



Sectorwatch: Healthcare IT

Q3 2019

Healthcare IT

Q3 2019

- Sector Dashboard [4]
- Public Basket Performance [5]
- Operational Metrics [7]
- Valuation Comparison [10]
- Recent Deals [12]

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.



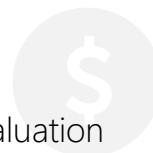
Public Basket Performance

- 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

↓ -2.9%

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

↓ -0.1%

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.

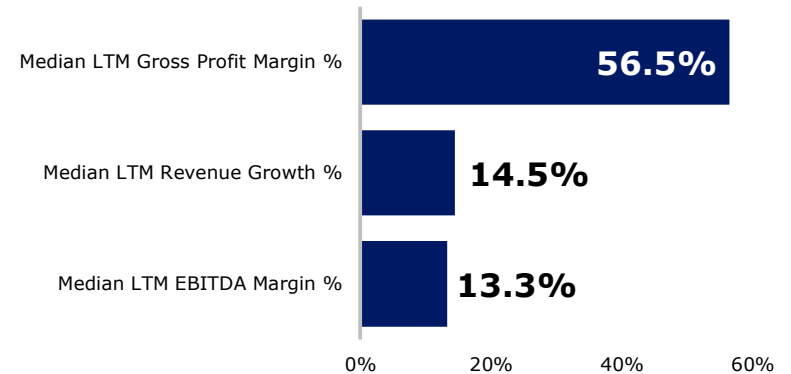
Profitability

↓ -2.1%

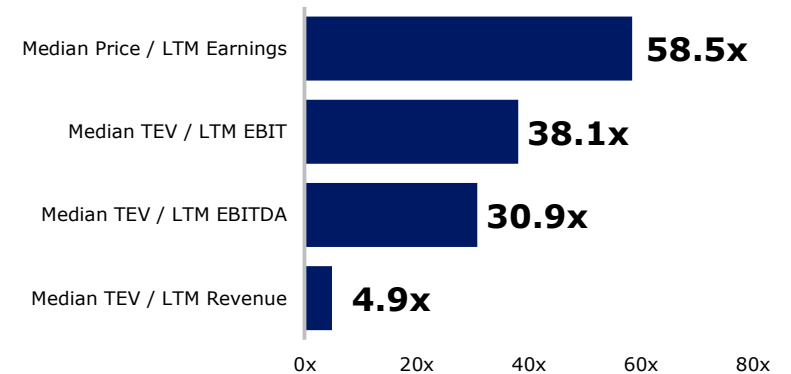
One year EBITDA percentage compared to EBITDA percentage average for last 3 years.

