



Evolve
Capital Partners

QUARTERLY DEALS ROUNDUP

Healthcare Tech

February 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



CLINICAL ANALYTICS MARKET SET TO GROW WITH THE INCREASING POPULARITY OF VALUE-BASED CARE



GROWING NUMBER OF STARTUPS ROLLING OUT BLOCKCHAIN SOLUTIONS FOR HEALTHCARE PROVIDERS



HOME HEALTH OPERATORS SEE GROWING INTEREST FROM HOSPITALS AND HEALTH SYSTEM



HEALTHCARE MAJORS TAKING THE M&A ROUTE TO ACCESS PROMISING DIGITAL OPPORTUNITIES



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

Data & Analytics / IoT



Insurance





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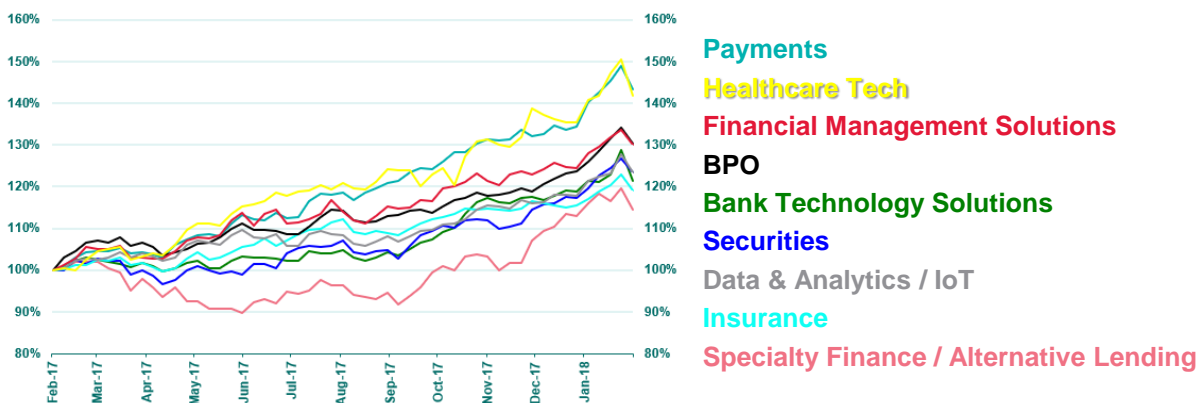
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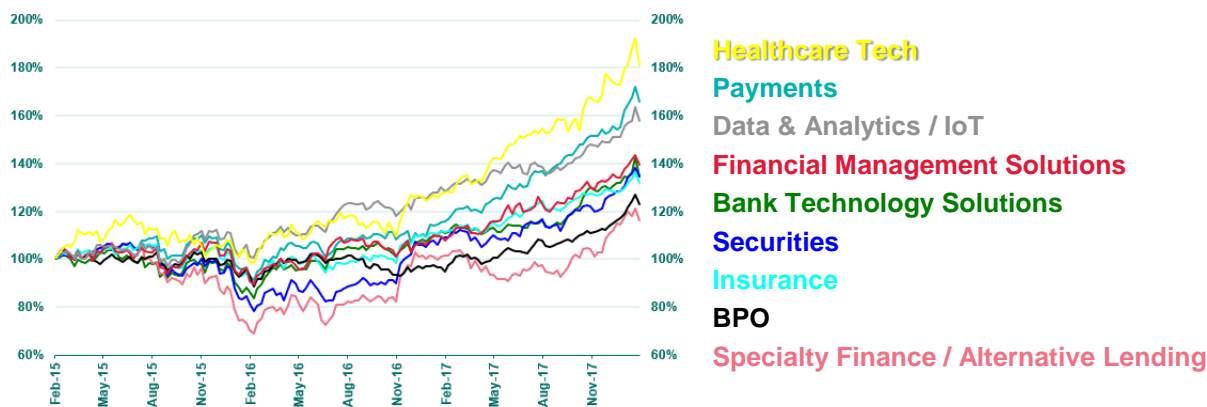
Market Summary

Industry Stock Market Performance of ECP Sector Coverage

Last 12 Months



Last 3 Years



Indexed Price Performance

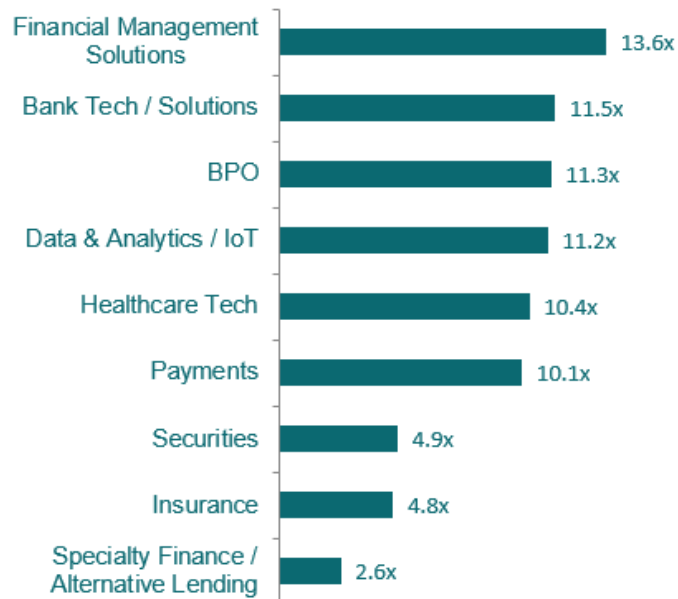
Sector	3 Months	1 Year	3 Years
Payments	11.8%	41.8%	65.7%
Bank Tech Solutions	11.4%	21.2%	34.6%
Specialty Finance / Alternative Lending	14.0%	14.5%	16.2%
Securities	11.5%	23.5%	34.8%
Healthcare Tech	5.5%	18.5%	81.3%
BPO	13.2%	30.1%	23.2%
Financial Management Solutions	8.6%	29.5%	39.5%
Data & Analytics / IoT	11.0%	22.9%	57.8%
Insurance	14.1%	41.6%	32.0%

