

7 Mile Advisors



Sectorwatch:

Healthcare & Life Sciences IT Services

January 2023



Healthcare & Life Sciences IT Services

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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

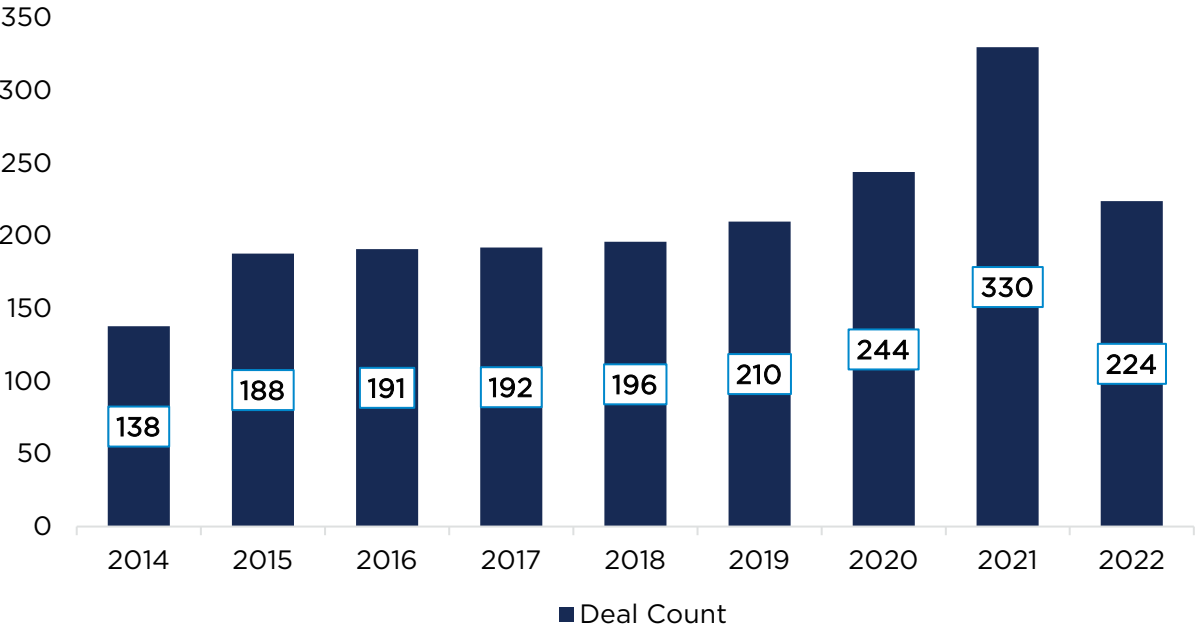
- The most recently announced deals in the sector

