

## Healthcare companies rely on acquisitions, study shows

By *Molly Merrill, Associate Editor* | 02/27/08 |

Recent survey findings reveal that healthcare companies rely on acquisitions to play a contributing role in their business strategies.

The study, titled *M&A in Challenging Times*, was conducted by CFO Research Services and [CIT Group Inc.](#) in November 2007.

The study surveyed 529 senior-level finance decision makers of middle market U.S. and Canadian companies from a wide range of industries. Of these, 33 represented senior-level executives in the healthcare industry.

Key healthcare sector findings revealed by the study include:

- Of the healthcare executives surveyed, 46 percent said that their companies considered acquisitions to play a contributing role in their business strategies, and 9 percent said acquisitions play a major role;
- In their most recent acquisition, 46 percent of healthcare executives pointed to market share as being the greatest motivator. All agreed that a competitor's maneuver was not a great enough incentive to acquire a company;
- Seventy-three percent of executives said that the recent changes in market capital would not have an affect on the completion of merger and acquisition transactions while 27 percent believed that it would in fact have an impact on transactions;
- When citing the greatest challenges for middle market companies compared with larger companies, 55 percent said that difficulty raising capital and lack of transparency in a private company's price coupled with other factors (42 percent) topped the list;
- In 2008, 70 percent of healthcare executives do not foresee that they will be likely to divest a part of the business and only 18 percent project that within the next 12 months they will divest a portion of their business;
- Some 55 percent of healthcare executives said the greatest challenge healthcare executives faced in integrating a new acquisition was a uniform company culture.