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

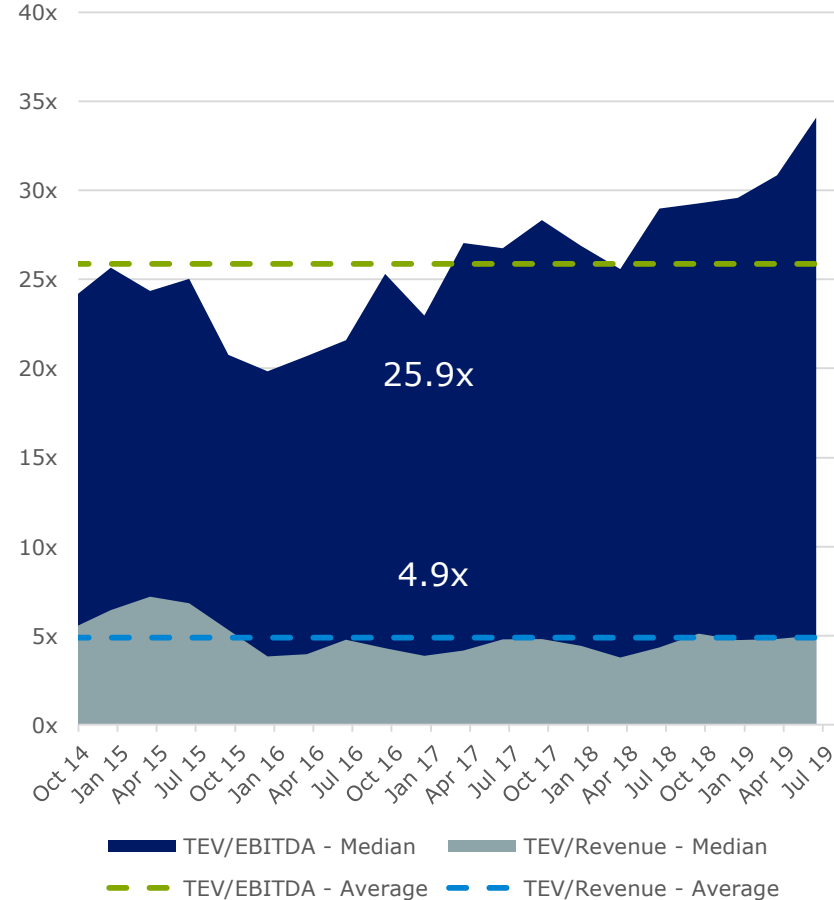


Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV/Rev X	TEV/EBITDA X	# FTEs	Rev/FTE \$k
Cerner Corporation	23,444	5,527	5%	82%	22%	4.2	19.5	29,200	189
Veeva Systems Inc.	23,389	911	25%	73%	29%	25.7	87.9	2,553	357
M3, Inc.	11,831	1,085	18%	57%	27%	11.0	41.3	6,024	180
Medidata Solutions, Inc.	5,478	685	17%	74%	10%	8.0	76.5	1,998	343
HealthEquity, Inc.	5,357	304	25%	64%	34%	17.6	51.9	1,141	267
Teladoc Health, Inc.	4,753	457	63%	68%	-6%	10.4	0.0	2,242	204
CompuGroup Medical Societas Europaea	4,169	838	20%	41%	24%	5.0	21.1	4,955	169
Winning Health Technology Group Co., Ltd.	3,198	221	19%	52%	22%	14.9	68.5	4,241	52
Inovalon Holdings, Inc.	3,190	580	34%	74%	27%	5.5	20.6	2,104	276
HMS Holdings Corp.	2,994	605	10%	38%	23%	5.0	21.9	2,500	242
Omniceil, Inc.	2,957	836	10%	48%	13%	3.5	27.4	2,480	337
Allscripts Healthcare Solutions, Inc.	2,517	1,748	15%	47%	5%	1.4	31.7	9,500	184
Pro Medicus Limited	2,166	32	41%	97%	54%	68.6	127.4	-	NA
Tabula Rasa HealthCare, Inc.	1,335	221	48%	33%	6%	6.0	106.5	952	232
Agfa-Gevaert NV	1,011	2,510	-7%	32%	5%	0.4	7.6	9,662	260
Benefitfocus, Inc.	983	265	10%	51%	-9%	3.7	0.0	1,450	183
Pharmagest Interactive SA	925	170	15%	32%	28%	5.6	20.2	1,012	168
Vocera Communications, Inc.	774	177	4%	62%	-3%	4.4	0.0	630	281
HealthStream, Inc.	752	249	12%	58%	13%	3.0	24.1	757	329
Evolent Health, Inc.	692	685	46%	32%	-5%	1.0	0.0	3,800	180
Simulations Plus, Inc.	673	33	12%	73%	37%	20.6	56.0	93	351
NNIT A/S	483	460	8%	17%	18%	1.1	6.0	3,214	143
Computer Programs and Systems, Inc.	479	279	-2%	53%	12%	1.7	14.8	2,000	139
Castlight Health, Inc.	364	155	10%	62%	-19%	2.3	0.0	470	331
NantHealth, Inc.	263	91	1%	57%	-41%	2.9	0.0	543	167
Average	4,167	765	18%	55%	13%	9.3	43.7	3,897	232
Median	2,166	457	15%	57%	13%	5.0	27.4	2,173	218

