



Sectorwatch: Healthcare IT

Q2 2019

Healthcare IT

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Overview

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

Dashboard

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



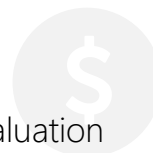
Public Basket Performance

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



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth

↓ -0.6%

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 19%.

Pricing / Gross Margin

↓ -0.6%

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

Current gross profit margin is less than the average of the last 3 years gross profit margins by this amount.

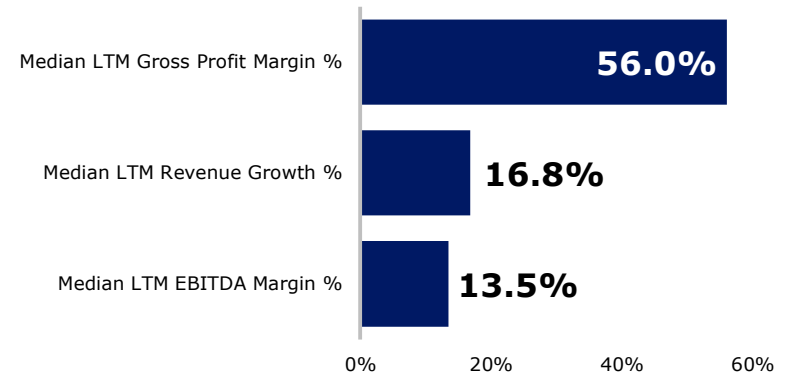
Profitability

↓ -0.8%

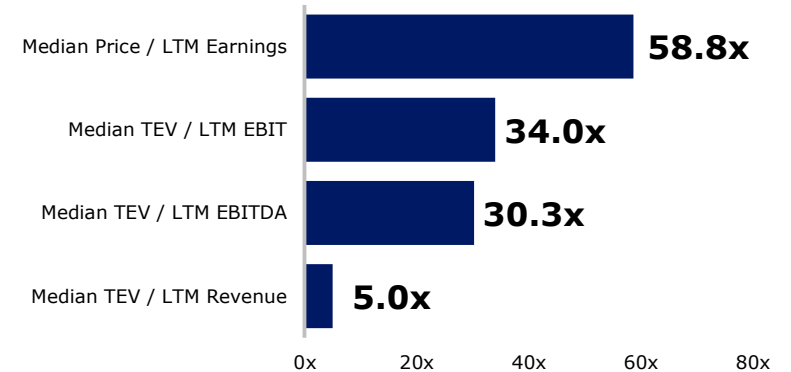
One year EBITDA percentage compared to EBITDA percentage average for last 3 years.

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.