Dashboard

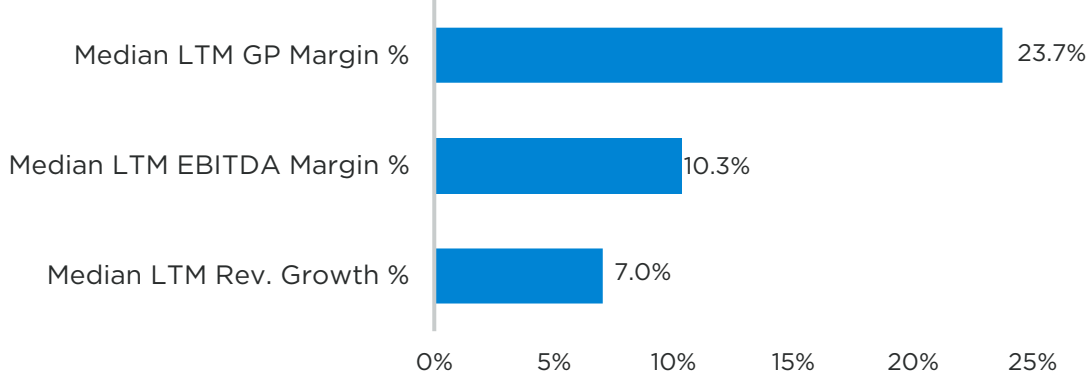
REVENUE GROWTH MOMENTUM — 0.0%

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

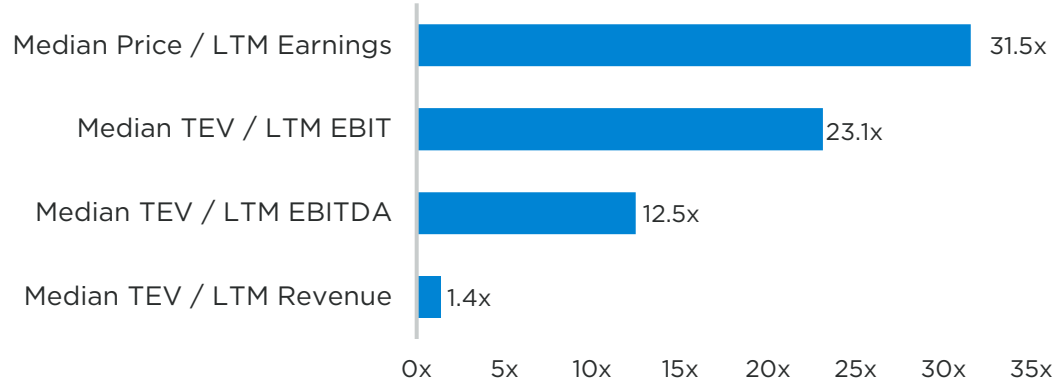
M&A Activity



Operating Metrics



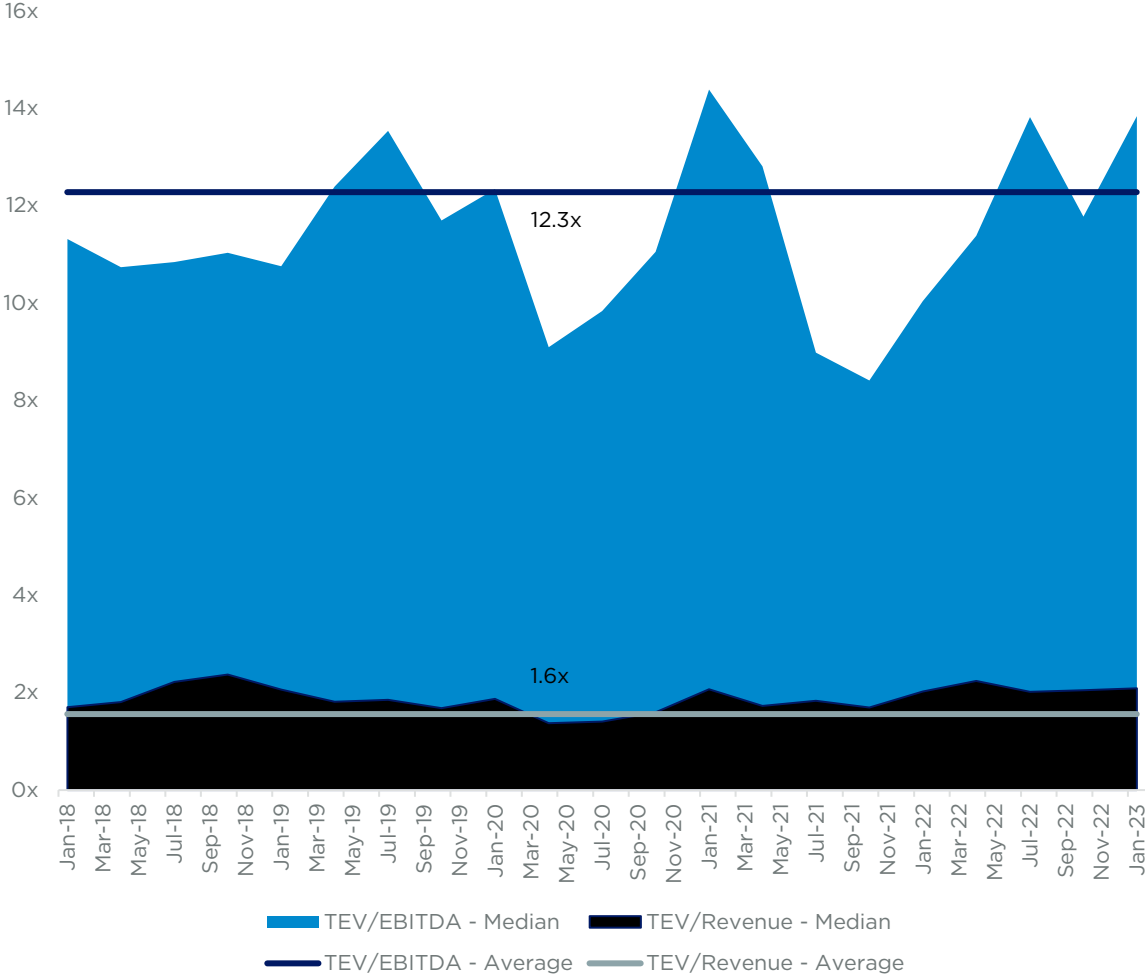
Valuation



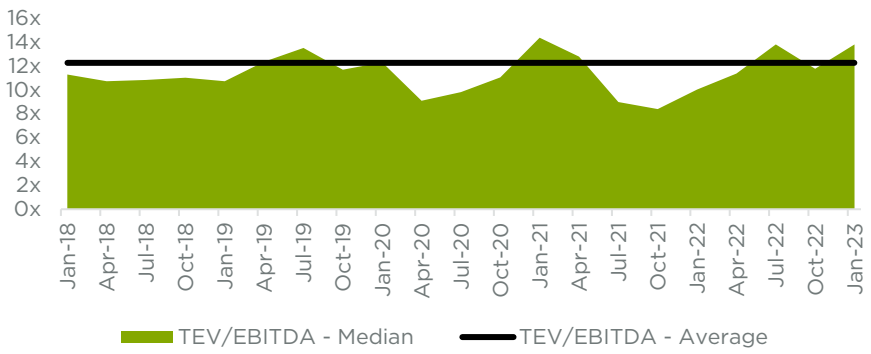
Public Basket

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	1,122	101	614	5.6%	49.1%	16.5%	1.8x	11.1x	3,174	193
Huron Consulting Group	1,762	124	1,099	26.8%	29.5%	11.3%	1.6x	14.2x	4,609	238
Allscripts Healthcare Solutions	1,748	365	1,529	89.7%	42.8%	23.9%	1.1x	4.8x	6,708	228
Evolent Health	3,440	114	1,218	34.4%	26.1%	9.4%	2.8x	30.1x	3,500	348
RI RCM	7,173	336	1,673	19.1%	21.4%	20.1%	4.3x	21.4x	22,000	76
IQVIA	52,825	3,817	14,307	5.7%	34.7%	26.7%	3.7x	13.8x	73,505	195
McKesson	58,418	4,038	272,027	8.4%	4.7%	1.5%	0.2x	14.5x	75,000	3,627
Average	18,070	1,271	41,781	27.1%	29.8%	15.6%	2.2x	15.7x	26,928	701
Median	3,440	336	1,529	19.1%	29.5%	16.5%	1.8x	14.2x	6,708	228

