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Simplee could lure buyers as patient engagement space heats up, industry sources say
by Deborah Balshem in Fort Lauderdale
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Simplee, a Palo Alto, California-based financial patient engagement platform, is seen as an attractive target in a fast-growing market, according to two sector advisors and two sector investors.

The venture capital and strategic-backed company is likely to be targeted by acquirers because its solutions are designed to “get patients to pay more of their bills and pay quicker,” said Annie Lamont, co-founder of **Oak HC/FT**, an healthcare information technology (HCIT) and financial technology venture capital fund.

With the growing number of high-deductible plans, that value proposition is highly enticing for hospitals and health systems, all four sources agreed. It is projected that one-third of hospital payments will come directly from patients by 2020, with anywhere from 20% to 50% of out-of-pocket payments written off as bad debt, as previously reported by this news service.

Simplee, which generates approximately USD 10m in mostly recurring net revenue, has no plans to exit at this time, CEO Tomer Shoval said, without elaborating. The seven-year-old company expects profitability within 12 months, he added. Simplee’s financial engagement platform provides patients a way to decrease the complexity of deciphering and paying medical bills, providing customers with higher patient satisfaction, lower costs and better payment success, Shoval explained.

Patient engagement is considered by many to be the holy grail of HCIT, with the overarching theme of driving down healthcare costs and helping patients become more proactive managers of their health care, said Dexter Braff, president of healthcare M&A advisory firm **The Braff Group**.

Firms that demonstrate promising applications and are generating even modest revenue can command valuations of 4x to 6x revenue and higher, even when they are still in the red, added Braff and another sector advisor.

Nancy Brown, a partner at Oak HC/FT, said Simplee is likely to be a part of an industry roll-up by a financial or strategic player, rather than a stand-alone acquisition. It could be combined with other revenue cycle firms or complementary players, all four sources said.

Other types of patient engagement platforms can make benefit selection easier and more transparent, or they can provide financial incentives in the form of reduced deductibles for reaching certain health and fitness milestones, and the like, Braff noted.

If Simplee were to take part in a roll-up, Brown noted Boston, Massachusetts-based **Docent** and New York City-based **Phreesia** as examples of complementary players. Docent’s technology allows hospital staff to communicate with patients via apps, text, phone and chat, while Phreesia focuses on patient check-in.

Founded in 2015, Docent has raised USD 17m in outside capital from investors including **Bessemer Venture Partners**, **New Enterprise Associates** and **Maverick Ventures**. New York City-based Phreesia has raised more than USD 75m in outside capital, from backers including **LLR Partners**, since its inception in 2005.

Simplee has raised more than USD 40m in outside capital, including a USD 20m Series C in early 2016. Owners include **Social Capital**, **Heritage Group**, and **Mayo Clinic** and **American**

Express [NYSE:AXP]. The company does not anticipate raising additional capital, CEO Shoval noted.

According to Shoval, Simplee has more than 35 mainly large hospital system clients that comprise approximately 1,300 providers.

Company competitors include accounts receivables companies such as **Apex Revenue Technology** and **RevSpring**; regional business processing outsourcers; large healthcare IT firms such as **Change Healthcare** and **Relay Health**; and backend cost estimators including **Experian** and **ClearBalance**.

Founded by Shoval, COO Roberto Rabinovich and CTO Tom Tsarfati, Simplee has more than 100 employees, and a development center in Tel Aviv.

Its corporate advisors include law firm **Fenwick West** and accounting firm **EY**.