



Investing in software development and building new organizational capability to align with key customers' needs

Background to the deal

In January 2014, Elysian Capital supported a management buyout of Wellbeing Software, a provider of software and data extraction services to the UK healthcare market.

The group had three distinct business units. HSS, the largest group company, was the market leading provider of radiology information software (RIS) to UK hospitals and treatment centres. Euroking provided similar software functionality as HSS, but to hospital maternity units rather than radiology departments, while Apollo provided primary care data extraction services from all GP systems allowing aggregated, anonymised clinical data for public and private sector customers.

Edward Brett, an Elysian partner based in London, got to know the management team over a number of years which led to a proprietary deal outside of any auction process. Given the historical administration of the original owner of the business, Elysian established Newcos into which the required assets and contracts were transferred or novated, thus avoiding inheriting any unknown historic liabilities from the administration. This solution-based investment approach enabled Elysian to successfully invest despite the challenging deal situation.

Elysian was attracted to the business given its embedded position within the heart of the UK healthcare system. It had multi-year contracts with recurring maintenance revenue providing a solid financial foundation with future year visibility. From this base, there was strong potential for growth through new product and services development and the drive within the NHS towards a paperless environment underpinned organic growth opportunities.

“Given Wellbeing’s embedded position within radiology and maternity departments in UK hospitals and the associated contracted, recurring maintenance revenue, we were able to work with the management team to invest in the business over the life of our ownership, building new and improved products. Their success, including expanding internationally with the NIMIS project in Ireland and developing new offers in electronic health records and AI, demonstrated the potential of the business. We were pleased to be able to play a part in Wellbeing’s development and look forward to its growth as part of an international software company”

Richard Ramsey, Elysian Partner

“Elysian’s understanding of Wellbeing’s business and its market potential meant that they were willing and enthusiastic in supporting our strategy to build a new go to market model as well as make a significant investment in product development to keep the product suite state of the art and fully aligned with the NHS’s direction of travel. The rigorous but good-humoured challenge that they provided ensured our plans were robust across all facets of the group. They were not frightened to back us as we reshaped the organisation to better serve our customers. We had a strong working relationship as well as some fun long the way”

Graham Ridgway, CEO Wellbeing Software Group

Investing in Software and Organisational Capability

Elysian's ownership followed a period of low investment in software development in the business and a focus on cash generation by the previous owners. The critical nature and high functionality of Wellbeing's software provided a stable customer base and ongoing revenue allowed Elysian to invest heavily in strengthening the team and building the product and service offer. This then underpinned an accelerating growth rate.

The management team was strengthened including new senior leadership roles in Technology, Data Management and Product Development. The expanded management team then developed a market focused strategy fully aligned to the strategic priorities of the NHS, with a broader focus on future international expansion. This led to the company's first major overseas contract with the NIMIS Radiology project in Ireland.

The company's 'go to market' strategy was reimaged, built on increasing product functionality and interoperability, leading to the sales teams no longer focusing on the individual products of HSS and Euroking, but selling the full suite of secondary care solutions. This was encapsulated by a corporate rebranding around "Wellbeing: Healthcare Connected".

There was strategically targeted investment in Wellbeing's solutions to align with this market strategy, including moving to a new common technology platform enabling greater interoperability across the NHS, increased use of automation in product development and a technology roadmap supporting the NHS' clinical agenda. New modules were developed for the core radiology and maternity software while new products were launched within electronic health records, including an eConsent offer, and to support access by hospitals to the growing number of AI algorithms. Within Data Management, a new more easily deployable data extraction tool was introduced and the potential to link primary and secondary care data developed.

During this time the company achieved 99% customer retention based on highly trusted, strategic customer relationships. The strong cash generation continued and all debt was voluntarily repaid ahead of schedule.

The Exit

On 3rd April 2020, Elysian sold Wellbeing Software Group to The Citadel Group Limited, a leading software and technology company listed on the Australian Stock Exchange, for a purchase price of £103m.

Citadel is a leading software and services group specialising in secure enterprise information management in complex environments to the Health, National Security, Defence and Education sectors. The combination dovetailed with Wellbeing's Connected Healthcare offering, supporting UK market growth and international market expansion.

The management team remained with the business to lead it under the new ownership, capitalising on the growth opportunities from a newly broadened portfolio in oncology and pathology workflow systems to provide a "full-suite" clinical software solution.

Elysian Capital realised a 4.5x return on its investment.

"From their investment in 2014, Elysian understood the nature and complexity of the decision making process within our customer base. They provided mentorship and operational guidance at the right distance, affording a balance of autonomy and decisive intervention when required. We were empowered as a sales team to develop winning proposals, accepting that these often took time to come to fruition, such as the national NIMIS project in Ireland. We were liberated to act entrepreneurially when new opportunities arose, enabling us to establish a lead in the AI field. I enjoyed working with the team as we transformed Wellbeing Software, uniting our core businesses to deliver our connected healthcare strategy, to enable better patient care. My first experience in the private equity arena was very positive, thanks to Elysian".

Chris Yeowart, Sales Director