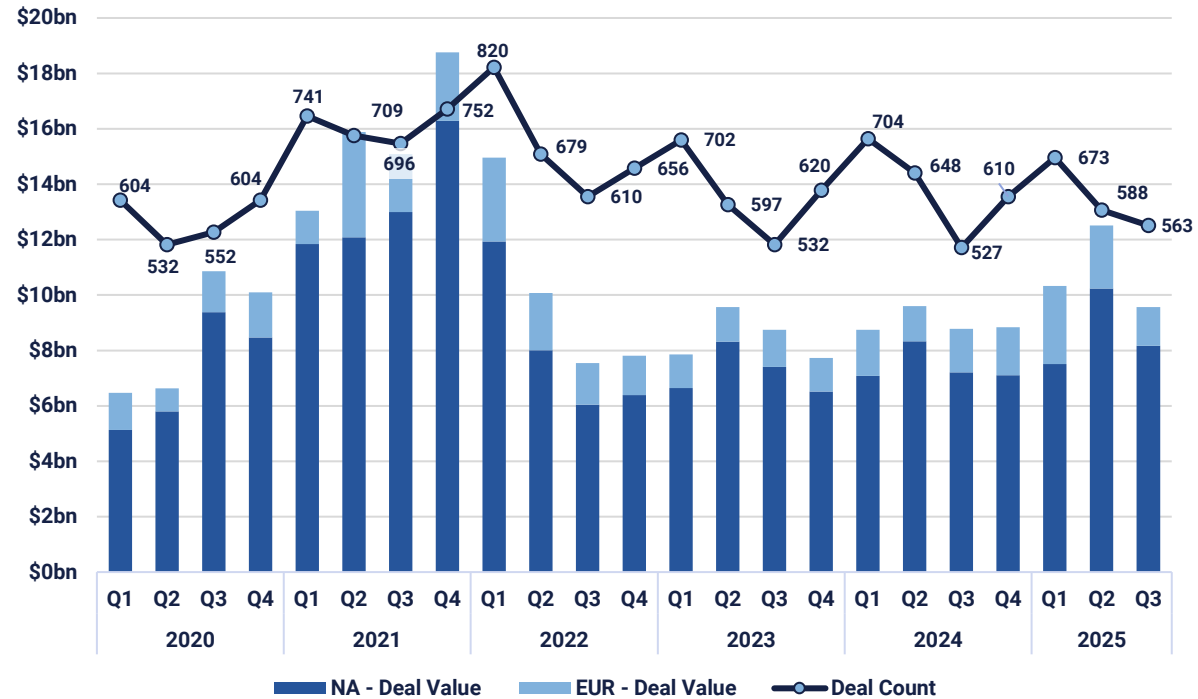
90% of aggregate YTD deal value is attributable to the top 10 deals

80% of the top 10 deals were led by Private Equity

74% of total YTD deal value comes from Private Equity investment in these top 8 deals alone

Transaction highlights: HCIT financing activity in Europe and North America (III/III)

HCIT financing deal value & count in Europe and North America



Geography (\$m)	2020	2021	2022	2023	2024	2025 (YTD)
North America	28,777	53,201	32,380	28,870	29,729	25,910
Europe	5,290	9,587	8,004	5,032	6,244	6,489
Total	34,067	62,788	40,384	33,903	35,973	32,398

Comments

- **The Healthcare IT fundraising environment remains very strong in 2025**
 - YTD financing values are up 19% from YTD'24 and the number of financings is flat
 - Q3'25 is down 24% from the prior quarter, but up 9% from the prior year
- **The European financing market is propping up the category in 2025**
 - YTD'25 financings in Europe are up 44% compared to last year – North America is only up 15%
 - Q1'25 financings from Europe accounted for 27% of total – the highest we have seen over the last 5 years
- **The widespread utilization and adoption of AI in Healthcare is leading to many new unicorns in 2025 including:**
 - Smarter Technologies \$6.0bn+ valuation
 - OpenEvidence, \$6.0bn valuation
 - Hippocratic AI, \$3.5bn valuation
 - Abridge, \$5.3bn valuation
 - Innovaccer \$3.5bn valuation
 - Transcarent, \$2.7bn valuation
 - Ambience Healthcare, \$1.3bn valuation




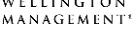




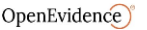








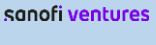


Transaction highlights: Notable Q3 2025 activity

M&A transactions

Date	Company	Acquiror	Deal Size/EV (\$m)	EV/ Revenue
Sep-25	 PREMIER	 PATIENT SQUARE CAPITAL	2,616	2.6x
Sep-25	 HEALTHEDGE	 BainCapital	2,600	N/A
Sep-25	 HealthProof	 BainCapital	1,000	N/A
Sep-25	 deepintent+	 VITRUVIAN	637	N/A
Sep-25	 Clanwilliam group	 TA	528	N/A
Aug-25	 THIRTY MADISON	 Remedy	500	2.3x
Jul-25	 AETION	 NMC NEW MADISON CARE	400	N/A
Jul-25	 23andMe	TTAM Research Institute	369	1.7x
Sep-25	 interwell health	 FRESENIUS MEDICAL CARE	365	N/A
Aug-25	 ANALYTE HEALTH	 BRIGHTSTAR CAPITAL PARTNERS	350	N/A
		Median	514	2.3x

 Strategic acquiror

Capital raises

Date	Company	Investor	Deal Size/EV (\$m)	Post-Money Valuation (\$m)
Sep-25	 strive HEALTH	 NEA	550	N/A
Sep-25	 JUDI	 WELLINGTON MANAGEMENT	400	3,250
Jul-25	 MapLight	 Forbion	372	816
Jul-25	 Ambience	 andreessen horowitz	243	1,250
Jul-25	 OpenEvidence	 KLEINER PERKINS	210	3,500
Sep-25	 Expedition	 novo	165	221
Jul-25	 aidoc	 GENERAL CATALYST	150	N/A
Nov-25	 Hippocratic AI — Do No Harm —	 Avenir	126	3,500
Sep-25	 STAR THERAPEUTICS	 sanofi ventures	125	N/A
Jul-25	 Nudge	 THRIVE CAPITAL	100	N/A
		Median	188	2,250

 Investment arm of strategic company

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- 1 Public markets & transaction highlights
 - 2 **HealthIT deep-dive**
 - 2.1 AI & Healthcare efficiency
 - 2.2 Consolidation in Healthcare
 - 2.3 Efficiency in R&D



**The next decade of Healthcare will be defined
by two forces: AI that compresses cost and
expands throughput, and consolidation that
transforms point solutions into scaled platforms
across the ecosystem**

Two forces reshaping Healthcare

AI compresses cost and expands throughput



Fewer denials, faster cash, higher throughput: AI cleans coding and documentation upfront, lifting first-pass approvals and speeding collections



Admin/ops automation: Automates coding, prior auth, claims, denials, documentation, and scheduling so teams focus on exceptions, not busywork



Integration of international health delivery platforms: Aligns with DRG/catalogues and verifies private benefits to prevent billing friction and write-offs



Budget alignment and control: Ties directly to payer/provider revenue-cycle and ops budgets, enabling short sales cycles and measurable ROI



Standardization of quality and outcome: Enforces consistent note-to-order accuracy across sites, reducing rework and audit risk

Consolidation that converts point solutions into scaled platforms



Comprehensive and holistic service offering: Roll-ups bundle contracts and channels, putting more modules in front of the same buyers with less incremental CAC



Taking advantage of big data lakes: Aggregated datasets improve model accuracy and compliance reporting, strengthening outcomes and trust



Cross-sell engine: Shared platforms unlock multi-module attach into existing provider and payer workflows



Compliance and regulatory: Centralized governance, security, and certifications reduce duplicated cost and shorten enterprise due diligence

