

7 Mile Advisors



# Sectorwatch:

## Healthcare IT & Consulting

Q3 2021



# Healthcare IT & Consulting

---

- 4    [Sector Dashboard](#)
- 5    [Public Basket Overview](#)
- 6    [Public Basket Performance](#)
- 8    [Operational Metrics](#)
- 11   [Valuation Comparison](#)
- 13   [Recent Deals](#)
- 14   [Appendix](#)

# 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

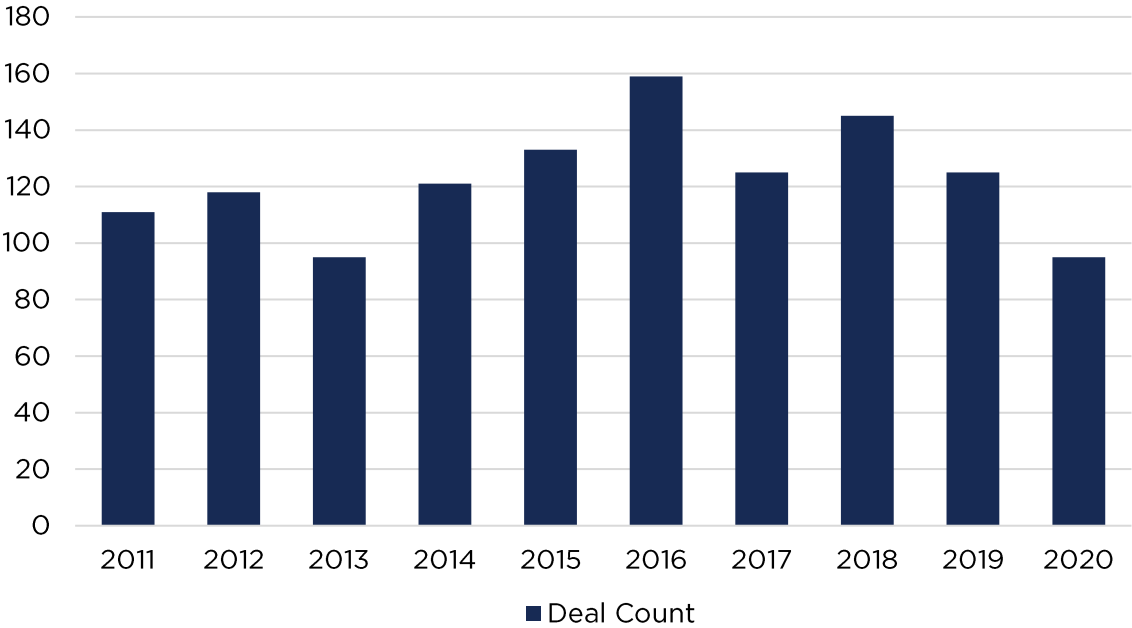
- The most recently announced deals in the sector

