



Q3 2017 M&A Update

RCM, Healthcare IT, Data and Analytics

M&A Overview

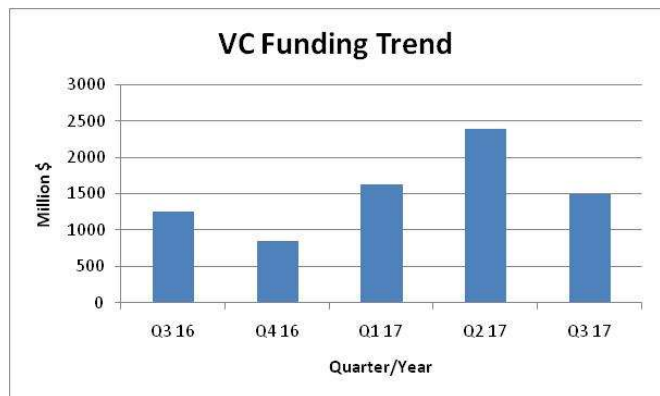
There were 56 M&A transactions in the Healthcare IT sector in Q3 2017 compared to 41 transactions last quarter. Healthcare IT service providers were involved in seven transactions while healthcare IT consulting and telemedicine companies had five transactions each. Notable transactions included the acquisition of

Acquirer	Seller	\$MM
Internet Brands	WebMD	2,800
Optum	Advisory Board Company	1,300
Konica Minolta	Ambry Genetics Corp.	1,000
Navicare	ZirMed	750
FNFV Group	T-System	200
Allscripts	McKesson's EHR Assets	185

WebMD (NASDAQ: WBMD), the leading source of health information, by **Internet Brands**, a fully integrated online media and software services organization focused on four high-value vertical categories: Automotive, Health, Legal and Home/Travel and a portfolio company of **KKR** (NYSE: KKR), for a total value of \$2.8 billion. The second place was the acquisition of **Advisory Board Company** (NASDAQ: ABCO), a best practices firm that uses a combination of research, technology, and consulting to improve the performance of more than 4,400 health care organizations, by **Optum**, a leading information and technology-enabled health services business, for \$1.3 billion. The acquisition of **Ambry Genetics Corp.**, a provider of clinical diagnostics testing services for genetic diseases, by **Konica Minolta** (OTC: KNACY), a Japanese technology company headquartered in Marunouchi, for \$1.0 billion claimed the third spot. The other top transactions included: the acquisition of **ZirMed.**, a provider of a dynamic end-to-end platform of cloud-based financial performance management solutions, by **Navicare**, a provider of integrated cloud-based medical claims management and patient payment solutions, for \$750 million, the acquisition of **T-System**, a provider of clinical documentation and coding solutions to hospital-based and free-standing emergency departments and urgent care facilities, by **FNFV Group** (NYSE: FNFV), a provider of title insurance, technology and transaction services to the real estate and mortgage industries, for \$200 million, and the acquisition of **McKesson's** (NYSE: MCK) EHR Assets by **Allscripts** (NASDAQ: MDRX), for \$185 million.

Healthcare IT VC Funding Discussion

Global venture capital funding remained robust in Q3 2017 with a total of 227 deals amounting to \$1.5 billion compared to the \$2.4 billion raised in 194 deals in Q2 2017. Though the total funding amount was lower than the previous quarter, the 227 funding deals in Q3 was the most recorded in a single quarter since 2010.



Consumer-centric companies received 51% of the funding this quarter, bringing in more than \$751 million in 149 deals compared to \$1.6 billion in 131 deals last quarter. Healthcare practice-centric companies received 49% of the total funding in the quarter, raising \$731 million in 78 deals compared to \$745 million in 63 deals last quarter.



Q3 2017 M&A Update

RCM, Healthcare IT, Data and Analytics

Selected RCM and Health IT Transactions in Q3 2017

10/18/2017 – **Eir Partners** and **BKO Capital** announced the formation of **Revint Solutions** in Chicago, a data-driven enterprise-wide solutions provider, through the merger of **mCare Solutions** and **Vaughan Holland Consulting**. This company will serve over 450 hospitals and some of the leading healthcare institutions across the United States.

10/11/2017 – **Azalea Health** in GA, a provider of fully integrated web-based healthcare solutions and services, announced the merger of **Prognosis Innovation Healthcare** in TX, a provider of electronic health records (EHR) to rural and community hospitals.

