

MobileMD, a managed health service information exchange, was acquired by Siemens Healthcare.



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Background and Source:

Launched in late 2005 at Centura Health in Denver, MobileMD (MMD) enables the direct connection and exchange of administrative and clinical information among hospitals and physicians through a SaaS (software-as-a-service) platform. The MobileMD investment resulted from an effort in 2008-2009 to identify areas of opportunity in healthcare services, including extensive research on the competitors in the health information exchange space. Dave Tamburri from Health Enterprise Partners (HEP) was introduced to the company through Neal Pason, MMD's CIO. HEP completed an investment in MMD on October 28, 2009, and was the company's sole source of outside capital.

Value Proposition:

By improving the quality and quantity of physician and hospital interactions, MMD presents health systems with a means to integrate care across an affiliated community of providers in a manner that can increase referral rates and prepare for emerging "fee for value" payment models. Furthermore, the ability to exchange clinical and administrative data electronically minimizes administrative expense, while improving patient care. Economically, MMD offers a strong business case to hospitals: the fully managed service requires no capital expenditure, hardware or software to deploy.

Post-Investment Value Creation:

Over the last two years, HEP has partnered with MMD's management team to drive profitable growth, enhance market positioning, and ensure a successful sale process. Since HEP's investment, MMD has quadrupled their number of employees, and increased their contracted backlog by a factor of 10. A pre- and post-investment snapshot of the company can be found at right.

MMD Progress-in-Brief		
	October 2009	October 2011
HIE Networks	18	33
Hospitals	~75	110
Physicians	~2,500	6,500
Transactions/Day	~500,000	~1.5 M
Unique Patients	~3.0M	~8.0 M

In particular, HEP has taken the following actions with the support of the management:

- Arranged an introduction to an HEP portfolio company, which eventually became a customer, prior to closing the investment
- Introduced management to 10 hospital and health system limited partners, all of which represented potential customers
- Orchestrated introductions to 15 technology and business development partners, such as Emdeon, The Advisory Board Company, and PricewaterhouseCoopers
- Encouraged the company's participation in KLAS, where MMD currently has one of the highest scores of any health care technology company
- Suggested davidID, a go-to-market consulting firm, to help the company optimize its market positioning and messaging
- Worked with the CEO to form the company's Advisory Board, which now includes Scott Whyte, VP Connectivity at Catholic Healthcare West and Dr. Michael Shrift, CMIO at Allina Health and Hospitals
- Introduced management to three investment banks as candidates to manage the sale process

Reflecting on the relationship with HEP, CEO Todd Fisher said, "From the outset, HEP has served as a value-added partner. Our collaboration with HEP has granted us access to key health system decision makers, provided tools to accelerate our growth trajectory, and gave us insights to effectively manage the exit process. We greatly enjoyed working together."

The sale of MMD represents a terrific outcome for the management team and employees and generates an attractive return for HEP and its limited partners.

About MobileMD:

MobileMD provides a managed service health information exchange with a fully Internet-enabled offering that is hosted in a SSAE16 audited data center. MMD enables the direct connection and exchange of administrative and clinical information between hospitals and physicians by leveraging a SaaS (software as a service) platform. No hardware or software is required at the health system, physician practice, or any other participating healthcare entities in order to enable the connectivity service. The service offering is both agnostic from an EMR (electronic medical record) and HIS (hospital information system) standpoint. www.mobilemd.com

About Health Enterprise Partners:

Health Enterprise Partners, L.P. invests primarily in privately held, profitable, middle market companies in the health care information technology and health care service sectors. Our strategy is to leverage HEP's unique and extensive hospital system and health plan network, 16 members of which are investors in the fund. We seek to invest in companies that improve the quality of the patient experience, reduce the cost of health care, and improve operating margins for their customers, typically hospital systems and / or health plans. www.hepfund.com