# Dashboard

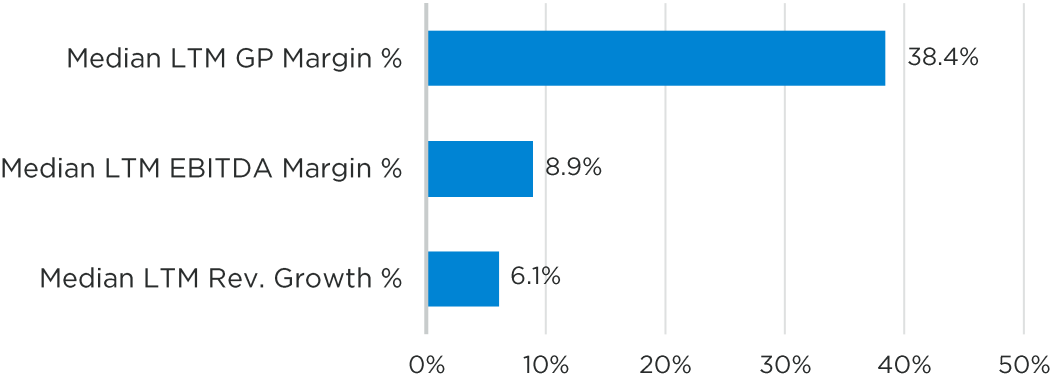
## REVENUE GROWTH MOMENTUM ↑ 3.7%

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

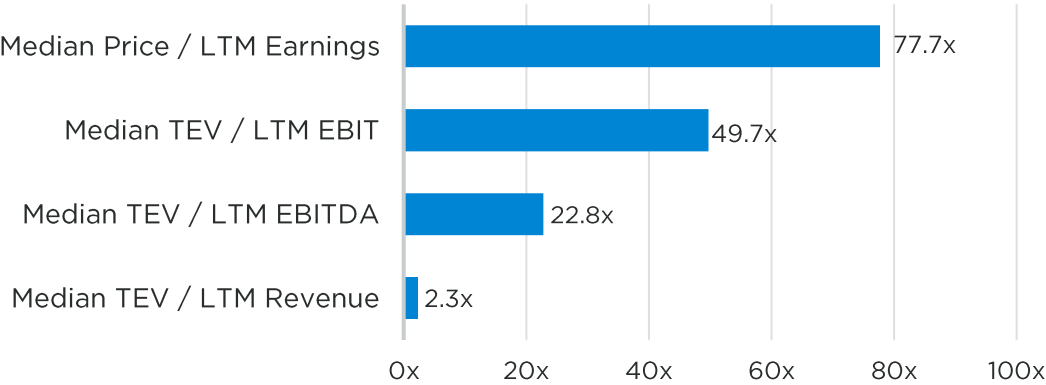
### M&A Activity



## Operating Metrics



## Valuation

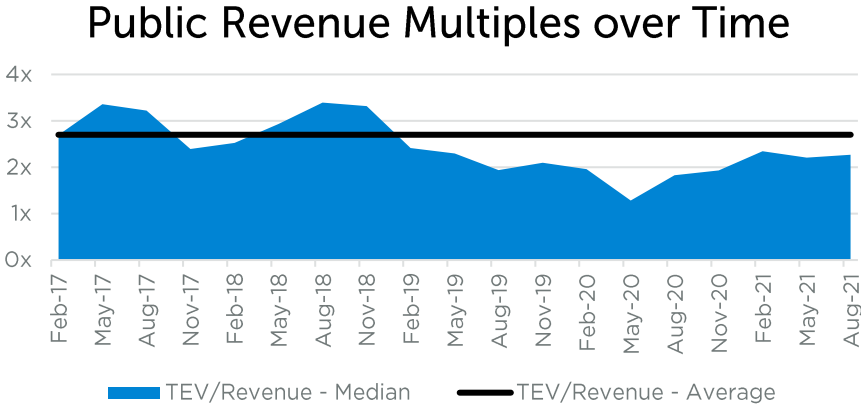
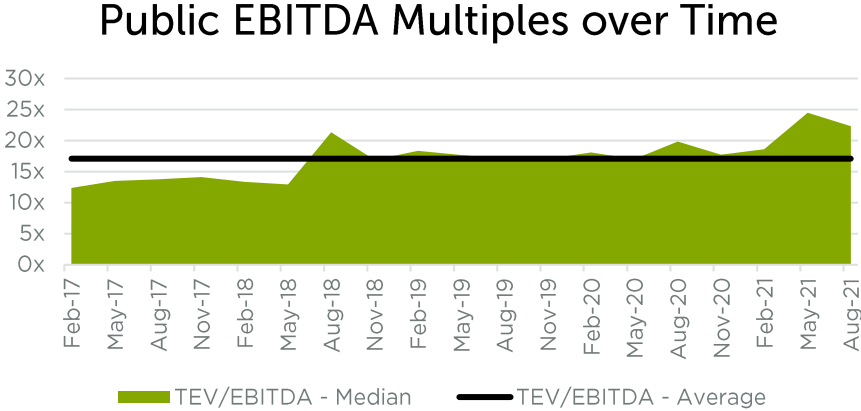
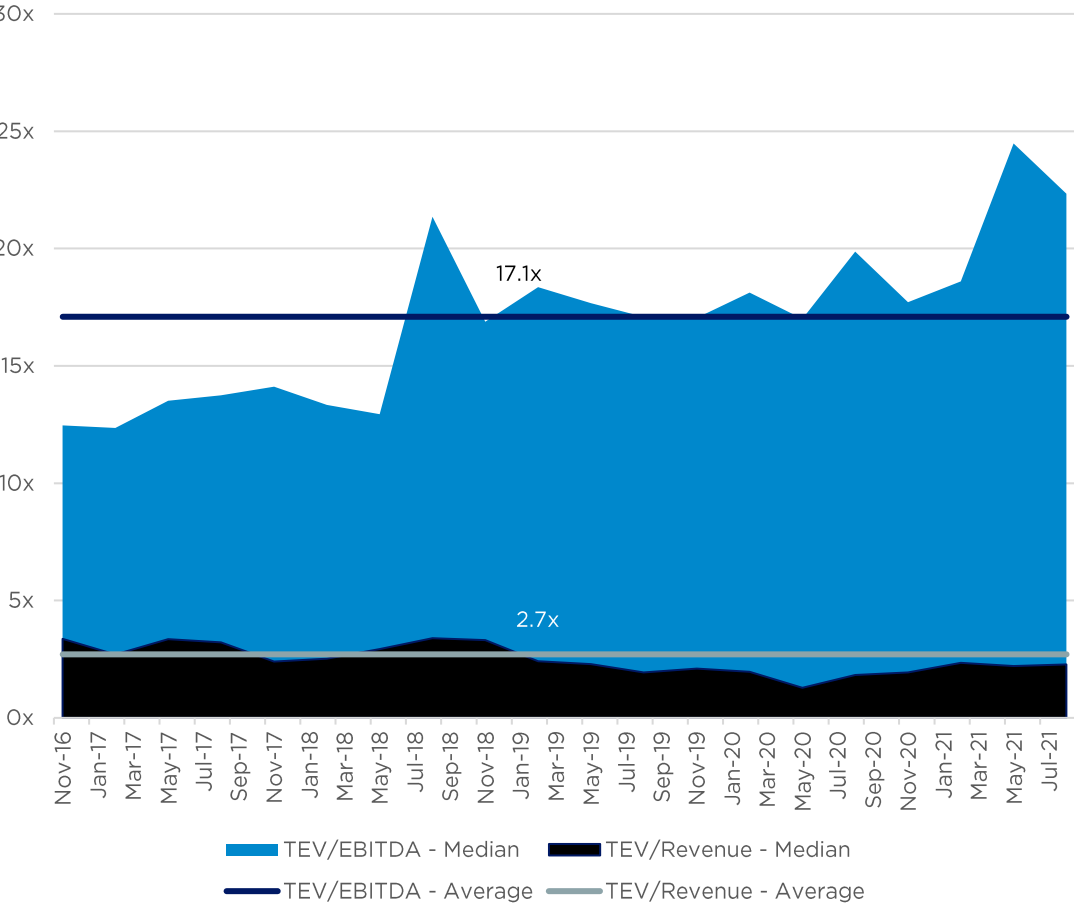


# Public Basket

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	1,016	36	572	6.1%	50.7%	6.3%	1.8x	28.2x	3,038	188
Huron Consulting Group	1,381	62	847	-11.9%	28.4%	7.3%	1.6x	22.3x	3,807	222
Evolent Health	2,212	15	974	8.8%	29.1%	1.6%	2.3x	N/A	2,900	336
Allscripts	2,420	126	1,422	-5.6%	38.4%	8.9%	1.7x	19.1x	8,400	169
Inovalon Holdings	6,803	209	719	9.5%	74.1%	29.1%	9.5x	32.6x	2,343	307
Cerner	24,462	1,656	5,608	-0.1%	82.9%	29.5%	4.4x	14.8x	26,400	212
IQVIA	57,906	2,494	12,931	18.2%	33.6%	19.3%	4.5x	23.2x	74,000	175
<b>Average</b>	13,743	657	3,296	3.6%	48.2%	14.6%	3.7x	23.4x	17,270	230
<b>Median</b>	2,420	126	974	6.1%	38.4%	8.9%	2.3x	22.8x	3,807	212

