



Protecting Value in Healthcare Transactions

Cyber & Regulatory Due Diligence for Private Equity

THE PE REALITY IN HEALTHCARE DEALS

Healthcare transactions introduce immediate regulatory, cyber, and operational risk that does not exist in most other industries. When a healthcare business changes ownership, HIPAA obligations, patient data risk, and historical security failures transfer to the buyer at close, often before integration begins.

Undisclosed cyber incidents, weak compliance programs, or vendor failures can quickly turn a strong investment thesis into valuation erosion, insurance exclusions, or post close disruption.

WHY TRADITIONAL DILIGENCE FALLS SHORT






- Seller questionnaires rely on attestations, not validation
- Generic IT diligence misses HIPAA specific exposure
- Cyber risk is often discovered after LOI or during R&W underwriting
- Integration teams inherit risk they didn't price into the deal

Healthcare specific diligence is no longer optional. It is a deal protection strategy.

OUR HEALTHCARE FOCUSED DILIGENCE APPROACH

Purpose built for private equity healthcare investments, our diligence focuses on what investors, insurers, and regulators actually care about:

What We Evaluate

- 
Regulatory Exposure
 HIPAA posture, prior incidents, regulator history, state privacy risk
- 
Cybersecurity Risk
 Material control gaps, legacy systems, undisclosed breaches
- 
Third Party & Vendor Risk
 Business Associate Agreements, cloud and MSP exposure
- 
Transaction Risk
 Issues that impact purchase price, escrows, and R&W insurability
- 
Day 1 Readiness
 Ability to operate compliantly immediately post close

This approach reflects proven healthcare M&A frameworks and insurer expectations.



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HOW THIS PROTECTS YOUR INVESTMENT

Private Equity firms use our diligence to:

- Identify deal breaking or repricing issues early
- Avoid R&W insurance exclusions or carve outs
- Support cleaner closes and faster integrations
- Reduce post close regulatory and cyber surprises
- Translate technical risk into financial and operational impact

BUILT FOR HEALTHCARE PE USE CASES

- Platform acquisitions and add on strategies
- First time healthcare investors
- Transactions involving PHI, EHRs, or regulated services
- Deals with accelerated timelines or limited seller transparency
- R&W insured transactions requiring defensible diligence

THE BOTTOM LINE

Cyber and compliance risk in healthcare is not theoretical—it is a direct driver of valuation, insurability, and post close performance.

Healthcare specific diligence turns uncertainty into informed deal decisions.



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ABOUT CLOUDWAVE

CloudWave is a full-service cybersecurity and cloud services provider built exclusively for healthcare. Protecting over 350 hospitals and health system environments, CloudWave delivers end-to-end solutions that combine secure hosting, IT operations, and 24/7 threat detection and response. Services include managed security, risk and compliance, disaster recovery, systems management, and cloud optimization—all delivered with a healthcare-first mindset. Powered by AI-driven security operations and supported by U.S.-based Network and Cybersecurity Tactical Operations Centers, CloudWave provides a cyber-ready foundation for safe, uninterrupted patient care.

ABOUT BLUEORANGE COMPLIANCE

BlueOrange Compliance, a CloudWave company, is a leader in information privacy and security, regulatory compliance, and risk management services. Together with CloudWave, BlueOrange Compliance delivers end-to-end cybersecurity solutions for healthcare organizations facing increasingly complex compliance landscapes, including HIPAA, HITECH, OCR, and other industry-specific regulations.

The combination of our proven track record in compliance audits, risk assessments, cybersecurity testing and training, and cybersecurity consulting and risk management services along with CloudWave's advanced threat detection, incident response, and cloud infrastructure capabilities results in a comprehensive set of offerings that empower healthcare organizations to secure sensitive data, streamline compliance efforts, and mitigate evolving cyber threats.