

Breaking news from CAP TODAY

Francisco Partners, a technology-focused private equity firm, announced Sept. 30 its intent to acquire Orchard Software.

Editor's note: CAP TODAY publisher Bob McGonnagle on Oct. 2 spoke with Orchard founder and CEO Rob Bush and with Billie Whitehurst, who will succeed Bush as CEO. Whitehurst most recently was senior VP at Netsmart. Here is what they, and Curt Johnson and Kerry Foster of Orchard, had to say about the acquisition.



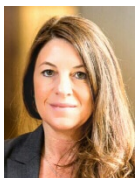
Bush

Let's hear from Rob Bush about this important news announcement.

Rob Bush: Let me address the timing for us in pursuing this relationship. While our existing products are really strong, we have new products that are hitting the market, and there's a lot of potential. I think we needed the strength of an equity partner to help us really take advantage of the opportunities we see. And so the timing is right for this to take place.

Are the terms private and confidential?

Rob Bush: They are, as requested.



Whitehurst

That's understood. So let's hear from Billie Whitehurst now. Billie, you have a long background in health care IT. I don't think you've been in the lab end of things before. Tell me how you came to be succeeding Rob Bush as the CEO of Orchard now in the new structure.

Billie Whitehurst: You're right, I have a long background and history in health care IT, more than 20 years where I've had the opportunity to work in clinical areas that seek to automate the care process—help support clinicians and other people delivering care and making clinical decisions. I'm a nurse, and that's how I began my career. I've worked in private and public companies and had the opportunity to both grow things from the ground up and to work with companies that have a strong, stable foundation and a great culture like what Rob has built at Orchard. So I'll be building on that foundation. And as Rob mentioned, there's a real opportunity from a market perspective as well as with the existing client base to continue to grow.

That sounds good. And now, Curt, let me ask a question that I'm sure is much on everyone's minds. What would you say today in the wake of this news to your current customers and your more immediate prospects that you're discussing Orchard software solutions with?

Curt Johnson: I would say it's an exciting time and it's a great opportunity for our current clients, for us to continue the partnership we've grown over the years. And it gives us the capability to expand and meet their needs even quicker than we could have done on our own. This will allow us to get the new products out the door quicker. It's

going to allow us to continue to strengthen Harvest, our current laboratory information system, and build upon its robustness. The new partnership will also allow us to get Trellis and Sequoia into the hands of laboratorians faster than we might have been able to without their help.

As far as prospects and potential new clients, I think it's just as exciting for them. There's always a question that comes up when a company is 26 years old and the founder and partner are still at the helm. Where's it going to go? Questions can always get raised. What's our long-term strategy? Those are now answered. We found a partner that can take us into the future and allows for the growth to continue and it eliminates any worries or questions about where we are headed. So I think that's a positive for them also.

As I listen here, Francisco Partners is bringing equity and capital to the table as part of this transaction, which will then be invested in all the things that you need to have investment in, right?

Curt Johnson: That's true. The other thing they bring, and I think this is important, is outside knowledge and perspective on health care IT beyond just what Orchard knows on its own. So as we look to expand, there's a real opportunity with point-of-care management and Trellis. Not only in today's market through the laboratory that we're used to, but also as health care evolves and our payment models change to more of a risk-based model, there are a lot of opportunities for Trellis to really make a difference in our health care environment, for health care and more importantly for our patients. And having a partner that has knowledge beyond what we have ourselves just within the laboratory, to be able to assist us with population health management, understanding risk-based contracts, understanding where these efforts can go to benefit patients and caregivers is a terrific opportunity for us that we gain with this partnership.

Billie Whitehurst: I'd add one more thing, and that is to point out that Francisco Partners has a specific expertise in health care IT. If you look at the companies they've invested in, they've got a real penchant for health care IT, which also brings a set of experiences that we know we can benefit from, things such as migration to staff solutions. There's real expertise.

Rob Bush: To piggyback on that point, this isn't a moment of instability for Orchard. It's a moment of stability. I am the only person who is retiring as a part of this transaction. The rest of the management team is here, and my retirement was part of the deal. That was my request, as you might imagine.

Bringing Billie in makes a lot of sense because she brings talent that we appreciate. This moment of stability gets Orchard ready for the next step.

That's very good. Kerry Foster, is there something you'd like to say in this context here?

Kerry Foster: I see it as very much a win for Rob and a win for Orchard and all the employees and our customers and our prospects that will be joining us over the next few years.□