

7 Mile Advisors



Sectorwatch:

Healthcare IT & Consulting

Q4 2020



Healthcare IT & Consulting

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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.

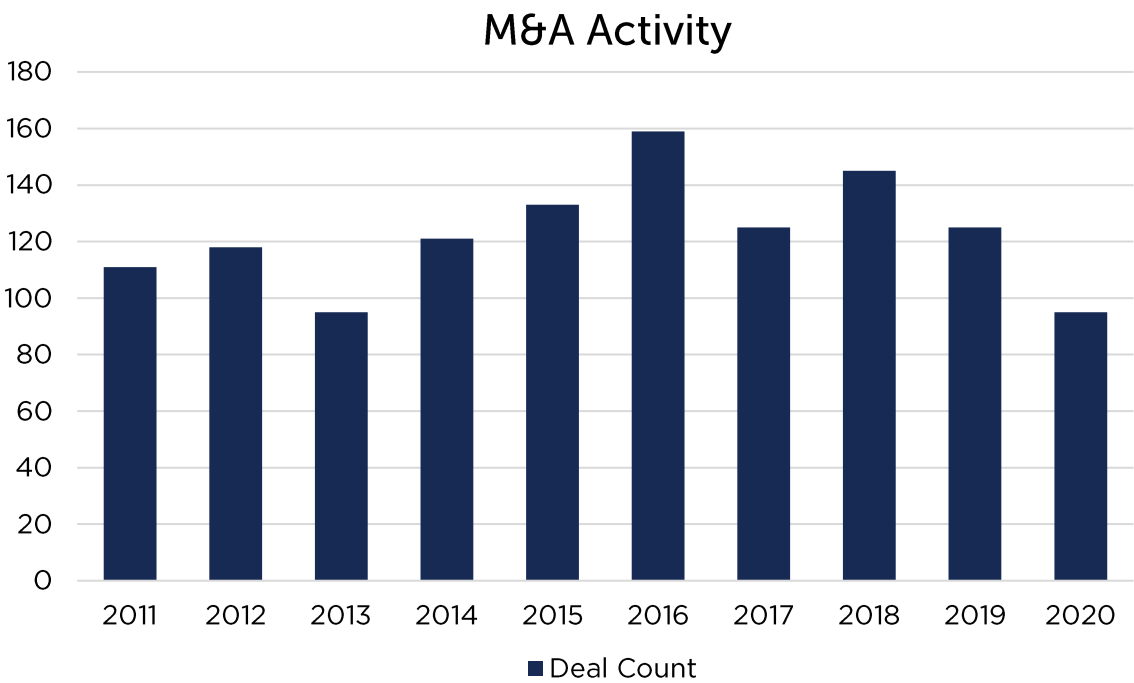
RECENT DEALS

- The most recently announced deals in the sector

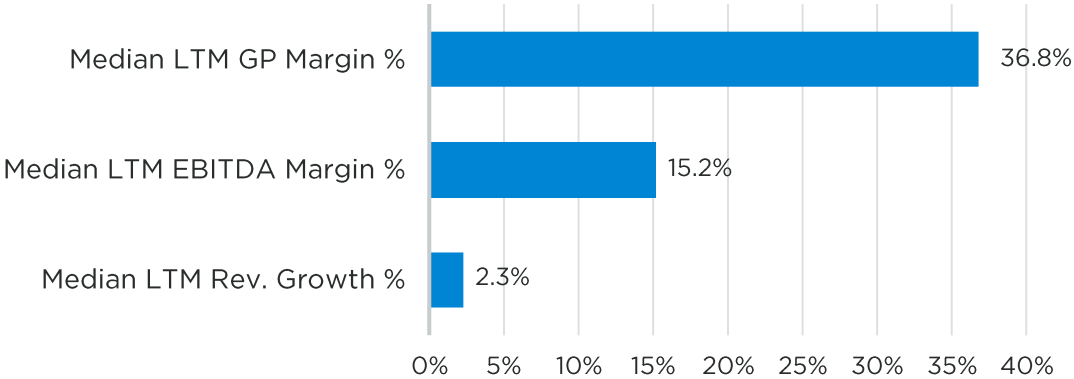
Dashboard

REVENUE GROWTH MOMENTUM ↓ -4.7%

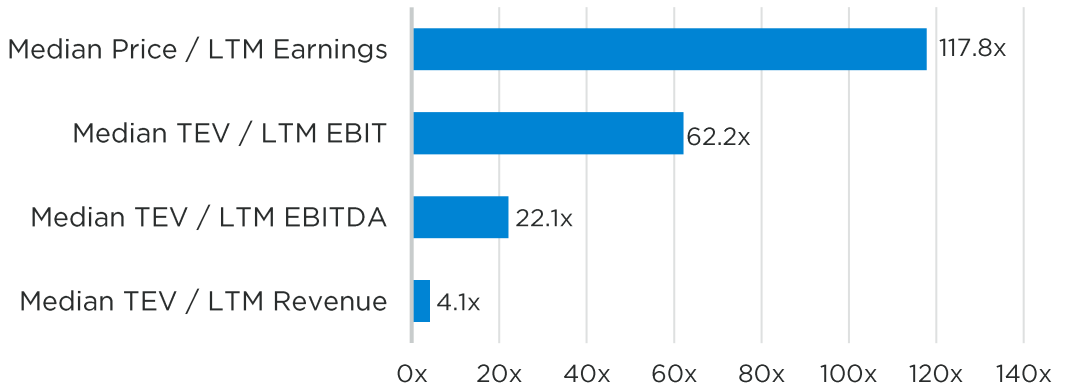
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