Source: Capital IQ and market data as of February 2, 2018

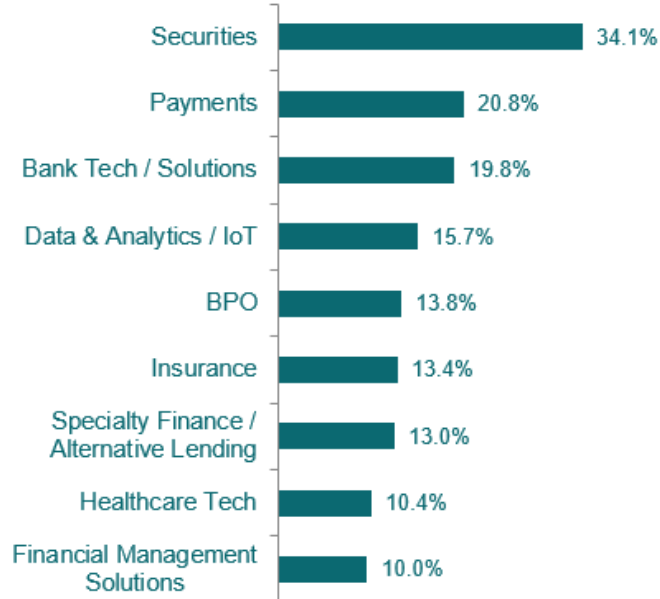
Multiples & Margins – All Sectors

Industry-wide Multiples and Margins

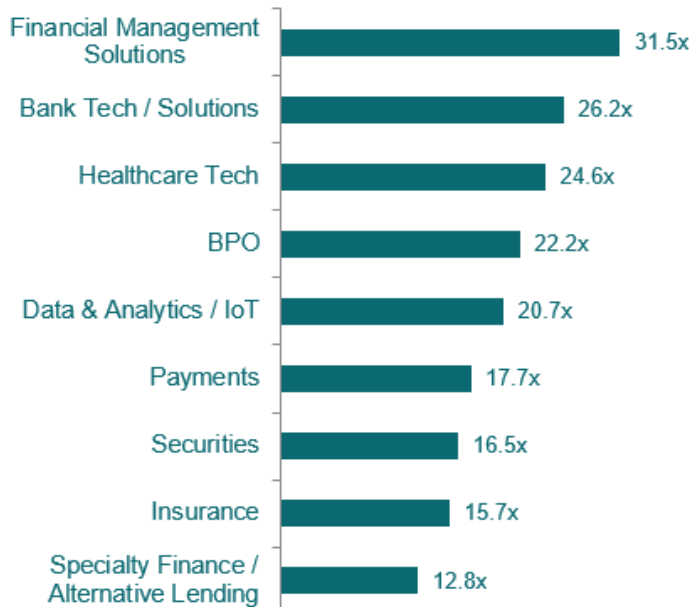
2018E EBITDA Multiples



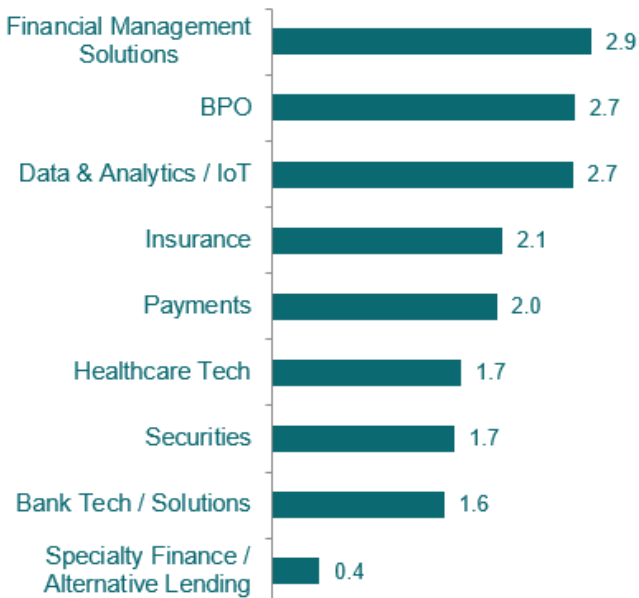
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio



