

Data as a Healthcare Disrupter



Mark Harris,
Jenner & Block

How to handle, manage, protect, and store data in the age of the Affordable Healthcare Act has driven consolidation among healthcare technology companies and has become one of the biggest disrupters in the industry, says Mark Harris of Jenner & Block

One of the biggest drivers of mergers and acquisitions in the nearly \$3T U.S. healthcare industry is the way companies are dealing with the extraordinary amounts of data containing sensitive and federally protected patient information.

“Companies have accumulated a tremendous amount of data over the last couple of years,” says Mark Harris, chairman and managing director of Jenner & Block’s private equity group. “They’re trying to figure out new and better ways to use that data, to store it, to transmit it, and to allow clinicians to develop patient-care strategies based on the data that they have.”

The boom in data has been a boom for private equity. One of the largest transactions in the healthcare industry in 2015 was IBM’s \$1B acquisition of Merge Healthcare—a leading medical imaging company, processing billions of images such as MRIs, CT scans, and X-rays. Merge would be an add-on to its Watson Health Unit, according to IBM.

The acquisition is just another example of the kind of consolidation of technology-based companies that is going on in the healthcare sector.

“There are plenty of opportunities to aggregate interesting companies and make them attractive to the private equity market,” says Harris.

One of the ways to make those companies more attractive is by facilitating different healthcare providers to be able to share patient data among specialists and facilities so that doctors and technicians are looking at the same records. Some examples could be the use of cloud storage solutions, cybersecurity best practices, and workflow solutions that streamline the supply chain, Harris says.

“There are economies of scale that companies can use to be more efficient and bring the cost of healthcare down,” he explains. “Being able to share that information is important so patients aren’t being X-rayed multiple times for the same injury, or conflicting drugs are not prescribed, for instance.”

Harris says one of the challenges of doing due diligence is drilling down into who owns the rights to certain data and how that data can be used going forward. “It’s important that the lawyers get in there right away and understand those rights,” he says. “Those transactions are all negotiated separately, and they’re not necessarily uniform.” ■

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