Operating Metrics



Valuation

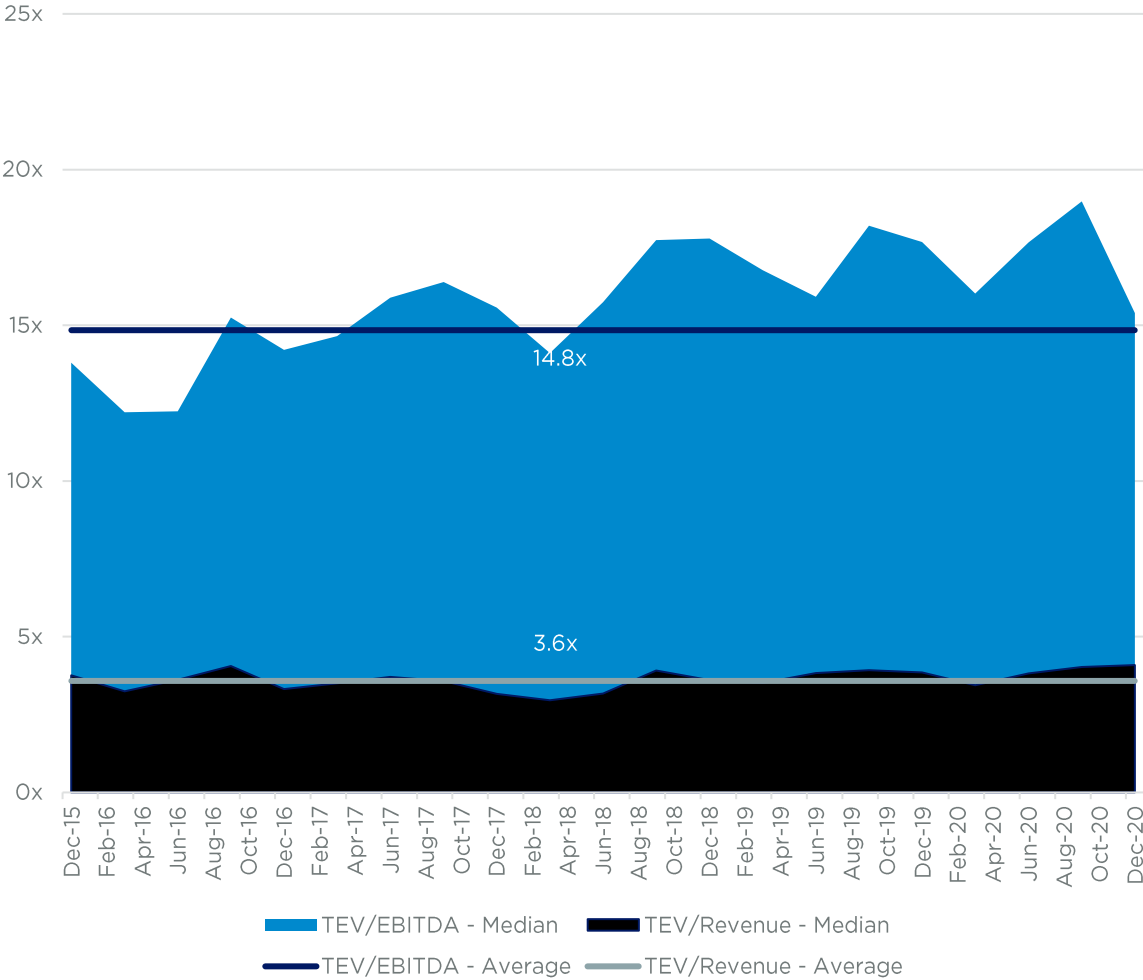


Public Basket

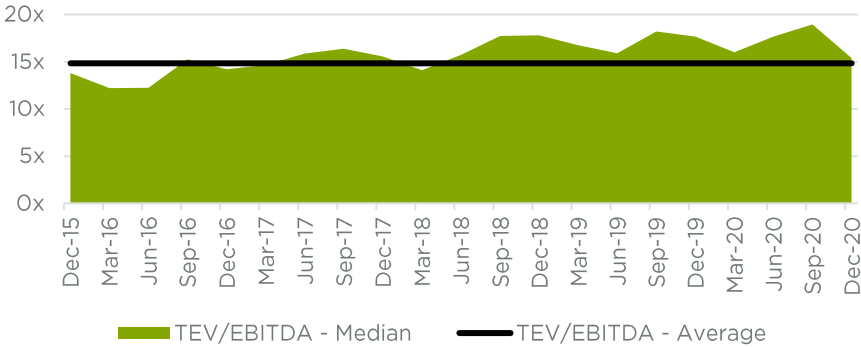
| Company | TEV \$m | LTM EBITDA \$m | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / Rev X | TEV / EBITDA X | # FTEs | Rev / FTE \$k |
|------------------------|---------|----------------|-------------|----------------|-------|----------|-------------|----------------|--------|---------------|
| Huron Consulting Group | 1,292 | 36 | 926 | -1.4% | 29.6% | 3.9% | 1.4x | 12.6x | 3,750 | 247 |
| Evolent Health | 1,310 | -462 | 987 | 22.9% | 31.1% | -46.8% | 1.3x | N/A | 3,400 | 290 |
| Hms Holdings | 2,891 | 126 | 643 | 3.9% | 30.3% | 19.6% | 4.5x | 23.0x | 3,100 | 207 |
| Allscripts | 3,222 | 210 | 1,676 | -4.9% | 39.6% | 12.5% | 1.9x | 9.2x | 9,600 | 175 |
| Inovalon Holdings | 3,801 | 175 | 651 | 7.6% | 74.8% | 26.8% | 5.8x | 17.2x | 2,662 | 245 |
| Cerner | 23,162 | 1,704 | 5,553 | -1.1% | 82.4% | 30.7% | 4.2x | 13.6x | 27,400 | 203 |
| Teladoc Health | 28,278 | -23 | 867 | 66.9% | 62.7% | -2.7% | 32.6x | N/A | 2,588 | 335 |
| IQVIA | 43,809 | 1,949 | 10,956 | 0.7% | 34.0% | 17.8% | 4.0x | 22.5x | 67,000 | 164 |
| Average | 13,471 | 464 | 2,782 | 11.8% | 48.1% | 7.7% | 7.0x | 16.3x | 14,938 | 233 |
| Median | 3,512 | 150 | 957 | 2.3% | 36.8% | 15.2% | 4.1x | 15.4x | 3,575 | 226 |

