

Market Update

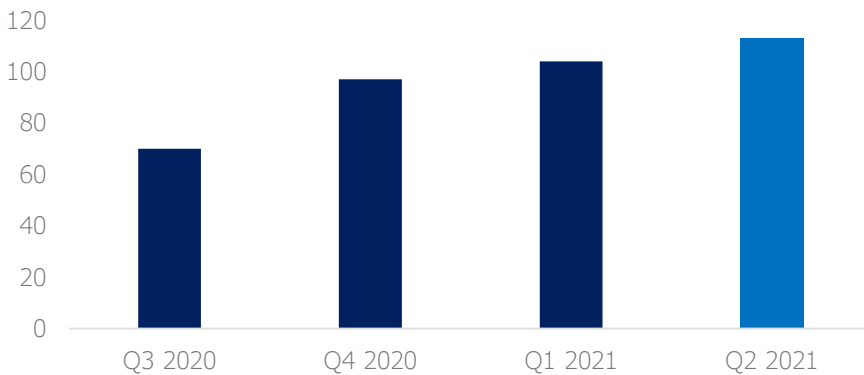
Healthcare IT & Consulting

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All sectors of the healthcare industry - Payor, Provider, & Life Sciences; and the subsectors that serve them - are burdened by high volumes of repetitive administrative tasks. At best this drives up costs, and at worst it creates barriers to access, reduces patient and provider satisfaction, and creates opportunities for fraud, waste, and abuse. In the United States over 1/3 of total healthcare spend goes towards administrative expenses with the greatest opportunity for returns on investments in automation among payers.

The greatest opportunity among providers is within Revenue Cycle Management. While technology solutions to analyze, optimize and automate workflows become more available, the human capital to effectively implement these systems remains limited. Furthermore, successful transformations rely heavily on intimate understanding of healthcare operations in addition to technology capabilities. These trends are driving increasing M&A activity between Healthcare Advisory firms, Business Process Outsourcing (BPO) firms, and technology companies. This trend is most pronounced in Payer Services, Revenue Cycle Management, and Population Health.

of M&A Deals in Healthcare IT & Consulting

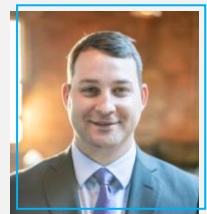


7MA has completed numerous M&A transactions for companies operating in the Healthcare IT & Consulting industry and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Ben Garber, Steve Buffington, Conor Smith, or Adam Alderfer if you would like to learn more about 7MA's Healthcare IT & Consulting practice.

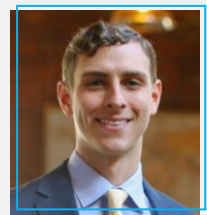
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Automation Driving Technology & Services M&A



Bringing together industry leading HIT solutions and the specialized talent to deliver them to enterprise payer clients were the underpinnings of 7 Mile's recent deal of CitiusTech's acquisition of SDLC Partners.

The combination of healthcare technology and advisory presents a multitude of opportunities on both sides of the ledger but neither more than to the customers. The data that can be collected when workflows are automated at scale and seamlessly integrated with adjacent operations creates a self-reinforcing cycle of performance improvement. Healthcare services companies are realizing historically high valuations while technology providers are accelerating growth and expanding capacity at still greatly accretive multiples.

