



# Q1 2017 M&A Update

## RCM, Healthcare IT, Data, and Analytics

### M&A Overview

There were 49 M&A transactions in the Healthcare IT sector in Q1 2017 compared to 42 in the same period in 2016. Practice management took the first place with six transactions, followed by Apps and Data Analytics with five each. Consulting and Telemedicine has the third place with four apiece. The biggest transaction

Acquirer	Seller	\$ MM
<b>McKesson Corp.</b>	<b>CoverMyMeds LLC</b>	<b>1,100</b>
<b>HMS Holdings</b>	<b>Eliza Corporation</b>	<b>170</b>
<b>Castlight Health</b>	<b>Jiff*</b>	<b>134</b>
<b>Tech Mahindra</b>	<b>HCI Group</b>	<b>110</b>

\*Stock only

in the quarter is the acquisition of Columbus OH based **CoverMyMeds LLC**, a leader in electronic prior authorization (ePA) solutions, by **McKesson Corp.** (NYSE: MCK), for \$1.1 billion with a \$300 million earnout. This is followed by the acquisition of **HMS Holdings** (NASDAQ:HMSY), a leading provider of coordination of benefits, payment integrity and member health management solutions for payers, of **Eliza Corporation**, a cloud-based platform which provides comprehensive and personalized outreach and health engagement solutions to improve quality of care and clinical outcomes, for \$170 million. The third largest transaction is the acquisition of **Jiff**, a technology-based wellness program, by **Castlight Health** (NYSE: CSLT), a company that helps employees select health benefits, for \$134 million. **Tech Mahindra**, a Mumbai, India-based IT company, is acquiring **HCI Group**, a healthcare IT consulting company that specializes in implementing EHRs, for \$110 million.

### Healthcare IT VC Funding Discussion

Venture capital funding, including private equity and corporate venture, in the healthcare IT sector have a robust quarter in Q1 2017, as the total funding reached \$1.6 billion in 165 deals compared to \$845 million in 159 deals in Q4 2016. It is also up compared to the same quarter a year ago with \$1.4 billion in total funding. This sector has accumulated more than \$20 billion in VC funding since 2010.



Consumer-centric companies received 65% of the funding this quarter, bringing in more than \$1 billion in 115 deals compared to \$584 million in 117 deals last quarter. Healthcare practice-centric companies received 35% of the total funding in the quarter, raising \$574 million in 50 deals compared to \$261 million in 42 deals last quarter.

Company	Funding Type	\$ MM	Investors
Hudong Feng Technology	Series D	200	Tencent Holdings
Alignment Healthcare	Unknown	115	Warburg Pincus
PatientsLikeMe	Unknown	100	iCarbonX, Invus
NUNA	Unknown	90	Kleiner Perkins Caufield & Byers, John Doerr
PointClickCare	Unknown	85	Dragoneer Investment Group, JMI Equity

The top VC deals in the first quarter were the \$200 million raised by **Hudong Feng Technology**, \$115 million raised by **Alignment Healthcare**, \$100 million raised by **PatientsLikeMe**, \$90 million raised by **Nuna**, and \$85 million raised by **PointClickCare** after cancelling its IPO in the U.S..



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#### Selected RCM and Health IT Transactions in Q1 2017

04/18/2017 – **MedWorxs, LLC** in CO, a privately-held, international leader in inpatient and ambulatory software solutions and RCM. has announced **Grenville Strategic Royalty Corp.** in Canada (TSXV: GRC), an investment firm, funded a royalty purchase agreement for working capital and future acquisitions. **Lawrence, Evans & Co., LLC** served as advisor to MedWorxs, LLC.

04/13/2017 – **Dubilier & Rice**, a private equity firm and **Care Capital Advisor**, a specialist investment platform focused on dental and consumer health in Asia and part of Hillhouse Capital Management, have entered into an agreement to purchase the dental digital business from **Carestream** in NY.

