



Sectorwatch: Digital Medicine

Q1 2020

Digital Medicine

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- Sector Dashboard [4]
- Public Basket Performance [5]
- Operational Metrics [7]
- Valuation Comparison [10]
- Recent Deals [11]
- Appendix [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

↑0.19

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin

↑0.31%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

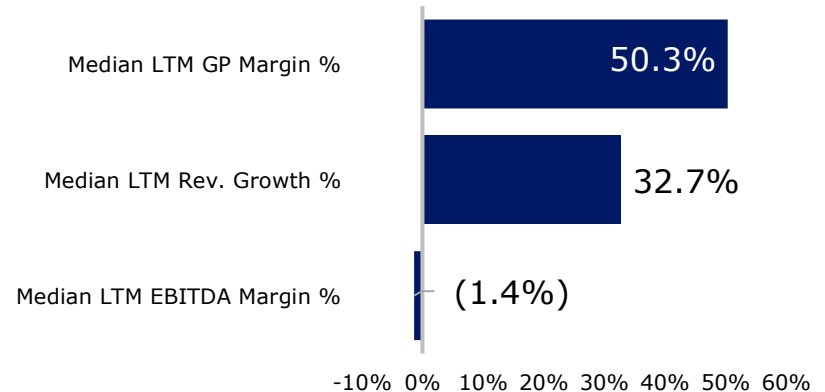
Profitability

↓-0.95%

1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

Operating Metrics



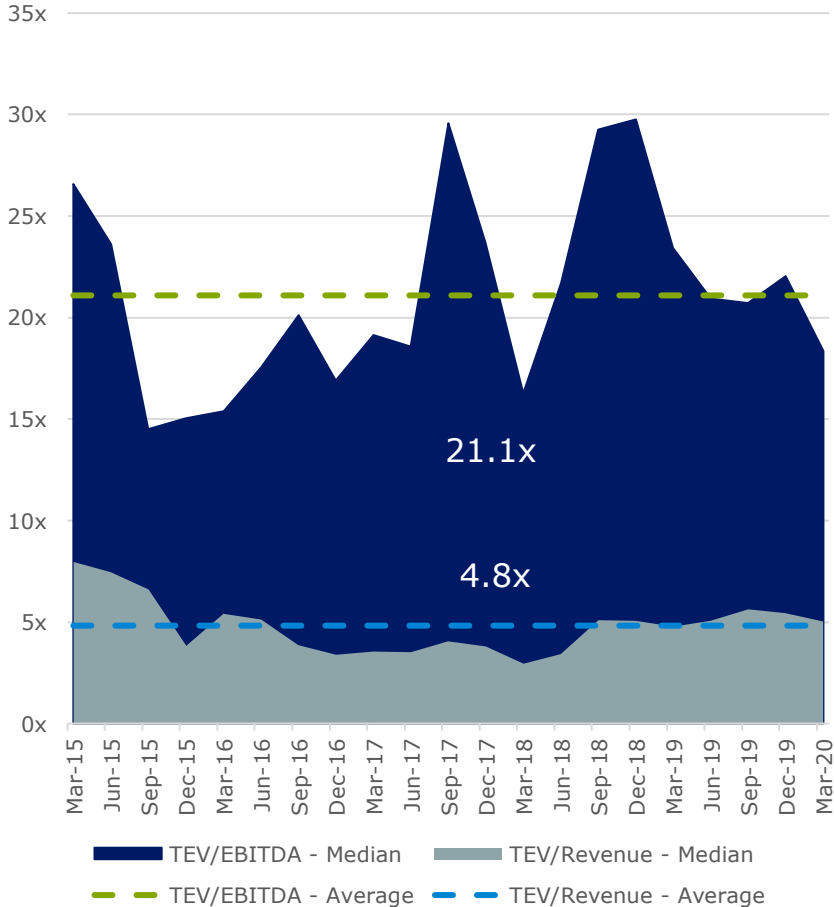
Public Basket



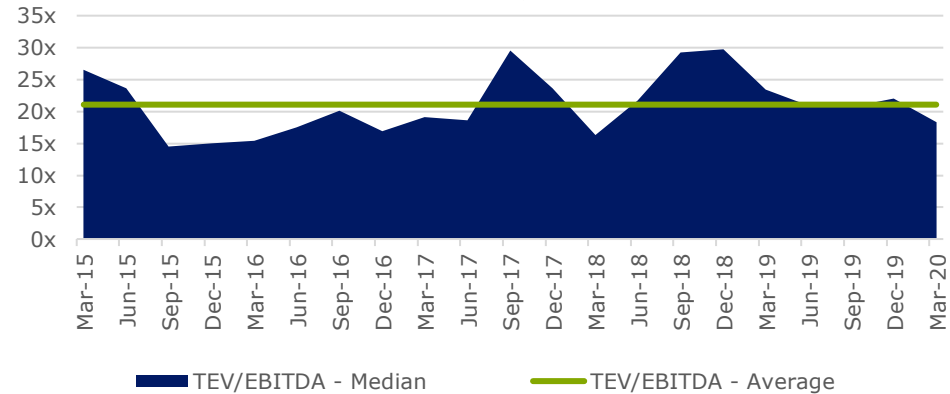
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Inovalon Holdings, Inc.	3,496	642	22%	74%	28%	5.4	18.3	2,371	271
HMS Holdings Corp.	2,349	626	5%	37%	22%	3.8	16.2	3,100	202
Livongo Health, Inc.	2,348	170	149%	73%	-34%	13.8	N/A	615	277
Tabula Rasa HealthCare, Inc.	1,316	285	39%	36%	2%	4.6	135.0	1,286	221
Evolent Health, Inc.	733	846	35%	23%	-7%	0.9	N/A	3,400	249
Phreesia, Inc.	687	118	33%	63%	-4%	5.8	N/A	451	263
Average	1,821	448	47%	51%	1%	5.7	28.2	1,871	247
Median	1,832	456	34%	50%	-1%	5.0	8.1	1,829	256

