



Evolve
Capital Partners

QUARTERLY DEALS ROUNDUP

Healthcare Tech

May 2018



Analytics-Driven Solutions



Core Solutions



Medical Bill Servicing



RCM



Specialty Health Solutions



Highlights

This quarter's Healthcare Tech Roundup discusses the following key developments:



Healthcare providers are using cloud-based solutions in areas other than data and analytics



Healthcare providers are partnering with third parties to access alternative data on patients



Technology vendors are benefiting from growing M&A between healthcare providers



Diversified solutions and improved customer service are key reasons for the boost in deal volumes



Overview of Evolve Capital Partners

ABOUT ECP

- Evolve Capital Partners (ECP) is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology.
- We are dedicated investment bankers focused on evolving industries, and we support sustainable growth through transformational M&A / financing transactions.
- ECP is a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements.
- We also provide structured financial advisory services — our investment banking practice provides a comprehensive suite of solutions to businesses.
- With over 30 engagements executed by its leaders, Evolve Capital Partners has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- We were founded in 2012 and are based in New York, NY.

HIGH-TOUCH INVESTMENT BANKING

Few investment banks have transaction experience across both corporate and asset finance.



Our Clients

- Corporations
- Management Teams
- VC & PE Backed Companies
- Independent Directors / Boards



Investment Banking Advisory

- M&A
- Strategic Alliances
- Capital Raises and Asset Finance
- Financial Restructuring



Industry Focus

Finance and Technology Firms

BPO

IoT

B2B

Specialty Finance

Enterprise Software

Analytics

Payments

Lending

InsuranceTech

Securities

Financial Services

Financial Management

We Focus Exclusively on Finance and Technology-Related Firms

Financial Management Solutions



Payments



Bank Technology Solutions



BPO



Capabilities

M&A Advisory

Sales / Recaps

Acquisitions

Divestiture

Strategic Advisory

Specialty Finance / Alternative Lending



Healthcare Tech



Securities



Financing

Private Placements

Debt Capital

Restructuring

Insurance



Data & Analytics / IoT





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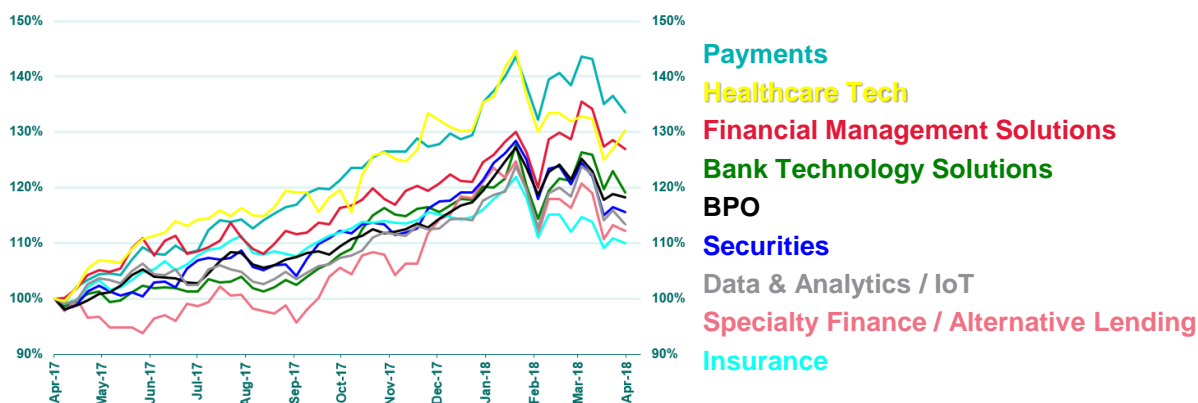
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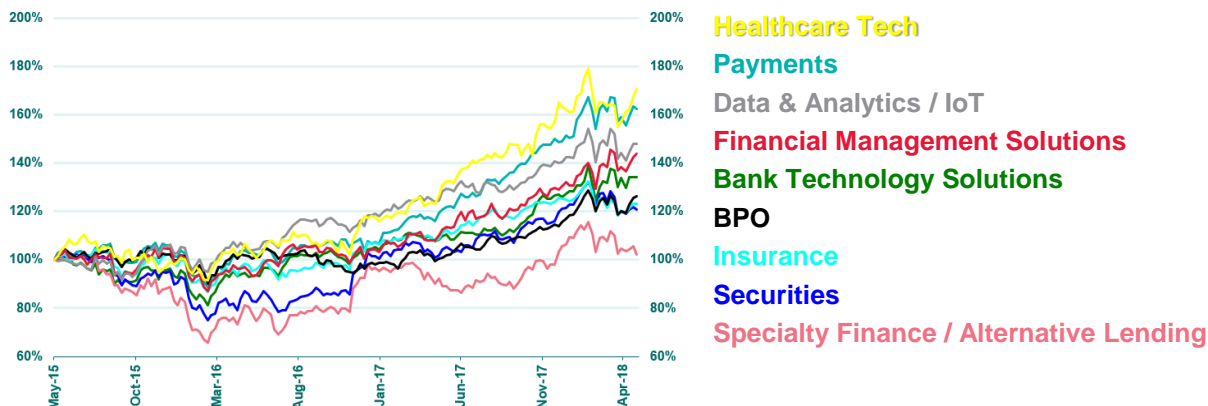
Market Summary

Industry Stock Market Performance of ECP Sector Coverage

Last 12 Months



Last 3 Years



Indexed Price Performance

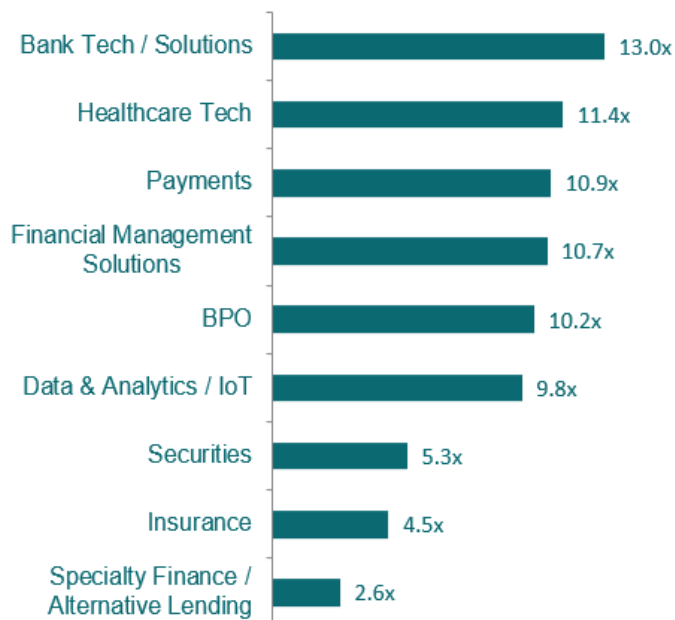
Sector	3 Months	1 Year	3 Years
Payments	7.5%	34.6%	62.5%
Bank Tech / Solutions	4.6%	22.1%	34.1%
Specialty Finance / Alternative Lending	(6.4%)	14.8%	2.2%
Securities	(1.5%)	16.1%	20.8%
Healthcare Tech	(1.2%)	10.9%	70.6%
BPO	6.3%	25.3%	26.3%
Financial Management Solutions	10.1%	27.8%	43.9%
Data & Analytics / IoT	4.2%	15.5%	48.1%
Insurance	5.8%	30.5%	23.2%

