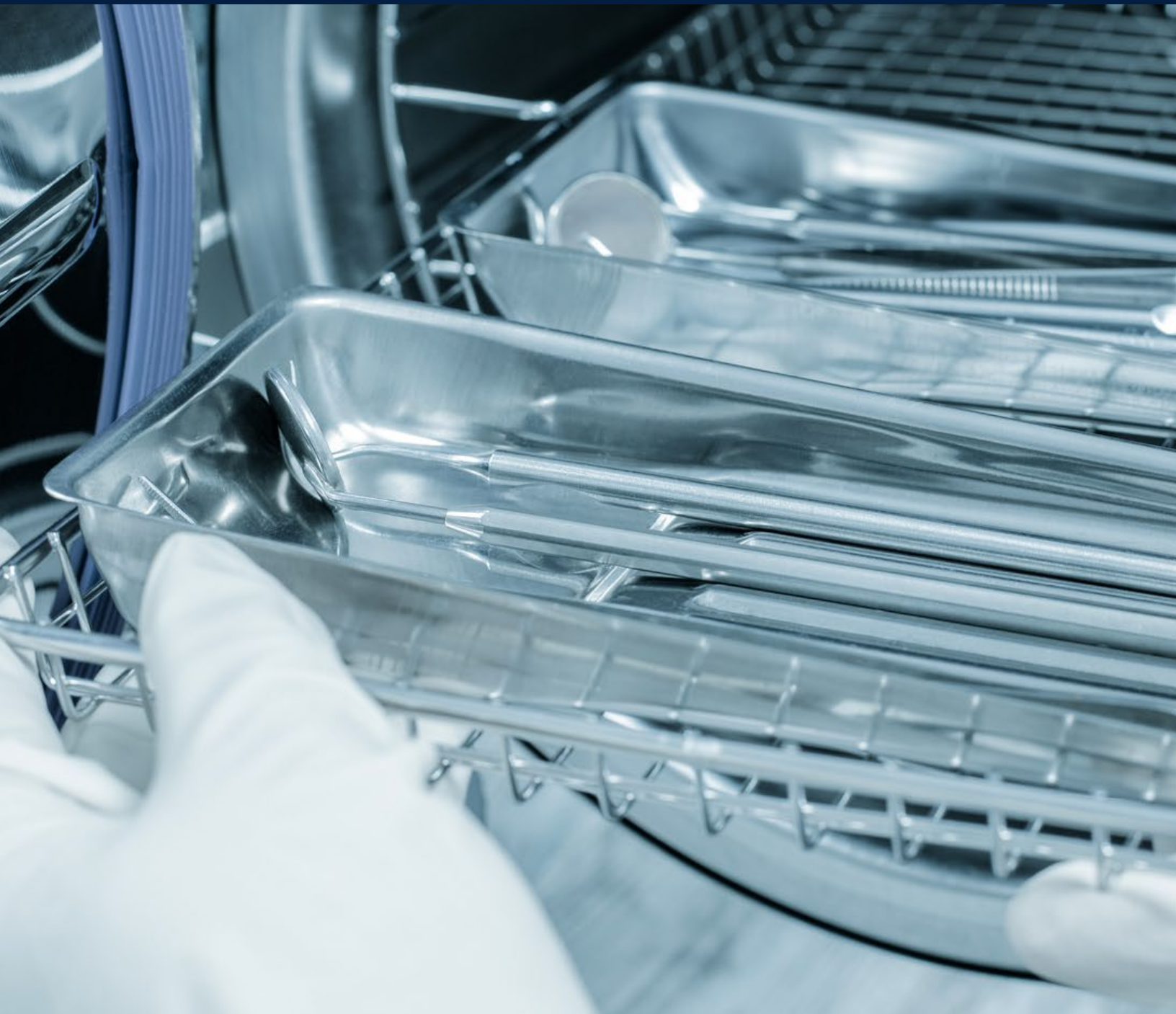


# PRIVATE EQUITY TARGETS SCALE IN MEDICAL TECHNOLOGY OUTSOURCING

MEDICAL DEVICE OUTSOURCING SECTOR UPDATE | SEPTEMBER 2025



**CAPSTONE  
PARTNERS**

# TABLE OF CONTENTS

- 4 Key Sector Takeaways
- 5 Favorable End Market Trends Fuel Medical Device Market
- 6 Supply Chain Realignment Fuels MedTech Outsourcing Growth
- 7 Data Analytics Help Improve Efficiency and Profitability
- 8 M&A Volume Rebounds, Valuations Normalize
- 9 Regulatory Pressures Reshape Contract Sterilization Market
- 10 Capstone Advises Prince Sterilization in Recapitalization
- 11 Q&A with Vance Street Capital
- 13 Notable M&A Transactions
- 14 Select M&A Transactions
- 15 Medical Device Outsourcing Equity Financing Overview
- 16 Public Companies Continue to Outperform Despite Headwinds
- 17 Report Contributors
- 18 Firm Track Record
- 19 Capstone's Proprietary Research Reveals Top Services in Demand
- 20 Endnotes



## CONTACT OUR MEDICAL DEVICE OUTSOURCING SECTOR BANKERS



**Eric Williams**  
Managing Director  
Head of Healthcare Investment Banking  
215-854-4065  
[ewilliams@capstonepartners.com](mailto:ewilliams@capstonepartners.com)



**Mark Surowiak**  
Director  
215-854-4063  
[msurowiak@capstonepartners.com](mailto:msurowiak@capstonepartners.com)



Capstone Partners, a subsidiary of Huntington Bancshares Incorporated (NASDAQ:HBAN), has been a trusted advisor to leading middle market companies for over 20 years, offering a fully integrated range of expert investment banking and financial advisory services uniquely tailored to help owners, investors, and creditors through each stage of the company's lifecycle.

MIDDLE  
MARKET  
FOCUS

FULL  
SERVICE  
CAPABILITIES

SUPERIOR  
CLIENT  
RESULTS

TOP  
RANKED  
PERFORMANCE

ESTABLISHED  
BRAND  
REPUTATION

A DIFFERENT KIND OF FIRM. BUILT FOR THE MIDDLE MARKET.

#### Mergers & Acquisitions

- Sell-side Advisory
- Buy-side Advisory
- Recapitalizations
- Mergers & Joint Ventures

#### Capital Advisory

- Equity Advisory
- Debt Advisory
- Infrastructure Finance

#### Financial Advisory

- Transaction Advisory
- Interim Management
- Advisory Services
- Performance Improvement
- Litigation Support

#### Special Situations & Restructuring

- Special Situations Turnaround
- Restructuring
- Bankruptcy
- Insolvency

#### ESOP Advisory

- Preliminary Analysis
- Feasibility Study
- ESOP Implementation
- Design & Execution

## Sign Up for Sector Insights.

Delivering timely, sector-specific intelligence to your inbox

One of our core capabilities is to deliver sector-specific intelligence designed specifically for sector leaders, private equity firms and their advisors. Our sector reports and featured articles deliver real-time access to key sector data including:

- Emerging sector trends
- Acquirer and investor appetites
- Mergers & acquisitions market analysis
- Notable transactions
- Public company data

Receive email updates with our proprietary data, reports, and insights as they're published for the sectors that matter to you most.

[Subscribe](#) ►



[capstonepartners.com](http://capstonepartners.com)



# Medical Device Outsourcing

## Private Equity Targets Scale in Medical Technology Outsourcing

### KEY SECTOR TAKEAWAYS

Capstone Partners' [Healthcare Group](#) is pleased to share its Medical Device Outsourcing report. Merger and acquisition (M&A) activity in the sector has rebounded after a slowdown in deal activity last year, with increased volume largely driven by private equity (PE) add-on activity. Valuation multiples have contracted slightly from historical highs, albeit in-line with wider M&A markets. Amid global trade uncertainty, tariff concerns are prompting OEMs to seek domestic manufacturing partners, creating opportunities for U.S. based producers. Specialized outsourced providers with unique capabilities, solid margins, and well positioned in high growth areas have proved most attractive to large strategics and private equity backed platforms. Several additional key report takeaways are outlined below.