share price as of 31Mar20

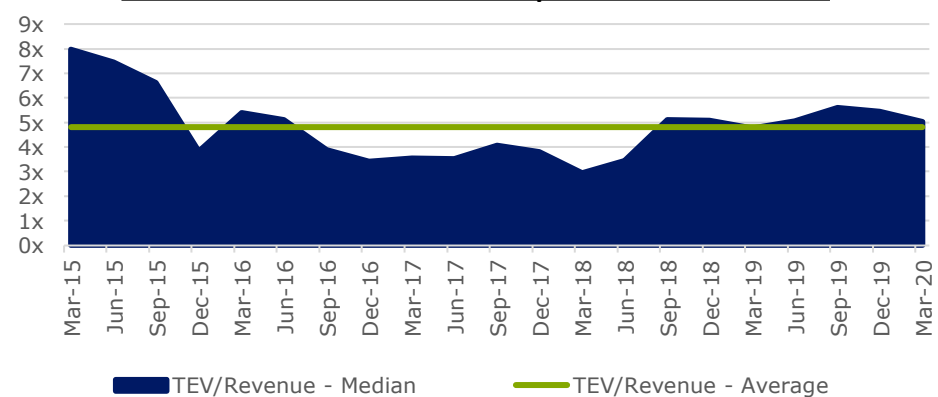
Public Basket Valuation Trends



Public EBITDA Multiples over Time



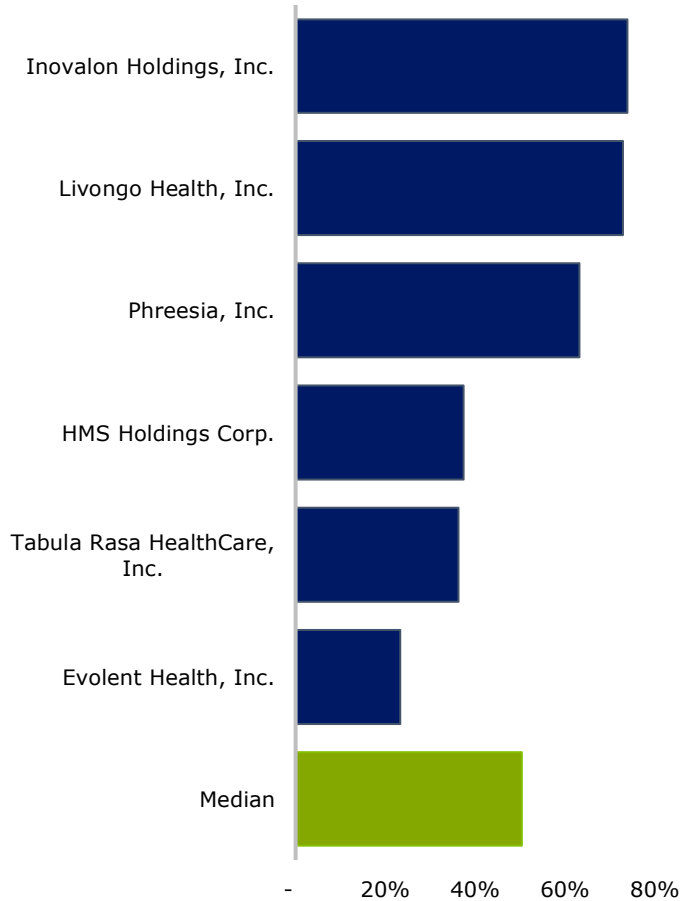
Public Revenue Multiples over Time



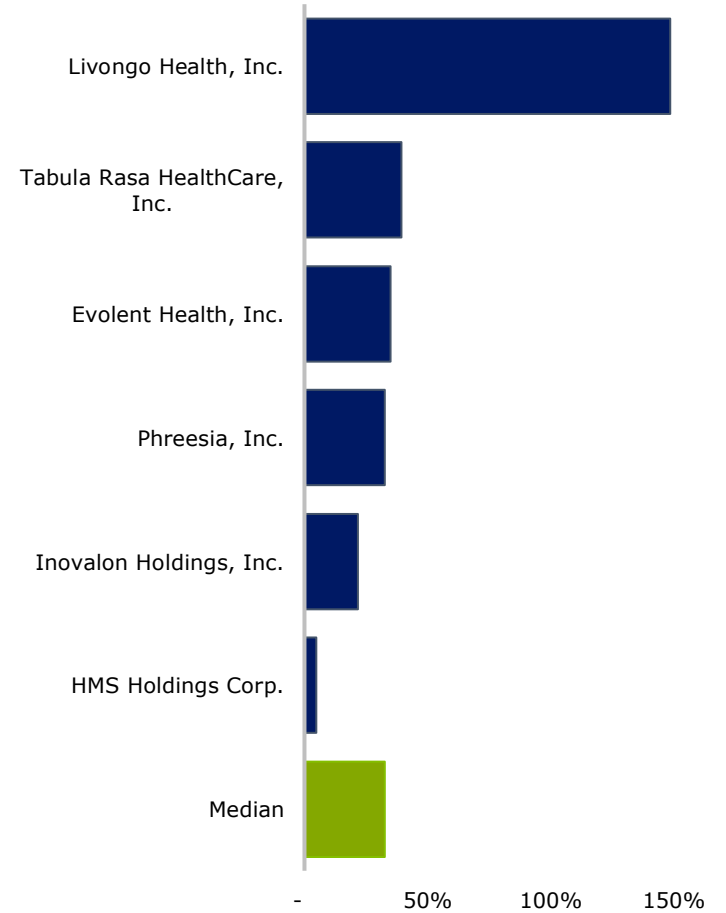
Operational Metrics