Date: June 16, 2021
Deal Type: M&A
Target HQ: USA

Tegria

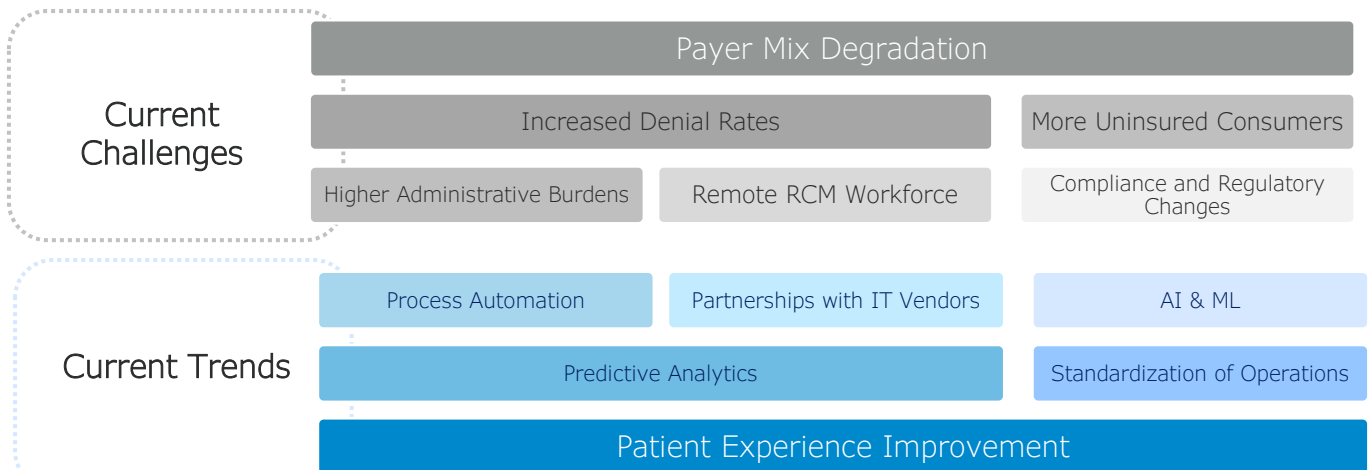


These trends can also be seen in Tegria's acquisition of Colburn Hill Group, one of the healthcare industry's leading developers of analytically-driven robotic process automation (RPA) technologies for Revenue Cycle Management (RCM). Tegria was launched by Providence in October 2020 to provide next-generation technologies and services to the healthcare sector.

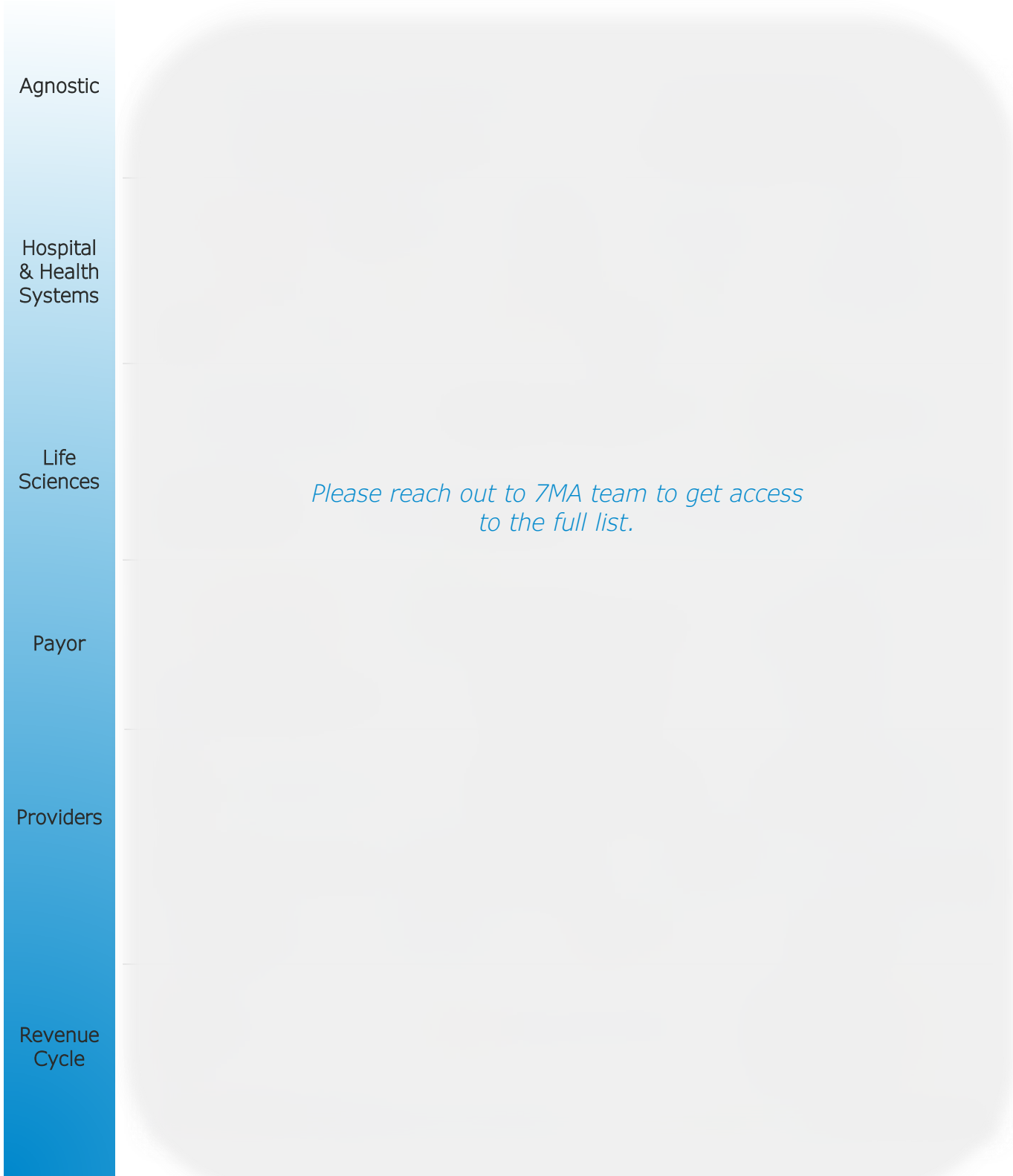
R1 RCM's acquisition of VisitPay similarly demonstrates the current emphasis on using technology to optimize RCM processes. VisitPay is a cloud based FinTech platform aimed at simplifying the patient billing experience.