10/11/2017 – **Halyard Capital** in New York, a private equity firm, has sold its portfolio company, **Practice Insight**, a provider of practice management software for healthcare providers, to an undisclosed buyer.

10/11/2017 – **Welltok** in CO, a leading consumer health enterprise Software as a Service (SaaS) company, announced the strategic acquisition of **Tea Leaves Health** in GA, a provider of a SaaS-based analytics and marketing technology platform used by hospital systems to target consumers and physicians with coordinated engagement campaigns, from **Ziff Davis, LLC**, a subsidiary of **j2 Global, Inc.** (NASDAQ: JCOM).

10/06/2017 – **HealthChannels** in FL, a provider of medical scribing, care coordination, and real-time coding across a broad range of care settings, announced the acquisition of **Elite Medical Scribes** in MN, a provider of fully integrated medical scribe services. The acquisition of Elite Medical Scribes strengthens HealthChannels ability to deliver best-in-class services to a broader range of U.S. healthcare providers.

10/03/2017 – **Trilliant Health** in TN, the parent company of a group of healthcare technology, analytics, and marketing companies, announced the purchase of **Expression Health Analytics** in TN, a healthcare data analytics and insight company.

10/03/2017 – **WebPT** in AZ, a provider of rehab therapy software, announced the acquisition of **Strive Labs** in MA, a provider of patient relationship management software for patient education, engagement, and retention. With the acquisition, customers of WebPT and Strive Labs will have access to everything they need to manage their practices and deepen relationships with their patients.

09/26/2017 – **Availity** in FL, the nation's largest real-time health information network, announced that it has received a significant growth equity investment led by **Francisco Partners** in CA, a leading technology-focused private equity firm, with additional investment from Availity's existing investor group

09/25/2017 – **Generali Global Assistance** in New York, an online marketplace for booking caregivers, announced the acquisition of **CareLinx** in CA, a leading nationwide, tech-enabled caregiver marketplace improving access to affordable, quality home care for families, large health systems, and insurance companies.

09/25/2017 – **Konica Minolta, Inc.** in Tokyo, a global digital technology company with core strengths in imaging and data analysis, optics, materials, and nano-fabrication, announced the acquisition of **Invicro LLC** in MA, a global Contract Research Organization (CRO) providing imaging services to the pharmaceutical and biotechnology industry from



Q3 2017 M&A Update

RCM, Healthcare IT, Data and Analytics

early phase discovery through late-phase clinical trials.

09/14/2017 – **UDG Healthcare plc** in Ireland, a leading international healthcare services provider, announced the acquisition of **MicroMass Communications** in NC, a healthcare communications agency specializing in patient engagement and support programs, for a total of \$75.8 million.

09/13/2017 – **Livongo Health** in CA, the leading consumer digital health company focused on empowering people with chronic conditions to live happier and healthier lives, announced the acquisition of **Diabeto, Inc.TM** in India, a provider of an app – integrated diabetes management device for type 1 and type 2 diabetes patients.

09/13/2017 – **HealthSplash** in KS, an emerging digital healthcare technology disruptor, announced the acquisition of **DMERX** in AZ, a provider of electronic documentation and compliance documentation solutions for healthcare providers.

09/16/2017 – **M*Modal Services, Ltd** in TN, a healthcare technology provider of advanced clinical documentation solutions, enabling hospitals and physicians to enrich the content of patient EHR for improved healthcare and comprehensive billing integrity, announced the acquisition of **Landmark Transcription** in PA, a provider of medical transcription services.

09/04/2017 – **Citadel Group** in Chicago, an American global financial institution, announced the acquisition of **Charm Health** in Brisbane, a developer and supplier of multi-site oncology information management systems for patient centric cancer care, for \$8.2 million to beef up its medical software solutions offering and growth in the health sector.

09/01/2017 – **Sequoia Capital**-backed online pharmacy **1mg** in India, has acquired **Dawaileo** in India, an e-pharmacy that allows users to purchase generic medication.

8/31/2017 – **GetInsured** in CA, a market leader in individual health insurance e-commerce, announced the acquisition of **ACAExpress.com** and its sister brand, **Benefit Geek** in TX, ACAExpress.com is a pioneer in building a healthcare.gov-integrated platform that streamlined Affordable Care Act health plan enrollment for consumers and brokers. Through this acquisition, GetInsured will extend its award-winning health insurance ecommerce solutions for group, individual and Medicare enrollment to deliver comprehensive SaaS capabilities to independent agents and agencies, as well as support insurance carrier retail channels.