LTM Gross Profit Margin %



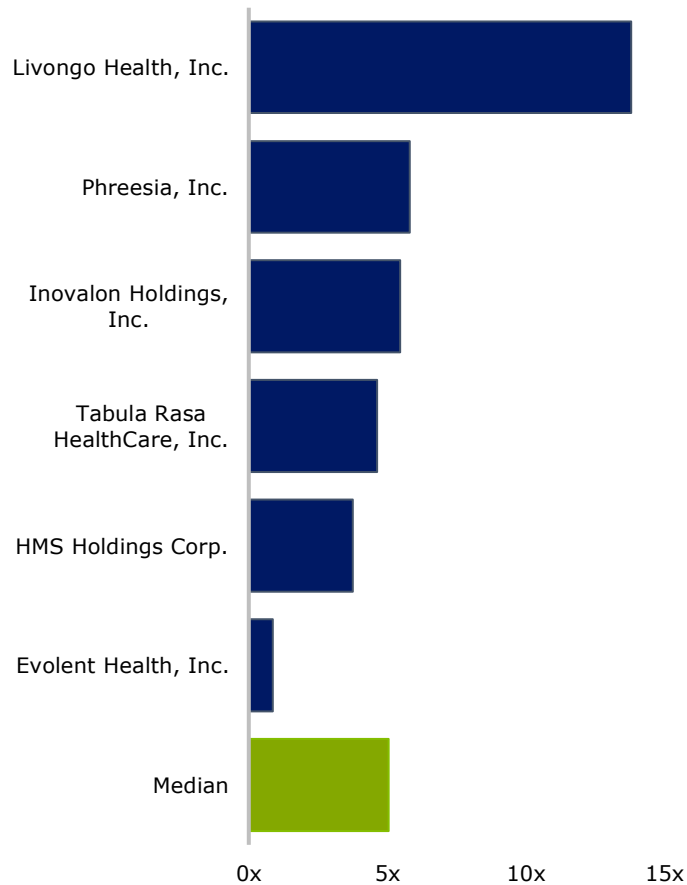
LTM Revenue Growth %



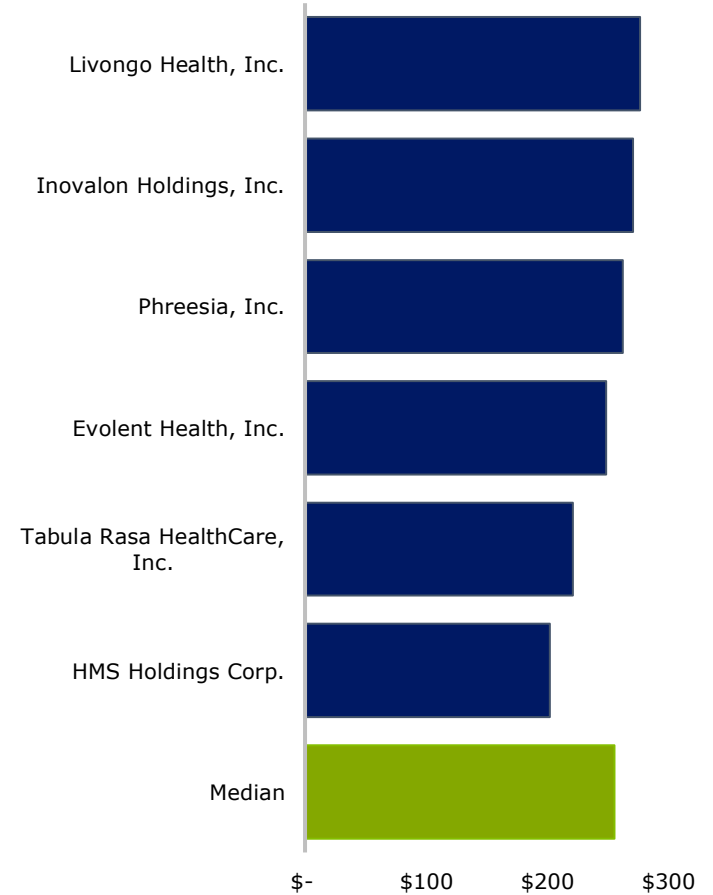
Operational Metrics



TEV / LTM Revenue



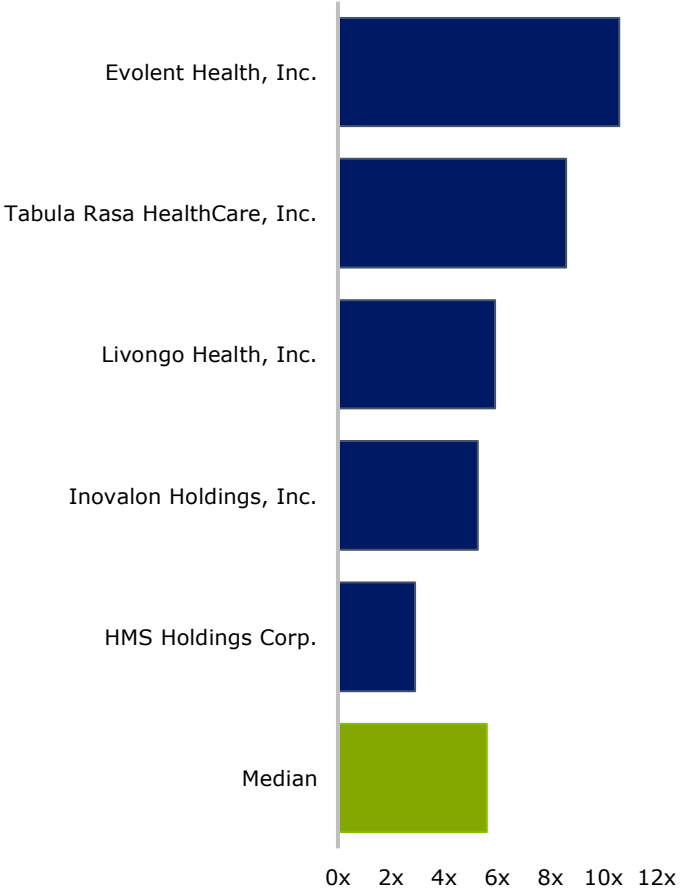
LTM Revenue per Full Time Employee x 000's