1. Medical device outsourcing M&A deal volume has increased 25.9% year-over-year (YOY) with 34 deals announced or completed in year-to-date (YTD) 2025.
2. Regulatory pressures focusing on device and drug container sterilization methods have reshaped the competitive landscape in the Contract Sterilization market, offering sizable growth opportunities for outsourced providers as the Food and Drug Administration (FDA) and Environmental Protection Agency (EPA) prioritize the shift to safer modalities.
3. Financial buyers have significantly expanded their presence in the market, largely via synergistic add-ons to bolster capabilities, achieve scale, and provide a fuller suite of solutions.
4. Changes in Medicaid funding have introduced long-term headwinds to the sector's end markets, although many of the material changes will be implemented over several years.

Capstone Partners has developed a full suite of corporate finance solutions to help privately-owned businesses and private equity firms navigate through each stage of a company's lifecycle. These solutions include financial advisory services, merger and acquisition advisory, debt advisory, equity capital financing and employee stock ownership plan (ESOP) advisory.

To learn more about Capstone's wide range of advisory services and Medical Device Outsourcing sector knowledge, please [contact us](#).

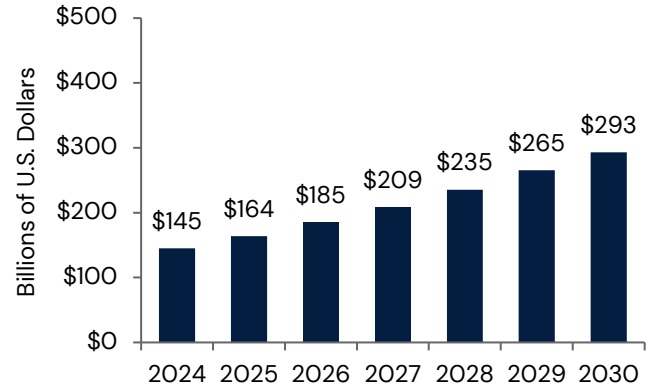
## FAVORABLE END MARKET TRENDS FUEL MEDICAL DEVICE MARKET

The “Silver Tsunami” and corresponding increase in healthcare utilization, rapid advancements in medical technology, and rising regulatory complexity are driving sustained growth in the Medical Device Outsourcing sector. Global revenue in this market is projected to nearly double over the next six years, a compound annual growth rate (CAGR) of 12.8%, according to Grand View Research.<sup>1</sup> The aging demographic is a key factor: by 2050, the proportion of individuals aged 60 and older is expected to nearly double, fueling demand for medical technologies and services, according to the World Health Organization (WHO).<sup>2</sup> At the same time, increasingly stringent regulatory standards are prompting device manufacturers to rely more heavily on specialized outsourcing partners to navigate compliance and accelerate time-to-market. Furthermore, the number of device clinical trials in the U.S. has rebounded since the Pandemic, during which manufacturers faced unique challenges from trial initiation and recruiting to execution and monitoring. A reported 80% of cardiovascular device trials experienced delays or disruptions during this time period according to a study conducted by the Office of the Assistant Secretary for Planning and Evaluation.<sup>3</sup>

Advancements in clinical capabilities and changes in patient preferences have shifted healthcare institutions towards favoring minimally-invasive surgery (MIS). Significant levels of forecasted growth in the MIS market provide favorable opportunities as OEMs increasingly depend on outsourced suppliers for specialized manufacturing solutions (e.g., micro molding, superfinishing, close tolerance machining) required to bring minimally-invasive medical devices (e.g., endoscopes, imaging equipment, robotic platforms/surgical instruments) to market.

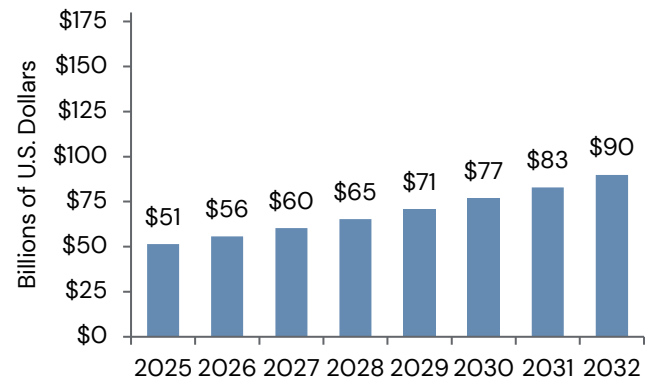
Research and development (R&D) has become a core focus of leading medical device OEMs. R&D budget growth has continued to outpace that of revenue for the top 100 medical technology (MedTech) companies, increasing at a CAGR of 8% from 2021 to 2024, according to Medical Design & Outsourcing.<sup>4,5,6</sup> Increased levels of R&D spending will likely fill OEMs’ pipelines with projects that require specialized outsourced services including product development, engineering, clinical trials, regulatory support, testing and validation, and commercial rollout planning.

### Global Outsourcing Market to Nearly Double Over the Next Six Years



Source: Grand View Research and Capstone Partners

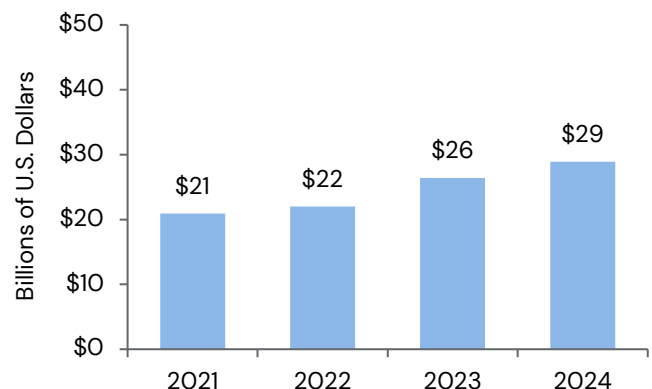
### Minimally-Invasive Surgery Market Offers Opportunity for Specialized CMOs



CMO = contract manufacturing organization

Source: Data Bridge Market Research and Capstone Partners

### MedTech Research and Development Expenditure Continues to Grow



Source: Medical Design & Outsourcing and Capstone Partners



## SUPPLY CHAIN REALIGNMENT FUELS MEDTECH OUTSOURCING GROWTH

Shifting global tariff policies and ongoing trade negotiations in 2025 have complicated supply chain and sourcing decisions for medical device OEMs. While ongoing initiatives by industry groups such as AdvaMed, American Dental Association, American Hospital Association, and Medtech Canada have lobbied the governments of multiple countries to globally exempt medical devices and associated components from ongoing trade wars, the prospect of tariff-related impacts on the bottom lines of Medical Device market participants have led many to strategize on long-term risk minimization.

Several public companies in the sector have enacted strategies in response to tariffs. Beckton Dickinson (NYSE:BDX) has worked to shift its supply flows, optimize supplier locations, and leverage dual-sourcing options across its portfolio to mitigate future tariff-related risk beyond 2025. A key component of its long-term tariff mitigation strategy is a five-year, \$2.5 billion investment in U.S. manufacturing to bolster its tax-exempt supply sources, according to the company's fiscal Q2 2025 earnings call.<sup>7</sup> Bruker (Nasdaq:BRKR) has reengineered its supply chains with the goal of reshoring production to the respective regions where its products are primarily sold, including shifting manufacturing from Asia and Europe to the U.S. Teleflex (NYSE:TFX) has reorganized its supply chain to introduce a greater proportion of United States-Mexico Canada Agreement (USMCA)-compliant components into its production flows, while Zimmer Biomet (NYSE:ZBH) has shifted sourcing closer to end markets as well as optimized their portfolio by emphasizing less tariff-sensitive products.

