

7 Mile Advisors



Sectorwatch:

Healthcare IT & Consulting

Q2 2021



7MA

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

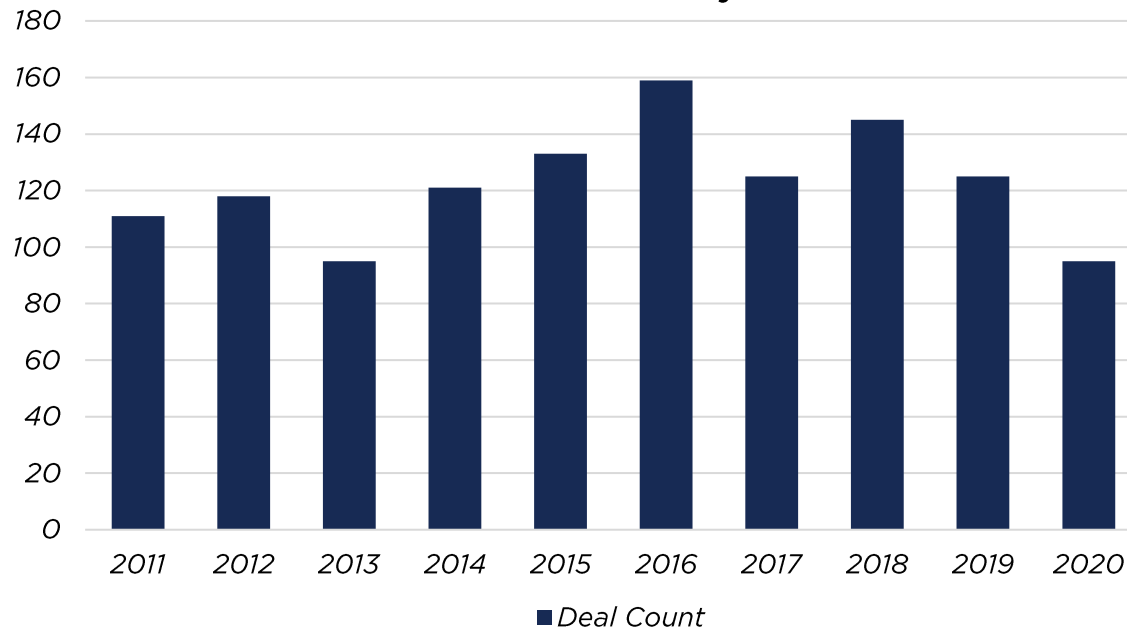
- The most recently announced deals in the sector

