

SECTORWATCH:
Healthcare IT
Q1 2018

7 MILE 
ADVISORS

OVERVIEW



Dashboard

Summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

Summary valuation and operating metrics for a basket of comparable public companies



Operational Metrics and Valuation Comparison

A more graphical, detailed comparison of operating metrics and valuation multiples for the public basket



Recent Deals

The most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

Disclaimer

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DASHBOARD

Revenue Growth Momentum

↓ -7.7%

One year revenue growth percentage compared to revenue growth average percentage for last 3 years.

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening, but the average growth rate is still 18%.

Pricing / Gross Margin Momentum

↑ 0.4%

One year gross profit percentage compared to gross profit percentage average for last 3 years.

Current gross profit margin slightly exceeds the average of the last 3 years gross profit margin by this amount so companies are maintaining margins.

Profitability Momentum

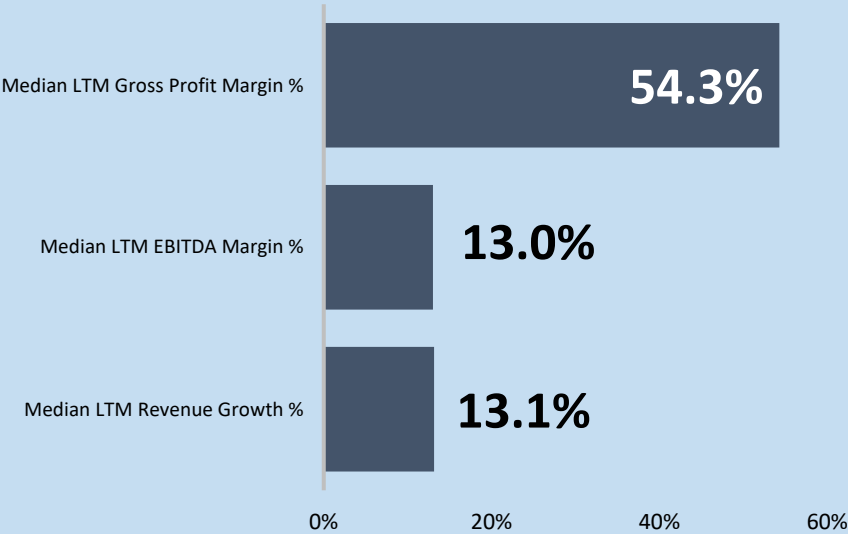
↓ -0.9%

One year EBITDA percentage compared to EBITDA percentage average for last 3 years.

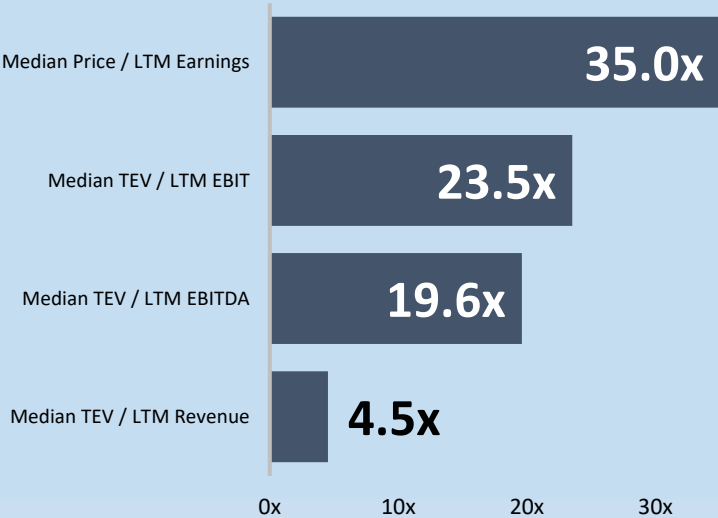
Current EBITDA margin is a bit less than the average of the last 3 years EBITDA margins, which may signal pricing pressure and further consolidation.

