



Sectorwatch: Healthcare IT

Q4 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.



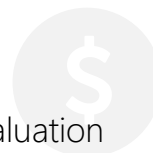
Public Basket Performance

- 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

↓ -6.1%

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 Momentum

↑ 0.3%

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.

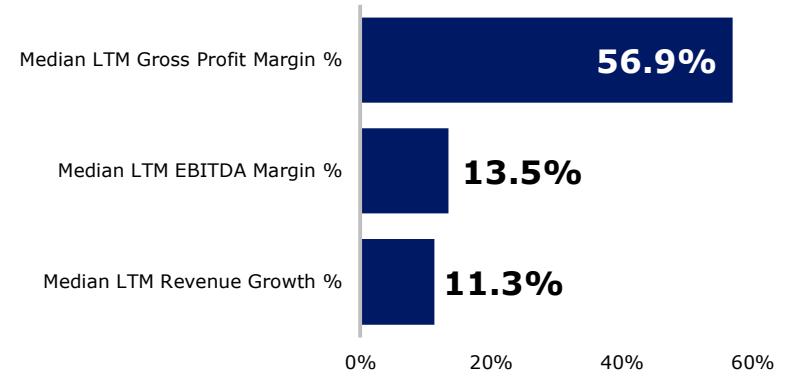
Profitability

↓ -0.9%

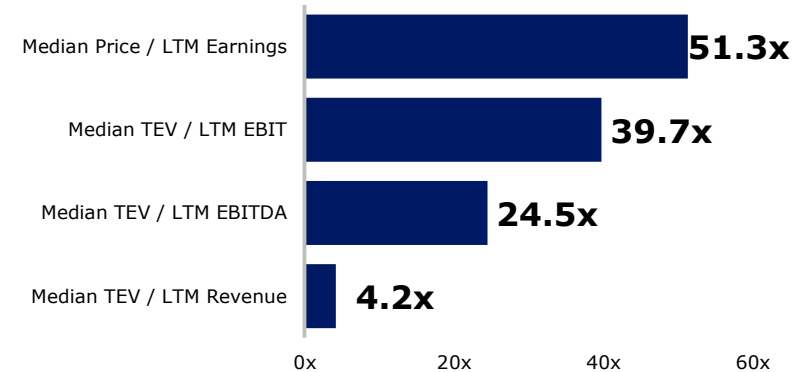
One year EBITDA percentage compared to EBITDA percentage average for last 3 years.

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.