Dashboard

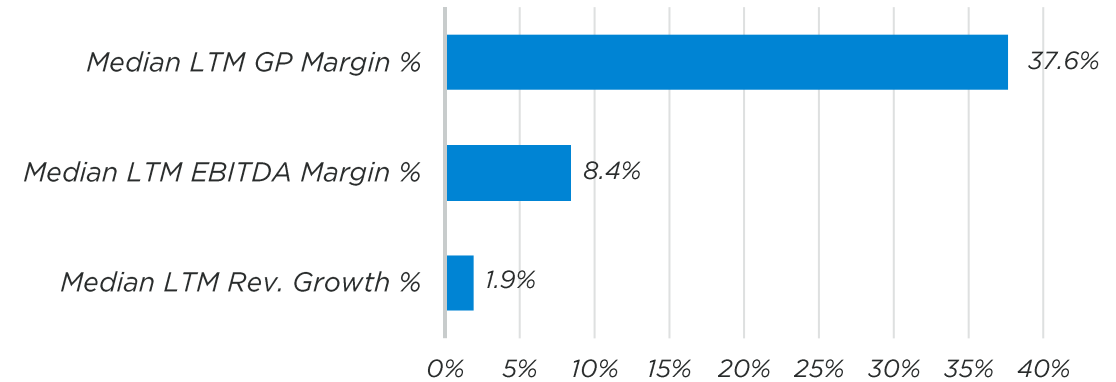
REVENUE GROWTH MOMENTUM ↓ -0.6%

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

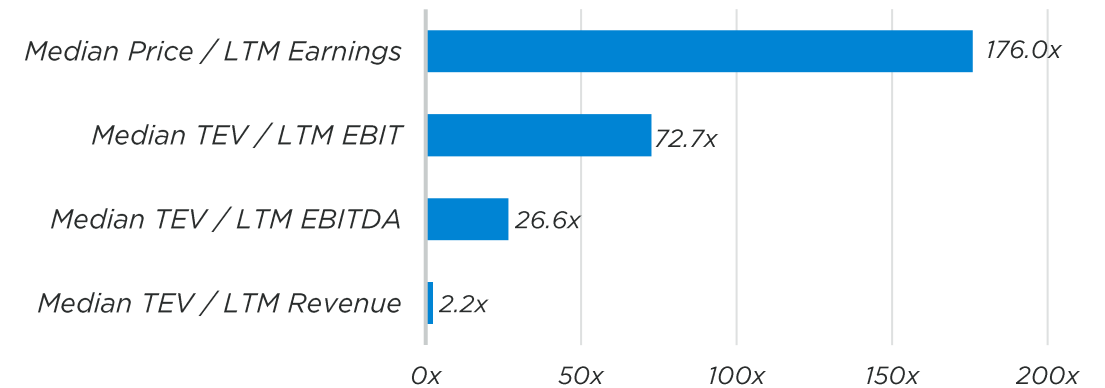
M&A Activity



Operating Metrics



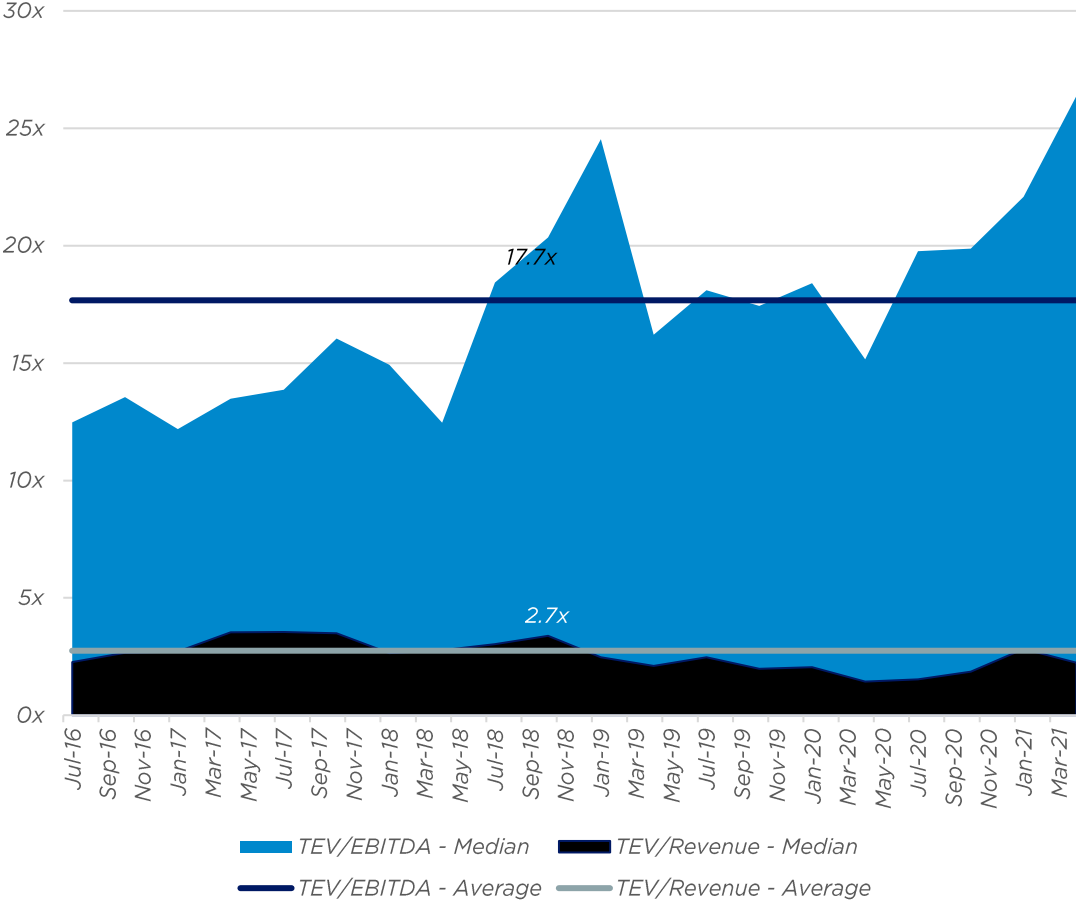
Valuation



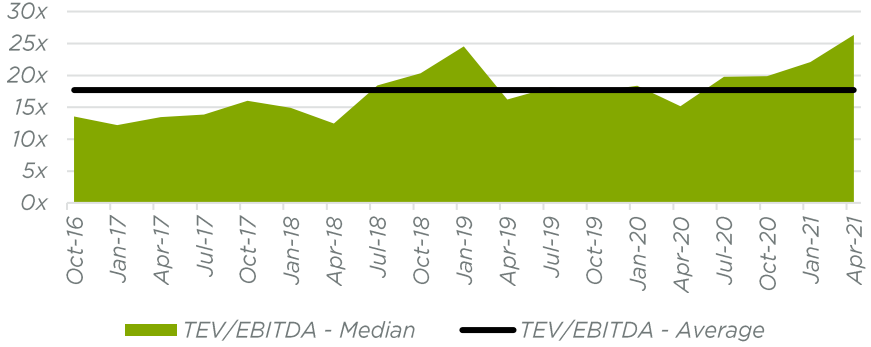
Public Basket

Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
NextGen Healthcare	1,231	46	549	1.9%	50.1%	8.4%	2.2x	26.7x	2,754	199
Huron Consulting Group	1,461	6	871	-9.8%	28.9%	0.6%	1.7x	258.9x	3,807	229
Evolut Health	1,751	-251	1,022	20.8%	31.4%	-24.6%	1.7x	N/A	2,900	353
Allscripts	2,028	98	1,503	-8.0%	37.6%	6.5%	1.3x	20.7x	8,400	179
Inovalon Holdings	5,377	186	668	3.9%	74.9%	27.9%	8.1x	28.9x	1,836	364
Cerner	23,231	1,745	5,506	-3.3%	83.1%	31.7%	4.2x	13.3x	26,400	209
IQVIA	54,609	2,070	11,359	2.4%	34.0%	18.2%	4.8x	26.4x	70,000	162
Average	12,812	557	3,068	1.2%	48.6%	9.8%	3.4x	62.5x	16,585	242
Median	2,028	98	1,022	1.9%	37.6%	8.4%	2.2x	26.6x	3,807	209