Operating Metrics



Valuation



Public Basket

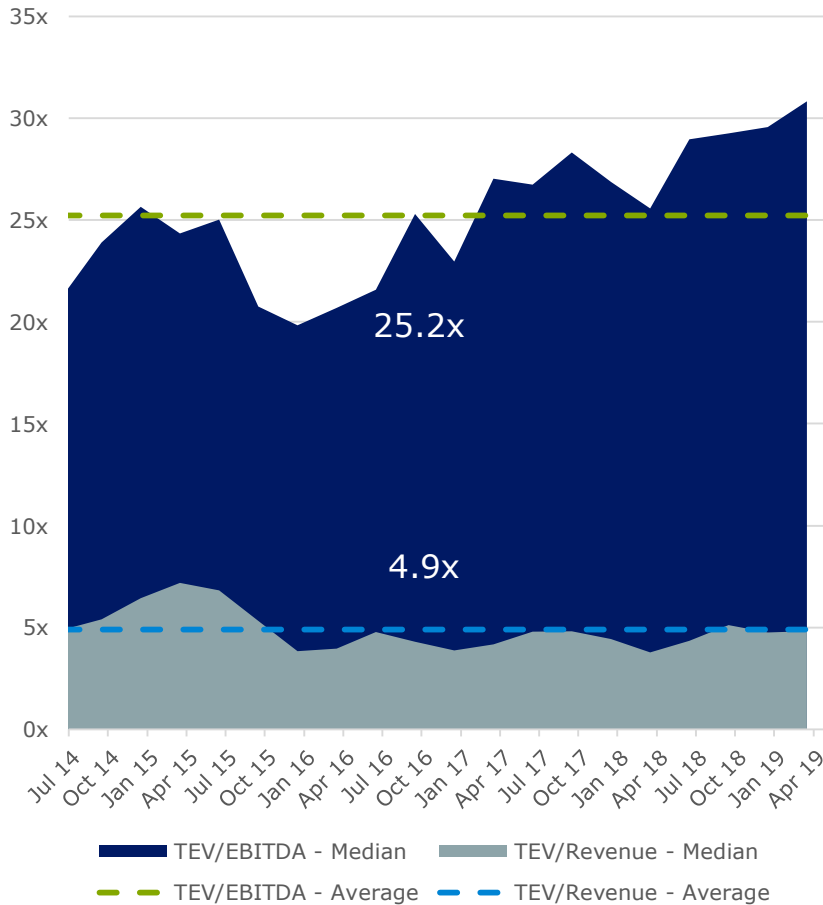


Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV/Rev X	TEV/EBITDA X	# FTEs	Rev/FTE \$k
Cerner Corporation	20,489	5,463	8%	82%	22%	3.8	16.7	29,200	187
Veeva Systems Inc.	18,986	862	25%	72%	27%	22.0	80.1	2,553	338
M3, Inc.	11,766	1,020	20%	56%	28%	11.6	40.8	-	NA
Medidata Solutions, Inc.	5,425	636	17%	75%	14%	8.5	63.1	1,998	318
HealthEquity, Inc.	3,984	287	25%	63%	33%	13.9	41.6	1,141	252
Teladoc Health, Inc.	3,871	418	79%	69%	-7%	9.3	0.0	2,242	186
Winning Health Technology Group Co., Ltd.	3,422	221	19%	52%	29%	15.6	53.7	-	NA
CompuGroup Medical Societas Europaea	3,414	842	23%	40%	23%	4.2	18.5	4,955	170
Omniceil, Inc.	3,265	807	8%	48%	12%	4.0	34.1	2,480	325
Inovalon Holdings, Inc.	2,912	528	17%	73%	22%	5.5	24.8	2,104	251
HMS Holdings Corp.	2,621	598	15%	38%	22%	4.4	19.8	2,500	239
Allscripts Healthcare Solutions, Inc.	2,121	1,750	17%	47%	4%	1.2	30.3	9,500	184
Pro Medicus Limited	1,389	32	41%	97%	54%	43.7	81.0	-	NA
Benefitfocus, Inc.	1,364	259	9%	50%	-11%	5.3	0.0	1,450	178
Tabula Rasa HealthCare, Inc.	1,163	204	53%	33%	8%	5.7	71.4	952	215
Evolent Health, Inc.	1,115	627	44%	36%	-2%	1.8	0.0	3,800	165
Agfa-Gevaert NV	929	2,573	-8%	32%	5%	0.4	7.7	9,662	266
Pharmagest Interactive SA	917	182	22%	28%	24%	5.3	22.6	907	200
Vocera Communications, Inc.	868	175	5%	62%	-3%	5.0	0.0	630	277
HealthStream, Inc.	724	242	-3%	58%	13%	3.0	22.4	757	320
NNIT A/S	711	461	4%	18%	19%	1.6	8.5	3,214	144
Computer Programs and Systems, Inc.	543	280	1%	53%	12%	1.9	15.9	2,000	140
Castlight Health, Inc.	459	156	18%	62%	-21%	2.9	0.0	470	333
Simulations Plus, Inc.	371	31	14%	73%	37%	11.9	32.1	93	336
NantHealth, Inc.	260	89	3%	56%	-47%	2.9	0.0	543	165
Average	3,723	750	19%	55%	13%	7.8	36.1	3,780	236
Median	1,389	418	17%	56%	14%	5.0	30.3	2,052	227