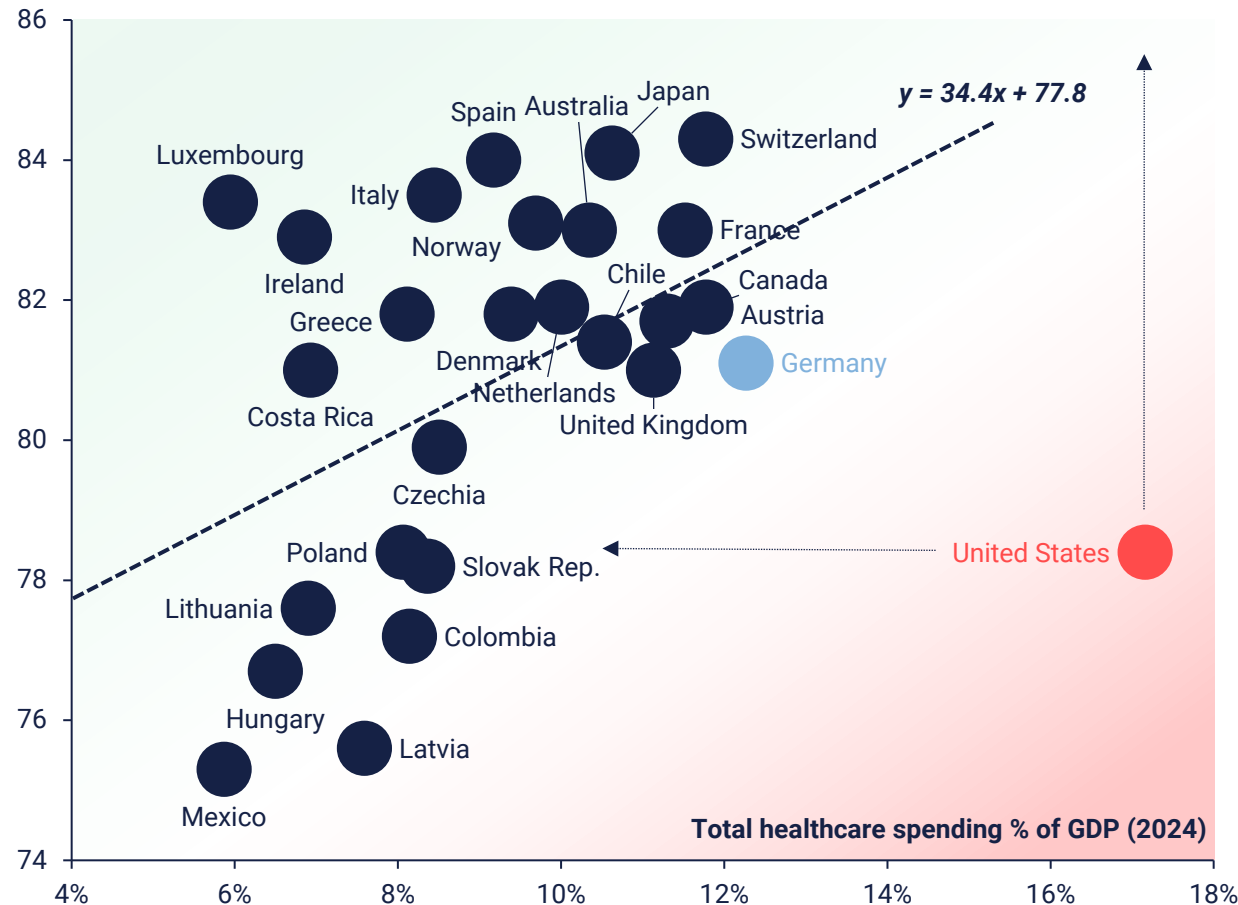


Enhanced value creation: Scale, profitability, and embedded distribution position platforms for M&A as the primary liquidity path, with selective IPO windows

Higher spending does not equate to higher life expectancy; lot of room for optimization in the US...(I/II)

Life expectancy vs. national healthcare spending

Life expectancy in years at birth (2023 or latest available)



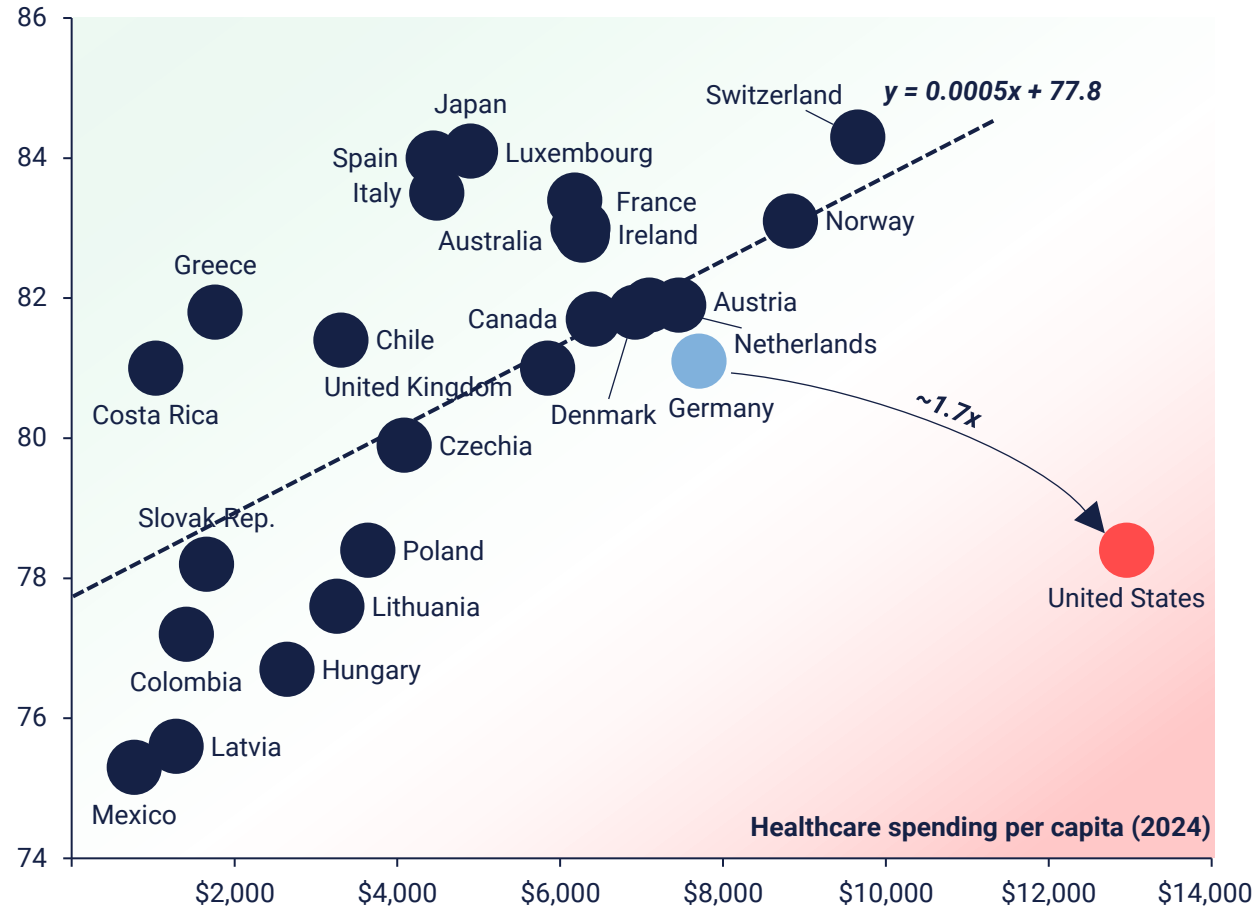
Comments

- Countries that devote a higher share of GDP to healthcare **do not automatically achieve higher life expectancy**
- The US is the stark outlier with top spend and middling longevity while several other countries deliver **longer lives at materially lower spend**
- Why the **US underperforms** at high spend:
 - Spend mix skews toward prices and administrative overhead, with fragmented payer/provider rails **driving waste**
 - **High burden** of preventable and chronic disease (obesity, cardiovascular, diabetes) depresses longevity despite access to advanced care
 - **Late, specialty-heavy care pathways** crowd out primary and preventive services
- Why some **countries outperform** at lower spend:
 - **Strong primary care** orientation and earlier intervention
 - **Broader social policy investment** (education, income support, housing) that improves health determinants beyond the clinic
 - **Tighter purchasing and price regulation**, lowering unit costs

...especially on a per capita basis (II/II)

Life expectancy vs. Healthcare spending per capita

Life expectancy in years at birth (2023 or latest available)