Source: Capital IQ and market data as of April 27, 2018

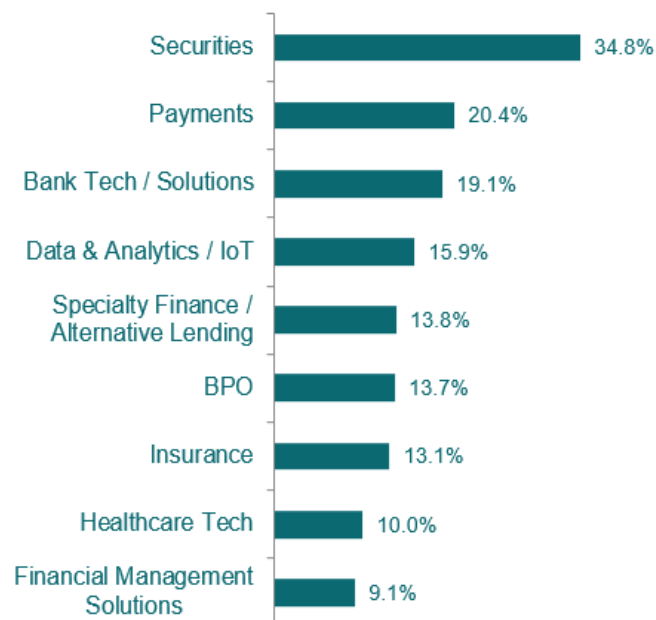
Multiples & Margins – All Sectors

Industry-wide Multiples and Margins

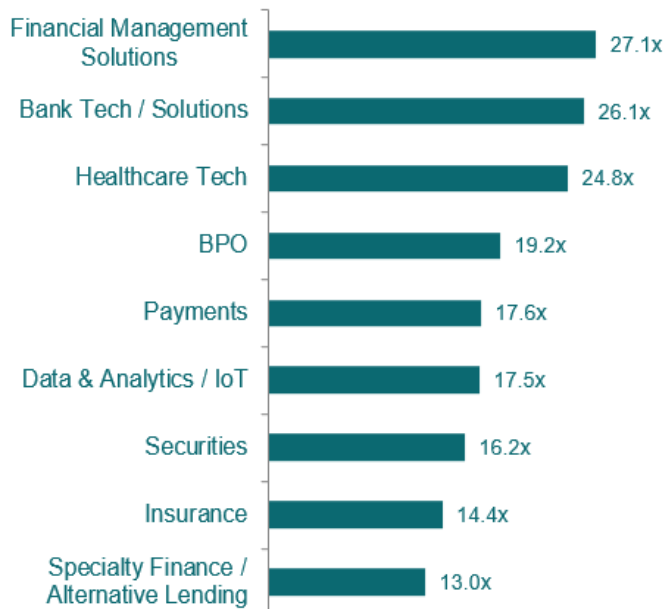
2018E EBITDA Multiples



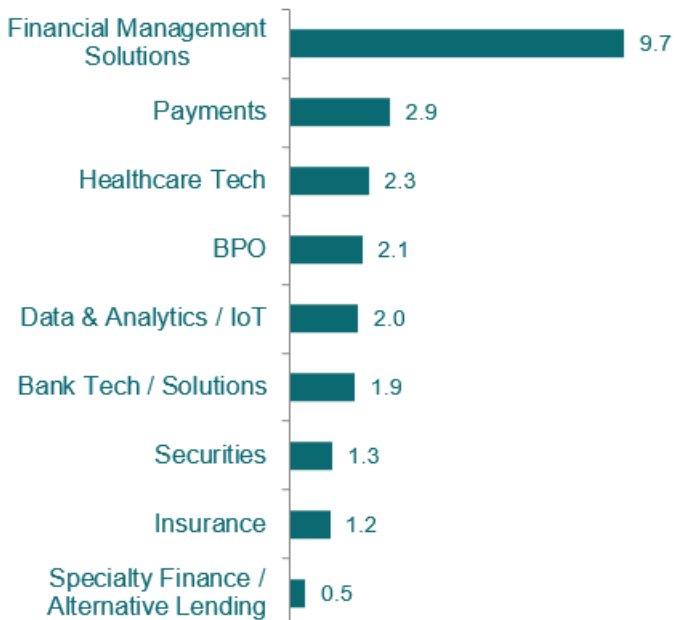
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio

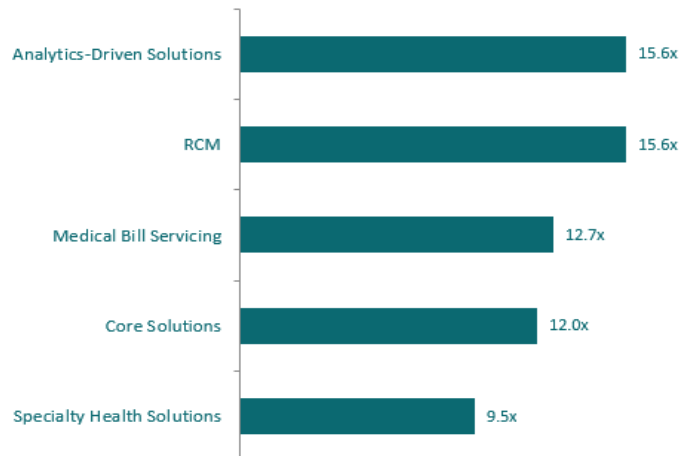


Source: Capital IQ and market data as of April 27, 2018

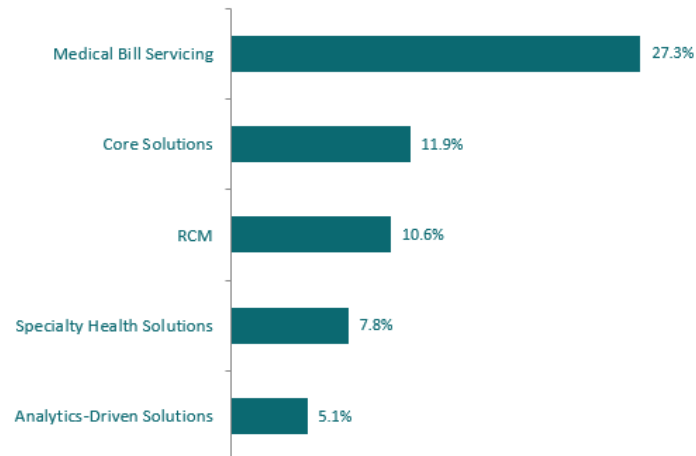
Multiples & Margins – Healthcare Tech Solutions