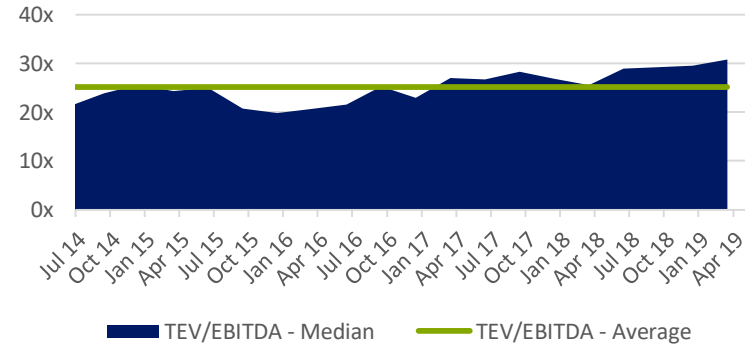
share price as of 26Apr19



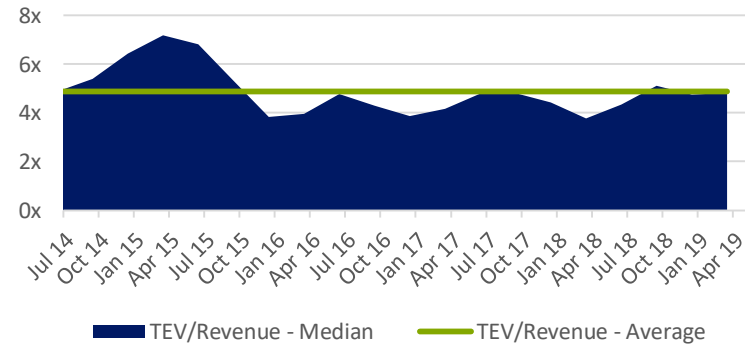
Public Basket Valuation Trends



Public EBITDA Multiples over Time



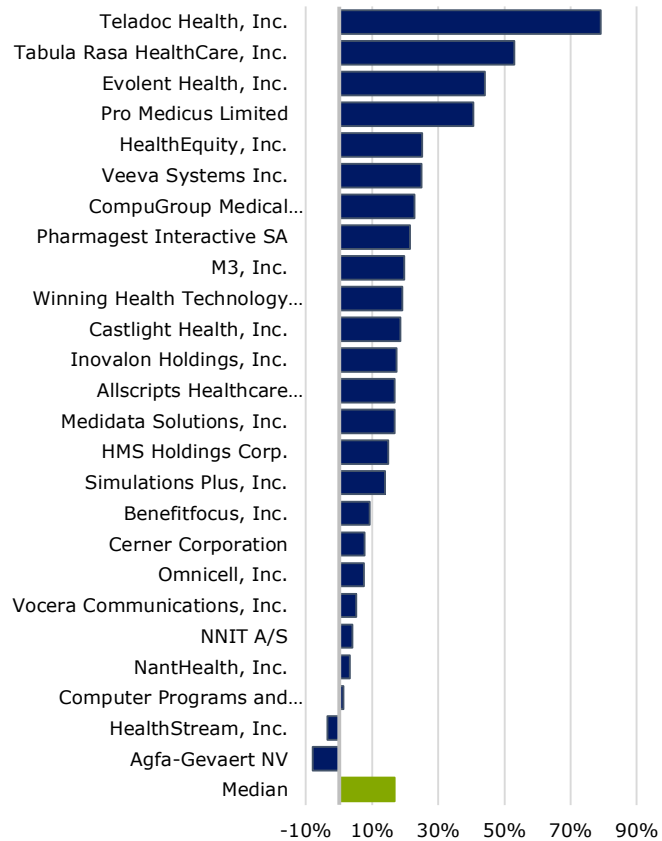
