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

Private equity interest in the healthcare and life sciences sectors has continued to grow at a rapid pace during recent years. Many investors are becoming increasingly more knowledgeable and comfortable with investments involving direct patient care and reimbursement risk, while other investors spend more time in the businesses critical but ancillary to direct patient care businesses. But no matter where these investors focus, the sheer number of investors and dollars invested into these sectors is remarkable.

This column is the second in a multi-part series we will be publishing in 2016 (part one can be [found here](#)) which highlights some of the more active private equity investors in the healthcare and life science space. 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 will be discussed in future 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](#).

Cressey & Co. — Established in June 2008, Cressey seeks control and minority equity investments exclusively in healthcare. With offices in Chicago and Nashville, the firm considers a wide range of investments in middle-market companies. Cressey's healthcare portfolio includes Concentra, a provider of occupational medicine, urgent care, physical therapy and wellness services; Haven Behavioral Healthcare, a provider of specialty behavioral healthcare services; RestorixHealth, a developer and manager of centers of excellence for amputation prevention, wound management and hyperbaric medicine; and Unitek Information Systems, a provider of post-secondary healthcare education and short-term EMT and IT training. More information about Cressey is available at www.cresseyco.com.

HCP & Company — Founded in 2003, HCP seeks controlling or minority positions in lower middle-market companies. Based in Chicago, the firm weighs a wide range of investments in healthcare services and a few other industries. Current healthcare companies in its portfolio include Polaris Hospital Holdings, which predominantly provides adult and geriatric acute and outpatient psychiatric care and acute detox rehabilitation services; Trumpet Behavioral Health, a provider of skills acquisition and behavior treatment services for children and adults with autism spectrum disorders; Trustpoint Rehabilitation Hospitals, which mainly provides adult and pediatric physical inpatient rehabilitation services; and Envy Medical, which provides non-invasive skin rejuvenation therapies for patients suffering from either dermatologic or aesthetic conditions. More information about HCP is available at www.hcpcompany.com.

Thompson Street Capital Partners — Founded in 2000, Thompson Street targets investments in founder-led middle-market companies. The firm, based in St. Louis, Mo., typically invests in healthcare and a few other sectors. Within healthcare, current areas of interest include pharmaceutical logistics, connected health, and regulatory and compliance. Companies in its portfolio include Tropichem Research Labs, a producer of dermatological products and other specialty chemical formulations; Microbiology Research Associates, a provider of microbiology testing services; Infinity Behavioral Health Services, a provider of revenue cycle management services for behavioral health; and Receivables Management Partners, a provider of accounts receivable management and other outsourced revenue cycle management services. More information about Thompson Street is available at www.tscp.com.

The Vistria Group — Founded in 2013, Vistria focuses on making investments in middle-market companies. Based in Chicago, the firm targets the healthcare, education, and financial services sectors. Recent transactions include the acquisition of Supplemental Health Care, a workforce solutions provider. The company's website is www.vistria.com.

Audax Private Equity — Founded in 1999, Audax focuses on investments in middle-market companies and has a wide flexibility on investment size. The firm, with offices in Boston and Menlo Park, Calif., targets companies within healthcare and several other industries. Healthcare companies in its portfolio include Advanced Dermatology & Cosmetic Surgery, a dermatology-focused physician practice management company; Katena Products, a provider of ophthalmic products; Meridian Behavioral Health, a provider of addiction treatment services at residential and outpatient facilities throughout the

Midwest; and Numotion, a national supplier of rehabilitation equipment and assistive technologies. More information about Audax is available at www.audaxprivateequity.com.

Caltius Capital Management — Founded in 1997, Caltius provides junior capital to small- and medium-sized companies in a wide range of industries, including healthcare. The firm, which is based in Los Angeles, is organized as two independent teams of investment professionals — one is committed to making more substantial debt investments from a dollars perspective while the other is committed to making a wide range of private equity investments. Healthcare companies in its portfolio include Starpoint Health, an operator of multi-specialty ambulatory surgery centers in the Los Angeles metropolitan area, and Select Rehabilitation, a provider of physical, occupational and speech therapy services to patients residing in skilled nursing facilities. More information about Caltius is available at www.caltius.com.