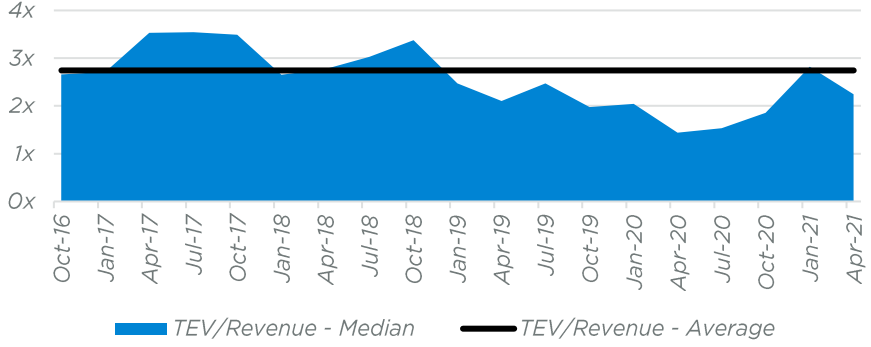
Public Basket



Public EBITDA Multiples over Time

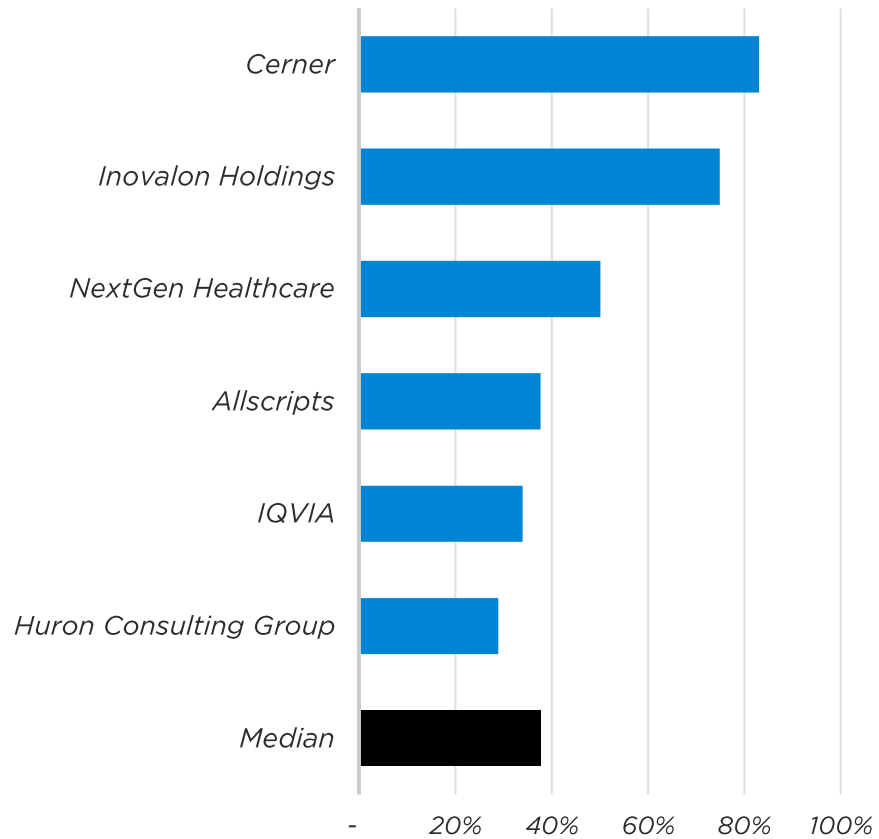


Public Revenue Multiples over Time

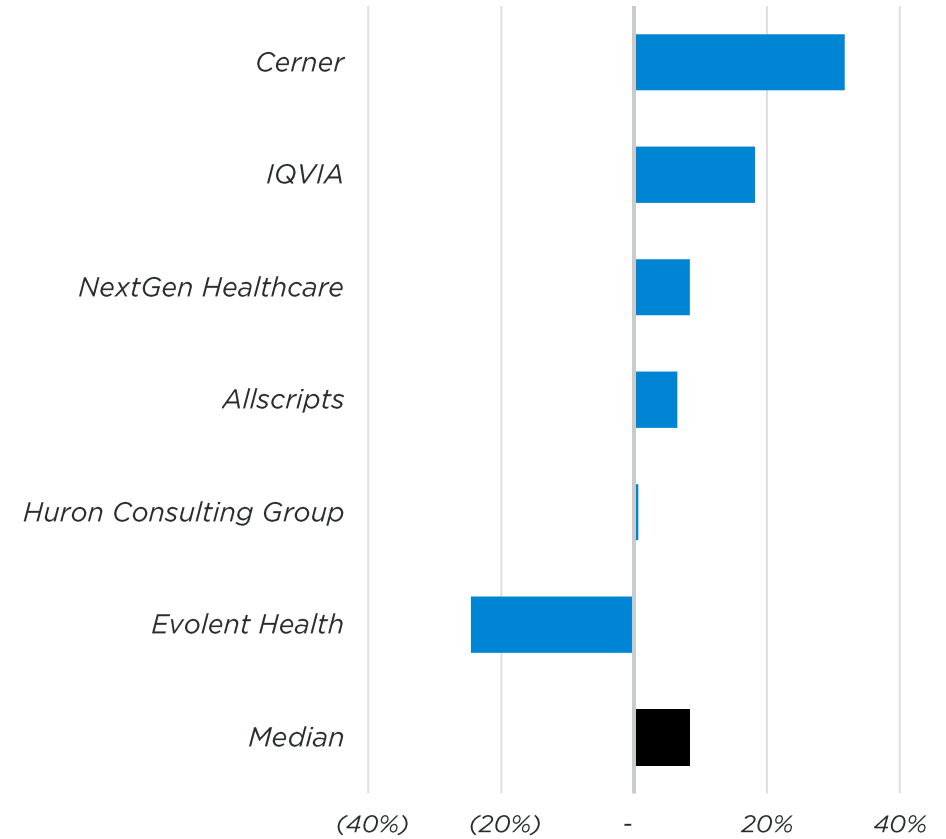


Operational Metrics

LTM Gross Profit Margin %

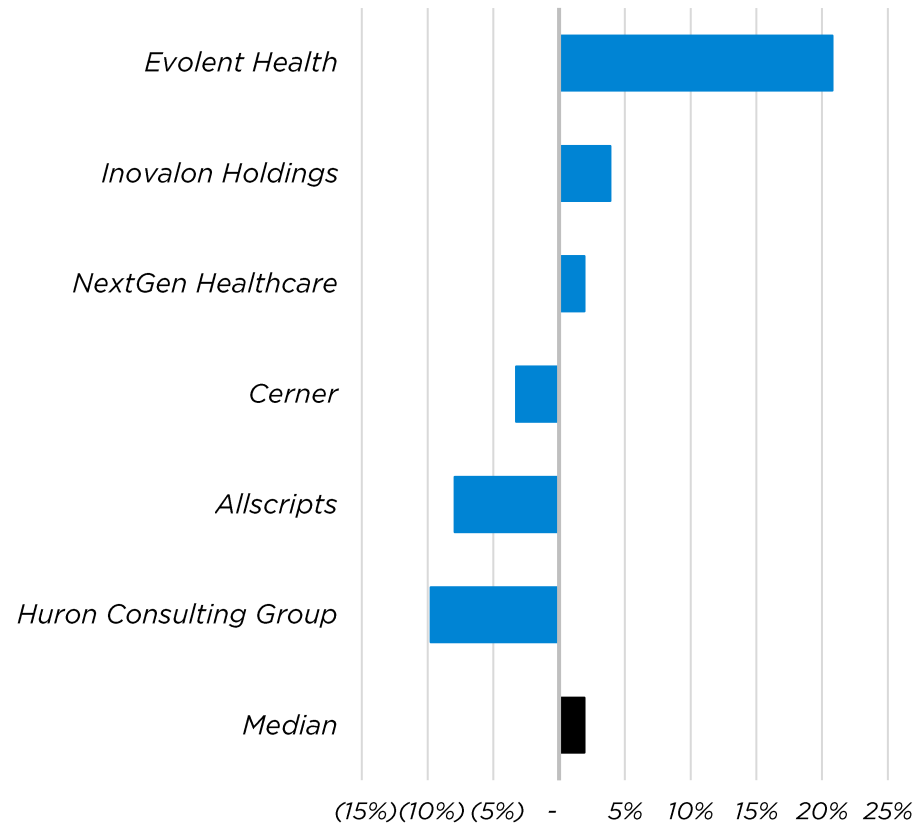


LTM EBITDA %

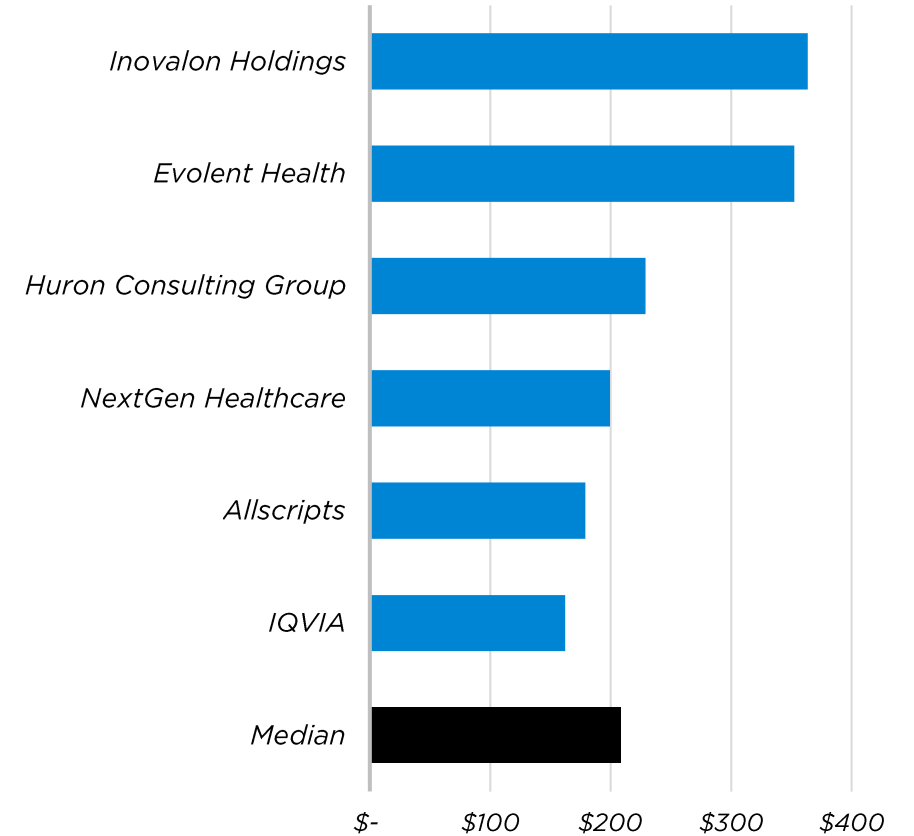


Operational Metrics

LTM Revenue Growth %

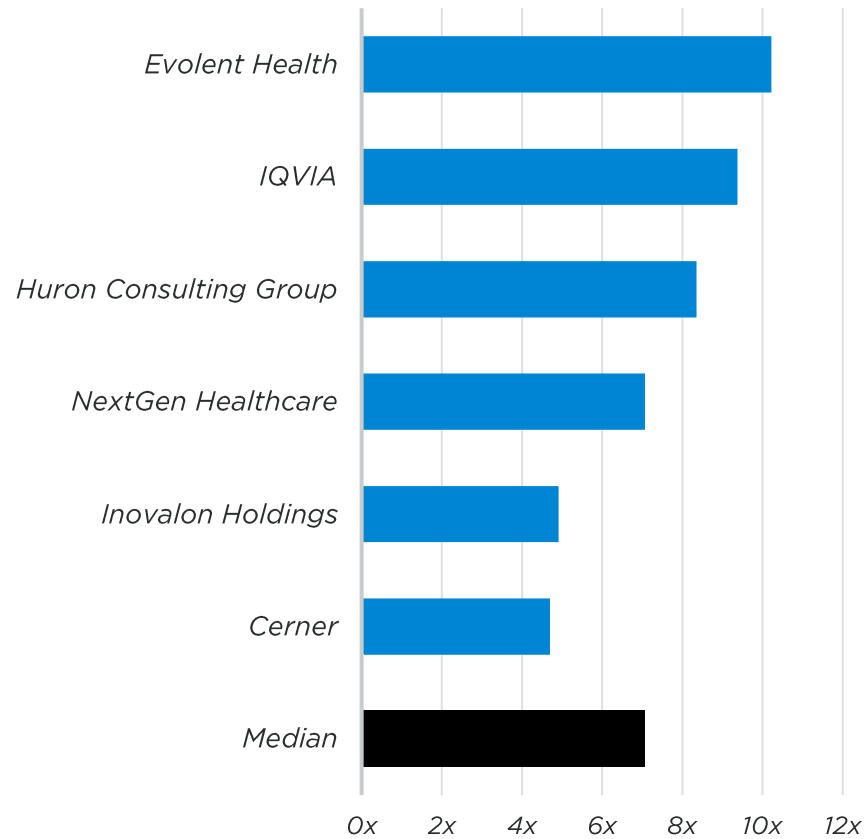


LTM Revenue per Full Time Employee x 000's

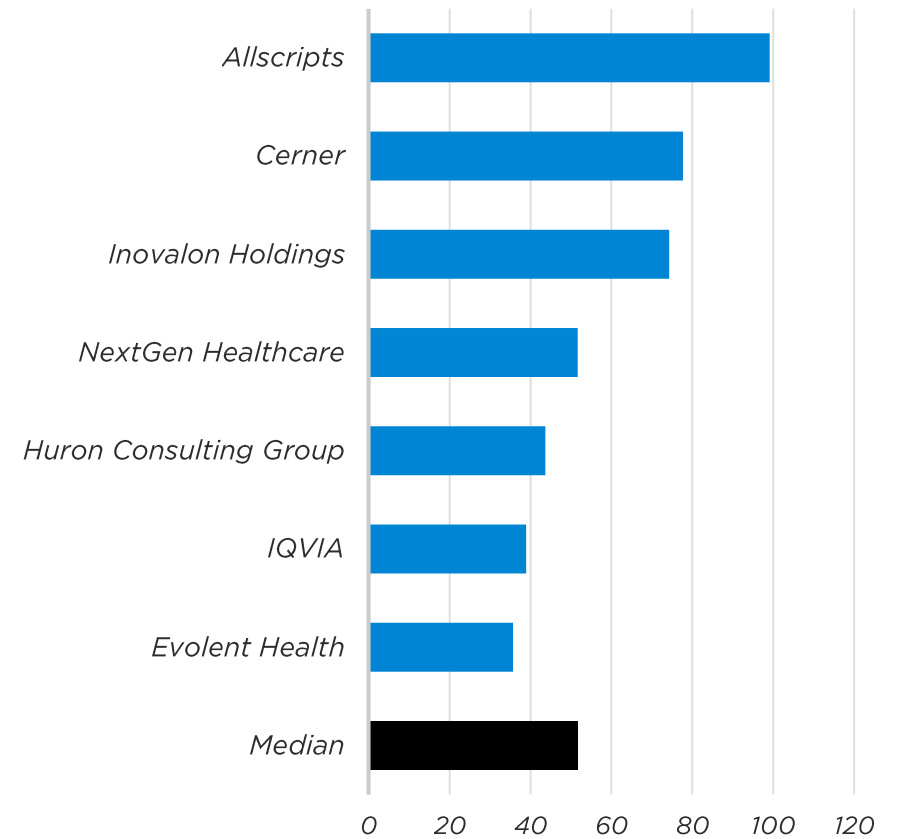


Operational Metrics

Accounts Receivable Turnover

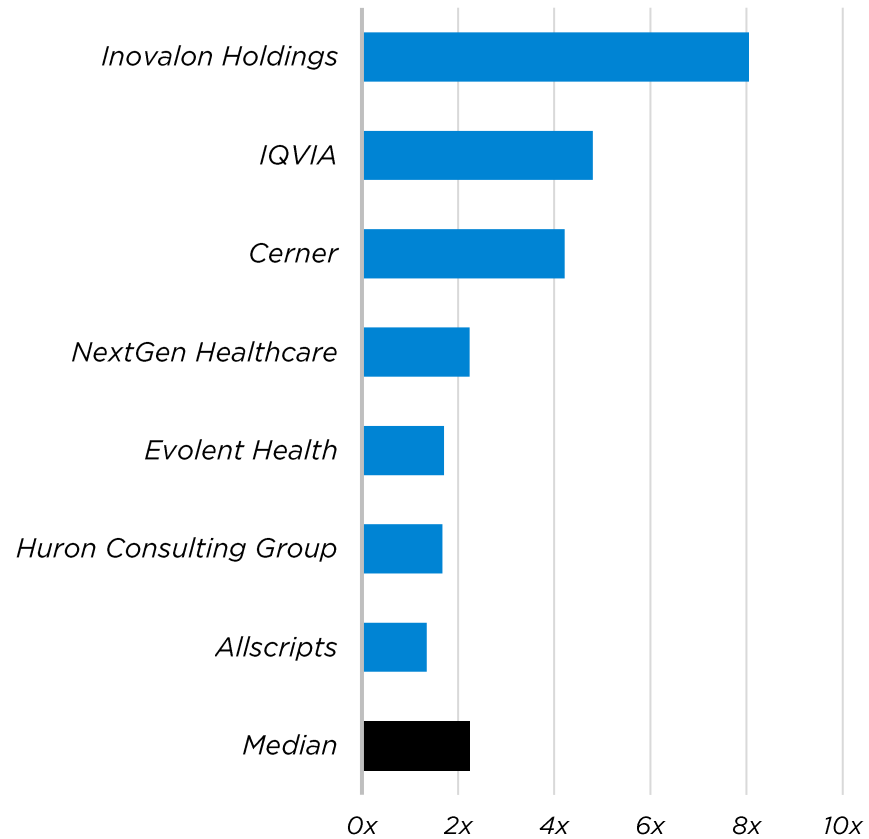


Average Days Sales Outstanding

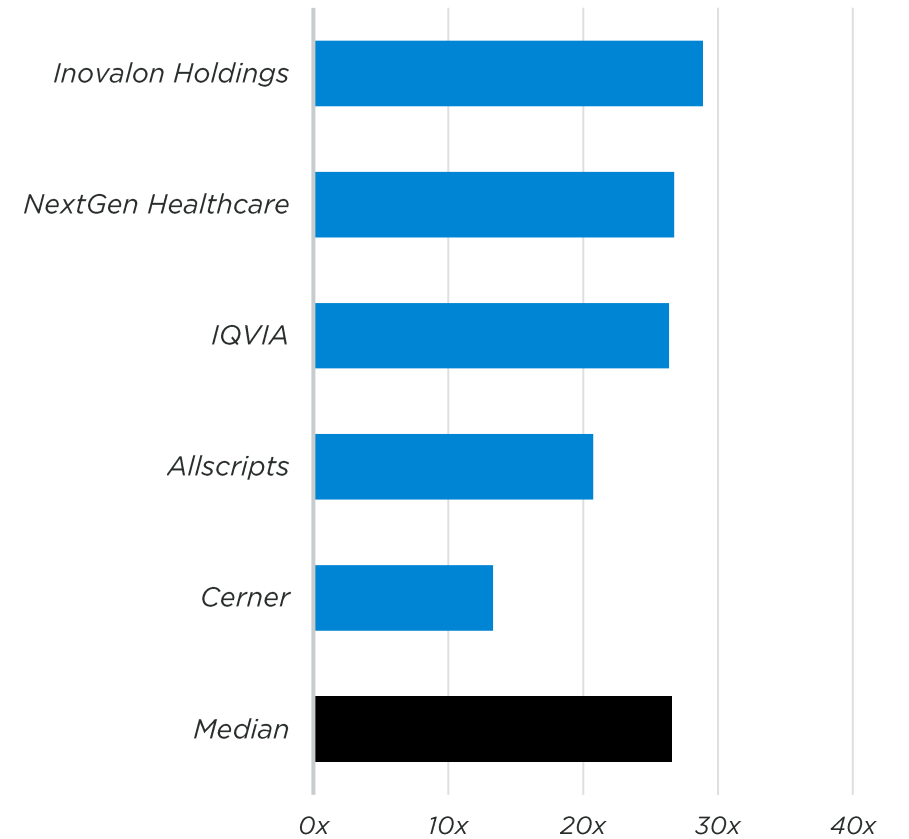


Valuation

TEV / LTM Revenue

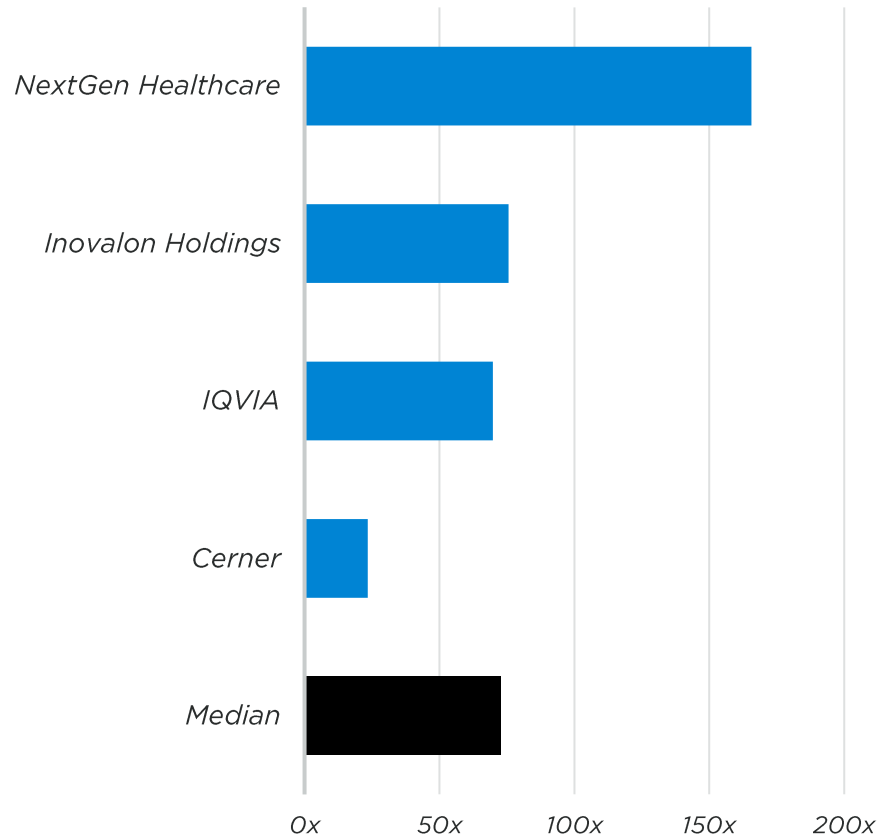


TEV / LTM EBITDA