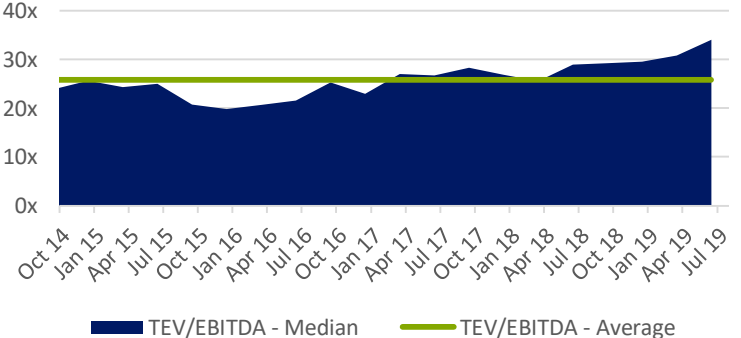
share price as of 25Jul19



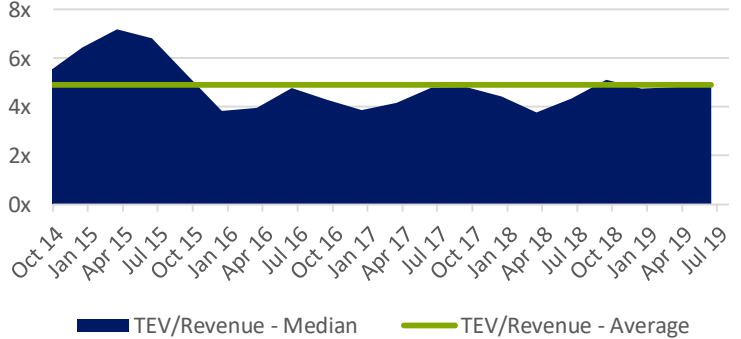
Public Basket Valuation Trends



Public EBITDA Multiples over Time



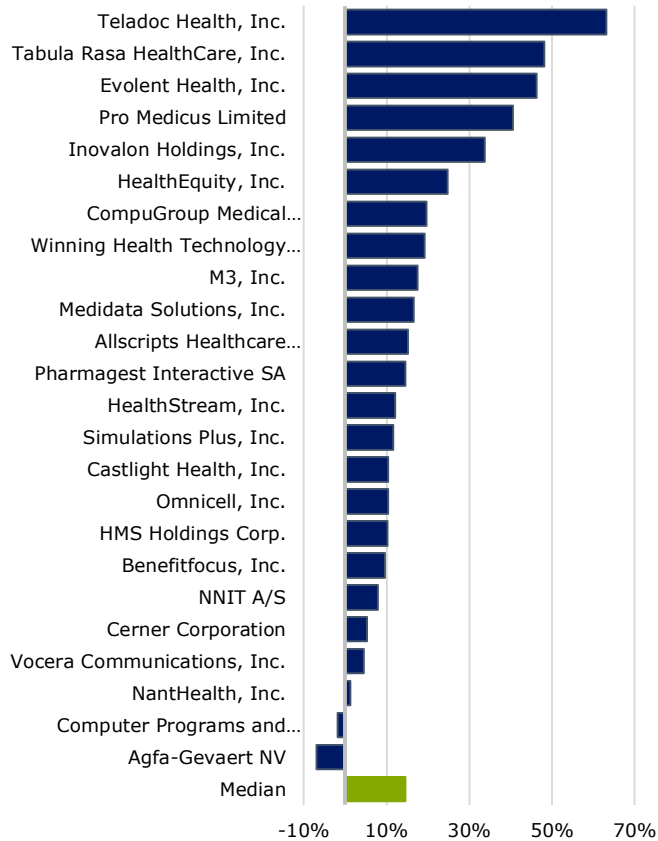