Integer (NYSE:ITGR) expects a minimal reduction in adjusted operating income (AOI) in the range of \$1-\$5 million for fiscal year (FY) 2025 (Integer boasted a FY 2024 AOI of \$285 million), according to the company's fiscal Q1 2025 earnings call.<sup>8</sup> The company attributed this undersized financial impact to its ongoing vertical integration-focused tuck-in acquisition strategy, much of which has targeted U.S.-based suppliers including VSi Parylene in February 2025 (\$28 million) and Precision Coating in January 2025 (\$158.5 million). The company has also benefitted from a corporate sourcing strategy that has prioritized American suppliers, giving the company an edge over competitors that are scrambling to reactively adjust supply chains. While tariff policy remains fluid and uncertain, recent supply chain stress tests have created both immediate and long-term tailwinds for U.S.-based medical device outsourcing providers. These dynamics are driving increased customer demand and enhancing the strategic attractiveness of these firms as M&A targets.

### Public Companies Anticipate Tariff-Related Hits to Fundamentals

The financial impacts of tariffs are generally expected to be realized in the second half of 2025 as companies exhaust existing tariff-exempt inventories and begin to introduce tariff-inclusive products and services into their sales. The table below summarizes the expected tariff-related impact on key line items stated by Medical Device Outsourcing sector public companies in company filings, earnings calls, and press releases.

Company	Date Announced	2025 Financial Metric	Expected Impact on Metric (Millions of U.S. Dollars)	Comments
Boston Scientific (NYSE:BSX)	05/13	Revenue	-\$200	Targeting discretionary spending to offset tariff costs.
CONMED (NYSE:CNMD)	04/30	Profit	-\$5.5	Stated difficulties finding substitute vendors to avoid tariffs.
Integer (NYSE:ITGR)	03/05	AOI	-\$1 to -\$5	Benefitting from limited role of China within supply chains.
Integra LifeSciences (Nasdaq:IART)	05/05	Profit	-\$22	Under-construction China-based manufacturing and testing facility will offset future tariff risk beyond 2025.
Medtronic (NYSE:MDT)	06/20	Profit	-\$700 to -\$950	Anticipate mitigating upwards of 75% of headwinds through portfolio and supply chain optimization.
Stryker (NYSE:SYK)	05/01	Profit	-\$200	Introducing dual sourcing into manufacturing processes.
Teleflex (NYSE:TFX)	05/14	Profit	-\$55	Shifted manufacturing from Mexico into the U.S.
Zimmer Biomet (NYSE:ZBH)	05/05	EBIT	-\$60 to -\$80	Offset partial impact through built-in redundant sourcing.

Source: Company Filings, Earnings Calls, Press Releases, and Capstone Partners



## DATA ANALYTICS HELP IMPROVE EFFICIENCY AND PROFITABILITY

Medical device outsourcing manufacturers face significant external challenges to efficient operational performance and profitability, including the general complexity of the Healthcare industry ecosystem, changing regulatory requirements, and threats and disruptions to supply chains that can involve anything from labor costs to the availability of raw materials.

Capstone's Financial Advisory Services team can deploy advanced data analytics tools that can help MDOs significantly enhance inventory management and optimization by enabling smarter, data-driven decisions.

### Key Data-Enabled Performance Improvement Value Adds For Sector Participants

#### Demand Forecasting

- Forecast using predictive analytics and historical sales, seasonality, and market trends
- Reduce/avoid stockouts and maintain device availability for optimum patient care

#### Real-Time Inventory Visibility

- Track in real-time through integration between analytics platforms and Internet of Things (IoT) sensors and radio-frequency identification (RFID)
- Respond faster to supply chain disruptions and proactively replenish stock

#### Optimization of Safety Stock

- Calculate optimal safety stock levels based on variability in demand and lead times
- Reduce holding costs while maintaining service levels

#### Supplier Performance Analytics

- Track metrics like on-time delivery, defect rates, and lead time variability
- Support supplier selection and risk mitigation strategies

#### Cost Reduction

- Identify slow-moving or obsolete inventory
- Enable lean inventory practices and just-in-time (JIT) strategies

#### Scenario Planning & Simulation

- Model supply chain scenarios (e.g., demand spikes, supplier delays)
- Help in contingency planning and resilience building

#### Regulatory Compliance & Traceability

- Track lot numbers, expiration dates, and compliance documentation
- Support readiness for audits and recalls

### Capstone Case Study: Data Analytics Results in \$1.7 Million of Recurring Revenue Savings

Capstone recently helped a manufacturing client address the paradoxical issue of falling output despite an increase in staff hours and a build-up in inventories. Using data analytics, along with other performance improvement tools, Capstone's team was able to identify and address multiple operational and process inefficiencies that resulted in \$1.7 million of confirmed annual recurring savings for the business. Through the data-driven approach, the client transformed its manufacturing operations, eliminated inefficiencies, reduced costs, and positioned the company for sustainable growth. The newly implemented tools and processes ensured that management had full visibility of performance, enabling data-driven decision-making for continued success.

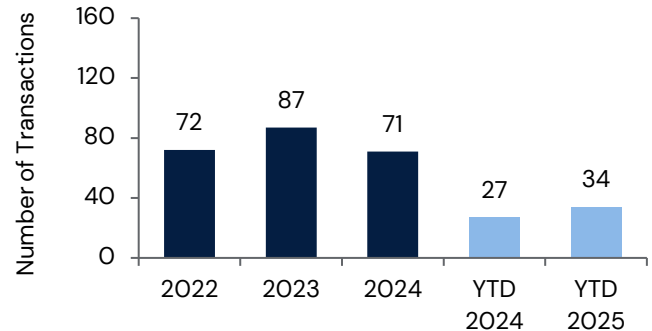
To learn more about [Capstone's Financial Advisory Services \(FAS\) Group](#), their capabilities, and whether they can help you reach your business goals, [contact us](#).

## M&A VOLUME REBOUNDS, VALUATIONS NORMALIZE

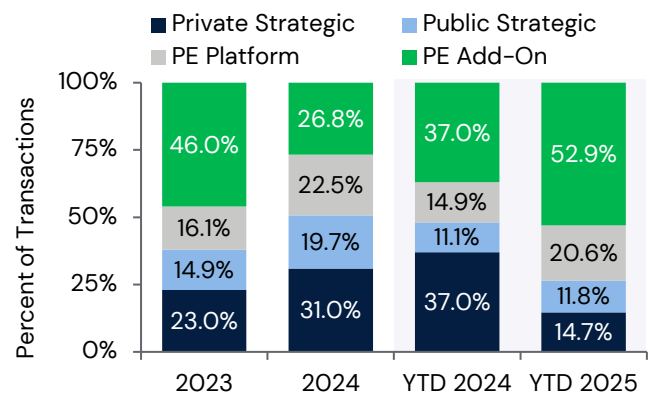
M&A activity in the Medical Device Outsourcing sector is poised to rebound in 2025, with YTD transactions announced or completed increasing 25.9% YOY. This heightened level of deal activity comes after a 18.4% YOY decrease in volume during 2024. Recent transactions have been driven by acquirers seeking to secure access to advanced manufacturing capabilities and strengthen supply chain resilience via nearshoring strategies. Additionally, the complex regulatory landscape has elevated demand for outsourced regulatory, compliance, and testing services, prompting both strategic and financial buyers to pursue tuck-in acquisitions of highly focused technical partners with deep domain expertise.

Sponsor-backed buyers have significantly expanded their presence in the M&A market, accounting for 73.5% of transactions year-to-date. Private equity add-on activity represents 52.9% of total deal volume, driven by the desire to scale manufacturing operations, expand offerings, diversify client mix, and better leverage sales, marketing, and back-office infrastructure. Meanwhile, tariff-related uncertainty has prompted sustained participation from public and private strategic acquirers (26.5%), as they pursue deals to mitigate risk and enhance supply chain resilience in a volatile global trade environment.