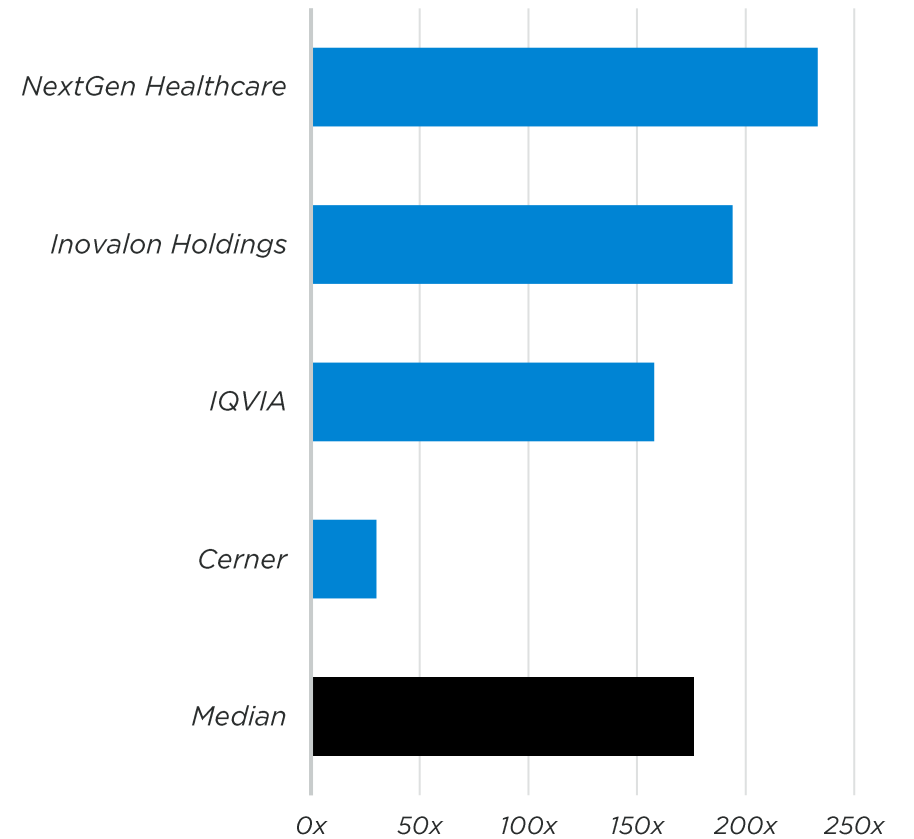


Valuation

TEV / LTM EBIT

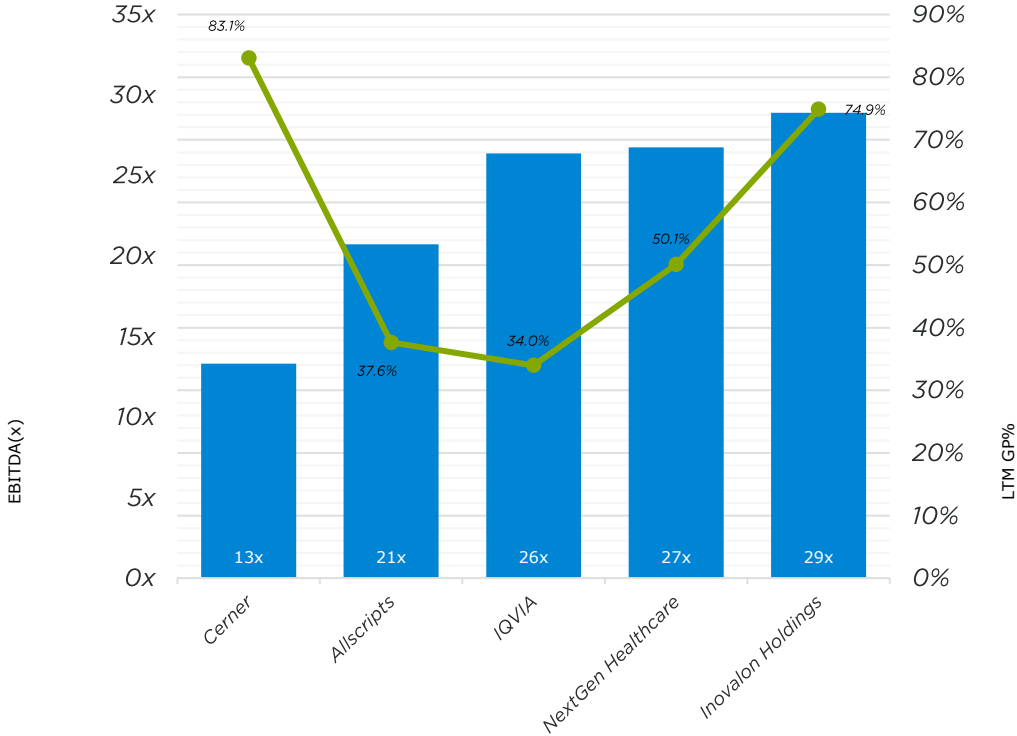


Price / LTM Earnings

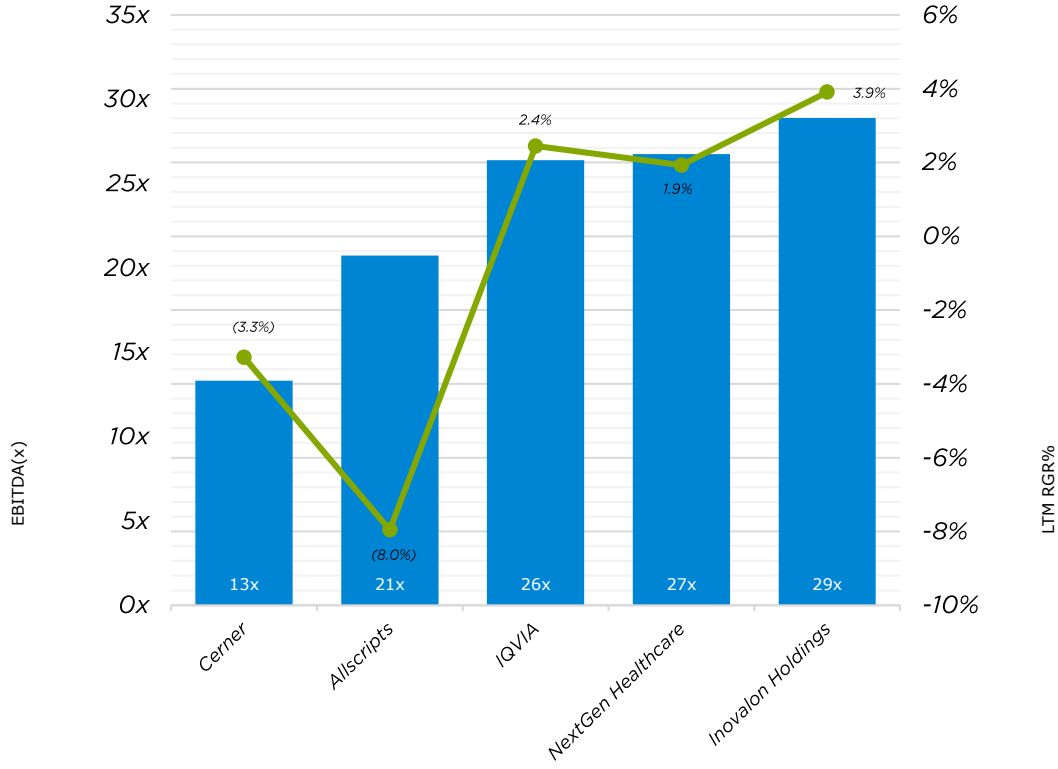


Valuation

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
15-Apr-21	Cloud DX	Roosevelt Capital Group	-	-	-	-
12-Apr-21	Alira Health	Creadev	35	-	-	-
12-Apr-21	Nuance Communications	Microsoft	16,000	1,406	11.1x	75.4x
07-Apr-21	LumiraDx	CA Healthcare Acquisition	-	-	-	-
01-Apr-21	Kantar Health	Cerner	375	-	-	-
29-Mar-21	PaceMate	Ballast Point Ventures	8	-	-	-
19-Mar-21	Oculo	Revenio Group	14	1	13.0x	-
16-Mar-21	Strive Health	Ascension Ventures	140	-	-	-
16-Mar-21	Cumberland Consulting Group	Tegria	-	-	-	-
15-Mar-21	Advanced Plan For Health	Marlin Equity Partners	-	-	-	-
10-Mar-21	Premier Health Urgent Care	The Trinity Health	-	-	-	-
