



2Q18 – TOP TRANSACTIONS

Transaction activity within the RCM and HCIT sector remained strong during the second quarter. A number of large players announcing their intentions to enter or expand their positions within the healthcare space, including; **Microsoft** launching a formal healthcare unit, which will focus on AI and research, **CVS Health** expanded its prescription delivery nationwide, lastly **Amazon** announced its plans to acquire **PillPack**, who focuses on the delivery of pre-sorted medicines.

Athenahealth received an unsolicited offer for \$6.5bn in cash, from the hedge fund **Elliot Management** in early May. However management failed to respond to the offer, and drama began to build. The activist investor firm Elliott Associates, criticized management for the lack of response and this drama lead to the CEO Jonathan Bush' resignation in early June and pushed the board into contemplating the offer.

Top 2Q18 Transactions Announced			
Date Announced	Acquirer	Seller	\$MM
5/8/2018	Elliot Management	Athenahealth	6,500
4/2/2018	Veritas Capital	General Electric (GE)	1,050
6/13/2018	Clayton, Dubilier & Rice	NaviHealth	+650
5/28/2018	Myriad Genetics, Inc.	Counsyl	375
5/31/2018	Teladoc	Advance Medical	352
6/12/2018	Medidata Solutions	SHYFT Analytics	195
5/25/2018	LNK Partners	Schweiger Dermatology Group	100
6/6/2018	New Enterprise Associates	Paladina Health (DaVita)	100
6/5/2018	Halyard Health	CoolSystems	65
5/3/2018	Allscripts	HealthGrid	60

Allscripts remains active in the M&A space, announcing yet another intended acquisition May 3 of the patient-engagement software company **HealthGrid** for \$60mm. This follows Allscripts undisclosed acquisition of Hyland in April and their \$100mm acquisition of Practice Fusion last fall.

The private equity firm **Clayton, Dubilier & Rice** acquired a controlling interest (55%) in Cardinal Health's spin-out **NaviHealth**, a post-acute benefits manager for health plans and value-based care partner. While the official terms were undisclosed, Cardinal stated that it had after tax proceeds of \$650mm, which would be used for share repurchases.

Teladoc, Inc. (NYSE: TDOC) the global leader in virtual care providing on-demand access to medical professionals via video or phone acquired **Advance Medical** a global virtual care provider who has a footprint spanning across 125 countries.

Myriad Genetics, Inc. (NASDAQ: MYGN) a leader in molecular diagnostics and personalized medicine completed its acquisition of **Counsyl** for \$375mm in cash and stock. Founded in 2007, Counsyl is a developer of carrier screening and non-invasive prenatal screening.

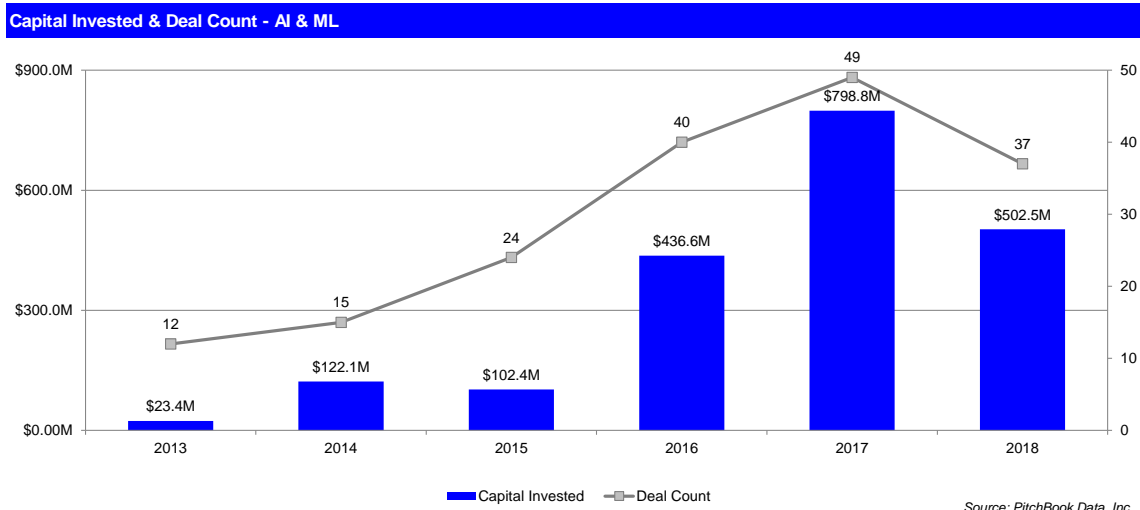
Medidata Solutions widened its scope with its recent acquisition of **SHYFT Analytics** a cloud-based data analytics company focusing on the life sciences market. This acquisition complements Medidata's current cloud-based analytics solutions for clinical research.