Sub-sector Multiples and Margins

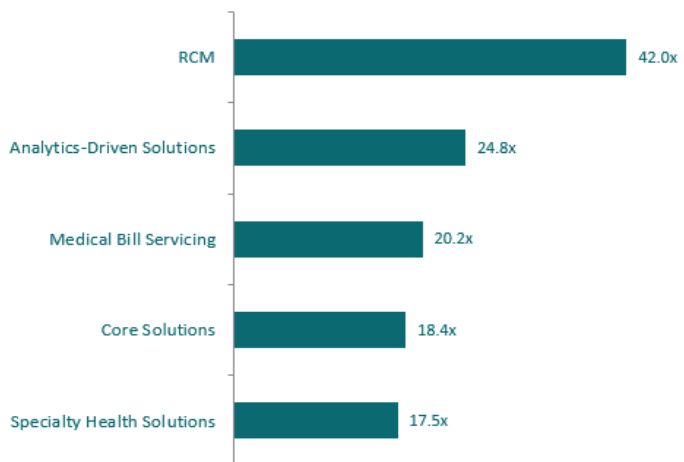
2018E EBITDA Multiples



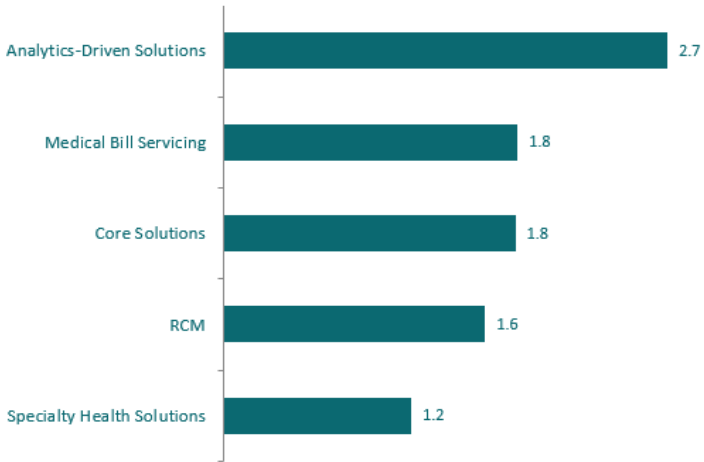
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio



Source: Capital IQ and market data as of April 27, 2018

Stock Comparables – Healthcare Tech Solutions

(All figures in US Dollars. Figures in millions, except per share data, as of April 27, 2018)

Healthcare Tech Sub-Sector	Aggregate		EV / Sales		Multiples		Price / Earnings	
	Market Cap	Enterprise Value	FY 18E	FY19E	EV / EBITDA		Price / Earnings	
					FY 18E	FY19E	FY 18E	FY19E
Analytics-Driven Solutions	\$4,793	\$4,648	2.8x	2.5x	15.6x	15.7x	45.5x	30.3x
Core Solutions	\$28,537	\$30,492	2.5x	2.4x	12.0x	11.2x	18.4x	24.0x
Medical Bill Servicing	\$4,770	\$5,531	4.0x	3.7x	12.7x	11.6x	20.2x	18.0x
RCM	\$6,963	\$7,017	4.0x	3.5x	15.6x	10.4x	42.0x	35.4x
Specialty Health Solutions	\$437,633	\$476,709	0.9x	0.9x	9.5x	8.9x	17.5x	15.2x
Median			2.8x	2.5x	12.7x	11.2x	20.2x	24.0x
Mean			2.8x	2.6x	13.1x	11.6x	28.7x	24.6x

Healthcare Tech Sub-Sector	Number of Companies	Growth Rates			EBITDA Margin		PEG* FY 18E
		Revenue		EPS	FY 18E	FY 19E	
		FY 18E	FY 19E	5 Yr			
Analytics-Driven Solutions	5	24.0%	12.9%	16.85	5.1%	17.8%	2.74
Core Solutions	8	14.8%	6.5%	14.79	11.9%	20.7%	1.80
Medical Bill Servicing	2	11.0%	8.8%	11.53	27.3%	31.8%	1.82
RCM	4	31.1%	13.8%	8.59	10.6%	20.6%	1.62
Specialty Health Solutions	12	11.9%	7.2%	17.67	7.8%	9.5%	1.16
Median		14.8%	8.8%	14.79	10.6%	20.6%	1.80
Mean		18.6%	9.8%	13.89	12.5%	20.1%	1.83

* Price/Earnings to Growth ratio is a valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share (EPS), and the company's expected growth. In general, the P/E ratio is higher for a company with a higher growth rate.

Stock Comparables – Healthcare Tech Sub-Sectors

(All figures in US Dollars. Figures in millions, except per share data, as of April 27, 2018)

Analytics-Driven Solutions											
Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
Inovalon Holdings, Inc.	\$1,478	\$1,250	\$449	16.9%	2.2x	1.9x	7.4x	6.3x	27.6x	22.1x	3.5
Omnicell, Inc.	\$1,719	\$1,884	\$716	8.4%	2.3x	2.1x	14.6x	12.3x	22.0x	17.9x	1.5
Vocera Communications, Inc.	\$748	\$666	\$163	(2.8%)	3.7x	3.2x	NM	24.5x	NM	34.3x	3.6
Tabula Rasa HealthCare, Inc.	\$820	\$811	\$135	5.8%	4.1x	3.4x	NM	20.0x	NM	NM	2.4
Streamline Health Solutions, Inc.	\$28	\$37	\$25	(2.8%)	1.7x	1.6x	24.8x	15.3x	NM	NM	NA
Median				5.8%	2.3x	2.1x	14.6x	15.3x	24.8x	22.1x	3.0
Mean				5.1%	2.8x	2.5x	15.6x	15.7x	24.8x	24.8x	2.7

Core Solutions											
Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
Cerner Corporation	\$19,715	\$19,436	\$5,041	27.1%	3.4x	3.2x	10.9x	9.9x	22.0x	19.6x	1.9
CompuGroup Medical Societas Europaea	\$2,582	\$2,991	\$720	18.7%	3.4x	3.5x	13.4x	13.2x	19.2x	18.8x	0.6
Allscripts Healthcare Solutions, Inc.	\$2,160	\$4,053	\$1,806	8.4%	1.9x	1.8x	9.3x	8.6x	15.8x	13.7x	0.9
Evolent Health, Inc.	\$1,291	\$1,209	\$435	(6.8%)	2.0x	1.7x	NM	NM	NM	NM	NM
Quality Systems, Inc.	\$862	\$878	\$528	9.7%	1.7x	1.6x	11.4x	10.4x	20.4x	18.1x	3.7
HealthStream, Inc.	\$775	\$643	\$248	10.5%	2.9x	2.7x	16.7x	15.2x	NM	NM	NM
EMIS Group plc	\$740	\$728	\$217	15.8%	3.1x	3.0x	10.7x	9.9x	18.4x	16.8x	NA
Computer Programs and Systems, Inc.	\$412	\$554	\$277	11.9%	1.9x	1.9x	11.5x	11.4x	14.4x	13.5x	2.0
Median				11.2%	2.4x	2.3x	11.4x	10.4x	18.8x	17.4x	1.9
Mean				11.9%	2.5x	2.4x	12.0x	11.2x	18.4x	16.7x	1.8

