

Telstra's \$95m SA power play

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Telco giant Telstra is paying \$95m for a majority stake in Adelaide-based PowerHealth, a global healthcare software solutions business founded by Patrick Power.

Telstra's e-health subsidiary, Telstra Health, has signed a deal with Mr Power to buy 70 per cent of the business, valuing the company at \$135m.

PowerHealth's software supports public and private hospitals and healthcare providers in more than 20 countries, including much of Europe, South Korea, Japan, Canada, Australia, New Zealand and the US.

The deal is expected to be completed by the end of the year – subject to regulatory approval.

It comes after months of negotiations since Mr Power first initiated an auction process with select suitors last year.

PowerHealth is estimated to have annual earnings of between \$5m and \$10m.

The acquisition boosts Telstra's e-health exposure to new international markets amid growing global demand for automated and flexible services in the midst of Covid-19.

Over more than seven years, Telstra Health has grown through a series of acquisitions to become one of Australia's largest ehealth companies, partnering with major health and aged-care providers across Australia and the UK.

Telstra Health managing director Professor Mary Foley said partnering

PowerHealth managing director Patrick Power is celebrating the sale of his business to telco giant Telstra. Picture: Dylan Coker

with PowerHealth would enable Telstra Health to provide a more connected and improved digital health experience for its customers.

"Telstra Health has grown substantially over the past several years, and this announcement marks a significant uplift in our capability by combining the solutions and platforms within Telstra Health and PowerHealth, to provide a more sophisticated and comprehensive offering of digital health solutions to an international market," Prof Foley said.

Mr Power will become the head of international growth for Telstra Health as part of the deal, which will also result in the creation of a new Telstra development centre in Adelaide, details of which have not been finalised yet.

"Telstra Health's wealth of expertise and experience in digital health and unique footprint brings us one step closer to achieving our mission of helping our healthcare clients to deliver the highest-quality care at the lowest operational costs," Mr Power said.

"The strategic partnership and investment by Telstra Health will allow the PowerHealth and Telstra Health teams to collaborate to encourage an even greater level of innovation and capability in finding solutions to the complex challenges across the health and care ecosystem."

PowerHealth's largest customers include the Canadian province of Quebec, the Hong Kong Government's Hospital Authority, Saudi Arabia's Ministry of Health, a majority of Australian hospitals, local health districts or health and hospital services and the New Zealand Government. Canadian-born Mr Power started PowerHealth as a "one-man band" in 1995, specialising in activity-based costing, hospital billing, healthcare budgeting, way-finding and incident management solutions for private and public hospital service providers.

PowerHealth employs more than 100 staff worldwide, including more than 70 in South Australia.

Prior to the Covid-19 pandemic, Mr Power was averaging close to "an around-the-world trip every month" in travel.

PowerHealth, which won a Telstra business award in 2018, has a particularly strong presence in his native Quebec, where the company is currently working on a pandemic-related data project to provide the government with a daily picture of the health situation.