Source: Capital IQ and market data as of February 2, 2018

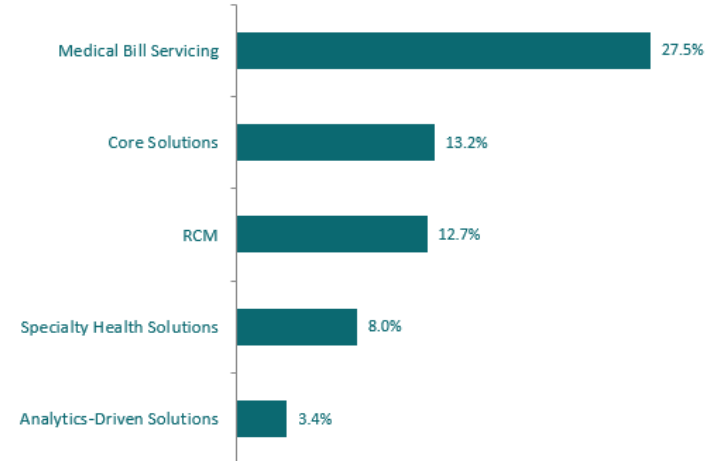
Multiples & Margins – Healthcare Tech

Sub-sector Multiples and Margins

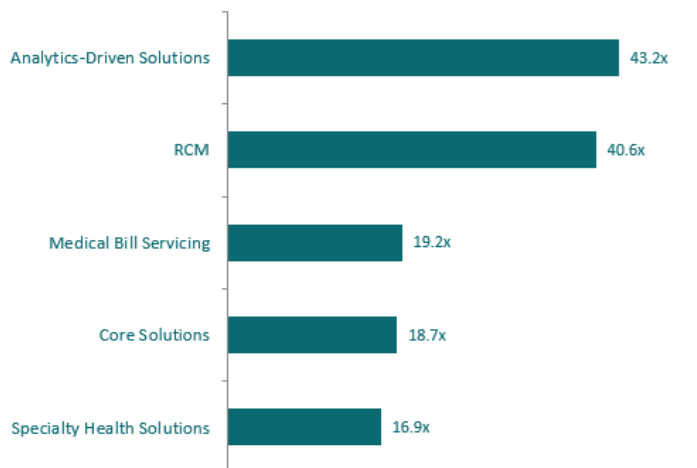
2018E EBITDA Multiples



LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio



Stock Comparables – Healthcare Tech

(All figures in US Dollars. Figures in millions, except per share data, as of February 02, 2018)

Healthcare Tech Sub-Sector	Aggregate		Multiples					
	Market Cap	Enterprise Value	Price / Earnings		EV / EBITDA		EV / Sales	
			FY 18E	FY19E	FY 18E	FY19E	FY 18E	FY19E
Analytics-Driven Solutions	\$5,139	\$5,011	43.2x	30.9x	13.4x	16.5x	3.0x	2.6x
Core Solutions	\$31,429	\$33,189	18.7x	23.3x	11.6x	11.8x	2.4x	2.4x
Medical Bill Servicing	\$4,532	\$5,343	19.2x	17.1x	11.4x	10.3x	3.7x	3.7x
RCM	\$7,175	\$7,228	40.6x	28.9x	13.4x	13.0x	3.6x	3.6x
Specialty Health Solutions	\$430,382	\$466,470	16.9x	14.8x	8.3x	7.8x	0.9x	0.9x
Median			19.2x	23.3x	11.6x	11.8x	3.0x	2.6x
Mean			27.7x	23.0x	11.6x	11.9x	2.7x	2.6x

Healthcare Tech Sub-Sector	Number of Companies	Growth Rates			EPS 5 Yr	EBITDA Margin		PEG* FY 18E
		Revenue		FY 18E		FY 19E		
		FY 18E	FY 19E					
Analytics-Driven Solutions	5	17.3%	12.6%	15.35	3.4%	16.8%	2.07	
Core Solutions	8	14.1%	7.0%	13.50	13.2%	20.7%	2.14	
Medical Bill Servicing	2	11.2%	9.3%	12.80	27.5%	32.2%	1.59	
RCM	4	20.5%	12.0%	12.33	12.7%	20.3%	2.15	
Specialty Health Solutions	12	10.8%	7.1%	17.07	8.0%	9.3%	1.23	
Median		14.1%	9.3%	13.50	12.7%	20.3%	2.07	
Mean		14.8%	9.6%	14.21	12.9%	19.9%	1.84	

* 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 February 02, 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.	\$1,845	\$1,564	\$431	17.0%	3.2x	2.9x	12.5x	11.5x	34.7x	31.3x	1.4
Omnicell, Inc.	\$1,745	\$1,923	\$716	8.3%	2.3x	2.1x	14.2x	12.0x	21.9x	17.8x	1.6
Vocera Communications, Inc.	\$850	\$783	\$163	(3.1%)	3.6x	3.1x	NM	23.7x	58.5x	34.3x	3.6
Tabula Rasa Healthcare, Inc.	\$666	\$697	\$118	2.5%	4.2x	3.5x	NM	19.6x	57.6x	40.1x	1.7
Streamline Health Solutions, Inc.	\$33	\$45	\$25	(7.7%)	1.8x	1.7x	NM	16.0x	NM	NM	NM
Median				2.5%	3.2x	2.9x	13.4x	16.0x	46.2x	32.8x	1.6
Mean				3.4%	3.0x	2.6x	13.4x	16.5x	43.2x	30.9x	2.1