Public Revenue Multiples over Time



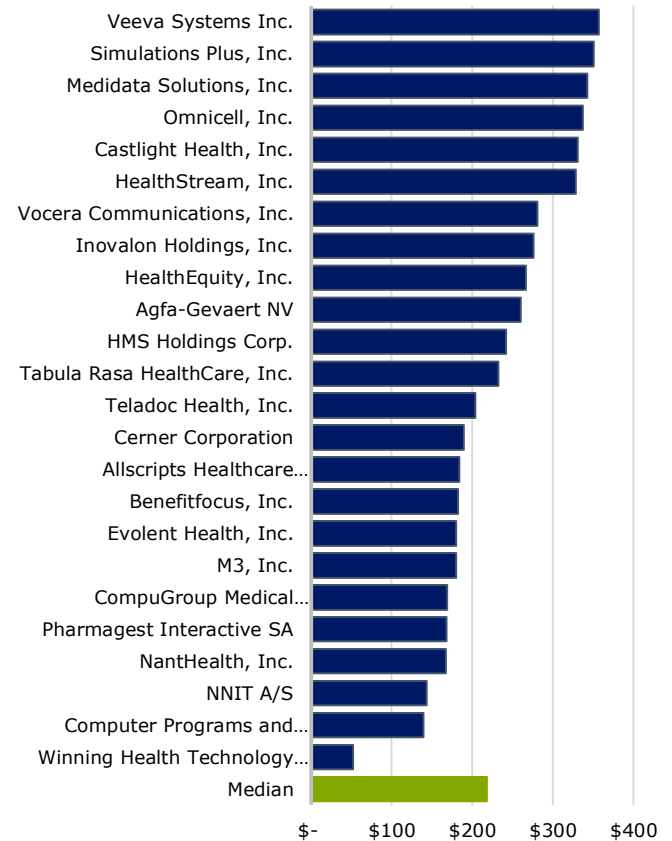
Operational Metrics



LTM Revenue Growth %



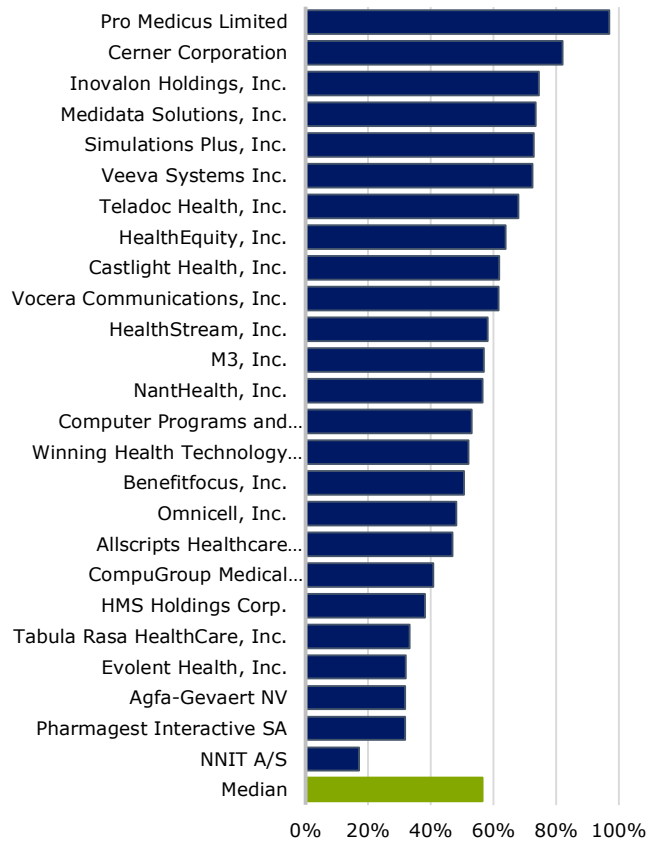
LTM Revenue per Full Time Employee x 000's