BLOCKCHAIN & AI

When you hear "blockchain," the first thing that may come to mind is Bitcoin, Ethereum, or another crypto currency that has you wondering, "what is this?" While blockchain is most frequently associated with crypto currencies, the real value of blockchain comes with the technology's ability to decentralize information in a secure ledger. In healthcare, this can be used for medical records, preventing billing fraud, and maintaining drug supply chain integrity.

When it comes to RCM, **Change Health** has put considerable resources into blockchain, changing the way that payers and providers interact and conduct business, and hoping to prevent money from leaking out of the RCM process. Likewise, **Gem Health** has partnered with **Capital One** to develop a claims management solution built on the blockchain. There are a many useful applications being developed with blockchain technology in healthcare IT. Please review our upcoming healthcare blockchain whitepaper as we take a deep dive into applications and investments.

Along with blockchain, artificial intelligence (AI) and machine learning (ML) have also seen significant growth and investment in the healthcare industry. You may also have heard about robotic process automation (RPA) which is an emerging form of business process technology based on software robots or AI. As of the end of 2Q 2018, AI and ML have received just over \$500 million worth of investments, on par to beat 2017's number which was almost \$800 million. The segments of investment include drug discovery, population health, personalized medicine, automation & assistance and computer vision. Large technology players such as IBM and Google have made investments into several of these categories. Consulting firms are adapting and investing in many of these companies to provide solutions and competitive advantages to their clients. Providers, payors and service firms like RCM are all reviewing options to take advantage of better processes with less human interaction.



AI & ML Investments - 2018

Company Name	Primary Industry Code	HQ City	HQ State/Province	Last Financing Date	Deal Type	Financing Valuation	Financing Size
Livongo	Monitoring Equipment	Mountain View	California	11-Apr-2018	Later Stage VC	805.00	105.00
Insitro	Other Healthcare Technology Systems	San Mateo	California	01-May-2018	Early Stage VC	135.00	100.00
OM1	Outcome Management (Healthcare)	Boston	Massachusetts	22-May-2018	Early Stage VC	96.00	21.00
Nference	Other Healthcare Technology Systems	Cambridge	Massachusetts	06-Jun-2018	Early Stage VC	91.00	11.00
Gauss Surgical	Other Healthcare Technology Systems	Los Altos	California	23-Mar-2018	Later Stage VC	70.00	15.00
Paige.ai	Other Healthcare Technology Systems	New York	New York	05-Feb-2018	Early Stage VC	65.00	25.00
InSilico Medicine	Drug Discovery	Rockville	Maryland	18-Jun-2018	Early Stage VC	60.00	6.00
NeuroVision Imaging	Diagnostic Equipment	Sacramento	California	02-May-2018	Later Stage VC	60.00	15.00
OWKIN	Drug Discovery	New York	New York	23-May-2018	Early Stage VC	46.00	16.00
twoXAR	Drug Discovery	Mountain View	California	19-Mar-2018	Early Stage VC	45.00	10.00
Woebot	Other Healthcare Technology Systems	San Francisco	California	01-Mar-2018	Early Stage VC	38.00	8.00
Curai	Other Healthcare Technology Systems	Palo Alto	California	30-May-2018	Early Stage VC	30.70	10.70
Eko Devices, Inc.	Monitoring Equipment	Berkeley	California	28-Feb-2018	Early Stage VC	15.00	5.00
Siris Medical	Outcome Management (Healthcare)	Redwood City	California	07-Feb-2018	Early Stage VC	12.00	4.00
NarrativeDx	Enterprise Systems (Healthcare)	Austin	Texas	10-May-2018	Early Stage VC	11.07	1.08

Source: Pitchbook Data, Inc.

SELECTED TRANSACTIONS

7/3/2018 – The web-based hospice EMR software company **Consono Services**, backed by Bluff Pointe Associates acquired **ADS Data Systems** an adult day health care software company, which focuses on automating their day-to-day tasks.

7/2/2018 – The migraine management software application **Welltodo** was acquired by **SensorRX** another migraine management software tool. Welltodo's application uses advance analytics to track debilitating migraines.