Public Constituents – see Page 4

Operating Metrics



Valuation



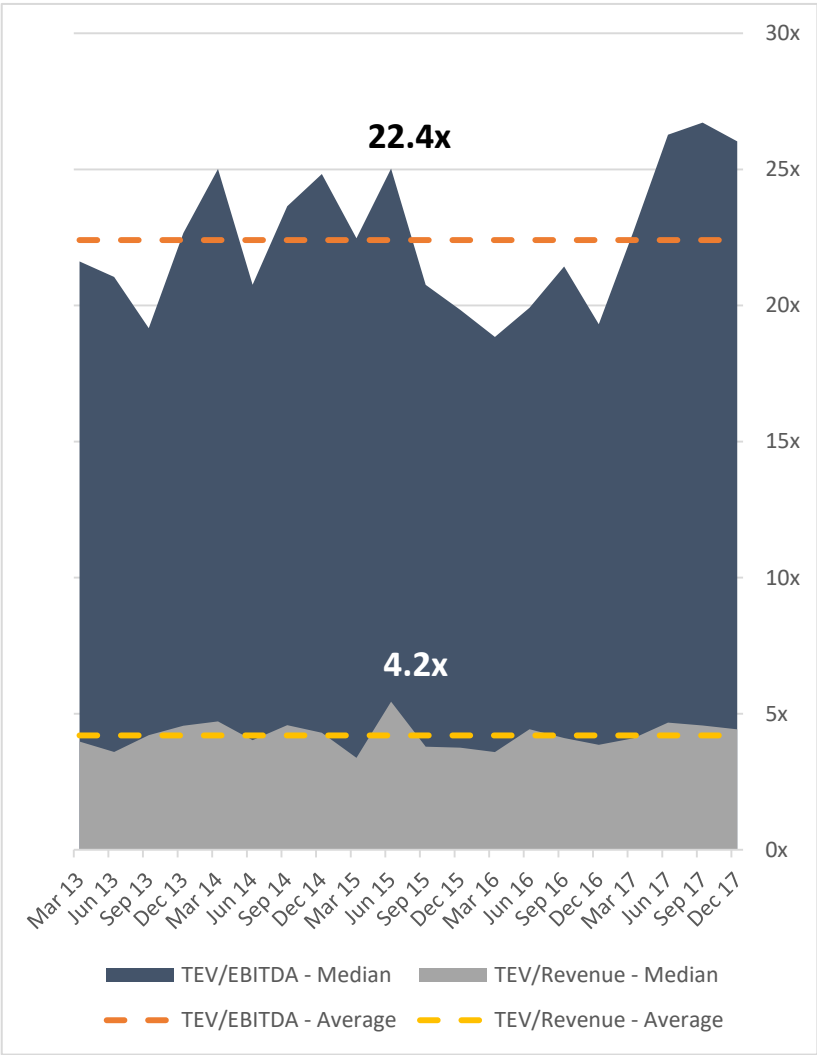
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Cerner Corporation	22,590	4,988	8%	85%	28%	4.5	16.3	24,400	204
M3, Inc.	11,428	765	25%	58%	32%	14.7	45.8	4,370	175
Veeva Systems Inc.	7,515	651	28%	69%	25%	11.5	46.2	1,794	363
athenahealth, Inc.	5,289	1,179	12%	52%	11%	4.5	40.7	5,305	222
Allscripts Healthcare Solutions, Inc.	4,527	1,714	17%	50%	10%	2.6	25.9	7,500	229
CompuGroup Medical Societas Europaea	4,000	693	4%	37%	19%	5.6	30.0	4,332	160
Cotiviti Holdings, Inc.	3,890	670	10%	61%	36%	5.8	16.2	3,000	223
Medidata Solutions, Inc.	3,787	529	21%	77%	16%	7.2	46.1	1,424	371
HealthEquity, Inc.	2,700	216	29%	59%	31%	12.5	40.3	875	247
Teladoc, Inc.	2,195	194	79%	75%	-18%	11.3	0.0	670	289
Omniceil, Inc.	2,146	690	6%	44%	6%	3.1	52.4	2,444	282
Web.com Group, Inc.	1,789	748	13%	69%	20%	2.4	11.8	3,600	208
Winning Health Technology Group Co., Ltd.	1,736	159	18%	52%	20%	10.5	51.4	2,750	58
Inovalon Holdings, Inc.	1,710	431	-5%	65%	17%	4.0	23.3	1,908	226
HMS Holdings Corp.	1,615	498	1%	35%	19%	3.2	17.0	2,287	218
Agfa-Gevaert NV	932	2,916	-3%	33%	6%	0.3	4.8	10,042	290
Evolent Health, Inc.	930	409	93%	38%	-12%	2.3	0.0	2,400	171
Quality Systems, Inc.	887	524	6%	56%	11%	1.7	15.0	2,771	189
Benefitfocus, Inc.	864	253	12%	51%	-1%	3.4	0.0	1,430	177
Pharmagest Interactive SA	781	156	13%	29%	24%	4.7	19.4	862	181
NNIT A/S	713	452	5%	18%	14%	1.5	10.5	2,811	161
Vocera Communications, Inc.	692	153	27%	59%	-8%	4.5	0.0	581	263
Tabula Rasa Healthcare, Inc.	681	118	36%	30%	2%	5.8	234.4	241	489
Pro Medicus Limited	678	24	15%	98%	45%	26.8	58.9	-	NA
HealthStream, Inc.	663	244	9%	57%	11%	2.7	24.4	1,010	241
Computer Programs and Systems, Inc.	543	263	7%	53%	10%	2.1	19.7	2,000	132
NantHealth, Inc.	530	102	23%	42%	-94%	5.2	0.0	922	111
Castlight Health, Inc.	453	124	34%	66%	-42%	3.6	0.0	381	326
Simulations Plus, Inc.	276	26	25%	74%	42%	10.7	25.3	83	311
Connecture, Inc.	103	78	-13%	37%	-7%	1.3	0.0	370	211
Average	2,888	666	18%	54%	9%	6.0	38.1	3,192	232
Median	1,274	420	13%	55%	13%	4.5	25.3	2,000	222