share price as of 01Dec20

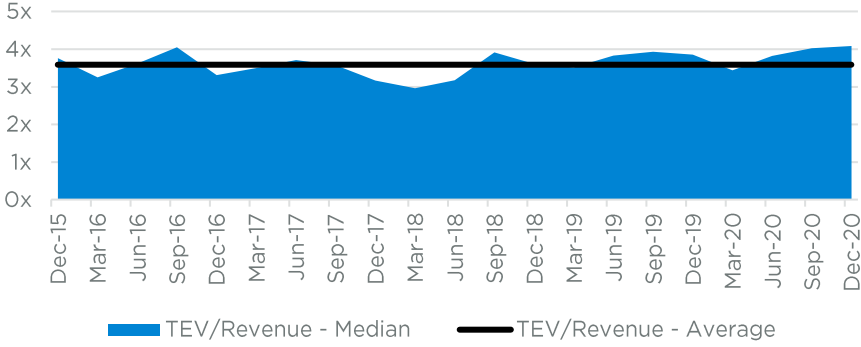
Public Basket



Public EBITDA Multiples over Time

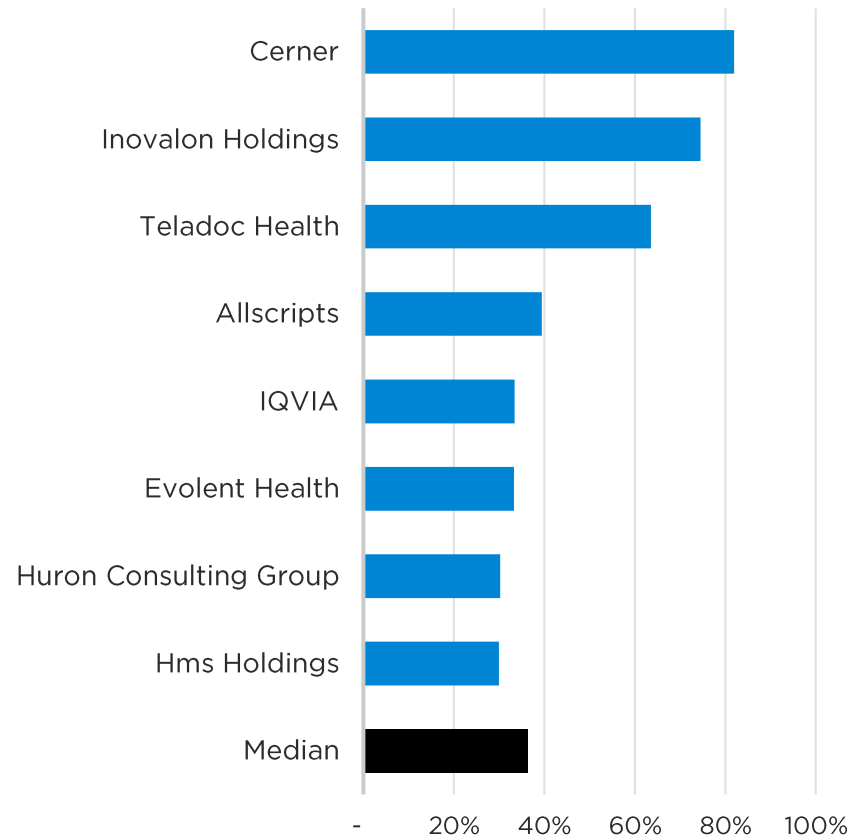


Public Revenue Multiples over Time

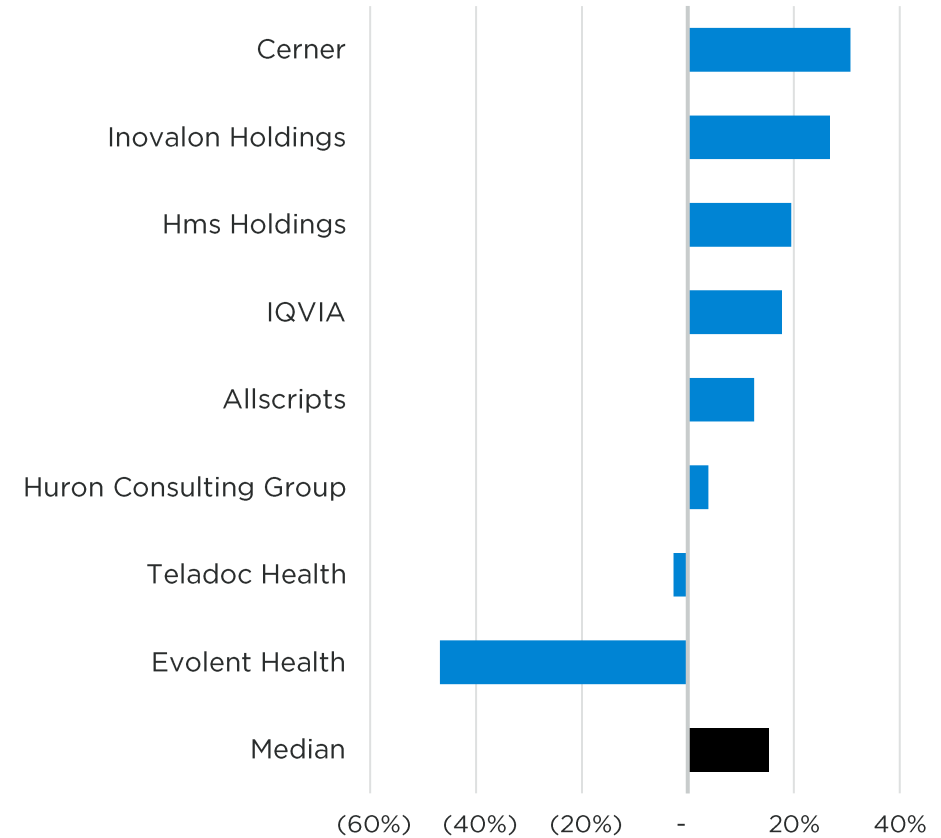


Operational Metrics

LTM Gross Profit Margin %

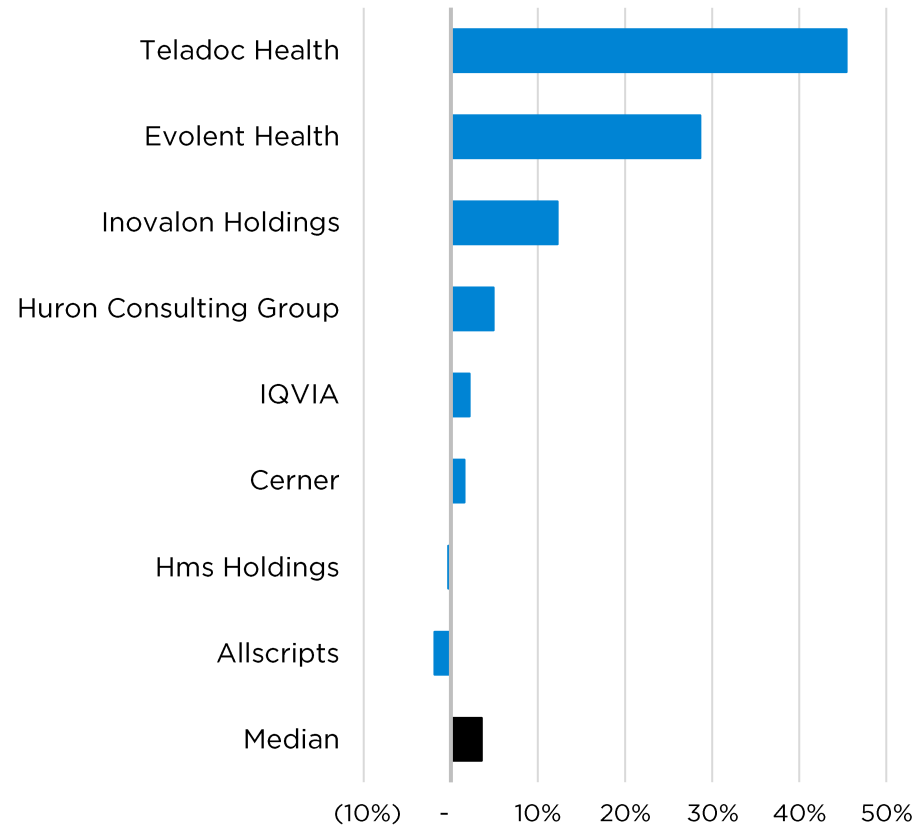


LTM EBITDA %

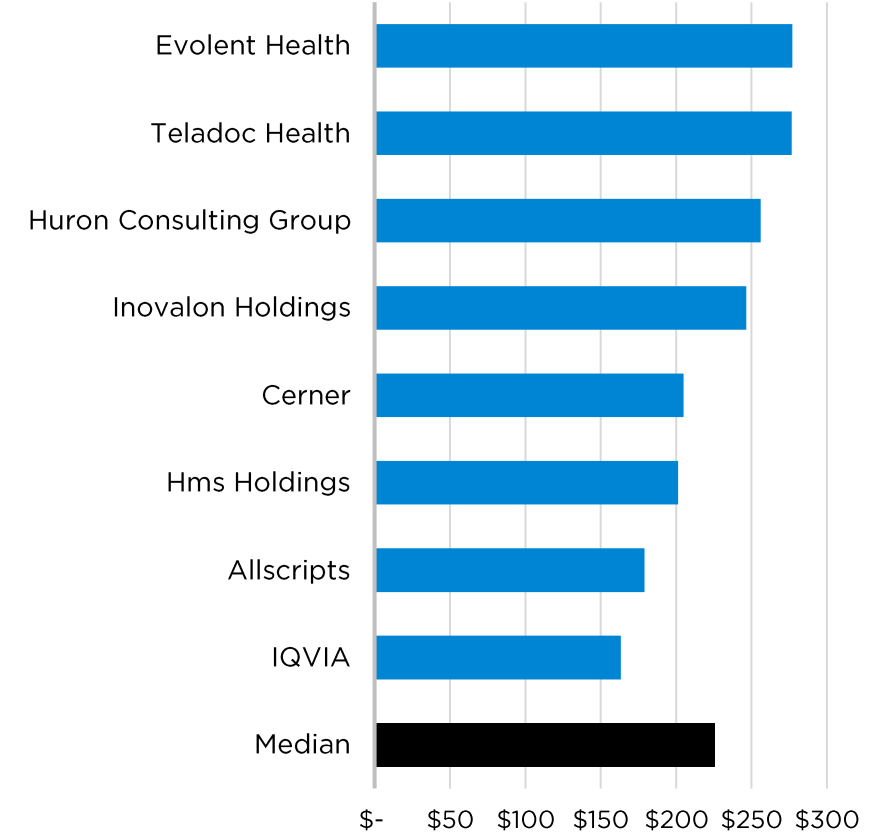


Operational Metrics

LTM Revenue Growth %

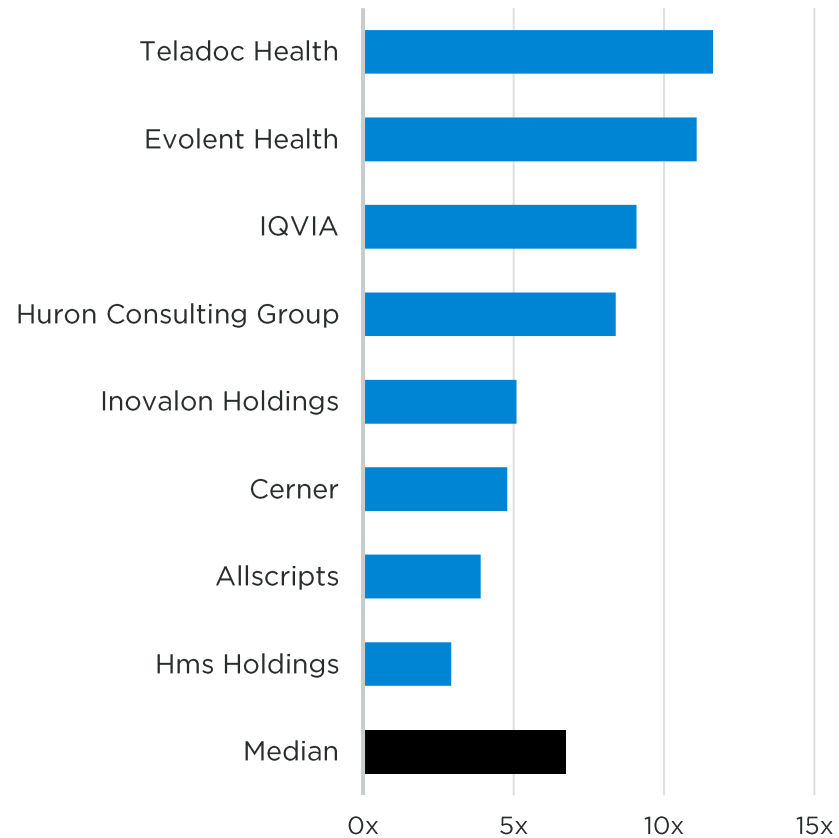


LTM Revenue per Full Time Employee x 000's

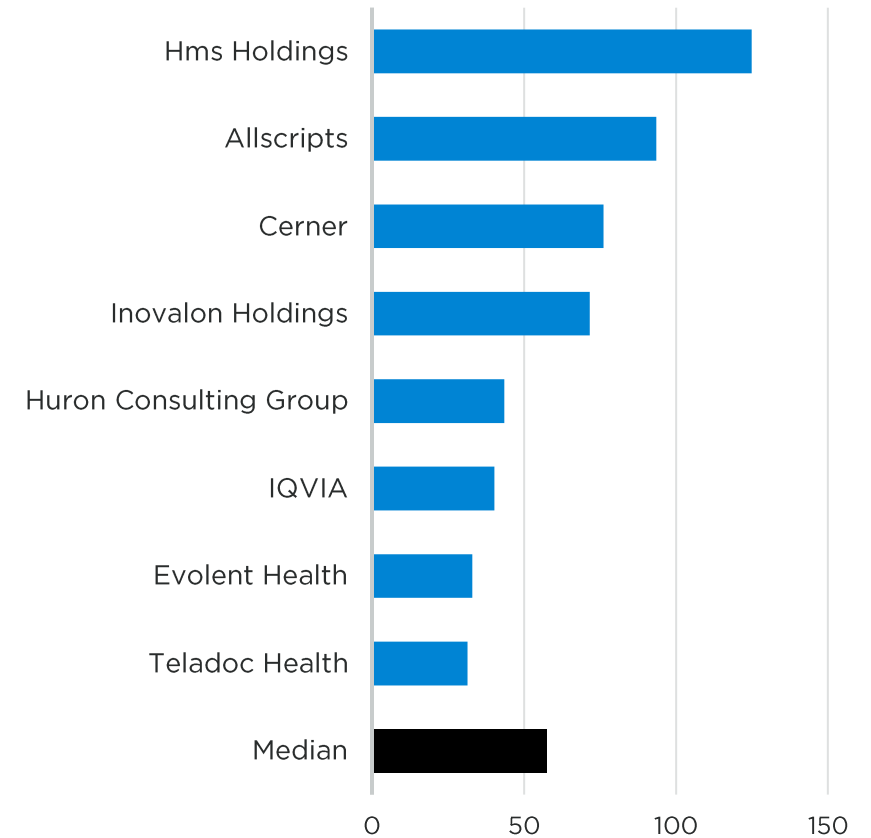


Operational Metrics

Accounts Receivable Turnover

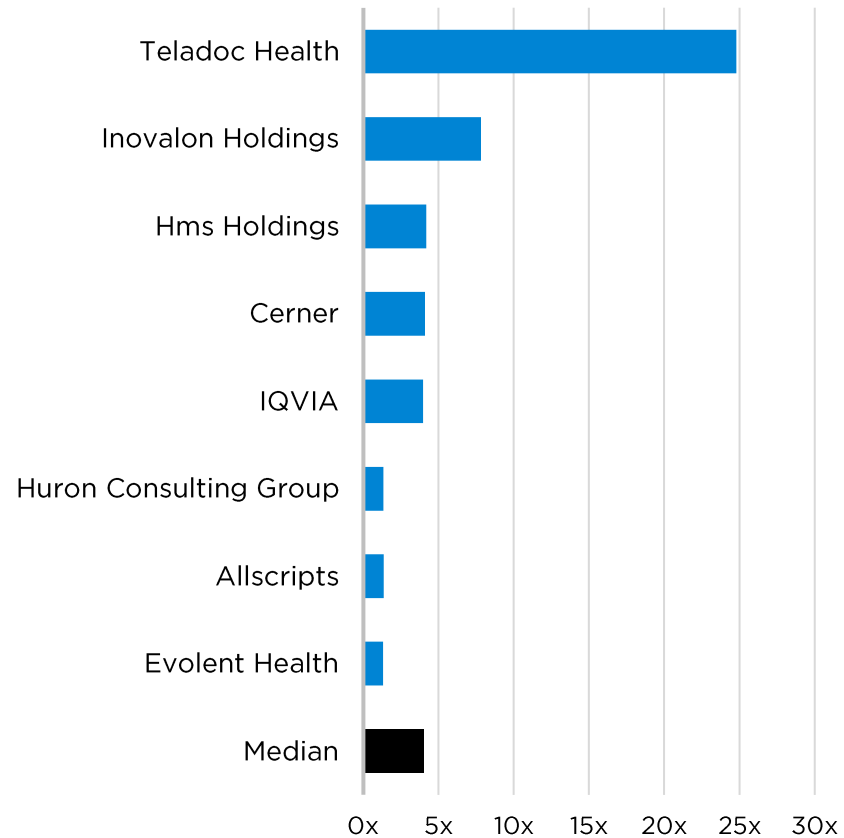


Average Days Sales Outstanding

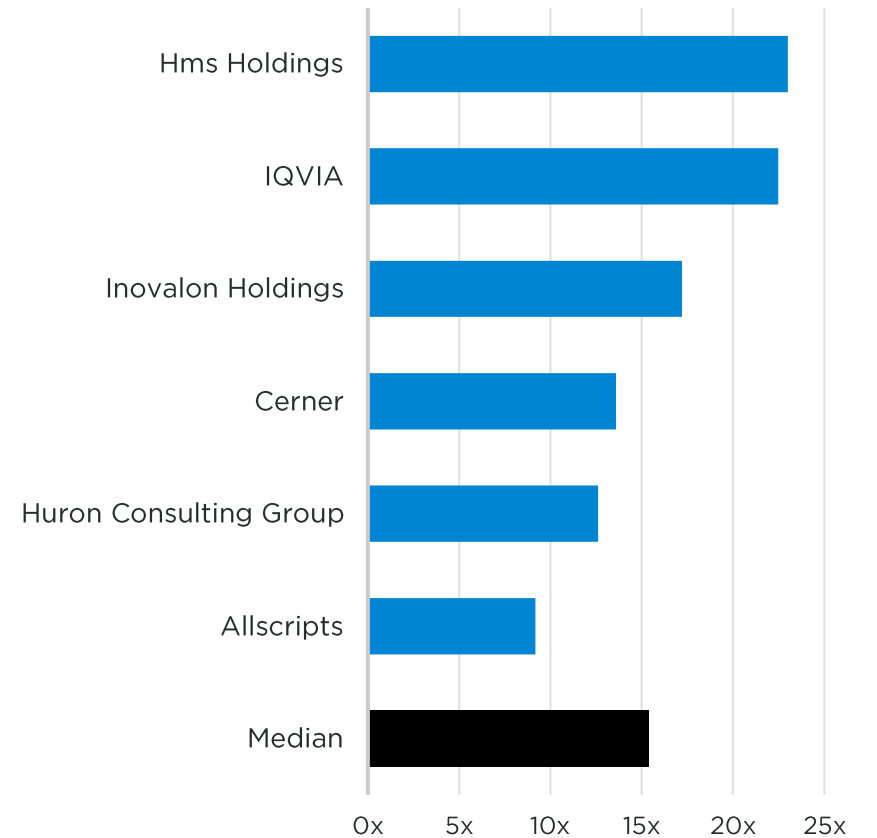


Valuation

TEV / LTM Revenue

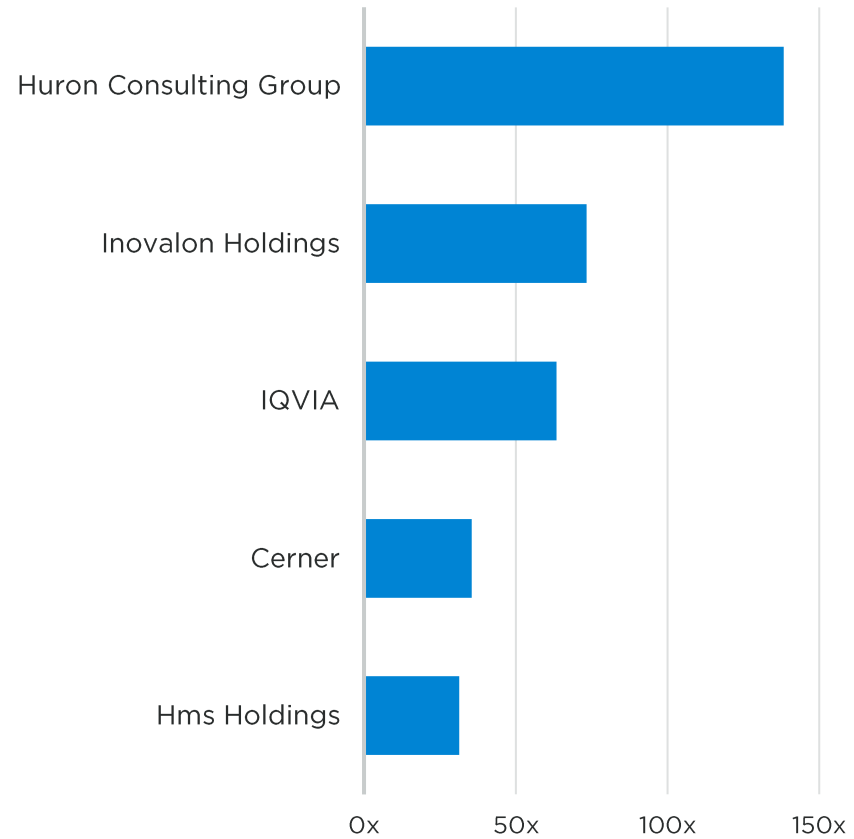


TEV / LTM EBITDA

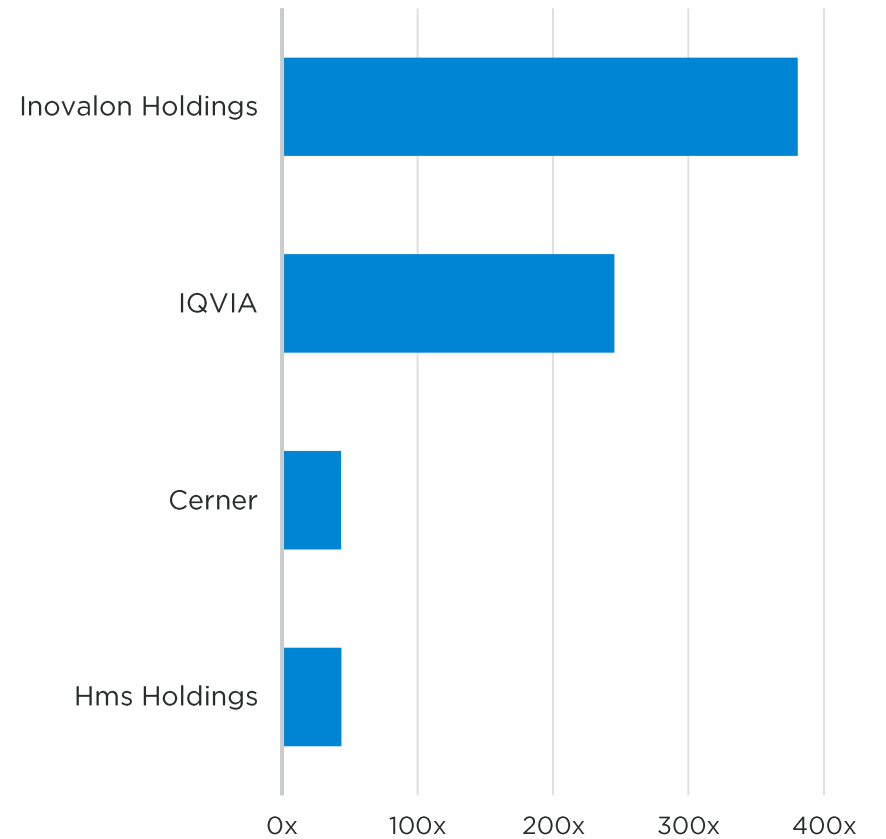


Valuation

TEV / LTM EBIT

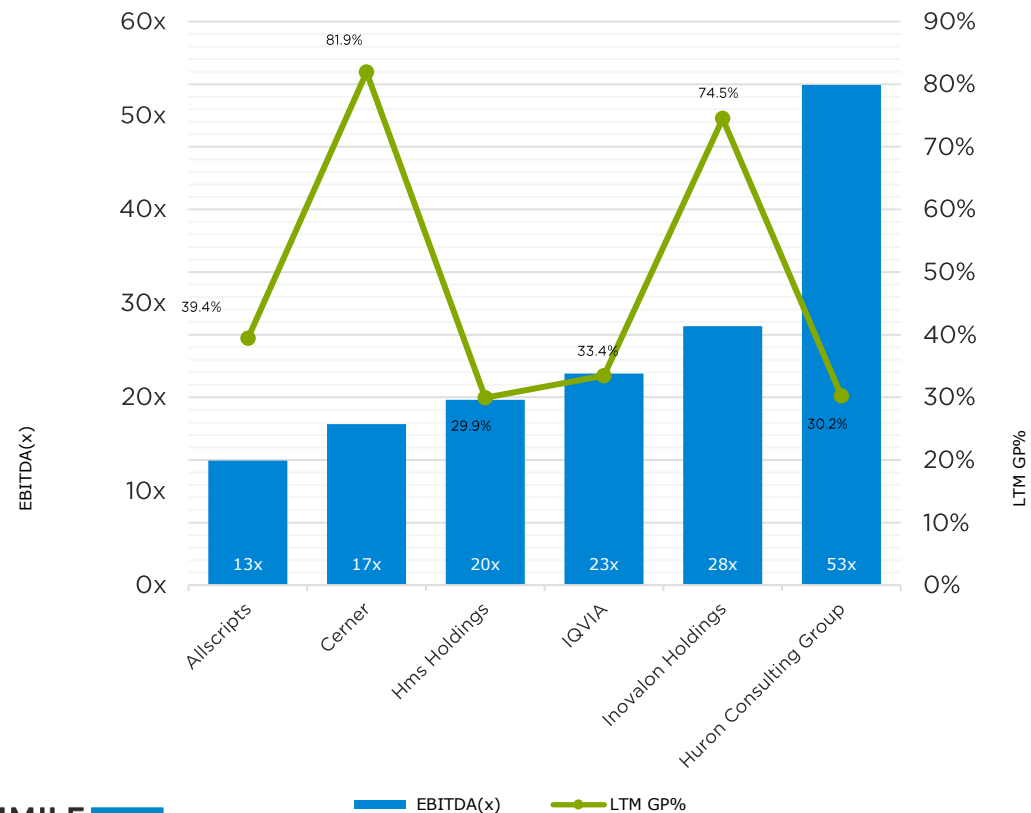