Date: May 20, 2021
Deal Type: M&A
Target HQ: USA

Revenue Cycle Management (RCM) Trends Spotlight



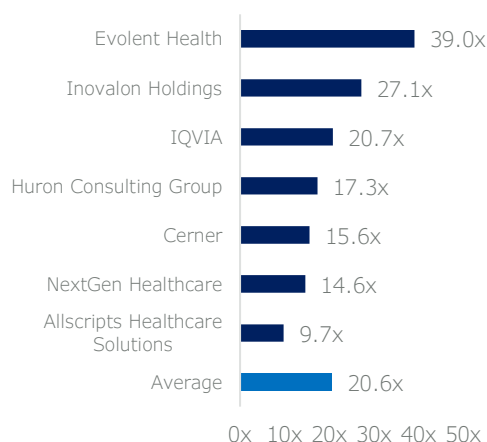
Industry Vertical



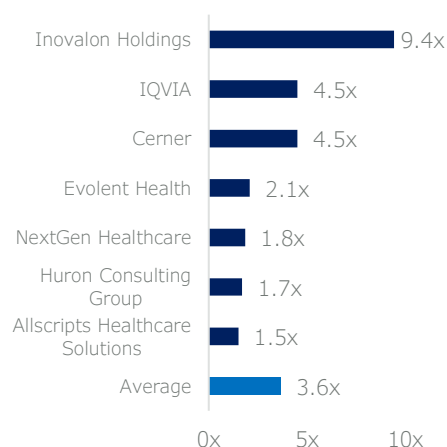
Publicly-traded Healthcare IT & Consulting Companies – Q2 2021

Companies	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# of FTEs	Rev / FTE \$k
NextGen Healthcare	1,053	72	572	3%	51%	13%	1.8x	14.6x	3,038	35
Huron Consulting Group	1,431	83	847	-10%	28%	10%	1.7x	17.3x	3,807	38
Evolent Health	2,055	53	990	21%	31%	5%	2.1x	39.0x	2,900	71
Allscripts Healthcare Solutions	2,177	224	1,454	-8%	38%	15%	1.5x	9.7x	8,400	26
Inovalon Holdings	6,762	249	719	4%	74%	35%	9.4x	27.1x	2,343	289
Cerner	25,174	1,618	5,608	-3%	83%	29%	4.5x	15.6x	26,400	95
IQVIA	58,183	2,805	12,931	2%	34%	22%	4.5x	20.7x	74,000	79
Average	13,834	729	3,303	1%	48%	18%	3.6x	20.6x	17,270	90
Median	2,177	224	990	2%	38%	15%	2.1x	17.3x	3,807	71

