

# Podiatry Market Overview

Q3 2023

# The Podiatry Services Market Is Poised for Consolidation

Increasing prevalence of chronic diseases and a fragmented market landscape position the broader podiatry market well for near-term consolidation and growth.

## Broad Physician Practice Management Themes

## Key Podiatry Services Sector Dynamics



### Aging Population

- U.S. adults over the age of 65, estimated to grow to ~\$95 million by 2060<sup>1</sup>, are disproportionately impacted by chronic conditions, such as diabetes and heart disease, with ~95% impacted by at least one chronic condition and ~80% afflicted with two or more<sup>2</sup>



### Untapped Market Demand

- ~80% of Americans experience foot pain; however, only one-third of this population has sought care from a podiatrist<sup>3</sup>
- Experts recommend that healthy individuals visit the podiatrist once per year, while diabetics at a higher risk for complications should see a podiatrist 4-6 times per year<sup>4</sup>



### Increase of Chronic Diseases

- Chronic lower-extremity-related problems are increasing across the growing diabetic and geriatric populations, which make up more than 11%<sup>5</sup> and ~17%<sup>1</sup> of the total population, respectively



### Proven Outcomes Benefiting the Health Care System

- For the 29 million Americans living with diabetes, each \$1 of commercial insurance invested in care from a podiatrist generates a savings of \$27 - \$51 to the healthcare delivery system<sup>3</sup>



### Fragmented Landscape

- 80% of podiatrists practice in groups with three or fewer podiatrists, and only three platforms exist today with over 100 practices<sup>6</sup>
- Structural dynamics support continued consolidation of the more than 4,500 practices nationwide<sup>6</sup>

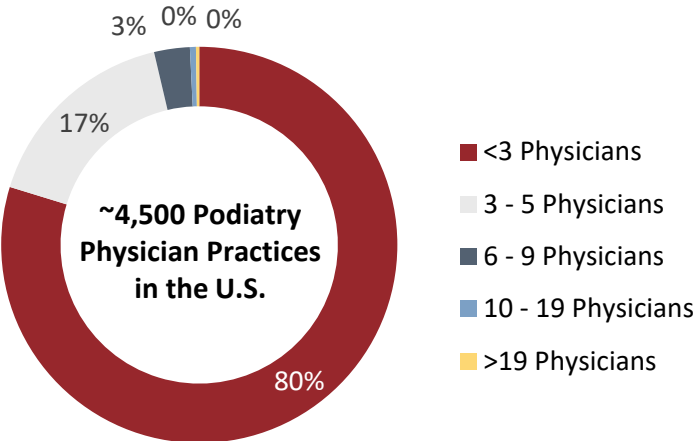
# Podiatry Services Market Snapshot

## OVERVIEW AND KEY TAKEAWAYS

- Podiatry is in the early stages of consolidation, with less than 10 PE-backed platforms across the country
- A supply / demand imbalance, driven by increases in chronic diseases and a decline in podiatrists, will favor platforms of scale that can leverage size to gain market share
- Only one-third of people impacted by foot issues are treated by a podiatrist, creating a large, untapped market
- Payor focus on preventative care puts podiatrists in a position to become care coordinators in a value-based care plan

## U.S. PODIATRY PHYSICIAN PRACTICES<sup>1</sup>

Practices with Main Specialty of Podiatry



## PODIATRIST DYNAMICS

### Recruitment

Recruitment remains a high-priority area in the current labor market, and the lower amount of total Doctors of Podiatric Medicine (“DPM”) graduates will impact smaller practices that don’t have dedicated recruiting functions<sup>2</sup>

### Retention

Without a growing supply of new podiatrists, podiatry could be at risk to fill slots of retiring podiatrists and fail to meet long-term demand for podiatric services<sup>3</sup>

### Compensation

Compensation is on the lower end of specialty physician services but will likely increase