Operating Metrics



Valuation



Public Basket

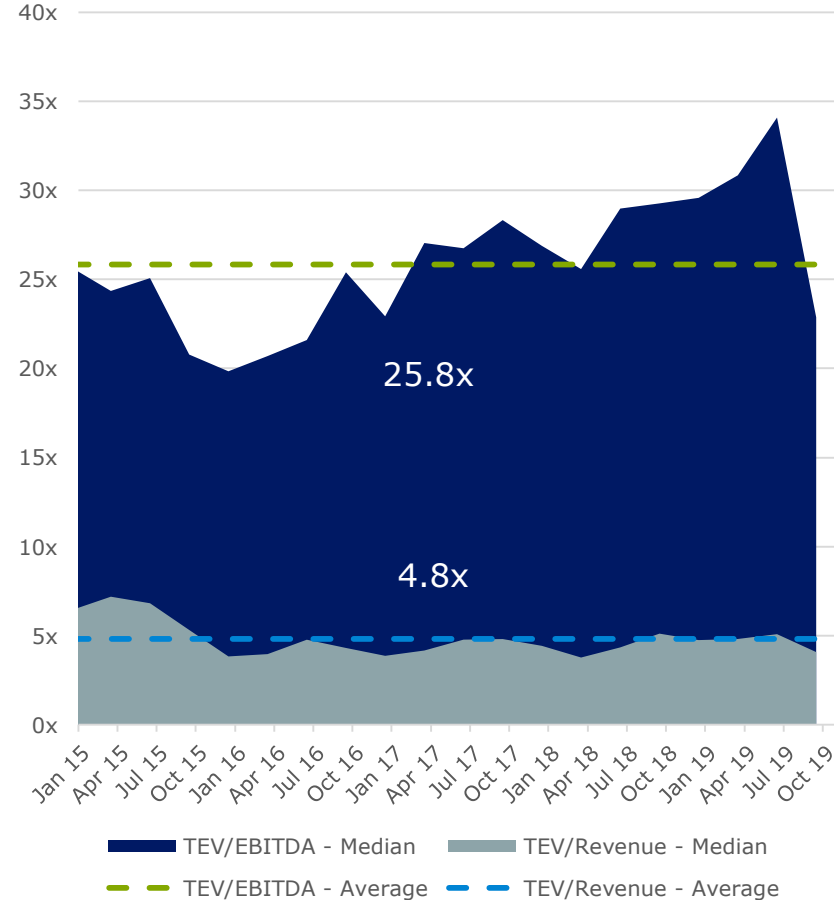


Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV/Rev X	TEV/EBITDA X	# FTEs	Rev/FTE \$k
Cerner Corporation	21,891	5,616	8%	82%	19%	3.9	20.8	29,200	192
Veeva Systems Inc.	20,026	969	26%	73%	30%	20.7	69.3	2,553	379
M3, Inc.	16,022	1,085	18%	57%	27%	14.9	56.0	6,024	180
Medidata Solutions, Inc.	5,562	685	17%	74%	11%	8.1	71.3	1,998	343
Teladoc Health, Inc.	4,907	493	49%	67%	-6%	10.0	0.0	2,242	220
Winning Health Technology Group Co., Ltd.	3,843	227	17%	52%	20%	17.4	88.1	4,241	54
CompuGroup Medical Societas Europaea	3,455	844	9%	37%	20%	4.2	20.8	4,955	170
HealthEquity, Inc.	3,153	320	24%	65%	34%	9.9	28.7	1,141	280
Omniceil, Inc.	3,144	860	11%	48%	13%	3.7	27.1	2,480	347
Inovalon Holdings, Inc.	3,144	585	23%	74%	27%	5.4	19.6	2,104	278
HMS Holdings Corp.	2,909	626	11%	40%	25%	4.6	18.9	2,500	250
Allscripts Healthcare Solutions, Inc.	2,657	1,751	14%	48%	7%	1.5	22.9	9,500	184
Pro Medicus Limited	1,918	35	48%	97%	51%	56.1	109.6	-	NA
Tabula Rasa HealthCare, Inc.	1,237	249	48%	36%	6%	5.0	89.0	952	261
Agfa-Gevaert NV	1,144	2,565	-4%	32%	5%	0.5	9.3	9,662	265
Pharmagest Interactive SA	1,007	174	11%	33%	27%	5.9	22.3	1,012	172
Benefitfocus, Inc.	885	273	10%	51%	-8%	3.2	0.0	1,450	188
Evolent Health, Inc.	819	733	45%	29%	-7%	1.1	0.0	3,800	193
HealthStream, Inc.	770	251	-3%	58%	12%	3.1	24.5	757	332
Vocera Communications, Inc.	659	180	5%	61%	-3%	3.7	0.0	630	285
Simulations Plus, Inc.	578	33	12%	73%	37%	17.7	48.1	93	351
Computer Programs and Systems, Inc.	443	277	-2%	53%	12%	1.6	13.3	2,000	138
NNIT A/S	409	450	4%	16%	17%	0.9	5.2	3,214	140
NantHealth, Inc.	290	95	7%	59%	-29%	3.1	0.0	543	174
Castlight Health, Inc.	195	149	-2%	61%	-18%	1.3	0.0	470	317
Average	4,043	781	16%	55%	13%	8.3	40.3	3,897	237
Median	1,918	450	11%	57%	13%	4.2	24.5	2,173	235