Price / LTM Earnings

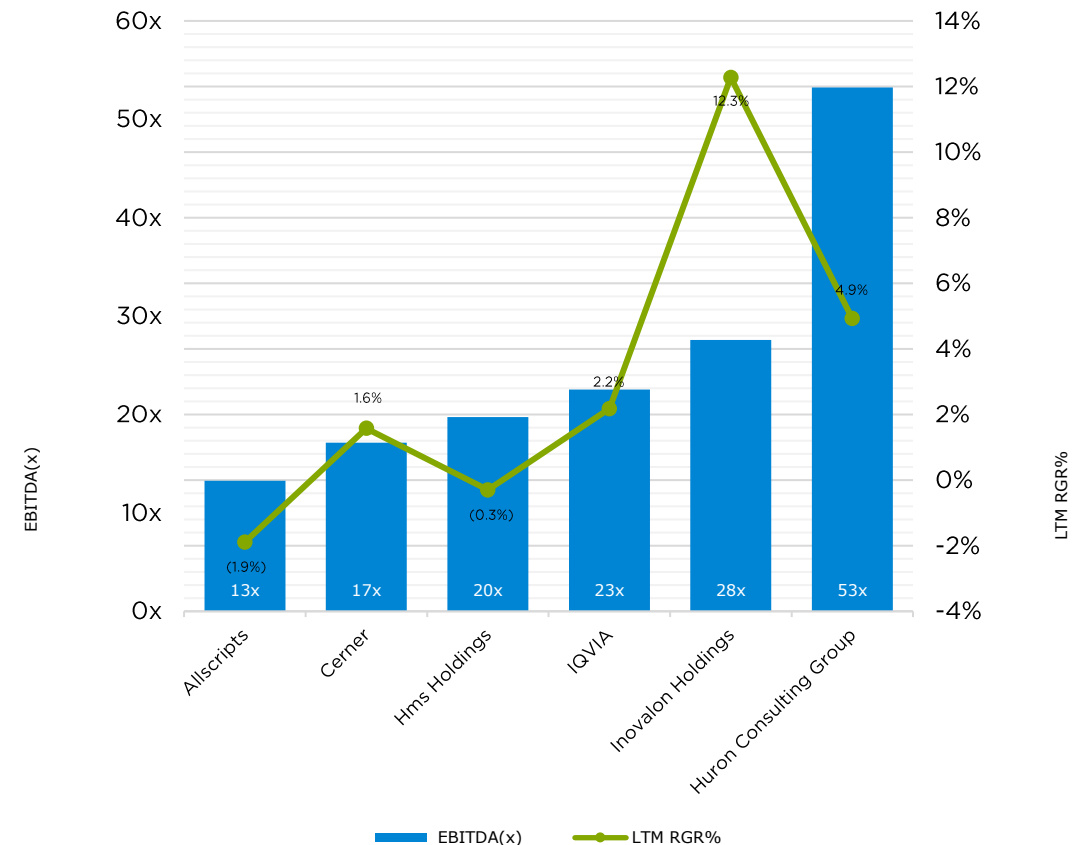


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

| Date | Target | Buyer | Total Transaction Amount | Target Revenue (TTM at time of deal) | TEV / Revenue | TEV / EBITDA |
|-----------|---------------------------------|---------------------------------|--------------------------|--------------------------------------|---------------|--------------|
| 24-Nov-20 | KloudScript | GTCR | - | - | - | - |
| 23-Nov-20 | Longboat | Advarra | - | - | - | - |
| 19-Nov-20 | Micro-Office Systems | Medsphere Systems | - | - | - | - |
| 16-Nov-20 | MedAptus | Volaris Group | - | - | - | - |
| 15-Nov-20 | Ivy Ventures | ABRY Partners | - | - | - | - |
| 12-Nov-20 | CUBEX (Medical Business Assets) | Becton, Dickinson and Company | - | - | - | - |
| 10-Nov-20 | Casetabs | Bain Capital Tech Opportunities | - | - | - | - |