08/23/2017 – **Alto Pharmacy** in CA, a prescription delivery service, announced the acquisition of **Round Health** in CA, developer of a prescription management app for patients and prescribers, acquired Round Health, an app maker that tells patients when to take their medicine by lighting up and sending a push notification.

08/22/2017 – **Vestar Capital Partners** in New York, a private equity firm, announced the acquisition of **Quest Analytics** in WI, a provider of software development and consulting services to health plan providers.

08/22/2017 – **SilverVue®** in UT, a provider of a searchable tablet application that hospital case managers use to help patients choose their post-acute care provider, announced the acquisition of **Ergo Sum Health** in CA, a proprietary preventative care software platform for physicians that incorporate preventative



Q3 2017 M&A Update

RCM, Healthcare IT, Data and Analytics

medicine to accommodate the new Medicare reimbursement laws.

08/16/2017 – **NextGen Healthcare Information Systems, LLC**, a wholly owned subsidiary of **Quality Systems, Inc.** (NASDAQ: QSII), has completed the previously announced acquisition of **EagleDream Health Inc** in NY, a software analytics solutions company.

08/14/2017 – **Xtend Healthcare** in TN, a healthcare revenue cycle management company, announced the expansion of its Health Information Management (HIM) technology and consultancy services with the acquisition of **ELIPSe** in CA. ELIPSe specializes in electronic health records consulting, ICD-10 coding quality and auditing, interim HIM and coding management, and clinical documentation improvement (CDI) engagements.

08/13/2017 – **Google** (NASDAQ: GOOGL), has purchased **Senosis Health** in Seattle, which developed an app for monitoring jaundice, chronic respiratory diseases, and hemoglobin. Senosis was in the middle of raising a Series A financing round from venture capital firms when the acquisition offer materialized.

08/11/2017 – **Insight Imaging** in MN, a national leader in mobile interim, long-term and fixed-site diagnostic imaging solutions, announced its acquisition of certain assets of **LG Medical Technologies, Inc.** in IL, a provider of diagnostic imaging technologies to hospitals and medical centers in the U.S.

08/11/2017 – **eSolutions, Inc.** in KS, a provider of healthcare technology and analytics solutions, announced its acquisition of **RemitDATA Inc.** in TX, a pioneer of comparative data analytics technology bringing

360-degree data transparency to the healthcare industry.

08/10/2017 – **Allscripts** in IL, (NASDAQ: MDRX) a publicly traded company that provides physician practices, hospitals, and other healthcare providers with practice management and EHR technology, has entered into an agreement to buy CA-based **NantHealth's** provider and patient engagement solutions business, including the FusionFX solution and components of its NantOS software connectivity solutions.

08/08/2017 – **PRA Health Sciences, Inc.** (NASDAQ: PRAH) in NC, one of the world's leading global CROs by revenue, providing outsourced clinical development services to the biotechnology and pharmaceutical industries, announced the acquisition of **Parallel 6, Inc** in CA, a provider of mobile clinical (mClinical) SaaS platform designed to recruit, enroll, engage and manage patients in clinical trials, from **HCAP Partners** in CA, a mezzanine debt and private equity firm.

08/03/2017 – **PatientPoint®** in OH, the leader in patient and physician engagement solutions, announced the acquisition of **Patient Education Network** in FL, a leading digital oncology waiting room provider.

08/02/2017 – **MTS Health Investors, LLC** in New York, a private equity firm, announced that funds managed by MTS have completed an investment in **Accuity Delivery Systems LLC** in NY, a revenue cycle management business that provides clinical documentation improvement (CDI), coding and quality assurance and provider education services to its hospital clients.