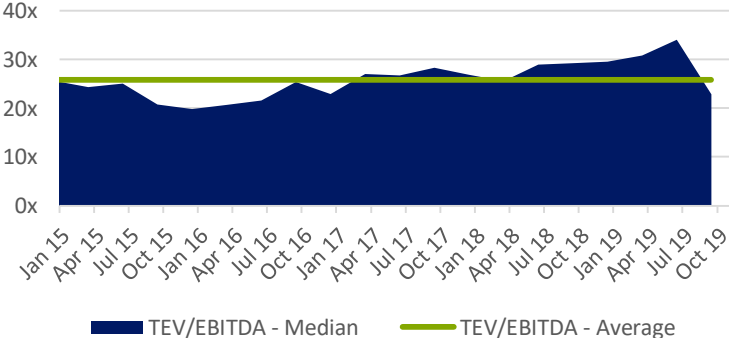
share price as of 25Oct19



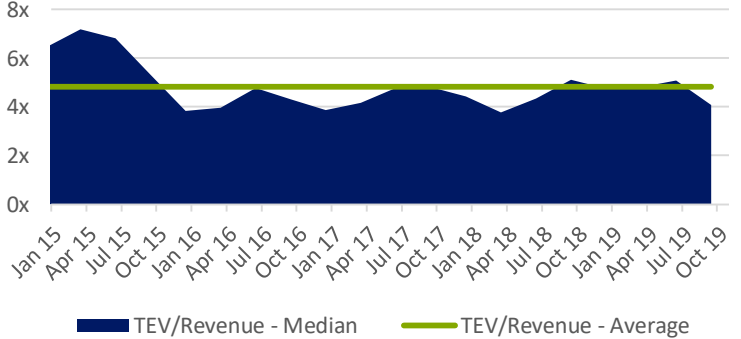
Public Basket Valuation Trends



Public EBITDA Multiples over Time



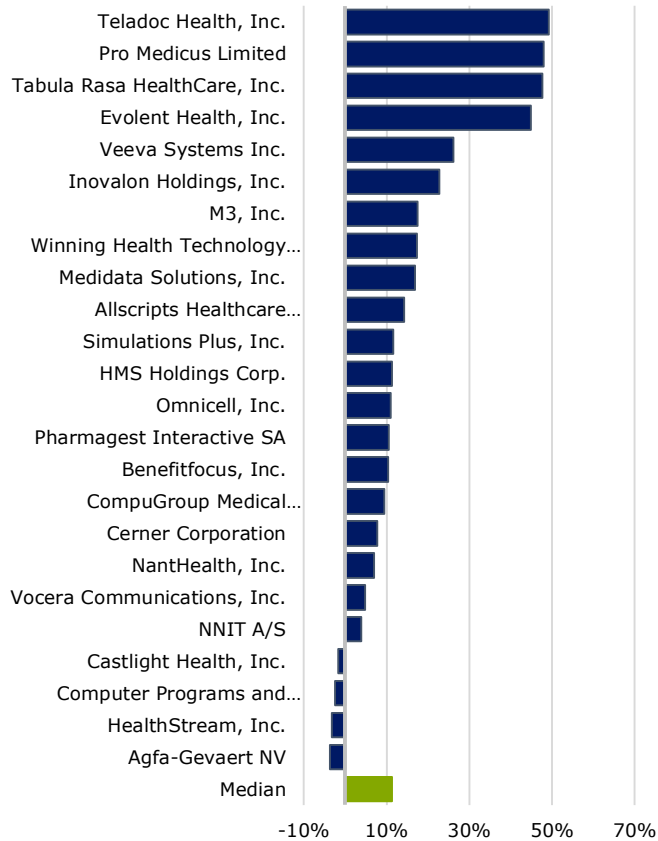
