

Cavendish

FEBRUARY 2025

HealthTech insights

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Over the past year, HealthTech has continued to evolve rapidly, transforming from a niche market into one of the most dynamic and resilient investment sectors.

The pandemic accelerated digital transformation, driving both innovation and opportunity. Despite broader economic challenges, HealthTech remains a standout growth sector where disruption is embraced. AI, data, and patient-centric technologies are shaping the future of healthcare, creating significant investment opportunities.

Deal activity has been strong, our notable transactions include the sale of Intelligent Ultrasound's Clinical AI business to GE Healthcare and Eido Healthcare's acquisition by Radar Healthcare (backed by Marlin Equity Partners). Early-stage Series A fundraising has surged over the past five years, which is likely to fuel further M&A as investors seek liquidity.

However, scaling HealthTech solutions in the UK remains challenging, particularly given the complexities of digital transition within the NHS. As the sector continues to evolve, the ability to leverage AI and automation will be key to driving both efficiencies and meaningful advancements in healthcare in the years ahead.

ANTHONY PLATT
HEAD OF TECHNOLOGY



HealthTech Technology market update

Cavendish Thoughts

The UK HealthTech market has seen significant growth in recent years, with M&A activity and fundraising reaching unprecedented levels. The Covid-19 pandemic served as a catalyst for widespread adoption of digital health solutions, attracting considerable investor interest in the sector and a peak in deal volumes and valuations. The market has since stabilised, but continues to see robust activity, with an increased investor focus on the highest quality assets as the long-term potential of digital health solutions remains strong.

Deal activity in the UK HealthTech market saw a slight decline of 6% from 2023 to 2024², albeit the number of transactions is still well above pre-Covid levels, a 19% increase compared to 2019. This demonstrates that the overall heightened levels of activity is proving to be enduring, with ongoing investor confidence in HealthTech. This has continued into 2025 with several transactions closing in January, notably, the acquisition of EIDO Healthcare by Radar Healthcare (backed by Marlin Equity). In the venture capital space, activity has also seen significant growth, with an estimated £453 million deployed in 2024, marking a 61% increase compared to 2023³.

Several key trends are shaping the UK HealthTech landscape, most notably the £2 billion investment in NHS technology and digital initiatives announced in the October 2024 budget⁴. The funding will build on existing initiatives and continue to prioritise improvements around reducing the administrative burden on staff, implementing electronic patient record (EPR) systems across all Trusts, strengthening cybersecurity measures, and enhancing the NHS app.

One such initiative is Palantir Technologies' Federated Data Platform (FDP). Since the award of a seven-year contract by NHS England a little over a year ago, Palantir's FDP has played a key role in advancing the NHS' data infrastructure. The platform integrates data from various NHS trusts and regional systems, improving efficiency by consolidating critical information such as bed availability, medical supplies, and waiting lists. Designed to operate on a decentralised system architecture, enabling local ownership and control of data, it remains to be seen whether data sovereignty is being upheld or if it is morphing into a data lake that extends into the application layer.

Overall, the impact of increased funding and the broader strategic directive on strengthening digital foundations is evident in the continued advancement of NHS Trusts' digital maturity. According to the 2024 Digital Intelligence Report, the number of NHS Trusts achieving the highest level of digital maturity increased by 30% in 2024 compared to 2023⁵.

Continued growth and resilience of the UK HealthTech market underscore its long-term potential, driven by sustained investor confidence and strategic government initiatives. As digital transformation accelerates across the healthcare sector, investment in innovation and infrastructure will remain key to shaping its future trajectory.



Key trends in UK HealthTech



Changing M&A landscape



Impact of AI



UK regulation and the need for systematic change



UK government funding

UK HealthTech market trends

01 Changing M&A landscape

The UK has undergone a structural transformation in HealthTech M&A over the past five years, with total deal volume 111% higher between 2020–2024 in the sector when compared with 2015–2019.

The most significant increases were observed in Series B+ funding rounds (a rise of 567%), private equity transactions (163%), and mergers and acquisitions (131%)¹. Companies that received pre-Series A funding more than five years ago are now maturing and increasingly seeking opportunities to either exit or expand their market presence through strategic acquisitions or scaling operations. As the sector continues to mature, Private Equity is expected to play a crucial role in M&A activity, both for platform acquisitions and as a provider of funding for strategic bolt-on acquisitions, driving sustained growth across the industry.