Public Revenue Multiples over Time



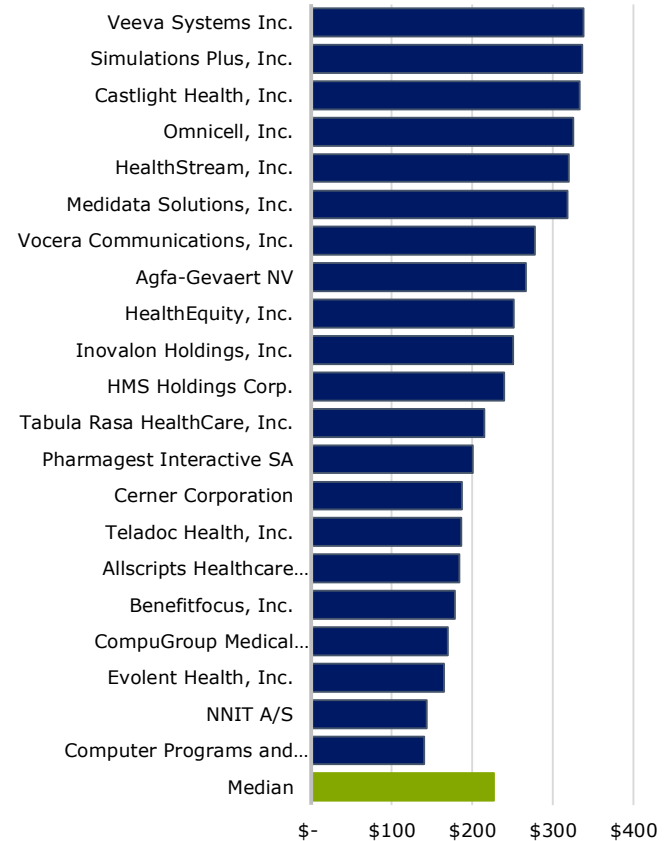
Operational Metrics



LTM Revenue Growth %



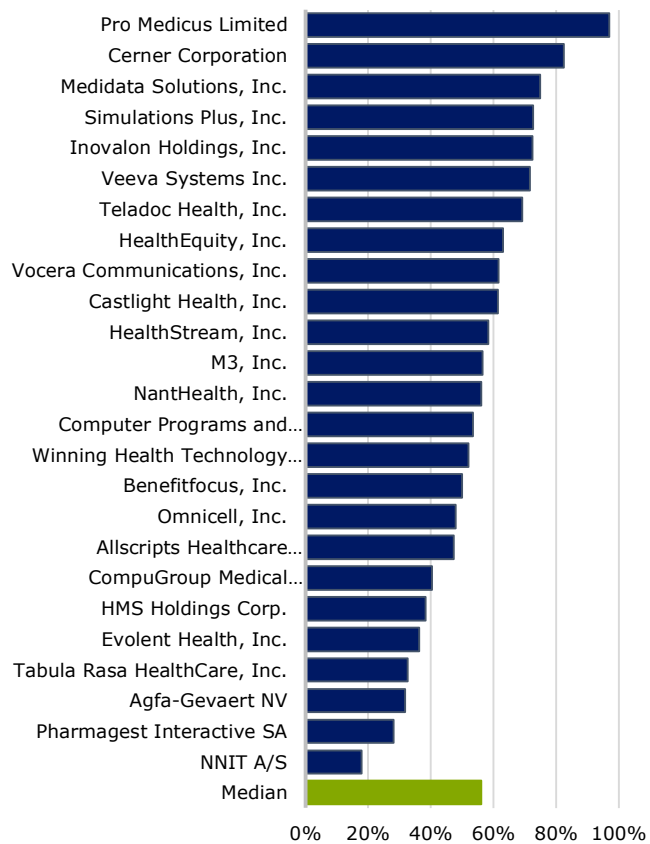
LTM Revenue per Full Time Employee x 000's