| 09-Nov-20 | HSTechnology Solutions | MultiPlan | 140.00 | - | - | - |
| 22-Oct-20 | Transcarent | BridgeHealth | - | - | - | - |
| 21-Oct-20 | Verge Health | Five Arrows Capital Partners | - | - | - | - |
| 15-Oct-20 | EPSi | Strata Decision Technology | 365.00 | - | - | - |
| 13-Oct-20 | iClinic | Afya Educacional | 33.22 | - | - | - |
| 13-Oct-20 | WellSky | Leonard Green & Partners | - | - | - | - |
| 12-Oct-20 | Careport | Leonard Green & Partners | 1350.00 | - | - | - |
| 12-Oct-20 | ShiftWizard | HealthStream | 32.00 | - | - | - |
| 09-Oct-20 | MedeAnalytics | JLL Partners | 225.00 | - | - | - |
| 07-Oct-20 | Stryker Performance Solutions | Audax Group | - | - | - | - |
| 01-Oct-20 | Carebook | Pike Mountain Minerals | - | - | - | - |
| 30-Sep-20 | RVC Medical IT | Nexus (Germany) | - | - | - | - |
| 30-Sep-20 | Tasman Global | Health Enterprise Partners | - | - | - | - |
| 24-Sep-20 | Edifecs | Francisco Partners | - | - | - | - |

