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Carlyle growth strikes a deal with Visionary worth Rs 420 crore

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Global private equity fund Carlyle Growth is all set to buy Visionary Revenue Cycle Management (VRCM), a provider of healthcare solutions, for $65 million (Rs 420 crore) from the company's promoters and venture capital investors. Chennai-based VRCM had raised Rs 15 crore from venture capital firm Indo-US Venture Partners in 2010.

The unlisted company's revenue was about $25 million and operating profit was $14 million. The US private equity fund will pay 4.5 times the company's operating profit. Carlyle may look at merging VRCM with another business process outsourcing company that it owns, Allsec Technologies, to build scale and later exit.

Founded in 2006 by Rajesh Surana, VRCM specialises in healthcare revenue cycle management and medical coding services. The company has three offshore delivery locations and wholly owned subsidiaries in Florida and California.

The US contributes more than 80% of the global healthcare RCM market. According to a 2016 report by Everest Global, the $7.5-8.5 billion RCM outsourcing services markets represents a significant opportunity with 11-14% anticipated CAGR growth.

Market for the traditionally outsourced RCM functions, such as post-service including medical billing and denial management is now maturing. However, opportunities in pre-service such as eligibility verification and appointment scheduling, and service functions with respect to coding and charge capture are gaining traction.