share price as of 22Jan18

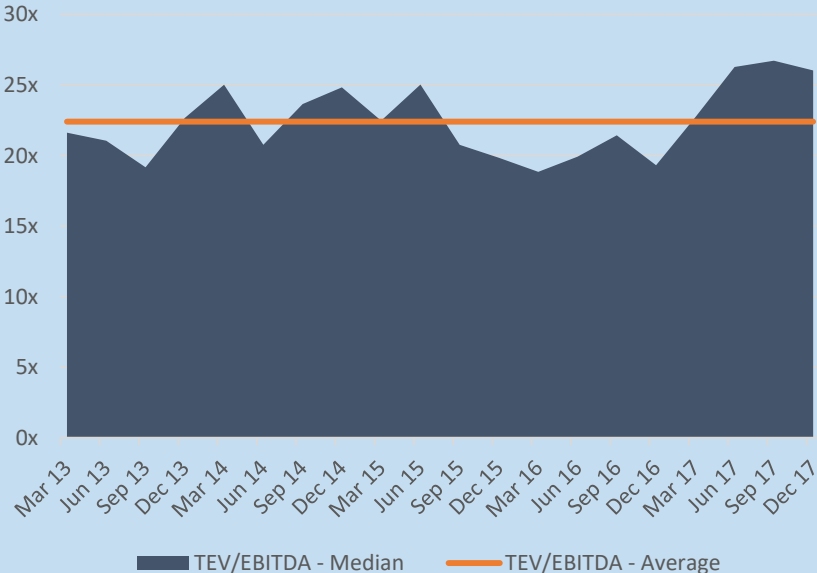
PUBLIC BASKET



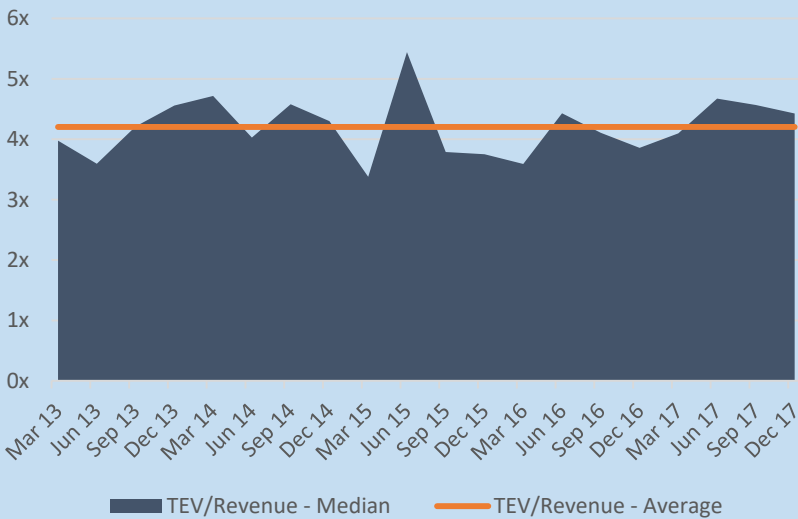
PUBLIC BASKET VALUATION TRENDS



Public EBITDA Multiples Over Time



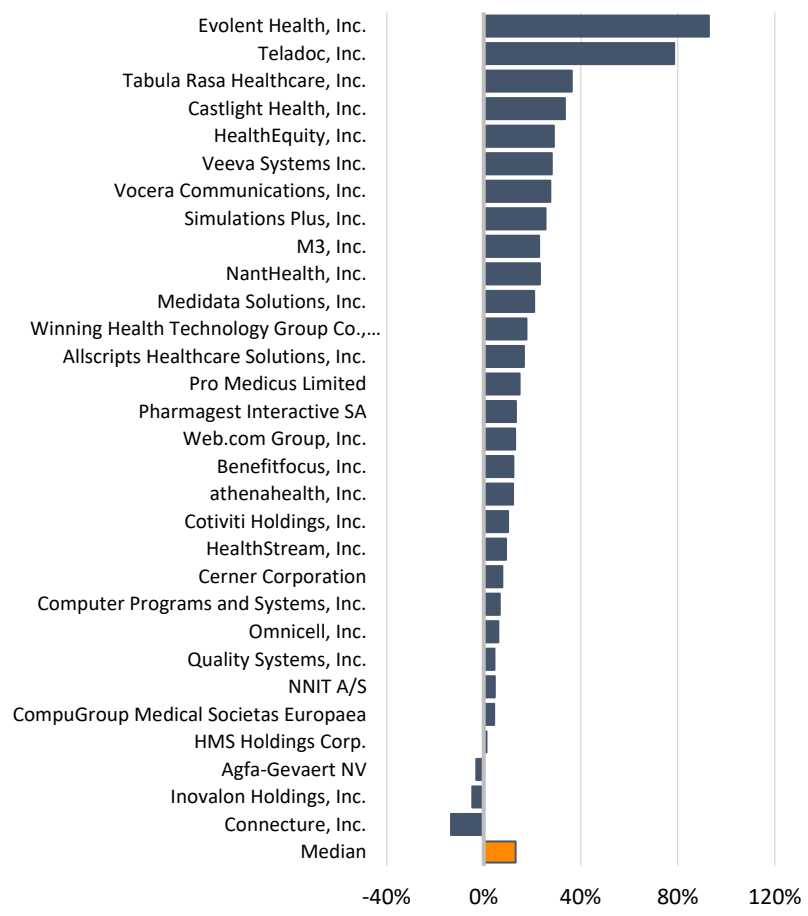
Public Revenue Multiples Over Time