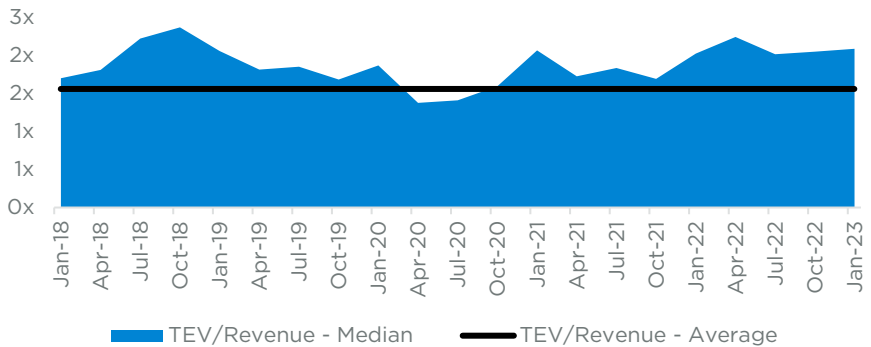
Public Basket



Public EBITDA Multiples over Time

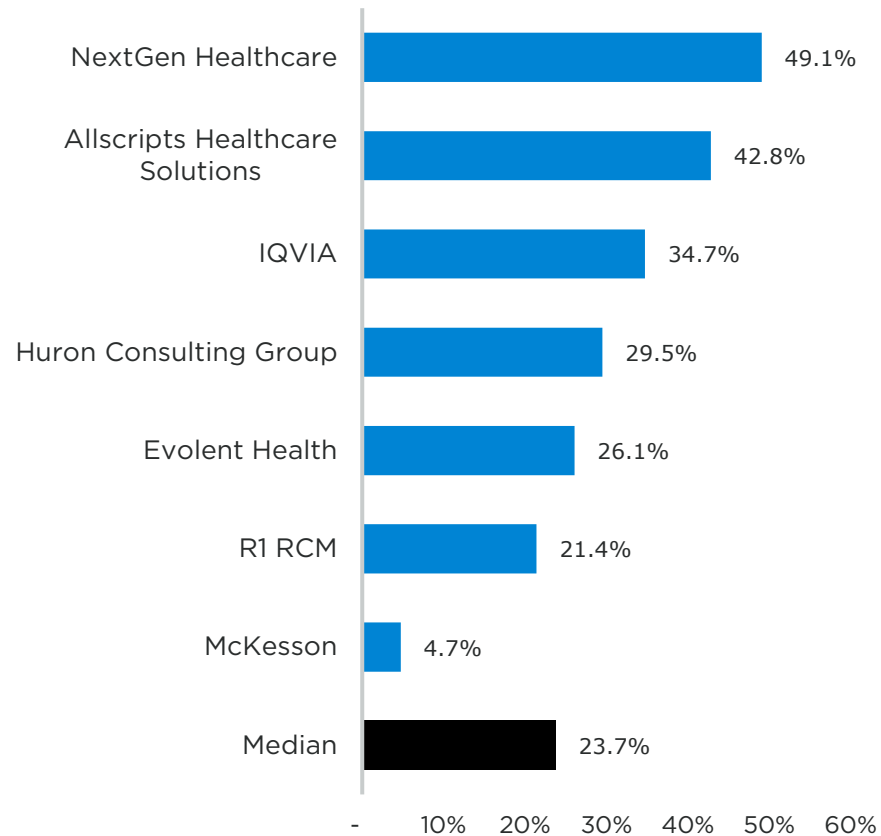


Public Revenue Multiples over Time

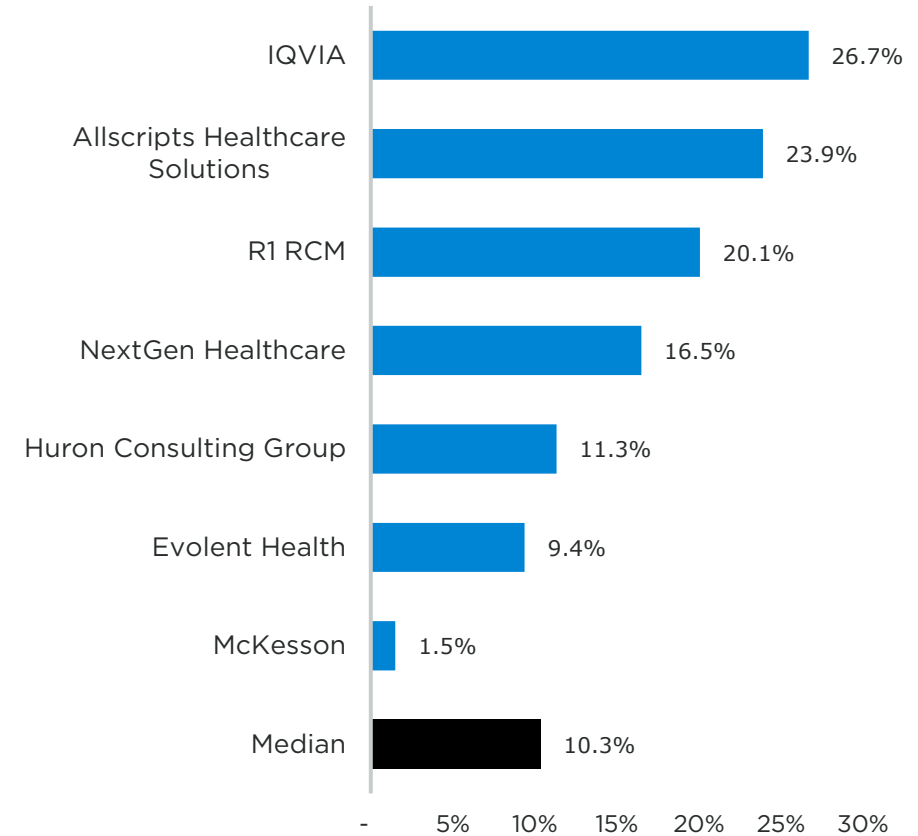


Operational Metrics

LTM Gross Profit Margin %

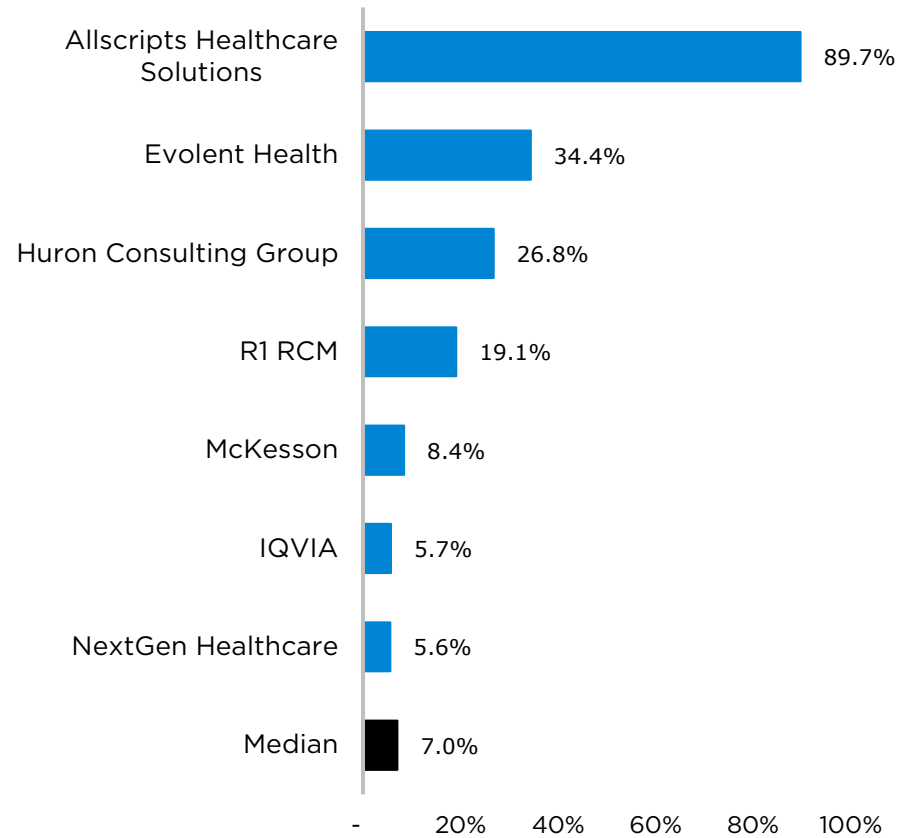


LTM EBITDA %

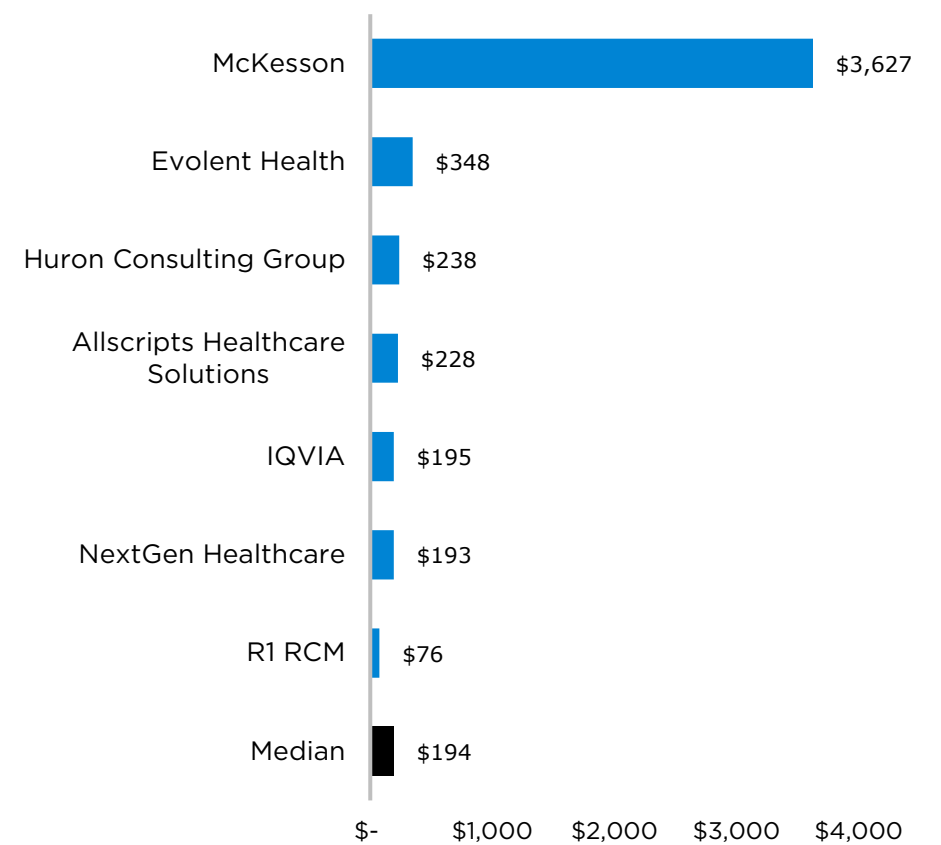


Operational Metrics

LTM Revenue Growth %

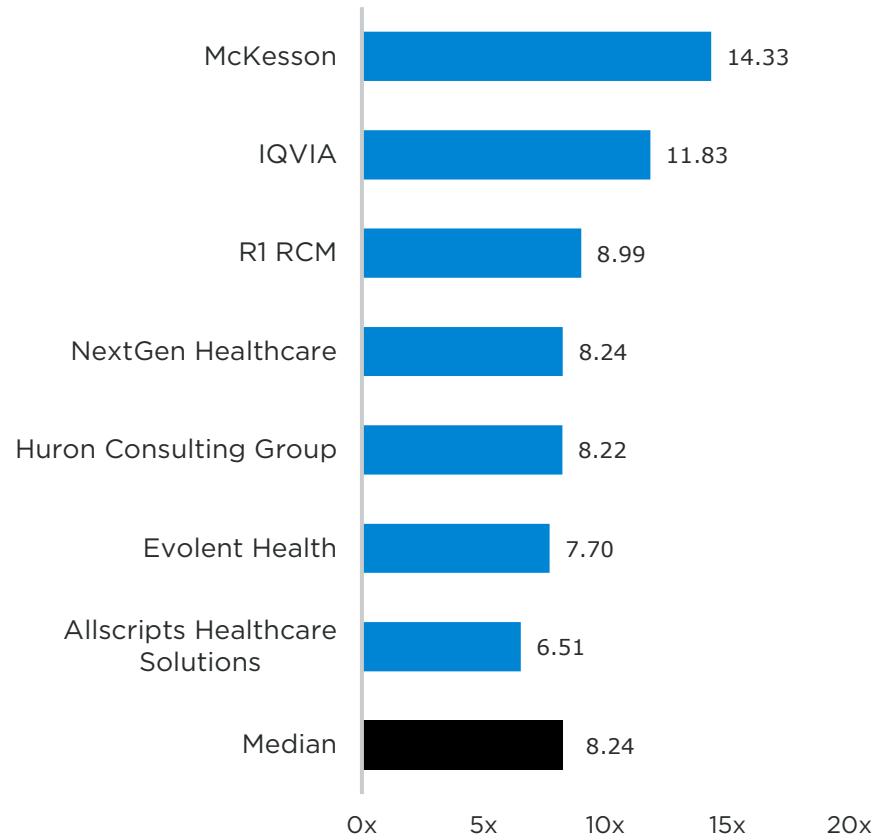


LTM Revenue per Full Time Employee x 000's

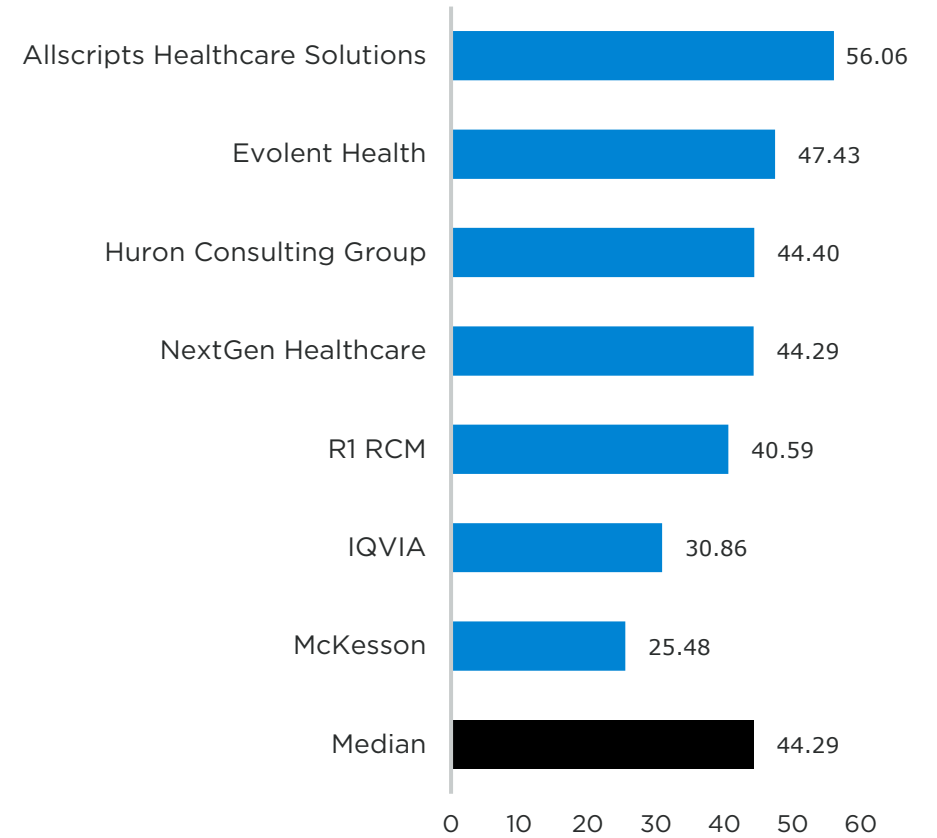


Operational Metrics

Accounts Receivable Turnover

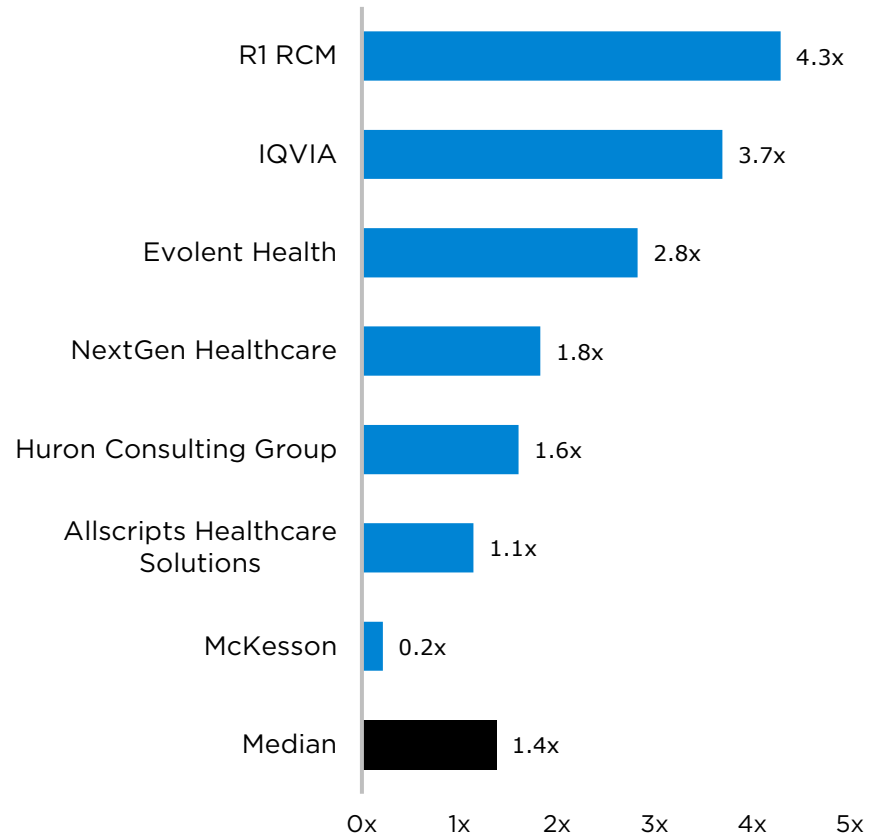


Average Days Sales Outstanding

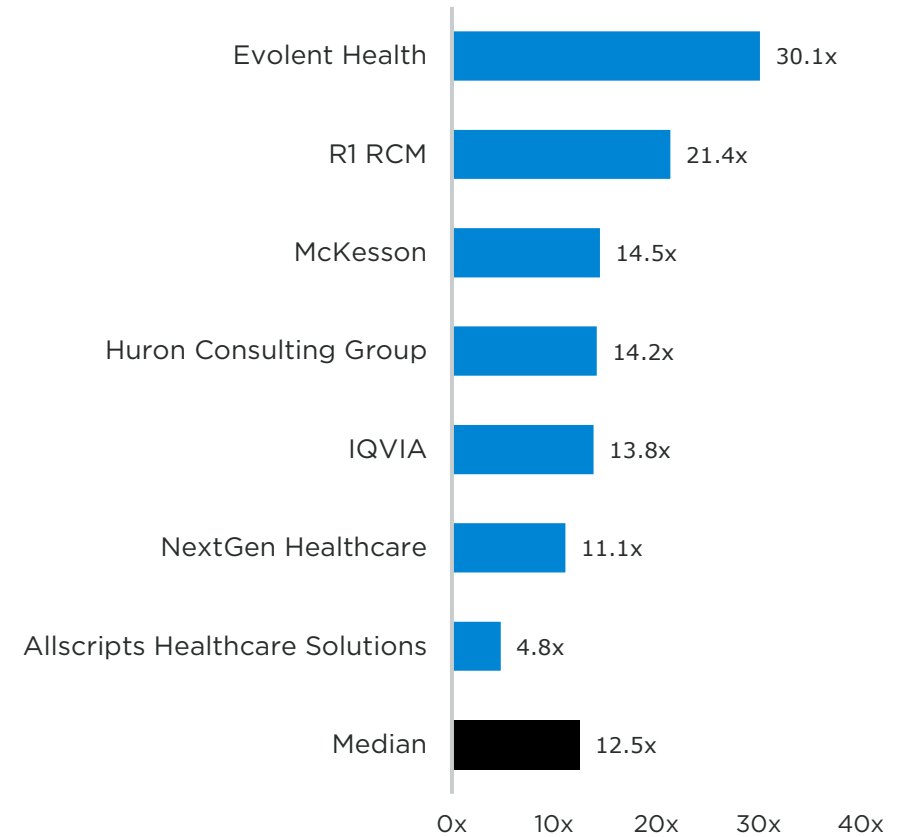


Valuation

TEV / LTM Revenue

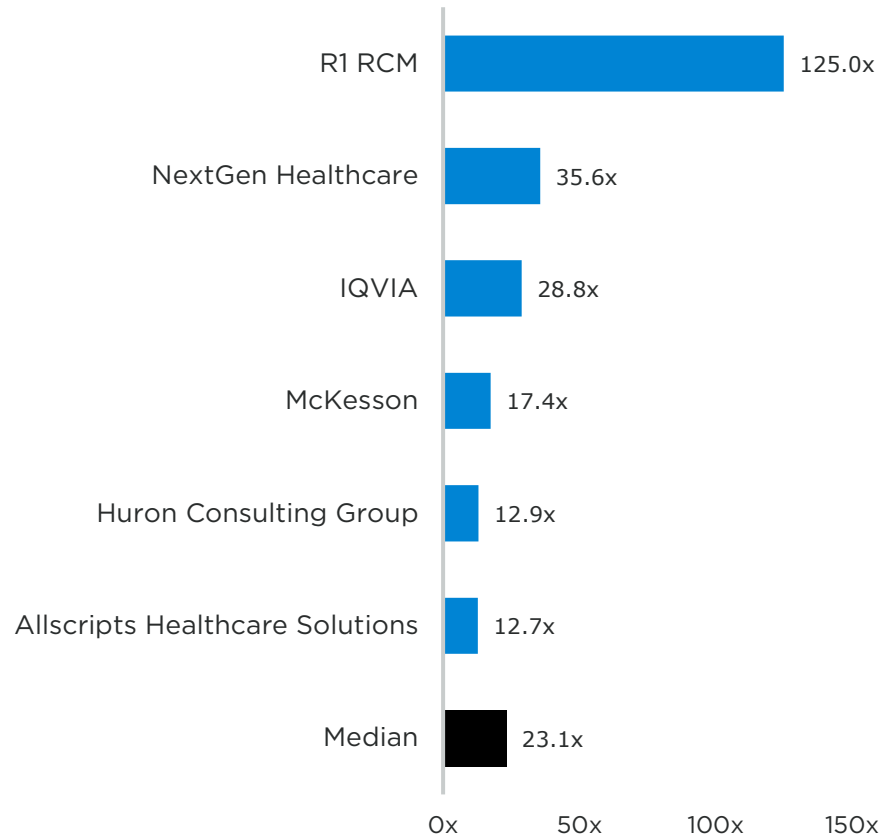


TEV / LTM EBITDA

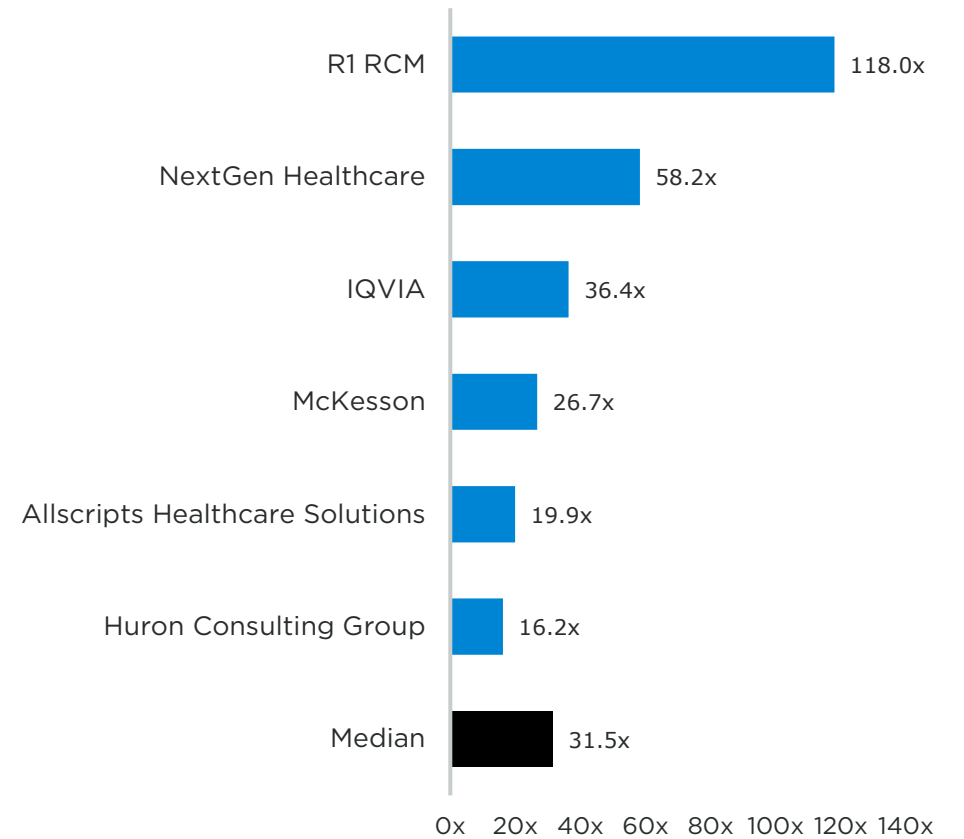


