

## Buyer Spotlight | BlueSprig Pediatrics

## Private Equity Investment in Behavioral Health is Changing the World for Children with Autism

### Perspective

We profile investors to provide our clients with an important understanding of the types of private equity firms, independent investors, and family offices active in the healthcare verticals we work in every day. Although it is not feasible to create case studies for every investor, we profile those that represent the most active practices common in today's acquisition market.

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### Company Profile



Founded in 2017 and based in Houston, [BlueSprig Pediatrics](#) is already one of the largest and fastest-growing ABA (Applied Behavior Analysis) therapy providers in the country. It is the largest autism services provider in Texas and the Southeast, with over 40 centers in Texas, and now has centers in 18 states, from Illinois and Massachusetts to Oregon and Washington. BlueSprig's mission is to "change the world for children with autism" and it is "committed to providing compassionate, individualized, and evidence-based behavior analysis treatment."

### Private Equity Backer

## KKR

[KKR](#) is a leading global investment firm that manages multiple alternative asset classes, including private equity, credit and real assets, with strategic partners that manage hedge funds. It had \$367 billion under management as of March 31, 2021.

KKR's Health Care Strategic Growth Fund acquired BlueSprig in January of 2018. Their strategy leverages KKR's deep health care expertise, sector relationships, track record of scaling companies, and extensive portfolio to identify and invest in businesses with innovative products or services and high-quality management teams. The strategy draws on the full set of capabilities of KKR's Health Care investment team and the broader KKR platform to help their businesses thrive and grow. They target opportunities in the Americas across various health care sub-sectors, including biopharmaceuticals, medical devices, diagnostics / life science tools, providers, HCIT / informatics, and other services.

## Growth Strategy

Ali Satvat, KKR’s Head of Healthcare Strategic Growth, sees tremendous growth opportunity for BlueSprig because the child autism market has been largely underserved and underdiagnosed. With diagnosis improving, there is going to be a significant increase in the number of patients and families in need. In addition, there are many areas of the country where access to care has been very limited. Actions to-date show that BlueSprig is devoting significant resources and capital to build a national organization with the best suite of therapeutic offerings for child autism. We expect BlueSprig to continue to invest in research and hire best practitioners to provide superior patient care. We also believe they will continue expanding via acquisition and organically within their existing markets.

## Initial ABA Investment

Ten months after acquiring BlueSprig Pediatrics, The Shape of Behavior became KKR’s first ABA therapy provider acquisition, making BlueSprig the largest provider of ABA therapy services in Texas. The Houston based autism therapy provider operated 22 centers in four states, including 19 in Texas.