**Medical Device Outsourcing M&A Volume Rises To Date**

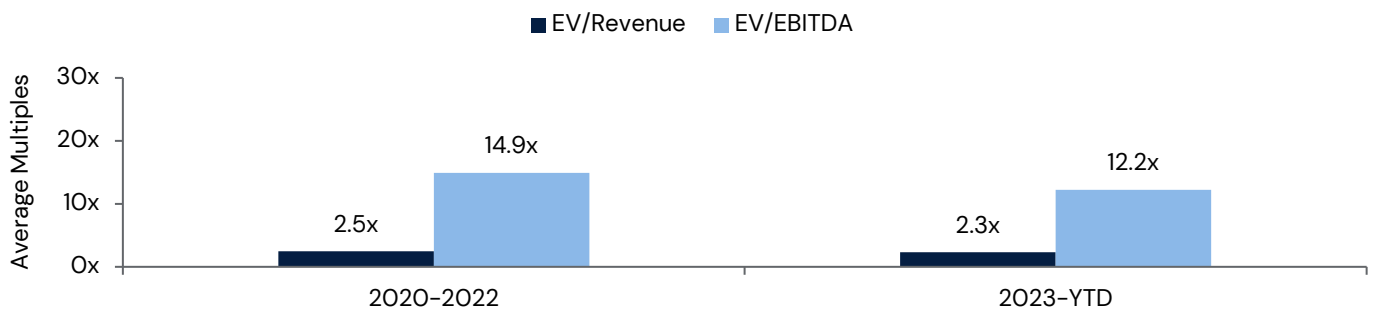


**Sponsors Increase M&A Presence**



Year to date (YTD) ended May 20  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

### Medical Device Outsourcing M&A Valuation Analysis



Year to date (YTD) ended May 20  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

#### Valuation Insight

M&A multiples in the Medical Device Outsourcing sector have averaged 2.3x EV/Revenue and 12.2x EV/EBITDA from 2023 through YTD, compared to respective multiples of 2.5x and 14.9x from 2020 through 2022. This contraction mirrors the wider U.S. M&A market, in which the average EBITDA multiple has declined from 12.3x to 10.8x over the same periods.





## REGULATORY PRESSURES RESHAPE CONTRACT STERILIZATION MARKET

The Contract Sterilization Services segment has been propelled by stringent regulatory oversight of Medical markets, advancements in drug delivery devices, heightened concern regarding the use of Ethylene oxide gas (EtO), and transition to more eco-friendly sterilization modalities.

EtO, the most commonly used sterilization method for medical devices, was flagged in 2019 by the EPA as harmful to workers, the surrounding community, and the environment due to toxic, carcinogenic biproduct emissions. In response to mounting pressure from the FDA and new regulations from the EPA in 2024 as well as legal and financial risks—highlighted by Sterigenics' \$408 million ethylene oxide (EtO) settlement in January 2023—medical device OEMs are increasingly turning to alternative sterilization methods. EtO currently accounts for approximately 48.1% of the global contract sterilization market, creating a projected \$2.2 billion opportunity for providers to garner market share by offering safer solutions, according to Coherent Market Insights.<sup>9</sup> One promising alternative, vaporized hydrogen peroxide (VHP), has gained traction as a safe and effective substitute. Its credibility was further solidified in January 2024 when the FDA officially recognized VHP as an established sterilization method for medical devices.

Ongoing efforts to curb hospital-acquired infections (HAIs) have intensified regulatory oversight. The FDA has expanded this scrutiny to the medical device sector, placing particular emphasis on manufacturing practices. In January 2024, the agency revised its Current Good Manufacturing Practices (CGMP) framework which more clearly define—and rigorously promote—robust sterilization standards for the production of devices and components.

With the rising cost of litigation for medical companies and growing pressure to safeguard brand integrity, assurance of sterility is of utmost importance driving many OEMs to adopt an outsourced sterilization strategy. When combined with existing benefits including operational optimization and cost efficiencies, these escalating regulatory pressures have opened new opportunities for quality providers of contract sterilization services.

### Benefits of Contract Sterilization

#### Risk Mitigation



Mounting public concern and regulatory oversight on drug and medical device safety and sterility.



Pressure from FDA and EPA to shift away from EtO to non-toxic alternatives such as VHP.



Manufacturers seeking to ensure patient safety and avoid liability through sterilization compliance.

#### Operational Optimization



Outsourced sterilization service providers allow OEMs to standardize their sterilization processes across different regions.



By outsourcing sterilization, manufacturers can focus on core activities such as product development and commercialization.



Companies with variable production volume can adjust sterilization capacity based on demand.

#### Reduced Capital Investment and Cost Efficiencies



Contract sterilization eliminates the need for in-house investment in equipment and personnel.



Achieves economies of scale and lower per-unit costs with infrastructure, equipment, and personnel dedicated to sterilization.

Source: Capstone Partners

## CAPSTONE ADVISES PRINCE STERILIZATION IN RECAPITALIZATION

In November 2024, Capstone Partners advised Prince Sterilization Services—a leading provider of sterilization services and ready-to-use (RTU) drug containment solutions serving the Medical Device, Pharmaceutical, Biotechnology, and Compounding Pharmacy sectors—on its recapitalization transaction with Vance Street Capital. Terms of the deal are confidential.

With an exceptional technical team, state-of-the-art facilities and equipment, and innovative technology, Prince provides clients with a comprehensive array of eco-friendly sterilization and related services including steam, dry heat, vaporized hydrogen peroxide, depyrogenation, water for injection (WFI) rinsing, and sterile packaging. The company's expert team works closely with clients to develop and validate sterilization services offering feasibility, engineering, analytical services, and routine processing cycle support. The company's RTU division offers an extensive portfolio of pre-sterilized vials, seals, and stoppers that are 100% cleanroom processed, satisfying the strictest regulatory requirements for both the Pharmaceutical and 503B Compounding Pharmacy markets. Prince also offers custom cleanroom packaging solutions designed to be compatible with the sterilization methods used for pharmaceutical and medical device products. The company is ISO 13485 certified, registered with the FDA, and is cGMP compliant.

Prince Sterilization Services was founded by Dr. Daniel Prince. Dr. Derek Prince serves as the President. Both Daniel and Derek will retain a material ownership position and continue to run the business' day-to-day operations.



*“ It was a pleasure working with the team at Capstone. Their strategic advice, support, and understanding of our company and the market were invaluable to us as we navigated this complex process. Looking forward, we are excited about our partnership with Vance Street Capital. The team at Vance Street has a proven track record of successfully investing in and growing business within the medical device sector. ”*

**Daniel Prince**  
Founder & CEO, Prince Sterilization Services

### Deal Rationale Emphasizes Key Sector Dynamics



#### Impressive Growth

Sustained, impressive YOY growth across all products and services.



#### Regulatory Alignment

Existing services align with increasingly stringent regulations and guidelines.



#### Shift to Safer Sterilization

Mounting pressure from FDA to shift away from EtO to safer non-toxic alternatives.



#### Advanced Offerings

State-of-the-art facilities and innovative sterilization services including VHP.

Source: Capstone Partners



## Q&A WITH VANCE STREET CAPITAL



### Steve Sandbo, Partner at Vance Street Capital

Capstone spoke with Steve Sandbo, Partner at [Vance Street Capital](#), to discuss what the firm looks for when investing in the Medical Device Outsourcing market and the recent recapitalization of Prince Sterilization Services. Steve has been with Vance Street Capital since 2012, bringing experience in M&A, debt and equity financing, leveraged finance, and venture capital. As Partner, Steve is involved in all aspects of the investment process including sourcing, diligence, and execution of new investments. In addition to serving on the board of Prince, Steve brings his operating experience to Vance Street's wider Medical Technology and Life Sciences portfolio companies including Applied Plastics, Plastic Design Company, Synapse, and Wytech. Steve is a member of the firm's ESG and Investment Committees, helping to steer the firm's overall strategy and decision-making.

