

Citadel Group wishes for a global Genie

Lucas Baird

Citadel Group plans to take medical practice software play Genie Solutions global after persuading IFM Investors to call off a \$250 million float and instead sell the company.

The price Citadel paid remains under wraps, but it was probably higher than Genie's planned \$2 a share initial public offering.

Citadel chief executive Mark McConnell declined to comment on the price but said the IT firm planned to take Genie overseas through its established channels.

"The big push in Europe and the UK at the moment is GDPR (General Data Protection Regulation)," he said.

"All of this creates a whole lot of extra cost, so it becomes a market where the big players can succeed, but the smaller players struggle to compete, and we are able to help Genie bridge that gap."

Mr McConnell would not elaborate further on the overseas push.

Still, he said there was a growing compliance burden for companies bidding for government contracts and those that have access to medical data both in Australia and abroad.

Citadel was well-equipped to deal with this, he said.

Mr McConnell pointed to a \$1.4 million contract win to supply the CSIRO its cloud-based information management platform, Citadel IX, which



Citadel plans to take James Scollay's Genie Solutions overseas through its established channels. PHOTO: ATTILA CSASZAR

required the company to have certain technical certifications. "This is now about moving into an integrated healthcare model for Citadel," he said.

"The integration into the practice becomes important, especially when you think of the issues around cyber and the regulatory issues.

"We are well-positioned to cope with that. It's a key point in our DNA."

Genie boss James Scollay said he was excited to join Citadel, which he said was a better fit than the public market because it gave his company more immediate scale and reach.

The acquisition – first reported by Street Talk on Sunday – is expected to accelerate Genie's move to put more customers on cloud-based software.

Mr Scollay said about 20 per cent of

his customers were now in the cloud.

"We see more of our customers moving to the cloud over the medium term as it makes sense for them," he said.

Citadel and Genie expect the transaction to be finalised "within the coming months" after pulling the pin on the float after months of preparation by brokers RBC Capital Markets and E&P Corporate Advisory.

How Street Talk broke the story



The brokers were as far as drumming up interest from institutional investors for an IPO.

It is the second major acquisition of a medical practice software provider in recent months as Telstra nears a \$350 million deal to acquire Medical Director from private equity firm Affinity Equity Partners.

IFM Investors' private equity head, Stuart Wardman-Browne, said the result was an "example of how private equity investment by industry super is generating returns for superannuation fund members, supporting entrepreneurial businesses and creating jobs".

"Genie is a great business with an exceptional management team," Mr Wardman-Browne said.