



Sectorwatch: Healthcare IT

Q1 2020

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.



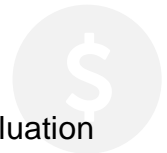
Public Basket Performance

- 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

↓ -6.5%

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

↑ 1.1%

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.

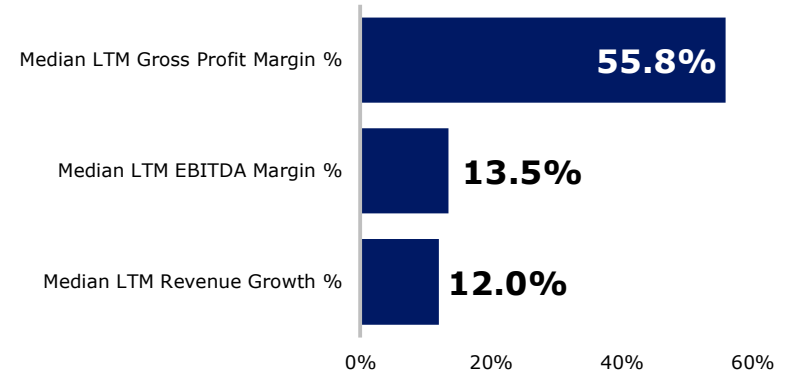
Profitability

↓ -0.6%

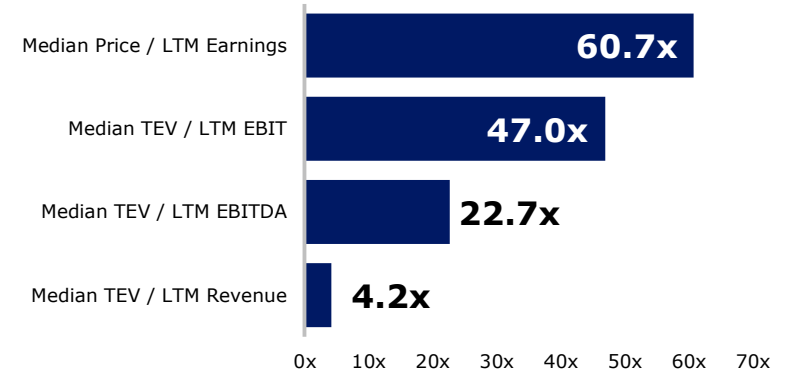
One year EBITDA percentage compared to EBITDA percentage average for last 3 years.