**What differentiates Vance Street Capital from other investment firms?** At Vance Street Capital, we pride ourselves on being more than just capital providers—we're hands-on, strategic partners. Our flexible approach is centered around working collaboratively with founders and management teams to help scale what they've already built. A key differentiator is our network of over 50 Operating Partners—experienced executives who work side-by-side with leadership teams to accelerate growth, strengthen operations, and navigate complex challenges. This operational bench allows us to tailor our support to each company's specific needs—whether it's driving commercial excellence, enhancing supply chains, or optimizing quality systems—without disrupting the culture or DNA that made the business successful in the first place.

**What is your current investment thesis for the Medical Device Outsourcing sector, and has it changed compared to prior years?** For the past 15–20 years, we've been highly targeted in partnering with businesses whose differentiated capabilities enable the next generation of device innovation—particularly within interventional therapies and other complex, high-growth clinical areas. Many of these technologies require increasingly miniaturized components, tighter tolerances, and advanced embedded features, which raise the bar for outsourced manufacturing partners. Our focus has remained consistent: to be a true manufacturing and innovation partner to OEMs, helping them bring complex devices to market faster and more reliably. Recently, our investment in Prince Sterilization expanded this thesis to include next-generation, environmentally friendly sterilization platforms—

further strengthening our presence in critical outsourced services supporting life-saving medical therapies.

**Are there specific areas of the Medical Device Outsourcing market that you're targeting?** We continue to be very focused on businesses that are tied to the Interventional and Robotic Surgery markets as we feel those therapy sets will continue to see a lot of growth and innovation. Additionally, we continue to be focused on the Diagnostic, Drug Discovery, and Drug Delivery markets given the continued shift to biologics and complex modalities.

**What are the most common value creation levers you apply post-acquisition?** First and foremost, we take great care not to disrupt the culture or values that have made a business successful. Instead, our focus is on identifying and addressing functional gaps that, once strengthened, can enable meaningful, sustainable growth. This often includes ensuring 30% or more surge capacity across value streams to support customer responsiveness, investing in metrology and quality systems to meet evolving regulatory demands, supporting sales, inventory, and operations planning processes to shorten lead times and improve forecasting, and building out leadership infrastructure and back-office scalability to support rapid growth or M&A. These are highly tactical, yet strategic improvements that preserve the entrepreneurial spirit while unlocking the next stage of growth.





## Q&A WITH VANCE STREET CAPITAL (CONTINUED)

***How have regulatory changes, tariffs, and Medicare/Medicaid funding impacted the Medical Device market? Are there any other important factors influencing this space?***

The Medical Device industry has undergone significant shifts, particularly since the supply chain shocks during COVID-19. OEMs initially responded by localizing supply chains and increasing inventory levels to mitigate long lead times. However, over the past 18–24 months, as supply chains stabilized, we've seen a widespread inventory destocking effort across the sector. More broadly, increased regulatory complexity, tariff uncertainty, and pressure on reimbursement levels, particularly from Medicare/Medicaid, have reinforced the need for OEMs to work with specialized, scalable outsourced partners that can deliver quality and reliability under cost constraints. This macro environment has only deepened the demand for trusted manufacturing and sterilization partners with technical and regulatory expertise.

***Could you discuss the shift of OEMs towards using outsourced partners to handle portions of their device/product development?***

This trend has been gaining momentum over the last 15 years. OEMs are increasingly focusing their internal resources on core competencies like product design, clinical strategy, and commercialization. In turn, they are partnering with highly specialized outsourced manufacturers who can deliver precision components, assemblies, sterilization, and packaging faster and more reliably. This strategy allows OEMs to accelerate time-to-market, reduce costs, and tap into process expertise that's difficult or inefficient to build internally. The same dynamic is playing out in

sterilization, where OEMs are seeking partners who bring both deep technical capabilities and the scalable infrastructure to meet strict lead times and regulatory expectations, especially in Pharmaceutical and Medical Device end markets where quality is paramount.

***“ Many of these technologies require increasingly miniaturized components, tighter tolerances, and advanced embedded features, which raise the bar for outsourced manufacturing partners. Our focus has remained consistent: to be a true manufacturing and innovation partner to OEMs, helping them bring complex devices to market faster and more reliably. Recently, our investment in Prince Sterilization expanded this thesis to include next-generation, environmentally friendly sterilization platforms—further strengthening our presence in critical outsourced services supporting life-saving medical therapies. ”***

**Steve Sandbo**  
Partner  
Vance Street Capital



Based in Los Angeles, Vance Street Capital is an active investor in the Medical Technology, Life Sciences, Aerospace & Defense, and Industrial Technology markets. The firm targets U.S.- and Canada-based platform investments in the \$3 to \$30 million EBITDA and \$30 to \$350 million enterprise value ranges, as well as smaller strategic add-ons. Vance Street prides itself on being more than simply an investor, actively engaging with its portfolio companies to aid in operations, growth, and strategic initiatives guided by the firm's combined decades of financial, entrepreneurial, and operational experience. Vance Street has received multiple accolades, including being named to GrowthCap's Top Private Equity Firms, Inc's Founder-Friendly Investors, and GCI Publishing's Top 50 PE Firms lists.

## NOTABLE M&A TRANSACTIONS



Integer acquired VSi Parylene in February 2025 for \$28 million (~4x EV/Revenue). VSi is a provider of medical-grade parylene CaaS and coating equipment for medical device manufacturers. Integer is an active acquirer in this sector, purchasing specialized coating and metal finishing manufacturer Precision Coating in January 2025 for \$152 million (~2.9x EV/Revenue). Integer has engaged in an aggressive tuck-in acquisition strategy over the past few years focused on vertical integration of its supply chain and manufacturing processes.



Arcline Investment Management-backed Medical Manufacturing Technologies (MMT) acquired GenX Medical in February 2025. Terms of the transaction were not disclosed. GenX specializes in the production of tubing and custom extrusion parts for use in medical devices. MMT has been aggressively expanding its capabilities, actively acquiring companies in the CMO space to establish an end-to-end medical manufacturing offering. GenX will be incorporated into MMT's manufacturing services platform alongside recent acquisitions including Mayer Engineering (April 2025, undisclosed).



U.K. medical device tester Cormica acquired Focus Laboratories in January 2025 for an undisclosed sum. Focus provides microbiological testing and regulatory compliance services to device OEMs and pharmaceutical companies. This transaction is part of Cormica's expansion strategy within the U.S., establishing a stateside footprint in 2024 with the acquisition of TPM Laboratories (undisclosed). Combined with the January 2025 acquisition of Zwisler Laboratorium (undisclosed), Cormica has solidified its positioning as a global leader in testing and consulting services for life sciences in U.S. and European markets.



TruArc Partners-backed Molded Devices (now Aptyx) acquired the assets, facility, and personnel of Medical Murray's North Carolina-based manufacturing facility in January 2025 (undisclosed). Medical Murray is a contract manufacturer and developer of medical devices with particular expertise in the Minimally-Invasive Medical Device market. Aptyx has used these assets to establish its Interventional Systems business unit, a key development in its interventional products- and end-to-end offerings-focused growth strategy.



Integer acquired Precision Coating in January 2025 for an enterprise value of \$158.5 million, equivalent to ~3.0x EV/Revenue. Precision Coating, formerly a part of metal finisher Katahdin Industries, provides Coating-as-a-Service (CaaS), surface treatment, and marking technologies for medical devices. Precision Coating has leveraged M&A to scale its manufacturing since 2006, completing five acquisitions including CHN Metal Finishing (2008), Medi-Solve (2008), Boyd Coatings Research (2015), N2 Biomedical (2021), and Providence Texture (2023). Terms of the deals were undisclosed.