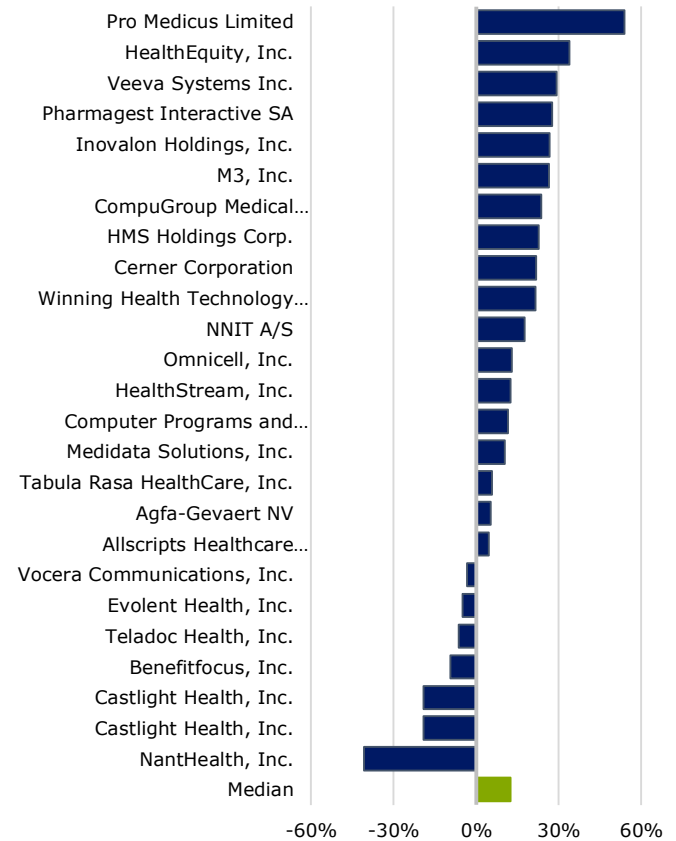
Operational Metrics



LTM Gross Profit Margin %



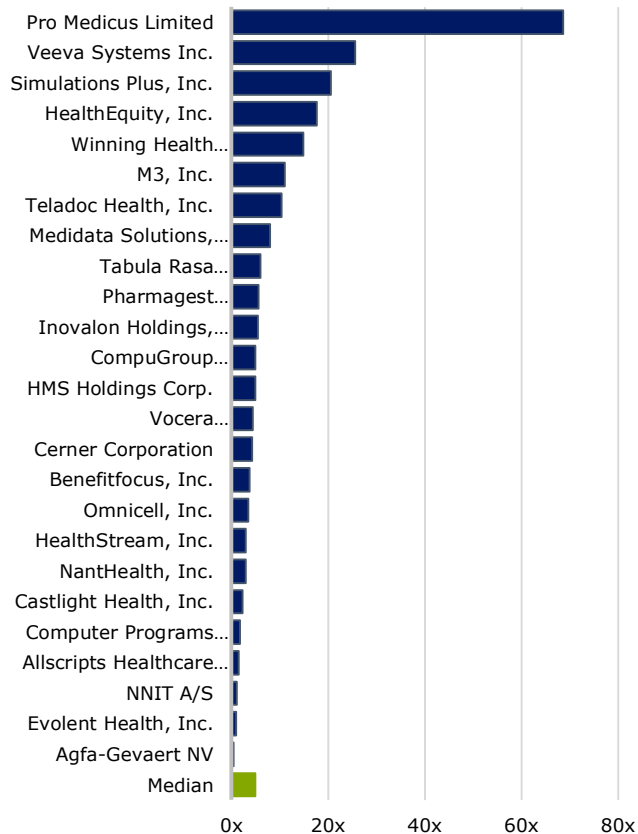
LTM EBITDA %



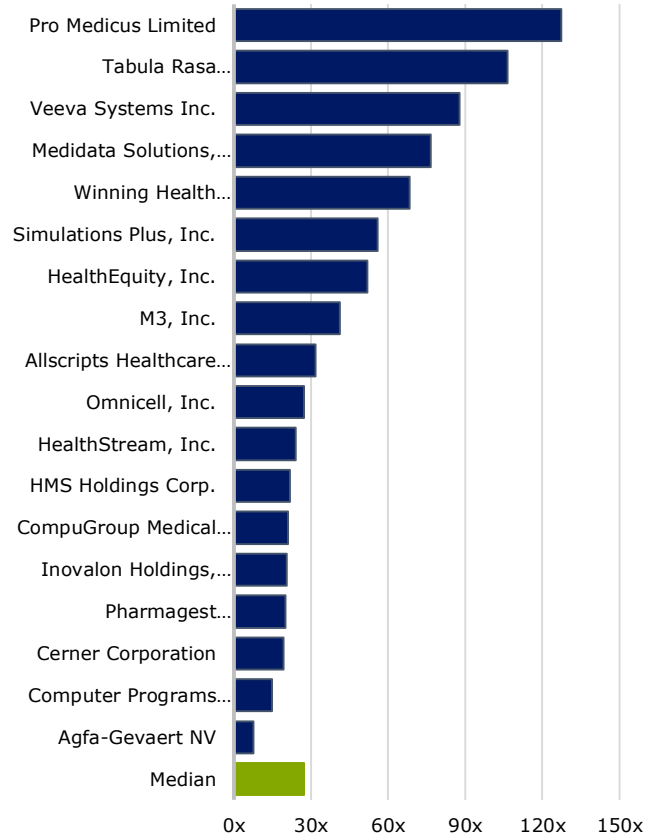
Valuation



TEV / LTM Revenue



TEV / LTM EBITDA



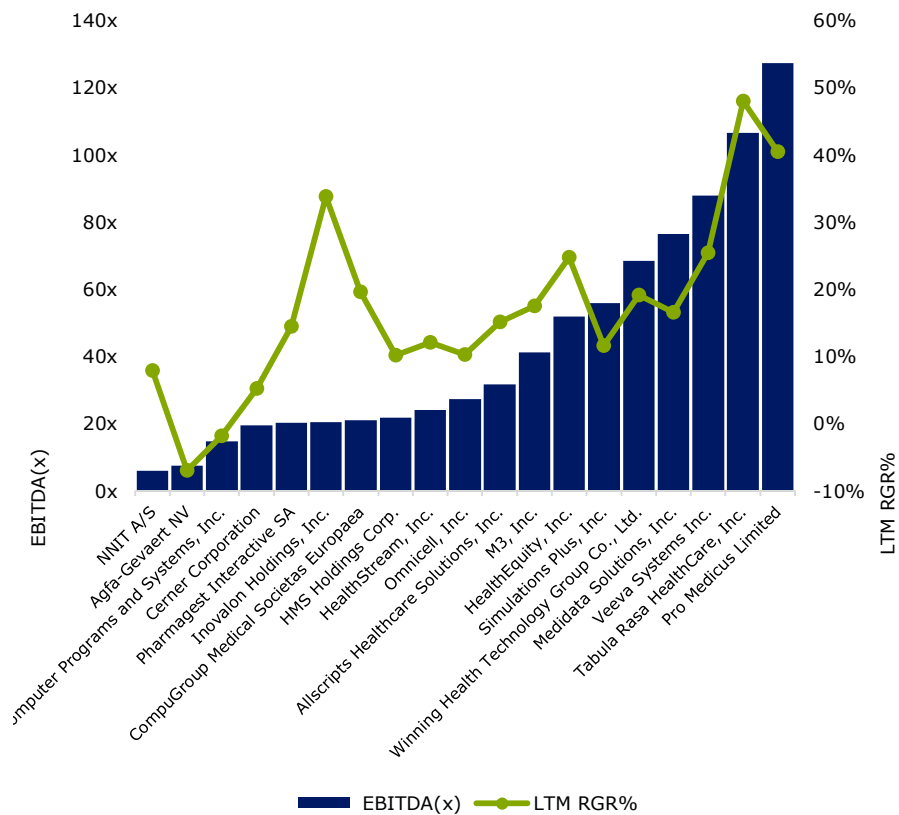
Valuation



Price / LTM Earnings