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

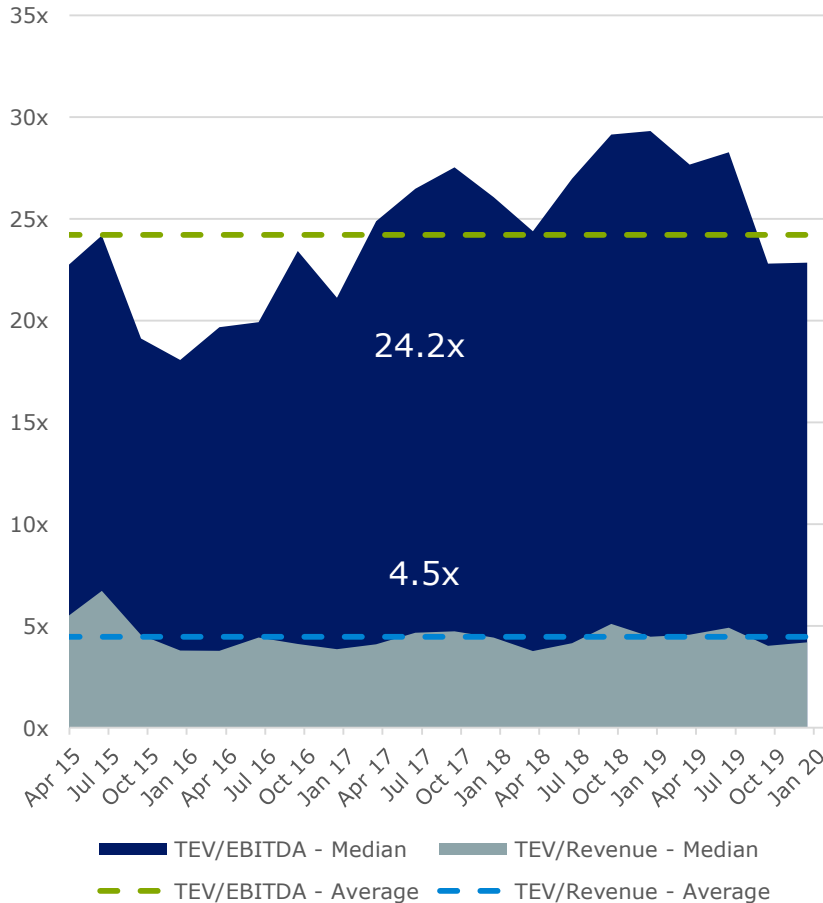


Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV/Rev X	TEV/EBITDA X	# FTEs	Rev/FTE \$k
Cerner Corporation	23,242	5,616	6%	82%	20%	4.1	20.9	29,200	192
Veeva Systems Inc.	20,140	1,025	26%	73%	30%	19.7	65.2	2,553	401
M3, Inc.	19,057	1,157	15%	58%	28%	16.6	58.5	6,024	192
Teladoc Health, Inc.	7,464	520	40%	67%	-6%	14.4	0.0	2,242	232
HealthEquity, Inc.	6,140	407	50%	63%	33%	15.1	46.2	1,141	356
Inovalon Holdings, Inc.	4,094	605	20%	74%	27%	6.8	23.5	2,104	288
Winning Health Technology Group Co., Ltd.	3,783	239	19%	52%	20%	15.3	77.3	4,241	56
CompuGroup Medical Societas Europaea	3,608	825	7%	39%	21%	4.3	20.8	4,955	166
Omniceil, Inc.	3,527	860	11%	48%	13%	4.1	30.4	2,480	347
HMS Holdings Corp.	2,418	619	5%	38%	23%	3.9	16.8	2,500	248
Allscripts Healthcare Solutions, Inc.	2,370	1,763	16%	47%	7%	1.3	18.3	9,500	186
Pro Medicus Limited	1,652	35	48%	97%	51%	48.9	95.5	-	NA
Tabula Rasa HealthCare, Inc.	1,367	269	41%	36%	4%	5.1	128.5	952	282
Agfa-Gevaert NV	1,193	2,473	-1%	32%	6%	0.5	8.5	9,662	256
Evolent Health, Inc.	1,113	803	47%	26%	-6%	1.4	0.0	3,800	211
Pharmagest Interactive SA	982	174	11%	33%	27%	5.8	21.9	1,012	172
Benefitfocus, Inc.	758	283	13%	52%	-7%	2.7	0.0	1,450	195
HealthStream, Inc.	686	251	11%	58%	13%	2.7	21.8	757	332
Vocera Communications, Inc.	590	180	3%	61%	-3%	3.3	0.0	630	285
Simulations Plus, Inc.	577	36	19%	74%	35%	16.1	46.6	107	335
Computer Programs and Systems, Inc.	485	276	-3%	53%	13%	1.8	13.9	2,000	138
NNIT A/S	449	459	2%	16%	16%	1.0	6.1	-	NA
NantHealth, Inc.	412	95	6%	62%	-24%	4.4	0.0	543	174
Castlight Health, Inc.	151	149	-2%	61%	-20%	1.0	0.0	470	317
Average	4,428	797	17%	54%	13%	8.3	40.0	4,015	244
Median	1,510	433	12%	56%	15%	4.2	22.7	2,173	240