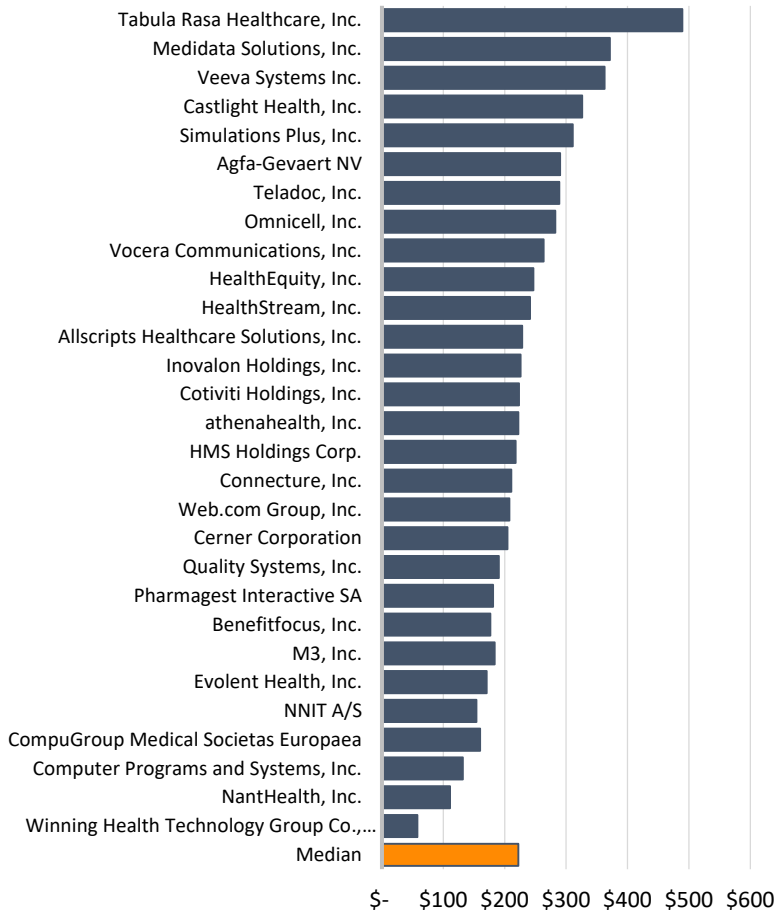
OPERATIONAL METRICS



LTM Revenue Growth %



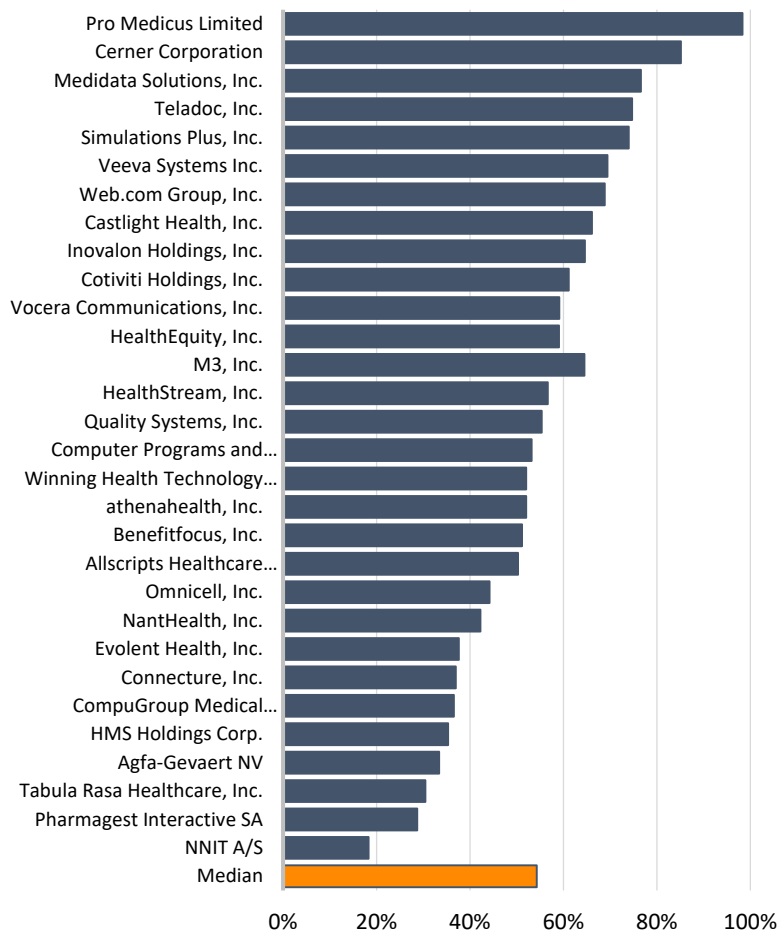
Revenue per FTE, 000's



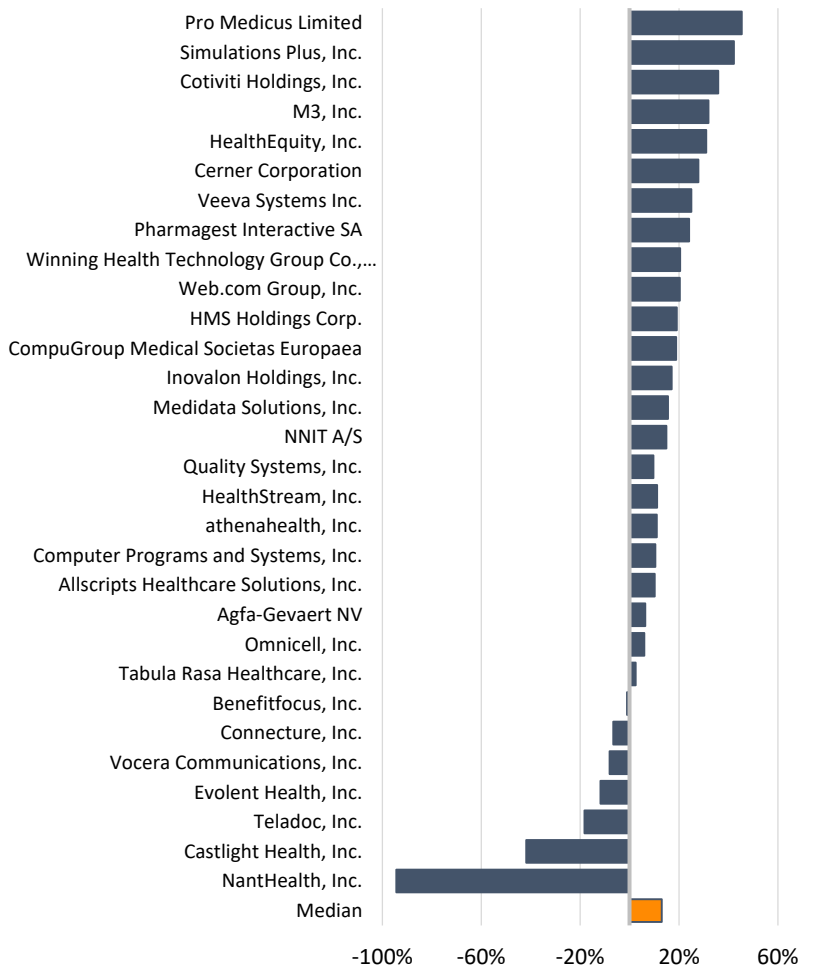
OPERATIONAL METRICS



LTM Gross Profit Margin %



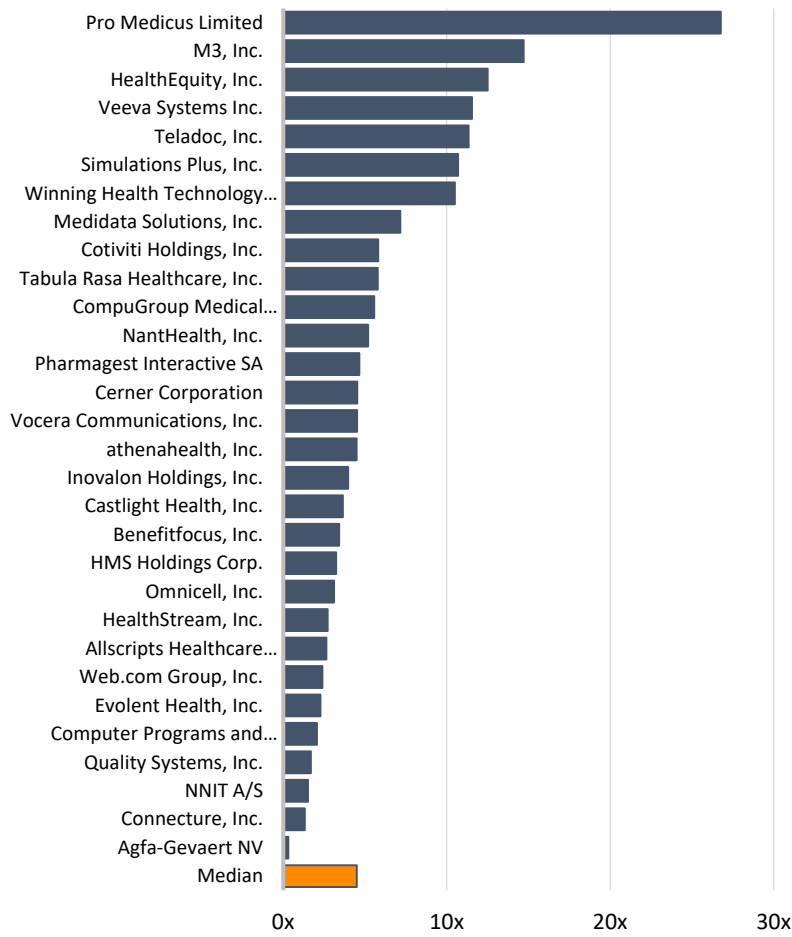
LTM EBITDA %