10-Mar-21	Healthbit (Business/Productivity Software)	Drogasil	-	-	-	-
09-Mar-21	Outcome Health	L Catterton	-	-	-	-
05-Mar-21	Chronic Care Management	-	8	-	-	-
02-Mar-21	Pear Therapeutics	5AM Ventures	132	-	-	-
01-Mar-21	Discovery Health Partners	MultiPlan (New York)	155	-	-	-
24-Feb-21	Health Outcomes Sciences	Terumo	-	-	-	-
18-Feb-21	Carevive	Cerner Capital	18	-	-	-
09-Feb-21	RS 21 Health Lab	RS21	-	-	-	-
08-Feb-21	Saykara	Nuance Communications	-	-	-	-
02-Feb-21	Indegene	Brighton Park Capital	200	-	-	-
19-Jan-21	Capsule Technologies (U.S.)	Philips	635	100	6.4x	-

Appendix

*Public Basket
Contact Information*



NextGen Healthcare

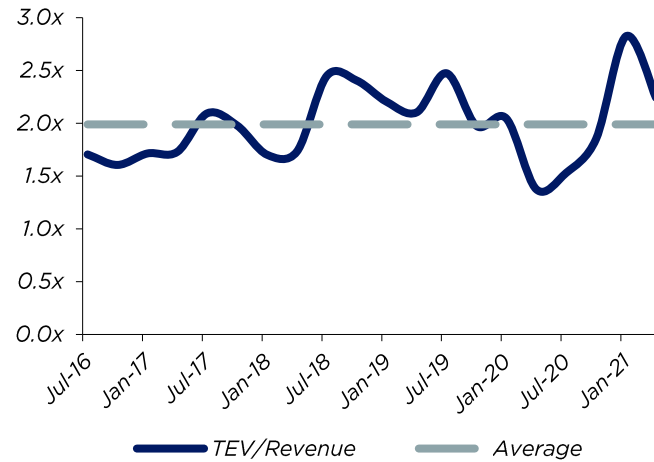
NextGen Healthcare Inc is a United States-based company that provides healthcare solutions.