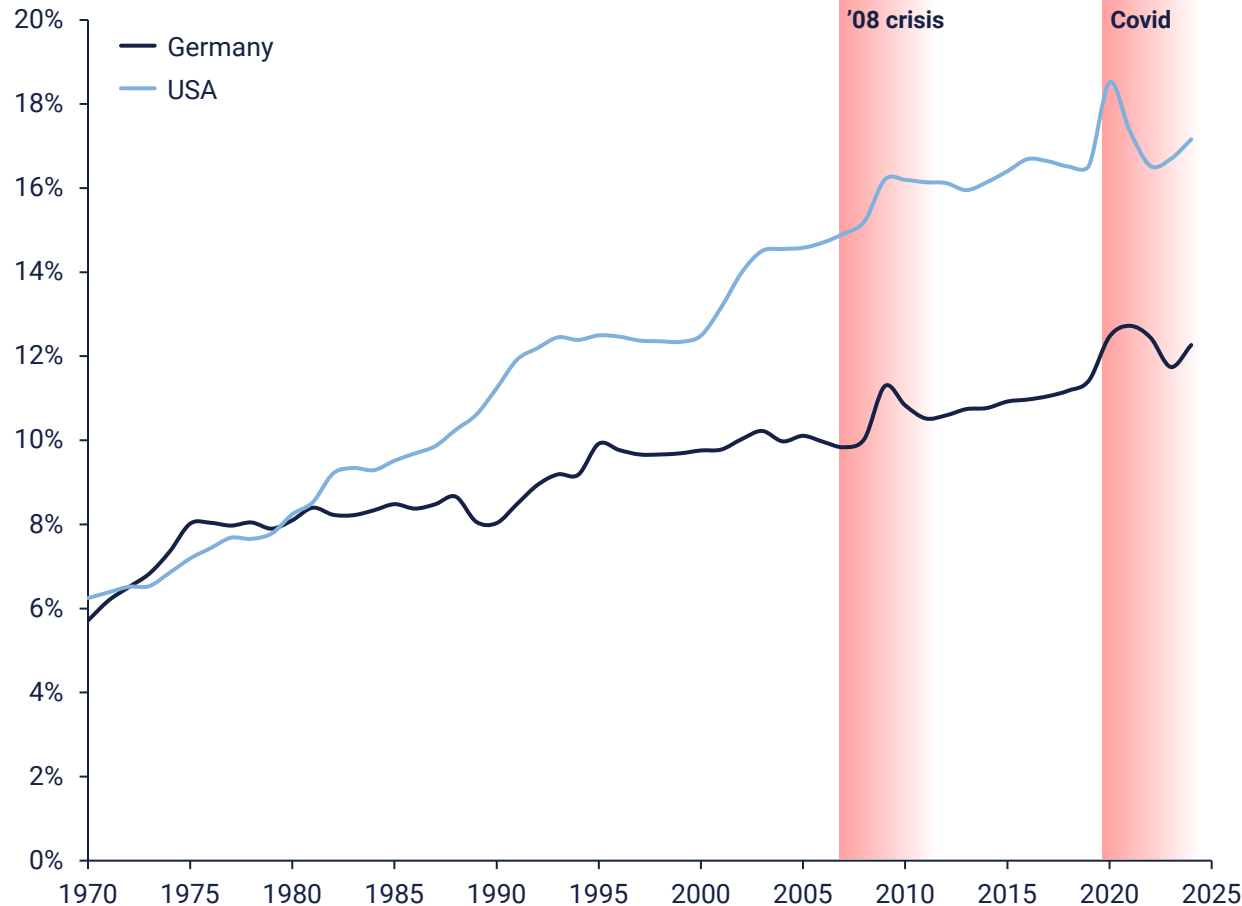
Comments

- Per capita healthcare spending further highlights **US inefficiency**:
 - The US spends **over 1.7x** more per capita on healthcare than Germany, yet **life expectancy remains well below peers**
 - High per capita costs in the US are driven by expensive treatments, administrative overhead, and fragmented care, and not matched by superior health outcomes
- This gap underscores significant potential for the US to improve efficiency and value in healthcare delivery
 - Better data integration, automation, and AI-driven workflow optimization can materially **reduce administrative waste and unnecessary utilization**
 - The US market is therefore **highly receptive to HealthIT**, particularly solutions addressing care coordination, billing accuracy, and clinical workflow automation

Healthcare spending keeps climbing hence smarter allocation must drive outcomes

Healthcare spending over time (Germany vs. US)

Healthcare spending per country as % of GDP



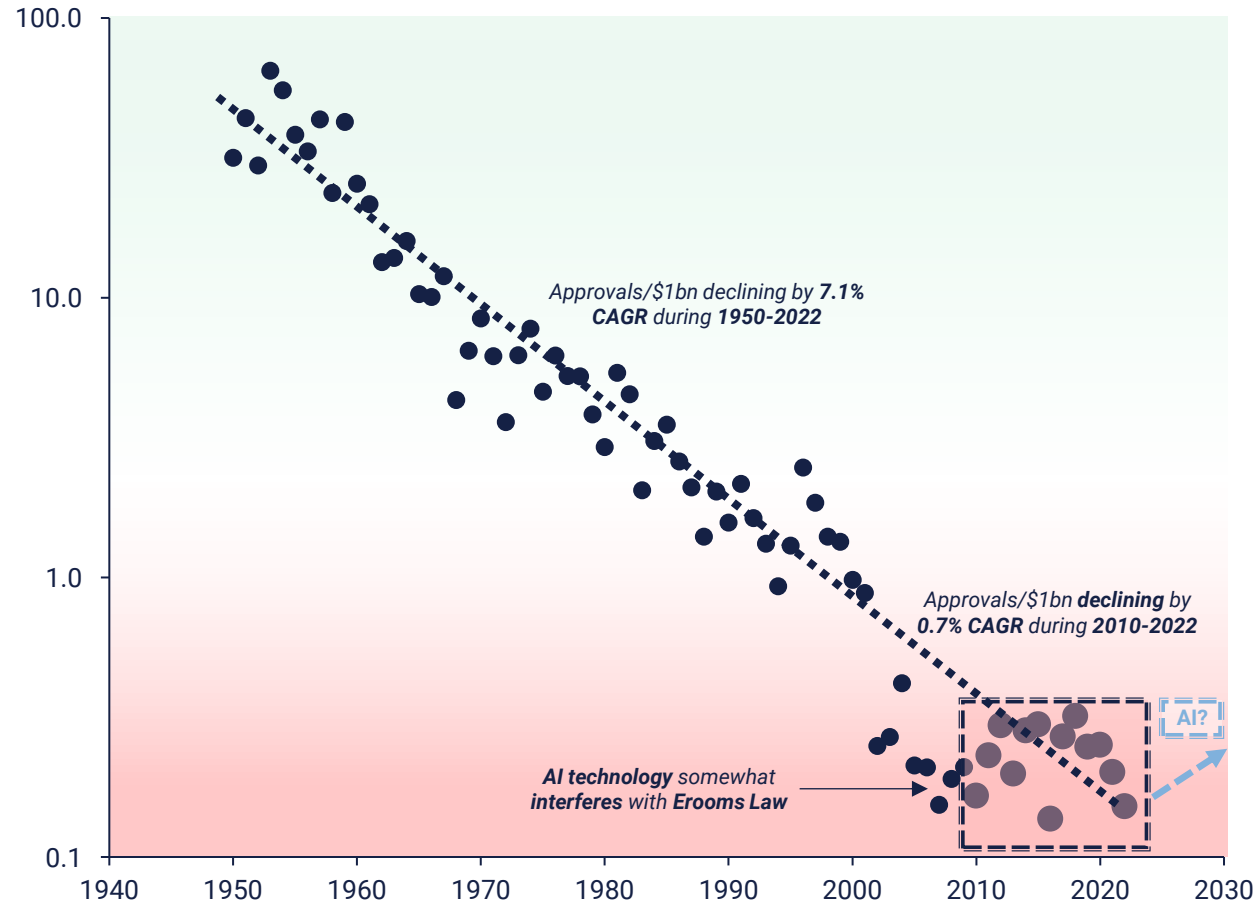
Comments

- **The long-term trend** suggests that incremental cost controls are insufficient – system-wide innovation in interoperability, automation, and preventive care is needed to sustain quality
- Both the US and Germany show a **steady increase** in healthcare spending as a percent of GDP since the 1970s, reflecting **medical technology adoption, aging populations, and rising health sector prices**
- The **US is consistently higher** than Germany and spends a larger share of GDP than Germany due to higher unit prices, administrative complexity, and a more specialty-heavy delivery model
- The US spends nearly **twice as much of its GDP** as Germany, yet health outcomes (life expectancy, preventable mortality) lag behind, showing diminishing returns on spending
- **2008-2009:** ratio effect from GDP contraction during the 'Great Financial Crisis'
 - Health spending as a share of GDP rose because overall GDP fell while health outlays were relatively stable (a **typical recession dynamic**)
- **2020-2021 Covid spike:**
 - **Pandemic-related spending** on testing, vaccination, PPE, and hospital capacity, combined with sharp GDP declines in 2020, produced a pronounced spike in the health-spend/GDP ratio
 - Especially in the US, where spending surged in 2020 more than 2021 compared with peers

Drug approvals per \$1bn have been falling, but AI and better trial designs can bend the curve going forward