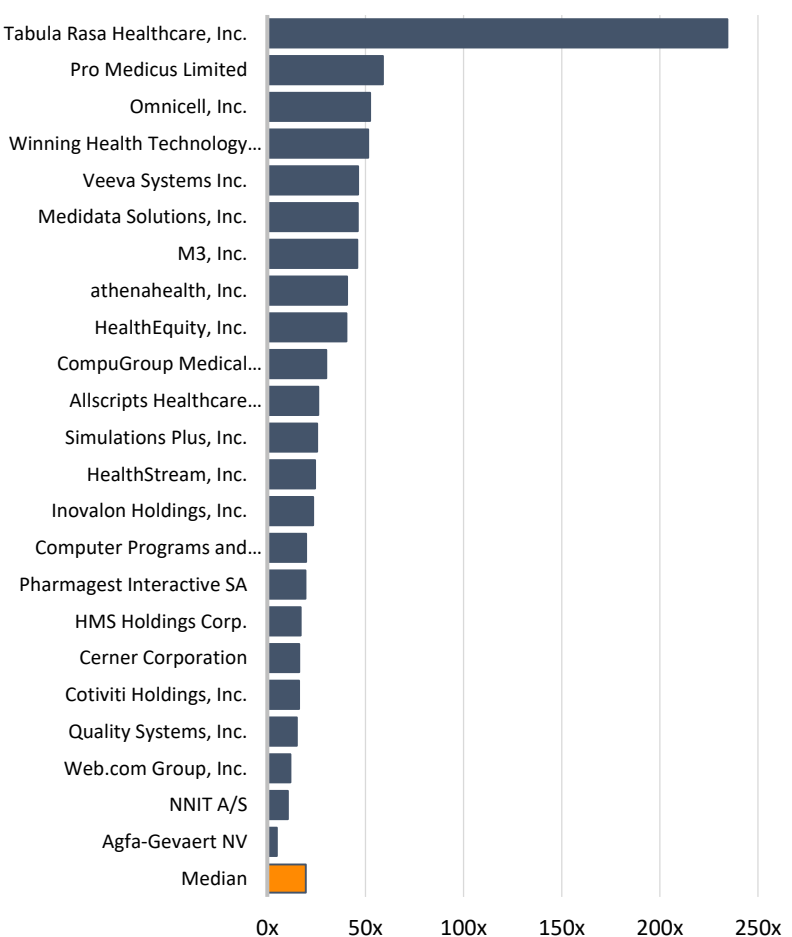
VALUATION



TEV / LTM Revenue



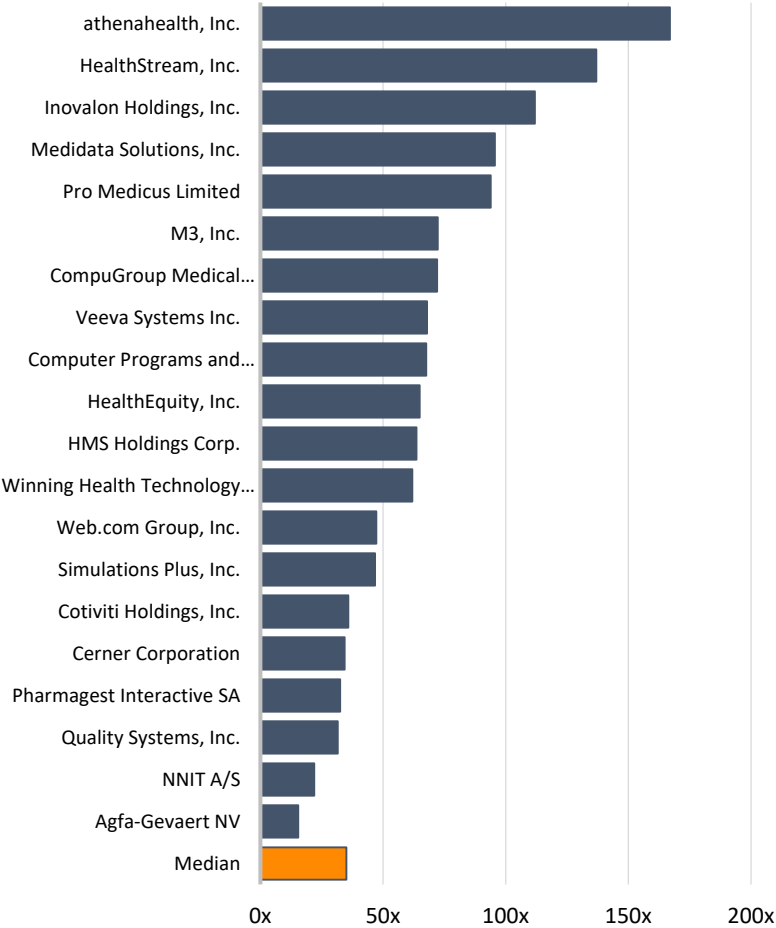
TEV / LTM EBITDA



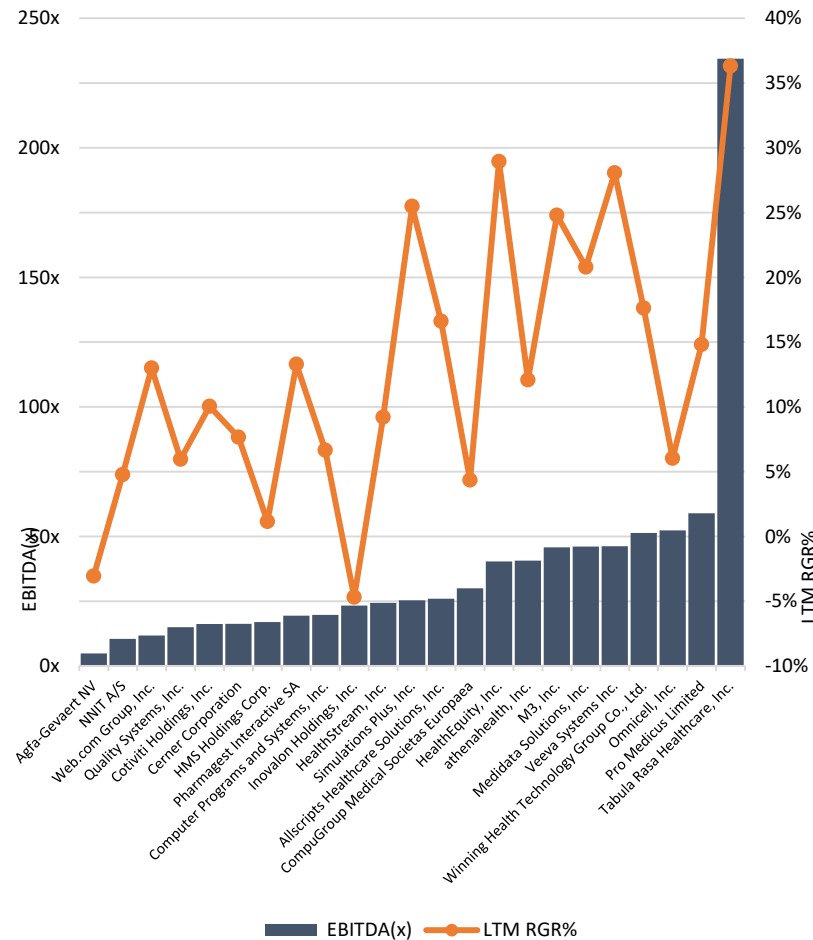
VALUATION



Price / LTM Earnings



Historical Valuation Multiples Versus Revenue Growth Rates