Valuation

TEV / LTM EBIT

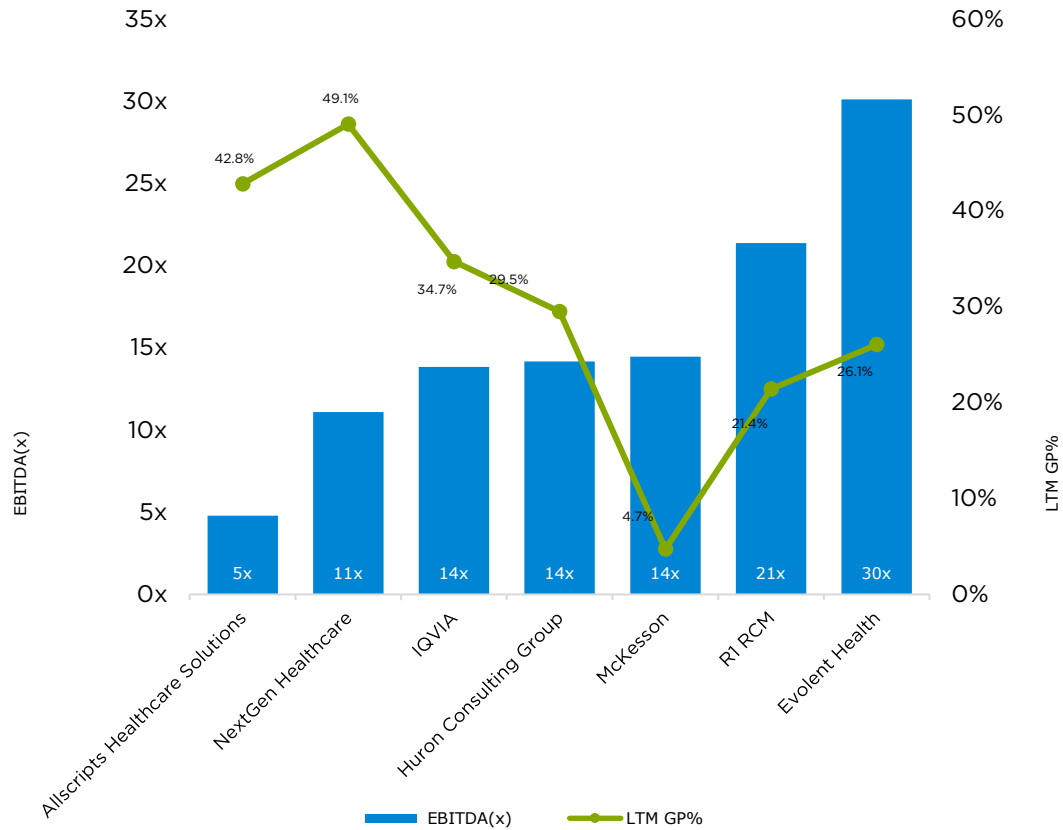


Price / LTM Earnings

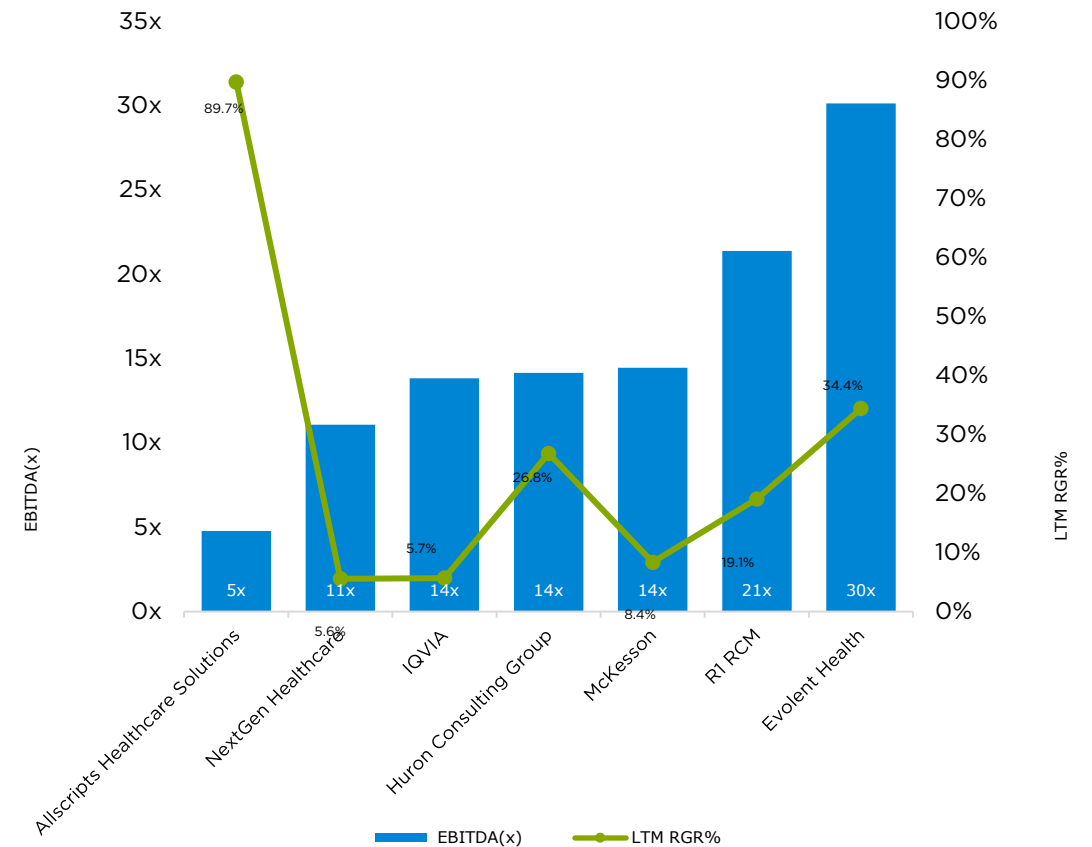


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
19-Jan-23	Activated Insights	Cressey & Company	-	-	-	-
19-Jan-23	Pinnacle Quality Insight	Cressey & Company	-	-	-	-
18-Jan-23	CareDocs	Grafenia	4.24	-	-	-
16-Jan-23	Maincare Solutions	Docaposte	-	-	-	-
13-Jan-23	Ryalto	Graphite Capital Management	-	-	-	-
12-Jan-23	Medusind Solutions	Alpine Investors	-	-	-	-
09-Jan-23	Alcedis	Huma	-	-	-	-
05-Jan-23	Xtract Solutions	Mayson Capital Partners	-	-	-	-
04-Jan-23	Cloud 9 Software	Aquiline Capital Partners	-	-	-	-
03-Jan-23	EEDS	HealthStream	7.00	-	-	-
03-Jan-23	Itzos	Koninklijke KPN	-	-	-	-
01-Jan-23	AbiWare	The NRB Group	-	-	-	-
30-Dec-22	Kaizen for Pharma	Andera Partners	-	-	-	-