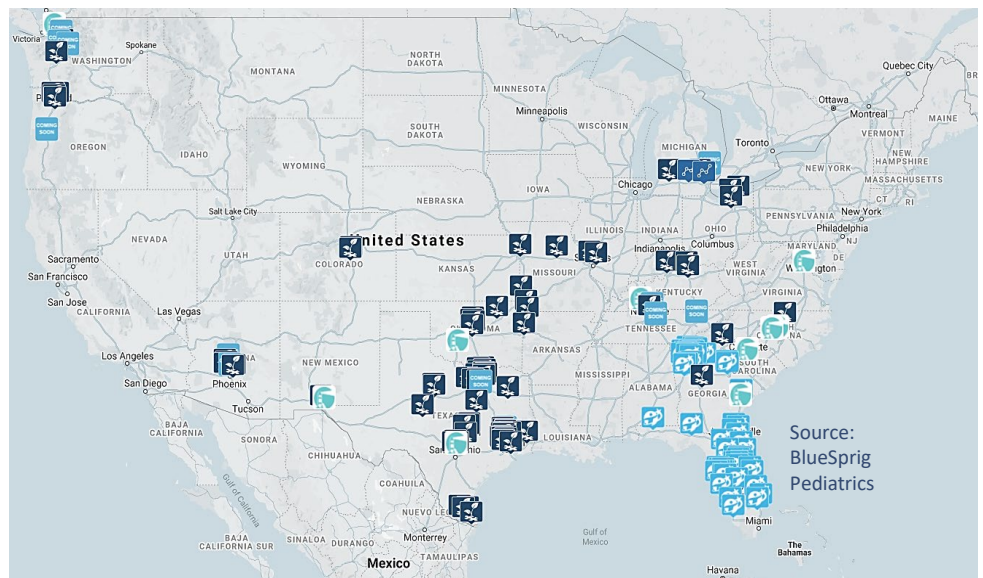
## Corporate Team

BlueSprig is headed by Chief Executive Officer Keith Jones, a proven leader in pediatric health care services. Before joining BlueSprig, he was Chief Operating Officer at PSA Healthcare, a multi-state pediatric home nursing business. KKR has created a corporate management structure offering back-office services (revenue cycle management, human resources, accounting, etc.) and built an experienced senior management team that has delivered rapid growth completing eight strategic acquisitions in the last three years.

## Growth and Current Practice Locations (July 2021)

Since its acquisition by KKR in 2018, BlueSprig has expanded across 18 states through a series of strategic acquisitions.

This growth has positioned the behavioral health company as one of the nation’s leaders in ABA, considered by many to be the “gold-standard treatment” for children with ASD or other developmental conditions.



## Mission and Transaction Timeline

Mission: CEO Keith Jones: “Our hope is that, as a scaled platform providing ABA services, we can advocate for the resources that patients need, invest in additional research to advance understanding and treatment of these children, and ultimately make a difference in their quality of life and ability to contribute to society as a whole.”

Timeline: This visual shows the time and acquisition activity invested to-date to build this successful behavioral health company.



**October 2018:** BlueSprig acquired The Shape of Behavior, a Houston based autism therapy provider with 22 centers in four states, including 19 in Texas and one each in South Carolina, Oregon, and Washington. Founded in 2000, The Shape of Behavior’s mission is to provide individualized evidence-based treatment to improve the quality of life for all individuals as well as to conduct research that will help support and advance the field of behavior analysis.



**March 2019:** BlueSprig bought “substantially all” of the assets of Tangible Difference Learning Center, an autism therapy provider with three centers in Houston. Founded in 2005, Tangible provides ABA, speech and occupational therapies and teaches social skills.



**April 2019:** BlueSprig bought West Texas Autism Center, an autism therapy provider with centers in Abilene and San Angelo. Founded in 2012, West Texas Autism Center seeks to help children with autism achieve their full potential and thereby enjoy lives that are as independent and fulfilling as possible.



**June 2019:** BlueSprig acquired Verbal Behavior Consulting, a Lexington, Kentucky-based ABA provider. Founded in 2007, VBC’s mission is to “guide and train the next generation of ethical and effective behavior analysts.”



**July 2019:** BlueSprig expanded into Missouri and Arkansas with the acquisition of St. Louis-based Thrive Autism Solutions. The practice was founded in 2013 and has six locations in the two states.



**March 2020:** In its largest deal to date, this merger created a top-five national ABA provider and the leading provider in the Southern U.S., including Florida, Georgia, Oklahoma, and Texas. Upon completion of the merger, BlueSprig and FAC will serve more than 1,800 families at nearly 110 centers across 13 states. KKR provided new capital to fund the merger and support the continued growth of the combined company.



**August 2020:** This deal enabled Blue Sprig to expand into Colorado, North Carolina, Tennessee, Hawaii, and Virginia. Founded in 2009, Aptitude serves the autism community with center and home-based services as well as community and school-based services in 11 states.



**October 2020:** This acquisition allowed BlueSprig to expand into Michigan. Founded in 2017, Momentum serves southeastern Michigan with center and home-based ABA services, plus speech therapy, social skills, family guidance, and counseling services.

## Closed Transactions

We provide exceptional investment banking services to clinical businesses across the healthcare spectrum.

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## Next Steps: Getting a Deal Done

Medical and behavioral practice transactions are highly complex and difficult to negotiate and execute. Sellers who are serious about a deal should work with advisors uniquely geared to handle the challenges common to these deals.

FOCUS Investment Bankers offers an investment banking process designed to deliver great outcomes to clinical business owners embarking on the most important and complex transactions of their lives.

To learn more about our healthcare investment banking services or to discuss your specific situation with no obligation please feel free to call:

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We are happy to share our knowledge and help you understand your options. All conversations are strictly confidential.

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