

The Healthcare Investor

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November 2, 2016

Leading Private Equity Firms That Invest in Healthcare (Part III)

The healthcare and life sciences sectors have grown at a rapid pace during recent years. The sheer number of investors and dollars invested into these sectors is remarkable, but not surprisingly the sub-sector and other focus points of investors vary dramatically.

This column is the third in a multi-part series we will be publishing in 2016 (part one can be [found here](#); part two can be [found here](#)) which highlights some of the more active private equity investors in the healthcare and life science spaces. These investors are primarily funds that focus largely on growth-stage, buyout and platform funding transactions. They are listed in no particular order, and additional investors are discussed in other segments of the series. Note: To recommend a firm to be profiled in a future column or request a change to a profile, please email awalsh@mcguirewoods.com or fill out the form [here](#).

Oak Hill Capital Partners — Founded in 1986, Oak Hill seeks to invest in middle-market companies. Based in Stamford, Conn., the firm typically makes more substantial investments in a number of sectors, including healthcare. Companies in its current portfolio include AccentCare, a full-service provider of home healthcare services, and Vantage Oncology, an owner and operator of outpatient radiation oncology centers in more than a dozen states. More information about Oak Hill is available at www.oakhillcapital.com.

Beverly Capital — Beverly Capital is a Chicago-based investment firm. It primarily focuses on investments in middle-market companies in healthcare-related niches and companies providing outsourced business services. The firm has wide flexibility on investment size. Companies in Beverly Capital's portfolio include APC, a manufacturer and developer of medical products focusing on orthotic and prosthetic devices; LifeQuest, a provider of revenue cycle management to niche healthcare providers and municipalities; and DecisionOne Dental partners, an operator of dental offices in the Midwest. More information about Beverly Capital is available at www.beverly-capital.com.

Tailwind Capital Partners — Founded in 2006, Tailwind specializes in investments in middle-market growth companies. Based in New York, the firm prefers to make more substantial investments in a variety of sectors, including healthcare. Within healthcare, Tailwind focuses on information technology, medical devices, pharmaceuticals and services. Companies in its portfolio include Freedom Innovations, which designs and manufactures lower-limb prosthetic devices; National HME, a provider of outsourced medical equipment management solutions to the hospice market; SDI Health, a provider of data integration, analytics and reporting of patient-level data; and VersaPharm, a provider of specialty generic pharmaceuticals. More information about Tailwind is available at www.tailwind.com.

ClearPoint Investment Partners — Founded in 2014, ClearPoint focuses exclusively on investments in lower middle-market companies. Based in San Mateo, Calif., the firm targets business services and financial processing companies with revenue between \$20 million and \$200 million. More information about ClearPoint is available at www.clearpointinvest.com.

Frontenac Co. — Founded in 1971, Frontenac focuses on lower middle-market investments. Based in Chicago, the firm target platform investments with \$3 million to \$20 million of EBITDA in a number of sectors, including healthcare. Current healthcare investments include Behavioral Health Group, a provider of outpatient substance abuse treatment services, and e+ CancerCare, which operates outpatient cancer care centers mostly through partnerships with local hospitals and physicians. More information about Frontenac is available at www.frontenac.com.

Harbour Group — Founded in 1976, Harbour specializes in making more substantial investments in mature, later-stage and middle-market companies. Based in St. Louis, Mo., the firm seeks to invest in “product-oriented businesses” in healthcare and a number of other industries. Recent healthcare acquisitions include SP Industries, a developer of equipment and supplies used in lab and biopharma manufacturing applications, and PennTech Machinery Corp., which develops aseptic vial handling equipment. More information about Harbour is available at www.harbourgroup.com.

Ballast Point Ventures—Founded in 2002, Ballast Point prefers minority ownership stakes to control positions in companies throughout Florida, the Southeast and Texas. Based in St. Petersburg, Fla., the firm prefers to make more substantial investments from a dollars perspective in several industries, including healthcare. Current companies in Ballast Point's healthcare portfolio include TissueTech, a medical device company providing regenerative amniotic tissue-based products for use in the vision care, musculoskeletal and wound care markets; YPrime, a provider of software products and consulting services for global clinical trials; SleepMed, a medical products and services company focused on diagnosis and treatment in the sleep-disordered breathing market; and MolecularMD, a provider of molecular diagnostic tests supporting regulatory approval and clinical adoption of targeted cancer treatments. More information about Ballast Point is available at www.ballastpointventures.com.

Webster Capital—Founded in 2002, Webster prefers to invest in middle-market companies. Based in Waltham, Mass., the firm considers a wide range of investments in several sectors, including healthcare, and prefers to make majority or minority equity investments. Companies in its portfolio include Healthcare Associates of Texas, a primary care practice group serving patients in the Dallas Fort Worth region; BayMark Health Services, a national provider of outpatient opioid treatment services clinics; Epic Health Services, a pediatric-focused home care company providing pediatric nursing therapy, behavioral health and enteral therapy; and Prospira PainCare, an interventional pain management practice delivering treatment for chronic pain through interdisciplinary programs. More information about Webster is available at www.webstercapital.com.