6/27/2018 – The private equity firm **New Capital Partners** acquired niche RCM provider **Collect Rx**. Collect Rx's focus includes surgery centers, hospitals, and physician owned practices among others.

6/26/2018 – Portsmouth, Ohio based compliance, credentialing and payment integrity software company **Zebu Compliance Solution** was acquired by **United Claim Solutions** a private equity backed payment integrity solution company.

6/26/2018 – A developer of a real time mobile based patient engagement platform **EngagedMedia** was acquired by **Aptus Health** a life science focused patient engagement company. EngagedMedia's product focuses on medication refills and pharmacy interactions.

6/25/2018 – **Netgain (USA)** a healthcare cloud management services provider acquired **iManaged Solutions**, who both designs and mass markets cloud-based services targeting users of the independent EMR Officemate® and eye care professionals. Netgain is backed by the private equity firm Bluff Point Associates.

6/22/2018 – **Revint Solutions**, a revenue integrity company owned by New Mountain Capital and Eir Partners, continued its roll-up strategy completing two additional acquisitions, **CloudMed Solutions** and **AcuStream**. These expand Revint's offerings with charge capture and diagnosis related group ("DRG") validation services.

6/20/2018 – The women's health patient engagement software **Circle Women's Health Platform** was acquired by **Wildflower Health** a mobile based patient engagement software company.

6/20/2018 – **A2U** a provider of a wide variety of HCIT solutions ranging from cloud consulting to managed services was acquired by **Accscient**, a private equity backed IT staffing, and consulting firm.

6/18/2018 – **BetterDoctor** a company focused on providing a centralized location for patient data enabling better flow and quality data was acquired by **Quest Analytics** a network access, disruption and adequacy analysis firm.

6/14/2018 – New York based alternative asset management firm **GPB Capital** acquired **Health Prime International**, a provider of practice management and revenue cycle management solutions through a \$48 million LBO (\$60mm enterprise value)

6/13/2018 – **Compass Professional Health Services** a software platform that allows for employees to make more intelligent healthcare decisions through medical assistance, and cost transparency was acquired by **Alight Solutions** a private equity backed outsourced benefits provider.

6/12/2018 – **Shareable Forms** an enterprise cloud-computing company that focuses on turning point of care information into useable data was acquired by **Strategic Management Consultants** a Georgia based medical management software developer.

6/12/2018 – **Remote Dosimetry Service** a provider of dosimetry and physics support services, include remote treatment planning, and a full spectrum of physics services, was acquired by **Crux Quality Solutions** an oncology focused software provider.

6/11/2018 – The developer of the healthcare analytics platform **Commonwealth Informatics** was acquired by **Genpact (NYSE: G)** the process management and artificial intelligence firm. Commonwealth Informatics software application spans from Electronic Medical Record Support for Public Health (ESP) platform to clinical research.

6/11/2018 – Internet Brands' subsidiary **WebMD Health Corp** acquired **Jobson Healthcare Information**, a New York based and healthcare focused informational, educational, and marketing company.

SELECTED TRANSACTIONS - CONT.

6/6/2018 – **Glimpse Live** the developer of a data and analytics driven practice management solution targeting eye care professionals was acquired by **ABB Optical Group**, a Florida based GP lens manufacturer owned by New Mountain Capital.

6/4/2018 – **Integrated Medical Delivery** a RCM and outsourced administration company was acquired by **N. Harris Computer**, a developer of customer information systems as well as financial management for a broad spectrum of client outside the healthcare space.

5/29/2018 – **ResMed Inc. (NYSE: RMD)** a remote monitoring company announced its intended acquisition of Pamlico Capital's portfolio company **HEALTHCAREfirst**, a SaaS solutions provider for the home health and hospice industry. HEALTHCAREfirst's offerings include EHR, billing, coding, and analytics services.

5/24/2018 – The behavioral analysis and therapy focused EHR and practice management provider **CentralReach**, acquired **Chartlytics**, a provider of real-time behavior change analytics software. The acquisition effectively gives CentralReach a leading market share for the ABA speech and OT therapy market, which may lead to interesting results when coupled with their current research and analytics platform.

5/24/2018 – **ePatientFinder** an analytics based firm that aims to identify ideal candidates for clinical through making clinical trials more public was acquired by **Elligo Health Research** a clinical research company who focuses on patient and physician engagement.