Avista Healthcare Partners-backed GCM, a medical device CMO, acquired Precision Swiss Products (PSP) in January 2025 (undisclosed). PSP is a CMO that performs microfeature machining for device OEMs. PSP notably held standards certifications including ISO 13485, ISO 9001, AS9100D, and ITAR. GCM has used the transaction to deliver upon its strategic goal of enhancing product offerings while also scaling manufacturing capabilities and capacity. GCM is actively pursuing additional acquisitions that provide similar synergistic manufacturing advantages.



## SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)
05/14/25	Peachtree Bioresearch Solutions	Julius Clinical Research	Provides medical device clinical development services.	-
05/13/25	Quest Engineering Services	Packaging Compliance Labs	Offers mechanical testing services for medical devices.	-
04/17/25	Fictiv	MISUMI USA	Operates a manufacturing platform for the design, development, and delivery of fabricated parts for medical devices.	\$350.0
04/16/25	Telatemp	Harbour Group	Manufactures temperature monitoring and recording equipment used within medical devices.	-
04/14/25	Mayer Engineering	Arcline	Develops catheter equipment and provides medical device design consultation services.	-
03/20/25	Phoenix DeVentures	Indo-Mim	Provides medical device design, development, and manufacturing services.	-
03/18/25	Carolina Urologic Research Center	START	Offers clinical research services for medical device trials.	-
03/12/25	Clinilabs	InTandem Capital Partners	Provides medical device research development services.	-
03/06/25	AccuMED Technologies	Creative Foam	Offers contract manufacturing, engineering, and logistics services for medical device developers.	-
03/06/25	Human Factors Consulting Services	Core Human Factors	Provides medical regulatory approval consulting services.	-
03/04/25	Smooth-Bor Plastics	IK Partners	Manufactures plastic corrugated hose and tubing systems used within medical devices.	-
02/28/25	Atomic Alchemy	Oklo (NYSE:OKLO)	Develops radioisotopes for medical device research.	\$24.6
02/25/25	Knipper Health	Frazier Management	Offers packaging services for medical device manufacturers.	-
02/21/25	Neo Performance Materials (TSX:NEO)	Wyloo Investments	Supplies rare earth, magnetic powders, magnets, and rare metal-based functional materials for medical device manufacturing	\$246.9
02/10/25	Resonant Link	Advanced Charging Technologies	Develops wireless chargers for medical device OEMs.	-
02/05/25	Milacron	Bain Capital Credit	Manufactures mold components and fluid technologies used within medical devices.	\$379.2
02/03/25	ADROIT USA	Arterex Medical Device	Designs, develops, and manufactures injection molded plastic and steel components used within medical devices.	-
01/24/25	Richardson Healthcare	DirectMed Imaging	Manufactures medical device components and provides repair services.	-
01/17/25	WuXi AppTec's U.S. Testing Operations	North American Science Associates	Offers preclinical safety and regulatory compliance consulting services for medical device OEMs.	-
01/07/25	Spectrum Clinical Research	-	Operates a clinical research trial management firm for medical devices.	-

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners





## MEDICAL DEVICE OUTSOURCING EQUITY FINANCING OVERVIEW

The Medical Device Outsourcing sector has received strong interest from equity investors, attracted to companies delivering unique offerings. Like niche contract manufacturing capabilities demanding higher valuations in the M&A market, technical specialization has drawn increased levels of funding within the Equity Financing space. Investors have targeted their capital towards early-stage companies delivering unique and highly-technical products and services bundled with valuable human capital and intellectual property (IP).

### NOTABLE EQUITY FINANCING ROUNDS



**\$0.8 million**  
Seed Round  
March 2025

Quality Means Business (QMB), a Boston-based MedTech and biotechnology regulatory compliance consultancy, secured \$0.8 million in seed funding in March 2025, bringing the company's post-money valuation to \$9 million. QMB provides global and FDA-specific regulatory strategy support, including quality management system (QMS) deployment, regulatory submission support, clinical operations guidance, and new product development. In addition to supporting these processes, QMB provides regulation-focused transaction due diligence services to support the acquisition and inorganic growth strategies of MedTech companies. QMB works with manufacturers of orthopedics, drug delivery systems, and diagnostic devices, as well as developers of biologics. The company works with customers including Dexcom (Nasdaq:DXCM), Lumicell, and Stevanato Group (NYSE:STVN). QMB's leadership team is comprised of personnel from Fortune 500 life sciences and technology companies, medical institutions, and academic organizations, offering decades of combined knowledge across multiple domains.



**\$7.3 Million**  
Series A  
February 2025

SkyMirr, a developer of radio frequency (RF) technologies, secured \$7.3 million in early-stage VC investment during a Series A funding round led by Solyco Capital. SkyMirr's goal of expanding wireless connectivity within the Healthcare industry drew the investment, mirroring other industries that have adopted the Internet of Things (IoT). The company's patent-pending Multi-layer Coupling Controlled Antenna Technology (MulCAT), with connectivity and communications applications across various markets, also served as attractive IP to investors. The \$7.3 million cash injection brought SkyMirr's post-money valuation to \$28.3 million. In addition to its financial backing, Solyco provides its experience in managing growth-stage companies through its Solyco Advisors program, offering services including interim chief financial officer (CFO) and chief strategy officer (CSO), as well as back-office support such as accounting and human resources (HR). SkyMirr saw Solyco's value-added services as a differentiator, providing the company with a valuable growth partner.

### EQUITY CAPITAL MARKETS GROUP

The [Equity Capital Markets Group](#) focuses on raising equity capital financing for growth-oriented companies and is active in the Medical Device Outsourcing sector. Our team works closely with our Healthcare Group to help our clients secure equity capital to fund growth initiatives, recapitalize the balance sheet (often including shareholder liquidity), and to finance M&A transactions.

**Chris Hastings**

Head of Equity Capital Markets  
[chastings@capstonepartners.com](mailto:chastings@capstonepartners.com)

**Will Seabaugh**

Vice President

[wseabaugh@capstonepartners.com](mailto:wseabaugh@capstonepartners.com)

**Jack Reagan**

Analyst

[jreagan@capstonepartners.com](mailto:jreagan@capstonepartners.com)