Medical Bill Servicing											
Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
Cotiviti Holdings, Inc.	\$3,258	\$3,862	\$679	35.9%	5.1x	4.6x	12.7x	11.4x	18.4x	16.4x	1.4
HMS Holdings Corp.	\$1,512	\$1,669	\$521	18.6%	2.9x	2.7x	12.6x	11.7x	21.9x	19.6x	2.2
Median				27.3%	4.0x	3.7x	12.7x	11.6x	20.2x	18.0x	1.8
Mean				27.3%	4.0x	3.7x	12.7x	11.6x	20.2x	18.0x	1.8

RCM											
Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
athenahealth, Inc.	\$5,150	\$5,277	\$1,220	16.8%	4.3x	3.9x	16.6x	14.3x	38.2x	32.3x	1.6
Craneware plc	\$675	\$621	\$62	30.2%	9.3x	8.1x	NM	NM	47.8x	40.2x	NA
R1 RCM Inc.	\$794	\$818	\$450	(1.4%)	0.9x	0.8x	15.4x	5.7x	NM	42.2x	NM
ServiceSource International, Inc.	\$345	\$300	\$239	(3.0%)	1.2x	1.2x	14.9x	11.2x	40.0x	27.0x	NA
Median				7.7%	2.8x	2.5x	15.4x	11.2x	40.0x	36.3x	1.6
Mean				10.6%	4.0x	3.5x	15.6x	10.4x	42.0x	35.4x	1.6

Specialty Health Solutions											
Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	
UnitedHealth Group Incorporated	\$230,831	\$250,063	\$207,624	8.5%	1.1x	1.0x	12.3x	11.2x	18.5x	16.4x	1.4
Aetna Inc.	\$58,845	\$64,185	\$60,535	9.4%	1.0x	1.0x	10.0x	9.7x	16.1x	14.6x	1.6
Anthem, Inc.	\$61,031	\$76,898	\$90,049	6.4%	0.8x	0.8x	10.9x	10.4x	14.9x	13.5x	1.1
Humana Inc.	\$40,997	\$42,016	\$53,767	6.8%	0.7x	0.7x	12.4x	11.8x	21.2x	17.7x	1.5
Centene Corporation	\$19,669	\$19,382	\$47,277	4.5%	0.3x	0.3x	7.8x	7.3x	15.3x	13.2x	0.9
WellCare Health Plans, Inc.	\$9,359	\$6,343	\$17,007	3.7%	0.3x	0.3x	7.4x	7.2x	20.4x	17.6x	1.3
Nuance Communications, Inc.	\$4,341	\$6,130	\$1,953	16.9%	2.9x	2.8x	10.0x	9.5x	12.6x	11.9x	1.0
MAXIMUS, Inc.	\$4,479	\$4,301	\$2,467	15.2%	1.8x	1.7x	11.5x	10.5x	20.0x	18.3x	1.6
Molina Healthcare, Inc.	\$5,091	\$4,074	\$19,445	1.1%	0.2x	0.2x	6.7x	6.7x	23.0x	18.9x	0.4
Magellan Health, Inc.	\$1,970	\$2,480	\$5,839	3.6%	0.4x	0.4x	9.1x	8.7x	20.8x	17.3x	0.9
Triple-S Management Corporation	\$669	\$503	\$2,916	3.4%	0.2x	0.2x	NA	NA	15.6x	13.1x	1.5
Health Insurance Innovations, Inc.	\$350	\$334	\$250	14.2%	1.2x	1.0x	6.1x	5.2x	11.4x	10.1x	0.5
Median				6.6%	0.8x	0.7x	10.0x	9.5x	17.3x	15.5x	1.2
Mean				7.8%	0.9x	0.9x	9.5x	8.9x	17.5x	15.2x	1.2

Source: Capital IQ



Recent Updates



Healthcare providers are using cloud-based solutions in areas other than data and analytics

Healthcare providers are often adopting either cloud-based, web-based or vendor-hosted technology solutions. Cloud adoption has rapidly grown in healthcare, and the growth is expected to continue in the future. The reason for such high cloud adoption is the range of services where the cloud is being utilized.

Cloud has been extensively used in data and analytics. According to a 2016 survey by HIMSS Analytics, 48% of the respondents used the cloud for analytics and data applications. However cloud-based use cases are not limited to data and analytics and are extending to other sectors.

In the same survey, HIMSS identified around 17 sectors where usage of cloud-based solutions is expected to increase. These sectors include financial applications, HR applications, backup and data recovery, and clinical applications.

For example, healthcare providers have started working with cloud service providers that emphasize safeguarding protected health information (PHI) and other sensitive data. This concern for health data security and privacy is expected to include knowledge of where PHI is stored, how it is handled, and who can access it.



Healthcare providers are partnering with third parties to access alternative data on patients

Healthcare data is widely available but fragmented. Retrieving data from multiple locations and records is difficult. When patients change health plans or doctors, this data is not easily transferred to healthcare providers, causing an information asymmetry.

To augment existing data sources and bridge this information gap, healthcare providers partner with third-party platforms such as health insurers, pharmacies, and social media to get alternative data about patients. Alternative data helps healthcare providers understand their patients and deliver more personalized services. These alternative data points include information on socio-economic status, voting

history, education level, medication adherence rates, and demographics. For example, healthcare businesses that focus on determining the acuity (i.e., the intensity of nursing care) required by a patient, focus on factors such as primary access to food, care services, and housing to determine a person's health.

The third-party platforms also help healthcare providers remove any discrepancies in their existing medical records. For instance, Facebook's medical data sharing project would allow it to access anonymized patient data and verify this data by matching it with a patient's social media profiles.



Technology vendors are benefitting from growing M&A between healthcare providers

Healthcare technology vendors that develop Electronic Medical Record (EMR) solutions, Revenue Cycle Management (RCM) solutions and other enterprise-level solutions continue to benefit from growing M&A between health systems. M&A transactions, particularly by large health systems, are beneficial as they enable technology vendors to increase their network and consumer base.

For example, Cerner, an Electronic Health Record (EHR) solution provider, has increased its network through several M&A transactions made by its large clients. These M&A transactions have added health systems such as Ascension and

Tenet to Cerner's client base. Large health systems are also increasingly expanding in niche segments, such as ambulatory space and home care, through M&A transactions. This expansion enables technology vendors to develop specialized enterprise-level solutions for the newly acquired clients.

From the acquiring health system's point of view, these M&A transactions allow them to experience a change in volume of data and demographics. Technology vendors help these health systems manage complex data and achieve operational efficiencies.