29-Dec-22	Medit	MBK Partners	1,881.71	166.40	0.00	11.80
20-Dec-22	Swellbox	Cigna Ventures	-	-	-	-
19-Dec-22	Sleep Cycle	Velvet Cichlid	82.60	21.18	0.00	9.14
18-Dec-22	Asterisque	Main Capital Partners	-	-	-	-
15-Dec-22	Fortified Health Security	Health Velocity Capital	-	-	-	-
12-Dec-22	EDAM Healthcare Services	PTS Investments Holdings	-	-	-	-
12-Dec-22	Get A-Head	Vector Health Labs	12.64	-	-	-
12-Dec-22	Mindleap Health	PanGenomic Health	2.68	-	-	-
06-Dec-22	WellteQ Digital Health	Advanced Health Intelligence	1.13	0.96	0.00	(0.07)
04-Dec-22	Jaco	Audax Group	-	-	-	-
30-Nov-22	TSI Healthcare	NextGen Healthcare	68.00	-	-	-
28-Nov-22	Gooddoc	Wonik Holdings	-	-	-	-
24-Nov-22	Saude C	ISA Lab	-	-	-	-
22-Nov-22	Contract Laboratory	LabX Media Group	-	-	-	-
18-Nov-22	TotalBrain	SonderMind	10.00	-	-	-
17-Nov-22	EUDA Health	8i Acquisition 2	61.48	10.48	-	-