Appendix

*Public Basket
Contact Information*



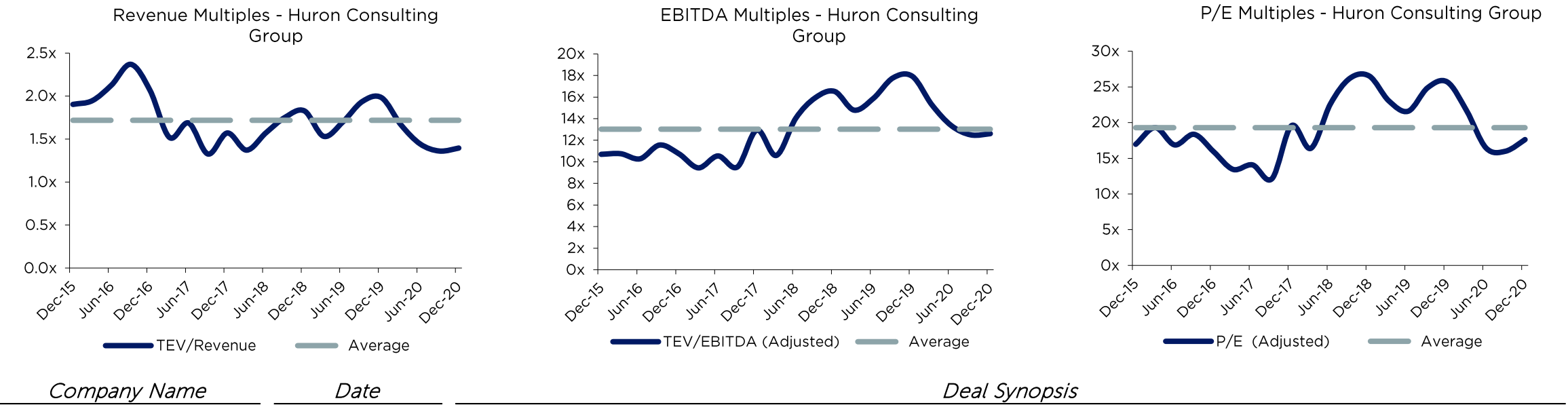
Huron Consulting Group

Huron Consulting Group Inc is a professional services firm.

The company provides expertise in strategy, technology, operations, advisory services, & analytics through three operating segments namely Healthcare, Education, and Business Advisory. Healthcare segment helps the firms to transform and innovate the delivery model to focus on patient wellness by improving quality outcomes, minimizing care variation and fundamentally improving patient and population health, Education segment provides management consulting and technology solutions, and Business Advisory segment provides services to large and middle-market organizations, not-for-profit organizations, and private equity firms. It generates a majority of its revenue from the Healthcare Segment.

Public Basket

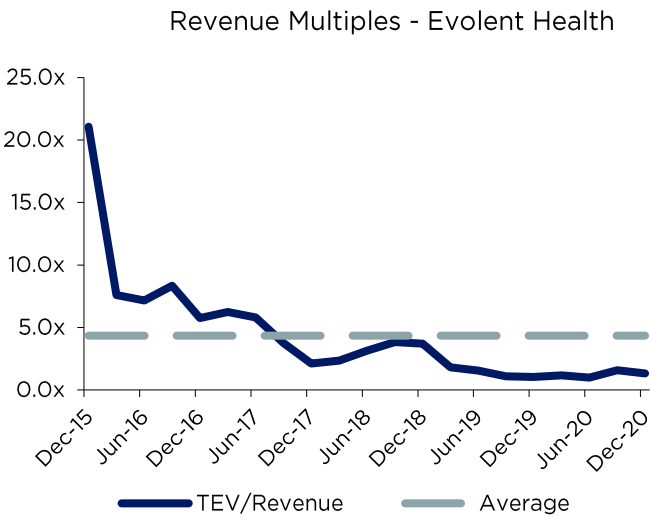
Huron Consulting Group



Evolut Health

Evolut Health Inc is engaged in healthcare delivery and payment.

The company supports health systems and physician organizations in their migration toward value-based care and population health management. The company's reportable segments are Service segment which includes value-based care services, specialty care management services and comprehensive health plan administration services. and True Health segment consists of a commercial health plan it operates in New Mexico that focuses on small and large businesses. It generates a majority of its revenue from the Service segment.



| Company Name | Date | Deal Synopsis |
|----------------------|-----------|---|
| Integrated ACO | 06-Aug-19 | The company was acquired by Evolut Health (NYS: EVH) for an undisclosed amount on August 6, 2019. |
| Passport Health Plan | 29-May-19 | The company was acquired by Evolut Health (NYS: EVH) for \$70 million on May 29, 2019. |

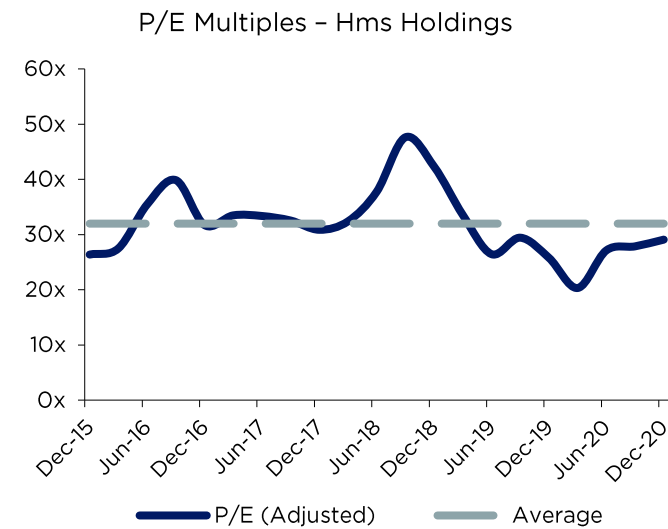
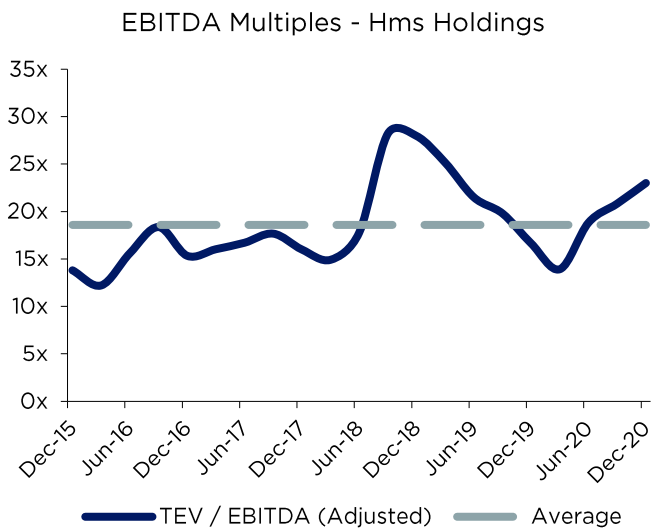
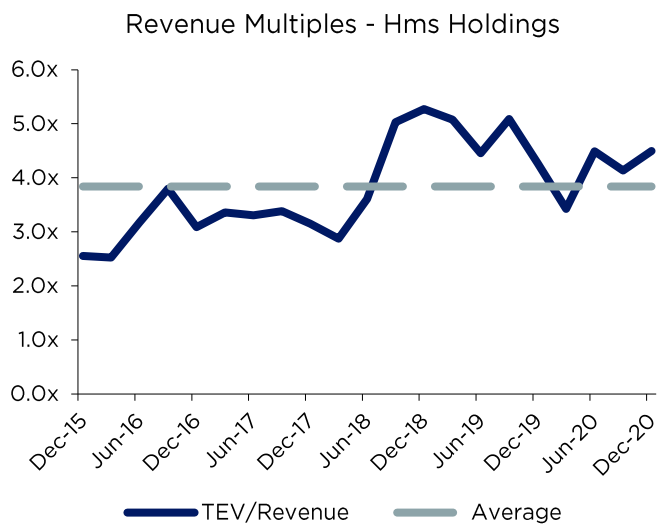
Hms Holdings

HMS Holdings Corp is a United States-based holding company that conducts businesses through its operating subsidiaries.

The company offers services that help customers contain healthcare insurance benefit costs. Its primary offerings comprise coordination of benefits, payment integrity, and eligibility verification. The coordination of benefits service ensures the right party pays a health claim. The payment integrity service ensures the billing and/or payment is accurate and appropriate. The eligibility verification service ensures individuals meet qualifying criteria for healthcare programs. The company's customers include Medicaid agencies, government health agencies, health plans, government and private employers, and others. The company operates only within the United States.