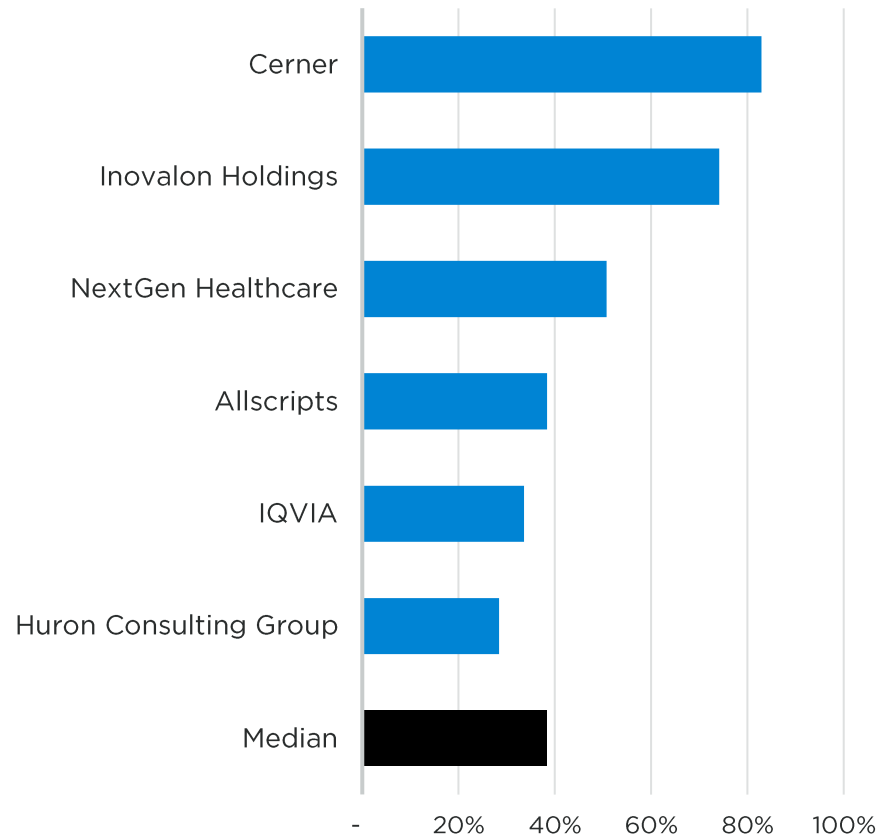
share price as of 13Aug21

# Public Basket

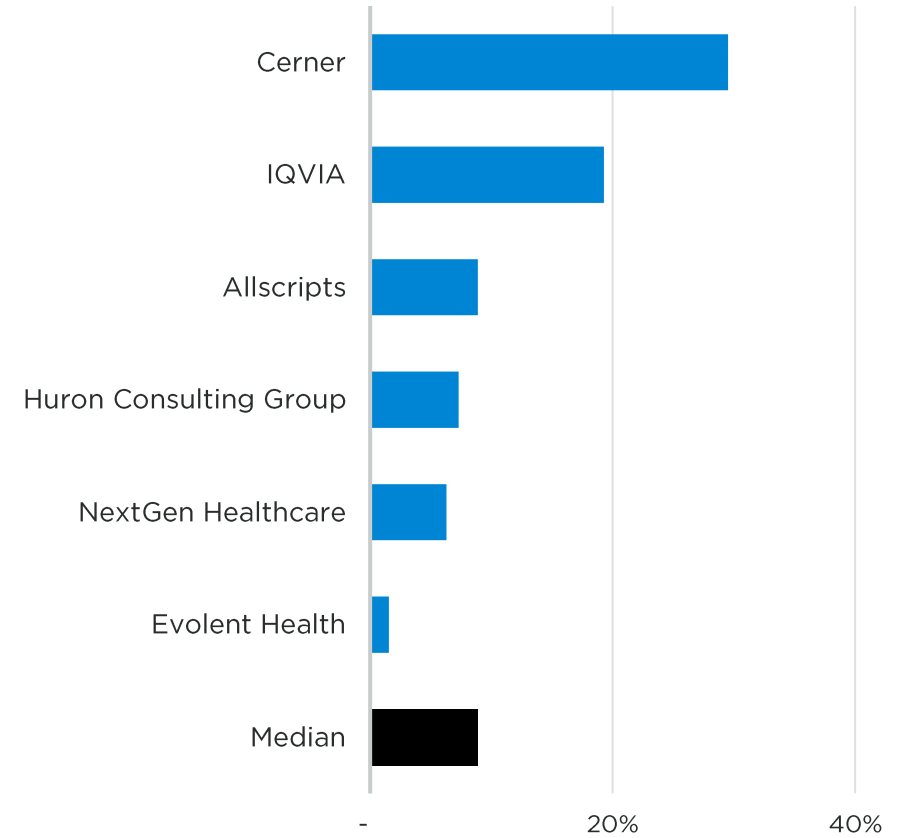


# Operational Metrics

LTM Gross Profit Margin %

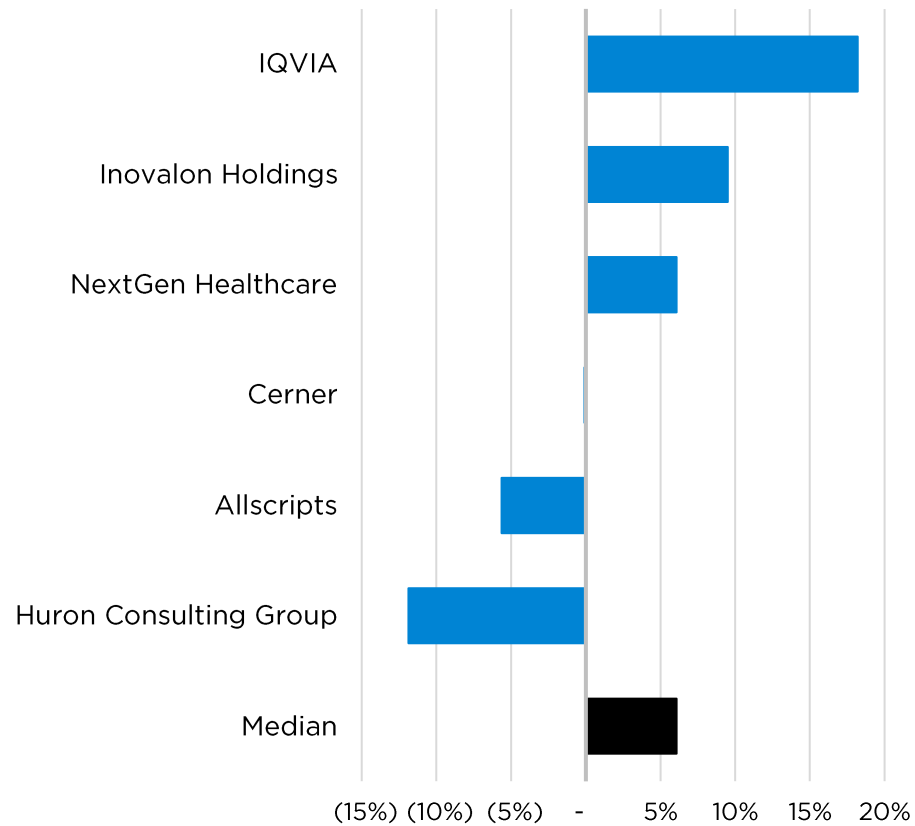


LTM EBITDA %

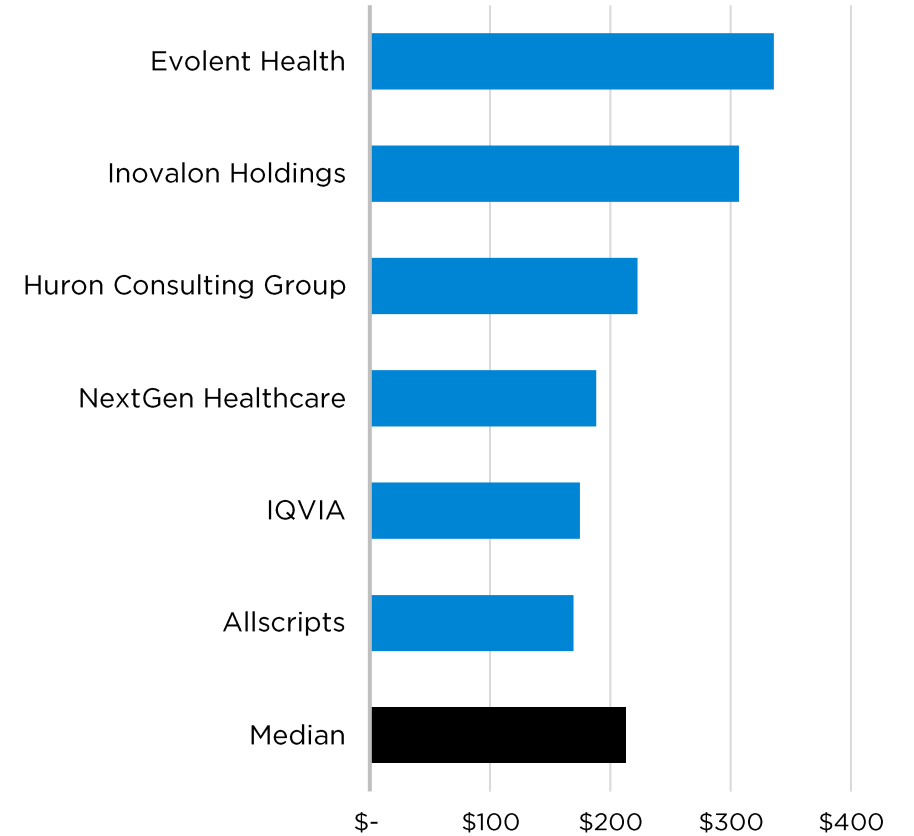


# Operational Metrics

LTM Revenue Growth %

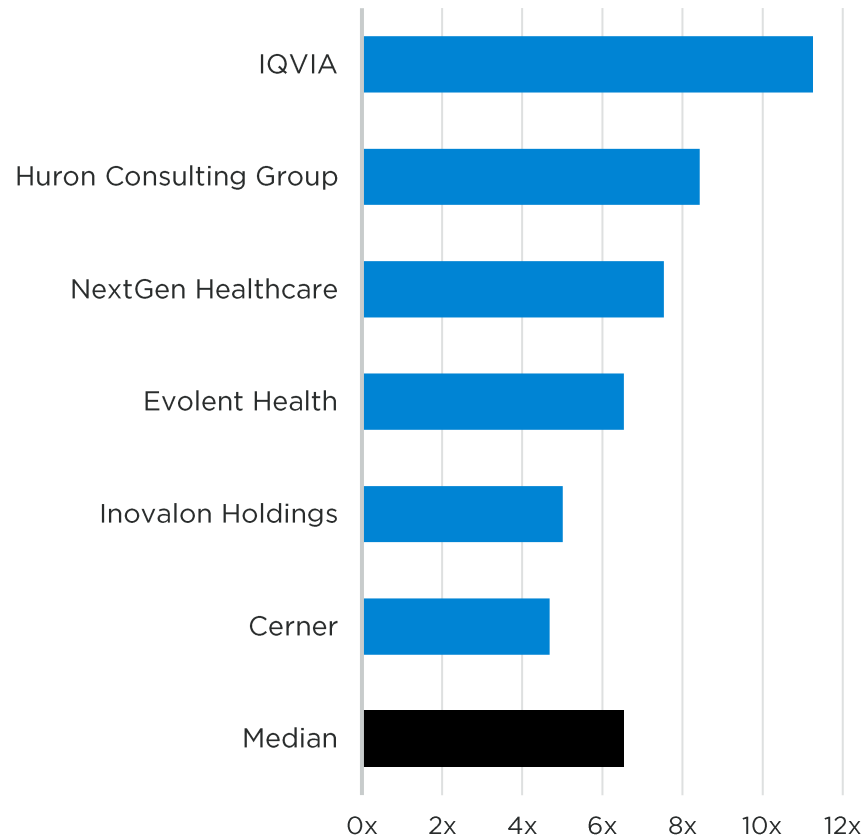


LTM Revenue per Full Time Employee x 000's

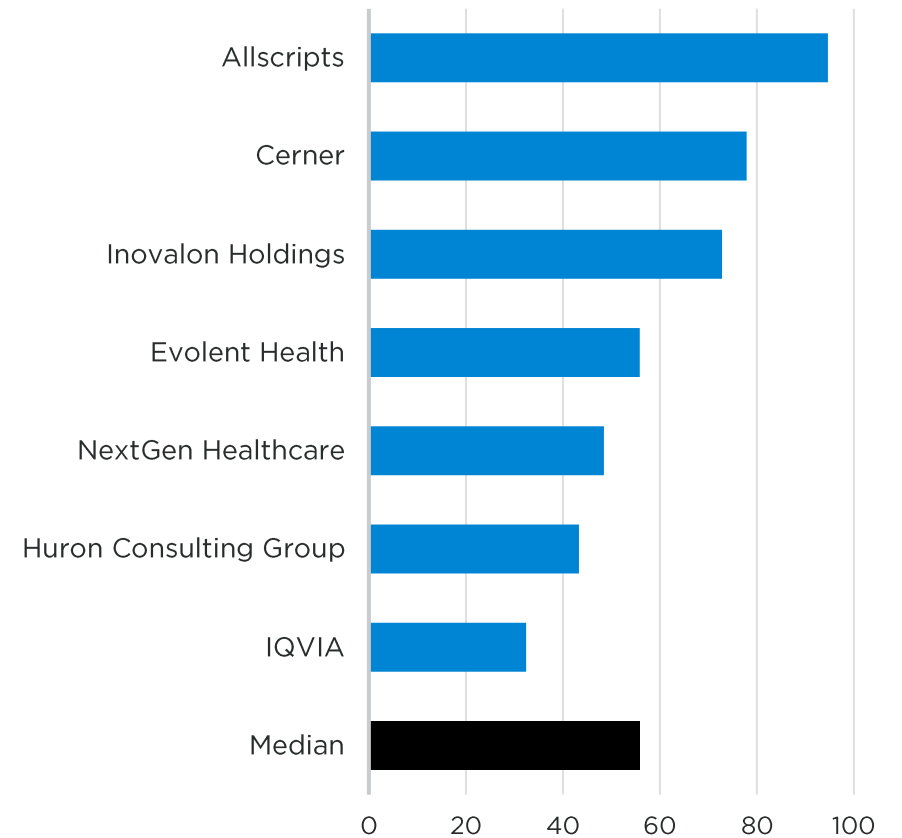


# Operational Metrics

## Accounts Receivable Turnover

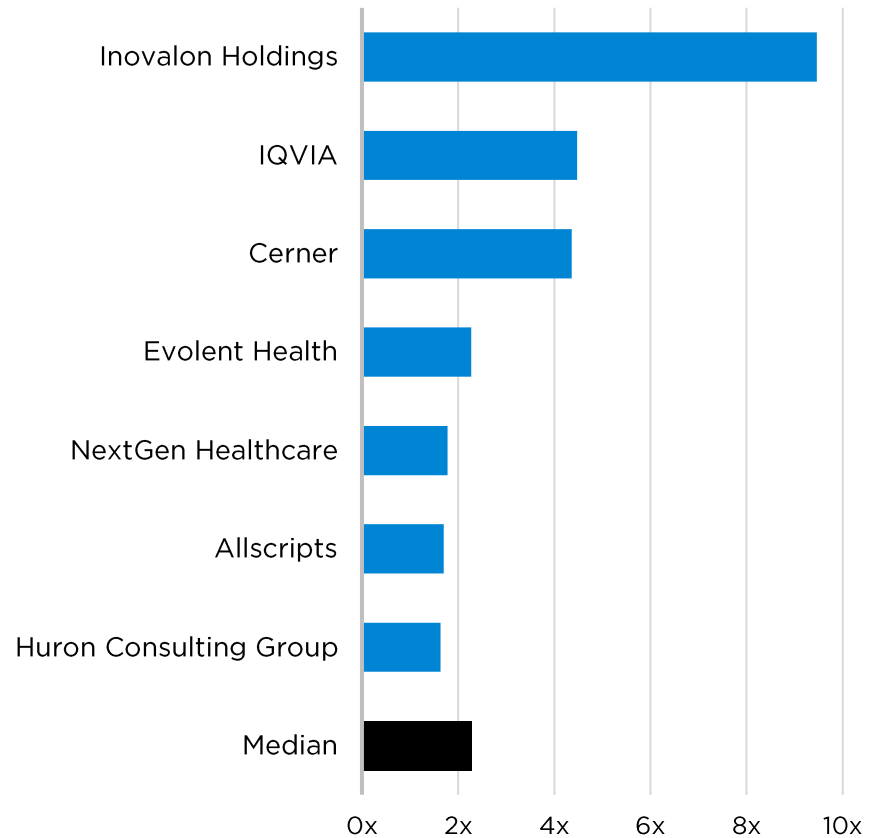


## Average Days Sales Outstanding

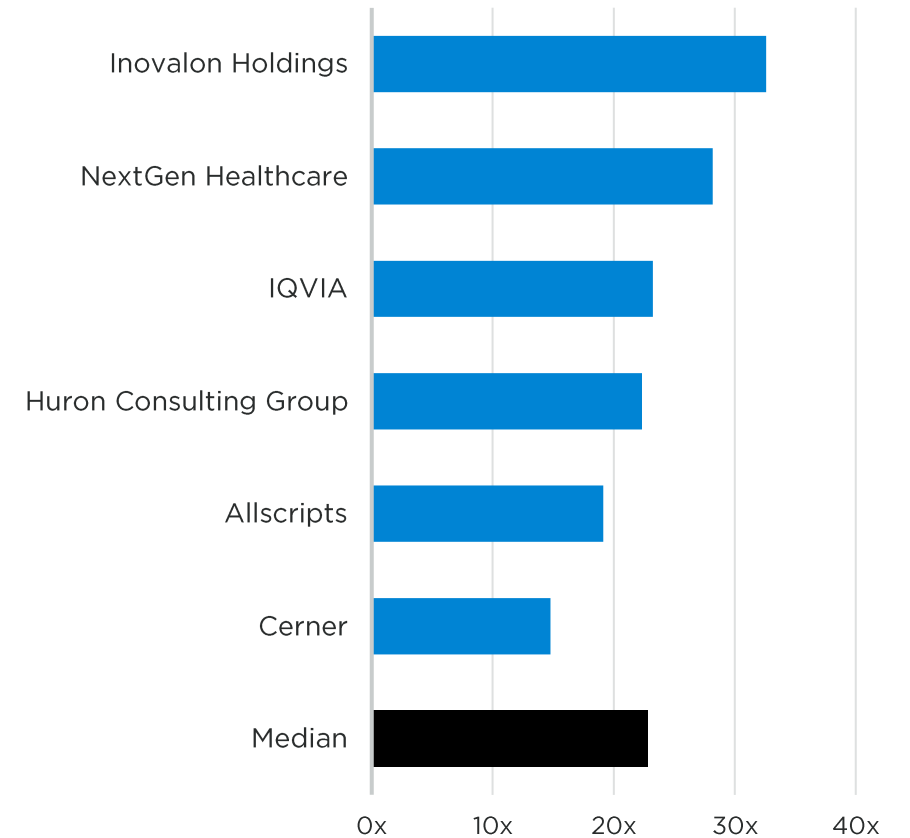


# Valuation

TEV / LTM Revenue

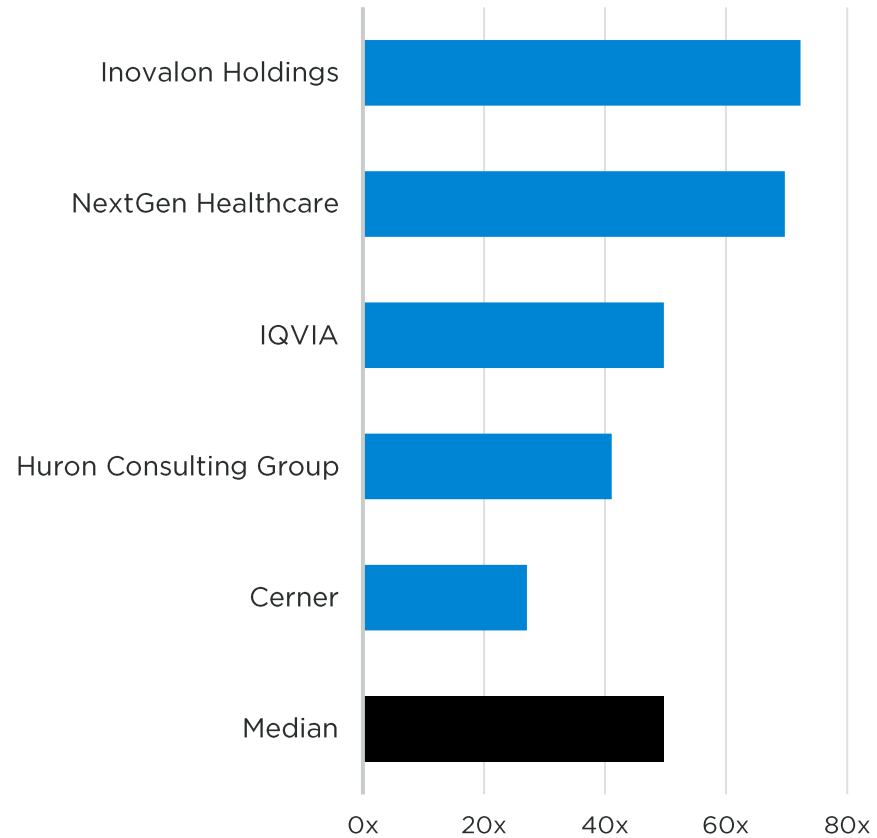