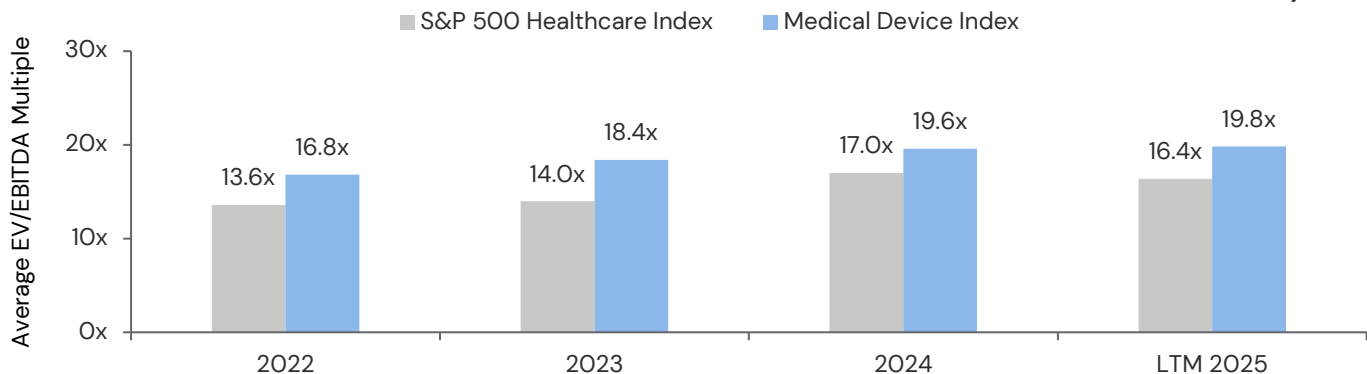
## PUBLIC COMPANIES CONTINUE TO OUTPERFORM DESPITE HEADWINDS

Company	Price 05/20/25	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Boston Scientific	\$106.54	99.4%	\$157,620.2	\$168,836.2	\$17,554.0	\$4,634.5	26.4%	NM	NM
CONMED	\$59.84	76.2%	\$1,851.4	\$2,708.1	\$1,316.0	\$232.1	17.6%	2.1x	11.7x
Integer	\$121.59	83.1%	\$4,242.5	\$5,565.4	\$1,746.2	\$361.5	20.7%	3.2x	15.4x
Integra LifeSciences	\$13.32	40.8%	\$1,035.1	\$2,782.7	\$1,624.3	\$344.4	21.2%	1.7x	8.1x
Medtronic	\$86.37	89.7%	\$110,773.3	\$129,654.3	\$33,537.0	\$9,411.0	28.1%	3.9x	13.8x
Stryker	\$389.55	95.9%	\$148,872.3	\$163,819.3	\$23,218.0	\$6,373.0	27.4%	NM	25.7x
Teleflex	\$126.86	50.8%	\$5,605.8	\$7,340.6	\$3,010.1	\$871.3	28.9%	2.4x	8.4x
Zimmer Biomet	\$95.35	79.4%	\$18,864.8	\$24,814.4	\$7,698.5	\$2,619.1	34.0%	3.2x	9.5x
<b>Mean</b>							25.6%	2.7x	13.2x
<b>Median</b>							26.9%	2.8x	11.7x
<b>Harmonic Mean</b>							24.5%	2.5x	11.5x

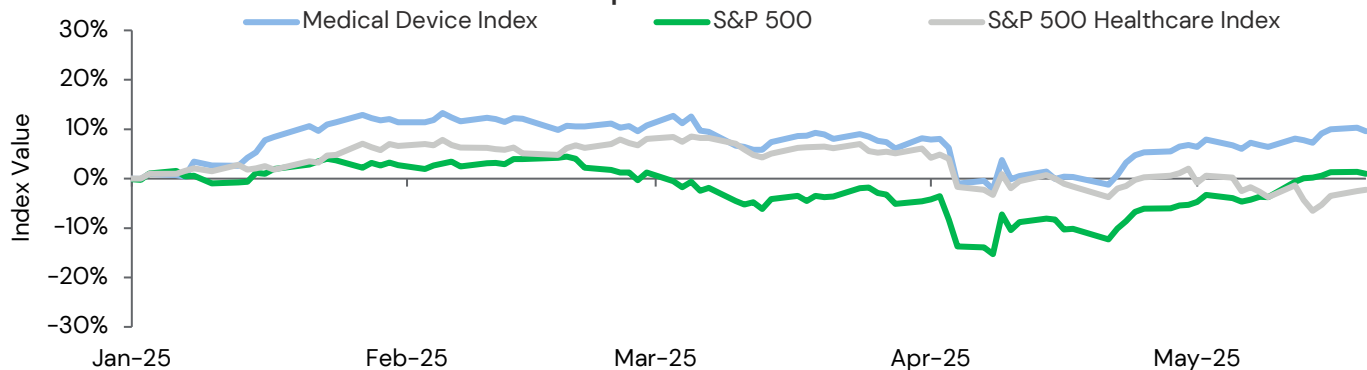
EV = enterprise value; LTM = last twelve-month  
\$ in millions, except per share data  
NM = Not Meaningful

Source: Capital IQ and Capstone Partners as of May 20, 2025

### Public Medical Device OEMs Maintain Premium Valuations Over Wider Healthcare Industry



### Medical Device OEMs Outperform S&P 500 and Overall Healthcare Market



Medical Device Index includes: BSX, CNMD, ITGR, IART, MDT, SYK, TFX, ZBH

Source: Capital IQ and Capstone Partners as of May 20, 2025



## MEDICAL DEVICE OUTSOURCING REPORT CONTRIBUTORS



### Eric Williams

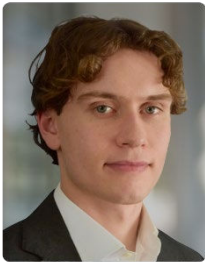
Managing Director

Head of Healthcare Investment Banking

ewilliams@capstonepartners.com | 917-826-9222

Based out of Philadelphia, Eric serves as a Managing Director at Capstone Partners and leads the Health and Medical practice. Eric has successfully completed more than 100 transactions in sectors including contract manufacturing, pharmaceutical outsourcing, medical devices, and life sciences, and health care services. Prior to Capstone, Eric was responsible for managing the Eastern region for Morgan Stanley Smith Barney's Capital Strategies Group and its predecessor, Citi Capital Strategies. Eric has 20 years of experience managing strategic sale assignments and leveraged recapitalizations for owners of privately held companies.

He has also executed complex cross-border transactions with foreign buyers based in London, Germany, Sweden and Switzerland and has structured deals with leading private equity groups and strategic corporate buyers. Previously, Eric worked as a senior executive with Newport Securities Corporation. He graduated cum laude from the University of California.



### Brendan Bradley

Market Intelligence Associate

bbradley@capstonepartners.com | 781-718-2556

Brendan serves as a Market Intelligence Associate at Capstone Partners covering the Aerospace, Defense, Government & Security and Healthcare industries. Prior to joining Capstone, Brendan was an analyst at VDC Research, a Boston-based market research and consulting firm, where he provided M&A commercial due diligence, growth opportunity analysis, product strategy support, and consumer insights research to technology vendors and financial institutions. Brendan graduated with a Bachelor of Arts degree in Economics with a Concentration in Financial Markets from Colby College.





## FIRM TRACK RECORD

Capstone has a proven track record of providing advisory services to highly innovative and disruptive technology companies across the Healthcare industry, including companies within the Medical Device Outsourcing sector. Several of these transactions are highlighted below.



//

*Hats off to the Capstone team for creating a highly competitive M&A process and finding a great partner to help further scale our business. Their attention to detail, responsiveness, and sound advice made a complicated process understandable for my partners and myself and resulted in a great outcome for ToxStrategies. //*

**Mark Harris**  
Co-Founder, ToxStrategies

## CAPSTONE'S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The stage and initiatives of a business often dictate which financial services are in demand. As the bulk of CEOs polled in Capstone's 2024 Middle Market Business Owners Survey indicated growth strategies are a priority for 2025, the lion's share (40.7%) of owners anticipate a need for growth strategy support services. Similarly, 38.1% of CEOs require equity capital advisory services to support operational initiatives and business expansion. Nearly one-third of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, 30.2% of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed specialty advisory practices to provide financial performance, buy-side, employee stock ownership plan (ESOP), and equity and debt services. All of these capabilities are supported by 12 industry banking groups, an active sponsor coverage group, and a dedicated Market Intelligence Team.