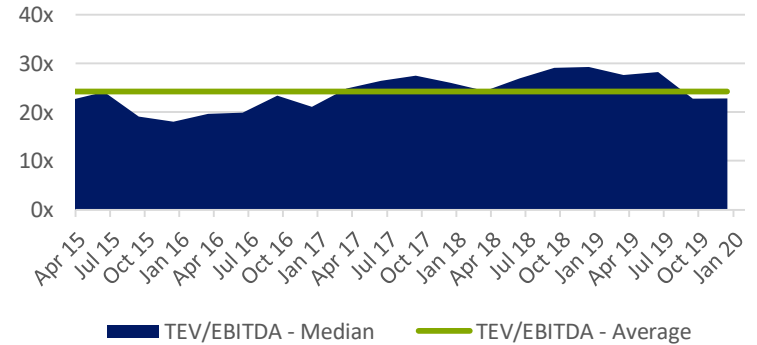
share price as of 30Jan20



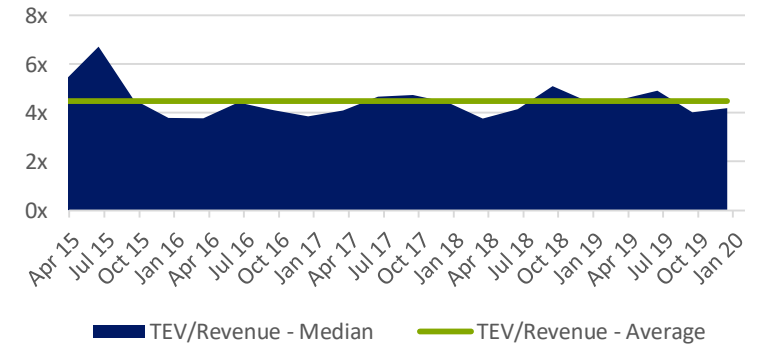
Public Basket Valuation Trends



Public EBITDA Multiples over Time



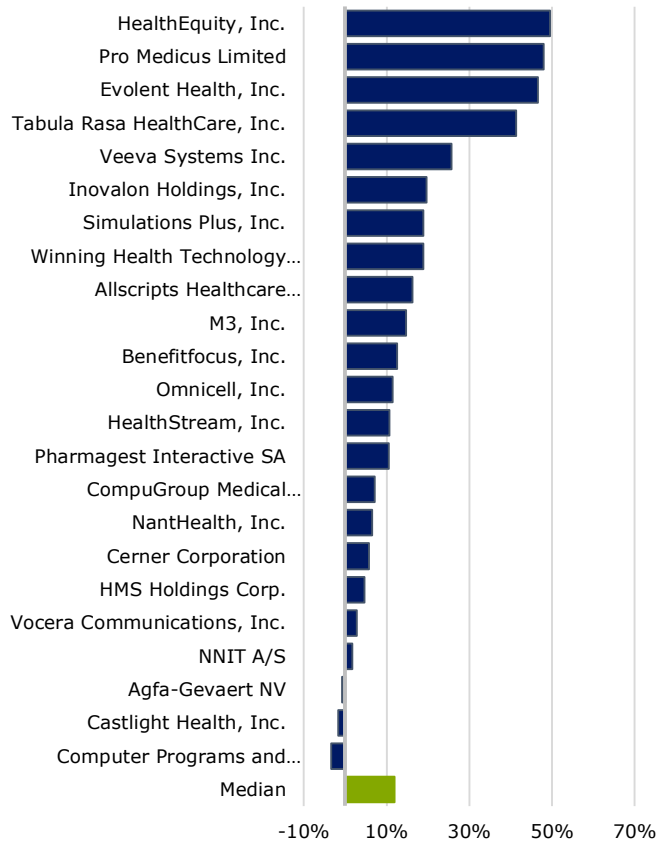