5/22/2018 – Los Angeles based Private equity firm **Marlin Equity Partners**, acquired **Virgin Pulse** and **RedBrick Health** both of which represent global leaders within the digital "employee wellbeing" space. Transaction details were not disclosed.

5/22/2018 – **MedSource National**, a growing national independent medical examinations (IME) provider was acquired by **ExamWorks** a leading provider of IMEs, peer reviews, bill review, Medicare compliance, and other services. MedSource National has a referral network of over 15,000 medical examiners.

5/18/2018 – The healthcare division of **TransUnion (NYSE: TRU)**, which is a data analytics driven RCM company, announced its intended acquisition of **Healthcare Payment Specialists (HPS)** a tech-enable Medicare reimbursement and compliance solution.

5/15/2018 – **NovaQuest Capital Management LLC**, a North Carolina based Private Equity firm, acquired a controlling interest in **Clinical Ink** with **RTI International** as a co-investor. Clinical Ink is a software purpose built to assist in the clinical research process, capturing the necessary data points at the "point of care."

5/14/2018 – The healthcare consulting and services firm **Cumberland Consulting Group** acquired **LinkEHR** an EHR-focused managed services company capable of providing remote support and maintenance for a full suite of applications.

5/15/2018 – The sequencing and array-based genetic analysis firm **Illumina (NASDAQ: ILMN)** acquired **Edico Genome**, an algorithmic powered data analysis company focusing on accelerating solutions for next-generation sequencing (NGS).

5/9/2018 – **Caring Holdings**, a newly formed private equity firm, acquired Bankrate's business segment **Caring.com** from Red Ventures following an FTC agreement. Caring.com is an online information resource for care options.

5/8/2018 – The provider of employee and member health services **HumanaCare**, announced its plan to expand into a virtual platform with its acquisition of **TranQool**, a virtual health platform connecting patients with mental health professionals.

5/2/2018 – **Caltius Equity Partners**, a private equity firm, announced it acquired a significant stake in **Health Payment Systems**, a billing and payment processing software company based in Milwaukee WI. Tts SuperEOB® software allows for claims and payment data consolidation and transmission, simplifying payments and collections.

SELECTED TRANSACTIONS - CONT.

5/1/2018 – **SCIO Health Analytics**, a provider of healthcare analytics, announced it will be acquired by **EXL (NASDAQ: EXLS)**, an operations management and analytics company or BPO for insurance, healthcare, and other companies, for \$240mm. They plan to use the acquisition as a means to expand offerings, improve analytics, and reduce costs

4/30/2018 – **American Well**, the leading U.S. telehealth provider, announced that it has entered into a definitive agreement to acquire **Avizia**, a leading player in acute care telehealth. This acquisition will bring to American Well a comprehensive acute care capability, including the best in class hospital-based care lineup and custom software workflows for more than forty clinical specialties, including telestroke and tele-behavioral health.

4/10/2018 – **SleepScore Labs**, a technology company focused on improving the quality of sleep through its non-contact sleep improvement system, completed its acquisition of **Sleep.ai**. Sleep.ai is a Netherlands based developer of an anti-snore wearable watch that tracks sleep and snoring patterns.

4/9/2018 – **AMN Healthcare Services (NYSE: AMN)** the provider of workforce solutions and staffing services completed the acquisitions of both **MedPartners** and **Phillips DiPisa and Leaders For Today**. MedPartners is a Florida based RCM and care management company which generated roughly \$125mm in revenue; the total purchase price was \$195mm. Phillips DiPisa and Leaders For Today is a Boston based healthcare staffing firm, which was generating around \$23mm in revenue; the purchase price was \$30mm.

4/4/2018 – Connecticut based private equity firm **Alvarez & Marsal Capital** completed its acquisition of Client Network Services **CNSI**, a provider of wide range of HIT solutions, primarily for federal and state agencies.

4/4/2018 – The New Jersey based RCM company **AdvantEdge** finalized its acquisition of **Professional Management Inc. (PMI)**, a Baltimore based RCM company with a focus in pathology, radiology and emergency medicine.

4/4/2018 – **SCI Solutions**, a community-based care coordination software company, acquired **DatStat**, a patient engagement platform and data collection firm, for an undisclosed sum. The combination of SCI's patient scheduling, referral management and revenue cycle software with DatStat's digital self-service tools for pre-visit preparation, secure messaging, visit summaries, and care plans creates a complete patient access and engagement solution for patients to conveniently connect with their care teams and manage their health.