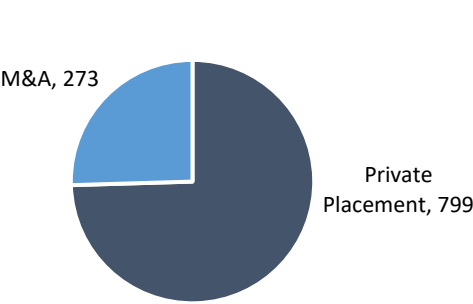


RECENT TRANSACTIONS SUMMARY

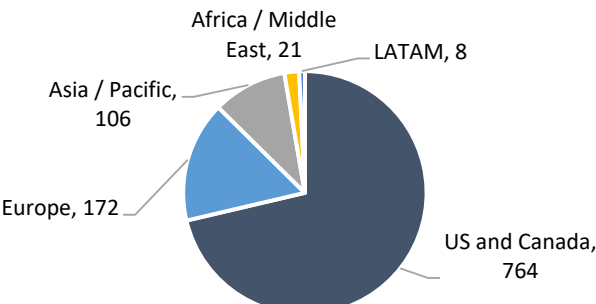
In the last twelve months there were transactions totaling \$8.6b transactions in the healthcare IT sector. 7 Mile Advisors tracked 1,071 transactions in the sector, including 273 M&A transactions.