## KEY STATISTICS

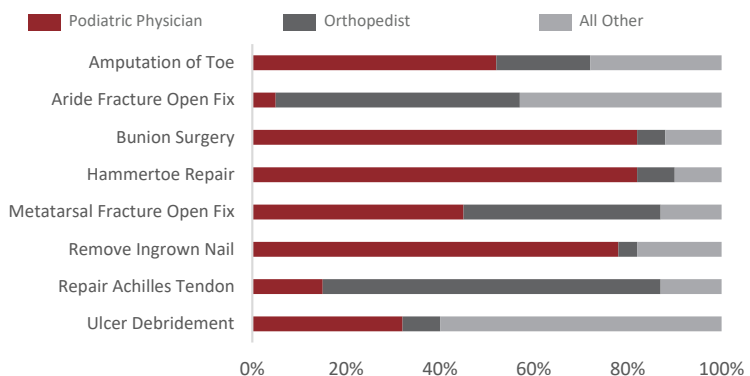
~\$7.0Bn  
Market Size<sup>4</sup>

~2.0%  
2023P – 2028P  
Revenue CAGR<sup>4</sup>

100,000  
Avg. # of Miles  
Walked in a Lifetime<sup>5</sup>

## MOST COMMON FOOT & ANKLE ISSUES<sup>2</sup>

Foot & Ankle Problems Treated by Physician Type



11,000+  
Active Practicing  
Podiatrists<sup>6</sup>

\$146k  
Avg. Podiatrist  
Compensation<sup>6</sup>

# A Primer on Podiatry Services

Podiatry is the medical field specializing in care for the foot, ankle, and related lower extremities, both in a medical and surgical management, treating anything from discomfort, pain, discoloration, odor, or structural deformities.

- Conditions can be both acute and chronic, and treatment decisions require assessment of neurovascular, dermatological, and musculoskeletal components
- Most presentations are non-urgent, but urgent and emergent situations can arise from injuries and infections

## PODIATRIST TRAINING REQUIREMENTS

- Four years of podiatry school at one of nine U.S. podiatric schools to earn a DPM
- Three years of medical and surgical residency training
  - First year includes podiatry, anesthesiology, orthopedics, and emergency medicine
  - Second and third years focus on podiatry across care settings

## COMMON CONDITIONS MANAGED

- |                            |                  |
|----------------------------|------------------|
| ✓ Diabetes                 | ✓ Crossover Toes |
| ✓ Plantar Fasciitis        | ✓ Ankle Sprains  |
| ✓ Achilles Tendonitis      | ✓ Ulcers         |
| ✓ Nerve or Vascular Damage | ✓ Athlete's Foot |
| ✓ Ingrown Toenails         | ✓ Fractures      |
|                            | ✓ Bunions        |

With co-morbidities plaguing patients and putting the podiatrist at the epicenter of care

## COMMON CO-MORBIDITIES

- |                          |                           |
|--------------------------|---------------------------|
| ✓ Diabetes               | ✓ Ulcer / Stomach Disease |
| ✓ Back Pain              | ✓ Heart Disease           |
| ✓ Degenerative Arthritis | ✓ Depression              |
| ✓ High Blood Pressure    |                           |

## PRACTICING PODIATRY FOCUS AREAS



### General Practice

Provide general podiatric care



### Limb Salvage/Preservation

Prevent lower-extremity amputations in primary diabetic patients or those with vascular complications



### Public Health

Focused on preventative care for the population at large



### Sports Medicine

Work with athletes and provide treatment for their respective injuries



### Reconstructive Foot and Ankle

Complex reconstruction that requires a surgical skillset for sufficient treatment



### Wound Care

Treat complex wound complications and manage infections

# Podiatry Industry Trends: *Growing Prevalence of Certain Chronic Illnesses*

Podiatrists provide low-cost care options for diseases that impact the lower extremity, with a growing number originating from chronic diseases such as diabetes and arthritis.

- Complications for diabetics often begin in the feet or lower extremities, and catching these early means avoiding further, more complex complications in the future
- Podiatric care will become even more critical as prevalence is expected to grow across diabetes, arthritis, and cardiovascular disease

## AN INCREASING NUMBER OF IMPACTED INDIVIDUALS CAN BENEFIT FROM A SPECIALIST...

(# in millions)

### U.S. DIABETES PREVALENCE<sup>1</sup>

*Diagnosed diabetes prevalence in the U.S. population is estimated to grow to ~18% by 2060<sup>1</sup>*