Welsh, Carson, Anderson & Stowe — Founded in 1979, WCAS's investment strategy is deal-size agnostic. The firm, based in New York, targets growth-oriented companies within the healthcare and information/business services industries. Companies in its current portfolio include Concentra, a division of Select Medical and provider of occupational medicine, urgent care, physical therapy and wellness services; K2M, a manufacturer of a portfolio of spine surgery products; U.S. Anesthesia Partners, a physician services organization that provides practice management services to anesthesiologists; and United Surgical Partners International, a provider of outpatient surgery through ambulatory surgery centers and surgical hospitals. For information about WCAS is available at www.welshcarson.com.

Water Street Healthcare Partners — Founded in 2005, Water Street targets middle-market healthcare companies. Based in Chicago, the firm prefers to make more substantial investments from a dollars perspective in four healthcare sectors: medical and diagnostic products, specialty distribution, outsourced healthcare services, and specialty pharmaceutical products and services. Companies in its current portfolio include Breg, a provider of sports medicine, rehabilitative orthopedic products and services; Capstone Development Solutions, a developer of pharmaceutical products; CareCentrix, which provides products and services for managing care transitions to the home; and RTI Surgical, a surgical implant company. More information about Water Street is available at www.waterstreet.com.

Flexpoint Ford — Established in 2005, Flexpoint Ford is flexible with regard to investment size. The firm, with offices in Chicago and New York, targets companies in the healthcare and financial services industries. Healthcare companies in its current portfolio include AMD Holdings, a healthcare supply chain solutions provider; Kastle Therapeutics, a biopharmaceutical company focused on acquiring, developing and commercializing specialty pharmaceuticals; Summit Behavioral Healthcare, a provider of addiction treatment and behavioral health services; and Top Rx, a distributor of generic and branded pharmaceuticals, vitamins, OTC healthcare products and pharmacy supplies. More information about Flexpoint Ford is available at www.flexpointford.com.

American Capital — Founded in 1986, American invests in middle-market companies. The firm has eight offices in the United States, Europe and Asia. American and its affiliates prefer to make more substantial investments from a dollars perspective. The firm targets companies within healthcare and more than a dozen other industries. Healthcare companies in its portfolio include AmWINS Group, a wholesale insurance broker; Sage Products, a developer of products to help prevent hospital-acquired conditions; Cole-Parmer Instrument Company, a provider of laboratory and industrial fluid handling products; and Alcami Holdings, a supplier of pharmaceutical development and manufacturing services. More information about American is available at www.americancapital.com.

L Squared Capital Partners — Founded in 2014, L Squared makes more substantial investments in mature, middle-markets, emerging-growth and later-stage companies. With offices in Chicago and Newport Beach, Calif., L Squared targets companies in technology-enabled services, industrial technology and education. Included in its portfolio is US Education, a provider of for-profit postsecondary healthcare education, and Future Logic, a developer of small-format embedded thermal printing subassemblies for a variety of applications, including medical devices. More information about L Squared is available at www.lsquaredcap.com.

Irving Place Capital — Founded in 2008, Irving Place targets middle-market companies for a wide range of investments in a number of industries. Based in New York, healthcare companies in its current portfolio include National Surgical Hospitals, an owner, operator and developer of surgical facilities in partnership with local physicians, and Universal Hospital Services, a provider of outsourced medical equipment and related services. More information about Irving Place is available at www.irvingplacecapital.com.

RoundTable Healthcare Partners — Founded in 2001, RoundTable is an operating-oriented firm focused exclusively on the healthcare industry. The company, based in Lake Forest, Ill., targets middle-market investments in medical devices, medical products and disposables, specialty pharmaceuticals, medication delivery systems, specialty distribution and complementary outsourced services. Companies in its current portfolio include Argon Medical Devices, a manufacturer and

supplier of single-use vascular interventional and pressure monitoring; Beaver-Visitec International, a provider of surgical devices for the ophthalmic market place; Salter Labs, a manufacturer of consumable respiratory products for hospitals and home care; and Santa Cruz Nutritionals, a manufacturer of gummy-based nutraceutical products. More information about Roundtable is available at www.roundtablehp.com.