Public Revenue Multiples over Time



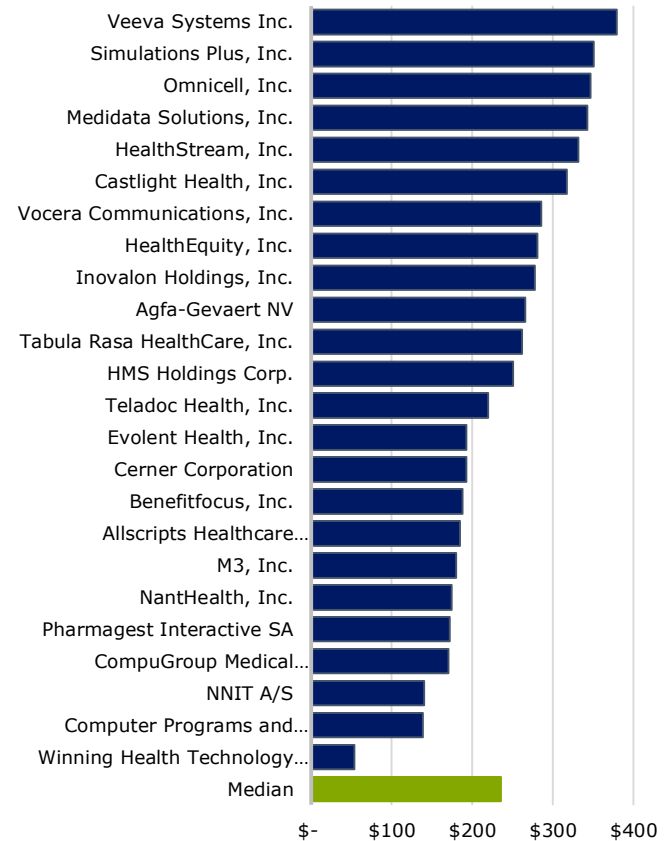
Operational Metrics



LTM Revenue Growth %



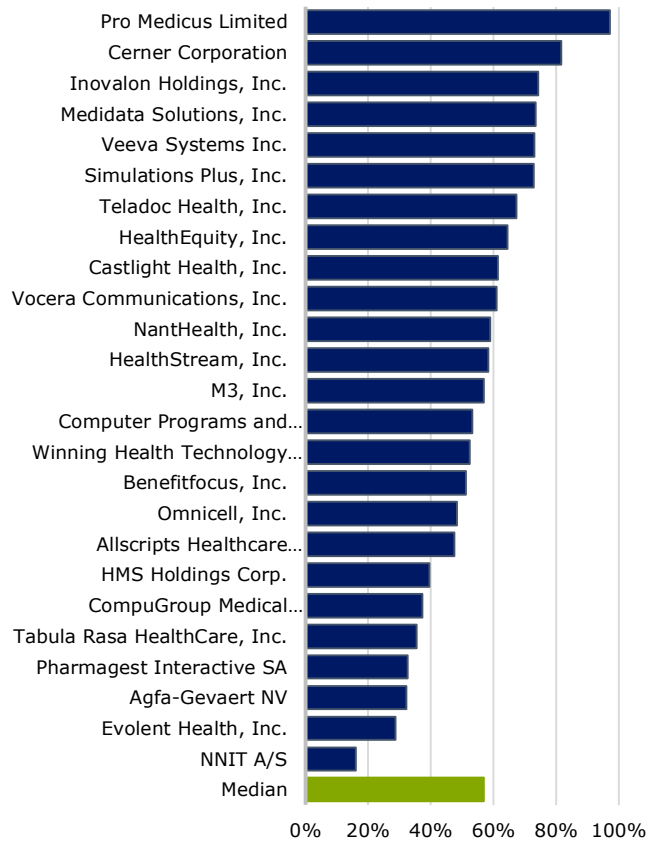
LTM Revenue per Full Time Employee x 000's