02 Impact of AI

The value of AI in global healthcare is expected to reach \$348bn by 2032, up from \$27bn in 2024 and growing at a CAGR of 38%².

AI is revolutionising healthcare across all dimensions. Innovations such as telemedicine, chatbots, and at-home testing are improving access to care, particularly for individuals in rural areas. Other notable applications include AI-assisted surgery, clinical trials, and connected medical devices.

In the UK, the combination of an ageing population and ongoing healthcare staff shortages creates a strong demand for AI-driven solutions to address these challenges. The NHS AI Lab previously ran the AI in Health and Care Award which allocated £100 million to support the design, development and deployment of promising AI technologies³.

We anticipate a growing number of AI HealthTech startups securing venture funding as the sector continues to expand and evolve.

03 UK regulation and the need for systematic change

In 2023, ABHI reported that 46% of HealthTech companies removed products from the UK due to insurmountable regulatory challenges⁴.

The UK HealthTech industry has demonstrated significantly slower regulatory approval processes compared to other countries. A shortage of Notified Bodies and Conformity Assessment Bodies has led to approval timelines of up to 2.5 years in the UK, in stark contrast to just 90 days in the US⁵.

To address this issue, the UK government is taking steps to expand its network of approved bodies. It has recently released a statement of policy intent to allow recognition of approvals from international regulators, which is expected to streamline the introduction of new technologies into the UK healthcare market.

04 UK government funding

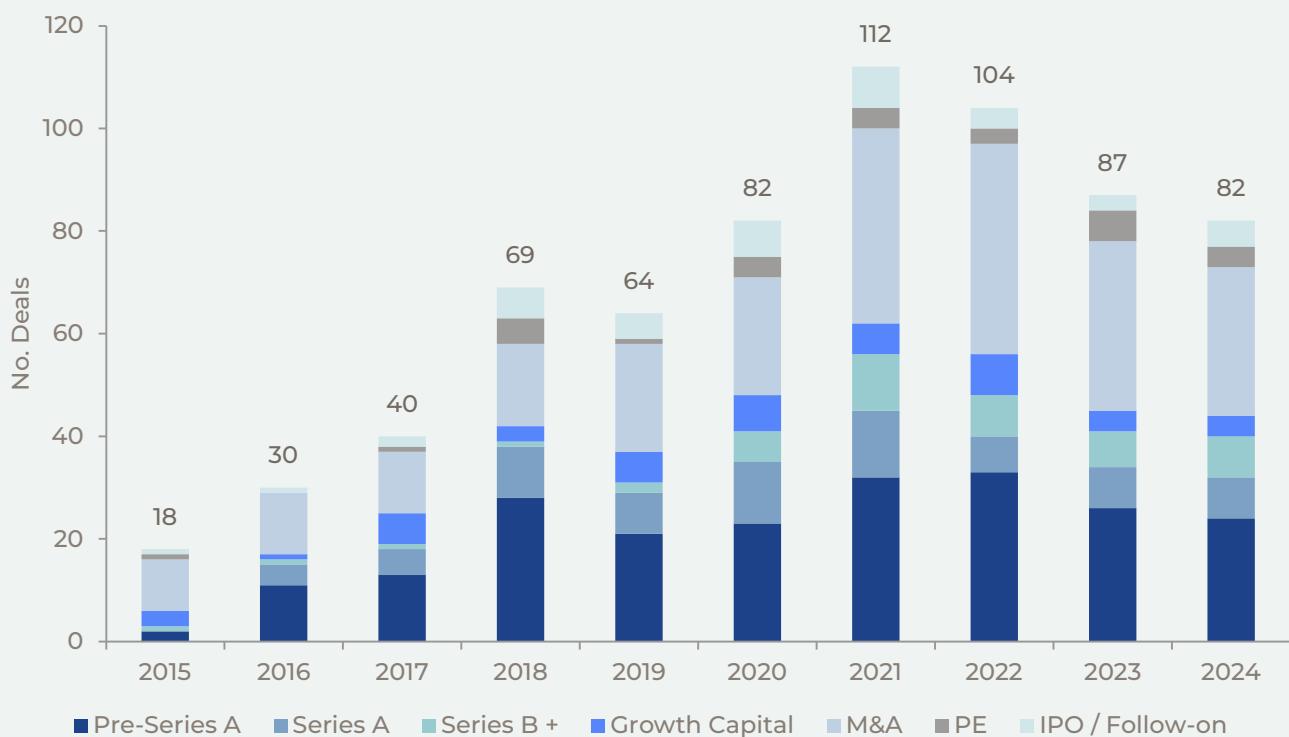
The UK government has recognised the importance of advancing HealthTech and is funding initiatives to improve access to technology for the NHS and the broader healthcare sector.