Merger & Acquisition Statistics	
Valuation Summary	
Total Deal Value(\$mm):	\$8,613
Average Deal Value:	\$141
Average TEV/Revenue:	10.8x
Average TEV/EBITDA:	25.1x
Average Day Prior Premium(%):	3.1%
Average Week Prior Premium(%):	9.3%
Average Month Prior Premium(%):	5.9%

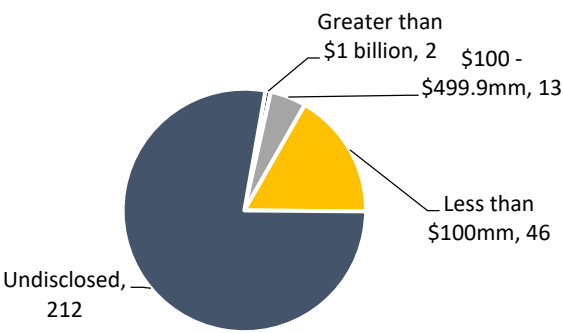
All Transactions by Type



All Transactions by Region



M&A Transaction Ranges by Value



Most Active Buyers/Investors by Number of Transactions	
Company Name	Number Of Transactions
500 Startups	10
Ben Franklin Technology Partners of Southeastern Pennsylvania	7
Sabby Management, LLC	7
Y Combinator Management LLC	7
Flare Capital Management Company, LLC	6
GE Ventures	6
Koninklijke Philips N.V. (ENXTAM:PHIA)	6
Merck Global Health Innovation Fund, LLC	5
Ascension Ventures	4
F-Prime Capital Partners	4

Most Active Buyers/Investors by Total Transaction Size	
Company Name	Transaction Size (\$mm)
Oz Parent, Inc.	3,600
McKesson Corporation (NYSE:MCK)	1,500
Leerink Transformation Partners LLC	524
Pritzker Group Venture Capital	515
CapitalG	500
Alpha Venture Partners	500
Juna Equity Partners	500
Goldman Sachs Asset Management, L.P.	500
Balyasny Asset Management L.P.	500
Goldman Sachs (Japan) Co. Ltd., Investment Arm	457

SELECT RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
5Jan18	Practice Fusion, Inc.	Allscripts Healthcare, LLC	100.00	-	-	-
14Dec17	Brighter, Inc.	Cigna Corporation	-	-	-	-
13Dec17	Connect Healthcare	Health Platforms, Inc.	-	-	-	-
8Dec17	VitalHealth Software B.V.	Koninklijke Philips N.V.	-	-	-	-
24Oct17	Montentia, LLC	Bracket Global LLC	-	-	-	-
11Oct17	Prognosis Innovation Healthcare	Azalea Health Innovations, Inc.	-	-	-	-
10Oct17	MedHelp International, Inc.	The Staywell Company, LLC	-	-	-	-
10Oct17	Carena, Inc.	Avizia, Inc.	-	-	-	-
3Oct17	Tea Leaves Health, LLC	Welltok, Inc.	90.00	-	-	-
25Sep17	CareLinx Incorporated	Generali Global Assistance	-	-	-	-
13Sep17	Diabeto, Inc.	Livongo Health, Inc.	-	-	-	-
6Sep17	SinfoniaRx, Inc.	Tabula Rasa Healthcare, Inc.	131.54	27.10	4.9x	-
31Aug17	ACAExpress.com, Inc. and Benefit Geek	Vimo, Inc.	-	-	-	-
14Aug17	Senosis Health Inc.	Alphabet Inc.	-	-	-	-
3Aug17	Curoverse, Inc.	Veritas Genetics International Ltd.	-	-	-	-
31Jul17	EagleDream Health, Inc.	NextGen Healthcare Information Systems, LLC	26.00	-	-	-
24Jul17	WebMD Health Corp.	MH SUB I, LLC	3,751.26	708.99	3.7x	14.3x
17Jul17	Encore Health Resources, LLC	eMids Technologies Inc.	-	-	-	-
11Jul17	MedApproved, LLC	TractManager, Inc.	-	-	-	-
4Jul17	Health and Parenting Limited	Koninklijke Philips N.V.	-	-	-	-
29Jun17	mySugr GmbH	Roche Holding AG	73.02	-	-	-
19Jun17	Best Doctors, Inc.	Teladoc, Inc.	440.00	98.24	4.5x	44.8x
16Jun17	Verklizan B.V.	Main Capital Partners B.V.	-	-	-	-
13Jun17	TMG Health, Inc.	Cognizant Technology Solutions Corporation	-	-	-	-
8Jun17	Praxify Technologies, Inc.	athenahealth, Inc.	63.00	-	-	-
7Jun17	GreatCall, Inc.	GTCR, LLC	-	250.00	-	-
30May17	Expert-24 Limited	Medvivo Group Ltd	-	-	-	-
8May17	Beddit.com Oy	Apple Inc.	-	-	-	-
2May17	Milner-Fenwick, Inc.	Interactivation Health Networks LLC	-	-	-	-
27Apr17	Lightshed Healthcare Technologies LLC	DocuTAP, Inc.	-	-	-	-
19Apr17	Health 2.0 LLC	Healthcare Information and Management Systems Society, Endowment Arm	-	-	-	-
17Apr17	Mytrus, Inc.	Medidata Solutions, Inc.	14.00	-	-	-
4Apr17	WPC Healthcare, Inc.	Intermedix Corporation	-	-	-	-
3Apr17	Voxiva, Inc.	StudyCue, LLC (nka:Wellpass)	-	-	-	-
26Feb17	Praeses, LLC, PocketRx App	Digital Pharmacist Inc.	-	-	-	-
10Mar17	Eliza Corporation	HMS Holdings Corp.	170.00	-	-	-
8Mar17	TreatMD, Inc.	GlobalMedia Group, LLC	-	-	-	-
21Feb17	NexSched, LLC	Medfusion, Inc.	-	-	-	-
31Jan17	VisibilityRx	DrFirst.com, Inc.	-	-	-	-
31Jan17	RxWiki, Inc.	TeleManager Technologies, Inc.	-	-	-	-