Key Initiatives by Healthcare Tech Companies

Zen partners with 4medica to access medical data with greater accuracy and scale

4medica partnered with Zen Healthcare IT (Zen) on March 1, 2018, to help healthcare organizations get the full picture of their patients' health. Zen is expected to integrate 4medica's big data master patient index solution with its Health Information Exchange (HIE) interoperability platform to ensure that the right data is matched to the right patient. Healthcare data is abundantly available; however it is difficult to access as it is trapped in different locations, systems, and records. The partnership between 4medica and Zen allows seamless integration of healthcare data from various sources. Zen chose to partner with 4medica because the company is adept at identifying and eliminating duplicate patient records and helps achieve greater accuracy, scale, and speed when matching records.

Lyft partners with Allscripts to allow healthcare providers to book rides for patients

Lyft continues to expand its partnerships with healthcare providers and announced a recent collaboration with Allscripts on March 6, 2018. The partnership allows healthcare providers to book a ride for patients using a desktop application. Through this application, healthcare providers can hail multiple Lyft vehicles while sending text messages to patients with the details of their rides. The healthcare providers will bear the entire cost. This partnership follows a trend whereby providers shift to a value-based care model and adopt different methods to enhance the patient experience. Riding apps like Uber and Lyft have also extensively partnered with third parties such as regulators, insurers, transportation brokers, and technology partners to better serve patients. These third parties, along with the providers, help in determining a patient's care eligibility.

Infor introduces new healthcare analytics solution



On February 8, 2018, Infor, a cloud applications provider, introduced Infor CloudSuite HCM Analytics, a new healthcare analytics solution designed to optimize workforce and operational effectiveness. The solution will provide healthcare providers with trusted insights and decision-making by connecting people and their data through a network of analytics services. For example, the solution delivers embedded predictive models that help in forecasting consumer demand, optimize labor spend, and conduct fraud analysis for healthcare providers. The data points used by the solution include patient referral, demographics, and employee satisfaction. The Infor healthcare analytics solution enables healthcare organizations to view activities that are critical to their operations in real-time. Infor CloudSuite HCM Analytics is part of Infor CloudSuite Healthcare, a complete software platform that includes solutions for finance, supply chain, human capital, and clinical interoperability.

Elavon provides payment processing solutions to RevSpring's healthcare clients

Elavon will provide Fusebox, its secure payment processing gateway for payment transactions, and Simplify, its pre-certified Europay, Mastercard, and Visa (EMV-enabled) solution to RevSpring's healthcare clients. The partnership was announced on February 27, 2018. RevSpring helps providers and healthcare organizations increase revenue through a platform of offerings, which includes physical and electronic invoices, consumer payment portals, data cleansing solutions, and analytics tools that validate consumer identities and optimize patient engagement. This partnership is expected to help RevSpring reduce card risks with EMV-enabled and encrypted solutions. It will also provide multiple self-service payment options to patients. RevSpring chose Elavon due to its robust security offerings, embedded payments reconciliation functionality, and active approach to partnerships.

Deal Activity

Highlighted M&A Transactions

Date	Target	Acquirer	Sector	Implied EV (\$mm)
4/4/18	 DATSTAT	 SCI SOLUTIONS	Core Solutions	NA
3/12/18	 BOLDER Healthcare Solutions	 Cognizant	RCM	NA
3/7/18	 ABILITY Innovation Company	 inovalon Healthcare Company	Core Solutions	\$1,200
2/26/18	 intermedix	 R1	RCM	\$460

Highlighted Financing Transactions

Date	Company	Key Investor	Type	Amount (\$mm)
4/18/18	 on demand	 Goldman Sachs	Series C	\$74
4/3/18	 Welltok	 futurefund Healthcare Fund 	Series E2	\$75

- Transaction volumes have been strong for healthcare technology companies in the first quarter of 2018.
- M&A deals have been carried out with the intent to leverage AI and data analytical capabilities that can provide better insights about patients.
- Healthcare technology companies used the funding deals to enhance their technology and move into new regions.
- With a shift to a value-based model, technology companies carry out M&A and funding deals to provide comprehensive solutions that include RCM combined with patient engagement services.

Diversified solutions and improved customer service are key reasons for the boost in deal volumes

Overall transaction volumes have been strong for healthcare technology companies in recent months, despite limited growth in specific areas such as digitization.

An increasing area for financing and M&A activity is customer experience enhancement. With a shift to a value-based care model, healthcare providers have multiple ways to enhance the customer experience. The providers are explicitly targeting companies with AI and data analytics capabilities to provide better customer insights.

Another reason for the growth in M&A and financing activity is diversification of solutions. Healthcare technology companies are diversifying their niche offerings, such as RCM, EHR documentation, and appointment scheduling, to offer more specialized and comprehensive solutions.

For example, SCI Solutions, an RCM company, acquired DatStat on April 4, 2018. The transaction allowed SCI to leverage DatStat's self-service tools so patients can manage their health and prepare for visits beforehand.

Healthcare technology companies are either acquiring different specialized solutions or raising funds to develop these solutions in-house. For example, healthcare analytics firm ArborMetrix raised \$1.5 million on April 2, 2018, to create real-time and risk-adjusted clinical performance analytics tools.

Diversification and better customer service are fundamental reasons to expect an increase in deal volumes in the coming quarters.

2018 has already seen some big-ticket M&A and financing deals in the Healthcare Tech space. Many more significant deals could be in the works.

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
4/4/18	 PMI Medical billing is our business	AdvantEdge	RCM	NA
4/4/18 Transaction Profiled	 DATSTAT	 SCI SOLUTIONS	Core Solutions	NA
4/4/18	 Allscripts® (OneContent business)	 Hyland	Core Solutions	NA
3/28/18	 AXISPOINT An HGS Company	 HGS® HEALTHCARE GLOBAL SOLUTIONS	Core Solutions	\$14
3/12/18 Transaction Profiled	 BOLDER Healthcare Solutions	 Cognizant	RCM	NA
3/7/18 Transaction Profiled	 ABILITY® An Inovalon Company	 inovalon	Core Solutions	\$1,200
3/1/18	 ICA	 SSI	Core Solutions	NA
2/27/18	 NAVEOS	 REVINT SOLUTIONS	Analytics-Driven Solutions	NA

Source: Capital IQ, Pitchbook and Media Reports

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
2/26/18 Transaction Profiled	 intermedix		RCM	\$460
2/15/18	 BMS <small>a WebPT company</small>		Medical Bill Servicing	NA
2/12/18			Core Solutions	NA
2/6/18	 GENERAL DYNAMICS (Health insurance payer products)		Analytics-Driven Solutions	NA
2/1/18	 HAS <small>HomeCare Accounting Solutions</small>		Specialty Health Solutions	NA
1/18/18			Specialty Health Solutions	NA
1/18/18			Core Solutions	NA
1/11/18	ProVation® Medical	 Wolters Kluwer	Core Solutions	\$180

Source: Capital IQ, Pitchbook and Media Reports

Key M&A Deal Profiles

SCI Solutions acquires DatStat for an undisclosed amount

Target Company Overview



DatStat provides integrated survey and data management software solutions for healthcare and research institutions. Its cloud-based platform helps healthcare institutions to capture real-time data and improve their interactions with patients. The company was founded in 1996 and is based in Seattle, WA.