The company offers technology and services platform supports for ambulatory and specialty practices of all sizes. It provides software, services, and analytics solutions to medical and dental group practices.

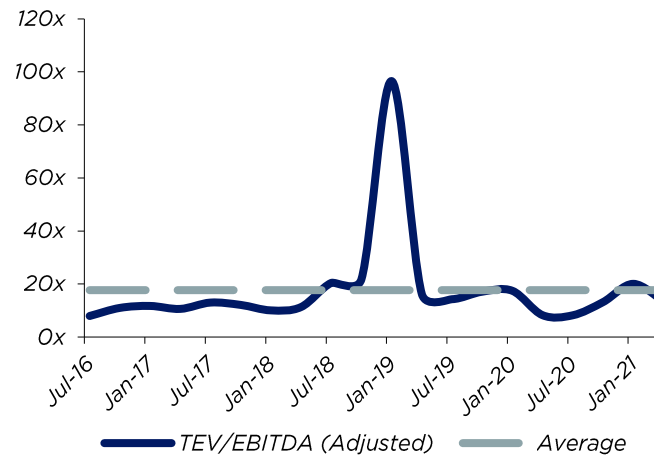
Public Basket

NextGen Healthcare

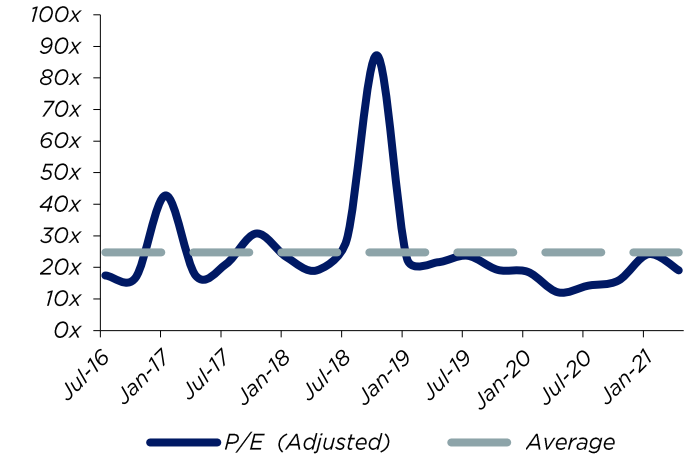
Revenue Multiples - NextGen Healthcare



EBITDA Multiples - NextGen Healthcare



P/E Multiples - NextGen Healthcare



Company Name	Date	Deal Synopsis
OTTO Health	17-Dec-19	The company was acquired by NextGen Healthcare (NAS: NXGN) for \$21.96 million on December 17, 2019.
Medfusion	06-Dec-19	The company was acquired by NextGen Healthcare (NAS: NXGN) for \$42.77 million on December 6, 2019. This acquisition will enable NextGen Healthcare to better serve its patients through enhanced communications.