Appendix

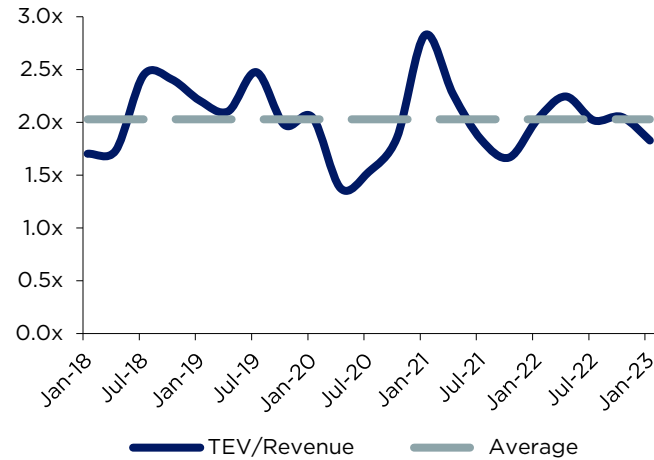
*Public Basket
Contact Information*



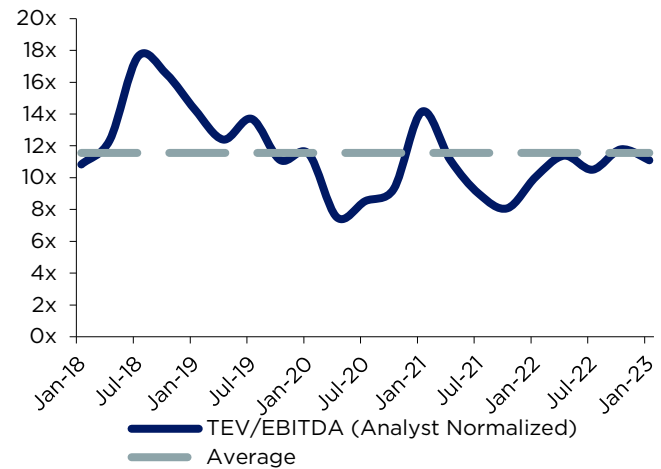
Public Basket

NextGen Healthcare

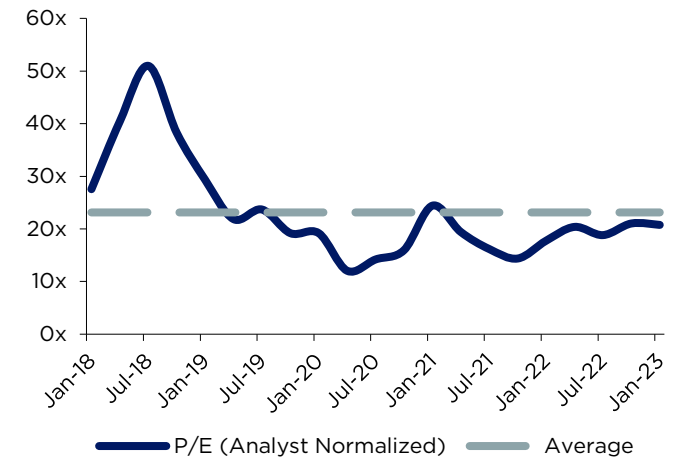
Revenue Multiples - NextGen Healthcare



EBITDA Multiples - NextGen Healthcare



P/E Multiples - NextGen Healthcare



Company Name

Date

Deal Synopsis

TSI Healthcare

30-Nov-22

The company was acquired by NextGen Healthcare (NAS: NXGN) for \$68 million on November 30, 2022. The acquisition enables NextGen Healthcare to expand its presence in key specialties including rheumatology, pulmonology and cardiology. The company will also receive a contingent consideration of up to \$22 million in cash in the form of an earnout, subject to achieving certain financial targets through March 31, 2025.

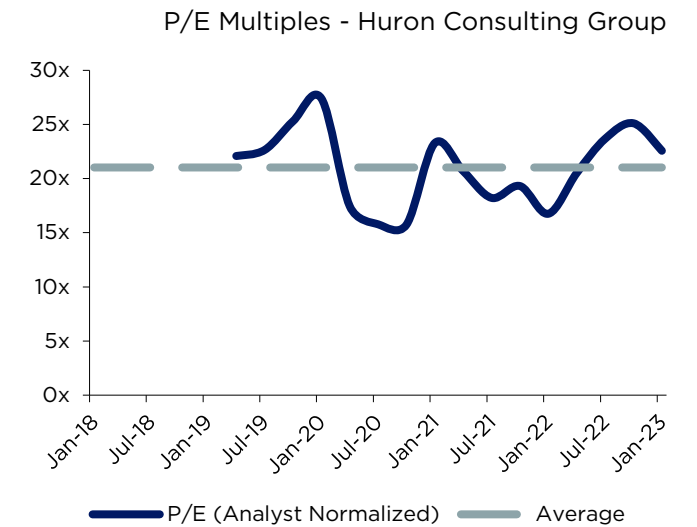
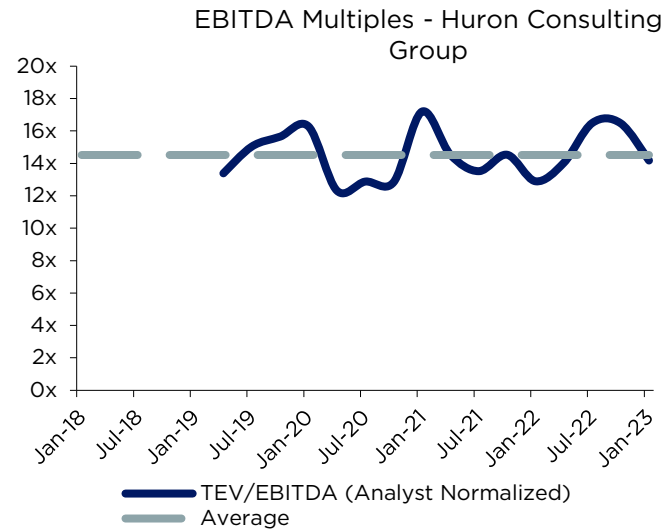
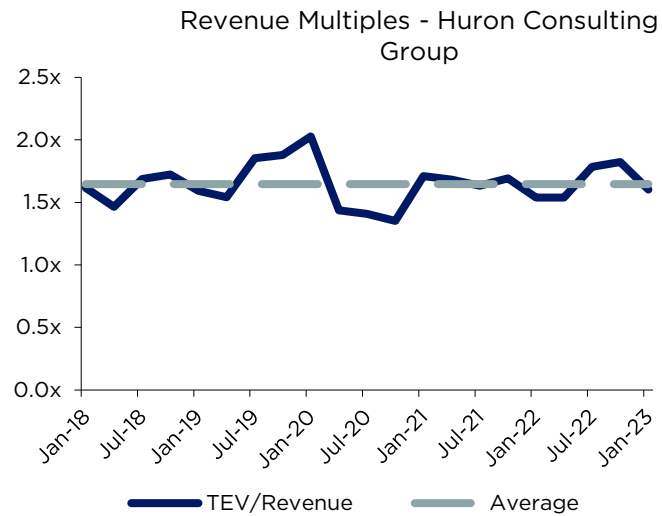
OTTO Health

17-Dec-19

The company was acquired by NextGen Healthcare (NAS: NXGN) for \$21.96 million on December 17, 2019.

Public Basket

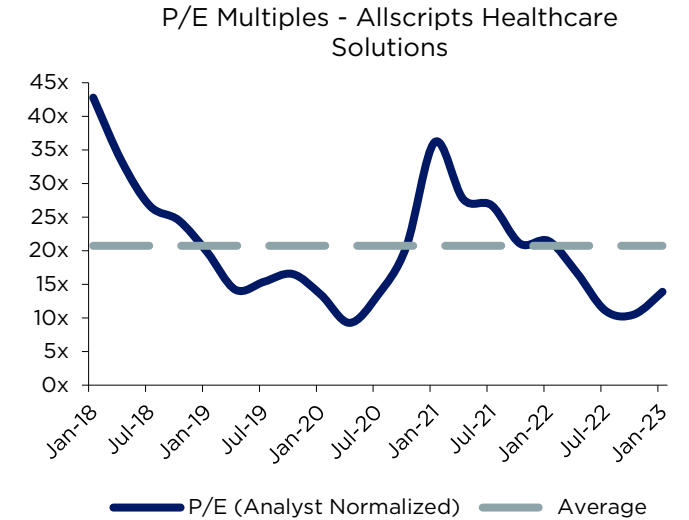
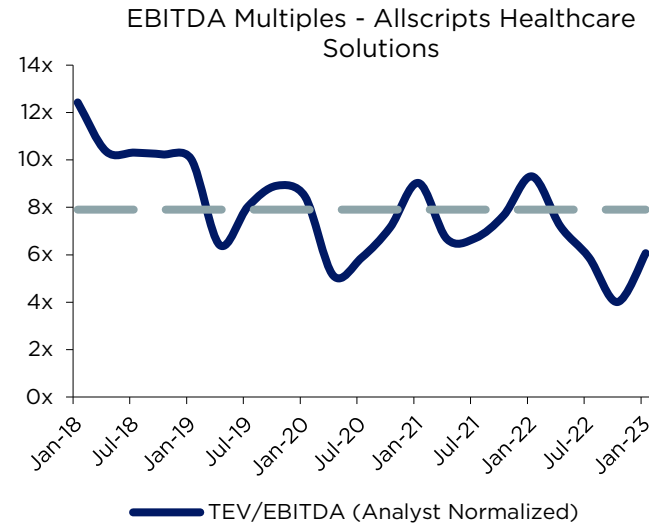
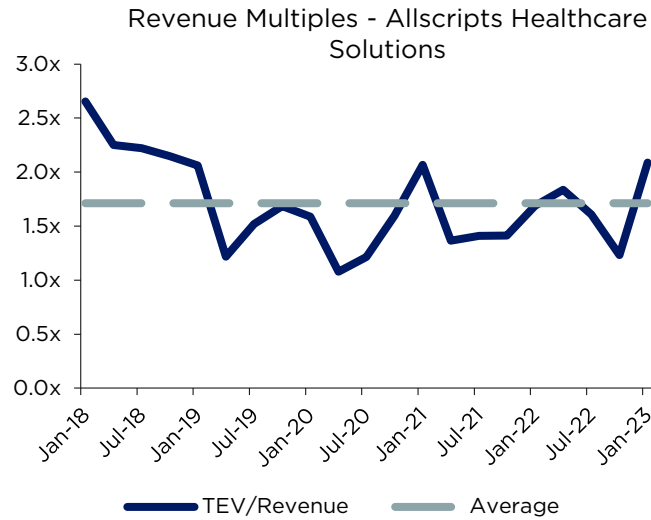
Huron Consulting Group