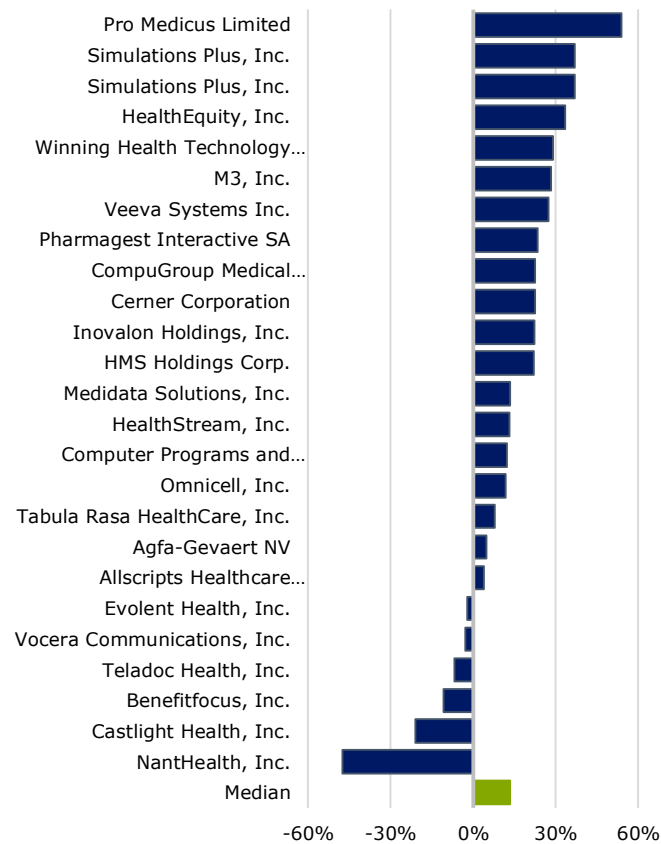
Operational Metrics



LTM Gross Profit Margin %



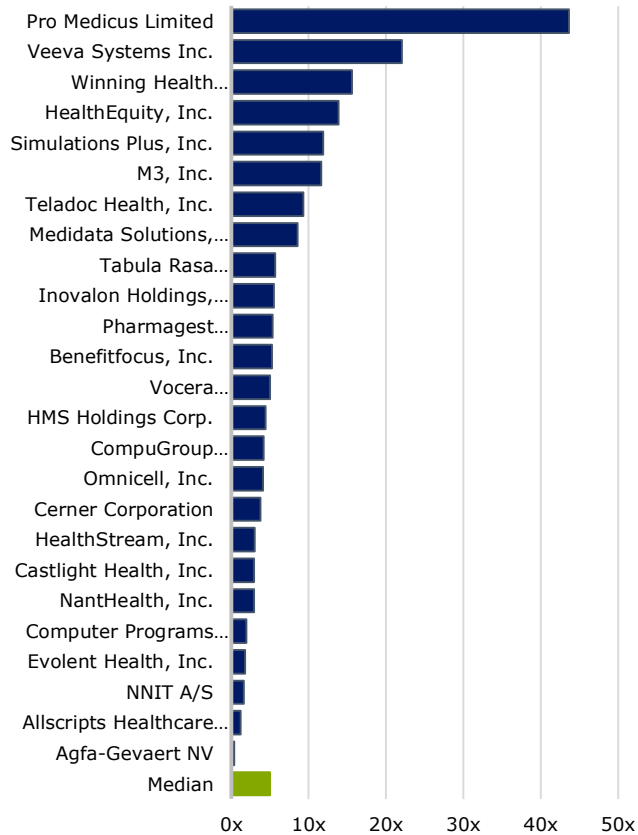
LTM EBITDA %



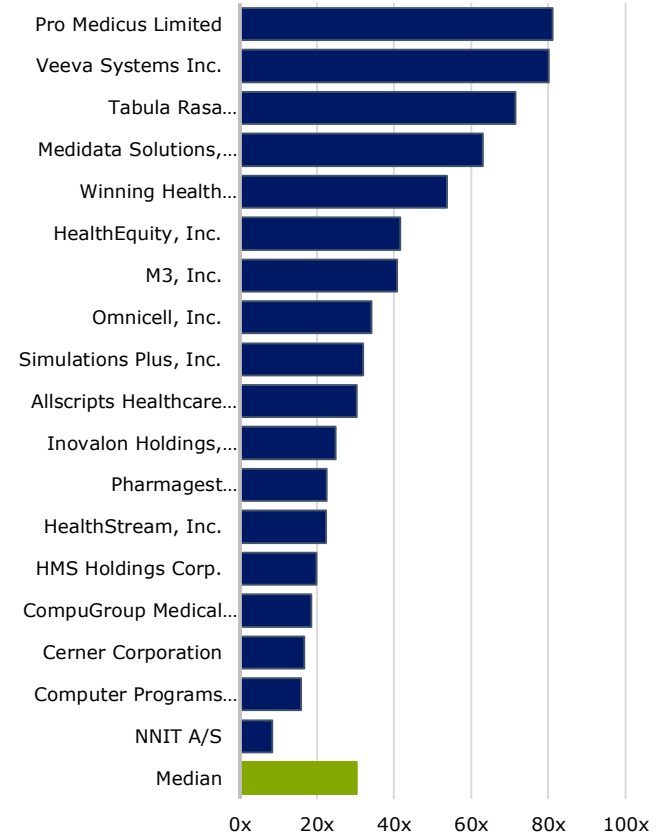
Valuation



TEV / LTM Revenue



TEV / LTM EBITDA



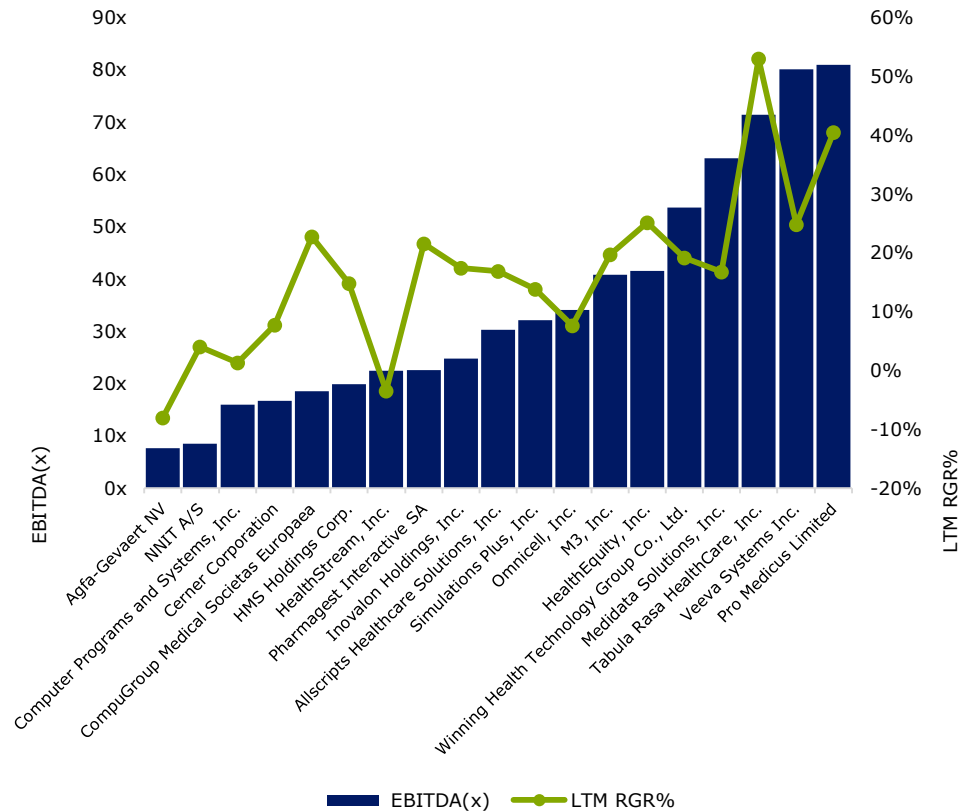
Valuation



Price / LTM Earnings



Historical Valuation Multiples versus Revenue Growth Rate

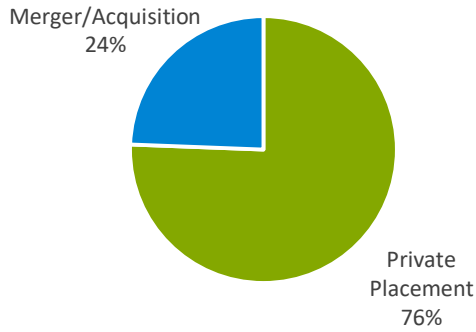


RECENT TRANSACTIONS SUMMARY

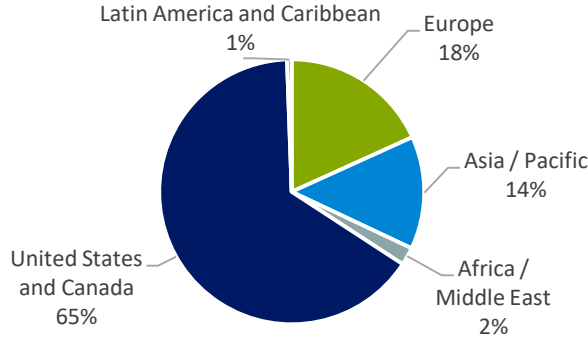