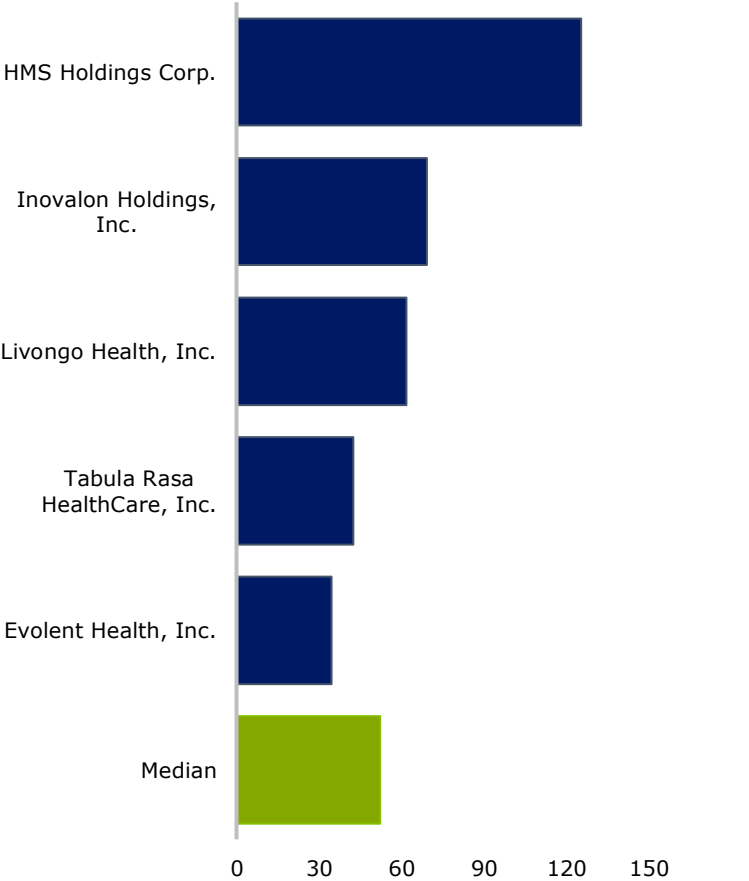
Operational Metrics



Accounts Receivable Turnover



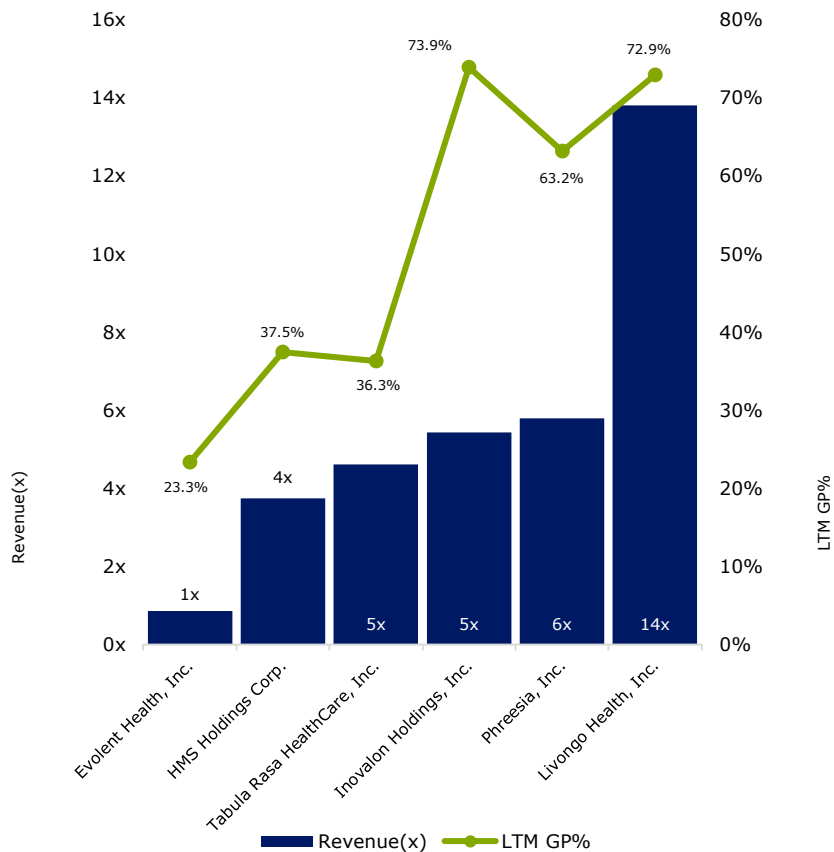
Average Days Sales Outstanding



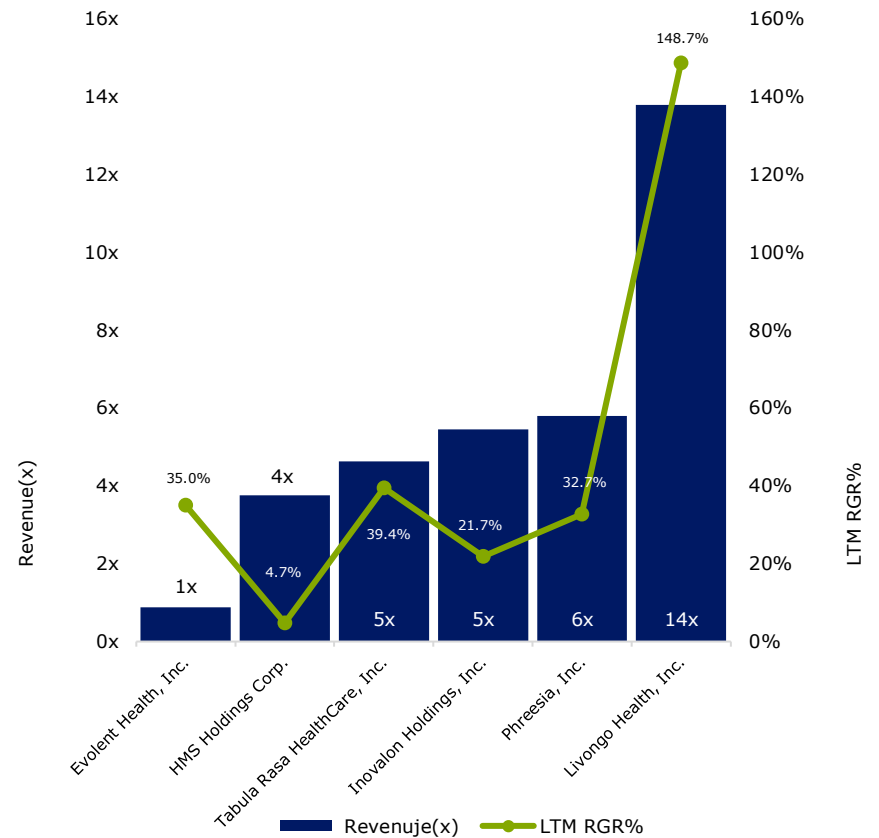
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
30Jan20	Snapworx, LLC	Brightree LLC	-	-	-	-
22Jan20	VisionTree Software, Inc.	Brainlab AG	-	-	-	-
13Jan20	Connected Care Business of NantHealth, Inc.	Masimo Corporation	47.25	-	-	-
13Jan20	Intelligent InSites, Inc.	Infor, Inc.	-	-	-	-
11Jan20	InTouch Technologies, Inc.	Teladoc Health, Inc.	599.70	-	-	-
30Dec19	Evariant, inc.	Healthgrades Operating Company, Inc.	-	-	-	-
12Dec19	SnapMD, Inc.	VirTrial, LLC	-	-	-	-
10Dec19	Clinical Data Management, Inc.	ESO Solutions, Inc.	-	-	-	-
5Dec19	TelaDietitian, Inc.	Teladoc Health, Inc.	-	-	-	-
4Dec19	Recondo Technology, Inc.	Waystar, Inc	-	-	-	-
27Nov19	3D4Medical Limited	Elsevier B.V.	50.58	-	-	-
15Nov19	MEDarchon, Inc.	XSOLIS, LLC	-	-	-	-