Tyree & D'Angelo Partners — Founded in 2013, Tyree & D'Angelo focuses on control investment opportunities in the lower middle market. The firm, based in Chicago, targets companies within healthcare and several other sectors. Companies in its current portfolio include Elite Dental Partners, which provides affiliated dentists with business support functions; Dermatology Medical Partners, which provides affiliated dermatologists with business support functions; and Home Infusion Partners, a holding company formed to acquire, develop and operate a network of infusion and specialty pharmacies. More information about Tyree & D'Angelo is available at www.tdpfund.com.

Pritzker Group — Founded in 1996, Pritzker prefers to make more substantial investments from a dollars perspective in middle-market businesses. The firm, with offices in Chicago and Los Angeles, seeks controlling positions of companies in healthcare and a few other sectors. Companies in its portfolio include Clinical Innovations, a manufacturer exclusively focused on labor and delivery. More information about Pritzker Group Private Capital is available at www.pritzkergroup.com/private-capital.

Harbour Point Capital — Founded in 2015, Harbour Point prefers to make more substantial investments in healthcare. Based in New York, the firm is focused on investment opportunities in accessible primary care, outpatient services, consumer-centered services and outsourced clinical services. Its current portfolio includes Oak Street Health, a population health business operating primary care clinics focused on Medicare beneficiaries. Harbour Point principals serve as senior advisors to Irving Place Capital regarding its investments in Universal Hospital Services, a provider of medical equipment outsourcing and lifecycle services to the healthcare industry, and National Surgical Healthcare, an owner, operator and developer of surgical facilities in partnership with local physicians. More information about Harbour Point is available at www.harbourpointcapital.com.

Metalmark Capital — Established in 2004, and formerly Morgan Stanley Capital Partners, Metalmark makes controlling investments in middle-market companies. Based in New York, the firm invests in healthcare and other industries. Companies in its portfolio include Aegis Sciences Corp., a provider of drug monitoring and toxicology services; Catalytica, a provider of bulk actives, chemical intermediates and sterile pharmaceutical products for major pharmaceutical companies; Collagen Matrix, a developer and manufacturer of collagen and mineral-based technology for applications in tissue repair and regeneration; and Vanguard Health Systems, an owner and operator of acute care hospitals and complementary facilities and services. More information about Metalmark is available at www.metalmarkcapital.com.

Vestar Capital Partners — Founded in 1988, Vestar is focused on middle-market companies. The firm, based in New York, prefers to make more substantial investments from a dollars perspective in businesses from three sectors, including healthcare. Companies in its current portfolio include HealthGrades, an online source of hospital, physician, disease and condition information and decision-support tools tailored for consumers; Press Ganey, a provider of patient experience measurement, performance analytics and strategic advisory solutions; Civitas Solutions, a provider of home and community-based human services for individuals with developmental disabilities and acquired brain injuries; and 21st Century Oncology, an operator of radiation treatment centers. More information about Vestar is available at www.vestarcapital.com.

Texas Pacific Group — Founded in 1992, TPG targets investments in middle-market companies. Headquartered in Fort Worth, Texas and San Francisco, the firm invests in healthcare and a number of other industries. TPG currently has investments in more than 50 healthcare companies, including publicly traded ASC and other surgical solutions provider Surgical Care Affiliates; NorthStar Anesthesia, a manager of anesthesiology practices for hospitals and surgery centers; Cardio Dx, a molecular diagnostics company that offers genomic tests; and IMS Health, a provider of market intelligence to the pharmaceutical and healthcare industries. More information about TPG is available at www.tpg.com.