Services Offered

DatStat's platform allows patients to message providers securely, complete pre-visit forms easily, fill surveys online, and receive important reminders for appointment follow-up. The platform launches marketing campaigns for healthcare institutions to acquire new patients. Providers develop self-care management plans and monitor patient adherence to these plans. The platform also provides solutions for clinical trial management.

Acquisition Details



SCI Solutions acquired DatStat for an undisclosed amount on April 4, 2018. The terms of the deal were not disclosed. Post acquisition, DatStat operates as a subsidiary of SCI Solutions and the combined entity is headquartered in Seattle, WA.

Transaction Rationale

The acquisition allows SCI Solutions to enhance its patient engagement solutions by combining DatStat's self-service tools with its patient scheduling, referral management, and revenue cycle software solutions. Patients can control and manage their health using DatStat's solutions. This M&A allows SCI Solution to offer a new solution that can acquire and retain consumers for their clients.

Cognizant acquires Bolder Healthcare for an undisclosed amount

Target Company Overview



Bolder Healthcare Solutions provides revenue cycle management (RCM) solutions for hospitals, physicians, and other healthcare professionals.

The company has approximately 2,200 specialists serving about 1,400 clients in locations in the US. Bolder Healthcare Solutions was founded in 2012 and is headquartered in Louisville, KY.

Solutions Offered

Bolder Healthcare Solutions provides a comprehensive SaaS-based RCM solution for providers, physicians, and government institutions. The company also specializes in critical areas of the revenue cycle. It optimizes billing and collections. It recovers delayed claims and converts uncompensated care into cash quickly, and it also provides an accurate medical coding solution.

Acquisition Details



Cognizant acquired Bolder Healthcare Solutions from Bolder Capital and The Edgewater Funds on March 12, 2018. The terms of the deal were not disclosed.

The transaction is subject to regulatory review and is expected to close by the second quarter of 2018.

Transaction Rationale

Cognizant intends to offer its services to a broader range of healthcare providers through this acquisition. The addition of an RCM solution enables Cognizant to integrate and automate healthcare administrative and medical data and reduce the time between delivery of service to payment received. Cognizant chose Bolder Healthcare as it embraces outcome-based models.

Key M&A Deal Profiles (Cont'd)

Inovalon acquires ABILITY Network for \$1.2 billion

Target Company Overview



ABILITY Network is a leading cloud-based Software-as-a-service (SaaS) technology company that simplifies the administrative and clinical complexities of healthcare through data analytics.

The company caters to healthcare providers in ambulatory, acute, and post-acute settings. ABILITY Network was founded in 2000 and is based in Minneapolis, MN, with additional offices in Boston, Parsippany, and Tampa.

Services Overview

ABILITY Network provides core connectivity, administrative, clinical, and quality analysis, management, and performance improvement capabilities to care providers. It provides its technology both directly and through a broad network of strategic partners including revenue cycle, Electronic Health Record (EHR) and practice management vendors.

Acquisition Details



Inovalon acquired ABILITY Network from Summit Partners for an approximate value of \$1.2 billion on March 7, 2018. The consideration paid is a combination of stock (\$100 million) and cash (\$1.1 billion). Mark Pulido, the former CEO of ABILITY Network, was appointed to the board of directors of Inovalon Holdings. All customary closing conditions have been satisfied, and regulatory approvals have been received.

Transaction Rationale

Post-acquisition, Inovalon and ABILITY Network are expected to create an integrated platform that provides real-time value-based care. Inovalon intends to leverage ABILITY Network's advanced analytical capabilities to provide high-value solutions for its payer, pharma, and device client-base.

R1 RCM acquires Intermedix Corporation for \$80 million in cash

Target Company Overview



Intermedix Corporation provides practice management and revenue cycle management (RCM) solutions to healthcare providers, public health agencies, and emergency management personnel. The company was founded in 1983 and is headquartered in Fort Lauderdale, FL. The company supports more than 500,000 emergency preparedness and response incidents and serves more than 15,000 healthcare providers.

Solutions Offered

Intermedix Corporation provides cloud-based and data analytical solutions in practice management and RCM. The solutions are used in areas such as anesthesia, disaster preparedness, pediatrics, and urgent care. The company also provides solutions for crisis management in sectors such as airlines, communications, defense, education, and energy and utilities.

Acquisition Details



R1 RCM acquired Intermedix Corporation from Thomas H. Lee Partners, L.P. for \$460 million on February 26, 2018. The transaction was financed through \$380 million debt financing and \$80 million cash on hand. Post-acquisition, Intermedix Corporation will operate as a wholly-owned subsidiary of R1 RCM. The acquisition is expected to close in the second quarter of 2018.

Transaction Rationale

The acquisition allows R1 RCM to strengthen its position as a leading RCM solution provider. The acquisition addresses challenges that prevail in healthcare such as fragmented information systems and lack of insightful analytics. R1 RCM also intends to improve its revenues with this acquisition.

Source: Capital IQ, Company Websites and Media Reports

Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
4/19/18	 RubiconMD	Specialty Health Solutions	\$14	Series B	HLM VENTURE PARTNERS
4/18/18 Transaction Profiled	 on demand	Core Solutions	\$74	Series C	Goldman Sachs (Investment Partners) PRINCETON GLOBAL
4/3/18 Transaction Profiled	 Welltok	Specialty Health Solutions	\$75	Series E2	futurefund Australia's Sovereign Wealth Fund ITOCHU
4/2/18	 ArborMetrix	Analytics-Driven Solutions	\$2	Series B1	Undisclosed
3/26/18	 workpath	Core Solutions	\$2	Series A2	STRUCTURE CAPITAL HERITAGE GROUP PARTNERS IN HEALTHCARE
3/22/18	 bioIQ	Specialty Health Solutions	\$27	Series G	HealthQuest CAPITAL
3/20/18	 eden health	Core Solutions	\$4	Seed	GREYCROFT
3/9/18	 maple	Core Solutions	\$4	Series A	MaRS IAF and Jeff Fettes
2/16/18	 CentralReach	Core Solutions	NA	Venture	INSIGHT VENTURE PARTNERS

Source: Capital IQ, Pitchbook and Media Reports

Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
2/13/18	 dialogue	Core Solutions	\$10	Series A	 WHITE STAR CAPITAL
2/12/18	 Nomad	Core Solutions	\$12	Venture	 POLARIS PARTNERS
2/8/18	 curve dental	Specialty Health Solutions	NA	Growth	 BV BATTERY VENTURES
2/2/18	 Office Practicum	Specialty Health Solutions	NA	Growth	 PAMLICO CAPITAL
1/28/18	 tytocare [™] health is in your hands	Specialty Health Solutions	\$25	Growth	 中国平安 PING AN
1/19/18	 springbuk.	Analytics-Driven Solutions	\$20	Series B	 echo HEALTH VENTURES HealthQuest CAPITAL
1/16/18	 CLEARWATER COMPLIANCE	Specialty Health Solutions	NA	Growth	 ALTARIS
1/4/18	 VillageMD	Core Solutions	\$80	Venture	 ATHYRIUM
12/8/17	 savii	Specialty Health Solutions	NA	Venture	 Cofounders Capital

Source: Capital IQ, Pitchbook and Media Reports



Key Financing Deal Profiles

Doctor On Demand receives \$74 million in a Series C funding led by new investors

Target Company Overview



Doctor On Demand provides an online platform that allows patients to consult with doctors, psychologists, and other healthcare providers. The platform serves consumers directly, as well as through partnerships with enterprises. Enterprise clients then offer the service, for free, to their employees. The company was incorporated in 2012 and is based in San Francisco, CA.