Public Basket

Hms Holdings



| Company Name | Date | Deal Synopsis |
|-------------------------------|---------|---|
| West Claims Recovery Services | 3/23/20 | The company, a subsidiary of Intrado, was acquired by Hms Holdings (NAS: HMSY) for \$158.6 million on December 23, 2019. The acquisition will open up a new coordination of benefits market for HMS Holdings with commercial payers and extend its push into the Medicare COB market. |
| VitreosHealth | 1/6/20 | The company was acquired by Hms Holdings (NAS: HMSY) for \$36.6 million on September 16, 2019. |

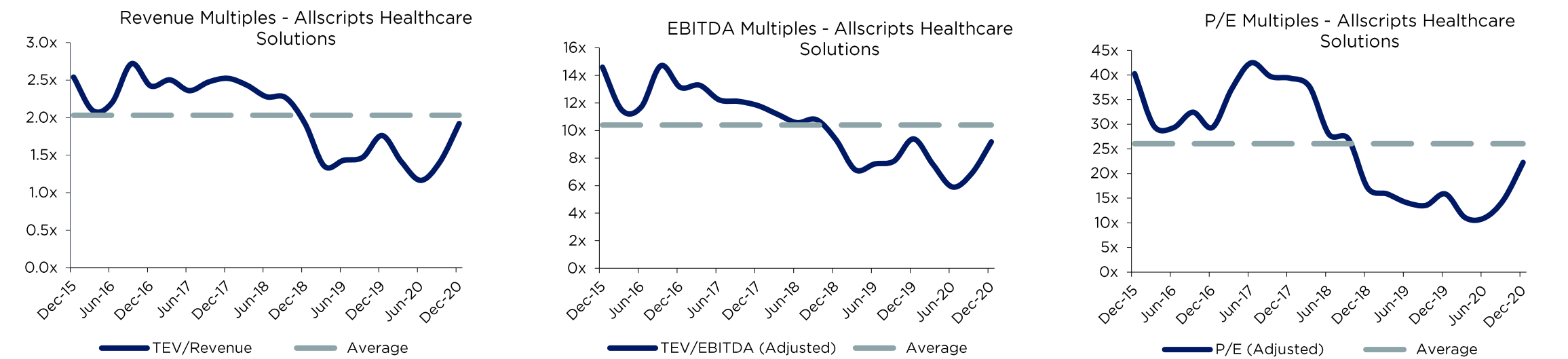
Allscripts

Allscripts Healthcare Solutions provides information technology and offerings to acute and ambulatory providers as well as hospital services.

The company supports electric medical records, private cloud hosting, and other clinical services that support patient engagement and better outcomes. Additionally, the company offers administrative tools and services to improve operations, such as practice management, revenue cycle management, and clinical care coordination. Allscripts was founded in 1986 and is headquartered in Chicago.

Public Basket

Allscripts



| Company Name | Date | Deal Synopsis |
|--|-----------|--|
| Conversa Health | 17-Jun-20 | The company raised \$15 million of Series B venture funding in a deal led by Northwell Ventures and Builders VC on March 10, 2020, putting the company's pre-money valuation at \$32 million. University Hospitals, Allscripts Healthcare Solutions, TT Capital Partners, EPIC Ventures, StartUp Health and P5 Health Ventures also participated in the round. |
| American College of Cardiology (cardiology and diabetes registry assets in Washington) | 08-Aug-19 | Cardiology and diabetes registry assets of American College of Cardiology was acquired by Allscripts Healthcare Solutions for an undisclosed amount on August 8, 2019. The acquisition will expand Veradigm's EHR-enabled ambulatory research network to create a large-scale chronic disease network. |

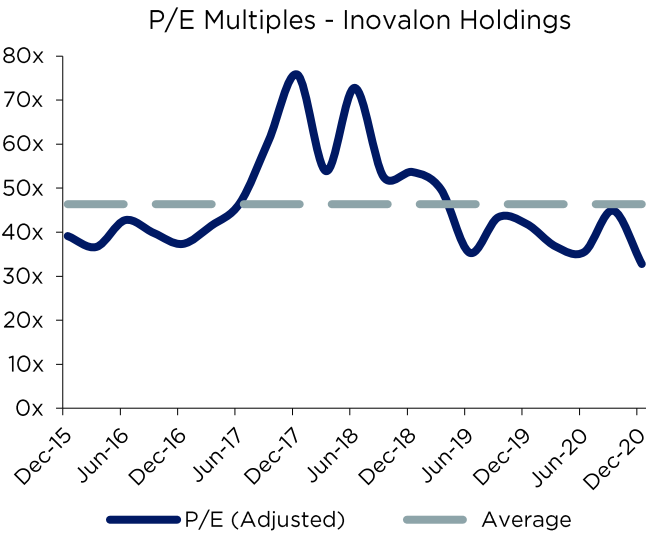
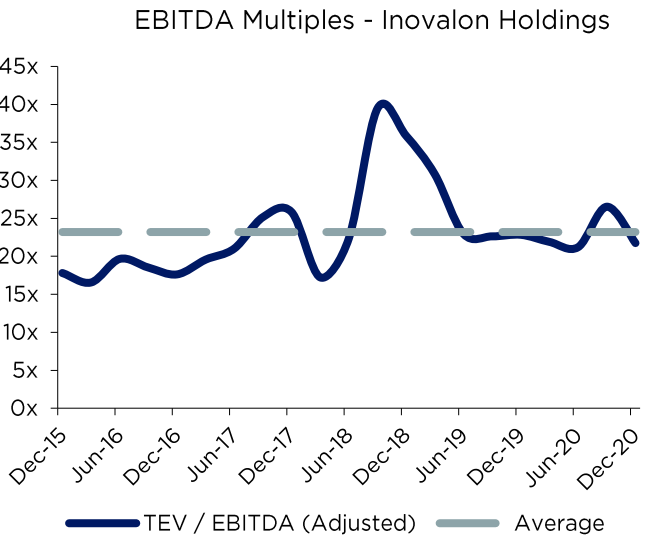
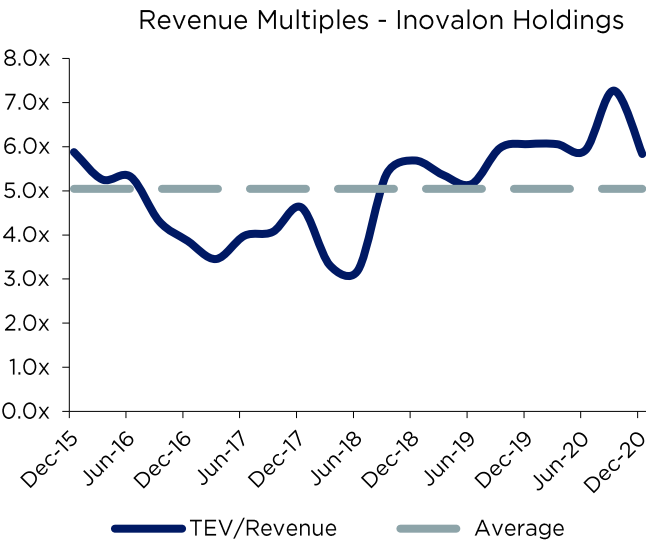
Inovalon Holdings

Inovalon Holdings Inc provides cloud-based analytics and platforms for healthcare providers and pharmaceutical firms.

Its platform can be used to identify gaps in care, quality, data integrity, and financial performance. The primary capabilities of Inovalon's big data platform are data integration, advanced analytics, intervention platforms, and business processing. It maintains a registry of data compiled from several sources, including electronic health records, claims, and pharmacies. Analytics run on this data can determine the presence of a disease, gaps in clinical outcomes, or medical compliance.

Public Basket

Inovalon Holdings



| Company Name | Date | Deal Synopsis |
|------------------------|-----------|---|
| ABILITY Network | 02-Apr-18 | The company was acquired by Inovalon Holdings (NAS: INOV) for \$1.19 billion on April 2, 2018. The combination of the companies creates a vertically integrated cloud-based platform empowering the achievement of real-time, value-based care from payers, manufacturers and diagnostics all the way to the patient's point of care. The transaction is comprised of \$1.1 billion cash and \$100 million by the issuance of 7.6 million restricted common shares of Inovalon stock. |
| Complex Care Solutions | 06-Jul-17 | The company was acquired by Inovalon Holdings (NAS: INOV) for approximately \$4.5 million on July 6, 2017. The deal included approximately \$3 million in cash and the assumption of a similar amount of debt. |

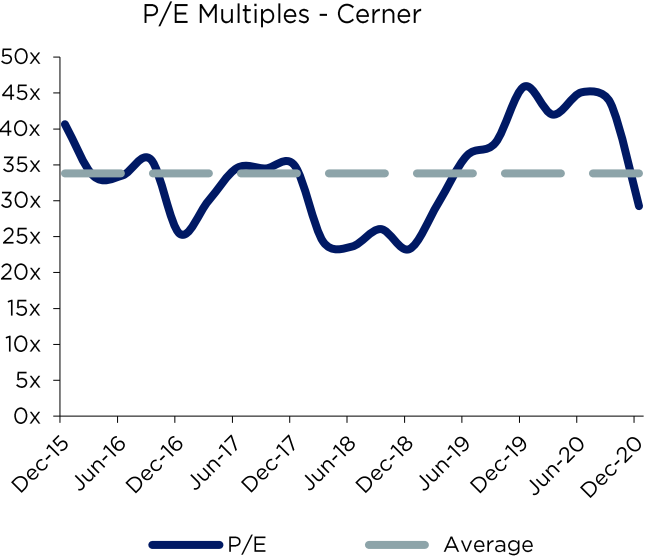
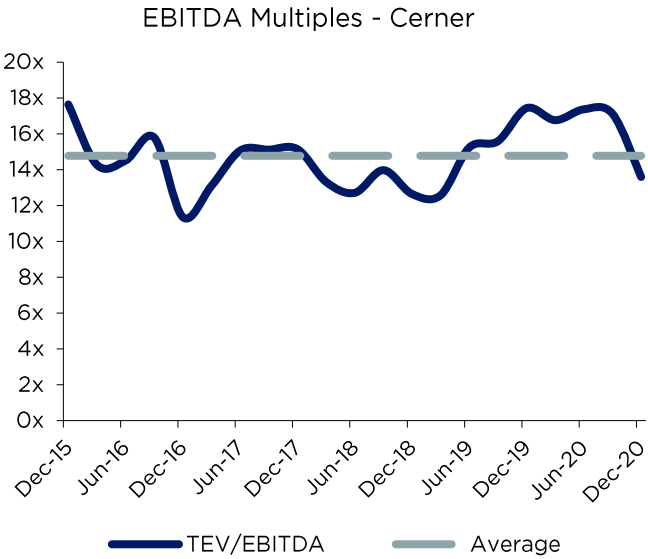
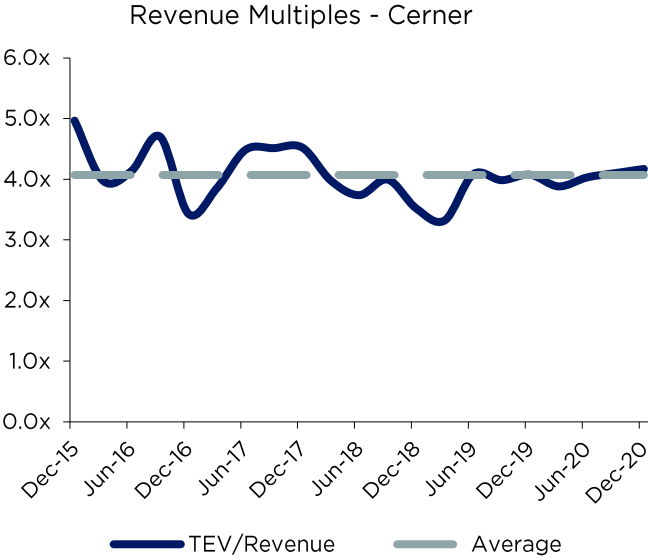
Cerner