4/3/2018 – **Alibaba's** sports focused affiliate Alisports, acquired **Beijing Ledongli Network Technology Company**, a personal health app developer that focuses on tracking physical activity.

Other:

6/28/2018 – **MTBC** followed through on its stalking horse bid and successfully acquired the RCM assets of **Orion Healthcorp** and 13 of its affiliated companies from Constellation Health's bankruptcy court for \$12.6mm. This transaction represents MTBC's largest acquisition doubling the company's revenue.

PUBLICLY TRADED RCM & HCIT COMPANIES

Selected Publicly Traded RCM and Healthcare IT Companies - 2Q18

Company Name	Ticker Symbol	Close Price 6/29/2018	% Change Prior Qtr	% Change Prior Yr	52 Week High	52 Week Low	Market Cap (\$M)	EPS (TTM)	P/E	Revenue (\$M)	EV (\$M)	EBITDA (\$M)	EV/ Revenue	EV/ EBITDA
Allscripts Healthcare Solutions, Inc.	NAS:MDRX	12.00	(2.8%)	(6.0%)	16.13	11.25	2,230	(1.09)	N/A	1,810	3,596	96.4	2.0x	37.3x
athenahealth, Inc	NAS:ATHN	159.14	11.3%	13.2%	158.66	95.01	5,740	1.31	121.5	1,220	6,539	217.2	5.4x	30.1x
Cerner Corporation	NAS:CERN	59.79	3.1%	(10.0%)	73.86	56.49	19,290	2.57	23.3	5,040	19,560	1,536.9	3.9x	12.7x
Computer Programs & Systems Inc.	NAS:CPSI	32.90	12.7%	2.3%	36.15	26.05	402	(1.27)	N/A	277	605	37.3	2.2x	16.2x
eHealth, Inc.	NAS:EHTH	22.10	54.4%	17.6%	28.59	10.41	271	(1.37)	N/A	172	379	(23.8)	2.2x	N/A
HealthStream, Inc.	NAS:HSTM	27.31	10.0%	8.2%	31.53	21.15	796	0.31	88.1	248	751	36.8	3.0x	20.4x
HMS Holdings Corp.	NAS:HMSY	21.62	28.4%	16.9%	20.90	11.01	1,400	0.47	46.0	521	1,956	100.5	3.8x	19.5x
McKesson Corporation	NYS:MCK	133.40	(5.3%)	(18.2%)	178.86	133.82	29,070	22.74	5.9	20,544	32,378	1,425.0	1.6x	22.7x
Medidata Solutions Inc.	NAS:MDSO	80.56	28.3%	1.5%	85.92	56.65	3,680	0.74	108.9	546	4,658	88.3	8.5x	52.7x
Quality Systems, Inc.	NAS:QSII	19.50	42.9%	13.3%	17.74	12.24	870	0.28	69.6	528	1,260	43.3	2.4x	29.1x
Streamline Health Solutions Inc.	NAS:STRM	1.41	(23.4%)	31.8%	2.82	0.92	35	(0.21)	N/A	25	37	1.3	1.5x	27.8x
Medical Transcription Billing, Corp.	NAS:MTBC	3.87	16.2%	172.5%	5.44	0.29	39	(0.69)	N/A	32	41	1.5	1.3x	27.0x
Inovalon	NAS:INOV	9.93	(6.4%)	(24.5%)	17.80	10.15	1,530	0.24	41.4	449	1,284	86.5	2.9x	14.8x
R1 RCM Inc.	NAS:RCM	8.68	21.6%	131.5%	7.99	2.99	746	(0.75)	N/A	450	976	(11.2)	2.2x	N/A
Average			13.63%	12.14%									3.1x	19.9x*

*Excluding Outlier

Source: Pitchbook

The RCM and Healthcare IT sectors quarterly performance on average outperformed the market by a long shot, yielding 13.6% compared to the S&P 500's 2.9%. Valuations are have continued to stretch, with the average EV/EBITDA multiple, excluding outliers and including adjustments grew from 17.5x to 19.9x QoQ.

Medical Transcription Billing, Corp. (NASDAQ: MTBC): MTBC who continued to outperform the board market QoQ closed on a \$10.5mm public offering of non-convertible preferred stock in early April. The preferred equity offering put MTBC in a good position for growth and was likely used for their recent acquisition of Orion Healthcorp Inc's assets.

eHealth, Inc. (NASDAQ: EHTH): The top performing company of our index, at 54.4% QoQ, a provider of online health insurance for individuals, families and small businesses. eHealth, Inc.'s tremendous performance This performance was largely driven by the first quarter earnings estimates of -\$0.41, reporting -\$0.07; outperforming estimates by \$0.34. Additionally eHealth saw growth in enrollment by 21%. Collectively these things pushed eHealth, Inc. to be our top performing asset.