Services Offered

Doctor On Demand's platform enables video chat with physicians on various medical conditions. It provides medical advice to patients on a 24/7 basis and also offers lab screens to help with preventive care. The platform includes telemedicine solutions for businesses to reduce their employee healthcare costs.

Financing Details



Doctor On Demand raised approximately \$74 million in Series C funding on April 18, 2018. The transaction was led by Princeville Global and Goldman Sachs Investment Partners and included participation from existing investors. The company has raised \$160 million in funding till date.

Use of Funds

Doctor on Demand intends to use the proceeds to support the continued expansion of its platform, ensure greater access to quality clinical care, and create a model that is economically aligned for patients, payers and providers alike.

Welltok receives \$75 million in a Series E2 funding round from multiple investors

Target Company Overview



Welltok develops a SaaS-based consumer health solution that drives engagement through a combination of social, gaming, and personalization technologies in the healthcare industry. The company caters to payers, employers, government programs, such as Medicare and Medicaid, and providers. The company was founded in 2009 and is based in Denver, CO.

CaféWell Health Platform

Welltok provides the CaféWell Health Optimization Platform that connects consumers with relevant benefits and rewards using a data-driven and personalized approach. The platform offers predictive analytics, data insights, and a proprietary consumer database. The platform seamlessly integrates data from third-party apps, communities, content, wellness and condition management programs with client-identified resources.

Financing Details



Welltok raised \$75 million in a Series E2 round on April 3, 2018. The company received funding from existing investors including New Enterprise Associates, Bessemer Venture Partners, Georgian Partners, and new investors including NF Trinity Capital (Hong Kong) Limited, ITOCHU Corporation, Australian Government Future Fund, and Ziff Davis, LLC. The company has raised \$278 million in funding till date.

Use of Funds

Welltok intends to use the proceeds to support continued product development, to expand its product, sales, and marketing staff, to expand in new market segments, to fund its acquisition of Georgia-based Tea Leaves Health, and to manage its acquired assets and capabilities.

IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 iRhythm™	10/19/16	\$107	\$17.00	\$58.62	245%
 TABULARASA HEALTHCARE SOFTWARE	9/28/16	\$52	\$12.00	\$40.98	242%
 NANTHEALTH	6/1/16	\$91	\$14.00	\$3.44	(75%)
 Cotiviti	5/25/16	\$238	\$19.00	\$34.77	83%
 evolent HEALTH	6/4/15	\$196	\$17.00	\$16.75	(1%)
 inovalon™	2/11/15	\$600	\$27.00	\$10.75	(60%)
 HealthEquity™	6/30/14	\$127	\$14.00	\$66.74	377%
 CASTLIGHT HEALTH	3/13/14	\$178	\$16.00	\$3.90	(76%)
 vocera	3/27/12	\$94	\$16.00	\$25.17	57%
 R1™	5/19/10	\$120	\$12.00	\$7.60	(37%)
 athenahealth	9/19/07	\$113	\$18.00	\$127.45	608%

Source: Capital IQ and Pitchbook, Market data as of April 27, 2018



Select Wall Street Research Updates and Commentary

Update from Oppenheimer & Company, March 2018



HealthEquity continues to outgrow the market, leveraging its unique product focus and network partner relationships. **While there is increasing acceptance and adoption of HSA-eligible plans within the market providing the growth, the increasing interest rate environment and potential regulatory tailwind that could expand HSA penetration are likely to sustain the growth.**

The new bipartisan bill (HR5138) is looking to expand HSA eligibility, contribution and usability requirements and, if passed, could drive interest in HSAs further. We are increasing our FY19 estimates and price target to \$68 from \$58.

Update from Raymond James & Associates, February 2018



The company's broad solution stack is unrivaled (with more product development on the way) in what should be one of the more attractive verticals in HIT near-term as health systems continuously look to adopt clinical communication strategies to drive operational efficiencies, improve outcomes and enhance patient satisfaction.

Update from Craig Hallum Capital Group, February 2018



Via the launch of the next-generation Verity platform (announced on 1/9/2018), Healthstream (HSTM) is innovating and combining the company's legacy Echo and Morrisey solutions into one platform. **We expect this product to drive margin expansion within the segment over time and highlight that Verity will feature a "Plugged into Verity" network that will allow 3rd party partners to integrate with HSTM's new platform.** This has proven valuable within the company's WDS segment and we believe it opens up additional opportunities for M&A.

Update from Jefferies, April 2018



CERN's HealthIntent big data platform now helps manage 37.5M lives (up from 6M in '16) and is a fast growing contributor to its broader PHM efforts. As a whole, PHM contributed \$292M of revenue in 2017 (~6% of total), up 20% YoY. **Growth should accelerate steadily over the next 3+ years driven by addition of new lives as well as the cross-selling of additional "modules" and fee-based services.** Success with services in particular could drive upside to the 2020-2025 targets management laid out at its March 7th I-Day.

Update from Oppenheimer & Company, April 2018



Tabula Rasa's proprietary medication risk and therapy solutions are enabling a significant shift in care for the elderly through PACE by focusing on eliminating adverse drug events and dealing with complex, multiple-medication regimens at home. **Demographic tailwinds, increasing use of multiple medications and cost focus should drive more penetration of both nonprofit and for-profit PACE programs and of TRHC's solutions.** Further, MTM and MRM solutions have significant relevance for commercial health plans, and we expect to see a wave of adoption in commercial plans. SinfoniaRx acquisition adds a new solution; should accelerate growth.