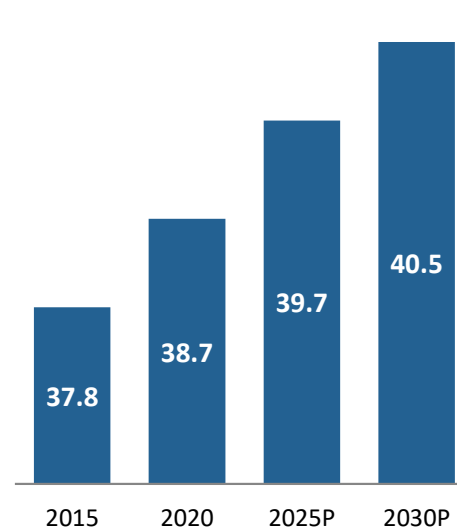
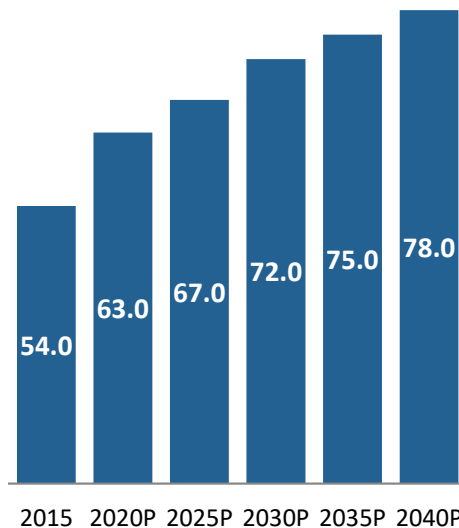
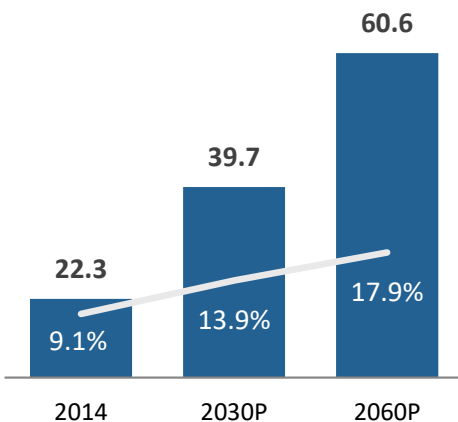
### U.S. ARTHRITIS PREVALENCE<sup>2</sup>

*By 2040 ~26% of U.S. adults are estimated to suffer from arthritis<sup>2</sup>*

### U.S. CARDIOVASCULAR DISEASE PREVALENCE<sup>3</sup>

*1 of every 20 adults over the age of 20 suffers from coronary artery disease in the U.S.<sup>3</sup>*

■ Diagnosed Diabetes  
— % of U.S. Population



## ...WITH PROVEN RESULTS<sup>3</sup>

**\$3.5Bn**

Est. Annual Savings from Podiatrist Visits for Healthcare Systems

**~85%**

Less Risk of Lower Limb Amputation for Diabetic Patients with Regular Podiatric Care

**~24%**

Less Risk of Hospitalization for Diabetic Patients with Regular Podiatric Care

1. Population Health Metrics, "Projection of the future diabetes burden in the United States through 2060"  
2. Center for Disease Control  
3. American Heart Association

# Podiatry Services Landscape: Platform Dynamics

There are few platforms of scale within the podiatry industry, with ample space for future consolidation from institutional capital.

- Platforms with 50+ clinics offer centralized administrative support services at minimum and often have additional ancillary services, which help to enhance profitability for physicians and the platform
- The two largest platforms offer care beyond general foot & ankle, ranging from mobile podiatry services to surgical treatments