In the last twelve months there were transactions totaling \$28.3b transactions in the healthcare IT sector. 7 Mile Advisors tracked 1,205 transactions in the sector, including 294 M&A transactions.

Merger & Acquisition Statistics	
Valuation Summary	
Total Deal Value(\$mm):	\$3,0771.42
Average Deal Value:	\$389.51
Average TEV/Revenue:	5.31 x
Average TEV/EBITDA:	31.92x
Average Day Prior Premium(%):	251.6%
Average Week Prior Premium(%):	244.97%
Average Month Prior Premium(%):	267.48%

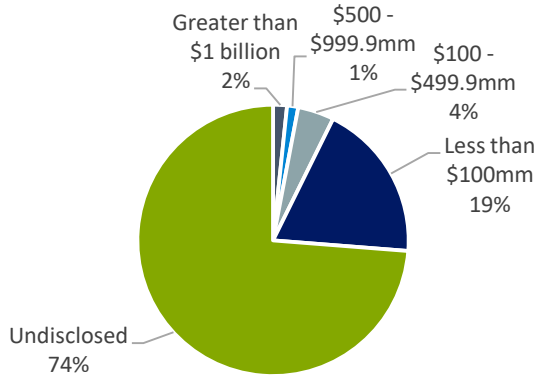
All Transactions by Type



All Transactions by Region



M&A Transaction Ranges by Value



Most Active Buyers/Investors by Number of Transactions	
Company Name	Number Of Transactions
Ben Franklin Technology Partners of Southeastern Pennsylvania, Investment Arm	19
Y Combinator Management LLC	10
Albion Capital Group LLP	7
Bessemer Venture Partners	7
Entrepreneur First Operations Limited	6
F-Prime Capital Partners	6
HgCapital LLP	6
500 Startups	6
Arboretum Ventures LLC	5
Bpifrance Investissement	5