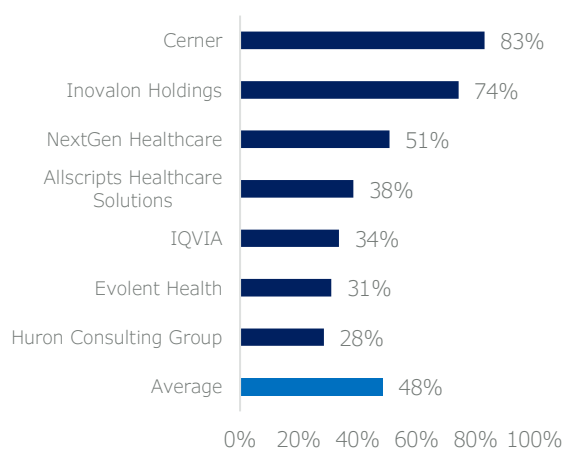
TEV / EBITDA X



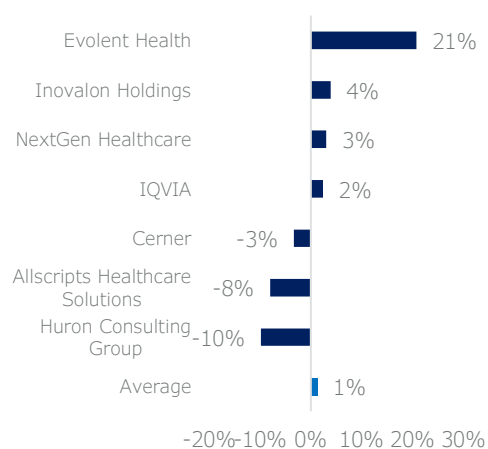
TEV / Rev X



Gross Margin %



Rev Growth YoY



Q2 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
June 2021			<ul style="list-style-type: none"> Leader in cloud-based healthcare technology and revenue cycle solutions, CareCloud, expands into the hospital and health system market through its acquisition of industry leading businesses Medmatica Consulting. Medmatica provides IT consulting, strategic advisory services and workforce augmentation solutions to hospitals in the U.S., Canada and the Caribbean.
June 2021			<ul style="list-style-type: none"> Datavant, a provider of services enabling healthcare organizations to securely connect their data, and Ciox Health, the leader in clinical data exchange, merged in a blockbuster transaction valued at \$7.0 billion. The combined entity emerges as the largest U.S. health data ecosystem, enabling patients, providers, payers, health data analytics companies, patient-facing applications, government agencies, and life science companies to securely exchange their patient-level data.
June 2021			<ul style="list-style-type: none"> Iodine Software, a leading healthcare AI company completed two significant acquisitions in Q2 2021, first of mobile-based physician engagement platform Artifact Health, shortly followed by that of competitor ChartWise Medical Systems. The Artifact Health transaction will enable Iodine to place its AI technology directly into the hands of providers across the U.S., and the acquisition of ChartWise will expand its reach in providing clinical documentation solutions for the healthcare market.
June 2021			<ul style="list-style-type: none"> Leading provider of data and analytics technology Health Catalyst acquired Twistle, a New Mexico-based healthcare patient engagement SaaS technology company that automates patient-centered, HIPAA-compliant communication between care teams and patients. The acquisition aims to help Health Catalyst reduce healthcare costs and improve the patient experience.
May 2021			<ul style="list-style-type: none"> BlackTree Healthcare Consulting, a provider of financial, operating, clinical, revenue cycle, and IT consulting to healthcare agencies, and Simone Healthcare Consultants, a consulting firm specializing in home and community-based care underwent a strategic and equal combination with the backing of Sheridan Capital Partners. The combination will allow the new combined entity, SimiTree, to better help post-acute providers navigate clinical and financial hurdles through consulting, outsourcing, and talent solutions.
May 2021			<ul style="list-style-type: none"> Waystar, a healthcare payments software company, plans to acquire Patientco, a patient payments, communication, and engagement software developer. According to Waystar, the transaction aims to improve the process of paying the medical bills and make it more consumer-friendly.

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. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



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Notable 7 Mile Transactions

7MA

CitiusTech

sdic partners

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GGA

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QUISITIVE™

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ASCENSION
Recovery Services

RCAP
EQUITY

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a portfolio company of
abry partners

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