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	\$22,069	\$21,752	\$5,041	27.1%	3.7x	3.4x	11.8x	10.7x	23.6x	20.9x	2.1
CompuGroup Medical Societas Europaea	\$3,077	\$3,482	\$719	21.1%	3.7x	3.7x	14.4x	14.3x	21.2x	21.0x	0.8
Allscripts Healthcare Solutions, Inc.	\$2,622	\$4,396	\$1,714	10.1%	2.0x	1.9x	10.3x	9.6x	18.3x	15.4x	1.3
Evolent Health, Inc.	\$1,049	\$919	\$409	(11.8%)	1.6x	1.3x	NM	18.5x	NM	NM	NM
Quality Systems, Inc.	\$823	\$839	\$528	9.7%	1.6x	1.5x	10.4x	9.6x	18.8x	16.7x	3.5
HealthStream, Inc.	\$743	\$620	\$244	11.1%	2.3x	2.2x	14.0x	12.4x	NM	61.2x	5.2
EMIS Group plc	\$653	\$645	\$207	24.8%	2.6x	2.5x	9.0x	8.1x	15.2x	13.6x	NA
Computer Programs and Systems, Inc.	\$393	\$536	\$277	13.0%	1.9x	1.9x	11.6x	11.4x	14.9x	14.0x	2.1
Median				12.1%	2.2x	2.0x	11.6x	11.1x	18.6x	16.7x	2.1
Mean				13.2%	2.4x	2.3x	11.6x	11.8x	18.7x	23.3x	2.5

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.	\$3,162	\$3,813	\$670	35.9%	4.8x	4.4x	12.3x	11.0x	19.2x	17.0x	1.7
HMS Holdings Corp.	\$1,370	\$1,530	\$498	19.1%	2.6x	2.4x	10.5x	9.6x	19.3x	17.2x	1.5
Median				27.5%	3.7x	3.4x	11.4x	10.3x	19.2x	17.1x	1.6
Mean				27.5%	3.7x	3.4x	11.4x	10.3x	19.2x	17.1x	1.6

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.	\$5,704	\$5,812	\$1,220	13.5%	4.1x	3.7x	15.5x	13.1x	38.1x	32.2x	2.2
Craneware plc	\$654	\$596	\$58	29.9%	8.2x	7.1x	NM	22.9x	43.1x	37.2x	3.1
R1 RCM Inc.	\$513	\$555	\$416	4.7%	0.8x	0.7x	11.7x	6.3x	46.8x	22.3x	3.3
ServiceSource International, Inc.	\$304	\$266	\$239	2.4%	1.1x	1.0x	13.0x	9.6x	34.6x	23.9x	NA
Median				9.1%	2.6x	2.4x	13.0x	11.3x	40.6x	28.0x	3.1
Mean				12.7%	3.6x	3.2x	13.4x	13.0x	40.6x	28.9x	2.9

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	\$224,707	\$246,607	\$201,159	8.7%	1.1x	1.0x	12.4x	11.2x	18.3x	16.3x	1.3
Aetna Inc.	\$60,458	\$65,798	\$60,535	9.4%	1.0x	1.0x	10.0x	9.5x	16.3x	14.5x	1.7
Anthem, Inc.	\$61,412	\$78,189	\$90,039	6.5%	0.8x	0.8x	12.2x	11.5x	15.5x	14.1x	1.1
Humana Inc.	\$38,593	\$33,829	\$53,767	7.4%	0.7x	0.6x	10.9x	10.5x	19.8x	16.4x	1.7
Centene Corporation	\$17,904	\$18,430	\$45,810	3.9%	0.3x	0.3x	7.5x	7.2x	14.3x	12.6x	1.0
WellCare Health Plans, Inc.	\$9,115	\$5,418	\$16,887	4.1%	0.3x	0.3x	6.9x	7.0x	19.9x	17.4x	1.4
Nuance Communications, Inc.	\$5,127	\$6,900	\$1,953	16.9%	3.2x	3.1x	10.8x	10.2x	14.0x	13.2x	1.2
MAXIMUS, Inc.	\$4,421	\$4,261	\$2,467	15.2%	1.7x	1.6x	11.0x	10.1x	19.5x	17.7x	1.8
Molina Healthcare, Inc.	\$5,410	\$3,773	\$19,445	1.7%	0.2x	0.2x	5.3x	4.6x	19.4x	15.6x	0.6
Magellan Health, Inc.	\$2,367	\$2,656	\$5,408	4.6%	0.3x	0.3x	6.6x	6.1x	19.1x	16.8x	1.2
Triple-S Management Corporation	\$561	\$323	\$2,937	2.2%	0.1x	0.1x	NA	NA	12.8x	10.9x	1.3
Health Insurance Innovations, Inc.	\$307	\$287	\$232	15.5%	1.2x	1.0x	6.5x	6.0x	13.9x	11.6x	0.6
Median				6.9%	0.8x	0.7x	10.0x	9.5x	17.3x	15.1x	1.3
Mean				8.0%	0.9x	0.9x	9.1x	8.5x	16.9x	14.8x	1.2

Source: Capital IQ



Recent Updates



Clinical analytics market set to grow with the increasing popularity of value-based care

Clinical analytics is inextricably linked to the value-based care model due to the large quantities of data required to ascertain clinical outcomes. With large scale adoption of the value-based model by healthcare service providers, several companies are now coming up with healthcare data capturing, processing, and analytical solutions.