Quality Systems, Inc. (NASDAQ: QSII): Quality Systems Inc. is a technology and services company who caters to ambulatory care providers within the US. QSII received multiple headwinds this spring, after reporting earning in late May, beating expectations of \$0.13 by \$0.03, reporting \$0.16. Additionally, the company received an analyst upgrade which resulted in a jump of more than 12%.

HMS Holding Corp. (NASDAQ: HMSY): HMY Holding Corp. provides a variety of cost containment and payment accuracy services relating to government healthcare programs and was our third best performing company. HMS Holding gained most of its headwind the same as the prior two, beating earnings estimates. The company beat the consensus estimate of \$0.15 by \$0.07, reporting \$0.22. Additionally, the company beat consensus estimate for revenue by 8.2%.

Streamline Health Solutions (NASDAQ: STRM): Streamline Health Solutions, a provider of integrated solutions, technology-enabled services, and analytics intended to drive reimbursement, was our worst performing asset, losing 23.4% QoQ. While Streamline actually beat earnings estimates of \$-0.06 reporting \$-0.03, there were challenges within operations that disappointed investors, including lower recurring revenues and disappointing guidance.

Lawrence, Evans & Co., LLC. is a boutique healthcare financial advisory and investment banking firm comprised of senior level professionals who provide lead advisory services to private companies, lenders, and other parties-in-interest that are executing financial and strategic transactions. Founded in 2003, the firm provides a wide array of services such as finance and capital raising, mergers and acquisitions, management consultancy services, turnaround management and restructuring, and real estate finance and development. The firm caters to the healthcare providers and service companies (senior housing, hospital, physician services, dental, dermatology, ophthalmology, physical therapy, behavioral health, RCM, HCIT, Population Health, etc.), transportation and logistics, and select niche manufacturing sectors. Transactions are typically under \$250 million or \$10 million EBITDA.

INVESTMENT BANKING & CORPORATE FINANCE	<ul style="list-style-type: none"> • Private Company Sales • Division/Subsidiary Divestitures • Distressed Transaction Advisory 	<ul style="list-style-type: none"> • Acquisition Advisory Services • Private Market Financings • LBO's and Recapitalizations
CONSULTING	<ul style="list-style-type: none"> • Strategic Options Analysis • Valuations & Financial Assessments • Interim CEO/CFO 	<ul style="list-style-type: none"> • Strategic Planning • Organizational Reviews • Expert Testimony & Opinions
TURNAROUND & RESTRUCTURING	<ul style="list-style-type: none"> • Turnaround Management • Debt Restructuring/Refinancing • Orderly Liquidations 	<ul style="list-style-type: none"> • Chief Restructuring Officer (CRO) • Bankruptcy Planning / 363 Sales • Receivership / Trustee

Represented Healthcare Transactions

<p>SKILLED NURSING & ASSISTED LIVING PORTFOLIO</p> <p>\$35,000,000 MULTI-FACILITY REFINANCING</p> <p> ACTED AS ADVISOR</p>	<p> GROWTH CAPITAL RAISE APRIL 2017</p> <p></p> <p> ACTED AS ADVISOR</p>	<p> GROWTH CAPITAL RAISE JUNE 2017</p> <p>\$1,000,000</p> <p> ACTED AS ADVISOR AND INVESTOR</p>	<p> PURCHASED</p> <p>MULTI SPECIALTY MEDICAL BILLING COMPANY 2017</p> <p> ACTED AS ADVISOR</p>
<p> 2012 SALE TO</p> <p></p> <p> ACTED AS ADVISOR</p>	<p>PUBLICLY TRADED AMBULANCE PROVIDER Midsouth</p> <p>BRIDGE FINANCING</p> <p> ACTED AS ADVISOR</p>	<p>MEDICAL BILLING AND TECHNOLOGY COMPANY 2014</p> <p>\$8,000,000</p> <p>SALE TO A STRATEGIC BUYER</p> <p> ACTED AS ADVISOR</p>	<p> Optimizing Performance & Profit For Healthcare Professionals</p> <p>SALE TO A STRATEGIC BUYER 2015</p> <p> ACTED AS ADVISOR</p>

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