Company Name	Date	Deal Synopsis
Perception Health	31-Dec-21	The company was acquired by Huron Consulting Group (NAS: HURN) for an undisclosed amount on December 31, 2021. The acquisition allows Huron to offer providers, payors and research institutions data insights across the care continuum to make better decisions and proactively impact patient care and clinical outcomes.
Whiteboard Higher Education	01-Dec-21	The company was acquired by Huron Consulting Group (NAS: HURN) for an undisclosed amount on December 1, 2021. With this acquisition, Huron expands its ability to help institutions engage and attract students while competing in a rapidly changing environment.

Public Basket

Allscripts Healthcare Solutions



Company Name

Date

Deal Synopsis

Babel Health

25-Mar-22

The company was acquired by Allscripts Healthcare Solutions (NAS: MDRX) for \$24.51 million on March 25, 2022.

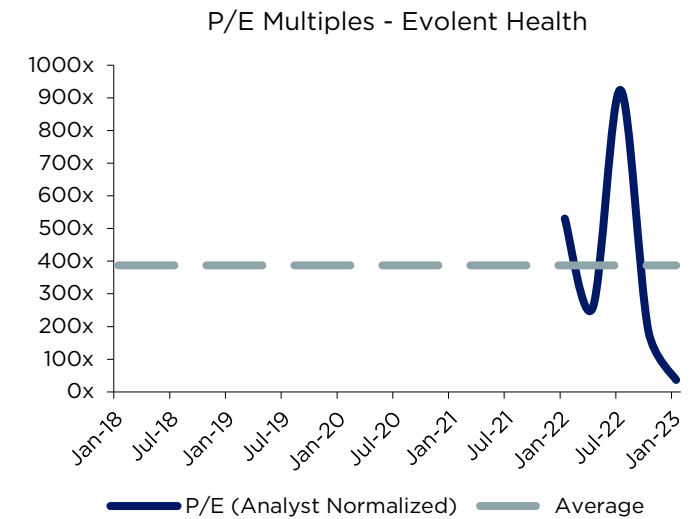
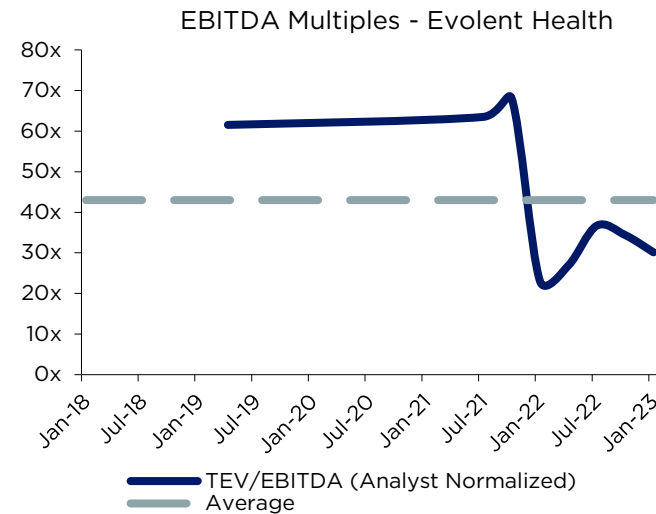
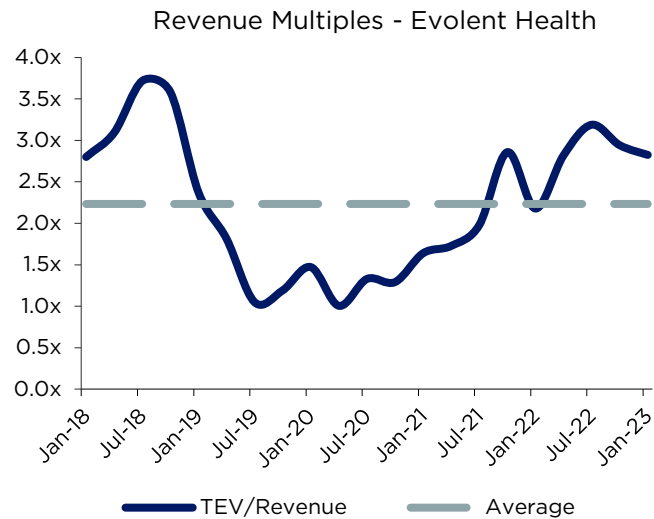
Opargo

16-Jul-21

The company raised an undisclosed amount of venture funding from Allscripts Healthcare Solutions on July 16, 2021.

Public Basket

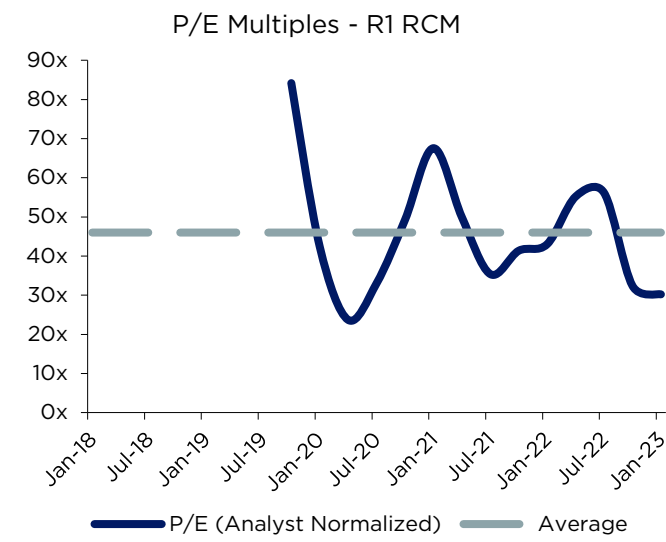
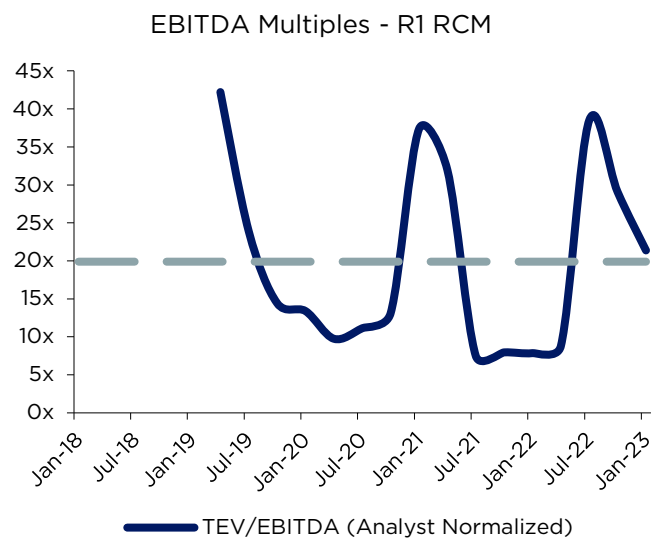
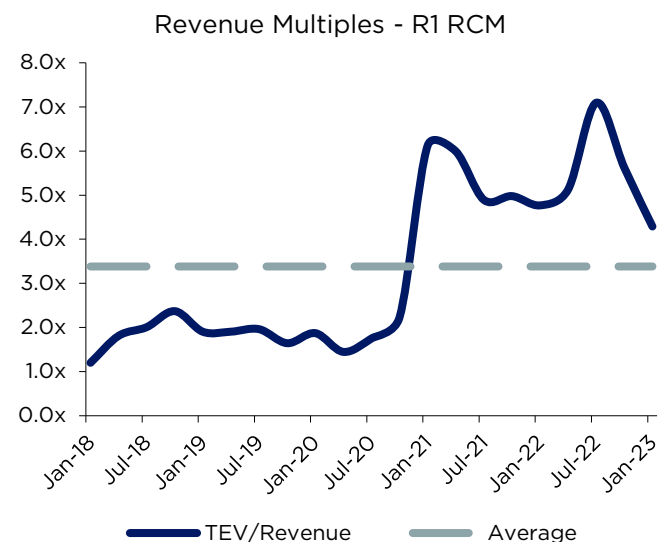
Evolut Health



Company Name	Date	Deal Synopsis
Magellan Health (Magellan Specialty Health)	17-Nov-22	The company reached a definitive agreement to be acquired by Evolut Health (NYS: EVH) for \$650 million on November 17, 2022. The acquisition will help strategic partnership, in which Centene will continue to expand its relationship with Magellan Specialty Health.
IPG (Managed Care)	01-Aug-22	The company was acquired by Evolut Health (NYS: EVH) for \$375 million on August 1, 2022.