According to Market Research Future (MRFR), the clinical data analytics market is expected to quadruple by 2022 to reach \$11.85 billion. This translates to a 30.9% CAGR. The growth of this market is expected to be driven by increasing EHR adoption amidst growing pressure to curb healthcare costs and improve customer experience.

Healthcare clinical analytics enables healthcare providers to use data for decision making that allows them to reduce costs that are preventable and streamline the entire system.

There is a major transition going on in healthcare infrastructure where patient outcome data is not confined to manual forms and databases, but is now available in digital form to make the entire system transparent and efficient. Due to the digitization of healthcare information, highly progressive statistical and analytical tools are being used to garner high value information.



Growing number of startups rolling out blockchain solutions for healthcare providers

Blockchain is moving into the implementation phase in the healthcare industry with new companies coming up with blockchain solutions. Healthcare Rallies for Blockchain, a study from IBM, found that 16% of surveyed healthcare executives had definite plans to implement a commercial blockchain solution this year, while 56% expected to by 2020.

Healthcare professionals across the globe see blockchain technology as a way to streamline the sharing of medical records in a secure way and protecting sensitive data from hackers. Blockchain technology also allows better auditing and tracing of the data. Change Healthcare launched its first

enterprise-scale blockchain network in the healthcare industry. The company uses Hyperledger Fabric 1.0 as the foundation for its blockchain app design and for development of its blockchain network. Change's Healthcare Network enables hospitals and payers to track the real-time status of claims submission and remittance.

Similarly, researchers at the MIT Media Lab have developed MedRec, a prototype using blockchains, which is intended to improve electronic medical records and allow patients' records to be accessed securely by any provider.



Home Health operators see growing interest from hospitals and health system

According to RBC Capital Markets, the home health industry posted a strong performance in 2017, gaining an average of 27.7% vs. the 16.9% gain for the S&P Healthcare Services Index. It is expected to remain strong in 2018.

The home health industry is witnessing an important transformation from traditional fee-for-service to value-based reimbursement. MCOs see home health as an opportunity to manage the healthcare of their patients outside of the higher-cost inpatient setting.

Humana's recently announced acquisition of KND's home

health, hospice, and community-based services business, Kindred At Home, highlights the strategic importance of the segment to vertically integrated payors looking to manage the health of their members, particularly seniors, in the most cost-effective way.

According to RBC Capital Markets, home health operators continue to see growing interest from hospitals and health systems seeking partnerships with providers that have an established presence and expertise in the lowest-cost setting of care.



Key Initiatives by Leading Healthcare Tech Companies

Microsoft announces preview of AI-powered health chatbot

Microsoft launched a private preview of a new AI-powered health chatbot system in December 2017. The system was developed as part of Microsoft's Healthcare NeXT initiative, which aims to leverage Microsoft's experience with AI, cloud computing and technology development into the healthcare industry. Microsoft has partnered with Aurora Health Care for its latest chatbot service, creating the "Aurora Digital Concierge" for patients. Patients, using this chatbot service can analyze their condition and access professional medical advice with just a few clicks, which helps them save time as compared to visiting a web page or calling a medical facility directly. Through this initiative, the company attempts to find ways of offering digital healthcare services that let users get immediate information on common ailments.

R1 RCM partners with Phreesia to enhance patient experience and care provider efficiency

In October 2017, R1 RCM Inc., a leader in revenue cycle management and physician advisory services for healthcare providers, announced a strategic partnership with Phreesia, a leading provider of patient intake management software. This partnership will enable the companies to transform the patient and provider experience, standardize patient access and reduce administrative waste. The partnership will allow R1 and Phreesia to create an offering that will leverage R1's distinctive operating model and Phreesia's strength in patient self-service technology to provide a better front-end experience for patients. The news of the partnership came at a time when the healthcare sector is becoming increasingly complex, patient financial responsibility is growing steadily, and large health systems are looking for ways to intake patients more efficiently.

XIFIN launches next generation XIFIN Revenue Cycle Management platform, XIFIN 9









XIFIN, Inc., a healthcare information technology company, launched its next-generation revenue cycle management solution, XIFIN RPM 9, in November 2017. XIFIN RPM 9 features enhanced patient and physician portals, as well as new automated workflows to maximize cash collection. It also features a series of built-in reporting packages for PAMA (Protecting Access to Medicare Act) and FASB (Financial Accounting Standards Board) compliance. Laboratories can use the RPM 9 platform to model financial data to best suit their unique mix of tests, payors, and patients, providing a reporting formula for every class or type of contract they have with health insurers. XIFIN offers advanced technology rules-engines with built-in compliance logic designed to eliminate clerical errors and reduce labor costs.

Remedy Partners and PointClickCare partner to develop data integration solution

In November 2017, Remedy Partners, a leading bundled payment company, announced its partnership with PointClickCare, a leading cloud-based service provider for the senior care industry. The partnership will combine the expertise of both companies and provide a secure data integration solution to assist acute and post-acute care providers. Episode Connect, Remedy Partners' data-driven technology platform, will integrate with PointClickCare's electronic health record (EHR) and revenue cycle management platform to combine episode-of-care data for patients in a secure HIPAA-compliant process. The data exchanged between PointClickCare and Episode Connect will enable Remedy Partners and Skilled Nursing Facilities (SNF) to better manage patients in the post-acute setting, particularly in home and community residences, thereby improving care coordination and enhancing financial and operational performance.