Q3 2017 M&A Update RCM, Healthcare IT and Data

Selected Publicly Traded RCM and Healthcare IT

Company Name	Ticker Symbol	Price (9/30/17)	% 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.	MDRX	14.23	11.5%	8.0%	14.45	13.84	2,514	(1.05)	N/A	1,660	3,830	160.1	2.3x	23.9x
athenahealth, Inc	ATHN	123.73	(12.0%)	(1.9%)	158.66	90.11	4,810	0.79	156.6	1,150	5,170	127.7	4.5x	40.5x
Cerner Corporation	CERN	71.32	7.3%	15.5%	72.82	47.01	23,710	1.98	36.0	4,900	22,990	1,370.0	4.7x	16.8x
Computer Programs & Systems Inc.	CPSI	29.55	(9.9%)	13.4%	36.15	18.25	412	0.39	75.8	261	574	28.5	2.2x	20.1x
eHealth, Inc.	EHTH	23.89	27.1%	113.1%	25.83	6.38	443	(0.35)	N/A	183	377	(4.3)	2.1x	N/A
HealthStream, Inc.	HSTM	23.37	(11.2%)	(15.3%)	31.53	20.60	781	0.14	166.9	238	648	23.6	2.7x	27.4x
HMS Holdings Corp.	HMSY	19.86	7.4%	(10.4%)	22.05	15.94	1,619	0.35	56.7	496	1,860	92.8	3.8x	20.0x
McKesson Corporation	MCK	153.61	(6.6%)	(7.9%)	169.29	114.53	31,527	22.04	7.0	19,985	37,150	3,940.0	1.9x	9.4x
Medidata Solutions Inc.	MDSO	78.06	(0.2%)	40.0%	85.92	46.10	4,648	0.62	125.9	509	4,320	76.8	8.5x	56.2x
Quality Systems, Inc.	QSII	15.73	(8.6%)	39.0%	17.74	10.97	975	0.36	43.7	518	1,030	61.3	2.0x	16.8x
Streamline Health Solutions Inc.	STRM	1.47	37.4%	(20.1%)	2.82	0.85	31	(0.32)	N/A	26	31	(3.2)	1.2x	N/A
Medical Transcription Billing, Corp.	MTBC	1.47	3.5%	56.4%	5.44	0.29	38	(1.07)	N/A	30	21	(2.6)	0.7x	N/A
Inovalon	INOV	17.05	29.7%	15.9%	17.80	8.60	2,510	0.12	142.1	420	216	67.4	0.5x	3.2x
Average			5.8%	19.1%									3.0x	17.2x*

*Excluding Outlier

The global economy continued to expand in a relatively steady and synchronized fashion. Most developed economies are in more mature stages of the business cycle, with the eurozone falling a little behind. Recession risks and market volatility continue to remain low through Q3 2017. The solid growth environment is likely to give policymakers confidence to slowly shift toward less accommodative monetary policy, which has the potential to increase volatility across all asset classes from extremely low levels as of now. The Dow Jones Industrial Average moved up 4.9%, the S&P 500 increased 4.0%, while the NASDAQ gained by 5.8%. Likewise, The RCM and Healthcare IT sectors were moving up in Q3 2017 as our index gained an average of 5.7% during the period.

The RCM and Healthcare IT index is supported by the strong performances from **Streamline Health Solutions Inc.**, **Inovalon**, and **eHealth, Inc.**, which increased 37.4%, 29.7%, and 27.1%, respectively.

Streamline Health Solutions Inc. reported lower than expected revenue in Q2 2017 at \$5.9 million, representing a 19.6% drop from the same period a year ago. Recurring revenue comprised 82.0% of total revenue in the reported quarter. The company had a net loss of \$1.1 million compared to net loss of \$7.0 million in the same period a year ago. Streamline's diluted earnings per share was negative \$0.06, which is in line with analysts' expectations. The narrower loss for the company has boosted the confidence of its investors, who bid up the stock by 37.4% in Q3.

Inovalon, a cloud-based healthcare platform provider, announced that **UnitedHealthcare**, a business of **UnitedHealth Group**, has signed a five-year deal to use its ONE platform. Though no financial details were announced, the company's stock soared after the news came out. The UnitedHealthcare deal will certainly contribute to Inovalon's return to growth during the second half. After two years of disappointment for investors, Inovalon has finally delivered some good news.

eHealth, Inc. reported Q2 2017 adjusted net loss of \$0.93 per share, wider than analyst's estimate of \$0.75 per share and the year-ago loss of \$0.03 cents. Revenue declined at individual, family, and small business segment but improved at Medicare. Though estimated memberships increased, approved members declined in the quarter. The stock took a temporary down turn before its announcement of new service to Square's small business customers with access to its site via Square's dashboard. The anticipation of Trump's Obamacare alternative spurred further movement of the stock, which increased by 27.1% in Q3 2017.



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

REPRESENTED TRANSACTIONS

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

Lawrence, Evans & Co., LLC
Contact: Neil L. Johnson
Managing Partner
614-448-1304/614-598-8905
njohnson@lawrenceevans.com

Weian Ye
Senior Analyst
614-448-1304
weian@lawrenceevans.com