12Nov19	Medfusion, Inc.	NextGen Healthcare, Inc.	43.00	-	-	-
28Oct19	GSI Health, LLC	Medecision, Inc.	-	-	-	-
23Oct19	Health Navigators, LLC	Amazon.com, Inc.	-	-	-	-
17Oct19	AbleVets LLC	Cerner Corporation	75.01	-	-	-
4Oct19	Topaz Information, L.L.C	NextGen Healthcare, Inc.	10.00	-	-	-
10Oct19	OpenBeds Inc.	Appriss Inc.	-	-	-	-
30Sep19	Aptus Health, Inc.	WebMD Health Corp.	-	-	-	-
16Sep19	VitreosHealth, Inc.	HMS Holdings Corp.	36.50	-	-	-
11Sep19	Mango Health, Inc.	TrialCard Incorporated	-	-	-	-
5Sep19	RMDY Health, Inc.	OptimizeRx Corporation	46.00	2.37	19.4x	NM
4Sep19	Assurance IQ, Inc.	Prudential Financial, Inc.	3,500.00	-	-	-
20Aug19	Remedy Partners, Inc.	Signify Health, LLC	-	-	-	-
8Aug19	My Health Direct, Inc.	Experian Health, Inc.	-	-	-	-
1Aug19	MD Insider, Inc.	Accolade, Inc.	-	-	-	-
1Aug19	WRT Specialties, Inc./Easy PC Solutions, LLC/EasyMed Billing LLC/Systemech Solutions, LLC	Doctors' Administrative Solutions, LLC	-	-	-	-