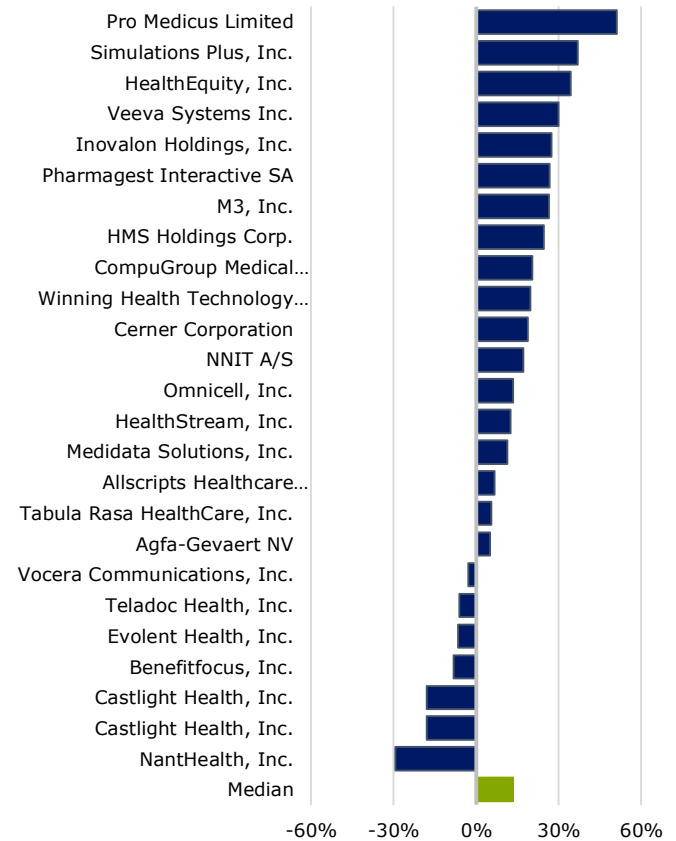
Operational Metrics



LTM Gross Profit Margin %



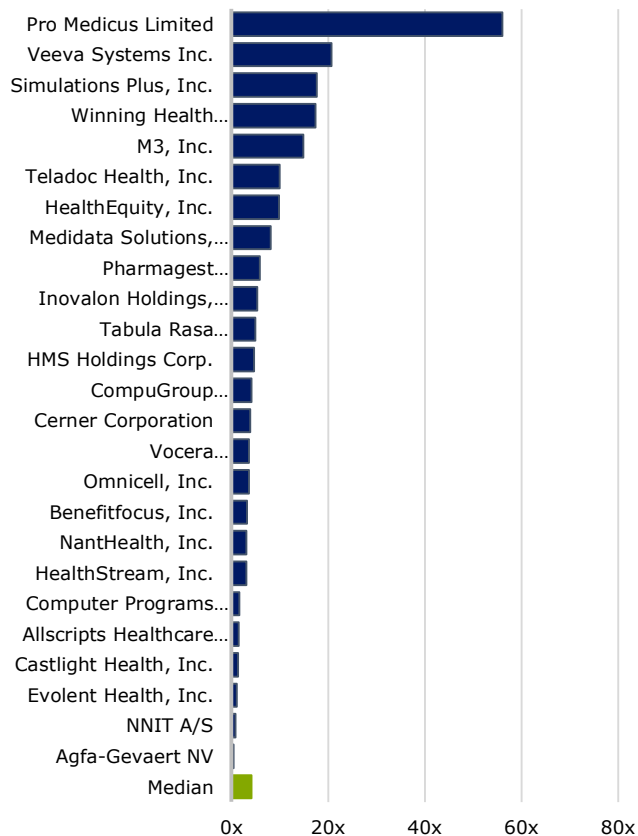
LTM EBITDA %



Valuation



TEV / LTM Revenue



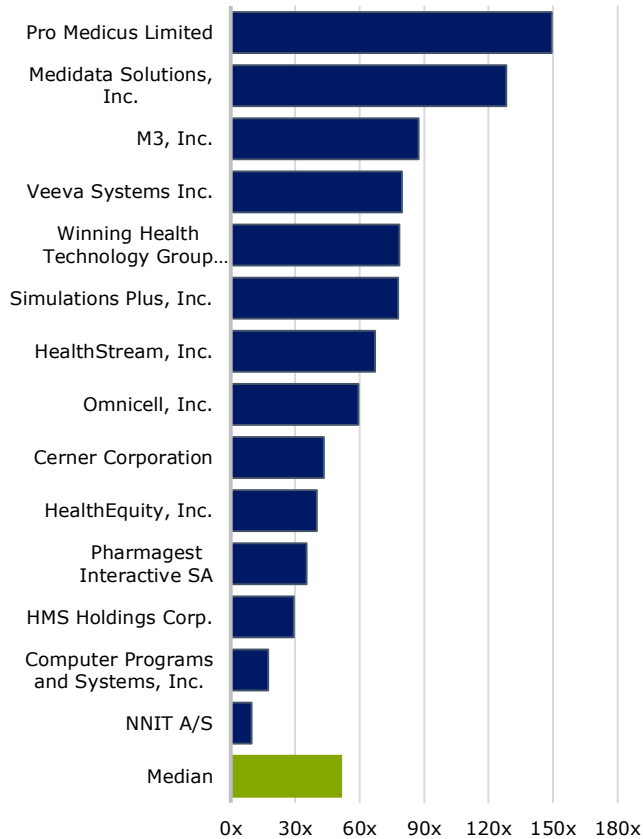
TEV / LTM EBITDA



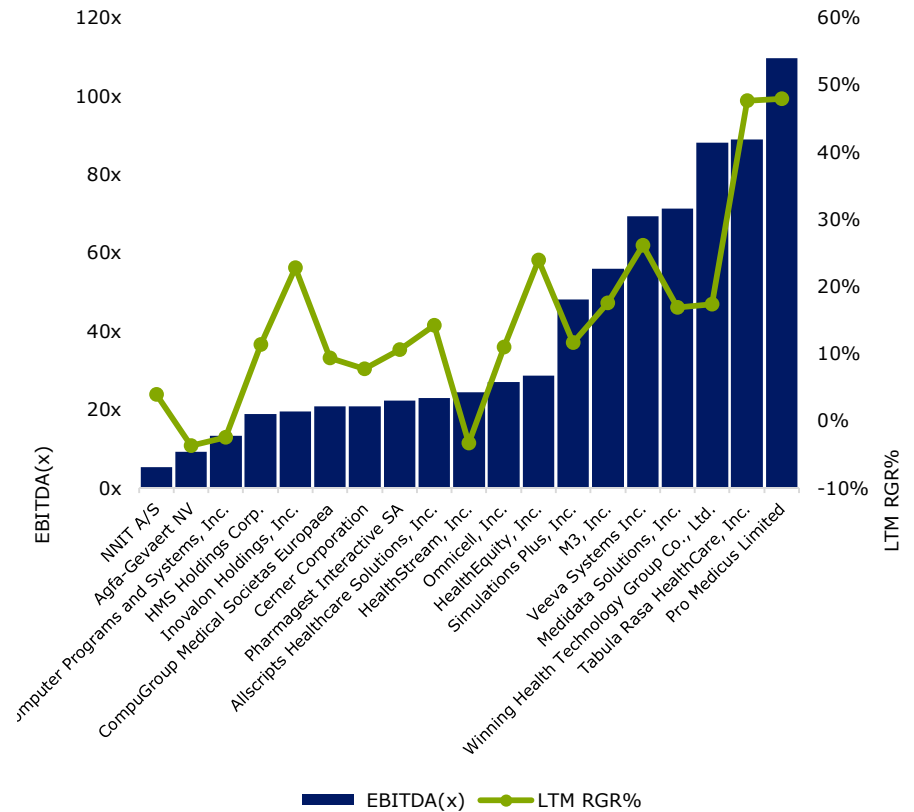
Valuation



Price / LTM Earnings



Historical Valuation Multiples versus Revenue Growth Rate

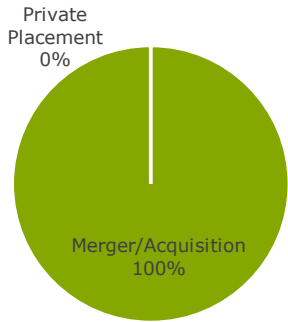


RECENT TRANSACTIONS SUMMARY

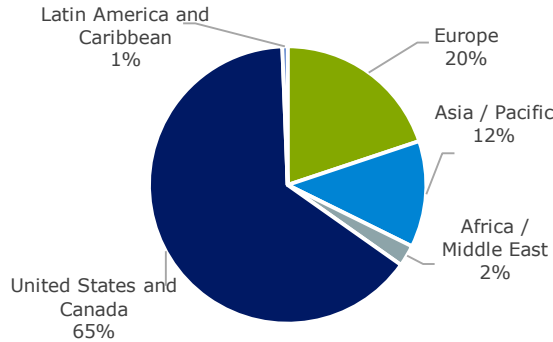
In the last twelve months there were transactions totaling \$23.7b transactions in the healthcare IT sector. 7 Mile Advisors tracked 322 M&A transactions in the sector.

Merger & Acquisition Statistics	
Valuation Summary	
Total Deal Value(\$mm):	\$23,738.84
Average Deal Value:	\$300.49
Average TEV/Revenue:	5.39 x
Average TEV/EBITDA:	41.64 x
Average Day Prior Premium(%):	(5.02)%
Average Week Prior Premium(%):	(5.55)%
Average Month Prior Premium(%):	(9.38)%

