



Success Story: Priory Group Healthy Returns

“IntraLinks has taken the pain out of running datarooms. It enabled us to focus on the outcome rather than the process.”

– Paul Greensmith
Chief Operating Officer
Priory Group

Best known for its celebrity clientele, the Priory Group made business headlines when ABN AMRO outbid 30 groups to buy the health care provider. IntraLinks removed the pain from a complex due diligence process that included dozens of bidders reviewing thousands of confidential documents.

The Priory Group typically makes headlines for its celebrity clientele. But in July 2005, the organisation made headlines for completely different reasons. ABN AMRO acquired the health care provider for £875 million (€1.29 billion) from private equity firm Doughty Hanson & Co. The price tag exceeded most observers’ expectations. ABN AMRO paid 23 times Priory Group’s previous years earnings.

Checking Out

In three years earlier, Doughty Hanson acquired an 86% stake in the Priory Group when it backed a management buyout. The Group then grew to become Europe’s leading independent provider of acute and secure mental health, neuro-rehabilitation and specialist educational and care services. The Priory Group operates more than 1,800 beds in 42 facilities, including its namesake Priory Hospital in Roehampton. Despite its favoured position with the rich and famous, the majority of Priory Group services are publicly funded. The Group also provides the Ministry of Defence with all of its in-patient mental healthcare services.

At this point, Priory Group’s stable cash flows, increasing revenue, growing prospects and an almost unique position in an expanding market made it a very attractive buyout proposition. Doughty Hanson decided to sell.

Doughty Hanson management briefly considered pursuing an IPO. However, their advisors at NM Rothschild convinced them a private sale would garner significant interest. In fact, 30 different bidders expressed interest in the first round of the sale. A select list of bidders competed in the final round before ABN AMRO came out on top.

A virtual prescription

Priory Group knew that providing detailed information about its extensive properties and operations to so many bidders would be challenging. Organising, photocopying and creating binders of the enormous volume of confidential and legal information loomed as an administrative burden. Scheduling discrete visits to a physical dataroom for 30 potential buyers threatened to add weeks to the process.

“Ours is a very operational business, very property oriented, and this means that there are staggering amounts of information that have to be disclosed,” explained Paul Greensmith, Chief Operating Officer, Priory Group. “We needed a robust system that could cope with all of the documentation while giving access to as many parties as possible.”

Given the complexity of the due diligence process, the management team decided that an IntraLinks virtual dataroom would best facilitate this critical element of the sale. It was the team’s first experience with a virtual dataroom.



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For Priory Group, the cost of the virtual dataroom would be important. However, being able to easily manage the thousands of documents and provide an easy-to-use experience for bidders was paramount.

"I wanted to be absolutely sure that we would have industrial-level robustness," said Greensmith. "There was a lot of documentation going into the dataroom and a large number of bidders. So it was really important that we could guarantee quality of service."

Effective Treatment

The virtual dataroom also needed to accommodate hundreds of individual users. For each of the 30 bidders involved in the first round of the sale, an army of internal and external lawyers, financial advisors, real estate experts, health care specialists and executives needed access to specific documents.

To expedite the process, Priory Group relied on several time-saving features of the dataroom. New documents were added directly from dataroom administrators' desktops. IntraLinks' group permissioning tool enabled Priory Group to grant access to new documents or terminate access to bidders as they dropped out of the process with just a few mouse clicks. For added security, documents could be locked to prevent printing or downloading. Additionally, IntraLinks provided quick response to password resets or other customer service calls.

"I think it is fair to say that we saved weeks on the overall process," explained Warren Taylor at Nabarro Nathanson, who advised Doughty Hanson on property and due diligence. "The system was able to cope with large volumes and different types of data being uploaded at the beginning of the process."

Taylor added, "It was helpful to have project managers who have experience with the deal preparation process so that we could work together to find the most effective way to structure the index."

As the process moved into a second round, a number of bidders remained. The team knew that it must focus on the most serious contenders to maximise the deal value. Knowing whether a junior lawyer or a principal accessed information, and what documents they reviewed, helped the Priory Group gauge interest levels.

"One of the features that really persuaded me was that we had the ability to view who was looking at what and how," said Greensmith. "It gave us an insight into how serious certain bidders were."

A Healthy Outcome

In the end, ABN AMRO outbid its competitors and acquired the Priory Group. The £875 million purchase price represented a four-fold return on Doughty Hanson's initial investment just three years prior. The high deal value also validated the investment in IntraLinks. Along with facilitating the due diligence, the virtual dataroom enabled the maximum number of bidders to enter the process, thus heightening interest.

"IntraLinks has taken the pain out of running datarooms," said Greensmith. "It enabled us to focus on the commercial outcome rather than the process. The procedure for getting the deal done was painless compared to what I am used to and a big part of that was facilitated by the IntraLinks virtual dataroom."

Even after the deal closed, IntraLinks continues to add value. The Priory Group opted for a complete record of the dataroom on DVD. Along with providing an historical record, the DVD serves as a useful reference set of the documents collected in the due diligence process.

About Priory Group

The Priory Group is Europe's leading independent provider of specialist mental health, neuro-rehabilitation and special education services, working in partnership with both the public and private sectors. Established in 1980, Priory is jointly owned by institutions and senior management. Annual revenues exceed £120m from a comprehensive national presence with over 42 locations, more than 2,000 beds and a staff complement approaching 4,500. Priory Group's aim is to provide the best quality care and services for all and to ensure that these are delivered to the highest standard by professional and committed staff. The Group's values are based on Service, Innovation and Integrity and its purpose is to bring 'Hope, Healing and Sanctuary' to all and to assist each individual to take control of his or her own life within a safe and secure environment.

www.intralinks.com

1 866 INTRALINKS

New York + 1 212 543 7700

London + 44 (0) 20 7060 0660

Asia-Pacific + 852 3101 7022