04/12/2017 – **NextGen Healthcare Information System, LLC** in CA, a wholly owned subsidiary of **Quality Systems, Inc.** (NASDAQ: QSII), announced that it had entered an agreement to acquire **Entrada, Inc.** in TN, a provider of clinical documentation and data exchange platform, for approximately \$34 million.

04/10/2017 – **Azalea Health** in GA, a provider of fully integrated cloud-based healthcare solutions and services, has announced the acquisition of **Leonardo MD** in CA, a complete practice management (PM) and electronic health records (EHR) provider. The move further cements the privately held Azalea as a leader in the cloud-based Health IT and medical billing solutions space.

04/01/2017 – **Dean Dorton** in KY, provider of healthcare accounting and revenue cycle management, has acquired **Metro Medical Solutions** in the same state, a provider of physician billing and credentialing.

03/31/2017 – **Zelis™ Healthcare** in NJ, a market-leading healthcare information technology company, announced the acquisition of **Strenuus®** in KS, a provider of healthcare network analysis and data management.

03/31/2017 – **Cantata Health, LLC**, a company created by **GPB Capital** in NY, has acquired the healthcare software assets of **NTT DATA, Inc.** including revenue cycle management, electronic medical record and billing system for post-acute and long-term care facilities.

03/29/2017 – **iHealth Innovations, LLC** in KY, a healthcare software and services company, has announced the acquisition of **AllDocuments, Inc.** in CA, a provider of medical billing and collections.

03/28/2017 – **MINDBODY** (NASDAQ: MB), in CA, a provider of cloud-based business management software for the wellness services industry, has announced the acquisition of **Lymber Wellness** in CA, an early-stage tech company specializing in breakthrough yield management solutions for class and appointment based businesses.

03/28/2017 – **Global Behavioral Solutions, LLC** in GA, a provider of employee engagement solutions, has merged with **RivalHealth** in NC, a fitness-based wellness platform.

03/23/2017 – **Digital Pharmacist Inc.** in TX, a rapidly growing digital health company, has acquired **PocketRx**, a mobile app that allows patients to manage their prescriptions.

03/16/2017 – **First Databank, Inc.** in CA, the leading provider of drug and medical device knowledge that helps healthcare professionals make precise decisions, has announced the



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acquisition of **Polyglot Systems, Inc.** in NC, a developer of personalized medication management software that is designed to reduce medication errors.

03/15/2017 – **Traffk™** in CA, an insurance technology company, has acquired **Capsci Health** in OR, a provider of HIPAA compliant, mobile-based health benefit management platform that allows employees direct access to their plan's benefits including, preferred providers and telemedicine access directly from the app.

03/14/2017 – **Spectrum Equity**, along with **Cressey & Company** and **Verisys CEO John P Benson**, have made approximately \$72.5 million growth equity investment into **Verisys** in VA, a provider of healthcare screening, monitoring, verification, credentialing solutions, and regulatory compliance software.

03/13/2017 – **Cedar Springs Capital, LLC** in TX, together with **Crestline Investors, Inc.** in the same state, has acquired a majority stake in **CarePayment** in OR, a patient financial engagement company with more than a decade of experience partnering with providers to offer patients zero percent interest payment programs.

03/13/2017 – **GE Healthcare** announced that it is expanding its Maternal-Infant Care business with the acquisition of **Monica Healthcare** in UK, a monitoring technology company.

03/09/2017 – **Healthcell, LLC** a medical billing and RCM with company offices in WI and Mumbai India, , has merged with a medical billing company in Columbus, OH. **Lawrence, Evans & Co., LLC** served as the advisor on the transaction.

03/08/2017 – **GlobalMed®** in AZ, the worldwide leader in telemedicine delivery solutions with over 3.5 million consults in 2016,

has announced the acquisition of **TreatMD** in FL, a self-funded provider of an on-demand telemedicine platform that connects patients and physicians around the world.