Historical Valuation Multiples versus Revenue Growth Rate

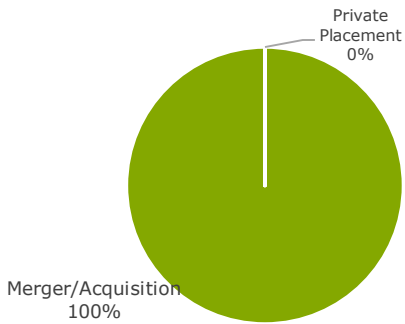


RECENT TRANSACTIONS SUMMARY

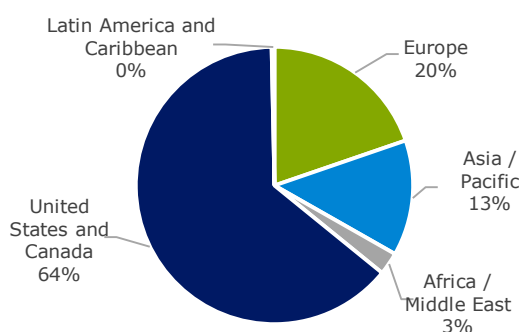
In the last twelve months there were transactions totaling \$28.3b transactions in the healthcare IT sector. 7 Mile Advisors tracked 1,205 transactions in the sector, including 294 M&A transactions.