Most Active Buyers/Investors by Total Transaction Size	
Company Name	Total Transaction Size (\$mm)
Veritas Capital Fund Management, LLC	6,879.97
Elliott Management Corporation	5,941.9
Evergreen Coast Capital Corp.	5,941.9
Verscend Technologies, Inc.	5,750.0
Roche Holding AG (SWX:ROG)	5,118.56
Inovalon Holdings, Inc. (NasdaqGS:INOV)	1,000.0
ResMed Operations Inc.	750.0
Global Payments Inc. (NYSE:GPN)	700.0
China Investment Corporation	650.8
TA Associates Management, L.P.	566.61

Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
18Apr19	HemaTerra Technologies, LLC	The Riverside Company	-	-	-	-
11Jan19	DataCeutics, Inc.	NAVITAS LIFE SCIENCES LIMITED	45.00	-	-	-
10Jan19	Providigm, LLC	HealthStream, Inc.	18.50	-	-	-
4Jan19	MYnd Analytics, Inc.	Emmaus Life Sciences, Inc.	-	1.58	-	-
2Jan19	JC Griffin LLC	DHG Healthcare	-	-	-	-
2Jan19	HealthLine Solutions, Inc.	Medsphere Systems Corporation	-	-	-	-
17Dec18	Cloud Practice Inc.	Premier Health Group Inc.	3.74	-	-	-
14Dec18	Consolo Services Group, LLC	WellSky Corporation	-	-	-	-
7Dec18	Netsmart LLC.	AlpInvest Partners B.V.; TA Associates Management, L.P.; TA XII-B, L.P.; TA XII-A, L.P.; Bay Opportunities LP; TA Investors XII, L.P.; Pacific Opportunity LP; Pacific Opportunity II LP; ACP Accelerate I LLC; ACP Accelerate II LLC; GI GP IV LLC	566.61	-	-	-
31May18	Advanced Health Media, LLC	IQVIA Holdings Inc.	-	-	-	-
3Dec18	Reciprocal Labs Corporation	ResMed Inc.	225.00	-	-	-
5Nov18	MatrixCare, Inc.	ResMed Operations Inc.	750.00	-	-	-
23Oct18	Vendor Credentialing Service LLC	Clearlake Capital Group, L.P.	-	-	-	-
23Oct18	Global Healthcare Alliance, Inc.	Cedar Gate Technologies, LLC	-	-	-	-
18Sep18	Novellusdx Ltd.	Cancer Genetics, Inc.	-	-	-	-
14Sep18	Circulation, Inc.	LogistiCare Solutions, LLC	45.12	-	-	-
17Sep18	Connance, Inc.	Waystar, Inc	-	-	-	-
16Sep18	Lucro Solutions, Inc.	Valify, Inc.	-	-	-	-
14Sep18	DIMEC Limited	Co-op Ventures	-	-	-	-
13Sep18	MD International AB	Apotek Hjärtat AB	35.97	-	-	-
5Sep18	Nemaris, Inc.	Globus Medical, Inc.	25.20	-	-	-
13Sep18	Pirana Software & Consulting BV	Certara, L.P.	-	-	-	-
12Sep18	Wellpass	Welltok, Inc.	-	-	-	-
11Sep18	Apex Revenue Technologies, LLC	RevSpring, Inc.	200.00	-	-	-
10Sep18	Sherbit, Inc.	Medopad Ltd.	-	-	-	-
6Sep18	VirMedica, Inc.	CareMetx, LLC	-	-	-	-
5Sep18	Alpine, Inc.	Headspace, Inc.	-	-	-	-
31Aug18	MVI Health Inc.	Penumbra, Inc.	20.00	-	-	-
24Aug18	Herald Technologies Inc.	Persistent Systems, Inc.	5.20	-	-	-
28Aug18	Iatric Systems, Inc.	Harris Healthcare Group	-	-	-	-

CONTACT INFO

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