Cerner is a leading supplier of health care information technology solutions and tech-enabled services.

The company offers a wide range of intelligent solutions and tech-enabled services that support the clinical, financial, and operational needs of healthcare organizations of varying sizes. The company employs nearly 30,000 associates and has a strong global installed base, including the lion's share of the top 100 health systems, physician practices, laboratories, ambulatory centers, behavioral health centers, cardiac facilities, radiology clinics, surgery centers, extended care facilities, retail pharmacies, and employer sites. The company is guided by the mission of the founding partners to provide seamless medical records across all healthcare providers to improve outcomes.

Public Basket

Cerner



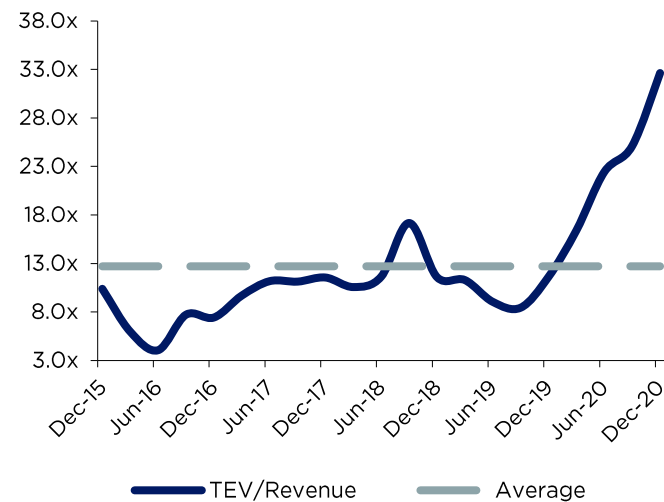
| Company Name | Date | Deal Synopsis |
|-----------------------|-----------|--|
| AbleVets | 25-Oct-19 | The company was acquired by Cerner (NAS: CERN) for approximately \$75 million on October 25, 2019. The acquisition is expected to provide Cerner with greater scale and technical expertise in designing and implementing modernization solutions, particularly in the federal space and will accelerate it's success in providing integrated, seamless care for Veterans, Service members and their families. |
| i2i Population Health | 14-May-19 | The company raised \$30 million of Series B venture funding from Cerner an other undisclosed investors on May 14, 2019. |

Teladoc Health

Teladoc Health Inc is virtual health provider with a telehealth platform delivering 24-hour, on-demand healthcare via mobile devices, the Internet, video, and phone.

Its platform connects members with a network of physicians and behavioral health professionals. Most of the company's revenues are generated on a subscription basis (per-member-per-month) and the balance comes from visit fees. Since inception, Teladoc has primarily partnered with employers, health plans, and health systems to offer network access to their members, however, most recently, the company has also started to market directly to consumers while expanding its service portfolio. The cornerstone of Teladoc's business is to provide healthcare access to members in real time to avoid excessive health plan costs.

Revenue Multiples - Teladoc Health



| Company Name | Date | Deal Synopsis |
|----------------|-----------|---|
| InTouch Health | 01-Jul-20 | The company was acquired by Teladoc Health (NYS: TDOC) for \$600 million on July 1, 2020. The purchase price consists of approximately \$150 million in cash and \$450 million of Teladoc Health common stock. |
| Vida Health | 19-Jun-19 | The company raised \$30 million of Series C venture funding from Workday Ventures, Teladoc Health and Aspect Ventures on June 19, 2019, putting the company's pre-money valuation at \$110 million. Canvas Ventures, NGP Capital and GuideWell Mutual Holding also participated in the round. The funds will be used to expand sales and marketing efforts and its national coaching and therapy network. |

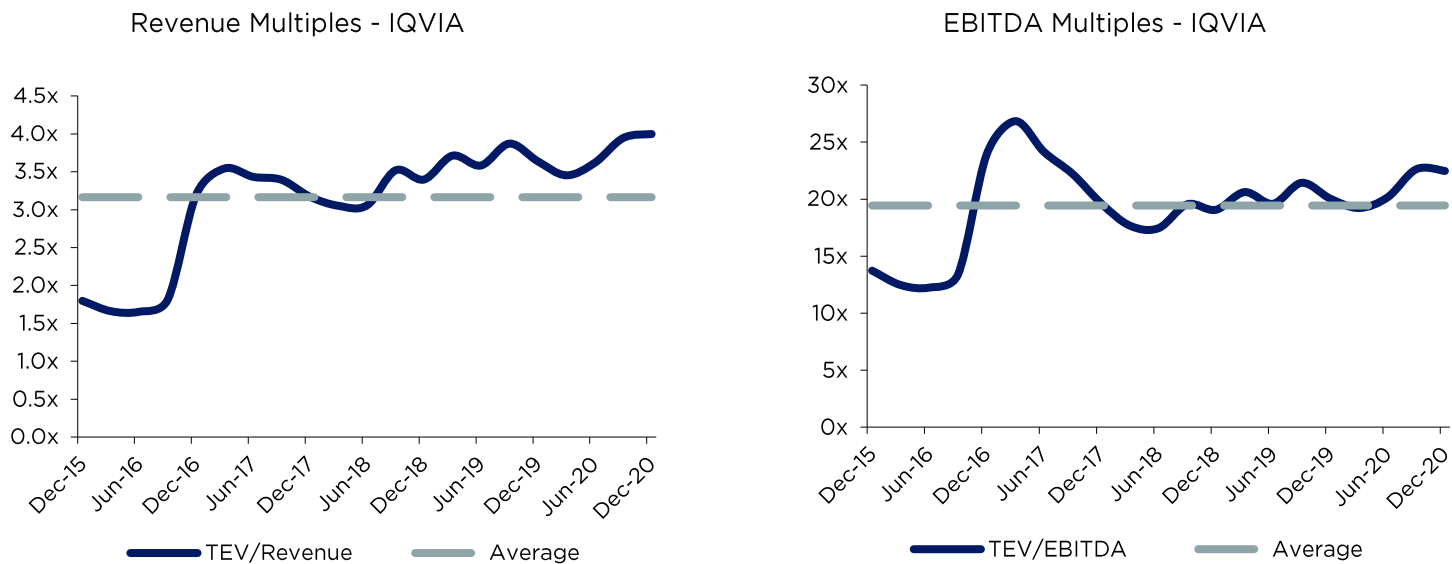
IQVIA

IQVIA is the result of the 2016 merger of Quintiles, a leading global contract research organization, and IMS Health, a leading healthcare data and analytics provider.

The CRO segment focuses primarily on providing outsourced late-stage clinical trials for pharmaceutical, device, and diagnostic firms. The legacy IMS business provides aggregated information and technology services to clients in the healthcare industry, including pharmaceutical companies, providers, payers, and policymakers.

Public Basket

IQVIA



| Company Name | Date | Deal Synopsis |
|--------------|-----------|--|
| ObvioHealth | 14-Apr-20 | The company raised \$16.8 million of Series A venture funding in a deal led by IQVIA on April 14, 2020. Tikehau IM and VIGO Ventures also participated in the round. |
| HelpAround | 22-Jan-20 | The company raised \$6 million of Series A1 venture funding in a deal led by IQVIA on January 22, 2020, putting the company's pre-money valuation at \$19.88 million. Windham Venture Partners, Neogen Capital and other undisclosed investors also participated in the round. The funding raised will be used to put towards growing HelpAround's data science services in order to help patients find specialty therapies and clinical trials. |

Contact Info

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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.

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