TEV / LTM EBITDA

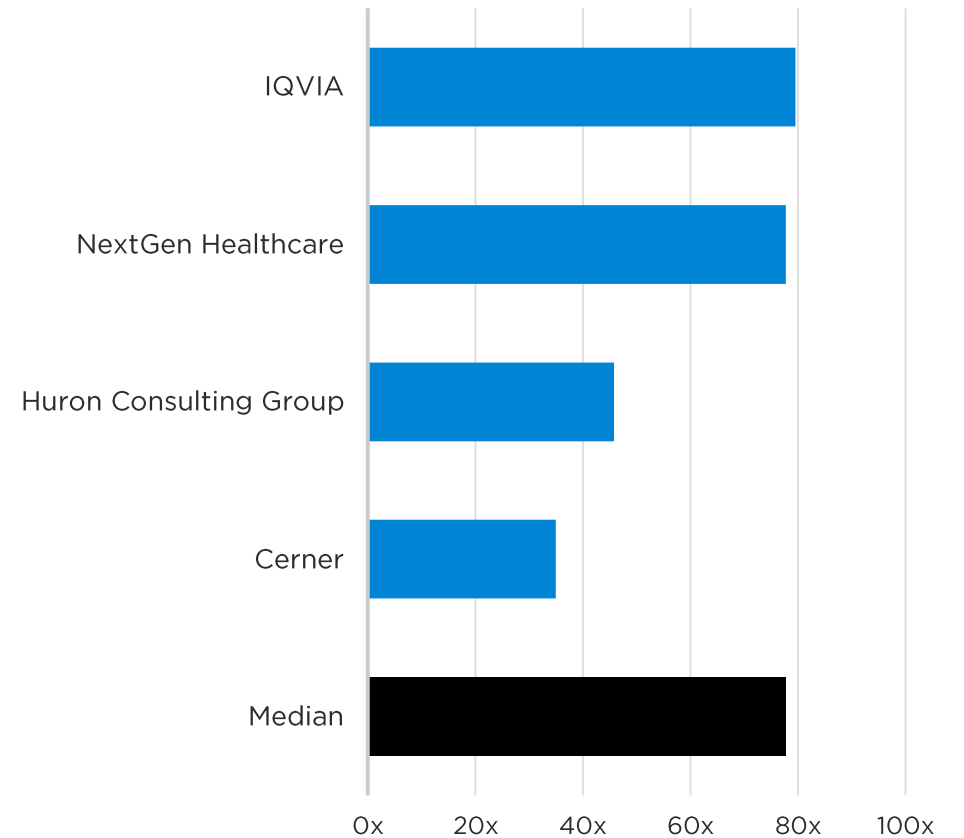


# Valuation

TEV / LTM EBIT

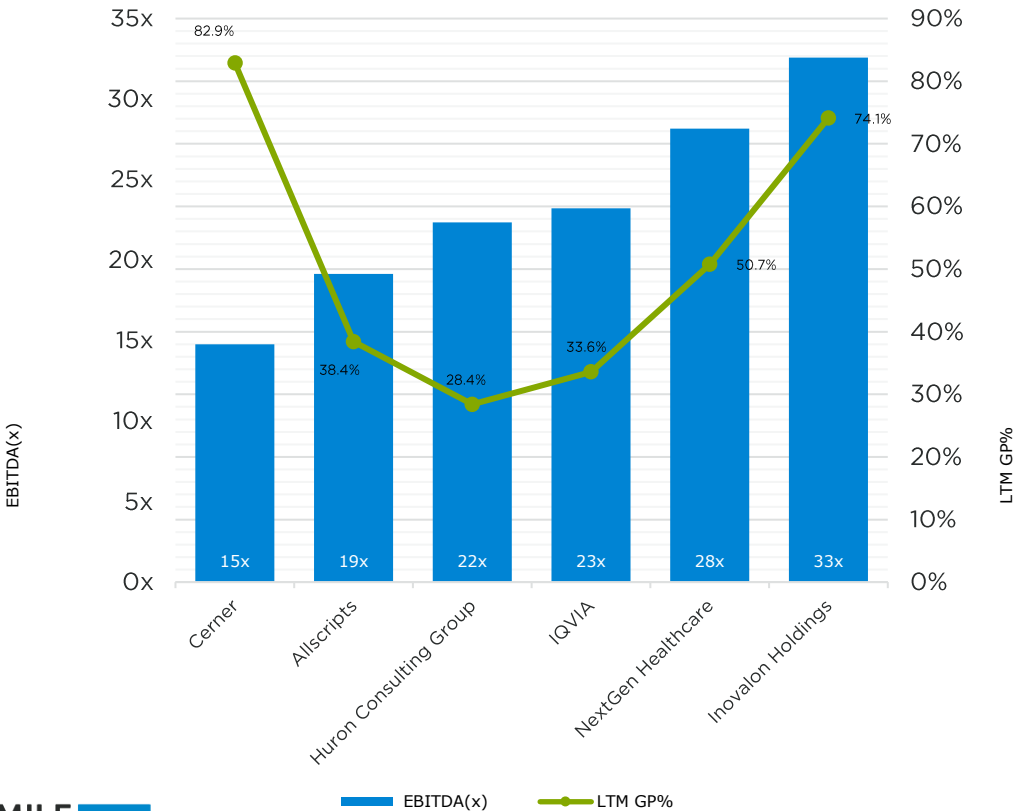


Price / LTM Earnings

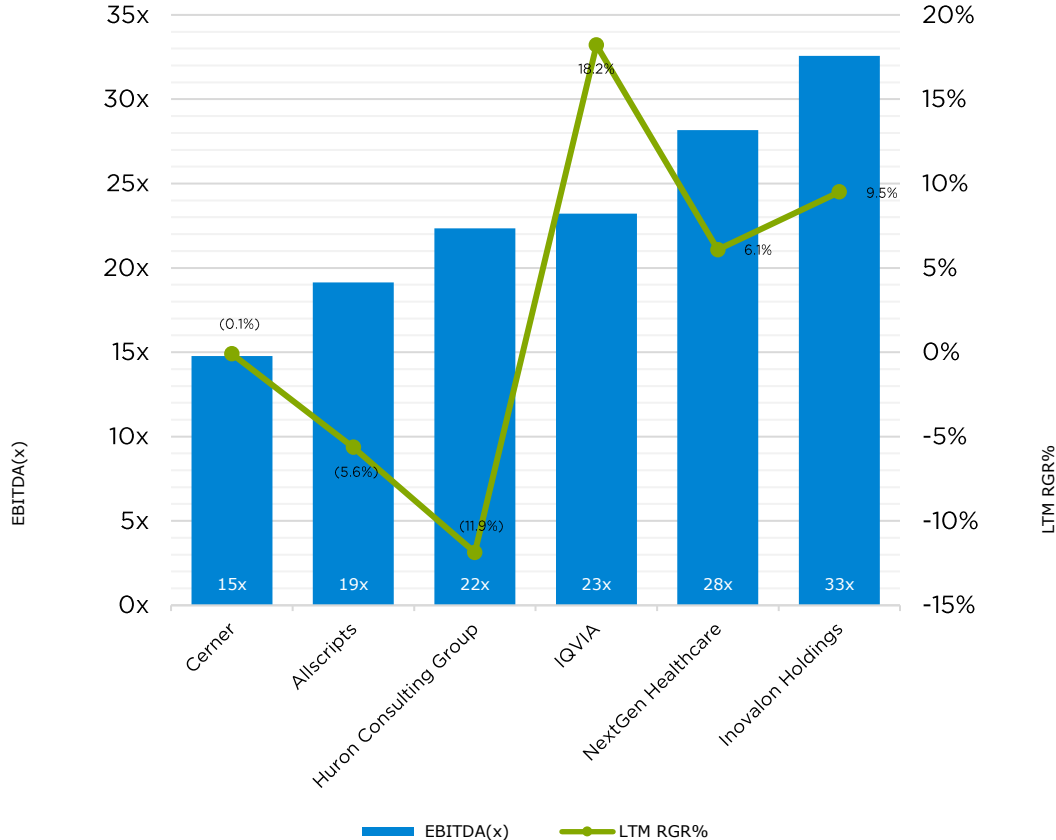


# Valuation

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
29-Jul-21	Healthify	WellSky	-	-	-	-
28-Jul-21	CIOX Health	Cigna Ventures	-	-	-	-
26-Jul-21	FDS Amplicare	Omnicell	177	-	6.1x	-
20-Jul-21	Medical Savant	CorroHealth	-	-	-	-
12-Jul-21	VisiQuate	Sixth Street Partners	50	-	-	-
06-Jul-21	Midwest Medical Billing Service	Kovo HealthTech	1	-	1.0x	-
30-Jun-21	Olive (Healthcare Enterprise Systems)	Base10 Partners	400	-	-	-
30-Jun-21	R1 RCM (Optima Corporation)	CSAM Health	3	3	1.0x	-