The government recently launched the HealthTech Technology Adoption and Acceleration Fund, enabling integrated care systems to apply for a share of £30 million to implement innovative technologies. This fund is specifically designed to accelerate the adoption of solutions that align with local healthcare priorities⁶.

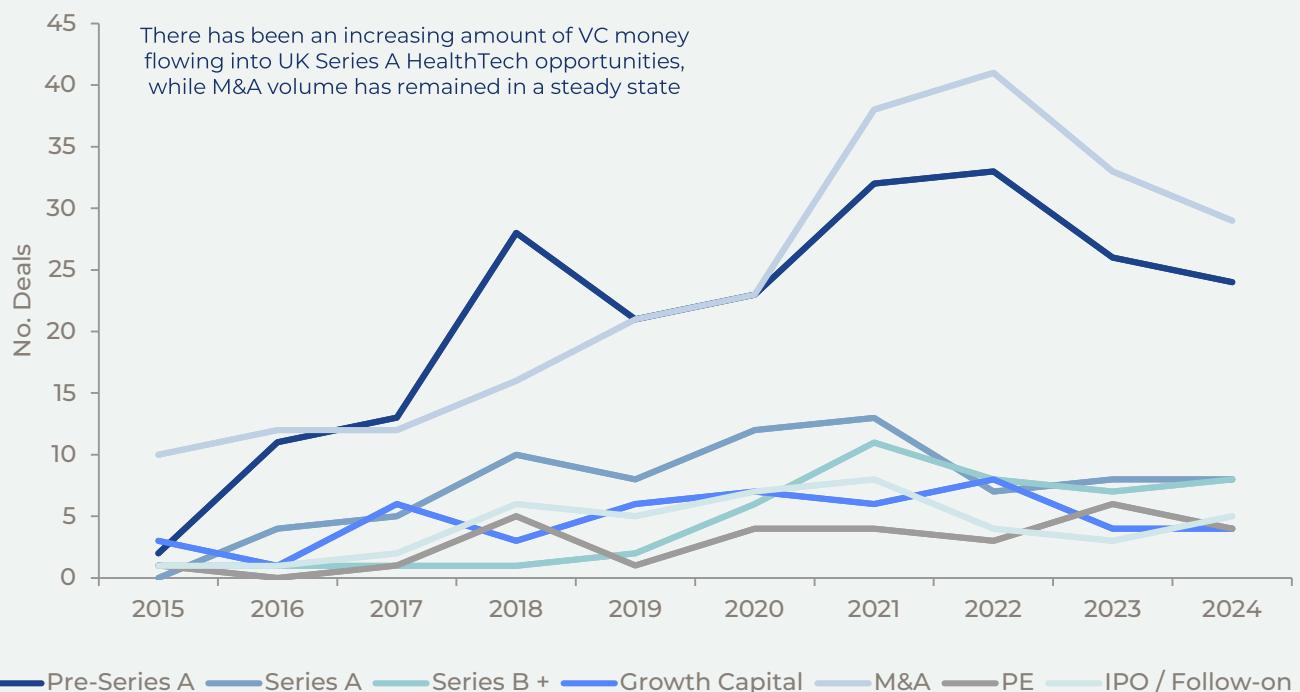
In the October 2024 budget, Rachel Reeves announced that £2 billion has been set aside to fund HealthTech within the NHS, further reinforcing the government's commitment to driving HealthTech innovation and adoption.

UK HealthTech deal volumes

HealthTech software transactions (2015-2024)