New molecule entities and new biologics approved by the FDA

Eroom's Law: Number of new molecules approved by US FDA per \$1bn in global R&D



Comments

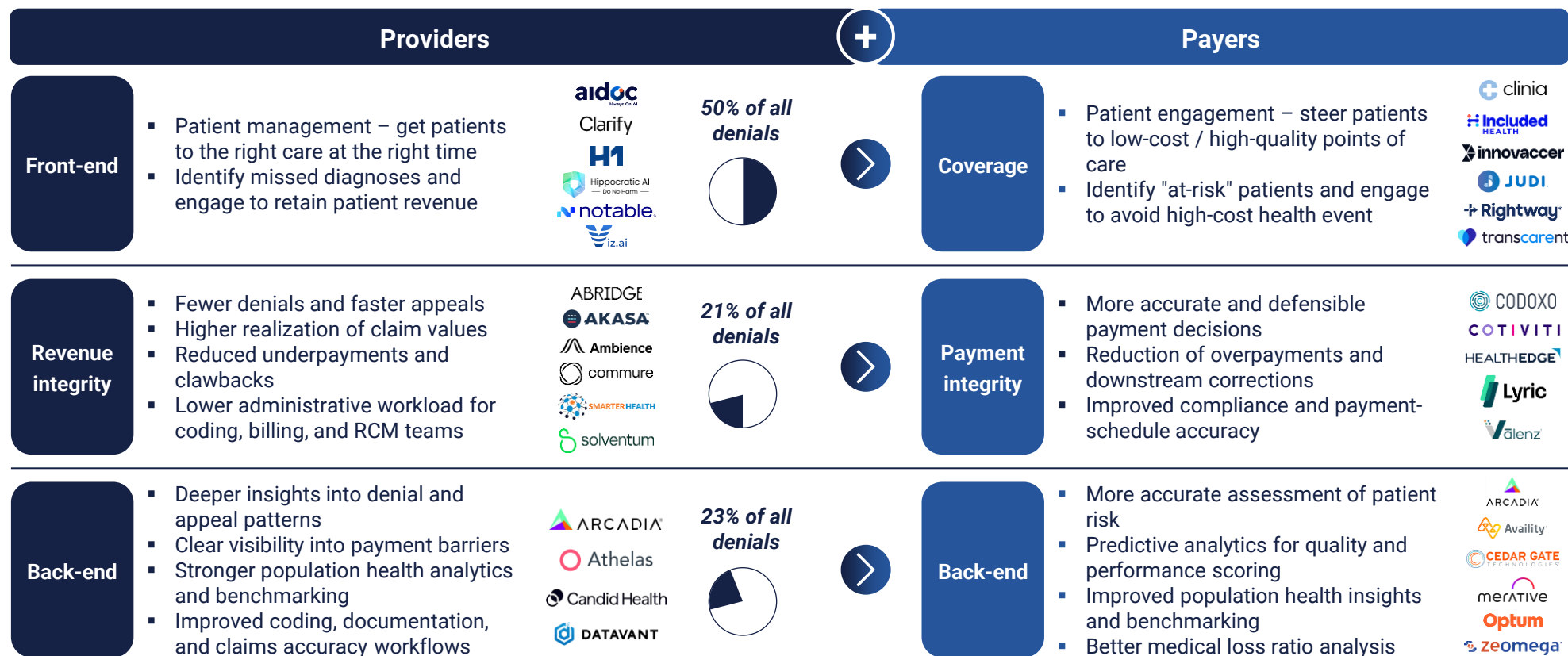
- **Magnitude of decline:**
 - R&D efficiency has dropped on the order of ~80-fold since the 1950s, implying vastly higher investment per approved drug today compared to earlier decades
 - **Consequence:**
 - Falling approvals per \$1bn push up cost per approval, straining innovation economics and, ultimately, patient access
 - **Why productivity fell (key drivers):**
 - **Scientific complexity:** Remaining targets are harder as much of the "low-hanging fruit" is gone, leading to increased failure rates and cycle times
 - **Regulatory stringency:** Safety/efficacy expectations and evidentiary standards have risen, increasing trial size, duration, and cost
 - **Trial and resource inefficiency:** Larger budgets have not proportionally raised output due to recruitment, design, and operational frictions
 - **Recent pattern:**
 - The post-2010 period shows a modest deviation from the long-run decline
 - Modalities like biologics, gene/cell therapies, and data-driven trial optimization contribute to intermittent productivity improvements
- **The long-term slope remains negative**

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In the US, providers and payers are harnessing automation to reduce denials and lower costs across the care pathway

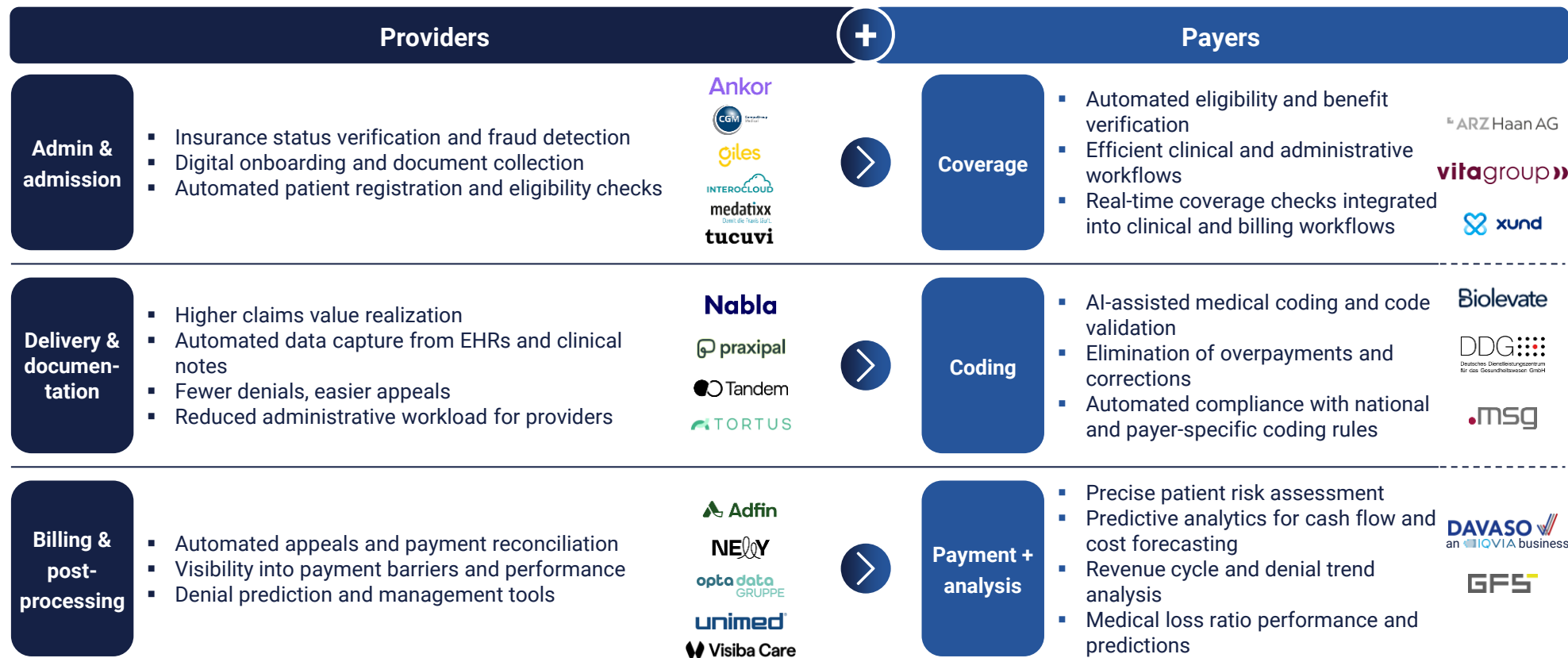
Providers want fewer denials while payers want lower costs



Providers want fewer denials, with currently **20%** of all claims denied and **60%** of those never appealed. **Payers** seek lower costs amid **\$32.0bn** in **improper Medicare payments in 2024** and **3-10%** of healthcare spending lost to fraud, waste, or abuse

In Healthcare's emerging AI arms race in Europe, providers and payers use automation to push efficiency beyond clinical boundaries

European healthcare systems are integrating AI

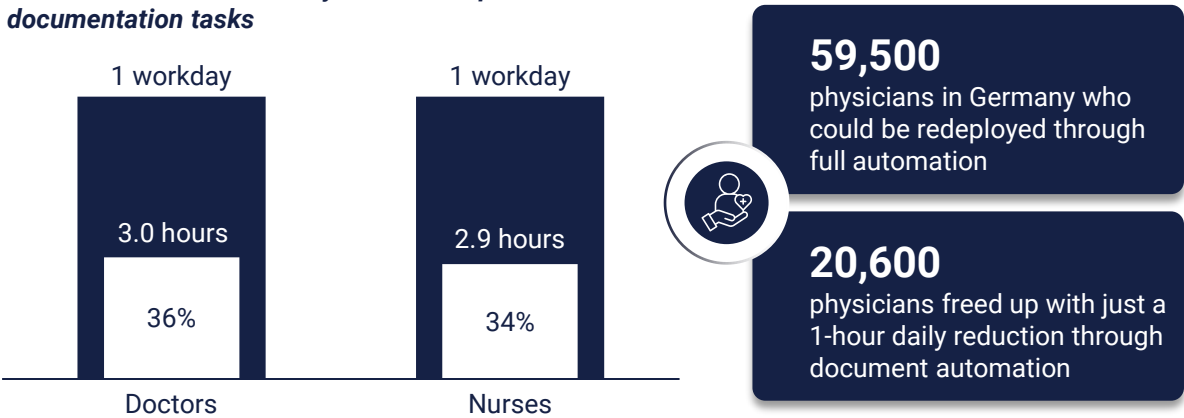


With **50%** of non-life and **24%** of **life insurers** already adopting AI, automation across coverage, coding, and payment analysis is driving cost efficiencies and while **providers** on the other hand are utilizing AI to **reduce claim denials throughout the patient treatment cycle**