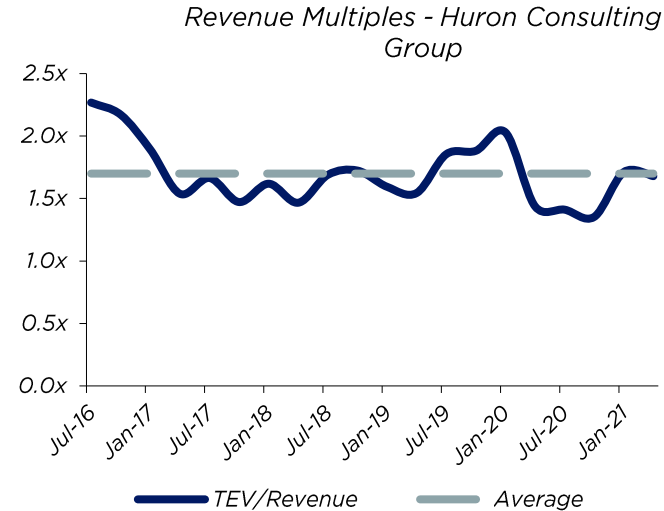
Huron Consulting Group

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

Public Basket

Huron Consulting Group

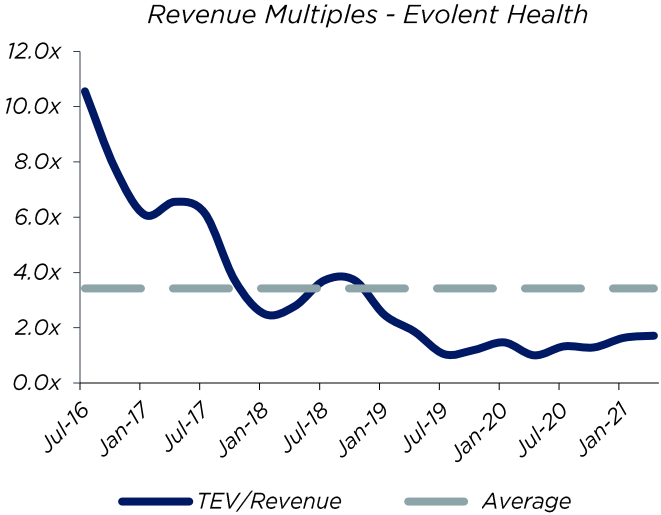


Company Name	Date	Deal Synopsis
Unico Solution	02-Feb-21	The company was acquired by Huron Consulting Group (NAS: HURN) for an undisclosed amount on February 2, 2021. The acquisition expands Huron's data management and governance capabilities to help clients better manage their data to optimize their operations and drive cloud adoption.
ForcelQ	01-Nov-20	The company was acquired by Huron Consulting Group (NAS: HURN) for an undisclosed amount on November 1, 2020. The acquisition expands Huron's industry-specific cloud software capabilities and also accelerates Huron's commitment to helping its clients better compete in disruptive and highly competitive markets.

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.



<i>Company Name</i>	<i>Date</i>	<i>Deal Synopsis</i>
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.

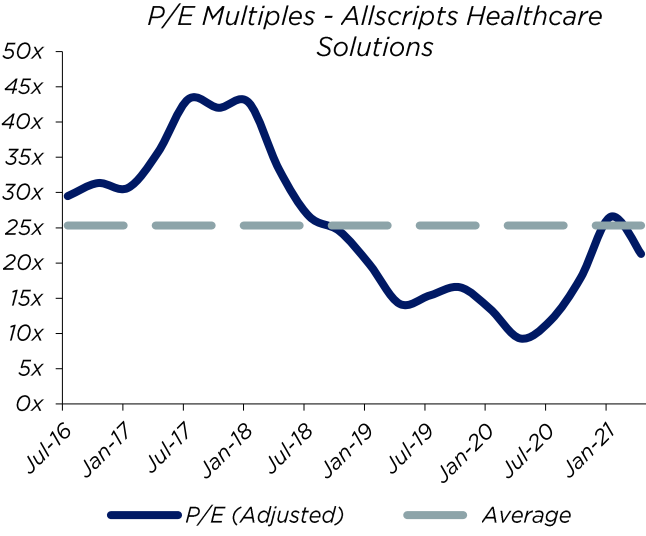
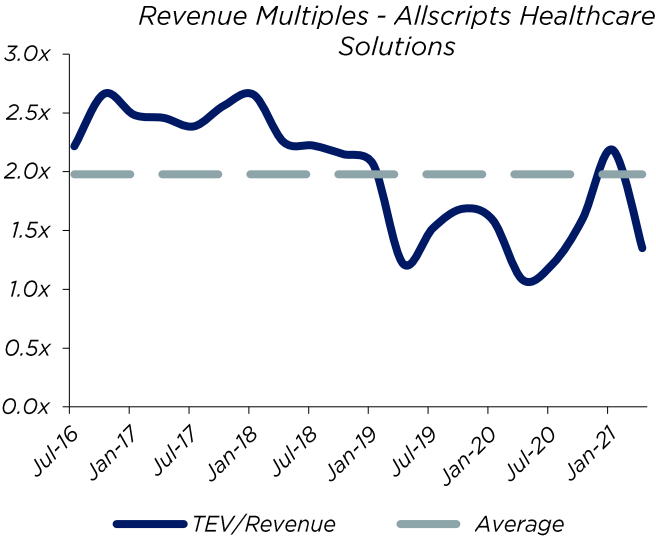
Allscripts

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	19-Jan-21	The company raised \$20 million of Series B venture funding in a deal led by Northwell Ventures and Builders VC on January 19, 2021. Allscripts Healthcare Solutions, UH Ventures, Genesis Merchant Capital, TT Capital Partners, EPIC Ventures, StartUp Health, P5 Health Ventures, Alumni Ventures Group and J-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.



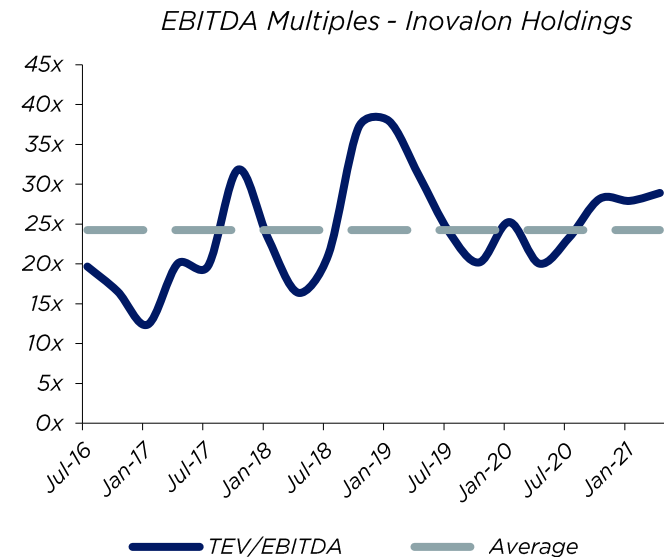
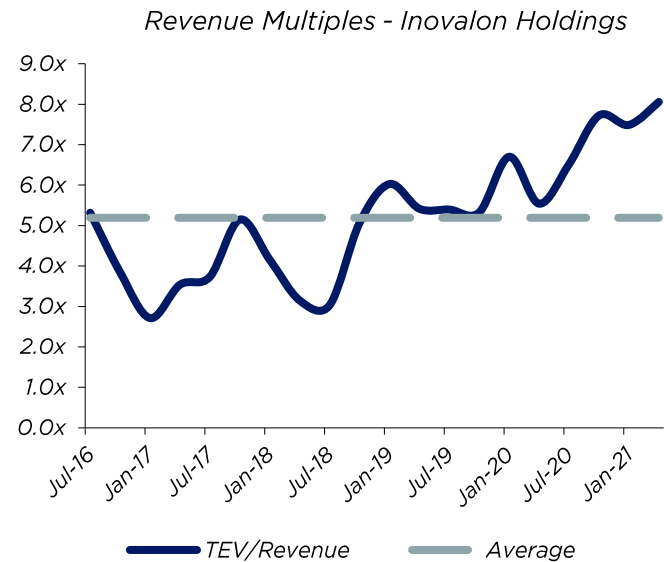
Inovalon Holdings

