



Client Profile: Health Media Network

Founded in 2007 by Christopher Culver and Paul Theisen, Health Media Network (HMN), based in Norwalk, Connecticut, provides healthcare programming through its network of digital screens and wallboards in the waiting rooms of doctors' offices and similar facilities throughout the U.S.

HMN has experienced exponential growth over the years, most notably when in 2017 it entered into a partnership with The Wellness Network that enabled the network to expand to 300,000 screens. The company now makes 325 million impressions a year.

It boasts gross margins of 75 percent, and pharmaceutical companies have found it to be a particularly compelling advertising vehicle. The "script lift" (increase in prescription price compared to ad dollars spent) jumped from 3:1 to as much as 38:1 for certain medications advertised on HMN's network.

THE CHALLENGE

In 2014 Health Media Network, owner of an extensive network of digital screens placed in doctors' waiting rooms and similar facilities throughout the country, was looking to acquire the Patient Education Center of Healthbridge, a New Jersey-based healthcare media company.

THE SOLUTION

Saratoga provided HMN with a loan in the amount of \$9.5 million to facilitate the sale, and four rounds of financing over the next five years enabled the company to undergo dramatic growth.

OUTCOMES

HMN expanded its network, which stood at 3,830 screens before its involvement with Saratoga, to 300,000 by 2017. Today HMN makes 325 impressions a year.

HEALTH MEDIA NETWORK

How Saratoga Investment Corporation Expanded the Horizons of a Digital Media Company

With Health Media Network amid a growth phase, Saratoga enabled the 2014 acquisition of HealthBridge's Patient Education Center.

Health Media Network (HMN), based in Norwalk, Connecticut, operates a network of digital screens and wallboards placed in the waiting rooms of doctors' offices and similar facilities throughout the U.S. That network provides healthcare programming to patients and providers, and gives advertisers an avenue to a target audience.

HMN's vision has always extended even further, however. In 2014, seven years after its founding, the company

was seeking to acquire the Patient Education Center of HealthBridge, a New Jersey-based healthcare media company. Making the acquisition of that wallboard/brochure network, which could be found at 4,000 locations, would allow HMN to expand its reach to 11,000 locations and 55,000 physicians across the country.

Saratoga facilitated the purchase by extending a \$9.5 million loan, then continuing with four subsequent rounds of capital over the next five years, sustaining HMN's growth. Later in 2014 the company entered into a partnership with the American College of Cardiology (ACC), enabling HMN

to broaden the reach of the ACC's CardioSmart initiative, which deals with the importance of maintaining heart health.

Two years later HMN, which operated 3,830 screens before entering into its agreement with Saratoga, acquired those operated by Elite Sampling and Media Group. And in 2017 it entered into an alliance with The Wellness Network, expanding its network to 300,000 screens and 30 million monthly impressions.

Saratoga's vice president Marissa Mann explained that in the case of HMN, co-founder Christopher J. Culver was seeking a non-dilutive investment -- i.e., one which would not see him sacrifice any of his ownership stake, but would enable the company to make the sort of strides it ultimately has.

"The mutually beneficial terms of our HMN partnership," Mann said, "are representative of our flexibility and collaborative approach with middle market companies."

MEDIA SAVVY

Christopher Culver had long been involved in media, first in film production and then as an entrepreneur. In 1989 he was part of a marketing group that started the UK's first charitable lottery, and would later serve as executive vice president of Transportation Displays, Inc., the largest transit advertising company in the U.S. Then, in 1994, he founded Culver Media Group, a marketing/advertising firm that boasted such clients as Time Warner, Armani, Virgin Atlantic Airways and Bordeaux Wines.

But by 2007, Culver was looking to go in another direction. That's when he founded HMN with New York-based media mogul Paul Theisen.

"I believe that if businesses can help empower individuals to live healthier lives by being more engaged and educated," Culver said in a 2013 interview, "consumers and their providers will get more value out of what is a highly critical, complex and intimate relationship between patient and doctor."

By his estimate 75 percent of HMN's content provides all who view it with "the appropriate information to make

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better, more informed healthcare decisions.” The other 25 percent consists of advertising -- 80 percent of it national and 20 percent of it local.

Before entering into its relationship with Saratoga, HMN screens could be found in locations used by 44,000 doctors. Culver's goal was to further that reach -- and Saratoga enabled the company to do so.

HOW SARATOGA HELPED

Saratoga's decision to invest in HMN was based not only on its growth potential but also the following:

Strong Value Proposition

Studies showed HMN was particularly appealing to pharmaceutical companies, as the "script lift" (increase in prescription price compared to ad dollars spent) jumped from 3:1 to as much as 38:1 for certain medications advertised on HMN's screens.

Ability to Scale

The percentage of Pharma companies' advertising budgets spent on point-of-contact displays increased from zero to between five and 10 percent between 2008 and 2013.

Attractive Margins

HMN's gross margins (net revenues minus cost of producing the goods it sells) were 75 percent. Each digital screen was installed at a cost of \$1,100, but HMN recouped that money within a year.

Experienced Management Team

Co-founder Christopher Culver had a proven track record in marketing and advertising since 1989.

Blue Chip Customer Base

HMN's customer base included pharma giants Merck, Pfizer and Bayer, as well as such advertising agencies at Carat, FCB Health and Target Health.

"We are always looking to add new networks and expand our business," Culver said in a 2013 interview. "Our vision was to help transform the industry."

The partnership with Saratoga enabled HMN to do just that. Particularly notable was the aforementioned partnership it formed with The Wellness Network, expanding the

company's network 100-fold from 3,000+ screens to 300,000+ screens just three years later.

HMN now generates over 325 million annual impressions across all media platforms and boasts the most robust mobile network in the healthcare space.

CONNECT WITH US

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