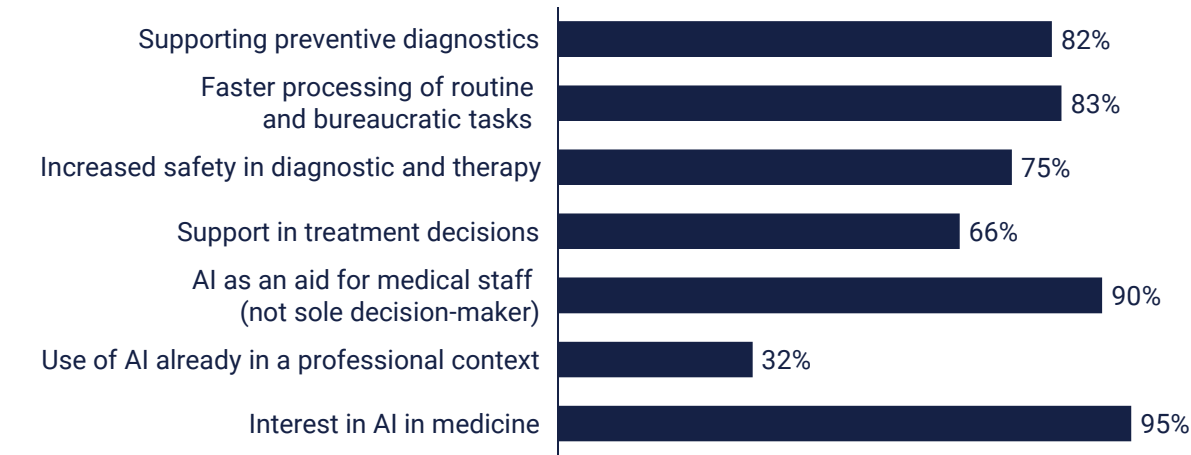
Excursion Germany: Administrative overload drives demand for AI and automation

Doctors spend a third of their day on paperwork

Median hours and % of daily work time spent on documentation tasks



German physician practice: AI use case adoption (% reporting as relevant/advantageous)



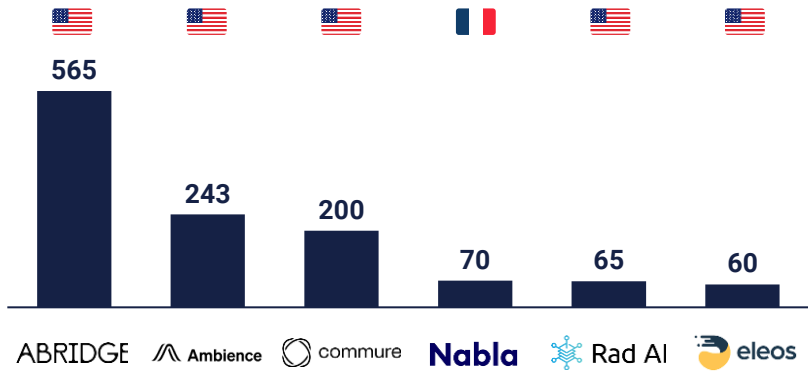
Comments

- German physicians spend an **average of 3 hours per day** (ca. 36% of working time) on administrative tasks; nurses spend 2.9 hours (34%)
- This inefficiency creates **measurable workforce strain**:
 - Up to 59,500 doctors could be **redeployed to patient care** if documentation were fully automated
 - AI is rapidly moving** into this gap, with ambient and generative AI tools being integrated into EHR systems to automate note-taking, billing documentation, discharge summaries, and messaging workflows
- The **automation of back-office workflows** represents one of the largest productivity unlocks in healthcare, with over **83% of German physicians** recognizing AI's value in accelerating routine and **bureaucratic tasks**
- Nearly 90%** of physicians see **AI** as a supportive tool for **medical staff**, underscoring strong professional interest in **leveraging automation** to optimize care delivery
- The scale of potential efficiency gains has made **AI-driven documentation** one of the **fastest-adopted technologies** in healthcare

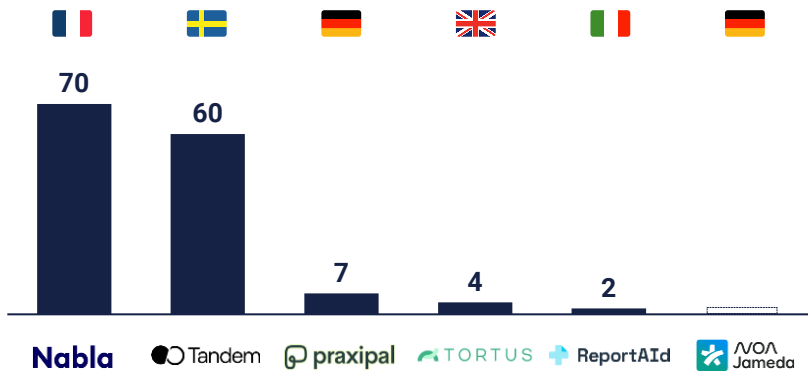
Money flows into AI documentation as start-ups and tech giants battle for the future of clinical workflows

Notable 2025 AI scribe and documentation start-ups and investors

Start-ups investment (Global, in \$m)



Start-ups investment (Europe only, last round in \$m)



Notable investors (US)	
MENLO VENTURES	Ambience, Commure
GENERAL CATALYST	Heidi Health, Frontera
ANDREESSEN HOROWITZ	Ambience, Abridge
F-PRIME CAPITAL PARTNERS	Eleos Health, Spry
FLARE CAPITAL PARTNERS	Layer Health, Suki

Presence in Europe

Notable investors (Europe)	
Kinnevik	Tandem, Recursion
HV CAPITAL	Nabla, Praxipal
HIGHLAND EUROPE	Nabla
Index Ventures	DeepScribe, Birdie
EARLYBIRD	Smart Reporting

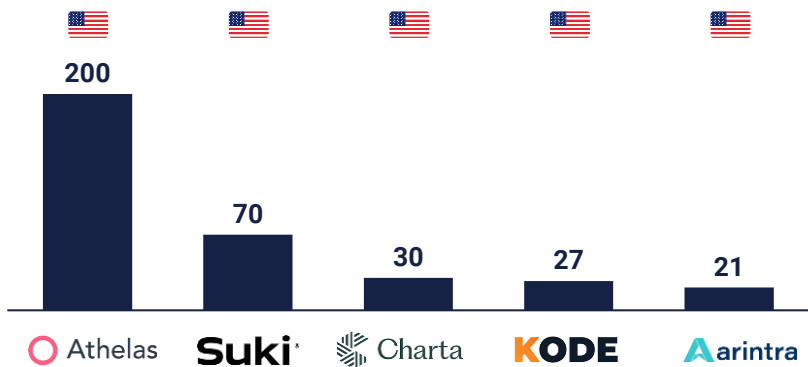
Comments

- **Clinician admin load** remains stubbornly high
 - Persistent growth in EHR time and meaningful reductions when teams adopt ambient documentation
 - That burden + staffing pressure is the demand engine for AI scribes
- **Capital is concentrating:**
 - Since early-2024, funding has surged but is clustering in a handful of platforms (Abridge, Ambience, Suki/Nabla), with Abridge alone raising multiple mega-rounds in 2025
- **Distribution is the moat:**
 - Deeper EHR embedding is separating winners: Microsoft’s Nuance DAX Copilot is fully embedded in Epic; Abridge Inside runs across Epic; AWS HealthScribe and Google MedLM/Vertex AI are arming partners
- **The US leads on scale and check size**
 - Europe’s activity is earlier-stage but accelerating
 - **Regulatory pathways** (EU MDR) and multi-language requirements slow pan-EU scaling but create **defensible local champions**

Medical coding shapes care decisions, yet AI tools still rely on human oversight to unlock efficiency gains

Medical coding: bridging clinical documentation and revenue cycle efficiency

Notable 2025 AI medical coding start-ups and investors



Notable investors		
	First Round	Candid, Suki
	GENERAL CATALYST	Athleas, Taxo
	468 Capital	Taxo, Toothy
	BainCapital	Charta, Fira
	kima ventures	Parallel, Kaelio
Presence in Europe		

LLM performance in three medical code sets

Testing criteria	Best performer	Worst performer	Notes
Exact code matching	1. GPT-4 2. GPT-3.5 3. Gemini-Pro	4. Llama2-70b Chat	No model had a successful exact rate >50%
Billable code generation	1. GPT-3.5 2. GPT-4 3. Gemini-Pro	4. Llama2-70b Chat	In ICD-10-CM testing the top success rate was 72%
Incorrectly generated codes	1. GPT-4 2. GPT-3.5	3. Gemini-Pro 4. Llama2-70b Chat	Errors caused by wrong specificity/classification
Fabricated codes	1. GPT-3.5 2. GPT-4	3. Llama2-70b Chat 4. Gemini-Pro	Some models hallucinate invalid or non-existent codes

Comments

- Over 11% of all claims face denial, with ~42% of denials **attributable to coding issues**
- Coding back-logs, labor shortage, and surge in documentation complexity mean increased revenue-cycle risk for providers and payers
- AI-driven coding solutions**, using deep learning, clinical-entity extraction, and real-time workflow orchestration, are now scaling in both inpatient and outpatient environments
- This will lead to **accelerated claim submission**, reduced revenue leakage, **improved productivity** and cash flow
- Coding automation is no longer niche, it's a **fundamental enabler of efficient care**, accurate reimbursement and scalable workflows
- Which platform will integrate coding, data and care pathways seamlessly will be able to **extract the most value** out of the AI tools

Artificial intelligence unicorns in HealthTech

Unicorns multiply as 2025 delivers blockbuster deals and sky-high valuations across HealthTech AI companies



Note(s): 1) Investor logos shown are the lead investors of latest disclosed funding rounds; 2) Last disclosed valuation
Source(s): PitchBook; Carlsquare research