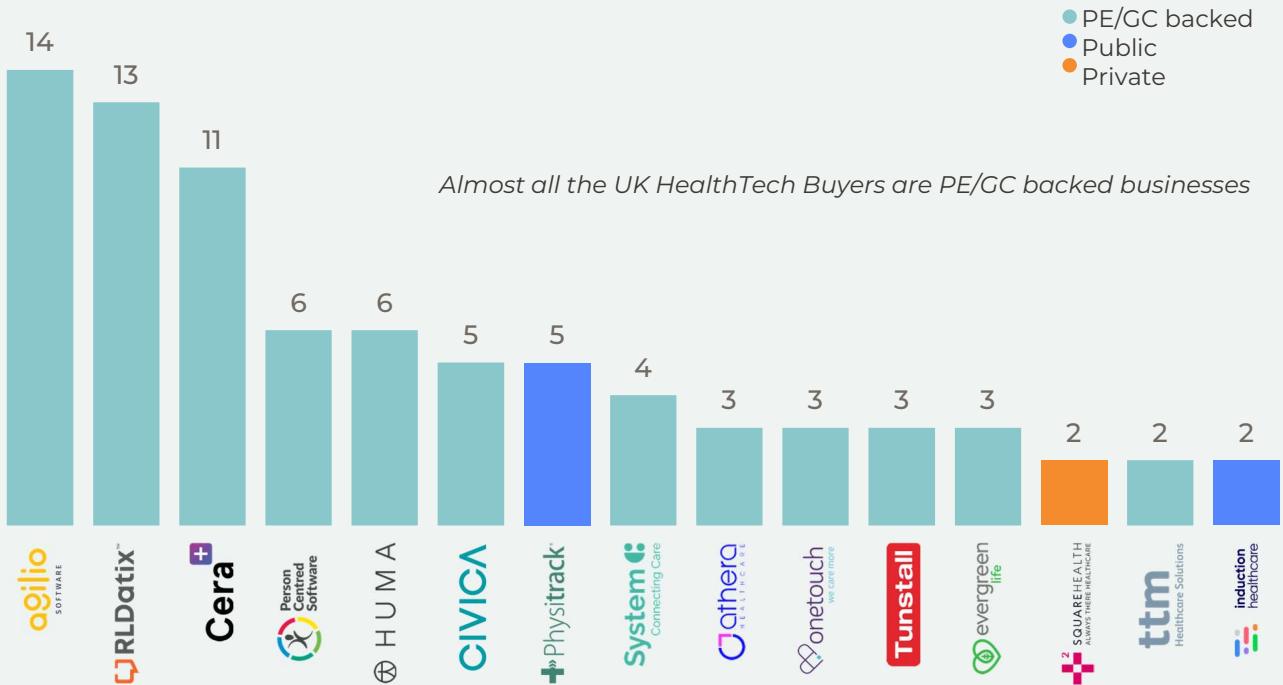


HealthTech software transactions by deal type (2015-2024)

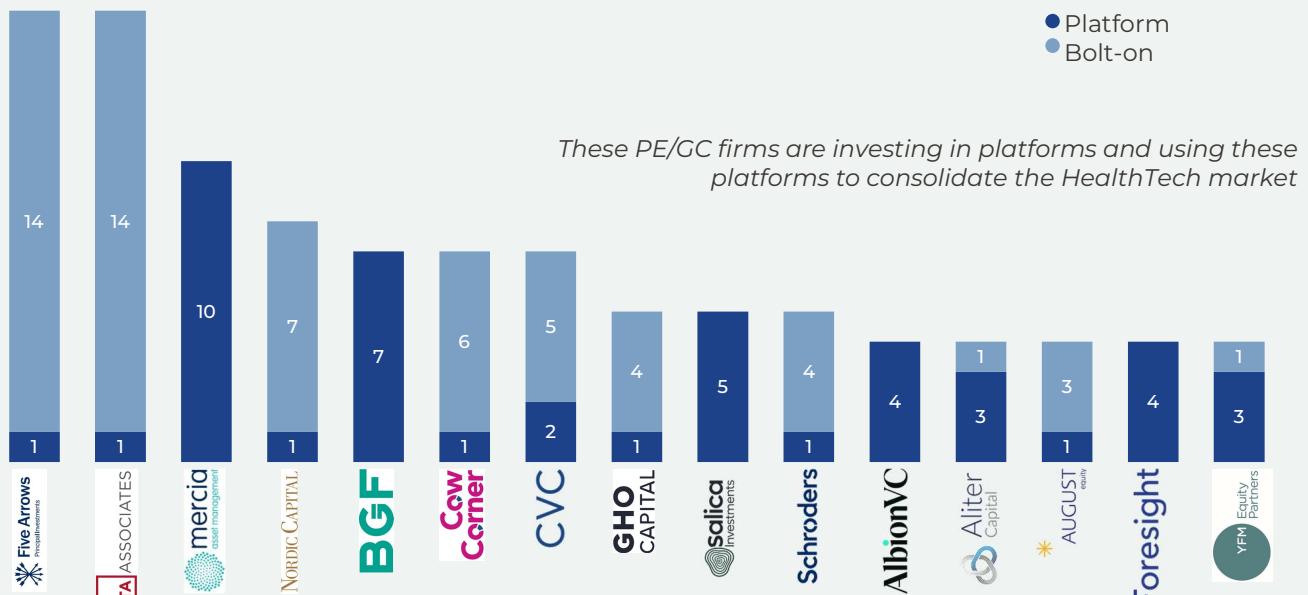


UK HealthTech buyers

Prominent UK HealthTech acquirers (no. deals last 5-years)