	Large Platforms (>100 Clinics)	Medium Platforms (50 – 100 Clinics)	Growing Platforms (<50 Clinics)
	<ul style="list-style-type: none"> <li>▪ Three established platforms of this scale</li> <li>▪ Integration is key to successfully continuing to build density across regions</li> <li>▪ Larger players beginning to layer on value-based care offerings</li> </ul>	<ul style="list-style-type: none"> <li>▪ As smaller platforms consolidate and scale, some private-equity-backed platforms will achieve scale of 50 – 100 clinics</li> <li>▪ Medium platforms will have revenue diversification, including robust ancillary service offerings, and will treat conditions beyond general foot &amp; ankle</li> </ul>	<ul style="list-style-type: none"> <li>▪ Most platforms in this space fall within this category</li> <li>▪ Institutional capital beginning to make inroads to create platforms of scale</li> <li>▪ Additional investment in infrastructure and management is required to successfully scale a platform</li> </ul>
Sponsor-Backed	<div> <div> BALANCE HEALTH WEIL FOOT &amp; ANKLE INSTITUTE </div> <div> AureusCapital STONEHENGE PARTNERS </div> </div> <div> <div>upperline HEALTH</div> <div>SILVERSMITH</div> </div> <div> <div>USFAS FOOT &amp; ANKLE TECHNOLOGIES</div> <div>NMS   CAPITAL</div> </div>	<div> <div>PACESETTER HEALTH</div> <div>COMPASS GROUP EQUITY PARTNERS</div> <div>VSS</div> </div>	<div> <div>Curalta FOOT + ANKLE</div> <div>NH NORTH HAVEN CAPITAL</div> </div> <div> <div>BEYOND PODIATRY</div> <div>ALBARON PARTNERS</div> </div>
Independent	None	None	<div> <div>foot health CENTERS, PA.</div> <div>FOOT HEALERS Podiatrist Clinic • Footcare Products</div> </div> <div> <div>Martin Foot and Ankle</div> <div>Podiatry Inc.</div> </div> <div> <div>StrideCare</div> </div>

# Podiatry Platform Profiles

Contact  Harris Williams for Complete Detail

Source: Company data from publicly available sources as of June 2023



## Podiatry Platform Profiles (Cont.)

Contact  Harris Williams for Complete Detail

Source: Company data from publicly available sources as of June 2023



# Growth Opportunities in Podiatry

Investors have several value creation levers to pull to drive platform growth in podiatry platforms.



## Ancillary Revenue Opportunities

Podiatrists and their practices have the potential to leverage additional capacity and their access to pathology and orthotic labs, physical therapy services, MRIs, in-office pharmacy services, and pedorthic facility services



## Mobile Podiatry Services

Mobile services offered to nursing homes, assisted living communities, independent living communities, and other similar facilities provide opportunity to manage the relationship at the provider level, meet the patient where they are, and develop consistent access to new patients



## Value-Based Care Capabilities

Many foot and ankle afflictions stem from chronic illnesses that are often treated using a value-based care approach with preventative care that focuses on long-term patient health



## Clinical Trials / Research Departments

Clinical trials and research departments drive visibility of the platform in the market and offer the latest findings to prevent, diagnose, or treat foot- and ankle-related issues



## Multi-Specialty Solution with Regional Density

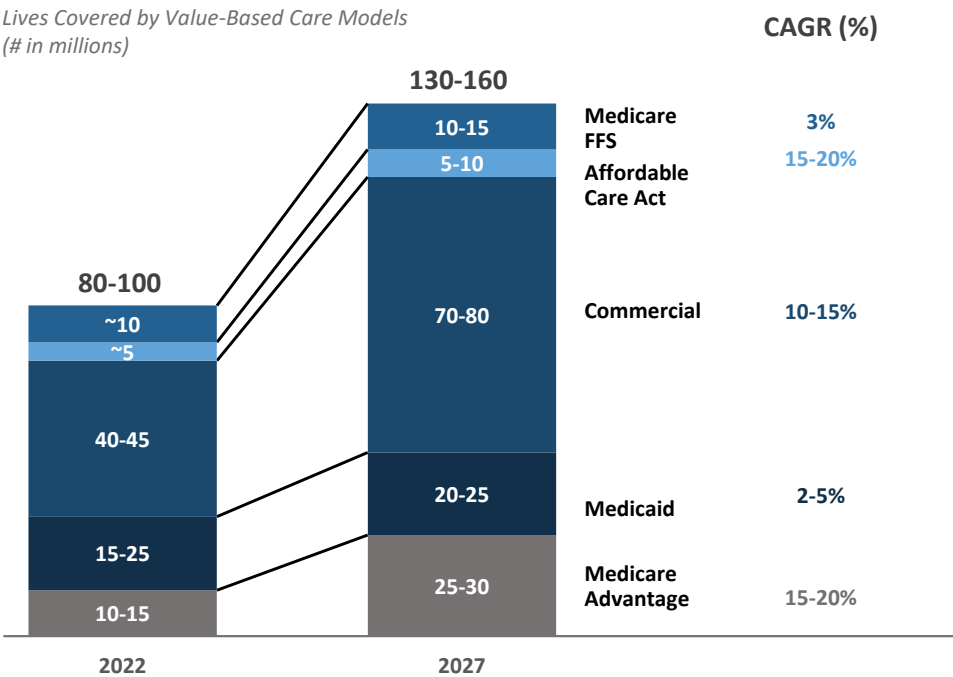
Opportunity to provide preventative care, vascular and vein care, surgical treatments, and wound care along with other non-lower-extremity services, such as dental, etc., in addition to traditional foot and ankle care