Deal Activity

Highlighted M&A Transactions

Date	Target	Acquirer	Sector	Implied EV (\$mm)
12/14/17			Specialty Health Solution	NA
12/3/17			Core Solutions	\$69,351
11/8/17			Medical Billing Servicing	\$1,612
10/26/17			RCM	NA

Highlighted Financing Transactions

Date	Company	Key Investor	Type	Amount (\$mm)
11/28/17		EFO Holdings LP 	Growth	\$6
11/28/17		 	Venture	\$42

- According to S&P Rating, M&A activity is expected to remain high but transactions are likely to stay mostly small as the industry will continue to consolidate.
- Digital breakthroughs are driving healthcare technology enterprises to acquire new tech capabilities through M&A.
- Improved customer experience, cost effective technologies, and the industry's shift towards Value-Based Care are driving Healthcare Tech deals.
- RCM, Core Business Solutions, and Analytics are the subsectors seeing strong deal activity in 2017.

Healthcare majors taking the M&A route to access promising digital opportunities

The trends in the healthcare technology sector that dominated most of 2017 are expected to continue to disrupt the industry in 2018. Digital breakthroughs are driving healthcare technology enterprises to acquire new tech capabilities through M&A to improve labor productivity, clinical outcomes and human experiences.

The increasing emphasis on improving customer experience and proven cost-saving benefits of automation technologies, like chatbots and artificial intelligence have resulted in significant M&A deals between hospitals, health systems and players in the payors segment. Deals like the merger between CVS and Aetna are creating a wave in the healthcare sector that is transforming the consumer healthcare experience.

The industry is observing more non-traditional partnerships among healthcare providers. Efforts to provide value-based care and cost-saving technology are driving new collaborations between former competitors, and payors and providers. The changes in the industry are also driven by pricing pressures and, in some cases, regulatory changes.

Another major trend that emerged in 2017 is the quest for healthcare service providers to identify new revenue streams. Providers are now collaborating with enterprises providing RCM services to improve their RCM processes.

According to S&P Rating, in 2018 M&A activity is expected to remain high but transactions are likely to stay mostly small as the industry will continue to consolidate.

Improved customer experience, cost effective technologies, and the industry's shift towards value-based care are driving Healthcare Tech deals. RCM, Core Business Solutions, and Analytics are the subsectors seeing strong deal activity in 2017.

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
1/11/18	 HealthFirst Financial	 AccessOne <small>Compassionate financing. Accessible care.</small>	Core Business	100
1/8/18	 practicefusion	 Allscripts	Medical Billing Services	NA
1/4/18	 CONNECTURE	 FP FRANCISCO PARTNERS	Core Business	111.22
12/21/17	 VISIONARY RCM™	 THE CARLYLE GROUP <small>GLOBAL ALTERNATIVE ASSET MANAGEMENT</small>	RCM	NA
12/14/17 Transaction Profiled	 Brighter	 Cigna	Specialty Health Solution	NA
12/13/17	 Zenith American SOLUTIONS	 BEECKEN PETTY O'KEEFE & COMPANY	Core Solutions	NA
12/11/17	Empower Patient Portal Business of Influence Health	 Symphonyalphax <small>VENTURES</small>	Analytics Driven Solutions	NA
12/8/17	 VitalHealth SOFTWARE	 PHILIPS	Analytics Driven Solutions	NA
12/5/17	 ClinicalConnect™ <small>Connect to your Patients</small>	 APTEAN	Core Solutions	NA
12/3/17 Transaction Profiled	 aetna	 CVSHealth	Core Solutions	\$69, 351

Source: Capital IQ and Media Reports

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
11/20/17		 GLOBAL ALTERNATIVE ASSET MANAGEMENT	RCM	NA
11/15/17		 Innovators in loyalty marketing	Core Solutions	NA
11/14/17			Core Solutions	NA
11/8/17 Transaction Profiled			Medical Billing Servicing	\$1,612
11/6/17			Core Solutions	NA
11/1/17			RCM	NA
10/26/17 Transaction Profiled			RCM	NA
10/18/17			RCM	NA
10/16/17			Core Solutions	NA
10/10/17			Core Solutions	NA

Source: Capital IQ and Media Reports

Key M&A Deal Profiles

Cigna acquires digital health software provider Brighter

Target Company Overview



Brighter, Inc. provides a platform that connects patients, providers, and payers. It delivers consumer-driven dental benefits for the employees of self-insured companies, as well as licenses its member and provider engagement platforms to large carriers. The company is based in Santa Monica, California.

Solutions Offered

Brighter licenses its SaaS digital health plan platform and engagement services to health services organizations and dental organizations to help them deliver improved products to their customers.

Acquisition Details



Cigna Corporation acquired Brighter, Inc. from Benchmark, Mayfield Fund, General Catalyst Partners, Tenaya Capital Inc. and others on December 13, 2017. Financial details of the transaction were not disclosed. As of December 14, 2017, Brighter, Inc. operates as a subsidiary of Cigna Corporation.

Transaction Rationale

Brighter's digital health plan platform will enable Cigna to accelerate and expand its consumer initiatives and provider partnership. The acquisition will boost the development of Cigna's mobile and desktop platforms and will enable Cigna to provide cost-saving services.