UK HealthTech PE and GC investors (no. deals last 5-years)



Software valuation trends

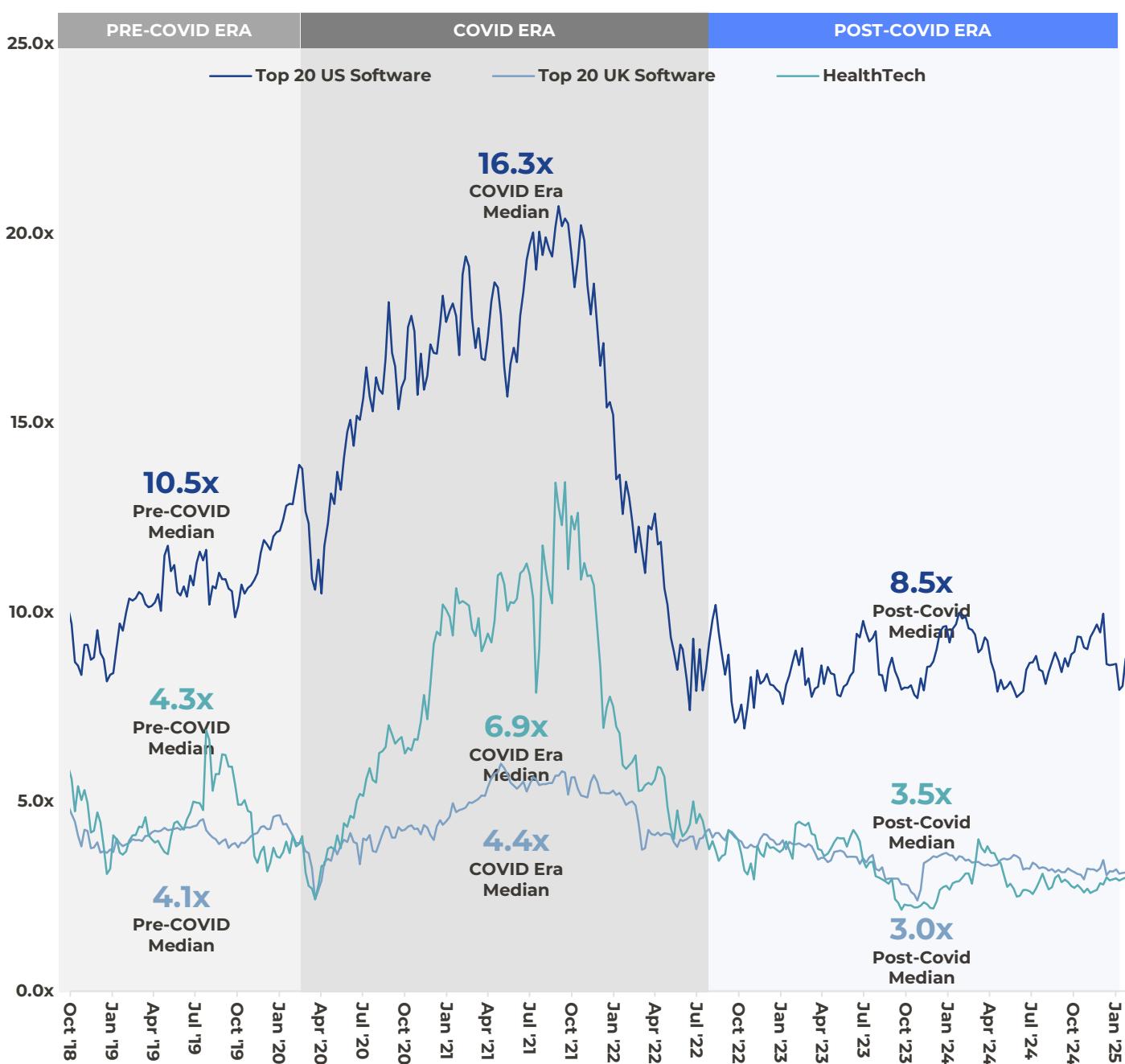
Cavendish HealthTech Index

The HealthTech Index presented below tracks a selection of B2B and B2C HealthTech software providers across the US and the UK.