# Growth Opportunities in Podiatry: *Stepping into Value-Based Care (“VBC”)*

Given the co-morbidities of patients, podiatrists are well-positioned to play a valuable role in VBC delivery models.

- In the rapidly changing healthcare landscape, payers are asking podiatrists to shift from volume-based, fee-for-service care to a value-based reimbursement structure with a population health approach
  - The evolution toward value-based reimbursement benefits the patient, the healthcare provider, and the payors
  - Value-based reimbursement encourages healthcare providers to deliver the best care at the lowest cost, and in turn, patients receive a higher quality of care at a better value
- The total number of lives treated using VBC is expected to grow to 130 – 160M over next five years, representing a 10% CAGR, as more payors seek to link reimbursement to performance and quality<sup>1</sup>
  - Podiatry patients are generally impacted by multiple chronic conditions, and close interaction with these patients by the podiatrist would offer a natural solution for care coordinators across all treatment types

## CONTINUED GROWTH OF VALUE-BASED CARE MODELS<sup>1</sup>



## PREVENTATIVE VISITS DRIVE SIGNIFICANT SAVINGS<sup>2</sup>

Savings If There Is at Least One Visit to a Podiatrist in the Year Preceding a Diabetic Ulceration

Estimated **\$10.5 billion** in savings over three years if every at-risk patient with diabetes sees a podiatrist

	Commercial Insurance Patients	Medicare-Eligible Patients
No. of People at Risk for Diabetic Foot Ulcer	~300,000	~1,000,000
Healthcare System Savings over Three Years	~\$20,000	~\$4,500
Healthcare System Savings per \$1 Invested	\$27 – \$51	\$9 – \$13

# Growth Opportunities in Podiatry: *Offering Multi-Specialty Solution with Regional Density*

Building a regionally dense podiatry platform creates the ability to combine with other complementary specialties to provide higher quality healthcare solutions.

- Regional density positions platforms to utilize a proven playbook to use M&A to expand service offering
- Ability to become one-stop solution for podiatry patients, who often suffer from co-morbidities with chronic implications, such as diabetes
- Large opportunity to offer other specialties services and create a physician services solution that will meet overlapping patient demand and give the podiatrist further right to win as the care coordinator for VBC contracts

## COMPLEMENTARY MULTI-SPECIALTY SERVICES

- |                     |                          |
|---------------------|--------------------------|
| ✓ Audiology         | ✓ Primary Care           |
| ✓ Behavioral Health | ✓ Surgical Treatment     |
| ✓ Dental            | ✓ Vascular and Vein Care |
| ✓ Orthopedics       | ✓ Vision                 |
| ✓ Pain Management   | ✓ Wound Care             |

## CASE STUDIES: MULTI-SPECIALTY PLATFORMS

### HealthDrive bringing integrated healthcare to you

#### HEALTHDRIVE SERVICES

- Leading multi-specialty clinical services organization to patients in long-term care facilities, delivering coordinated care and bending the cost curve for complex, high-risk, institutionalized seniors
- 700,000 senior living patient encounters annually across 2,500 facilities
- Demonstrated ability to manage and deliver high-quality preventative care for an underserved, high-acuity patient base is driving traction with share savings arrangements

 Audiology

 Dental

 Mental Health

 Optometry


 Podiatry

 Primary Care





#### PPG SERVICES


- Provides short- and long-term care to community living facilities such as senior living, chronic care, sub-acute hospitals, and post-acute rehab centers across the country
- Also provides services for administrative tasks associated with their services, including scheduling, quality reporting, and insurance coordination

 Audiology

 Dental

 Optometry

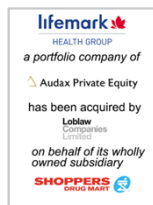
 Podiatry

 Wound Care

# HW Harris Williams / GLOBAL M&A ADVISOR

## Collaborative Efforts to Advise Consumer Healthcare Companies

Our Consumer Group and Healthcare & Life Sciences (HCLS) Group collaborate to advise leading consumer healthcare companies worldwide.