28-Jun-21	Oncidium	CloudMD Software & Services	100	-	2.7x	19.3x
10-Jun-21	ChartWise	Bain Capital Ventures	-	-	-	-
02-Jun-21	Odeza	Ensemble Health Partners	-	-	-	-
01-Jun-21	Medmatica Consulting Associates	Carecloud	23	-	-	-
01-Jun-21	QHR Health	Brentwood Capital Partners	-	-	-	-
25-May-21	Artifact Health	Bain Capital Ventures	-	-	-	-
20-May-21	Colburn Hill Group	Tegria	-	-	-	-
18-May-21	BlackTree Healthcare Consulting	Sheridan Capital Partners	-	-	-	-
18-May-21	Simione Healthcare Consultants	Sheridan Capital Partners	-	-	-	-
13-May-21	TruCode	Computer Programs & Systems	61	-	4.9x	-
15-Apr-21	Cloud DX	Roosevelt Capital Group	-	-	-	-
12-Apr-21	Alira Health	Creadev	35	-	-	-
12-Apr-21	Nuance Communications	Microsoft	16,000	1,463	10.4x	61.1x
07-Apr-21	LumiraDx	CA Healthcare Acquisition	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



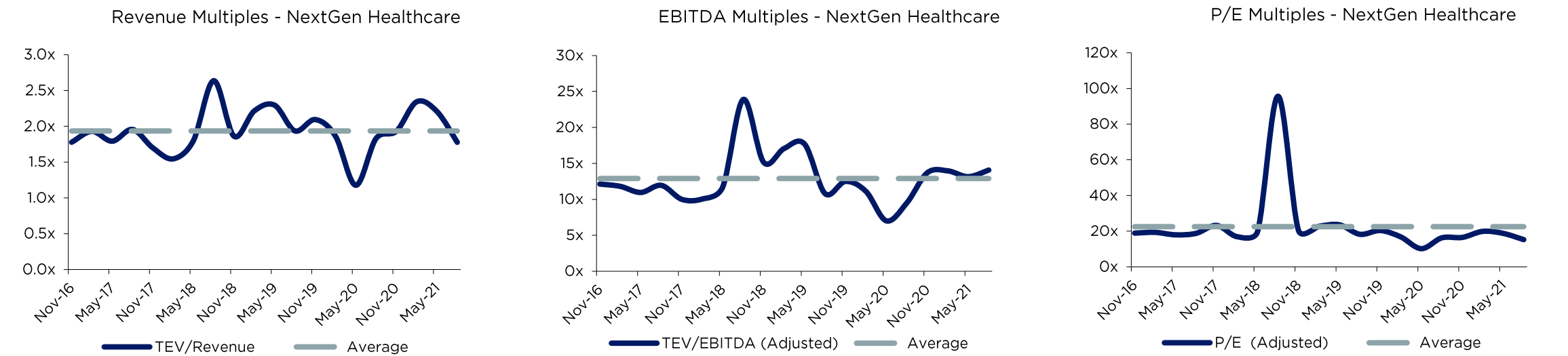
## NextGen Healthcare

**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

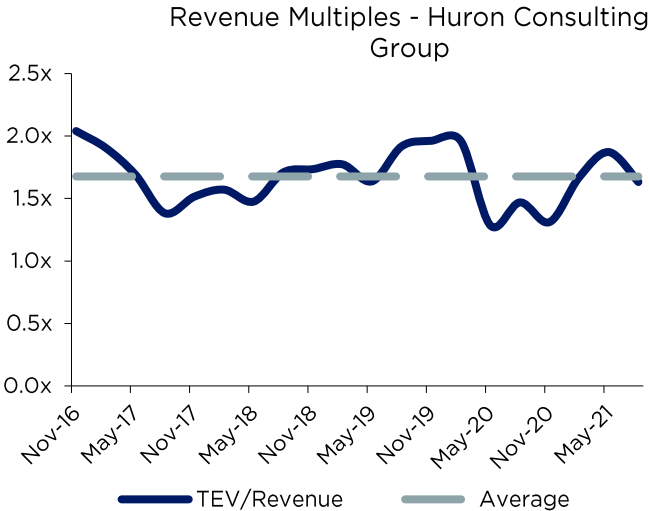


Company Name	Date	Deal Synopsis
OTTO Health	17-Dec-19	The company was acquired by NextGen Healthcare (NAS: NXGN) for \$21.96 million on December 17, 2019.
Medfusion	06-Dec-19	The company was acquired by NextGen Healthcare (NAS: NXGN) for \$42.77 million on December 6, 2019. This acquisition will enable 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 generates a majority of its revenue from the Healthcare Segment.