Leading value propositions and top workflow raises

Top funded value propositions

	2021	2022	2023	2024	2025
Clinical Workflow	\$2.4bn	\$1.5bn	\$0.9bn	\$1.2bn	\$2.8bn
Nonclinical Workflow	\$3.8bn	\$2.5bn	\$2.1bn	\$1.8bn	\$2.5bn
Care Coordination	\$1.9bn	\$1.7bn	\$1.4bn	\$0.8bn	\$1.2bn
Treatment of Disease	\$5.0bn	\$2.2bn	\$1.9bn	\$1.9bn	\$1.1bn
Population Health Management	\$1.9bn	\$0.3bn	\$1.0bn	\$0.1bn	\$1.0bn
Data Infrastructure & Interoperability	\$1.8bn	\$1.1bn	\$0.7bn	\$0.7bn	\$1.0bn

Comments

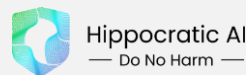
- Investment is shifting **from alternative care models** (e.g. virtual, centers of excellence, narrow networks) **to workflow solutions**
 - Covid-era investment was focused on how to treat patients in more modern way with focus on convenience, cost and outcomes
 - Many vertically focused solutions emerged in categories like behavioral health, obesity, and MSK – the winners and losers have been established (recent Omada and Hinge IPOs)
 - AI is shifting the focus to workflow to make back-office operations more efficient and allow providers to operate the top of their license
- The largest deals of the year have **centered around AI and RCM automation**, such as:
 - Commure \$200m raise
 - Athelas \$200m raise
 - Abridge \$250m raise and \$300m+ raise
 - Aidoc \$150m raise
 - Ambience \$240m+ raise
- Clinical systems are still relevant, if **vertically focused**
 - Warburg invested \$5.0bn in vertically focused ModMed
 - PT EHR, Jane Software, was valued at \$1.0bn+ by TCV, JMI, and Tidemark


 strive
HEALTH

Series D, \$550m


 Ambience

Series C, \$243m


 Hippocratic AI
— Do No Harm —

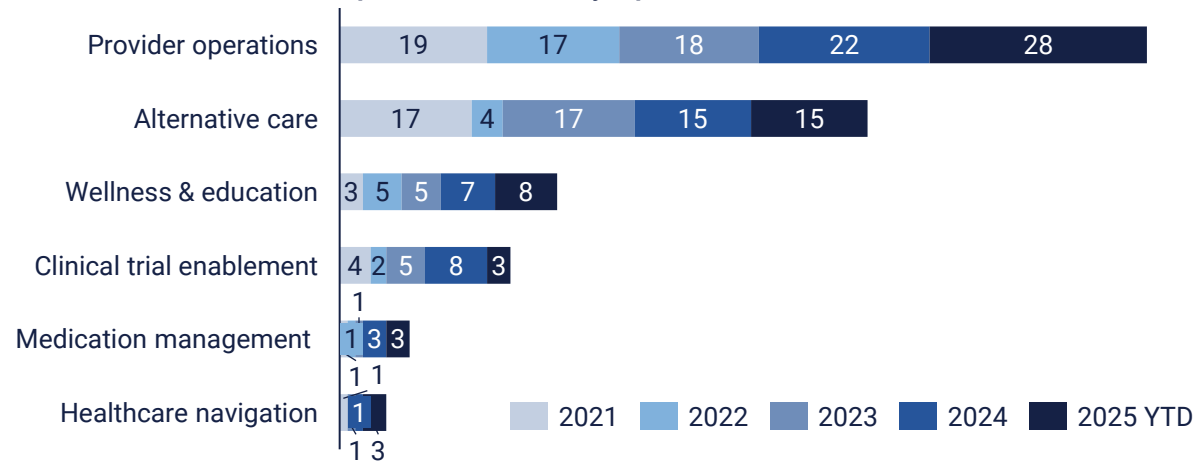
Series C, \$126m

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Healthtech M&A accelerates as liquidity shifts from IPOs to strategic buyers and PE exits

Consolidation hits high gear

Global Healthtech VC-backed private M&A deals by top subsector



Sponsor-backed Healthtech transactions in 2025

Buyers	Acquisitions	Total spent	Strategic sectors
Clearlake Capital	Modernizing Medicine	\$5.3bn	Specific EHR software
Cotiviti	Edifecs	\$3.1bn	Health data platform
Ardan Equity, Bain Capital	HealthEdge	\$2.6bn	Care management & admin
PharmaCord	Mercalis	\$1.4bn	Life science product tools
TA Associates	Nexus	\$1.2bn	HealthIT software provider

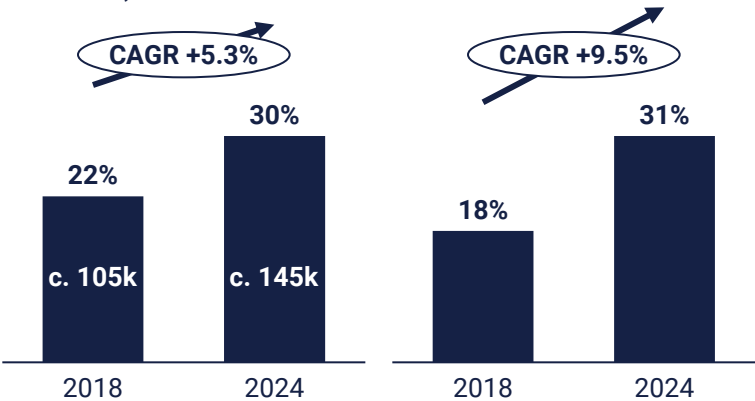
Comments

- With IPOs largely inactive, **M&A has become the dominant exit path** for Healthtech
- Provider operations** is now the largest sub-sector:
 - Private equity and strategic buyers are stepping in **as liquidity providers**
 - Sponsors are fueling** the HealthIT space with large-scale transactions
 - Exits are increasingly structured **via consolidation** rather than IPO
- Headline PE-backed exits, including **Warburg Pincus' exits of Modernizing medicine to Clearlake Capital**, Cotiviti's purchase of Edifecs and PharmaCord's acquisition of Mercalis, show the scale of capital flowing
- Buyers are not only seeking immediate efficiencies, but also positioning portfolio companies **for future growth**, secondary sales or **eventual re-entry** to the public markets when conditions improve
- **For investors and acquirers, the opportunity is no longer just building standalone apps, it's acquiring or scaling platforms that can deliver enterprise-value, across workflow, data and operations**

Provider consolidation reshapes European healthcare and fuels demand for scaled, integrated solutions

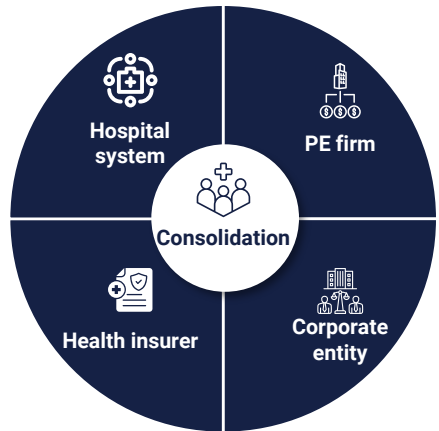
Creating critical mass for operational efficiency and digital innovation

e.g., Germany: Market share of Top 5 hospital groups (by care beds)



e.g., UK: PE-backed dental practice market share¹

Who Is driving provider consolidation?



Comments

- Consolidation is accelerating: the top 5 German hospital groups now control 30% of acute beds, and 31% of UK dental practices are PE-owned, both up sharply since 2018
- Hospital systems, private equity, insurers, and digital health platforms are reshaping the provider landscape, with 70% of 2024 healthcare M&A involving platform-to-platform deals
- Digital health is a major driver, with 58% of sector investment now going to AI-enabled ventures
- Year-over-year growth in European digital health funding reached 27% in 2024, far outpacing the global average of 5.5%
- A 1.2 million staff shortage across Europe is intensifying the drive for scale, efficiency, and integration²
- Success now depends on aligning with large, integrated networks, platforms that deliver system-level value will outperform standalone solutions

27%
YoY growth in digital health funding in Europe in 2024 (vs. ~6% global)

70%
of digital health M&A deals in Europe in 2024 involved venture-to-venture consolidation

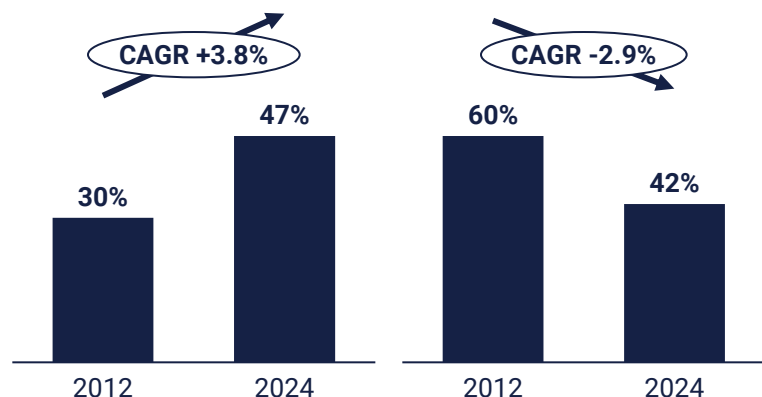
58%
of European digital health investment in 2024 went to AI-enabled ventures

