

The role of private equity In healthcare innovation

Transcript

00:00:06:29 - 00:00:26:11

DAVID TYLER:

There is a significant influx of private equity money into the health care space. And with the portfolio concept we talked about it, really not a lot is going to be successful. We all remember the influx of private equity money into the people physician practice management roll ups that happened in the nineties and we're trying to avoid those lessons today.

00:00:26:12 - 00:00:32:13

DAVID TYLER:

But is there anything from a private equity perspective that is particularly interesting to you or a cautionary note from your perspective?

00:00:34:04 - 00:00:58:14

SHERRY FARRUGIA:

You know, what I would say is that when we are contacted by private equity, a lot of what we have to do is to start by doing some education, because they hear medical devices and they think, oh, you know, ten, 12, 15 years. That's not necessarily true. So what we are what we hear is that they're primarily interested in something that they want to balance their portfolio.

00:00:58:14 - 00:01:23:00

SHERRY FARRUGIA:

Right. But they're not looking for a long term investments. They're definitely looking for more short term to. I mean, you're lucky if you get a midterm, right? So I what I say to any private equity entity individual is I'm not going to waste your time if I don't have something that isn't going to bring you a return in 2 to 4 years, I'm not going to even bring it to your attention.

00:01:23:01 - 00:01:44:26

SHERRY FARRUGIA:

So if I call you, I have something for you. Otherwise, you're not going to hear from me. So for us, David, it hasn't necessarily been like I'm really interested in orthopedics or I'm really interested in neuro. It's been more about the return on investment and how quickly they're going to have that. That's been my experience. Yeah.

00:01:45:24 - 00:02:04:21

ROBERT BUNCH:

Well, I would say I can't disagree. I think private equity just overall, it's doing something that is probably needed driving innovation. Right. You're locking things or adding a lot of ideas into the market, a lot of dollars into the market. But the key thing is that there's definitely a return attached.

00:02:04:26 - 00:02:05:14

SHERRY FARRUGIA:

There is.

00:02:05:14 - 00:02:21:23

ROBERT BUNCH:

And so that just has to be aligned with where you're going already. And I think that's where we really do focus on it. And we do some business with private equity for sure. But it's already got to be aligned with our core mission. And I think I love your approach. It's like, okay, I'm willing to bring you things that I know fit your need.

00:02:22:15 - 00:02:35:11

ROBERT BUNCH:

They come at us. We're very much the same way. So I definitely I'm thankful for private equity. I'm thankful for it. But look how much has changed. You know, the telehealth advancements, all of that stuff that wouldn't have happened without it. But you got to have alignment. Yeah.

00:02:36:02 - 00:02:37:19

DAVID TYLER:

Dr. Brown, anything from your perspective?

00:02:38:07 - 00:02:59:04

CHARLIE BROWN:

I think you're spot on with that comment. I probably remain the biggest skeptic of private equity, particularly when it comes in the care delivery models, as you've referenced. Oh, yes. We all got burned the first time around with the practice

management models. I mean, the fundamental is they want a return that returns coming out of health care. It's coming out of the health care dollar.

00:02:59:05 - 00:03:11:06

CHARLIE BROWN:

That's right. And, you know, we're going to spend X number of dollars on patient care. We all have that save as much of that money and spend it on patients and that extracted out of the system. So I, I remain interested.

00:03:12:13 - 00:03:13:24

DAVID TYLER:

Especially curious. Let's call it

00:03:16:17 - 00:03:19:28

DAVID TYLER:

I think that's great. That's right.



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