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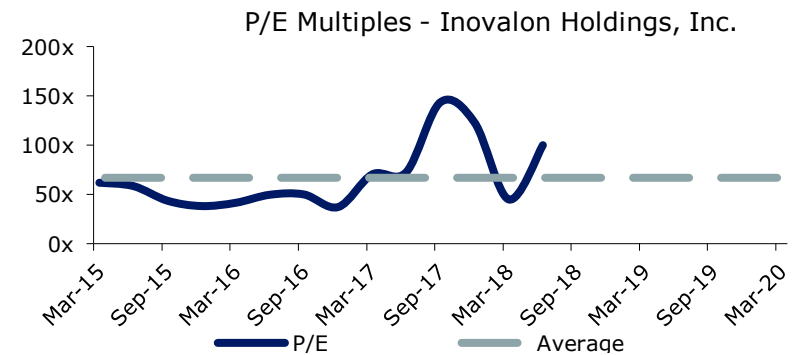
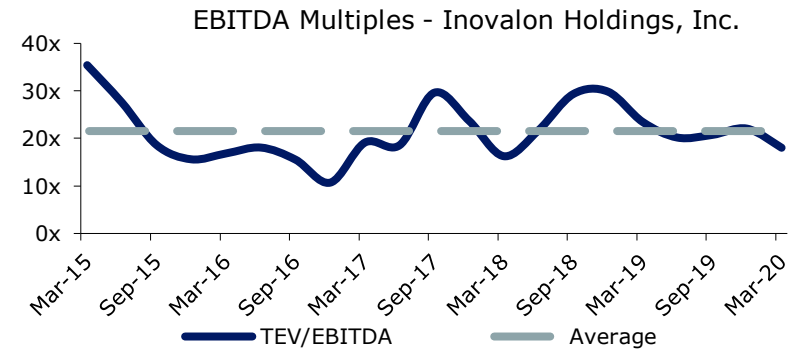
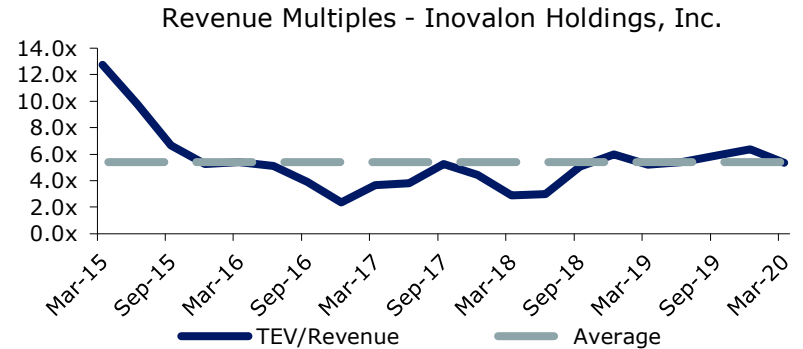
APPENDIX: Public Basket Constituents

Public Basket



Inovalon Holdings, Inc.

Inovalon Holdings, Inc., a technology company, provides cloud-based platforms empowering data-driven healthcare. It operates the Inovalon ONE Platform, a cloud-based platform that interconnect with the healthcare ecosystem to aggregate and analyze data in real-time, as well as empowers the application in resulting insights. The company also operates myABILITY software platform, an integrated set of cloud-based applications for providers that offers connectivity, administrative, clinical and quality analysis, management, and performance improvement capabilities to acute, post-acute, and ambulatory point-of-care provider facilities. In addition, it offers advisory, implementation, and support services. The company serves health plans and provider organizations, as well as pharmaceutical, medical device, and diagnostics companies. Its platforms include information of data pertaining to approximately 964,000 physicians; 519,000 clinical facilities; and approximately 264 million individuals and 42 billion medical events. Inovalon Holdings, Inc. was founded in 1998 and is headquartered in Bowie, Maryland.



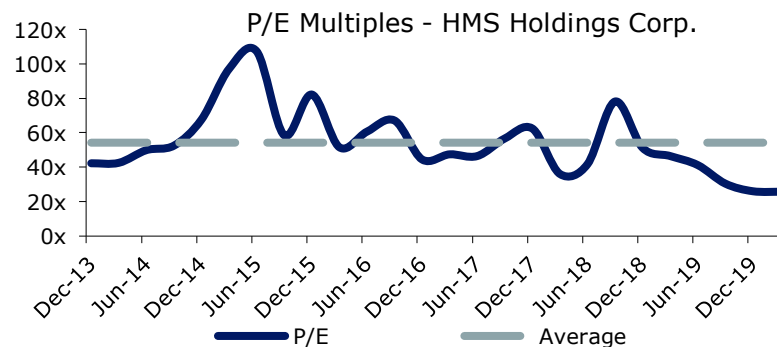
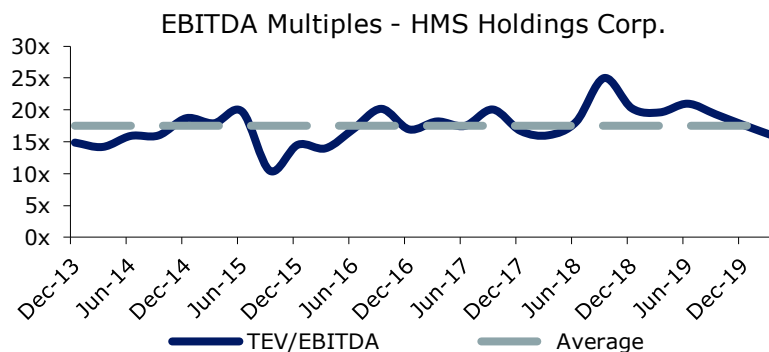
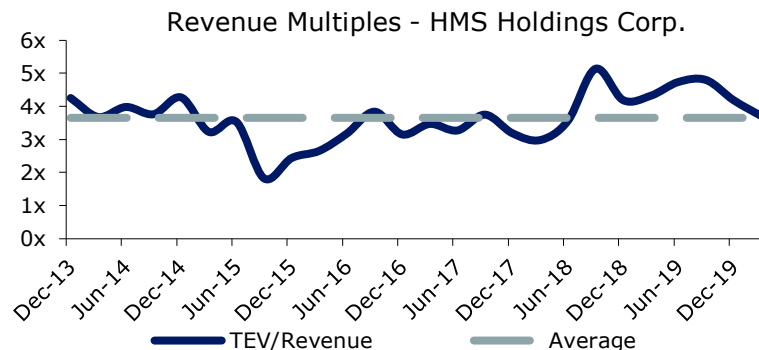
Public Basket



HMS Holdings Corp.