Appendix – Coverage Universe Components

The coverage universe for various sectors is as follows:

1	Payments:	ADS, FLT, ENXTPA:EDEN, WEX, FIS, FISV, JKHY, ACIW, EPAY, V, MA, AXP, PYPL, SHOP, ENXTAM:GTO, DBD, CATM, MB, EVRI, PMTS, BOVESPA:CIEL3, FDC, GPN, TSS, VNTV, SQ, LSE:WPG, XTRA:WDI, ENXTPA:WLN, DLX, LSE:PAYS, TSE:3769, QIWI, EVTC, LSE:PAY, UEPS, NEWT, JTPY, ENXTPA:ING, NCR, SZSE:002152, PAY, SEHK:327, AIM:SCH, PAR, WU, EEFT, HAWK, GDOT, MGI, ASX:OFX, PLPM
2	Bank Technology Solutions:	FIS, FISV, JKHY, SWX:TEMN, BSE:532466, TSE:6457, QTWO, SGX:5CP, EPAY, OTCPK:CSVI, BSE:538835, SWX:CLXN, AIM:MONI, LSE:EXPN, EFX, TRU, OM:IJ, FICO, FNF, ZG, CSGP, ELLI, CLGX, BKFS, LSE:ZPG, STC, TSX:REAL, ASPS, REIS, ENXTAM:WKL, PEGA, DNB, ENXTPA:SOP, WSE:ACP, MITK, AIM:SQS, NTWK, INTC, IBM, AXP, PYPL, FDC
3	Specialty Finance / Alternative Lending:	NAVI, NNI, PRAA, ECPG, PRGX, PFMT, ASFI, CIT, CACC, NEWS, MRLN, TSX:CHW, ASX:ZML, CPSS, COF, SYF, DFS, SLM, LSE:PFG, SC, OMF, FCFS, AAN, LSE:TCS, SGBK, WRLD, LSE:IPF, TBBK, EZPW, RM, OB:MONO-ME, ATLC, URI, AL, TSX:EFN, TGH, RCII, ASX:FXL, CAI, FLY, NSM, CASH, PHH, PFSI, OCN, WAC, LC, TREE, YRD, DB:FRU, ENVA, XRF, ELVT, ONDK, DB:MBC
4	Securities:	BGCP, LSE:NXG, LSE:IGG, IBKR, ENXTAM:FLOW, KCG, VIRT, ITG, ENXTPA:VIL, INTL, SWX:CFT, BMV:FINAMEX O, WFC, BAC, C, LSE:HSBA, ASX:CBA, TSX:RY, TSX:TD, ENXTPA:BNP, USB, AXP, LSE:LLOY, PNC, ASX:NAB, TSX:BMO, LSE:BARC, SEHK:11, LSE:RBS, SGX:D05, TSX:CM, NSEI:ICICIBANK, MTB, BIT:MB, UMBF, LSE:CBG, FII, NSEI:IIFL, XTRA:COM, CME, ICE, SEHK:388, XTRA:DB1, LSE:LSE, BOVESPA:BVMF3, NDAQ, CBOE, ASX:ASX, SGX:S68, ENXTPA:ENX, BME:BME, TSX:X, SPGI, TSX:TRI, MCO, INFO, MSCI, FDS, ENXTPA:FIM, MORN, NSEI:CRISIL, VALU, JPM, GS, MS, SWX:UBSG, DB:DBK, SWX:CSGN, ASX:MQG, TSE:8604, RJF, LAZ, SF, PJC, GHL, COWN, AMEX:LTS, AIM:NUM, JMP, BLK, BK, BEN, NTRS, AMP, TROW, IVZ, LSE:HL, LSE:INVP, JHG, AB, CNS, WDR, APAM, WETF, VRTS, SCHW, AMTD, ETFC, MKTX, TSE:8628, AIM:PLUS, TSE:8698, YIN, LSE:CMCX, SWX:SQN, GCAP, GLBR, STT, BR, SEIC, ASX:CPU, DST, LPLA, LSE:TCAP, FNGN, ENV, LSE:SNN, ASX:BVS, ENXTAM:KA, SSNC, CPSE:SIM, LSE:ALFA, ASX:IRE, LSE:FDSA, AIM:FDP, ENXTPA:LIN, AIM:SOG
5	Insurance:	LSE:REL, VRSK, DNB, ACXM, MMC, AON, WLTW, AJG, BRO, LSE:JLT, MET, PRU, CI, TSX:MFC, AFL, LSE:AV, TSX:GWO, TSX:SLF, LSE:LGEN, PFG, LNC, SWX:SLHN, LSE:SL, ENXTAM:AGN, TMK, PRI, ANAT, LSE:HSD, DB:ALV, ENXTPA:CS, AIG, SWX:ZURN, ALL, AFG, GNW, LSE:MONY, RATE, EHTH, ASX:ISU, QNST, CB, TRV, PGR, HIG, CINF, LSE:RSA, THG, MCY, SIGI, EIG, STFC, MKL, WRB, AIZ, AWH, PRA, AFSI, RLI, AGII, OB, NAVG, AMSF, GBLI, GWRE, EBIX, SPNS, CRD.B, AMEX:MJCO, TSXV:SY, PN, FNF, ORI, FAF, STC
6	BPO:	ENXTPA:RCF, CVG, TTEC, SYKE, SRT, ESRX, ATHN, HQY, BOVESPA:QUAL3, MDRX, HMSY, QSII, CSLT, CPSI, RCM, ADP, PAYX, ULTI, WAGE, TNET, CSOD, NSP, BNFT, ACN, NSEI:TCS, CTSH, NSEI:INFY, DXC, BSE:507685, NSEI:HCLTECH, ENXTPA:CAP, ENXTPA:ATO, DOX, OTEX, NSEI:TECHM, CACI, EXLS, WNS, CALD, SYNT, BSE:532819, NSEI:HEXAWARE, VRTU, UIS, VDSI, LSE:MCGN, BIT:BET, TSX:GIB.A, LSE:CPI, G, BSE:526299, CSGS, BSE:532809, AIM:IBPO, PRGX
7	Financial Management Solutions:	INTU, LSE:SGE, BL, COUP, ASX:RKN, TYL, PEGA, ASX:TNE, QADA, AMSW.A, LSE:MCGN, NSEI:RAMCOSYS, ADP, PAYX, WDAY, ULTI, HRB, PAYC, WAGE, PCTY, CSOD, NSP, LSE:HRG
8	Analytics / IoT:	ORCL, DB:SAP, CRM, VMW, LSE:EXPN, OTEX, SPLK, DATA, FICO, XTRA:SOW, RP, NEWR, MSTR, CLDR, AYW, HDP, VERI, DWCH, GOOGL, MSFT, AMZN, KOSE:A005930, T, CMCS.A, VZ, QCOM, TMUS, HLSE:NOKIA, S, GRMN, LOGM, SLAB, IDCC, AMBA, GLOB, FIT, CTRL, GE, INTC, CSCO, DB:SIE, HON, TXN, TSE:6501, HPE, SWKS, RHT, ARW, PTC, ZBRA, CY, IRDM, TSX:SW, ORBC, CAMP, SSNI, IBM, LSE:REL, EFX, NLSN, VRSK, IT, TRU, DNB, TDC, CLGX, VRNT, ACXM, FORR, TSX:AIM, MATR
9	Healthcare Tech:	INOV, OMCL, VCRA, TRHC, STRM, CERN, DB:COP, MDRX, EVH, QSII, HSTM, AIM:EMIS, CPSI, COTV, HMSY, ATHN, AIM:CRW, RCM, SREV, UNH, AET, ANTM, HUM, CNC, WCG, NUAN, MMS, MOH, MGLN, GTS, HIIQ



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