Physical Therapy



Dermatology



Veterinary



Fertility



Dental



Vision

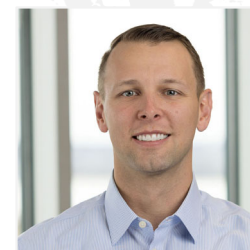


Behavioral

Learn more about our experience advising premier podiatry companies.



**Geoff Smith**  
Managing Director & Co-Head, HCLS  
gsmith@harriswilliams.com  
(804) 915-0195



**Nate Robertson**  
Director, HCLS  
nrobertson@harriswilliams.com  
(804) 887-6135

## Contacts

**Corey Benjamin**  
Managing Director, Consumer  
cbenjamin@harriswilliams.com  
(804) 887-6042

**Andy Dixon**  
Managing Director, HCLS  
adixon@harriswilliams.com  
(415) 217-3419

**Whit Knier**  
Managing Director, HCLS  
wknier@harriswilliams.com  
(804) 887-6021

**Dan Linsalata**  
Managing Director, HCLS  
dlinsalata@harriswilliams.com  
(617) 654-2122

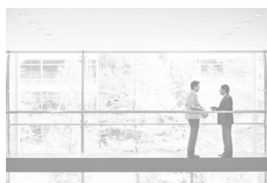
# HW Harris Williams / GLOBAL M&A ADVISOR

Harris Williams is a global investment bank specializing in M&A advisory services. Clients worldwide rely on us to help unlock value in their business and turn ambitious goals into reality. We approach every engagement with boundless collaboration, pooling expertise and relationships across industries and geographies to uncover the unique story of each company.

Our Healthcare & Life Sciences Group and Consumer Group collaborate to advise leading consumer healthcare companies worldwide.



Aerospace, Defense  
& Government Services



Business  
Services



Consumer



Energy, Power  
& Infrastructure



Healthcare &  
Life Sciences



Industrials



Technology



Transportation  
& Logistics

70% Revenue from  
repeat clients

83% Managing directors  
promoted from  
within the firm

30+ Year  
history





---

# Disclosures

Investment banking services are provided by Harris Williams LLC (“Harris Williams”). Harris Williams is a registered broker-dealer and member of FINRA and SIPC. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 8th Floor, 20 Farringdon Street, London EC4A 4AB, UK, registered with the Registrar of Companies for England and Wales, registration number 07078852. Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is Bockenheimer Landstrasse 33-35, 60325 Frankfurt am Main, Germany (email address: [hwgermany@harriswilliams.com](mailto:hwgermany@harriswilliams.com)). Geschäftsführers/Directors: Jeffery H. Perkins, Paul Poggi, VAT No. DE321666994. Harris Williams is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd and Harris Williams & Co. Corporate Finance Advisors GmbH conduct business.

The information and views contained in this content have been prepared in part by Harris Williams. This content does not purport to be comprehensive or to contain all the information that a recipient may need in order to evaluate any investment or potential transaction. This content is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. Any and all information, including estimates, projections and other forward-looking statements, presented in this document may involve various assumptions and significant elements of subjective judgment and analysis that may or may not be correct. Harris Williams has not independently verified, and neither Harris Williams nor any other person will independently verify, any of the information, estimates, projections or forward-looking statements contained herein or the assumptions on which they are based. The information contained in this document is made as of the date hereof unless stated otherwise. Harris Williams does not expect to update or otherwise revise this document nor provide any additional information, nor correct any inaccuracies herein which may become apparent.

This content is intended for institutional use only and should not be relied upon by retail investors or members of the general public. The information contained herein is believed by Harris Williams to be reliable but Harris Williams makes no representation or warranty as to the accuracy or completeness of such information, and information contained herein that is based on material prepared by others may involve significant elements of subjective judgment and analysis which may or may not be correct. Opinions, estimates and projections contained herein constitute Harris Williams’ judgment and are subject to change without notice.

This content is not to be construed as investment advice an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular transaction, nor shall this content form the basis of any contract. It does not constitute and should not be construed as an endorsement or recommendation of any entities’ products or services.

No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams’ prior written consent.