SELECT RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
24Jan17	CoverMyMeds LLC	McKesson Corporation	1,500.00	-	-	-
23Jan17	Meta	Chan Zuckerberg Initiative	-	-	-	-
13Jan17	CynergisTek, Inc. (nka:CTEK Security, Inc.)	Auxilio, Inc. (nka:Cynergistek, Inc.)	34.17	15.00	2.3x	6.3x
31Dec16	Vector Watch UK Limited	Fitbit, Inc.	15.00	-	-	-
10Jan17	Verimoov LLC	Proactive MD, LLC	-	-	-	-
4Jan17	Jiff, Inc.	Castlight Health, Inc.	153.45	-	-	-
19Dec16	Mediware Information Systems, Inc.	TPG Capital, L.P.	-	-	-	-
27Oct16	HealthMEDX, LLC	Netsmart Technologies Inc.	-	-	-	-
21Oct16	Everyday Health, Inc.	Ziff Davis, LLC	487.42	253.92	1.8x	15.0x
6Oct16	Network Infrastructure Technologies Inc.	Matrix International Financial Services	-	-	-	-
4Oct16	Emmi Solutions, LLC	Wolters Kluwer Health, Inc.	170.00	-	-	-
12Sep16	Anthelio Healthcare Solutions Inc.	Atos SE	275.00	200.00	1.4x	-
8Sep16	Opportunity IT Healthcare Solutions, Inc.	Streamline Health Solutions, Inc.	1.40	-	-	-
22Aug16	BioClinica, Inc.	Cinven Limited; The Sixth Cinven Fund LP	-	-	-	-
9Aug16	Press Ganey Holdings, Inc.	EQT Partners AB; EQT VII	2,438.96	344.32	6.9x	22.8x
31Jul16	Double Eagle Parent, Inc.	Advent International Corporation	4,089.95	2,084.64	2.8x	21.0x
22Jul16	Invoyent LLC	West Monroe Partners, LLC	9.00	-	-	-
25Jul16	Healthcare Services Management, Inc.	Huron Consulting Group Inc.	-	-	-	-
12Jul16	Valence Health, Inc.	Evolent Health, Inc.	247.30	76.18	3.2x	-
13Jul16	Imprivata, Inc.	Thoma Bravo, LLC; Thoma Bravo Fund XII, L.P.	521.03	131.14	3.8x	NM
13Jun16	Cardon Outreach, LLC	MedData, Inc.	400.00	-	-	-
13Jun16	MedHOK, Inc.	Hearst Health	-	40.00	-	-
3May16	IMS Health Holdings, Inc.	Quintiles Transnational Holdings Inc. (nka:IQVIA Holdings Inc.)	13,644.77	3,063.00	4.3x	19.4x
25Apr16	Verisk Health, Inc. and MediConnect Global, Inc.	Veritas Capital Fund Management, LLC; Veritas Capital Fund V, L.P.	820.00	-	-	-
4Apr16	Ceryx Inc.	Dimension Data Holdings plc	-	-	-	-
20Mar16	Netsmart Technologies Inc.	GI Partners, LLC; Allscripts Healthcare Solutions, Inc.	950.00	-	-	-
8Mar16	eResearch Technology, Inc.	Nordic Capital; Novo A/S (nka:Novo Holdings A/S); Nordic Capital Fund VIII LP	1,800.00	300.00	6.0x	-
19Feb16	Brightree LLC	ResMed Corp.	800.00	113.20	7.1x	18.9x
17Feb16	Truven Holding Corp.	IBM Watson Health	3,592.97	610.72	5.9x	35.0x
11Feb16	HealthPlan Holdings, Inc.	Wipro Limited	460.00	223.00	-	-
15Dec15	UMS s.r.l.	Ascom Holding AG	-	-	-	-
7Dec15	Accretive Health, Inc. (nka:R1 RCM Inc.)	TowerBrook Capital Partners L.P.; Ascension Ventures; TowerBrook Investors IV (OS), L.P.; TowerBrook Investors IV (Onshore), L.P.	200.00	96.35	-	-
25Nov15	Healthland, Inc.	Computer Programs and Systems, Inc.	243.65	113.69	2.1x	-
2Nov15	MedAssets, Inc., Spend and Clinical Resource Management and Sg2, LLC	VHA-UHC Alliance NewCo, Inc. (nka:Vizient, Inc.)	-	764.22	-	-
30Oct15	HealthFusion Holdings, Inc.	Quality Systems, Inc.	201.09	24.98	7.9x	77.2x
15Sep15	CliniSys Solutions Limited	Roper UK, Ltd	261.12	-	-	-
23Sep15	Sagacious Consultants, LLC	Accenture plc	-	-	-	-
1Sep15	MedeAnalytics, Inc.	Thoma Bravo, LLC	-	-	-	-
23Aug15	Avalere Health LLC	Inovalon Holdings, Inc.	139.94	49.52	2.6x	NM
6Aug15	Merge Healthcare Incorporated	International Business Machines Corporation	1,022.72	227.59	4.4x	24.8x

SELECT RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
22Jul15	MedX Group, Corp.	Millennium Healthcare, Inc.	-	-	-	-
17Jul15	Pyramid Healthcare Solutions, Inc.	Anthelio Healthcare Solutions Inc.	-	-	-	-
23Jun15	Avectus Healthcare Solutions, LLC	Bolder Healthcare Solutions LLC	-	-	-	-
22Jun15	Infosys Public Services, Inc., Healthcare Business	Infosys Limited	98.39	-	-	-
13Apr15	Explorys, Inc.	International Business Machines Corporation	-	-	-	-
8Apr15	Ayogo Health Inc.	Excel Venture Management; Merck Global Health Innovation Fund, LLC; 7wire Ventures	2.50	-	-	-
13Jan15	RazorInsights, LLC	athenahealth, Inc.	40.00	-	-	-

CONTACT INFORMATION

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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