Merger & Acquisition Statistics	
Valuation Summary	
Total Deal Value(\$mm):	\$24,406.79
Average Deal Value:	\$2770.35
Average TEV/Revenue:	4.17 x
Average TEV/EBITDA:	33.29x
Average Day Prior Premium(%):	(7.33)%
Average Week Prior Premium(%):	(7.43)%
Average Month Prior Premium(%):	(12.69)%

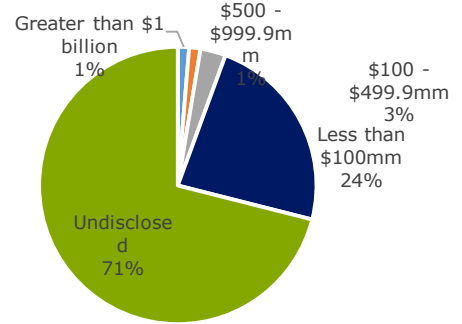
All Transactions by Type



All Transactions by Region



M&A Transaction Ranges by Value



Most Active Buyers/Investors by Number of Transactions	
Company Name	Number Of Transactions
Koninklijke Philips N.V. (ENXTAM:PHIA)	4
Tabula Rasa HealthCare, Inc. (NasdaqGM:TRHC)	3
Waystar, Inc	3
WELL Health Technologies Corp. (TSXV:WELL)	3
WellSky Corporation	3
Anju Software, Inc.	2
CompuGroup Medical Societas Europaea (DB:COP)	2
DAYLI BlockChain Co.,LTD. (KOSDAQ:A139050)	2
Definitive Healthcare, LLC	2
Doctors' Administrative Solutions, LLC	2

Most Active Buyers/Investors by Total Transaction Size	
Company Name	Total Transaction Size (\$mm)
Dassault Systemes Americas Corp.	6,028.46
Veritas Capital Fund Management, LLC	5,941.9
Evergreen Coast Capital Corp.	5,941.9
Ethicon US, LLC	5,750.0
3M Company (NYSE:MMM)	1,000.0
ResMed Operations Inc.	750.0
Global Payments Inc. (NYSE:GPN)	700.0
AlpInvest Partners B.V.	566.61
TA Associates Management, L.P.	566.61
GI GP IV LLC	566.61

Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
29Jul19	Waystar, Inc	EQT Partners AB; Canada Pension Plan Investment Board; EQT VIII	-	-	-	-
15Jul19	OmniComm Systems, Inc.	Anju Software, Inc.	78.79	24.62	3.1x	43.0x
25Jun19	Corepoint Health, LLC	Rhapsody	-	-	-	-
26Jun19	Sansoro Health, Inc.	Datica Health, Inc.	-	-	-	-
19Jun19	PatientsLikeMe, Inc.	UnitedHealth Group Incorporated	-	-	-	-
19Jun19	Nextech Systems, LLC	Thomas H. Lee Partners, L.P.	-	-	-	-
18Apr19	HemaTerra Technologies, LLC	The Riverside Company	-	-	-	-
11Jan19	DataCeutics, Inc.	NAVITAS LIFE SCIENCES LIMITED	45.00	-	-	-
10Jan19	Providigm, LLC	HealthStream, Inc.	22.15	-	-	-
1Nov18	MYnd Analytics, Inc.	MYnd Analytics, Inc. (nka: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	-	-	-

CONTACT INFO

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.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Jeff Stoecklein, Managing Director	312.796.9330	jeff@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Neil Churman, Director	281.742.9340	neil@7mileadvisors.com
John Cooper, Director	704.973.3996	john@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Nicholas Prendergast, Financial Analyst	704.973.3995	nicholas@7mileadvisors.com
Ariail Siggins, Marketing Director	704.981.2908	ariail@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Coordinator	704.409.9912	emily@7mileadvisors.com
Sydney Larese, Associate	704.973.3998	sydney@7mileadvisors.com
Marty Johnson, Associate	704.973.3999	marty@7mileadvisors.com
Rory Julyan, Associate	704.981.2520	rory@7mileadvisors.com
Garth Martin, Associate	704.973.3997	garth.martin@7mileadvisors.com
Dennis Fox, Associate	704.706.9168	dennis@7mileadvisors.com
Steve Buffington, Associate	704.960.1828	steve@7mileadvisors.com
Brynne Miller, Associate	704.960-1701	brynne@7mileadvisors.com