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Telstra buys majority share in Adelaide's PowerHealth for \$95m



PowerHealth managing director Patrick Power. Picture: Dylan Coker

- **VALERINA CHANGARATHIL**

EXCLUSIVE

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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.

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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, flexible services in the midst of the Covid-19 pandemic.

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

Telstra Health managing director Professor Mary Foley said partnering 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."

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



Patrick Power, founder of PowerHealth Solutions (centre) will become Telstra Health's head of international growth. Picture by Matt Turner.

“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 province of Quebec, the Hong Kong Government’s Hospital Authority, [the Kingdom of Saudi Arabia](#) Ministry of Health, 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, PowerHealth has assisted private and public hospital service providers in Australia and overseas to build on patient-related improvements while bringing down costs.

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

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, Canada.

In Quebec, PowerHealth is currently working on a pandemic-related data project to allow the government to have a daily picture of the situation and capacity of health infrastructure to cope with demand.

The project will also make it possible to quantify the impact of the pandemic on the level of activity and better plan its recovery.

PowerHealth's 26-year history is marked by many milestones, including winning [the first \\$44m contract in Quebec in 2017](#), following a serendipitous alert from Mr Power's mother.

Weeks after Renee Mailhot alerted her son to new software contract being awarded to a local provider in Quebec, PowerHealth was able to request an opportunity to bid on it.

PowerHealth subsequently won the contract, saving the Quebec government C\$20m after a 15-month procurement process and set up a Canadian arm, PowerSante.

In 2014, Mr Power was awarded an \$20,000 Industry Leaders Fund grant for a three-year study program at the Harvard Business School.

Telstra is understood to have led negotiations with support from law firm King & Wood Mallesons and PwC while Adelaide-based firm Equity & Advisory's joint managing director Don Manifold and director Keshav Loomba are assisting Mr Power.

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