HMS Holdings Corp., through its subsidiaries, provides cost containment solutions in the United States healthcare marketplace. The company offers coordination of benefits services to government and commercial healthcare payers to ensure that the correct party pays the claim; and population management solutions that provide risk-bearing organizations with intelligence across their member populations to identify risks, and enhance patient engagement and outcomes, as well as payment integrity, care management and consumer engagement, and analytical solutions. It serves state Medicaid programs, commercial health plans, federal government health agencies, government and private employers, children's health insurance program, and other healthcare payers, as well as a subcontractor. The company was founded in 1974 and is headquartered in Irving, Texas.

Date	Key Development Headline
12/22/19	HMS Holdings Corp. (NasdaqGS:HMSY) completed the acquisition of West Claims Recovery Services, LLC from West Receivables Services, Inc.
11/20/19	HMS Holdings Corp. (NasdaqGS:HMSY) entered into a Membership Interest Purchase Agreement to acquire West Claims Recovery Services, LLC from West Receivables Services, Inc. for approximately \$160 million.
9/15/19	HMS Holdings Corp. (NasdaqGS:HMSY) acquired VitreosHealth, Inc. for \$36.5 million.
8/2/19	HMS To seek Acquisition

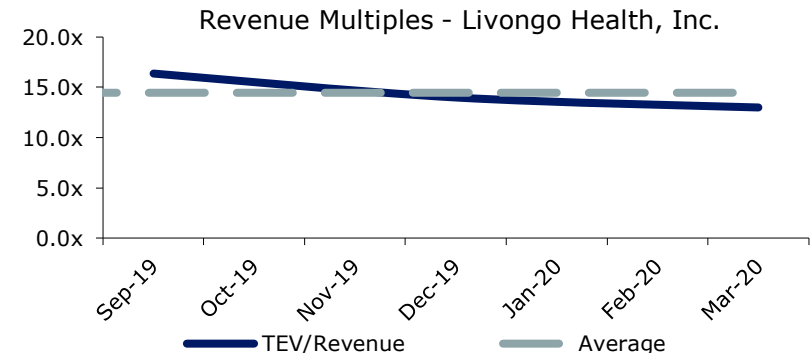


Public Basket



Livongo Health, Inc.

Livongo Health, Inc. provides an integrated suite of solutions for the healthcare industry in North America. Its solutions promote health behavior change based on real-time data capture supported by intuitive devices and insights driven by data science. The company offers a platform that provides cellular-connected devices, supplies, informed coaching, data science-enabled insights, and facilitates access to medications. Its products include Livongo for Diabetes, Livongo for Hypertension, Livongo for Prediabetes and Weight Management, and Livongo for Behavioral Health by myStrength. The company was formerly known as EosHealth, Inc. and changed its name to Livongo Health, Inc. in 2014. Livongo Health, Inc. was incorporated in 2008 and is headquartered in Mountain View, California.



Date	Key Development Headline
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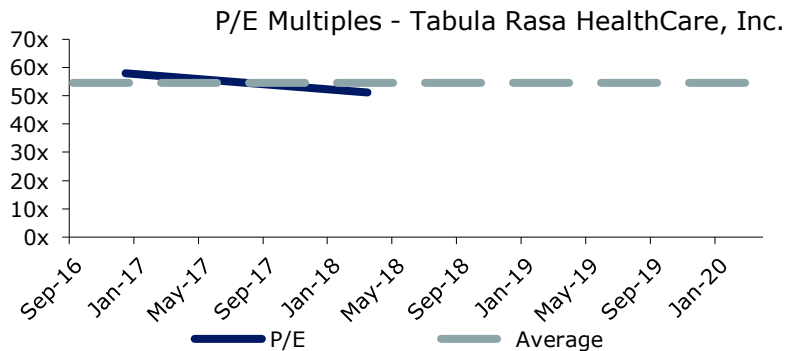
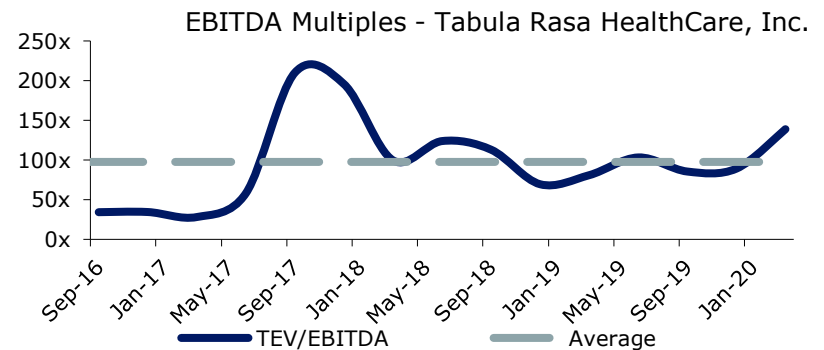
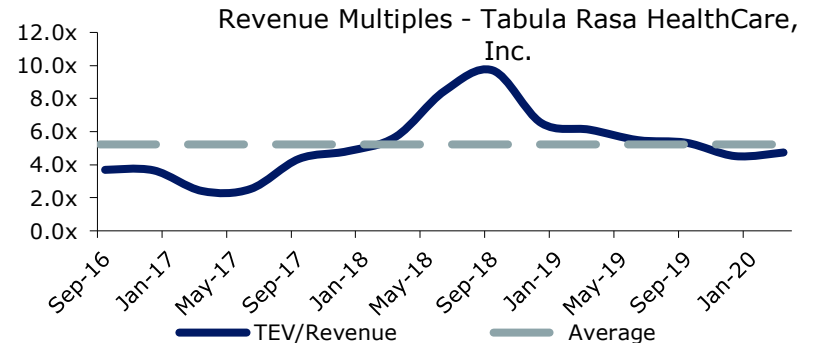
12/09/19	Livongo Health, Inc. has filed a Follow-on Equity Offering.
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Public Basket



Tabula Rasa HealthCare, Inc.