Public Revenue Multiples over Time



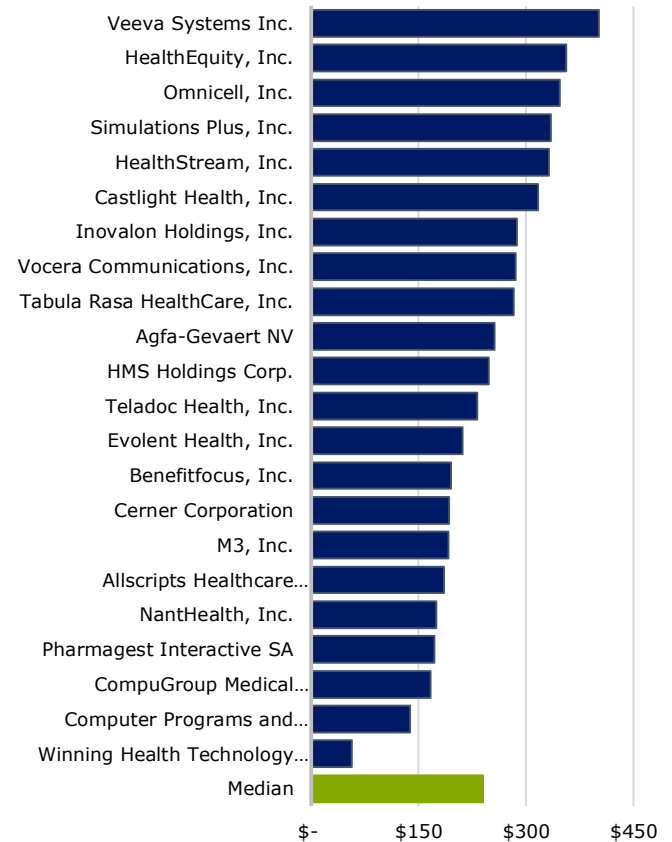
Operational Metrics



LTM Revenue Growth %



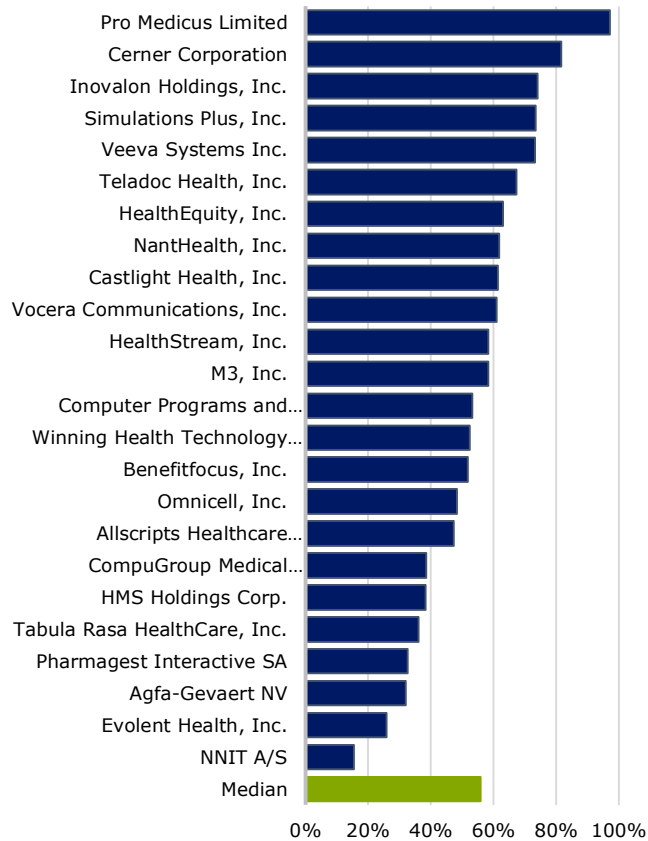
LTM Revenue per Full Time Employee x 000's