Public Basket

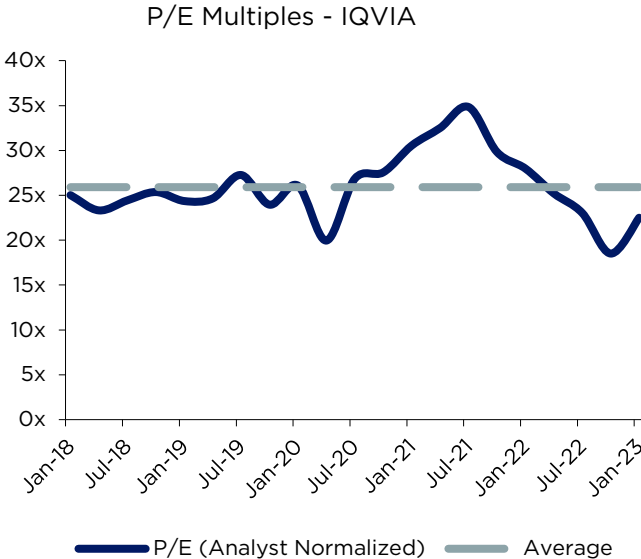
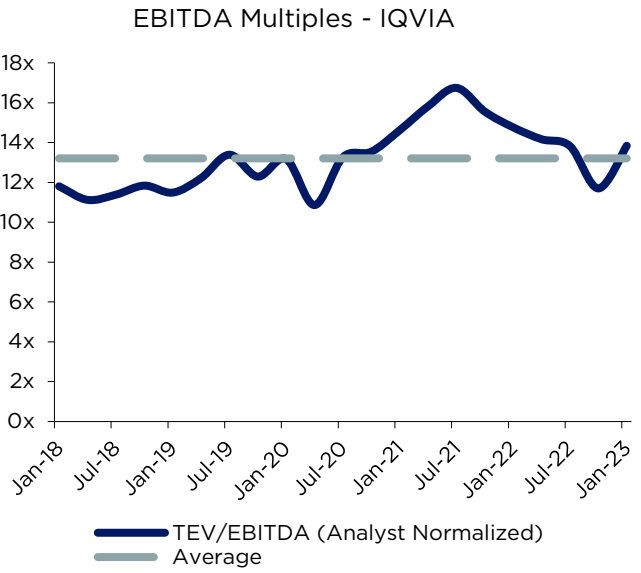
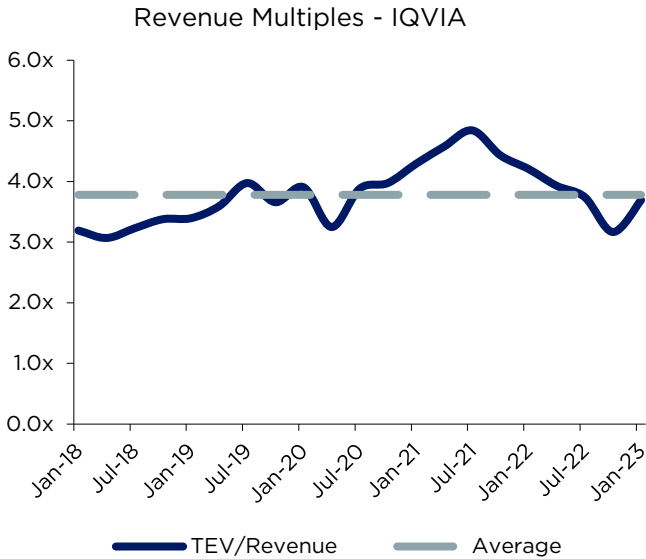
R1 RCM



Company Name	Date	Deal Synopsis
Cloudmed	21-Jun-22	The company was acquired by R1 RCM (NAS: RCM) for \$4.1 billion on June 21, 2022. The acquisition accelerates R1 RCM's strategy to build a scalable, flexible and integrated platform for the revenue cycle and consumer engagement in healthcare.
VisitPay	01-Jul-21	The company was acquired by R1 RCM (NAS: RCM) for \$305.4 million on July 1, 2021. The acquisition will help the acquirer to combine best-in-class consumer payments platform with R1's leading patient access technology to enable providers to deliver a seamless financial journey for their patients. The consideration consists of a combination of cash on hand and the incurrence of additional indebtedness.

Public Basket

IQVIA

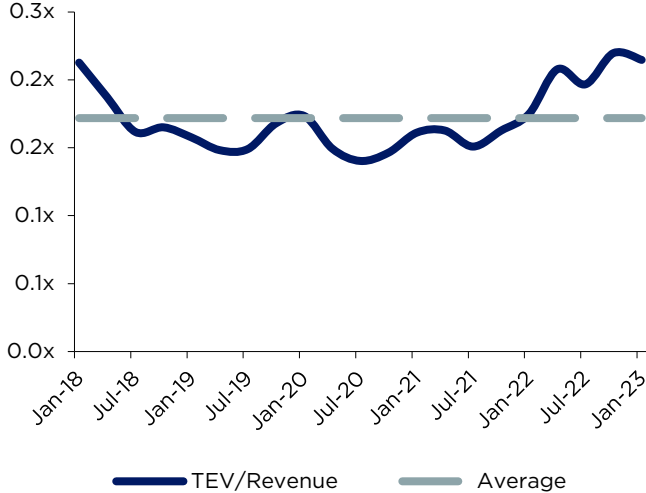


Company Name	Date	Deal Synopsis
Specifica	04-Oct-22	The company was acquired by IQVIA (NYS: IQV) for an undisclosed amount on October 4, 2022.
Lasso Marketing	01-Sep-22	The company was acquired by IQVIA (NYS: IQV) for an undisclosed amount in September 2022.

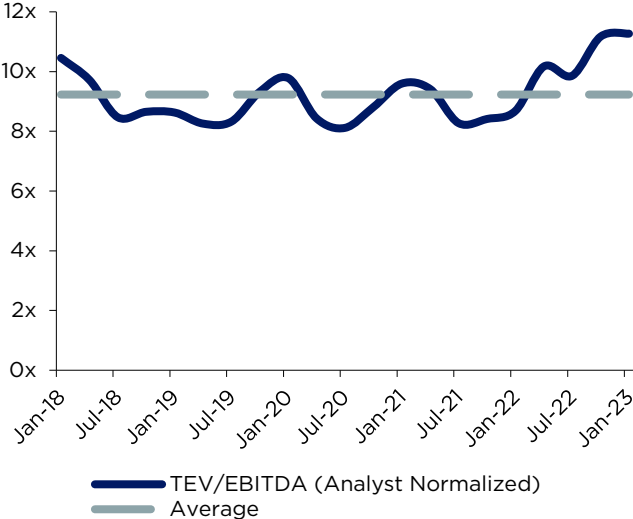
Public Basket

McKesson

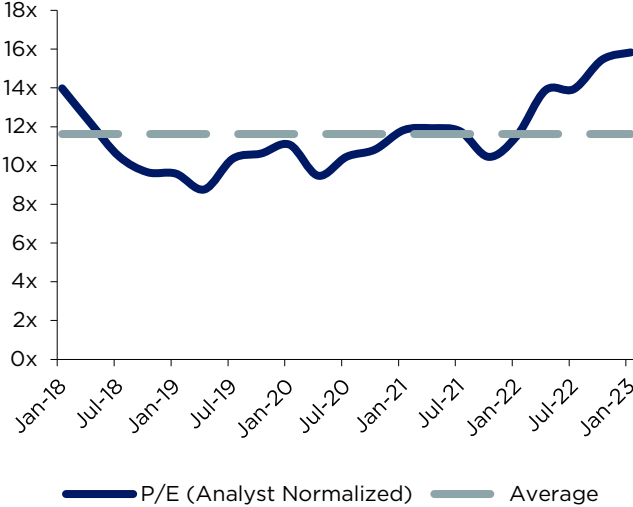
Revenue Multiples - McKesson



EBITDA Multiples - McKesson



P/E Multiples - McKesson



Company Name

Date

Deal Synopsis

Rx Savings Solutions

01-Nov-22

The company was acquired by McKesson (NYS: MCK) for an estimated \$875 million on November 1, 2022. The company will receive a contingent payout of up to \$275 million upon its financial performance through the calendar year 2025. The acquisition enables the company to provide a broad set of services and strengthen its leadership in prescription price transparency.

Contact Info

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