CVS Health acquires Aetna for \$69 billion

Target Company Overview



Aetna Inc. operates as a healthcare benefits company in the United States. It operates through three segments: Health Care, Group Insurance, and Large Case Pensions. Aetna Inc. has a collaborative agreement with Community Care Physician Network, LLC to deliver healthcare services in North Carolina. The company is based in Hartford, Connecticut.

Solutions Offered

Aetna offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including: medical, pharmacy, dental, behavioral health, group life and disability plans, and medical management capabilities. Besides these, Aetna also offers Medicaid health care management services, workers' compensation administrative services and health information technology products and services.

Acquisition Details



CVS Health Corporation entered into a definitive merger agreement to acquire Aetna Inc. for \$69 billion on December 3, 2017. Under the terms of the merger agreement, each outstanding share of Aetna common stock was exchanged for \$145 in cash and 0.8378 shares of CVS Health's common stock.

Transaction Rationale

The transaction will strengthen CVS' market position in the US and will give the company strong bargaining power against other healthcare providers despite its widespread brick and mortar presence. The company aims to provide clients with better and more cost-effective ways to access medication and care.

Source: Capital IQ, company websites and press releases

Key M&A Deal Profiles (Cont'd.)

Thoma Bravo acquires ABC Financial Services

Target Company Overview



ABC Financial Services, Inc. provides health club software and billing services to the fitness industry, primarily in the United States. The company is headquartered in the Little Rock, Arkansas and serves approximately 6,700 clubs throughout the United States, Canada, Puerto Rico, and Europe.

Solutions Offered

ABC Financial Services provides solutions to the billing and health club management software needs in the fitness industry. The products offered by the company include DataTrak, which streamlines clients' club's daily operations and gives them access to detailed custom reports through the Internet. It also offers MYiCLUBonline, a self-service member portal, and Door Access club solutions.

Acquisition Details

THOMA BRAVO

Thoma Bravo, LLC agreed to acquire ABC Financial Services, Inc. from Jim Bottin on November 8, 2017. Financing for the transaction was provided by Jefferies Finance LLC, Macquarie Capital and Antares Capital LP. Financial details of the transaction were not disclosed.

Transaction Rationale

The transaction will enable ABC Financial to scale up its operations. Thoma Bravo will work alongside ABC Financial's management team, leveraging its operational and technological expertise, to expand Thoma Bravo's global footprint and ability to deliver additional cutting-edge products to the rapidly growing healthcare industry.

EXLSERVICE Holdings acquires Health Integrated

Target Company Overview



Health Integrated, Inc. is a Tampa-based healthcare company that specializes in providing care management on behalf of health plans. It offers its solutions for health plans, such as Medicaid, Medicare, dual-eligible, and exchange plans.

Solutions Offered

Health Integrated offers services in the areas of total care partnership, multichronic care management, case management, utilization management, dual eligible special needs plan model of care, and professional services. The company also provides ancillary services, such as crisis line, disease management, health appraisals, and transitions in care.

Acquisition Details



ExlService Holdings, Inc. entered into a definitive purchase agreement to acquire substantially all the assets of Health Integrated, Inc. on October 24, 2017. The transaction was subject to the fulfillment of certain closing conditions, including regulatory and other consents, and completed on December 26, 2017. Terms of the transaction were not disclosed. As of December 26, 2017, Health Integrated, Inc. operates as a subsidiary of ExlService Holdings, Inc.

Transaction Rationale

The acquisition is expected to broaden EXL's capabilities in the healthcare sector. EXL Healthcare will bring its CareRadius care management platform, as well as analytics into Health Integrated's operations. In turn, Health Integrated's clinical staff and capabilities will serve as the foundation for EXL Healthcare's US-based clinical delivery.

Source: Capital IQ, company websites and press releases

Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
1/11/18	 NurseGrid	Core Solutions	\$5.7	Series B	
1/11/18	 spend:mend	Analytics Driven Solutions	NA	Venture	
1/11/18	 pager	Core Solutions	NA	Venture	
1/8/18	 American Well	Core Solutions	NA	Growth	
1/4/18	 VillageMD	Analytics Driven Solutions	\$80	Venture	
12/22/17	 artemis HEALTH	Analytics Driven Solutions	\$23	Series B	
12/19/17	 heartbeat MEDICAL SOLUTIONS	Core Solutions	\$4	Venture	
12/11/17	 Doctrin	Core Solutions	\$12	Venture	
12/6/17	 HealthiPASS	RCM	\$2	Series A	
11/28/17 Transaction Profiled	 PatientPay	RCM	\$6	Growth	

Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
11/28/17 Transaction Profiled		Core Solutions	\$42	Venture	 
11/27/17		Core Solutions	\$18	Venture	
11/17/17		Core Solutions	\$17	Venture	 TT Capital Partners
11/14/17		RCM	Undisclosed	Growth	
11/9/17	 LeanTaaS	Analytics Driven Solutions	\$26	Series B	
11/2/17		Core Solutions	\$10	Series A	Undisclosed
10/30/17	Ada Digital Health Ltd	RCM	\$47	Series A	
9/26/17		Specialty Health Solutions	\$4	Seed	 
7/12/17		Core Solutions	NA	NA	
6/28/17		Core Solutions	\$23	Series A	 and others

Source: Capital IQ and Media Reports



Key Financing Deal Profiles

PatientPay secures \$6 million in growth capital

Target Company Overview



PatientPay, Inc. is the leading patient payments service provider for specialty care. The company develops and delivers billing, electronic payment, and reconciliation solutions that help patients, medical groups, and hospitals to control expenses in the healthcare environment.