Tabula Rasa HealthCare, Inc. operates as a healthcare technology company in the field of medication safety in the United States. The company's proprietary Medication Risk Mitigation Matrix delivers a multi-drug review, which identifies medication-related risks. Its cloud-based software applications include EireneRx, a medication decision-support and e-prescribing platform to access patients' medication-related information; and MedWise that provides medication decision support components for clients seeking to manage their medication risk and improve medication outcomes, and patient relationships by enhancing their existing systems. Tabula Rasa HealthCare, Inc. also offers clinical pharmacist collaboration, prescription fulfillment and reminder packaging, and pharmacy cost management services, as well as health plan management services, including risk adjustment and third-party administrator services. As of December 31, 2018, it served 224 healthcare organizations. The company offers its cloud-based software solutions to prescribers, pharmacists, and healthcare organizations for managing the medication-related needs of their patients. Tabula Rasa HealthCare, Inc. was founded in 2009 and is headquartered in Moorestown, New Jersey.

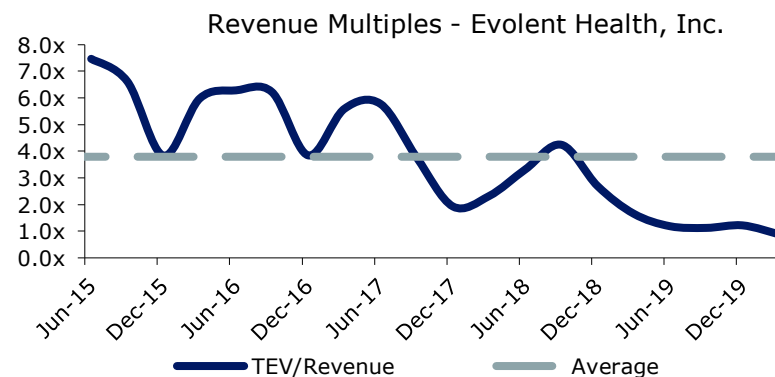


Public Basket



Evolut Health, Inc.

Evolut Health, Inc., through its subsidiary, Evolut Health LLC, provides health care delivery and payment solutions in the United States. The company operates through two segments, Services and True Health. The Services segment provides value-based care services that include Identifi, a proprietary technology system that aggregates and analyzes data, manages care workflows and engages patients; population health performance that delivers patient-centric cost-effective care; delivery network alignments; and integrated cost and revenue management solutions. The True Health segment operates a commercial health plan for small and large businesses in New Mexico. Evolut Health, Inc. was founded in 2011 and is headquartered in Arlington, Virginia.



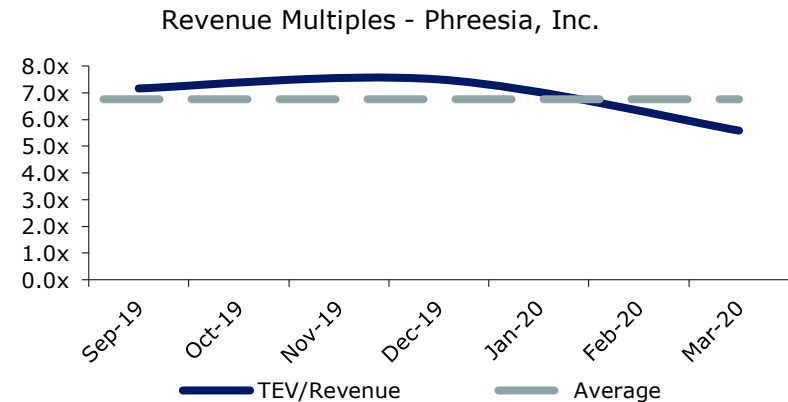
Date	Key Development Headline
12/29/19	Evolut Health Inc. (NYSE:EVH) ('Evolut') completed the acquisition of substantially all of the assets to assume substantially all of the liabilities of University Health Care Inc. ('Passport') and its subsidiary Passport Health Solutions LLC.
5/28/19	Evolut Health Inc. (NYSE:EVH) entered into an agreement to acquire substantially all of the assets to assume substantially all of the liabilities of University Health Care Inc. and its subsidiary Passport Health Solutions LLC.
5/9/19	Evolut Health Intends To Seek Acquisitions

Public Basket



Phreesia, Inc.

Phreesia, Inc. provides an integrated SaaS-based software and payment platform for the healthcare industry in the United States and Canada. The company's Phreesia Platform offers a suite of solutions to manage the patient intake process and an integrated payments solution for processing of patient payments. It deploys its platform in a range of modalities, including through Phreesia Mobile, a patients' mobile device; Phreesia Dashboard, a Web-based dashboard for providers; PhreesiaPads, which are self-service intake tablets; and Arrivals Stations that are on-site kiosks. It serves patients, healthcare provider organizations, and life sciences companies. The company was founded in 2005 and is headquartered in New York, New York.



<u>Date</u>	<u>Key Development Headline</u>
4/16/19	Phreesia, Inc. (NYSE:PHR) completed the acquisition of Vital Score, Inc.

Contact Information

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