
SaaS Surgical Instrument and Implant Tracking Company

RC Advisory Services has been retained to sell a company that provides a cloud-based easy-to-use SaaS solution designed to address vendor-managed inventory and logistics challenges at hospitals and surgery centers. These challenges are associated with vendor supplied surgical implants and associated instruments and equipment. The company has significant growth potential for an acquirer with an existing marketing and sales team.

Massive increases in elective surgeries are projected for the baby boomer generation. This is forcing hospitals and surgery centers to find new ways to improve efficiencies and reduce costs while maintaining a high quality of patient care. Medical device vendors that supply surgical instruments and implants have historically been non-compliant with hospital policies intended to assure safety and to deliver vendor supplied instruments and implants with enough lead time to allow for instrument and implant sterilization prior to surgery.

The company provides an affordable system that reduces hospital costs and not only monitors transactions but also forces vendor compliance. The company provides a solution to these problems with cloud-based vendor management software, along with a physical kiosk that enables hospitals bring vendors into compliance and saves the average hospital surgical center an estimated \$475K per year.

The system:

- Replaces paper-based systems with a SaaS solution that documents each activity and communication.
- Improves staff utilization and efficiency and reduces delays during surgery.
- Substantially reduces costs associated with “lost” instruments and implants.
- Exposes non-compliant vendor behavior and creates a pathway for improvement.
- Enables achievement of national accreditation standards.
- Eliminates legal liability associated with non-compliant actions of vendors working in a facility.

A major benefit is the collection of critically important and relevant data which provides a negotiating advantage to a hospital; for example, the data can be used to support negotiations of implant contracting agreements (often several hundred million dollars). With only a limited staff of five full and part time people, the company has refined their offering and have 90 installations in 70 hospitals: (there are an estimated about 6,000 potential hospital customers in the US and an estimated 10,000 surgery center customers).

Ownership desires to sell the company to an entity with a strong national sales and marketing team that can support wide deployment as well as continue to expand the offering through additional software development.

For the last three years, the company has focused on software development with minimal emphasis on Sales and Marketing. They will soon release Version 3.0 and are already envisioning 3.1 which could provide smaller hospitals and surgery centers with affordable instrument and implant logistics tracking.

Financial Summary (Best Available)

\$ x 1,000	2018	2019	2020	2021		
Installations	50	90	90	90	170	370
Revenues	\$535	\$965	\$977	\$1,030	\$2,720	\$4,800
Gross Profit	\$528	\$937	\$957	\$970	\$2,312	\$4,080
Expenses	\$210	\$619	\$278	\$155	\$500	\$1,000
Adj SDE	\$318	\$318	\$679	\$855	\$1,812	\$3,080

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