As of January 2025, HealthTech software companies are trading at a post-COVID median valuation of 3.0x NTM Revenue, which is below the median transaction multiple of 3.9x NTM Revenue observed in deals involving scaled targets.

The Top 20 US Software Index includes established, large-scale organisations such as Salesforce and Palo Alto Networks. In contrast, its UK counterpart comprises significantly smaller businesses, contributing to the valuation differential between the two markets.

The HealthTech Index mix of B2B and B2C software can explain some of the valuation delta observed.



UK HealthTech Case Study

EIDO acquired by Radar Healthcare



was acquired by



Closed Date **January 2025**

Deal Value **Undisclosed**

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Selling a business that you've built over decades is a major milestone, and choosing the right advisors is critical.

Cavendish exceeded our expectations at every stage of the process. Their deep understanding of the healthcare technology sector, strategic guidance, and tireless dedication ensured that we achieved an outstanding outcome. They struck a balance between advocating for the best value for our business whilst providing honest and pragmatic advice when required.

Best of all, Cavendish were simply a great group of people to work with and, thanks to their expertise, we found the perfect partner in Marlin Private Equity to take EIDO Healthcare forward.”

OWAIN TUDOR
Founder

Target description

Founded: 2003; **HQ:** Nottingham, UK

- EIDO provides digital consent and patient information solutions focused on clear, accurate, and accessible content for informed consent in healthcare.
- With decades of experience, EIDO sets the Gold Standard in supporting healthcare providers in delivering safe, effective care.
- Known for its commitment to quality and innovation in healthcare, EIDO works with healthcare organisations worldwide to improve outcomes for both patients and clinicians.
- The modular digital informed consent solution is used by over 65% of all UK NHS hospitals, and can be deployed individually or as a complete solution within the patient pathway.

Investor description

- Radar Healthcare, backed by Marlin Equity Partners, helps health and social care organisations improve patient safety and quality of care using digital tools and healthcare expertise.
- The Radar platform assists providers in meeting regulatory standards, identifying trends, preventing incidents, and driving improvements.
- Designed to be flexible and adapt to the changing needs of the healthcare industry, Radar Healthcare plays a key role in improving the safety and effectiveness of care delivery.
- Its backer, Marlin Equity Partners, is a global investment firm with over \$9 billion in capital, focused on tailored solutions and enhancing business value across multiple industries.

Deal details

- Following significant investment from Marlin Equity Partners last year, Radar Healthcare, the leading provider of digital risk management and quality compliance software, acquired EIDO Healthcare for an undisclosed amount, with the EIDO founders retaining a small stake in the newly formed entity.
- By uniting Radar Healthcare's innovative technology and EIDO's trusted informed consent solutions, the combined organisation is poised to accelerate growth and enhance its offering for customers in the health and care markets across the globe.
- Cavendish effectively managed widespread interest in the asset, generating numerous bids from both strategic buyers and financial investors, while maintaining competitive tension throughout the process to ensure a smooth and efficient transaction, ultimately securing a natural fit for the EIDO business within Radar Healthcare.