Waud Capital Partners — Founded in 1993, Waud's investment strategy is to acquire or create platforms in the lower middle market. The firm, based in Chicago, prefers larger investments from a financial perspective within two industries: healthcare services and business and technology services. Companies in its current portfolio include Acadia Healthcare Co., which operates a network of inpatient psychiatric facilities, substance abuse centers, residential treatment centers and specialty behavioral programs; Adreima, a provider of revenue cycle solutions and patient-focused account resolution services; Cordant Health Solutions, a full-service toxicology laboratory; and Dimensional Management, a provider of general, specialty and cosmetic dentistry services. More information about Waud is available at www.waudcapital.com.

HealthEdge Investment Partners — Founded in 2005, HealthEdge focuses exclusively on the healthcare industry. Based in Tampa, Fla., the firm has flexibility on investment size as it seeks to acquire majority control or significant minority

ownership in both public and private companies. HealthEdge targets companies in the following sectors: specialty medical products, healthcare services, healthcare information technology, selected pharmaceutical segments and specialty distribution. Companies in its portfolio include Medicine-On-Time, a provider of medication and prescription management solutions; Santus, a provider of consumer healthcare, wellness and medical products for branded and private label skincare; Medical Neurogenetics, a provider of molecular and metabolic genetic testing and consultation for inherited genetic disorders; and Data Dimensions, a provider of healthcare-related business process outsourcing and automation. More information about HealthEdge is available at www.healthedgepartners.com.

Frazier Healthcare — Founded in 1991, Frazier makes a wide range of investments in healthcare. With offices in Seattle and Menlo Park, Calif., the firm’s growth buyout team invests in companies focusing on healthcare services, pharmaceutical services, medical products and related sectors, while its life sciences team invests in therapeutics and related areas. Healthcare companies in its current portfolio include Entasis Therapeutics, a developer of therapeutics for serious drug-resistant bacterial infections; Abode Healthcare, a provider of home health and hospice services; Merganser Biotech, a developer of therapeutics for the treatment of rare hematological and iron overload diseases; and Collegium Pharmaceutical, which is focused on developing and commercializing abuse-deterrent products. More information about Frazier is available at www.frazierhealthcare.com.

Provident Healthcare Partners — Formed in 1998, Provident seeks investments in middle-market healthcare companies. With offices in Boston and Los Angeles, it is the healthcare investment banking division of Provident Corporate Finance. In its current portfolio is BioDirection, a medical device company developing point-of-care products for the diagnosis of concussion and other traumatic brain injury. More information about Provident is available at www.providentcapitalpartners.com.

Sheridan Capital Partners — Founded in 2012, Sheridan targets small- and medium-sized companies in the lower middle market. Based in Chicago, the firm prefers to make more substantial dollar investments in companies from the healthcare and consumer industries. Companies in its portfolio include Smile Doctors, a dental services organization providing orthodontics services in Texas and Georgia; Laser Spine Institute, a provider of minimally invasive spine surgery; and Progenicare Therapeutics, a provider of autologous stem cell therapies and blood management services. More information about Sheridan is available at www.sheridancp.com.

Ridgemont Equity Partners — Founded in 1993, Ridgemont is focused on investing in middle-market companies to secure majority ownership or be the lead minority investor. The firm, based in Charlotte, N.C., prefers to make more substantial investments from a dollars perspective in several sectors, including healthcare. Companies in its current portfolio include AccentHealth, a health education television network that delivers healthy programming to physicians’ offices; Allied 100, a provider of products and services to the automated external defibrillator marketplace; eviCore, a benefit management company; and AMN Healthcare Services, a provider of healthcare staffing and management services. More information about Ridgemont is available at www.ridgemontep.com.

Sentinel Capital Partners — Founded in 1995, Sentinel is focused on the lower end of the middle market. The firm, based in New York, pursues a wide variety of transactions in eight industry sectors, including healthcare. Companies in its current portfolio include National Spine & Pain Centers, a provider of interventional pain management services, and WellSpring Pharmaceutical Corp., a manufacturer and marketer of branded OTC health and personal care products. More information about Sentinel is available at www.sentinelpartners.com.

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