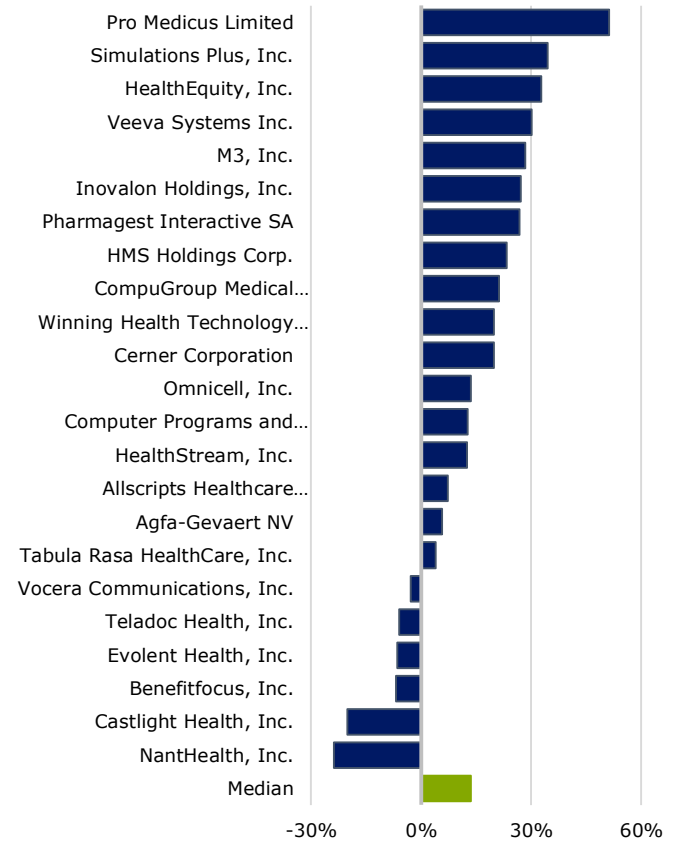
Operational Metrics



LTM Gross Profit Margin %



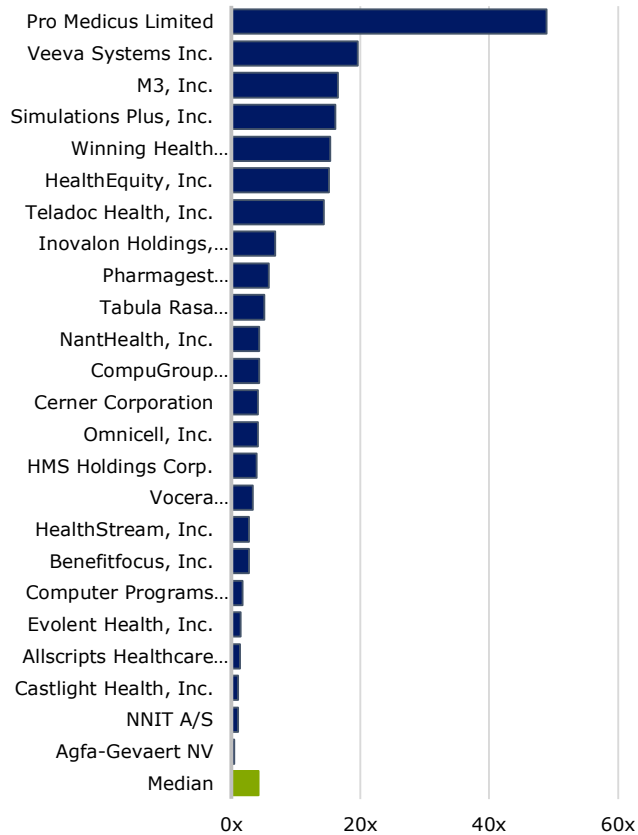
LTM EBITDA %



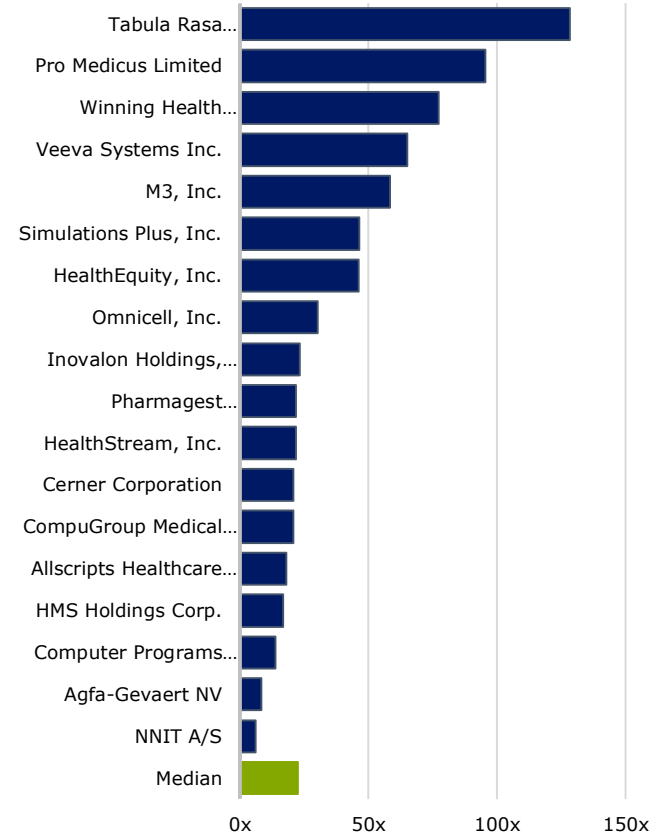
Valuation



TEV / LTM Revenue



TEV / LTM EBITDA



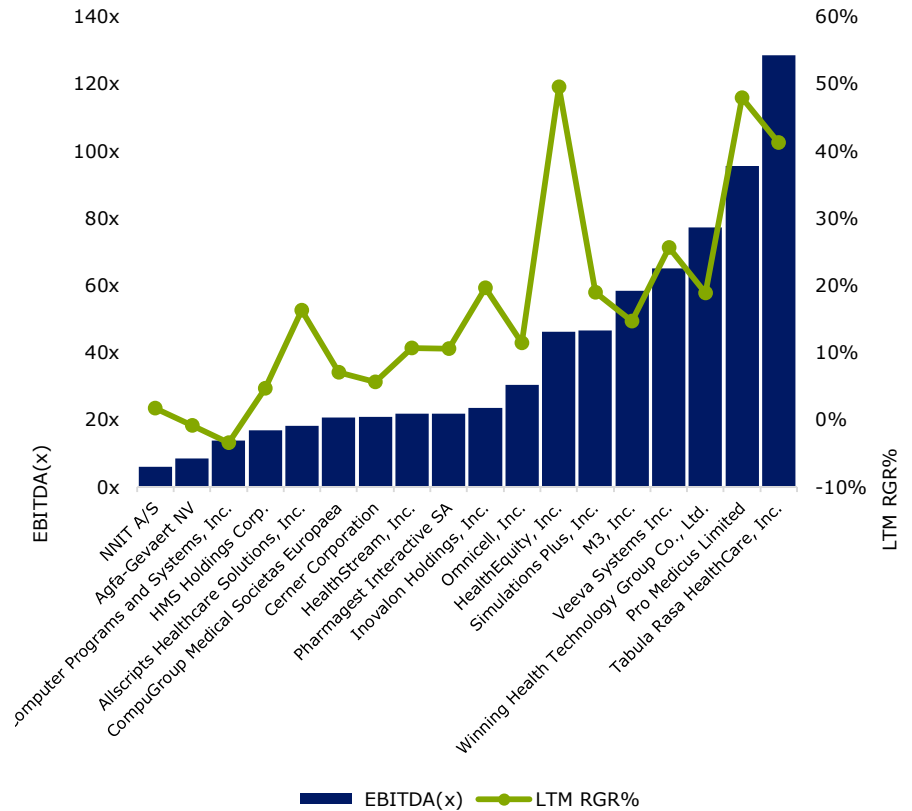
Valuation



Price / LTM Earnings



Historical Valuation Multiples versus Revenue Growth Rate

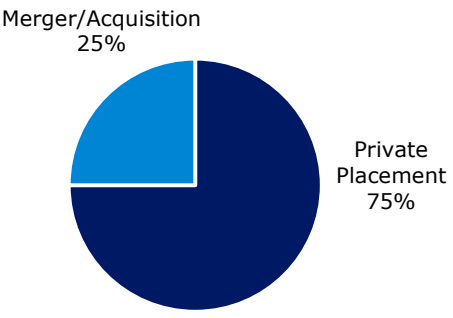


RECENT TRANSACTIONS SUMMARY

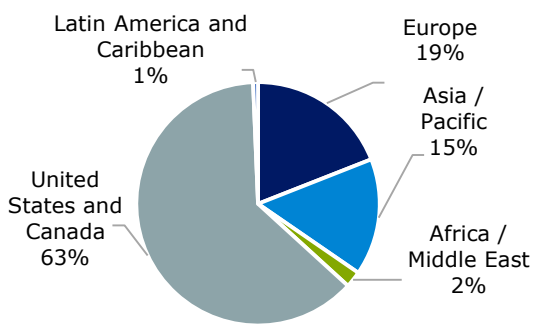
In the last twelve months there were transactions totaling \$17.5b transactions in the Healthcare IT Services sector. 7 Mile Advisors tracked 1370 transactions in the sector, including 338 M&A transactions.

Merger & Acquisition Statistics	
Valuation Summary	
Total Deal Value(\$mm):	\$17,680.367
Average Deal Value:	\$221.005
Average TEV/Revenue:	7.44 x
Average TEV/EBITDA:	38.67 x
Average Day Prior Premium(%):	8.4%
Average Week Prior Premium(%):	9.2%
Average Month Prior Premium(%):	7.93%