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

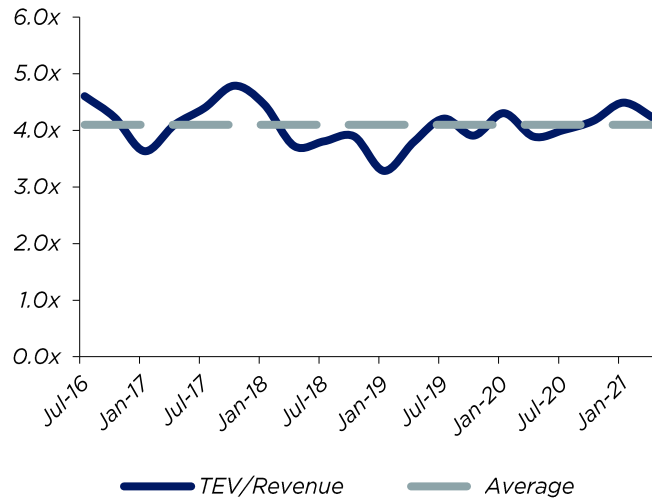
Cerner is a leading supplier of healthcare information technology solutions and tech-enabled services.

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.

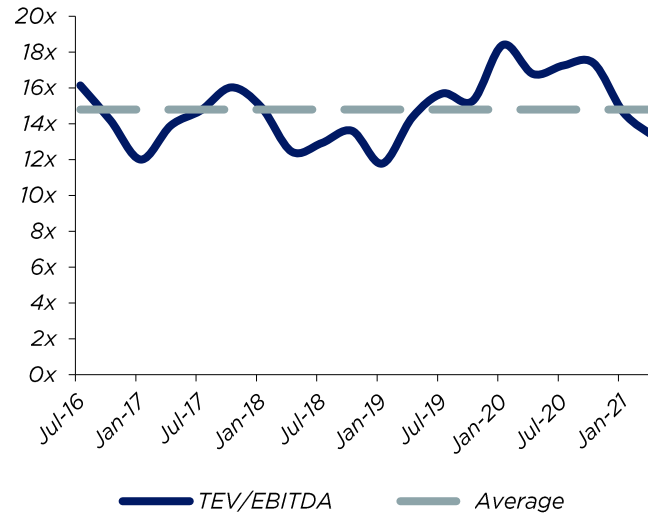
Public Basket

Cerner

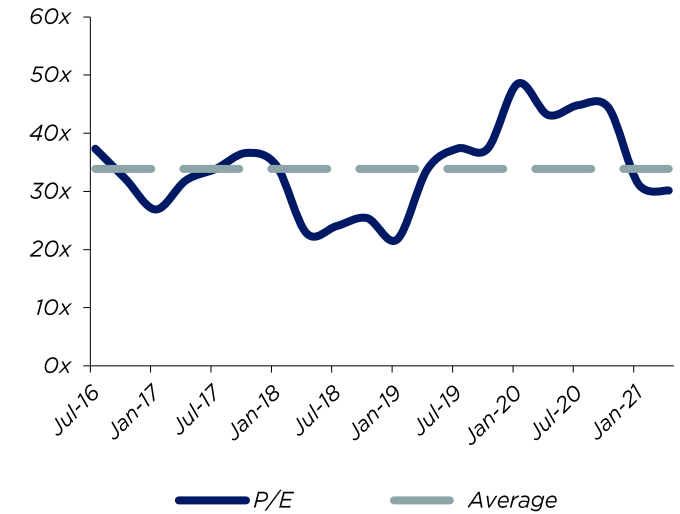
Revenue Multiples - Cerner



EBITDA Multiples - Cerner



P/E Multiples - Cerner



Company Name	Date	Deal Synopsis
Kantar Health	01-Apr-21	The company, a subsidiary of Kantar Group, was acquired by Cerner (NAS: CERN) for \$375 million on April 1, 2021. The acquisition is expected to enable a two-sided collaboration between providers and the pharmaceutical industry, where researchers can generate insights and use differentiated real-world data assets and expertise to address the most complex clinical research questions.
Elligo Health Research	08-Dec-20	The company raised an estimated \$45 million of Series D venture funding in a deal led by Cerner on December 8, 2020, putting the company's pre-money valuation at \$115 million. Other undisclosed investors also participated in this round.

IQVIA

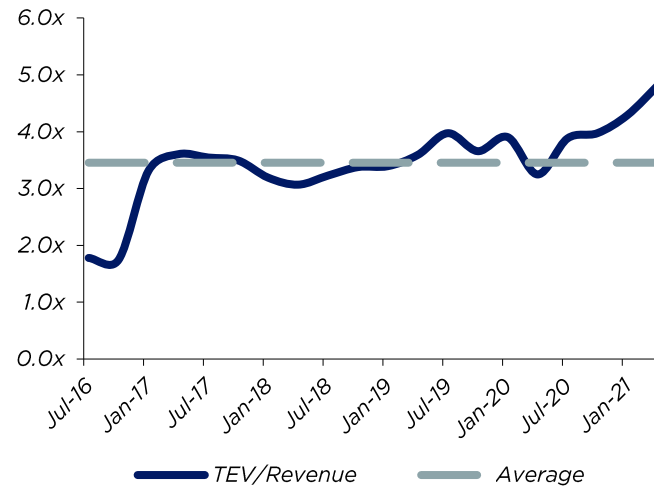
IQVIA is the result of the 2016 merger of Quintiles, a leading global contract research organization, and IMS Health, a leading healthcare data and analytics provider.

The research and development segment focuses primarily on providing outsourced late-stage clinical trials for pharmaceutical, device, and diagnostic firms. The technology and analytics segment provides aggregated information and technology services to clients in the healthcare industry, including pharmaceutical companies, providers, payers, and policymakers, as well as data and analytics capabilities for clinical trials, including virtual trials. The company also has a small contract sales business.

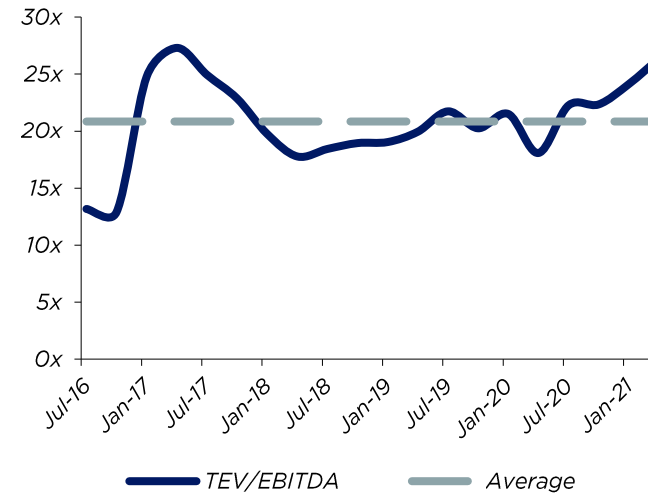
Public Basket

IQVIA

Revenue Multiples - IQVIA



EBITDA Multiples - IQVIA



Company Name	Date	Deal Synopsis
Q2 Solutions	01-Apr-21	Quest Diagnostics sold a 40% stake in the company to IQVIA (NYSE:IQV) for \$760 million on April 1, 2021. The acquisition will result in 100% ownership by IQVIA (NYSE:IQV).
Kairos (Other Healthcare Technology Systems)	01-Mar-21	The company was acquired by IQVIA (NYS: IQV) for an undisclosed amount on March 1, 2021.

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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