Services Offered

The company offers PatientPay, an online service that allows patients to pay and manage healthcare-related financial obligations, as well as allows healthcare providers to collect medical bills and yield operational efficiency. It serves individual practices, multi-location physician groups, and hospital networks, as well as companies providing revenue cycle management services in the United States.

Financing Details



PatientPay, Inc. announced that it will receive \$6,025,000 in funding on November 28, 2017. The company will issue common shares in the transaction. The company will issue securities pursuant to exemption provided under Regulation D. The company paid a sales commission of \$262,500 in the transaction.

Use of Funds

PatientPay, Inc. will use the proceeds of \$262,500 for salaries to executives, for 2018 expansion and continued enhancements to its patient payments platform, establishing the patient billing experience as a natural extension to patient care.

Doctolib raises \$42 million to strengthen its team

Target Company Overview



Doctolib SaaS operates an online platform that enables users to find a nearby health practitioner and book doctor or dentist appointments. The company was founded in 2013 and is based in Paris, France.

Services Offered

Doctolib has developed an online booking platform for all medical practitioners. Doctolib provides doctors with software and a full-range of services to improve bookings management, reduce no-shows and bring new patients to their offices.

Financing Details



Doctolib announced a private placement of shares of gross proceeds of \$42 million on November 28, 2017. The transaction included participation from new investor Eurazeo Croissance Fund, a fund managed by Eurazeo SE and returning investor Bpifrance Investment. Eurazeo SE acquired a minority stake in the company.

Use of Funds

Doctolib SaaS will use the proceeds to hire 100 new employees and open an engineering office in Germany. The proceeds will also support its international development and desire to be a leader in both Germany and France.

IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 TABULARASA HEALTHCARE	9/28/16	\$52	\$12	\$34.71	189%
 NANTHEALTH	6/1/16	\$91	\$14	\$3.13	(78%)
 Cotiviti	5/25/16	\$238	\$19	\$34.23	80%
 evolent HEALTH	6/4/15	\$196	\$17	\$14.05	(17%)
 inovalon	2/11/15	\$600	\$27	\$12.65	(53%)
 HealthEquity	6/30/14	\$127	\$14	\$49.85	256%
 CASTLIGHT HEALTH	3/13/14	\$178	\$16	\$3.65	(77%)
 vocera	3/27/12	\$94	\$16	\$29.09	82%
 ACCRETIVE HEALTH	5/19/10	\$120	\$12	\$385	3108%

Source: Capital IQ and Pitchbook
Market data as of February 2, 2017

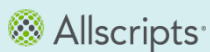


Select Wall Street Research Updates and Commentary



Update from Cantor Fitzgerald, January 2018

Despite some investor concern, EVH plans to **continue to deploy capital toward strategic M&A and co-investment** in 2018/19. EVH is looking to acquire assets that would enable it to drive cross-selling and also enhance its position in the market.



Update from Maxim Group, January 2018

We view this as an attractive acquisition for MDRX as it rounds out the company's ambulatory portfolio and potentially positions it as the #1 EHR in low-end practices. We also see cross-selling opportunities as the business integration progresses, specifically with MDRX's revenue cycle management (RCM) solutions. Moreover, we are encouraged by the release of better-than-expected EIS financials, and continue to view the acquisition as positive. We believe **MDRX may be successful in limiting attrition from EIS to drive outperformance** and higher-than-anticipated return on that investment.



Update from Canaccord Genuity, January 2018

Nearly all of ATHN's customers are physician office-based, thus a strong flu season that drives an uptick in outpatient visits would be positive for ATHN. Recall that ATHN's revenue **model is based on a percentage of collections at its customers, thus higher volumes would directly benefit ATHN's revenue**. Note, there is a lag period from visits to collections when ATHN recognizes revenue, thus the strong flu season in 4Q'17 would likely contribute more to 1Q'18.



Update from CFRA, January 2018

UNH should continue to execute well, and we think its **intense medical cost control initiatives and limited state exchange participation will aid its medical cost**. We see its commercial and Medicare Advantage (MA) enrollment improving, amid its initiatives to improve the quality rankings of its MA plans. Separately, we think uncertainty over the continuation of cost sharing reduction payments could increase share volatility.



Update from Zacks, January 2018

Successful acquisitions, rollouts of health insurance exchanges and national accounts in the commercial segment, along with the Medicaid expansion in the government segment, have helped the company enhance its membership base. Its membership further increased 3.4% in 2016. Medical enrollment increased 0.9% during the first nine months of 2017. Enrollment gains were primarily in the Local Group, Individual, and Medicare businesses. For 2017, medical membership is expected to be in the range of 40.0 - 40.2 million. Although it is lower than the previously guided range of 40.2 - 40.4 million, it reflects a 0.6% year-over-year growth. The consistent increase in membership has accrued to the company's top-line 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, ASP, 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, WRDL, LSE:IPF, TBBK, EZPW, RM, OB:MONO-ME, ATLC, URI, AL, TSX:EFN, TGH, RCI, 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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