Selected HealthTech transactions

Deals above £100m EV

Date	Target	Target Business Description	Acquirer	EV £m	EV/Sales	EV/EBITDA
Jan-25	 nexus/ag	German based provider of software solutions to the healthcare market	 TA ASSOCIATES	1,033	4.1x	23.1x
Aug-24	 R1	US based provider of technology-driven solutions for patient experience and financial performance of healthcare providers	 TOWERBROOK	6,769.0	3.6x	15.2x
Jul-24	 AUGMEDIX	US based provider of remote medical documentation solutions and live clinical support services	 commure	103.6	2.6x	-
Jun-24	 sharecare	US based digital healthcare platform provider	 ALTARIS	409.9	1.2x	-
Feb-24	 agiliti	US based provider of healthcare technology management and service solutions	 THL	2,074.5	2.2x	9.4x
Feb-24	 Inception Point	UK based developer of SaaS and non-SaaS credentialing and payer enrolment platforms to verify the qualifications of clinicians	 symplr	195.3	5.6x	-
Oct-23	 sharecare	US based digital healthcare platform provider	 CLARITAS CAPITAL	546.5	1.5x	-
Sep-23	 nextgen	US based developer of healthcare technology software	 THOMABRAVO	1,411.3	2.6x	30.3x
Aug-23	 Instem	UK based provider of IT solutions and services to the life sciences and healthcare market	 ARCHIMED IMPACTING HEALTHCARE	184.2	3.0x	19.9x
Aug-23	 PHILIPS Healthcare	Netherlands based healthcare technology firm operating in diagnosis & treatment, connected care, and personal health businesses segments	 Exor	20,598.4	1.3x	42.7x
Aug-23	 TabulaRasa HealthCare	US based healthcare technology company	 EXACTCARE	466.1	1.8x	-
Jul-23	 Dialogue	Canada based operator of digital healthcare and wellness platform	 Sun Life	188.8	3.4x	-
Jun-22	 EMIS Group	UK based company supplying healthcare software and related services	 United Healthcare	1,212.0	7.2x	22.2x
Feb-22	 soc Telemed	US based provider of acute telemedicine technology and solutions	 PATIENT SQUARE CAPITAL	262.0	2.8x	-
Dec-21	 Cerner	US based supplier of healthcare information technology	 ORACLE	21,964.0	5.3x	18.1x
Sep-21	 Servelec Together for Digital Care	UK based company engaged in providing software and IT systems to the healthcare and local authority markets	 access	280.0	6.7x	21.1x
Sep-21	 ALLOCATE an Ulstercare company	UK based provider of healthcare workforce management software that is used for workforce rostering, time & attendance, and associated compliance workflows	 RLDatix	970.0	13.3x	-
Jun-21	 sentry data systems is now The Connex Group	US based health technology company that develops SaaS solutions to healthcare providers	 Craneware	283.0	4.4x	17.4x
Mar-21	 2nd.MD connecting patients to specialists	US based company providing an online platform connecting consumers with the nation's leading medical specialists for second opinions	 Accolade	264.0	10.3x	-
Feb-21	 SYSTEM C	UK based developer of vertical market software system intended for the health and social care sectors	 CVC CAPITAL PARTNERS	320.0	4.9x	26.5x
Aug-18	 ALLOCATE	UK based provider of healthcare workforce management software	 Hg	298.1	4.7x	15.7x
May-18	 Datix Software for Patient Safety	UK based company which develops and supplies risk management and patient safety software to the healthcare sector	 TA ASSOCIATES	218.9	9.3x	-
Apr-18	 ALLOCATE	UK-based provider of healthcare workforce management software	 VISTA EQUITY PARTNERS	298.1	5.6x	23.3x
Jan-18	 Servelec Together for Digital Care	UK-based company engaged in providing software, hardware and services to the UK healthcare, oil & gas, among other sectors	 Montagu private equity	226.0	3.7x	14.3x

