




Healthcare Outsourced Services: Overview & Key Benefits

Companies providing revenue cycle management, credentialing, payor contracting, and other outsourced services to health systems and provider groups are currently experiencing substantial interest from larger strategics and private equity, as investors pursue a buy-and-build strategy to realize financial and operational synergies arising from consolidation and scale.

<u>Value Creation Lever</u>	<u>Key Benefits Overview</u>	<u>Impact on Financials</u>
Revenue Synergies	Platform benefit from cross-selling of adjacent services into acquired groups' existing customers, potential to optimize pricing, expansion of provider specialties, and entrance into new geographic markets.	 Revenues
Cost Synergies	Platform can consolidate select administrative, financial, information technology, and facility costs. Additionally, the buyer can realize economies of scale on employee benefits, clearinghouse, insurance, and professional fee expenses.	 Expenses
Company Value Enhancement	A company's value is determined by its profitability (EBITDA), with a higher EBITDA leading to increased valuation multiples. Acquiring additional companies enhances the platform's value as a result of consolidating financials and potential synergies, driving higher margins.	 Value

Recent Bayshore Growth Partners Transactions

Bayshore Growth Partners has served as the exclusive financial advisor to 30+ healthcare services clients in the past 4 years, including:

 Gastroenterology	 Functional Medicine	 Aesthetics	 Otolaryngology
 Women's Health	 Women's Health	 Mental Health	 Mental Health
 Women's Health	 Pain Management	 Women's Health	 Mental Health

Buy-and-Build Model: Illustrative Example

Company	Description	EBITDA	Assumed Multiple	Value
Platform	<ul style="list-style-type: none"> Strong group with attractive client mix, established management team, robust financial performance, attractive geographies and specialties, and strong systems 	\$10M	12.0x	\$120M
Add-On Acquisition	<ul style="list-style-type: none"> Healthy companies with limited footprint Gain the benefit of leveraging the platform's infrastructure, along with vendor relationships and cross selling opportunities 	\$1M	7.0x	\$7M
Combined Entity	<ul style="list-style-type: none"> The combined entity will benefit from the revenue and cost synergies, while maintaining or improving the platform's EBITDA multiple 	\$11M	12.0x	\$132M

Platform company realizes \$5M of equity value creation by capturing EBITDA exit multiple arbitrage

Bayshore Growth Partners Team



Steven Carmen, Managing Partner

- 15+ years of M&A and business development strategy experience
- Previously worked for BNP Paribas, PwC, and GCA
- MBA from Kellogg and BS from Florida State



Daniel Shaw, Managing Director

- 10+ years of financial diligence and accounting experience
- Previously worked for Alvarez & Marsal and KPMG
- BS from Louisiana Tech



Andrew Adams, Managing Director

- 15+ years of M&A, operations, and strategy experience
- Previously worked for Bain, Lake Capital, and JP Morgan
- MBA from Wharton and BBA from Michigan



Alexander Dean, Vice President

- 10+ years of strategy, finance, and operations experience
- Previously worked for DaVita and the US Marine Corps
- MBA from Darden and BA from Seton Hall



Dr. Keith Friedenber, Managing Director of Business Development

- 30+ years of clinical, operations, and strategy experience
- Founder of Great Lakes Gastroenterology and The Clinical Trials Network
- MD from UCLA, MBA from Indiana, and BA from Cornell