03/07/2017 – **Omega Healthcare Management Services** in India, a provider of coding and revenue cycle management services, has acquired **WhiteSpace** in NC, a provider of a cloud-based healthcare data analytics and intelligence platform.

03/07/2017 – **Envision Healthcare Corporation** (NYSE: EVHC) in TN, a provider of physician-led services, ambulatory surgery services, post-acute care and medical transportation, has entered into a definitive agreement to acquire **Imaging Advantage LLC** in CA, a provider of comprehensive radiology services including hospital-based, outpatient and remote-reading service.

03/07/2017 – **nThrive** in GA, a provider of patient-to-payment revenue cycle solutions, has acquired U.S. and India based health services company **e4e Healthcare Services**, a provider of healthcare business process outsourcing, serving providers and payors, and offering value-added solutions such as software, technology, help desk, and analytics.

03/06/2017 – **Thermo Fisher Scientific Inc.** (NYSE: TMO) in MA, the world leader in serving science, has finished its acquisition of **Core Informatics** in CT, a cloud-based platform supporting scientific data management.

03/02/2017 – **GuideWell Mutual Holding Corporation** in FL, a provider of customized health care financing, administrative, and claims processing services, has acquired **PopHealthCare** in AZ, a healthcare analytics and population health management company with a focus on post-acute and in-home care.



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03/01/2017 – **OmniSYS, LLC** in TX, a provider of medical claim reimbursement and billing solutions for pharmacies and healthcare systems, has acquired **voiceTech** in FL, a provider of patient communication and pharmacy management systems.

03/01/2017 – **Quatris Health** in TX, a provider of specialized healthcare software and database solutions, as well as hosting, software maintenance and support services for small and medium sized physician practices, has acquired **HealthSystems** in GA, a provider of integrated electronic medical records and practice management software solutions.

02/28/2017 – **TruClinic Inc.** in UT, a web-based telemedicine solutions provider, has acquired **Overl.ai** in NY, a provider of self-service patient intake solutions that can be deployed on multiple platforms.

02/21/2017 – **Medfusion, Inc** in NC, a provider of patient experience solutions, has entered an agreement to acquire the business and certain assets of **NexSched, LCC** in NY, a patient self-scheduling solutions provider.

02/21/2017 – **Jvion** in GA, the leading cognitive clinical science machine firm, has acquired predictive analytic firm **Predixion's** Healthcare IT practice in CA. Predixion, which raised \$42M+ to date, received \$20M in its third round of investment and is backed by giants including Accenture, GE Ventures, and Software AG.

02/15/2017 – **iGambit Inc** (OTCQB: IGMB) in NY, diversified holding company which focuses

on acquiring technology companies, has acquired **HubCentrix** in FL, a provider of cloud-based document management platform for medical and other industries.

02/15/2017 – **K2M Group Holdings, Inc.** (NASDAQ: KTWO) in VA, a global leader of complex spine and minimally invasive solutions focused on achieving three-dimensional Total Body Balance, has agreed to acquire **e-Follow** in Munich, a mobile software platform that streamlines patient billing and care processes to reduce preauthorization denials and quantify patient care.

02/14/2017 – **Riverside Partners** in MA, a private equity firm, has acquired **Medical Reimbursement of America** in TN, a leader in the rapidly growing field of specialty reimbursement services for hospital revenue cycle departments.

02/10/2017 – **The Riverside** in NY, a private equity firm, has acquired **PracticeMojo** in AZ, a provider of cloud-based SaaS software for dental practices that allows for secure patient communications and appointment reminders.

02/08/2017 – **ABRY Partners** in MA, a private equity firm, has entered into a definitive agreement to acquire **MobileHelp** in FL, a leader in mobile medical alert and personal health management solutions.

02/01/2017 – A Hospital based practice management and medical billing company in OH was sold to a strategic buyer. **Lawrence, Evans & Co.**, acted as advisor.