1.2m
estimated staff shortage in Europe, accelerating consolidation for efficiency

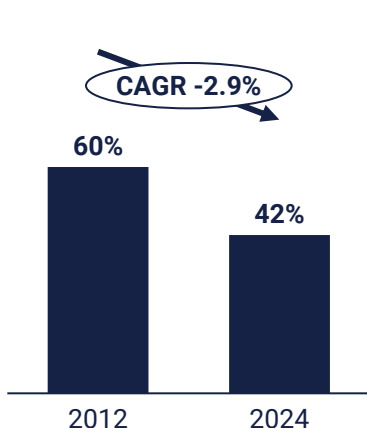
In the US, provider consolidation reshapes the healthcare space and drives demand for integrated digital solutions

Creating the scale for digital transformation

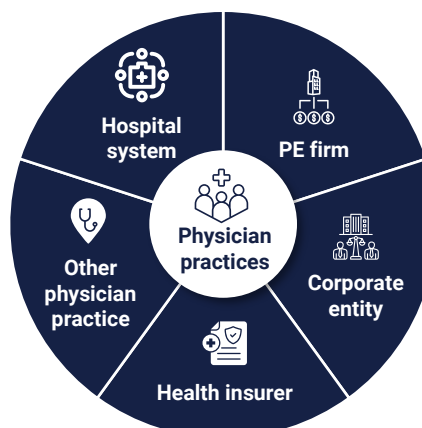
% of physicians employed by or affiliated with hospital systems (in US)



% of physicians working in private practice



Entities that may consolidate with physician practices



47%

of physicians employed by/affiliated with hospital systems



42%

of physicians working in private practice



15-20%

leaner health systems through reduced administrative duplication



7%

in PE-backed practices

Comments

- **Almost half** of US physicians now operate in hospital-affiliated systems (vs. <30% in 2012)
- **Private equity and payers** are increasingly part of the equation (~7% of physicians affiliated with PE-backed practices in 2024)
- Evidence links hospital-physician consolidation with higher spending/prices; fewer independent practices increases **the importance of scale and integration**
- **Increases in care coordination** following physician consolidation leads to decreases in care fragmentation, inpatient utilization, prescription drugs, lab and imaging, and the use of out-of-network providers
- In a consolidating environment, platforms that can engage at system-level and scale beyond standalone point solutions will outperform
- The consolidation of physician practices shifts the buyer landscape toward scaled systems and strategic investors
 - For innovators, this means selling into networks, not individuals
 - Platforms that align with enterprise-level needs will bear fruit

HealthIT overall most attractive for cross-border activity...(I/II)

More cross-border



More domestic

Provider
Regulatory/local patient focus



acquired by


SANTÉ & TERRITOIRES

Jun-2025

EV/Sales: n.a.

EV/EBITDA: n.a.



acquired by


ROCP Core

Apr-2025

EV/Sales: n.a.

EV/EBITDA: n.a.

MedTech
Tech focus, regulatory harmony



acquired by



Jun-2025

EV/Sales: n.a.

EV/EBITDA: n.a.



acquired by



Jun-2025

EV/Sales: n.a.

EV/EBITDA: n.a.

Biotech/Pharma
Innovation, pipelines, global IP



acquired by



Apr-2025

EV/Sales: 0.68x

EV/EBITDA: 9.5x



acquired by





Sep-2025


EV/Sales: n.a.

EV/EBITDA: n.a.

Health IT / Digital
Scalability, global demand





acquired by



Oct-2024

EV/Sales: 2.00x

EV/EBITDA: 16.0x



acquired by



Oct-2024

EV/Sales: n.a.

EV/EBITDA: n.a.

...but highly dependent on sub-vertical (II/II)

More cross-border



More domestic

Telehealth





acquired by
hims & hers
Jun-2025

EV/Sales: n.a.
EV/EBITDA: n.a.





acquired by
HEALTH HERO
Jan-2021

EV/Sales: n.a.
EV/EBITDA: n.a.

Revenue cycle management





acquired by
CGM
Jun-2022

EV/Sales: n.a.
EV/EBITDA: n.a.





acquired by
Optum
Jun-2022

EV/Sales: 7.10x
EV/EBITDA: 28.4x

Electronic health records (EHR)





acquired by
CGM
Apr-2023

EV/Sales: n.a.
EV/EBITDA: n.a.





acquired by
Dedalus
Jun-2022

EV/Sales: n.a.
EV/EBITDA: n.a.

Practice management software





acquired by
cegedim santé
Feb-2024

EV/Sales: n.a.
EV/EBITDA: n.a.





acquired by
medatixx
Apr-2022

EV/Sales: n.a.
EV/EBITDA: n.a.

Cross-border deals across domestic dominated sub-industries

Selected transactions

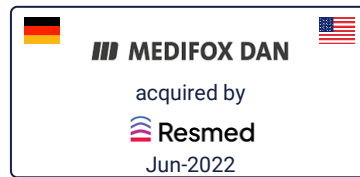
Assets with software/IP, regulatory-ready workflows, or pan-regional platforms draw attention from cross-border buyers



Tech-enabled service

Deal highlights

- **IQVIA** acquired **Legian Gesundheitsmanagement (LGM)**, a **tech-enabled service provider** to German statutory health insurers
- **LGM** provides **software- and data-driven audits of hospital invoices**, leveraging proprietary business rules, a case database of >1m records and specialized medical staff



Care management software

Deal highlights

- **ResMed** acquired **MEDIFOX DAN**, a German provider of **cloud-based software** solutions for out-of-hospital care, including home health, long-term care, therapy practices and outpatient nursing services
- **MEDIFOX DAN** offers integrated workflow, documentation, scheduling, payroll and billing software



Practice management software

Deal highlights

- **DocPlanner** acquired **MyDr**, a leading Polish provider of practice management software solutions for **medical and dental clinics**
- The acquisition strengthens **DocPlanner's** position as the **largest digital healthcare** platform in Central and Eastern Europe



Ophthalmology clinics network

Deal highlights

- **EssilorLuxottica** acquired **Optegra Eye Health Care**, a leading pan-European **network of ophthalmology clinics** operating in the UK, Central Europe and the Netherlands
- **Optegra** brings a portfolio of specialist **ophthalmic treatments**, including cataract surgery, refractive procedures and medical eye care, delivered through ~30 clinics and surgical centers

- 1 Public markets & transaction highlights
- 2 HealthIT deep-dive
 - 2.1 AI & Healthcare efficiency
 - 2.2 Consolidation in Healthcare
 - 2.3 Efficiency in R&D**



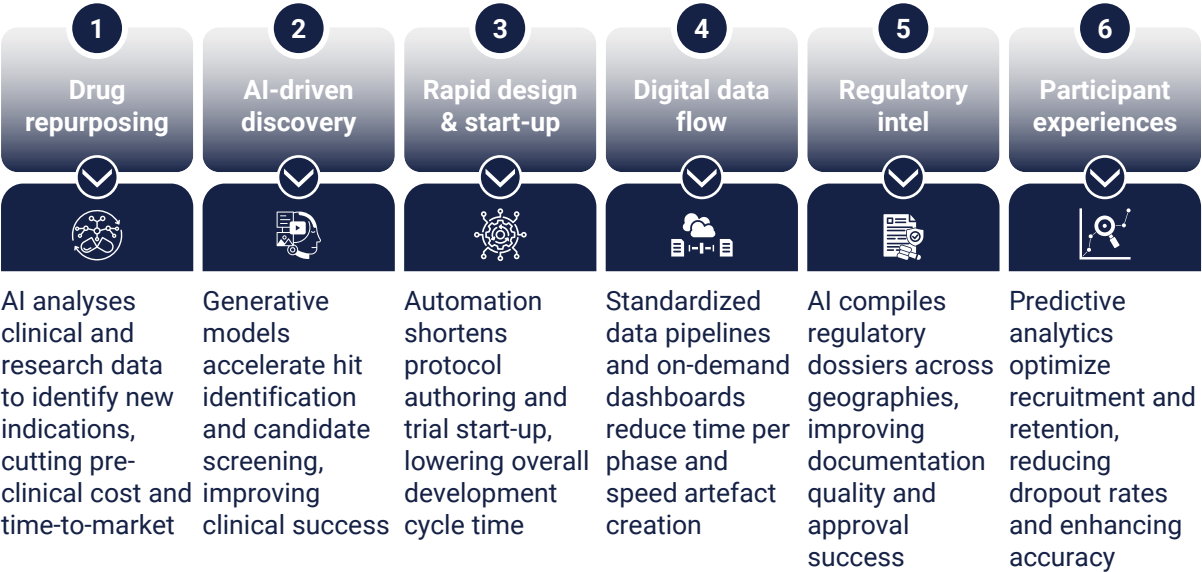
The convergence of AI technologies and human expertise in pharma R&D

Digital and AI innovation are reversing declining R&D productivity

Measuring the return from pharmaceutical innovation (2024)