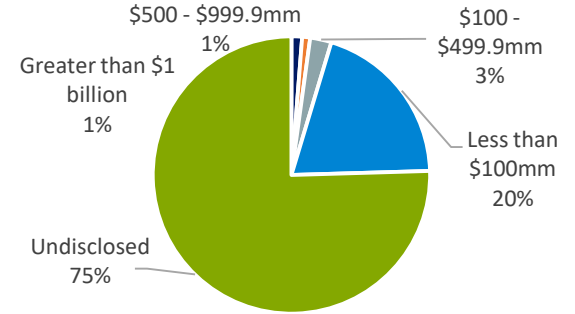
All Transactions by Type



All Transactions by Region



M&A Transaction Ranges by Value



Most Active Buyers/Investors by Number of Transactions

Company Name	Number Of Transactions
DAYLI BlockChain Co.,LTD. (KOSDAQ:A139050)	3
E.Novation Group B.V.	3
Koninklijke Philips N.V. (ENXTAM:PHIA)	3
WELL Health Technologies Corp. (TSXV:WELL)	3
WellSky Corporation	3
Bionexo do Brasil S.A.	2
CareDx, Inc (NasdaqGM:CDNA)	2
CentralReach, LLC	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, L.L.C	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
GI GP IV LLC	566.61
AlpInvest Partners B.V.	566.61
TA Associates Management, L.P.	566.61
JPMorgan Chase Bank, National Association	500.0

Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
21Oct19	Oculys Health Informatics Inc.	Vitalhub Corp.	3.04	1.58	1.9x	9.3x
11Oct19	Biologic Patch business of Admedus Ltd	LeMaitre Vascular, Inc.	23.49	-	-	-
