

Case Study

Healthcare M&A: Strengthening a Seller's Position



Challenge



This regional provider of blood and tissue components has always focused on saving lives through research, innovation, and excellence in the blood products it provides. However, realizing that its tissue services business needed improvements to meet new and rigorous standards of second degree tissue sterilization, this client had some decisions to make. Should it infuse capital to meet these standards or divest this portion of the business and continue to focus on its core blood product lines? Realizing that divestiture was the most sound decision and one that enabled it to serve patients best, this client engaged Point B to help divest this arm of its business. Point B developed and led its business valuation and defined key deal points in support of the initial terms sheet and eventual purchase and sale agreement—one that delivered maximum return.

Point B armed their client with key facts to support the negotiation process to get the best price possible.

Understanding where the value lies

To help this company command a premium, Point B thoroughly assessed and understood what areas could attract and provide the most value to the purchaser. Having worked with other companies in similar situations, we were able to recommend a pragmatic approach and a negotiating position to justify a market premium for the sale of the business.

Point B:

- » Built a five-year discounted cash flow valuation to quantify the value of the business.
- » Developed the deal structure and earn-out methodology in support of the performance-based payment schedule.
- » Led the negotiation strategy through agreement execution with the purchaser.
- » Performed critical tasks for all due diligence and pre-close activities.

Strengthening the seller's position

The client was able to strengthen its negotiation position and command a price for the business worthy of the time, money, and talent invested over the years.

With our help, the client:

- » Executed efficient and successful transaction for the sale of client business to the purchaser.
- » Achieved a significant return that exceeded the original valuation of the business.

About Point B

Point B is a management consulting firm. We help our clients develop strategic insights and translate them into impact. Point B serves organizations from visionary start-ups to Fortune 100 companies across a wide range of industries, including healthcare, technology, retail and public sector. Our clients look to us for industry and functional expertise combined with our ability to execute.

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