# Q1 2017 M&A Update

## RCM, Healthcare IT and Data

### Selected Publicly Traded RCM and Healthcare IT

Company Name	Ticker Symbol	Price (3/31/17)	% Change Prior Qtr	% Change Prior Yr	52 Week High	52 Week Low	Market Cap (\$M)	EPS	P/E	Revenue (\$M)	EV (\$M)	EBITDA (\$M)	EV/Revenue	EV/EBITDA
Accretive Health, Inc.	ACHI	2.57	14.2%	0.8%	N/A	N/A	272	0.68	3.8	N/A	N/A	N/A	N/A	N/A
Allscripts Healthcare Solutions, Inc.	MDRX	12.68	24.2%	(4.0%)	15.17	9.80	2,190	(0.14)	N/A	1,549	3,576	207.0	2.3x	17.3x
athenahealth, Inc	ATHN	112.69	7.2%	(18.8%)	143.85	90.11	4,300	0.52	216.7	1,080	4,500	107.1	4.2x	42.0x
Cerner Corporation	CERN	58.85	24.2%	11.1%	67.50	47.01	17,430	1.85	31.8	4,630	19,530	1,320.0	4.2x	14.8x
Computer Programs & Systems Inc.	CPSI	28.00	18.6%	(46.3%)	53.99	18.25	366	0.29	96.6	267	514	27.8	1.9x	18.5x
eHealth, Inc.	EHTH	12.04	13.1%	28.2%	15.14	6.38	196	(0.27)	N/A	187	135	(0.3)	0.7x	N/A
HealthStream, Inc.	HSTM	24.23	(3.3%)	9.7%	28.84	19.95	759	0.12	201.9	226	668	27.8	3.0x	24.0x
HMS Holdings Corp.	HMSY	20.33	11.9%	41.7%	23.06	15.94	1,640	0.43	47.3	474	1,658	103.0	3.5x	16.1x
McKesson Corporation	MCK	148.26	5.6%	(5.7%)	199.43	114.53	30,340	8.43	17.6	190,884	37,215	4,080.0	0.2x	9.1x
Medidata Solutions Inc.	MDSO	57.69	14.5%	49.0%	64.52	40.06	3,480	0.51	113.1	463	3,368	70.0	7.3x	48.1x
Quality Systems, Inc.	QSII	13.66	3.9%	(10.4%)	15.90	10.61	852	(0.05)	N/A	505	861	61.2	1.7x	14.1x
Streamline Health Solutions Inc.	STRM	1.02	(18.4%)	(27.7%)	2.11	0.85	28	(0.35)	N/A	27	25	(2.7)	0.9x	N/A
The Advisory Board Company	ABCO	46.80	40.8%	45.1%	51.23	24.85	1,900	2.23	21.0	803	2,380	124.0	3.0x	19.2x
Medical Transcription Billing, Corp.	MTBC	0.68	(6.2%)	(33.3%)	1.33	0.35	5	(0.95)	N/A	24	14	(0.9)	0.6x	N/A
<b>Average</b>			<b>10.7%</b>	<b>2.8%</b>									<b>2.6x</b>	<b>22.3x</b>

The global economy continues to expand in a synchronized fashion in Q1, 2017, as most of the developed countries entering mid to late stages of the business cycle. The transformation of the Chinese economy did not result in hard landing; however, its policymakers have shifted toward less accommodative stance, amid continued excess capacity and corporate leverage. Though the U.S. is still facing many uncertainties from the new administration, investors are optimistic about the future outlook of the economy, pushing the major indices upward. The Dow Jones Industrial Average improved 3.9%, the S&P 500 increased 4.7%, while the NASDAQ gained by 8.9%. Likewise, The RCM and healthcare IT sectors were moving up in Q1 2017 as our index gained an average of 10.7% during the period.