9Oct19	FusionHealth LLC	Nox Medical Ehf. (nka:Nox Medical Global)	-	-	-	-
26Sep19	eMids Technologies Inc.	New Mountain Capital, L.L.C	-	-	-	-
26Sep19	Aurora Health GmbH	Schön Klinik SE	-	-	-	-
16Sep19	VitreosHealth, Inc.	HMS Holdings Corp.	36.50	-	-	-
5Sep19	RMDY Health, Inc.	OptimizeRx Corporation	46.00	-	-	-
20Aug19	Remedy Partners, Inc.	Signify Health, LLC	-	-	-	-
8Aug19	My Health Direct, Inc.	Experian Health, Inc.	-	-	-	-
29Jul19	Waystar, Inc	EQT Partners AB; Canada Pension Plan Investment Board; EQT VIII	-	-	-	-
15Jul19	OmniComm Systems, Inc.	Anju Software, Inc.	77.47	25.17	3.0x	39.9x
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	Riverside Partners, LLC	-	-	-	-
11Jan19	DataCeutics, Inc.	NAVITAS LIFE SCIENCES LIMITED	45.00	-	-	-
10Jan19	Providigm, LLC	HealthStream, Inc.	22.15	-	-	-
1Nov18	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.	-	-	-	-

CONTACT INFO

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