### Top Financial Services Required by Business Owners in 2025




**40.7%**

Instituting a growth strategy



**38.1%**

Raising equity capital



**32.4%**

Accounting & audit support



**30.2%**

Accessing relevant industry research



**20.2%**

Raising debt capital



**19.8%**

Corporate restructuring

Question: Have you ever had, or do you anticipate having, a need for any of the following services?  
Source: Capstone Partners' Middle Market Business Owner Survey, Rebased Sample Size (N): 278



## ENDNOTES

1. Grand View Research, "Medical Device Outsourcing Market Summary," <https://www.grandviewresearch.com/industry-analysis/medical-device-outsourcing-market>, accessed July 1, 2025.
2. World Health Organization, "Ageing and health," <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health>, accessed July 1, 2025.
3. National Library of Medicine, "Transformation of the Clinical Trial Enterprise: Lessons Learned from the COVID-19 Pandemic: Final Report," <https://www.ncbi.nlm.nih.gov/books/NBK609012/>, accessed August 19, 2025.
4. Medical Design & Outsourcing, "M&A drives 2024 Medtech Big 100 growth in sales, R&D spending and total employment," <https://www.medicaldesignandoutsourcing.com/2024-medtech-big-100-analysis-sales-research-development-employment-device-companies/>, accessed July 2, 2025.
5. Medical Design & Outsourcing, "Medtech's top R&D spenders and the projects they launched," <https://www.medicaldesignandoutsourcing.com/top-medtech-research-and-development-spenders-projects-big-100/>, accessed June 18, 2025.
6. Medical Design & Outsourcing, "Medtech sales reach a record high as R&D spend and employee counts climb," <https://www.medicaldesignandoutsourcing.com/big-100-medtech-sales-reach-a-record-high-as-rd-spend-and-employee-counts-climb/>, accessed June 18, 2025.
7. Beckton Dickinson, "Q2 FY25 BD Earnings Conference Call," <https://investors.bd.com/news-events/ir-calendar/detail/20250501-q2-fy25-bd-earnings-conference-call>, accessed June 18, 2025.
8. Integer, "Q1 2025 Integer Holdings Corporation Earnings Call," <https://investor.integer.net/news-and-events/calendar/event-details/2025/Q1-2025-Integer-Holdings-Corporation-Earnings-Call-/default.aspx>, accessed June 18, 2025.
9. Coherent Market Insights, "Sterilization Services Market Analysis & Forecast," <https://www.coherentmarketinsights.com/market-insight/sterilization-services-market-5657>, accessed June 17, 2025.



**CAPSTONE  
PARTNERS**

Common Goals. Uncommon Results.

### Disclosure

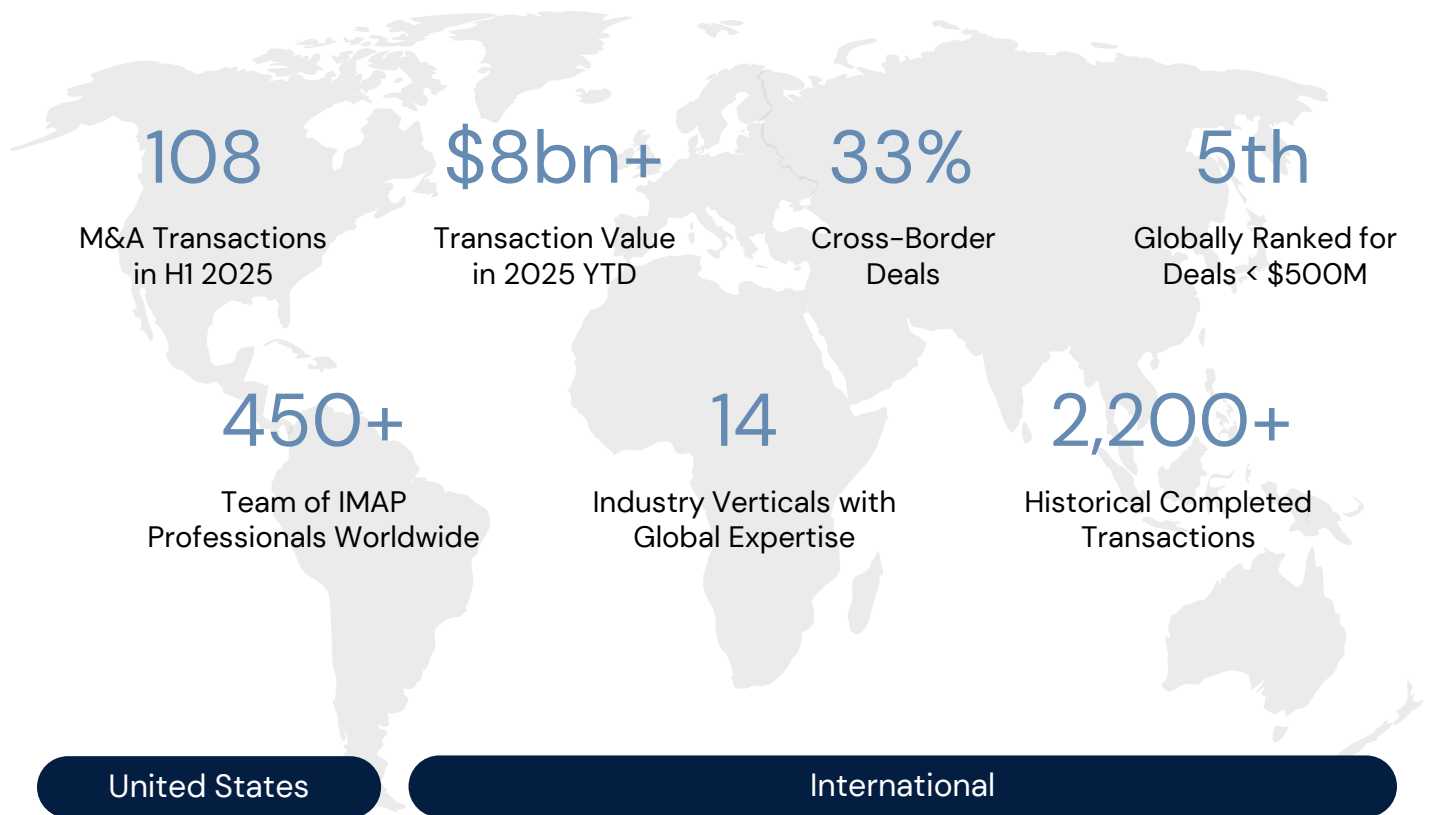
This report is a periodic compilation of certain economic and corporate information, as well as completed and announced merger and acquisition activity. Information contained in this report should not be construed as a recommendation to sell or buy any security. Any reference to or omission of any reference to any company in this report should not be construed as a recommendation to buy, sell or take any other action with respect to any security of any such company. We are not soliciting any action with respect to any security or company based on this report. The report is published solely for the general information of clients and friends of Capstone Partners. It does not take into account the particular investment objectives, financial situation or needs of individual recipients. Certain transactions, including those involving early-stage companies, give rise to substantial risk and are not suitable for all investors. This report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Prediction of future events is inherently subject to both known and unknown risks and other factors that may cause actual results to vary materially. We are under no obligation to update the information contained in this report. Opinions expressed are our present opinions only and are subject to change without notice. Additional information is available upon request. The companies mentioned in this report may be clients of Capstone Partners. The decisions to include any company in this report is unrelated in all respects to any service that Capstone Partners may provide to such company. This report may not be copied or reproduced in any form or redistributed without the prior written consent of Capstone Partners. The information contained herein should not be construed as legal advice.





## Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 51 countries.



~200 professionals  
8 offices

Boston • Denver • Chicago • Dallas  
Detroit • Irvine • New York • Tampa

450+ professionals  
60+ offices in 51 countries

**Asia:** China • India • Japan • Thailand

**Africa:** Congo • Cameroon • Ghana • Mauritius • Morocco • Senegal • South Africa •  
Uganda • Zimbabwe

**Americas:** USA • Canada • Argentina • Brazil • Chile • Colombia • Mexico • Panama & Central  
America • Paraguay • Peru

**Europe:** Belgium • Bosnia & Herzegovina • Croatia • Czech Republic • Denmark • Finland • France •  
Germany • Hungary • Ireland • Italy • Netherlands • Poland • Portugal • Romania • Serbia • Slovakia •  
Slovenia • Spain • Sweden • United Kingdom

**Middle East:** Egypt • Oman • Qatar • Saudi Arabia • United Arab Emirates