Strategic application of GenAI in pharma R&D

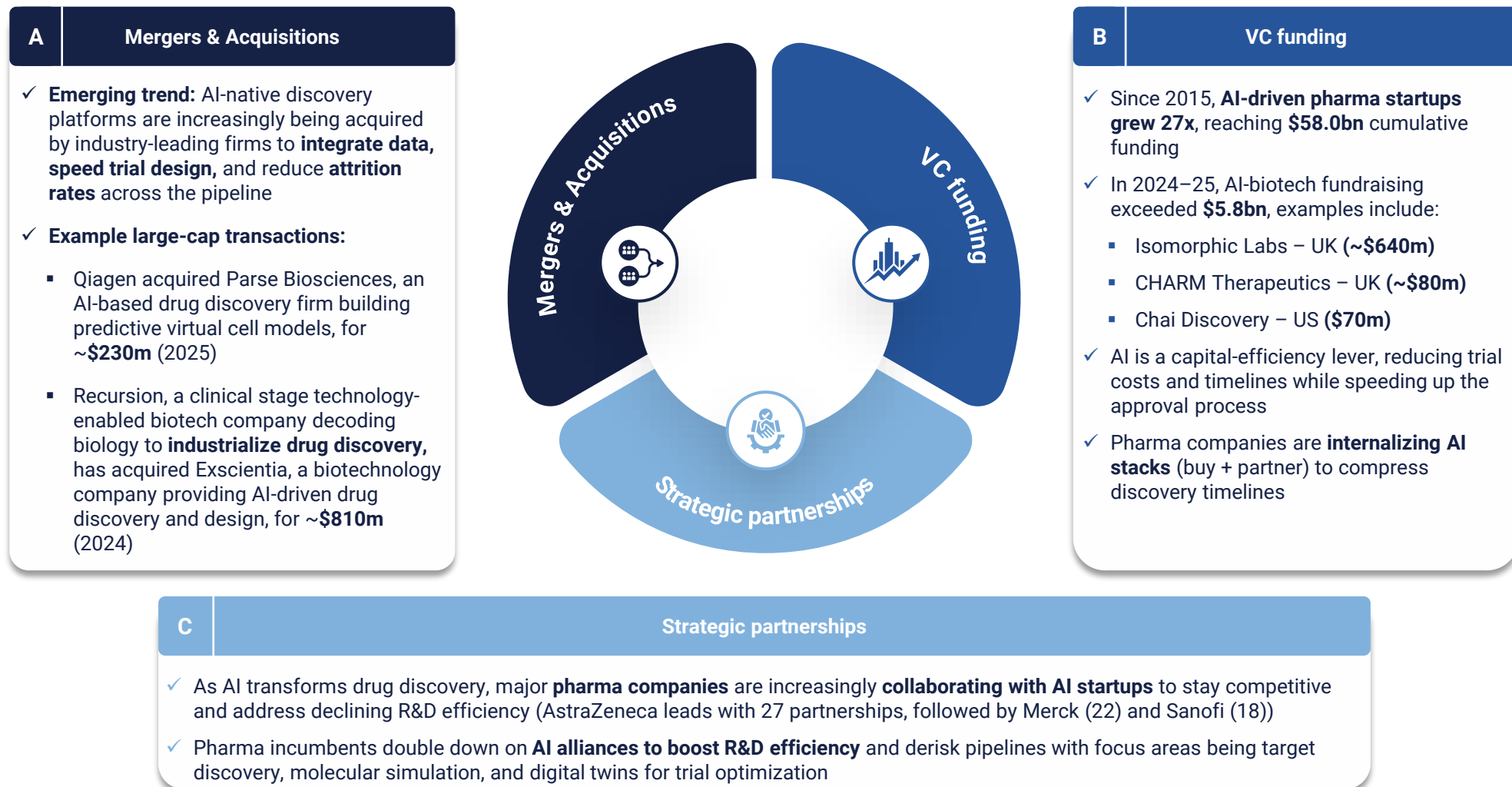


Comments

- After decades of decline, global **pharma R&D productivity shows early signs of improvement**
- Eroom's Law is flattening:**
 - Top-20 biopharma forecast R&D IRR rising to ~5.9% in 2024 (from 4.3% in 2023)
 - The average **cost per new asset** declining to \$2.2bn
- Digital transformation and AI are the primary catalysts**, automating data integration, enabling real-time analytics, and improving portfolio allocation across discovery and development
- Leading biopharma companies expect potential **uplift in R&D value** when AI supports target identification, trial design, and data-flow management
- Efficiency gains translate directly into shareholder value – each 1% increase in R&D IRR adds Billions in Enterprise Value for top pharma companies
- **As productivity inflects upward, buyers will reward platforms and service providers that demonstrate AI-driven cycle-time reductions and data-asset leverage**

AI-driven discovery becomes an institutionalized segment across capital markets

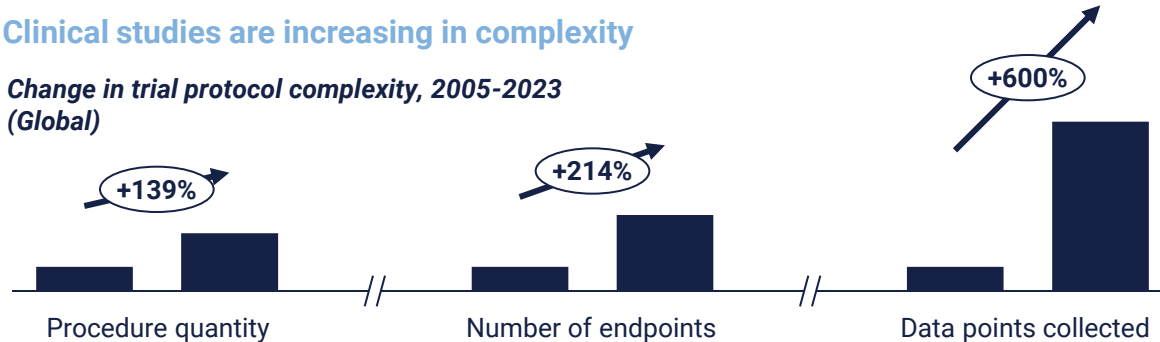
Discovery AI is maturing into a validated segment



AI-driven trial efficiency to compress timelines and reduce execution risk in the predict phase

Clinical studies are increasing in complexity

Change in trial protocol complexity, 2005-2023
(Global)



AI increasingly addresses key trial inefficiencies

- 1 **Study design & protocol simulation:** Identify risky parameters early to reduce amendments
- 2 **Site selection:** Predict high-performing hospitals and investigator networks
- 3 **Patient recruitment & retention:** Match eligible patients using EHR / claims / RWD
- 4 **Synthetic control arms & real-world evidence:** Leverage historical data to shrink control groups
- 5 **Data management & monitoring:** Automate cleaning, anomaly detection, early-signal tracking



Comments

- **Clinical-trial complexity** has surged globally:
 - **AI and advanced analytics** are now essential to manage rising data volumes and operational risk
 - CROs and pharma-services providers increasingly **integrate predictive tools** for site and patient selection, protocol optimization, and real-world-data analysis
- While M&A explicitly driven by AI remains limited, **AI capability has become a hygiene factor** in buyer due diligence, impacting perceived scalability and efficiency
- For exits, investors focus on measurable KPIs such as time-to-first-patient, recruitment velocity, and protocol-amendment frequency
- The next wave of pharma-services consolidation will differentiate on data assets and AI infrastructure, not just geographic footprint
- **Clinical-trial complexity has increased significantly over the past two decades, forcing sponsors to adopt AI and advanced analytics just to stay efficient**



How AI adoption is reshaping software economics

AI's impact on SaaS: Tradition meets transformation


1 | Short-term margin compression but long-term upside potential

-  **Economies of scale:** Many AI workloads benefit from scale. As models are optimized and inference pipelines are improved, the **cost per transaction can decrease** significantly over time
-  **Margin recovery over time:** As AI matures, early gross margin compression may reverse due to **operational efficiencies, model improvements, and pricing adjustments**

2 | Pricing power and value creation

-  **Premiumization:** AI features can justify **price increases** or **premium tiers**, offsetting higher COGS
-  **Bundling and tiering:** SaaS companies can **bundle AI** features into **higher-priced plans**, effectively passing costs to customers without abandoning the subscription model

3 | Evolution, not revolution, of pricing models

-  **Hybrid models emerging:** Rather than a wholesale shift from subscriptions to transactions, many **SaaS companies** are adopting **hybrid pricing**: base subscriptions plus usage-based surcharges for AI-heavy features (e.g., API calls, document processing, advanced analytics)




The healthcare sector's familiarity with **transaction-based models**, combined with its **notorious resistance to change**, allows ample time for stakeholders to **adapt and prepare** for new developments

Comments


- **AI integration** is reshaping SaaS economics through a combination of short-term margin pressure and long-term efficiency gains
- **Early AI adoption** raises COGS due to inference workloads, but **scale effects and model optimization** materially reduce cost per transaction over time
- As models mature and operational efficiencies accumulate, **gross margin recovery** becomes achievable through both technical improvements and pricing adjustments
- Providers are introducing premium tiers, feature-based surcharges, and bundled AI plans, allowing them to **offset higher AI-related costs** while **expanding value** to customers
- **These strategies support incremental pricing power** and help transition customers to higher-value plans without abandoning the subscription model
- For healthcare SaaS, this creates a unique opportunity to **improve both value and resilience**



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