Source Capital—Founded in 2002, Source makes control equity investments and mezzanine debt investments in lower middle-market companies. With offices in Atlanta and San Francisco, the firm typically invests between \$2 million and \$10 million across a broad selection of industries, including healthcare. Companies in its portfolio include CRH Healthcare, an operator of urgent care centers in Alabama and Georgia, and Southern Dental Alliance, a regional dental service organization that operates in Georgia and South Carolina. More information about Source Capital is available at www.source-cap.com.

Kelso & Company—Founded in 1971, Kelso specializes in supporting management buyouts. Based in New York, the firm prefers to make more substantial investments in a few targeted sectors, including healthcare. Healthcare companies in its current portfolio includes Physicians Endoscopy, a national developer, owner, and manager of endoscopic surgery centers. Other healthcare investments have included American Sterilizer, Endo Pharmaceuticals, Spectramed, Unilab and Oceana Therapeutics. More information about Kelso is available at www.kelso.com.

Huron Capital Partners—Founded in 1999, Huron targets investments in lower middle- market companies. Based in Detroit, the firm seeks majority and minority equity stakes in companies from a variety of sectors, including healthcare. Companies in its active portfolio include Dynamic Dental Partners Group, a dental service organization providing dentists clinic- level operational support and centralized back-office services, and Spring & Sprout, a dental support organization that provides practice support services to dental specialists in pediatric dentistry and orthodontics. More information about Huron is available at www.huroncapital.com.

GTCR—Founded in 1980, GTCR pursues a wide range of investments, preferring to make more substantial investments from a dollars perspective. Based in Chicago, the firm invests in a number of sectors, including healthcare. Companies in its current portfolio include Cole-Parmer Instrument Co., a provider of fluid handling and analysis products; Maravai LifeSciences, a provider of in vitro diagnostic products, diagnostic laboratory services and life sciences solutions; Rx30, a developer and supplier of pharmacy-management software solutions; and Sterigenics International, a provider of contract sterilization and ionization services. More information about GTCR is available at www.gtcr.com.

Lee Equity Partners—Founded in 2006, Lee is a middle-market private equity firm focused on control buyouts and growth capital financings. Based in New York, the firm prefers to make more substantial investments in several sectors, including healthcare. Companies in its portfolio include Midcap Financial, healthcare-focused specialty finance company providing asset-based, life sciences, real estate, and leveraged loans to U.S. middle-market companies; Eating Recovery Center, a behavioral health provider specializing in the treatment of eating disorders; and Universal American Corp., a provider of senior Medicare and Medicaid insurance products.

More information about Lee is available at www.leeequity.com.

New Enterprise Associates (NEA)—Founded in 1977, NEA specializes in investments in venture growth equity at all stages. Based in Menlo Park, Calif., the firm has wide flexibility on investment size, primarily targeting healthcare and technology companies. Within its healthcare portfolio are Annexon Biosciences, a developer of therapeutic products intended to halt the progression of complement-mediated neurodegeneration, and Minerva Surgical, a device company focused on women's health. More information about NEA is available at www.nea.com.

Brockway Moran & Partners — Founded in 1998, Brockway Moran focuses on investments in middle-market companies. Based in Boca Raton, Fla., Brockway Moran targets companies across a range of industries, including healthcare. Companies in its current portfolio include MD Now Medical Centers, an operator of urgent care centers in South Florida, and Crisis Prevention Institute, a provider of crisis prevention, nonviolent physical intervention and dementia care training for healthcare, education and corporate customers. More information about Brockway Moran & Partners is available at www.brockwaymoran.com.

The Blackstone Group — Founded in 1985, Blackstone targets investments in established and growth-oriented businesses. Based in New York and publicly traded under the ticker symbol BX, Blackstone has nearly \$100 billion in assets under management and a portfolio of more than 90 companies. In its portfolio is Change Healthcare (formerly Emdeon), a provider of revenue and payment cycle management solutions. More information about Blackstone is available at www.blackstone.com.

Excellere Partners (EP) — Founded in 2006, EP seeks to invest in middle-market companies in several industries, including healthcare. Based in Denver, the firm targets companies that generate EBITDA of at least \$4 million annually. Healthcare companies in its current portfolio include Advanced Infusion Services, a provider of patient-specific medications for chronic pain patients with intrathecal pumps and other chronic and acute conditions; Mentis Neuro Rehabilitation, a provider of inpatient and outpatient post-acute neuro-rehabilitative care to persons with an acquired brain injury; and DentMall, a dental services organization that provides support and administrative services to more than 40 affiliated practices across seven states. More information about EP is available at www.excellerepartners.com.