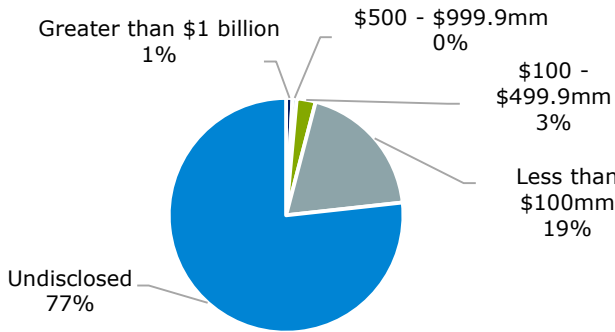
All Transactions by Type



All Transactions by Region



M&A Transaction Ranges by Value



Most Active Buyers/Investors by Number of Transactions

Company Name	Number Of Transactions
Y Combinator Management LLC	15
F-Prime Capital Partners	8
Bpifrance Investissement	7
500 Startups	6
Entrepreneur First Operations Limited	6
Greycroft Partners LLC	5
High-Tech Gründerfonds Management GmbH	5
Jumpstart Foundry	5
Kaiser Permanente Ventures	5
Khosla Ventures	5

Most Active Buyers/Investors by Total Transaction Size

Company Name	Total Transaction Size (\$mm)
Dassault Systemes Americas Corp.	6,028.46
Ethicon US, LLC	5,750.0
Dedalus Holding S.p.A.	1,081.17
Teladoc Health, Inc. (NYSE:TDOC)	629.7
Vostok New Ventures Ltd (OM:VNV SDB)	550.0
Public Investments Fund	550.0
Kinnevik AB (OM:KINV B)	550.0
Munich Re/HSB Ventures	550.0
JPMorgan Chase Bank, National Association	500.0
Tencent Holdings Limited (SEHK:700)	492.15

Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer / Investor</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
31Dec19	Practis, Inc.	Eagle Private Capital, LLC; Plexus Capital; 424 Capital	-	-	-	-
19Dec19	Corrona, LLC	Audax Management Company, LLC	-	-	-	-
16Dec19	Travercent LLC	Alithya Group Inc.	18.00	-	-	-
12Dec19	Syus, Inc.	Caresyntax Inc.	-	-	-	-
27Nov19	3D4Medical Limited	Elsevier B.V.	50.58	-	-	-
22Nov19	Nichesys Limited	Offsite Archive Storage and Integrated Services Holdings Limited; MPE (General Partner V) Limited	-	-	-	-
12Nov19	Medfusion, Inc.	NextGen Healthcare, Inc.	43.00	-	-	-
12Nov19	CareWorks Limited	Advanced Computer Software Group Limited	-	-	-	-
21Oct19	Oculys Health Informatics Inc.	Vitalhub Corp.	3.04	1.58	1.9x	NM
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	-	-	-	-
16Sep19	VitreosHealth, Inc.	HMS Holdings Corp.	36.50	-	-	-
5Sep19	RMDY Health, Inc.	OptimizeRx Corporation	46.00	2.37	19.4x	NM
8Aug19	My Health Direct, Inc.	Experian Health, Inc.	-	-	-	-
15Jul19	OmniComm Systems, Inc.	Anju Software, Inc.	77.47	25.17	3.0x	39.9x
8Jul19	Prevalent, Inc./ Axcension, Inc.	iMedX, Inc.	-	-	-	-
26Jun19	Sansoro Health, Inc.	Datica Health, Inc.	-	-	-	-
25Jun19	Corepoint Health, LLC	Rhapsody	-	-	-	-
19Jun19	PatientsLikeMe, Inc.	UnitedHealth Group Incorporated	-	-	-	-
14Jun19	Halfpenny Technologies, Inc.	Accumen Inc.	-	-	-	-
24Apr19	ESO Solutions, Inc.	-	10.00	-	-	-
18Apr19	HemaTerra Technologies, LLC	The Riverside Company	-	-	-	-
22Mar19	QualMetrix Inc.	Clinigence, LLC	-	-	-	-
10Jan19	Providigm, LLC	HealthStream, Inc.	22.15	-	-	-
2Jan19	JC Griffin LLC	DHG Healthcare	-	-	-	-
2Jan19	HealthLine Solutions, Inc.	Medsphere Systems Corporation	-	-	-	-
17Dec18	Cloud Practice Inc.	Premier Health Group Inc.	4.33	-	-	-
14Dec18	Consolo Services Group, LLC	WellSky Corporation	-	-	-	-
1Nov18	MYnd Analytics, Inc.	Emmaus Life Sciences, Inc.	-	1.58	-	-

CONTACT INFO

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