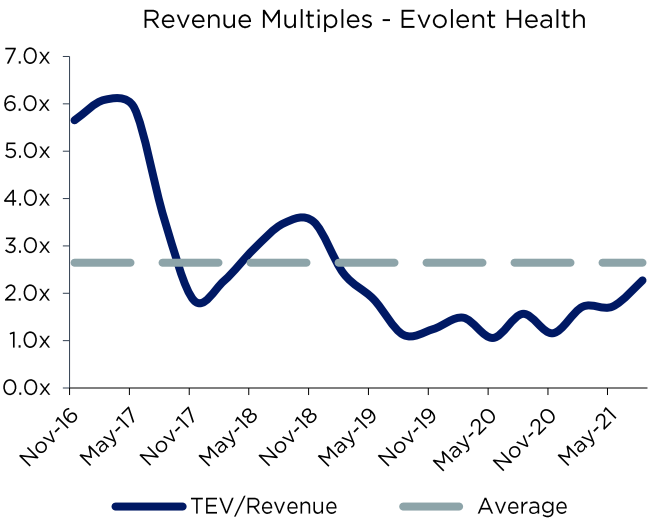


Company Name	Date	Deal Synopsis
Unico Solution	01-Feb-21	The company was acquired by Huron Consulting Group (NAS: HURN) for an undisclosed amount on February 1, 2021. The acquisition expands Huron's data management and governance capabilities to help clients better manage their data to optimize their 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.



Company Name	Date	Deal Synopsis
Vital Decisions	04-Aug-21	The company reached a definitive agreement to be acquired by Evolut Health (NYS: EVH) for \$130 million on August 4, 2021. At closing and subject to certain adjustments, approximately \$85 million of the purchase price will be paid and issued, consisting of 50% Evolut Health Class A common stock and 50% cash. The remainder of the purchase price consists of an earn-out of up to \$45 million, payable solely in cash or in a mix of cash and Evolut Health Class A common stock at Evolut's discretion, tied to the achievement of certain profitability metrics in the fourth quarter of 2022. The earn-out payment, if earned, is expected to be made in the first quarter of 2023.
Passport Health Plan	30-Dec-19	The company was acquired by Evolut Health (NYS: EVH) for \$70 million on December 30, 2019.

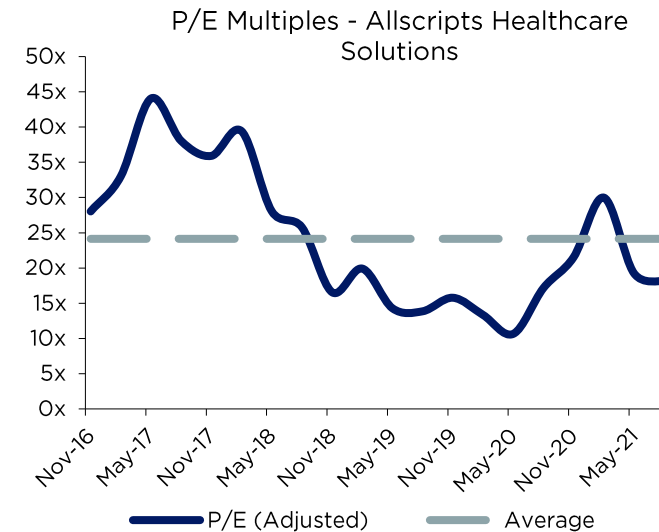
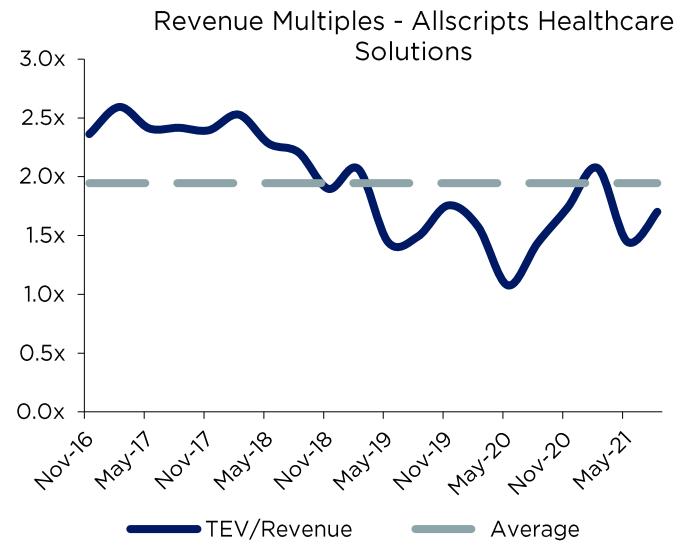
## Allscripts

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

The company supports electronic 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
Hospital IQ	28-Jun-21	The company raised \$25 million through a combination of Series C1 and Series C venture funding in a deal led by Baxter Ventures and Health Velocity Capital on June 28, 2021, putting the company's pre-money valuation at \$100 million. Allscripts Healthcare Solutions and Pierpoint Capital also participated in the round. The funds will be used to accelerate growth across all areas of the company, including product development, sales and marketing, to hire more talent across all business units, client services, and to spur further collaboration with its existing Allscripts and Cerner partnerships, as well as support new partnerships.
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, EPIC Ventures, StartUp Health, P5 Health Ventures, Alumni Ventures Group, Advisors.Fund and J-Ventures also participated in the round.

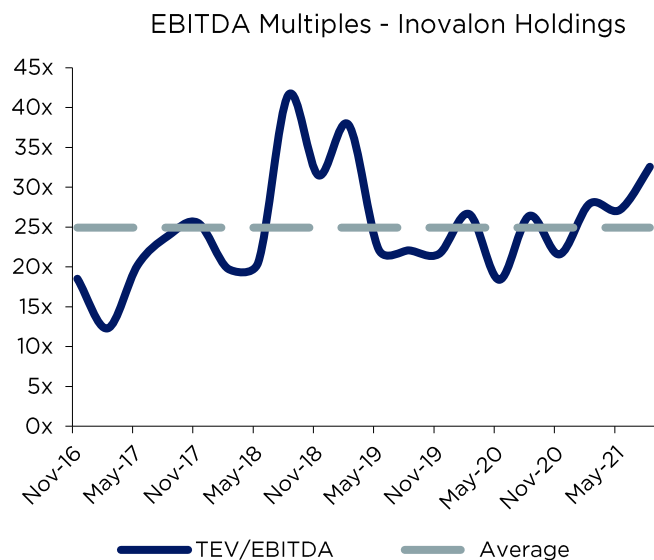
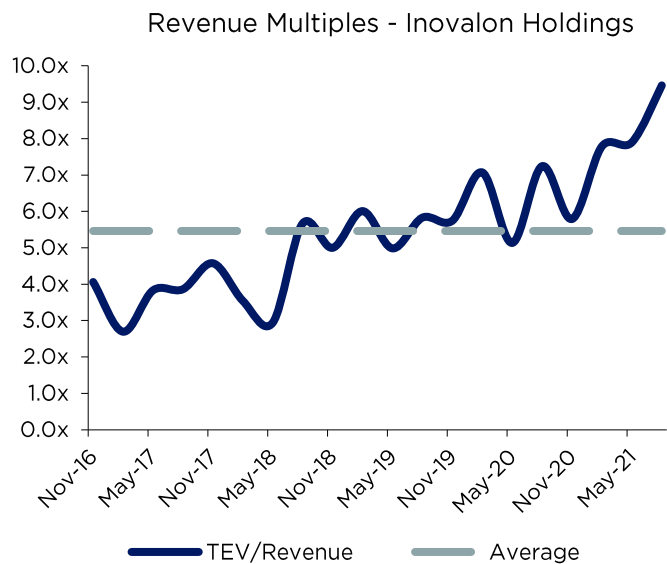
## Inovalon Holdings