ClearLight Partners — Founded in 2000, ClearLight targets investments in middle-market companies. Based in Newport Beach, Calif., the firm prefers to make more substantial investments in companies from a number of sectors, including healthcare. Previous investments include The Outsource Group, a provider of first-party and third-party receivables management services to the healthcare industry. More information about ClearLight is available at www.clearlightpartners.com.

Chicago Pacific Founders (CPF) — Founded in 2014, CPF prefers to make more substantial investments from a dollars perspective exclusively in healthcare services. Based in Chicago and San Francisco, the firm focuses on middle-market companies. The firm has invested in three platforms: CPF Living Communities; Marquee Dental Partners, a dental support organization; and Recovery Ways addiction treatment centers. More information about CPF is available at www.cpfounders.com.

Patriot Capital — Founded in 2001, Patriot focuses on debt capital and minority equity investments in middle-market companies. Based in Baltimore, the firm has wide flexibility on investment size, targeting companies from a variety of sectors that are typically based in Mid-Atlantic with a focus on Baltimore area, Midwest and Southern United States. Healthcare companies in its portfolio include STX Healthcare Services, a dental practice management services company that provides back office and management services to dental clinics throughout the Southeast, and Home Health Holdings, the holding company for two home healthcare services businesses that provide attendant cares services to clients seeking long term-care needs over an extended period of time. More information about Patriot is available at www.patriot-capital.com.

Titan Grove Holdings — Founded in 2012, Titan Grove seeks to acquire controlling interests in small-to-middle market companies. Based in New York, the firm seeks to invest in companies generating between \$2 million and \$25 million of sustainable operating profit with margins in excess of at least 10% of revenues. More information about Titan Grove is available at www.titangrove.com.

Consonance Capital Partners (CCP) — Founded in 2005, CCP pursues investments in lower middle-market companies exclusively in the healthcare industry. Based in New York, the firm targets companies that generally have between \$20 million and \$150 million in revenue. Companies in its current portfolio include Bako Integrated Physician Solutions, a national provider of specialty laboratory testing services and other solutions, and Enclara Pharmacia, a national provider of hospice pharmacy services. More information about CCP is available at www.consonancecapital.com/private-capital-for-the-middle-market/.

Kohlberg Kravis Roberts (KKR) & Co. — Founded in 1976, KKR's PE platform considers investments in all industries, including healthcare. Based in New York and publicly traded under the ticker symbol KKR, the firm prefers to invest in a range of debt and public equity investing and may co-invest, seeking a controlling ownership of a company or a strategic minority positions. Healthcare companies in its portfolio include HCA Holdings, an operator of hospitals and freestanding surgery centers; Zimmer Biomet, a designer and manufacturer of orthopedic medical devices and other products used primarily by surgeons and medical specialists; Air Medical Group Holdings, a provider of emergency air medical transportation services; and Arbor Pharmaceuticals, a pharmaceutical company with a portfolio of branded products across multiple therapeutic areas for the cardiovascular, pediatric and hospital markets. More information about KKR is available at www.kkr.com.

New Harbor Capital — Founded in 2013, New Harbor invests in lower-middle market companies. Based in Chicago, firm prefers to make more substantial investments from a dollars perspective in healthcare, business services and education companies. Companies in its current portfolio include PT Solutions, a provider of physical therapy services in the Southeast and Midwest; Community Psychiatry Management, a behavioral health practice management company; and KURE Pain Management, a provider of multi-disciplinary pain management services. More information about New Harbor is available at www.newharborcap.com.

Cimarron Healthcare Capital — Founded in 2014, Cimarron is focused on healthcare investments in the lower middle-market. Based in Bala Cynwyd, Pa., the firm prefers to make more substantial investments in healthcare services and technology companies with revenue between \$5 million and \$75 million. Cimarron considers various transaction types, including leveraged buyouts, majority and minority recapitalizations, growth equity, management-led buyouts, industry consolidations and corporate carve-outs. More information about Cimarron is available at www.cimarronhc.com.

Shore Capital Partners — Founded in 2009, Shore is a healthcare-focused, lower-middle market investment company. Based in Chicago, the firm specializes in making control equity investments in companies that have \$5 million to \$50 million of revenue. Companies in its portfolio include ClearPath Diagnostics, an anatomic pathology laboratory focused on the women's health and dermatology markets; FastPace Urgent Care, an operator of clinics across rural and underserved markets across Tennessee and Kentucky utilizing a mid-level provider staffing model; and IZI Medical Products, a developer, manufacturer and provider of medical consumable accessories used in radiology, radiation therapy and image-guided surgery procedures. More information about Shore is available at www.shorecp.com.

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