Sources: Megabuyte, Cavendish insights
Notes: ND defined as not disclosed

4.6x
AVERAGE

3.9x
MEDIAN

Selected HealthTech transactions

Deals below £100m EV

Date	Target	Target Business Description	Acquirer	EV £m	EV/Sales	EV/EBITDA
Dec-24	 INTELLIGENT ULTRASOUND [®] for smart scanning	UK based provider of high-fidelity simulators and other software solutions to the healthcare industry	surgicalscience	43.6	4.2x*	-
Aug-24	 lumeon	UK provider of care pathway management software	 Health Catalyst [®] ignite outcomes improvement	31.0	5.7x	-
Aug-24	 LAITEK	US based developer of imaging data migration solutions	 enlitic	3.8	0.7x	-
Jul-24	 BridgeView [®] DATA TECHNOLOGIES	US based developer of data aggregation platform	 ZenSar [®]	19.2	1.9x	-
Jun-24	 pridok	Web-based ambulatory information system based in Norway	 CGM [®] CompGroup Medical	43.9	12.6x	-
Jun-24	 Pro-ficiency	US based developer of human intelligence engine for life sciences	 S+ SimulationsPlus	77.9	6.7x	-
May-24	 CloudMD [®] Software & Services Inc.	Provider of healthcare services in Canada and the US	 CPS Capital [®] INVESTMENT MANAGEMENT CORP.	18.7	0.4x	-
May-24	 STB	Netherlands based software company transforming IVF clinic management	 Vitrolife [®]	15.4	12.0x	-
Feb-24	 think research	Provider of knowledge-based digital health software solutions in Canada, the US, and internationally	 Beedie [®] CORP.	43.5	0.9x	-
Jan-24	 careium	Provider of technology-enabled care services in Sweden, Norway, UK, the Netherlands, Germany, France, and Spain	 a Tech	63.1	1.0x	6.9x
Nov-23	 Autoscribe [®] A Hybris Company	UK based developer and supplier of LIMS, and scientific laboratory and business software solutions	 Xybion [®]	9.8	2.0x	18.0x
Oct-23	 SMEDIX [®] New part of PERFICIENT	US based software developer for health care industries	 P PERFICIENT	42.6	4.3x	-
Sep-23	 CarePlanner [®] medical	UK based care management platform	 nourish	65.0	6.5x	-
Feb-23	 DrDoctor	UK based provider of digital care solutions to increase communication and engagement between patients and clinicians	 YFM Equity Partners	35.0	10.6x	-
Apr-22	 TICTRAC	UK based operator of an online digital health platform that tracks data related to an individual's health and wellness	 Dialogue	15.9	6.6x	-
Mar-22	 FourteenFish [®]	UK based software development company specialising in medical appraisals	 EMIS Group	4.0	4.0x	-
Mar-22	 nourish	UK based care management software	 Livingbridge	80.0	7.2x	24.2x
Jan-22	 edenbridge	UK based primary care data and analytics specialist	 EMIS Group	5.0	3.3x	-
Jan-22	 PRISYM ID	UK based company that designs and delivers label management software solutions	 Loftware [®]	32.0	5.9x	-
Nov-21	 ALCURIS [®] Enabling the Health	UK based provider of an in-home digital hub to provide daily living insights for users and carer management insight.	 access	9.0	3.8x	-
Aug-21	 Person Centred Software	UK based provider of mobile software solutions for care workers	 Cow Corner	26.0	5.7x	-
Jul-21	 barbour [®] safe in our knowledge	UK based health, safety, environmental and compliance intelligence software platform	 MARLOWE	86.0	6.7x	14.0x
May-21	 METODIKA	Sweden-based company that develops an enterprise practice management software for Healthcare industry	 CARASENT	75.1	4.6x	21.4x
May-21	 attendanywhere [®]	UK based video consultation provider that empowers video call access to the health sector and beyond.	 Induction Healthcare	22.6	2.4x	10.9x
May-21	 EDL	France based that develops radiology management software for public and private medical imaging businesses	 ABENEX	20.0	4.0x	-
Mar-21	 HAS [®] Technology Group	UK based health tech company engaged in developing medical software	 access	98.4	5.9x	15.1x

5.2x
AVERAGE
4.4x
MEDIAN

Sources: Megabuyte, Cavendish insights
Notes: ND defined as not disclosed
*Blended multiple across two transactions

Cavendish

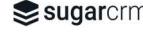
About Cavendish

Cavendish completed 16 technology transactions in 2024 and is off to a strong start for 2025.

HealthTech

 Eido Healthcare has been acquired by   HealthTech Software	 INTELLIGENT ULTRASOUND™ for smarter scanning has been acquired by  Simulation Software	 HEALTHCARE MBI TECHNOLOGIES has been acquired by  Health Software	 INTELLIGENT ULTRASOUND™ for smarter scanning Has been acquired by  GE HealthCare AI Imaging Technology
 TIC TRAC Has been acquired by  Dialogue HealthTech Software	 extraMed has been acquired by  ALCIDION HealthTech Software	 SILVERLINK software has been acquired by  ALCIDION Healthcare Technology	 Apostrophe has been acquired by  hims & hers Virtual Health Service

Software

 IQGEO Proposed takeover by  Geospatial Software	 sales-i has been acquired by  a portfolio company of  CRM Software	 nfs has been acquired by  a portfolio company of  Workspace Management Software	 hanzo has received debt funding from  eDiscovery Software
 perkbox has been acquired by   Great Hill Partners HCM Software	 xexec driving engagement has been acquired by  abry partners CASTIK CAPITAL HCM Software	 Reward Gateway has been acquired by  abry partners CASTIK CAPITAL HCM Software	 Mail Manager has been acquired by  Ideagen GRC Software

IT Services/Other

 Atech has been acquired by  iOmart IT Services	 Creative ITC received investment from  LDC Management Services	 symatrix has been acquired by  AST IT Consultancy	 ARCULUS CYBER SECURITY Has been acquired by  Bridewell a portfolio company of  gcp Cyber Security
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