**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.

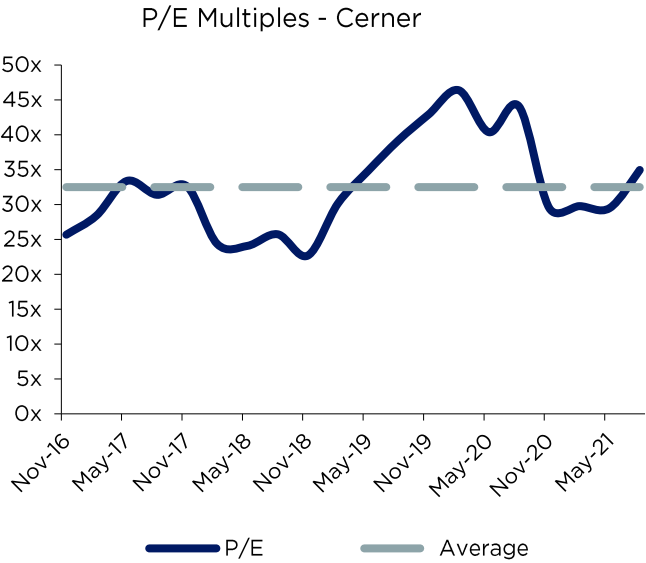
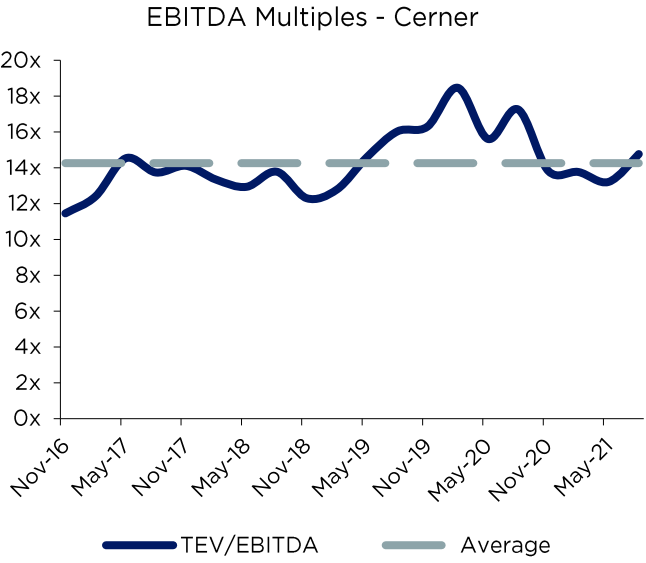
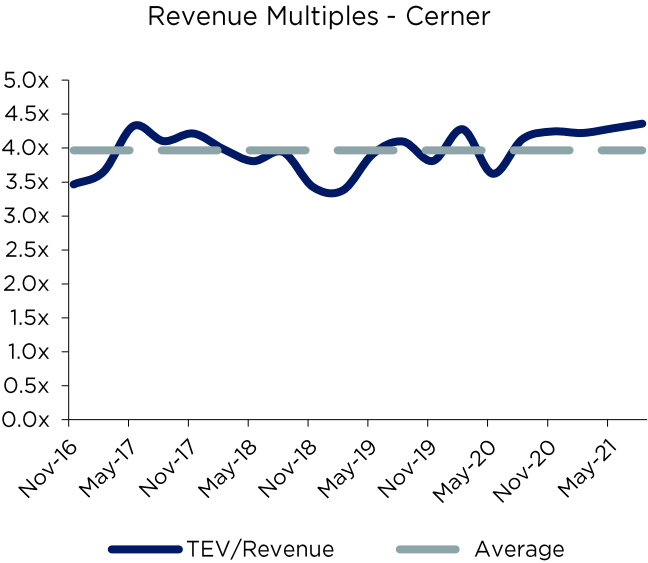
Cerner

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

The company is a long-standing market leader in the electronic health record industry, and along with rival Epic Systems corners a majority of the market for acute care EHR within health systems. The company is guided by the mission of the founding partners to provide seamless medical records across all healthcare providers to improve outcomes. Beyond medical records, the company offers a wide range of technology that supports the clinical, financial, and operational needs of healthcare facilities.

# Public Basket

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 \$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. 121G and other undisclosed investors also participated in the round.

## IQVIA

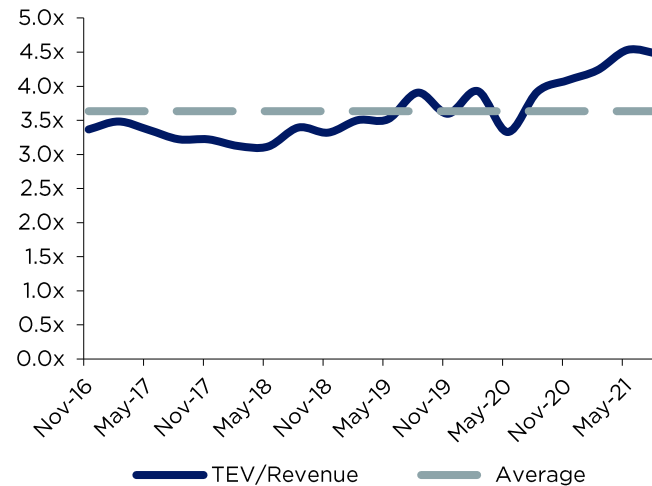
**IQVIA is the result of the 2016 merger of Quintiles, a leading global contract research organization, and IMS Health, a leading healthcare data and analytics provider.**

The Research & Development segment focuses primarily on providing outsourced late-stage clinical trials for pharmaceutical, device, and diagnostic firms. The Technology & 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.

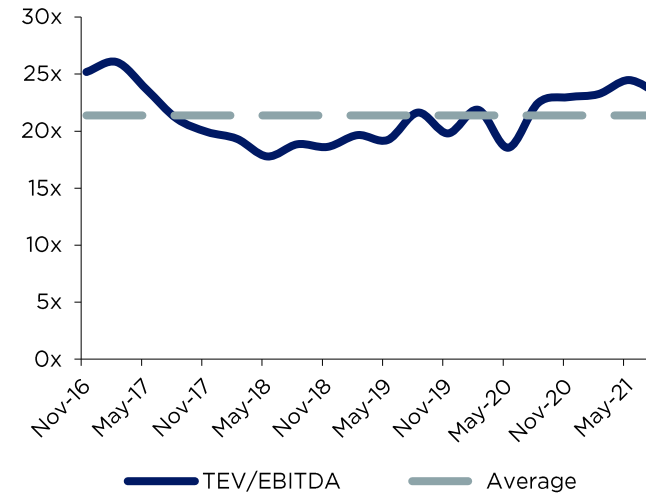
# Public Basket

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).
ObvioHealth	31-Mar-21	The company raised \$19.1 million of Series A venture funding in a deal led by IQVIA on March 31, 2021. SPRIM Ventures, Ayala and Tikehau Capital also participated in the round.

# Contact Info

**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. Securities offered through 7M Securities LLC.



Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Simon Baitler, Executive Managing Director	310.829.1635	simon.baitler@7mileadvisors.com
John Cooper, Managing Director	704.973.3996	john@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Horacio Yenaropulos, Managing Director	(+) 54.261.4617300	horacio@7mileadvisors.com
Tim Frye, Senior Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Garth Martin, Vice President	704.973.3997	garth.martin@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Sydney Scadden, Vice President	704.973.3998	sydney@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Ben Bruggeworth, VP, Business Development	704.365.8859	ben.bruggeworth@7mileadvisors.com
Steve Sypek, VP, Business Development	704.414.8736	Steve.sypek@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Manager	704.409.9912	emily@7mileadvisors.com
Alexis Papa, Marketing & Sales Coordinator	704.414.8732	lexi.papa@7mileadvisors.com
Steve Buffington, Senior Associate	704.960.1828	steve@7mileadvisors.com
Ilia Ulianchuk, Senior Associate	704.414.8743	ilia@7mileadvisors.com
Nic Anderle, Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Adam Alderfer, Analyst	704.644.1917	adam@7mileadvisors.com
Tanner Lange, Analyst	704.672.0611	tanner.lange@7mileadvisors.com
Trent McCauley, Analyst	704.644.1916	trent.mccauley@7mileadvisors.com
Kevin Postigo, Analyst	704.912.4903	Kevin.postigo@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com
Conor Smith, Analyst	704.855.2134	conor.smith@7mileadvisors.com
Sawyer Willingham, Analyst	704.285.8171	sawyer.willingham@7mileadvisors.com