

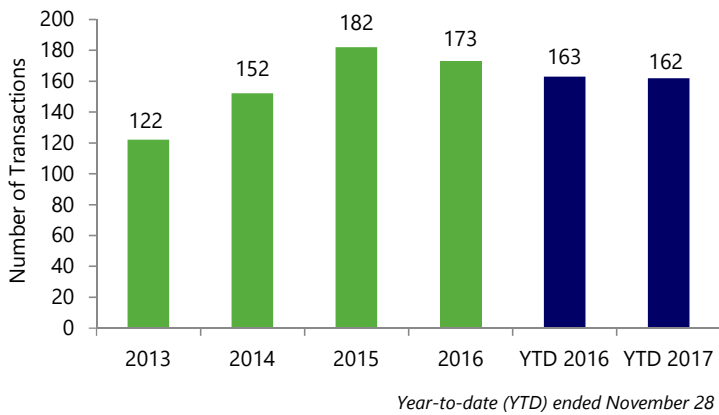


## KEY M&A TAKEAWAYS

- ▶ Merger and acquisition (M&A) activity remains strong as the Healthcare Information Technology (HCIT) industry continues to consolidate.
- ▶ Recent innovations in medical technology and favorable federal and state incentives have greatly contributed to the sophistication and growth of the Telehealth Services Industry. According to *IbisWorld*, industry revenue increased at a rapid compound annual growth rate (CAGR) of 39.8% over the past nine years, from \$82.3 million in 2008 to \$1.7 billion in 2017.
- ▶ The Baby Boomer Generation is expected to account for 24.0% of America by 2060, according to the *US Census Bureau*. This aging population, with its propensity for chronic illnesses and medical care, will likely drive demand for healthcare services.

## DEAL VOLUME

- ▶ Through the end of November, 162 mergers and acquisitions were announced or closed in the HCIT Industry, mirroring the strong level of deal activity seen in 2016.



## NOTABLE TRANSACTIONS

- ▶ **Avizia acquires Carena (October 2017)** – Avizia, a leading telehealth provider backed by organizations including HealthQuest and Northwell Health, acquired virtual care provider Carena. Terms of the deal were not disclosed. Carena has more than 35 million patients through its phone, webcam and house call services. “This acquisition combines two of the nation’s leading virtual care platforms,” Mike Baird, CEO of Avizia, commented in a press release. “With Carena’s select provider network, Avizia empowers hospitals with the most comprehensive, customizable and trusted telehealth solution available.”
- ▶ **Oz Parent to acquire eviCore healthcare (October 2017)** – Oz Parent, a subsidiary of pharmacy benefit management services provider Express Scripts Holding Company, has agreed to acquire eviCore healthcare for \$3.6 billion. Founded in 1994, eviCore offers evidence-based medical benefit management services to more than 100 million people. The combination of the two companies will create a comprehensive suite of data-driven service solutions and is expected to curb nearly \$1.0 trillion annually in wasted healthcare spending.

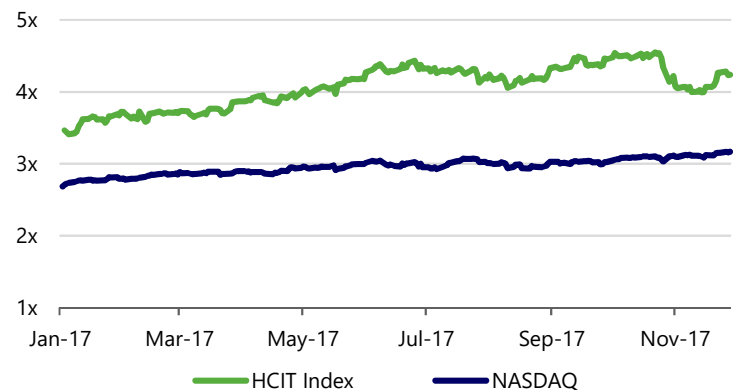
## MOST ACTIVE BUYERS

- ▶ Training provider Relias Learning acquired three analytics companies (Advanced Practice Strategies, CMT and WhiteCloud Analytics) in an effort to integrate client training with data-driven decisions. According to the company’s press release, the acquisitions are part of a growth strategy to move beyond compliance and to combine analytics, assessments and learning.

Buyer Name	# Deals in 2017	# Deals in past 5 years
Anju Software	2	3
Azalea Health Innovations	2	3
N. Harris Computer Corp.	2	25
NextGen Healthcare Information Systems	2	2
Relias Learning	3	12
Zelis Healthcare Corp.	2	9

## AVERAGE PUBLIC COMPANY REVENUE MULTIPLES

- ▶ Average HCIT public company revenue multiples have seen an overall increase in 2017 (rising from 3.5x in January to 4.2x in November) and have remained well above the NASDAQ.



HCIT Index includes: NasdaqGS:CERN, NasdaqGS:ATHN, NasdaqGS:MDSO, NasdaqGS:MDRX, NasdaqGS:OMCL, NYSE:CSLT, NasdaqGS:INOV  
All chart sources: Capital IQ and Capstone Partners LLC Research