The RCM and Healthcare IT index is supported by the strong performances from **The Advisory Board Company, Cerner Corporation, and Allscripts Health Solutions, Inc.**, which increased 40.8%, 24.2%, and 24.2%, respectively.

**The Advisory Board Company's** stock price dropped 25.7% in Q4 2016 following its mixed earnings report in the quarter. In 2017, the company began the year by laying off 200 employees, causing its stock price to go down further. The activist investor, Paul Singer, head of Elliott Management, bought an 8.3% stake for approximately \$130 million in early Q1 2017. The bet by Paul Singer gave the company's investors hope, lifting the stock price by 40.8% through Q1 2017.

**Cerner Corporation** reported revenue of \$1.26 billion for the three months ended December 31, 2016, an increase of 7% compared to \$1.18 billion for the same period a year ago. Revenue was within the company's guidance range, while also meeting the Street's consensus estimates. For the year 2016, Cerner reported revenue of \$4.80 billion, up 8% compared to \$4.43 billion for the year of 2015. During Q4, 2016, the company reported that bookings increased by 7% to \$1.44 billion compared to \$1.35 billion in Q4 2015 and matched the company's projection range of \$1.43 billion to \$1.58 billion. Cerner's performance impressed its investors, sending the stock price up by 24.2%.

**Allscripts Health Solutions, Inc.** reported outstanding performance in international markets during the quarter with double-digit booking growth. Bookings were \$406 million in Q4 2016 compared to \$343 million in the same quarter of 2015, representing an 18% growth. Revenue in the quarter was \$425 million, an increase of 23% compared Q4 2015. The exceptional performance and bright outlook of the company has lifted its stock price by 24.2% in the quarter.





*Lawrence, Evans & Co., LLC provides investment banking, finance, and consulting services for small and middle market healthcare providers and services companies. We are very active on the buy-side and the sell-side of Revenue Cycle Management, HCIT, Data and Analytics and related transactions.*

**SERVICES**

<p>▪ Investment Banking &amp; Corporate Finance</p>	<ul style="list-style-type: none"> <li>-Private Company Sales</li> <li>-Division/Subsidiary Divestitures</li> <li>-Distressed Transaction Advisory</li> <li>-Acquisition Advisory Services</li> <li>- Private Market Financings</li> <li>- LBO's and Recapitalizations</li> </ul>
<p>▪ Turnaround &amp; Restructuring</p>	<ul style="list-style-type: none"> <li>-Turnaround Management</li> <li>-Debt Restructuring/Refinancing</li> <li>-Orderly Liquidations</li> <li>- Chief Restructuring Officer (CRO)</li> <li>- Bankruptcy Planning/ 363 Sales</li> <li>- Receivership/Trustee</li> </ul>
<p>▪ Consulting</p>	<ul style="list-style-type: none"> <li>-Strategic Options Analysis</li> <li>-Valuations &amp; Financial Assessments</li> <li>-Interim CEO/CFO</li> <li>- Strategic Planning</li> <li>- Organizational Reviews</li> <li>- Expert Testimony &amp; Opinions</li> </ul>

**REPRESENTED TRANSACTIONS**

 <i>Discover, Simplify, Perform</i> <i>Purchased a</i> <b>Multi Specialty Medical Billing Company</b> 2017  Acted as advisor	 <i>Growth Capital Raise</i> April 2017  STRATEGIC ROYALTY CORP  Acted as advisor	<b>Medical Billing and Technology Company</b>  2015  \$8,000,000 <i>Sale to a Strategic Buyer</i>  Acted as advisor
 <i>2012 Sale to</i>  A Unique Healthcare IT Company  Acted as advisor	 <i>Optimizing Performance &amp; Profit For Healthcare Professionals</i>  2015 <i>Sale to a Strategic Buyer</i>  Acted as advisor	<b>Revenue Cycle Management Company</b>  <i>Strategic Options Analysis</i>   Acted as advisor

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