



### 3Q18 – TOP TRANSACTIONS

Although transaction activity saw a pullback in both volume and median size, approximately -21.21% and -7.97% QoQ respectively, the RCM and HCIT sector remained healthy through the third quarter.

**AdvancedMD**, the large provider of cloud-based practice management, electronic health records, and revenue cycle management for the independent physician practice market, was acquired by **Global Payments (NYS: GPN)** for \$700mm. The acquisition aligns with Global Payment’s software-driven strategy, and will add significant SaaS revenue in a new, attractive market with strong payment fundamentals, further accelerating its business mix toward technology enablement.

Top 3Q18 HCIT and RCM Transactions Announced			
Date	Acquirer	Seller	\$MM
9/5/2018	Global Payments	AdvancedMD	700
9/25/2018	Agilent Technologies	ACEA Biosciences	250
7/1/2018	ExlService Holdings	SCIO Health Analytics	237
9/11/2018	Stryker	Invuity	224
7/12/2018	Doctolib	MonDocteur	70
8/1/2018	Logisticare	Circulation	46
9/23/2018	TransEnterix	Medical Surgery Technologies	33
8/29/2018	Summit Health	Provant Health Solutions	27
7/1/2018	Medical Transcription Billing	Orion HealthCorp	13
7/3/2018	Alcidion Group	MKM Health	12

On September 25<sup>th</sup>, **ACEA Biosciences**, a developer of cell analysis instruments designed to help in life science research and clinical diagnostics, was acquired by **Agilent Technologies (NYSE: A)** for \$250mm. Agilent is a global leader in life sciences, diagnostics, and applied chemicals.

Health analytics services company **SCIO Health Analytics** was acquired by New York based **EXLService Holdings (NAS: EXLS)** for \$236.5mm. EXLService plans to use the acquisition to strengthen their capability in the high growth cost and care optimization markets.

**Invuity (NAS: IVTY)**, a developer of an advanced photonics technology designed to transform and create a new standard of care for minimal access surgery, was acquired by **Stryker (NYS: SYK)** for \$224.22mm. The deal is expected to close in October.

### VIRTUAL REALITY

Virtual reality (VR) has long been something viewed as futuristic, science fiction, and often out of reach from daily use. While virtual reality has started to make its way into the mainstream in the form of gaming, we have also seen a rise in its use in healthcare. Virtual reality’s application in healthcare ranges from education, where medical students in the United States can observe an operation in London in VR, to treatment, where hospital systems are using VR to help relax chronic patients.

In 2016, cancer surgeon Shafi Ahmed performed an operation on a patient at the Royal London hospital. This allowed people who were interested to watch the operation through the Medical Realities website. It was the first time that surgery had ever been streamed in virtual reality, allowing surgeons from around the world as well as medical students to observe a surgery in VR.

At **Nationwide Children’s Hospital**, physicians are deploying a video game called “Voxel Bay” to help pediatric patients who are undergoing infusion therapy relax. Additionally, rehab is seeing implementations of virtual reality, with startup **Mindmaze** developing a virtual reality therapy solution for stroke and traumatic brain injury patients.

**Hoag Memorial Hospital** in Newport Beach, California is implementing an innovative VR visualization platform which helps surgeons view a 360 degree reconstruction of a patient’s anatomy and pathology from CT and MRI scans.

In the next few years, we plan on seeing more deployment of cool use cases for virtual reality, especially in healthcare. As the technology that goes into VR headsets becomes more affordable, VR will become more widely used, and entrepreneurs will discover more use cases for the technology. Lawrence, Evans & Co., LLC will be publishing a whitepaper on VR later this year.

## SELECTED TRANSACTIONS

7/1/2018 – **Mixfit**, a platform that uses real-time health data to create a nutritional drink based on nutrigenomics, has sold 50% of their shares to **Royal DSM (AMS: DSM)**, a Dutch based science-based nutrition company.

7/2/2018 – **Netsmart**, a provider of health IT and electronic health records software for behavioral health, has acquired Change Healthcare's homecare and hospice solutions business. Netsmart will integrate the software in its CareFabric suite of solutions.

7/3/2018 – Boston based telehealth and healthcare software company **American Well** has acquired **Avizia**, a telehealth and remote conferencing platform designed to deploy and power system-wide telehealth programs.

7/3/2018 – **MKM Health**, a developer of healthcare software designed to enhance existing IT health systems, was acquired by Australia based healthcare IT and billing software company **Aldicion (ASX: ALC)** for \$11.85mm.

7/4/2018 – **Hysynth Biotechnologies**, a provider of clinical data management and monitoring services including both software and hardware to monitor clinical trials, was acquired by India based **California Software Company**.

7/6/2018 – California based company **MPI Cognition**, which is a personalized treatment technology designed to improve cognition and reverse the cognitive decline of SCI, MCI, and early Alzheimer's disease has been acquired by **AHNP Precision Health**.

7/7/2018 – **Credit Bureau Systems**, a provider of healthcare revenue cycle management, medical coding, patient finance loan servicing, and account billing has been acquired by North Carolina based **FirstPoint Collection Resources**.

7/11/2018 – **SPR Global Healthcare**, a developer of a single patient record system intended to improve the experience of both patients and medical professionals, was acquired by **RXB Healthcare Technologies**. The acquisition will allow RXB Healthcare to enter the European healthcare market.

7/12/2018 – Paris based medical appointment Software Company **MonDocteur** was acquired by **Doctolib** for EUR 60mm. The acquisition of a competitor will expand Doctolib's market share.

7/17/2018 – New Jersey based data analytics-driven health marketing software company **Payer Sciences** has been acquired by **Publicis Healthcare Communications Group**. The acquisition will strengthen Publicis Health's offering to become its clients' trusted transformation partner.

7/19/2018 – Texas based developer of doctor-patient relationship software **Hippocrates Direct Healthcare** acquired **China Infrastructure Construction (OTC: CHNC)** through a reverse merger.

7/24/2018 – **HealthCast**, a creator of enterprise single sign-on and identity management solutions for health care providers, has been acquired by **Identity Automation**, a provider of access management, identity governance, and multi-factor authentication software.

7/30/18 – **Medahub**, a developer of cannabis related healthcare technology, has been acquired by **Acacia Diversified Holdings (PINX: ACCA)**. The acquisition allows Acacia to be fully HIPAA compliant and cloud-based on an HL7 platform.

8/1/2018 – **Circulation**, a provider of a digital platform to coordinate convenient and reliable nonemergency transportation for all area of healthcare, was acquired by **Logisticare** for \$46mm.

8/1/2018 – **Nemaris' Surgimap**, a surgical planning software platform with predictive algorithms and visual guides, was acquired by **Globus Medical**. The acquisition will help Globus accelerate the launch of new products in imaging, navigation, and robotics.

8/1/2018 – **Lucro Solitions**, a digital platform for health systems designed to compare and choose vendors, was acquired by **Valify**, a healthcare cost management company.

8/1/2018 – **Mingle Analytics**, a provider of Medicare quality reporting, has merged with **SilverVue**, a supplier of care management software, to form Mingle Health. **Lawrence, Evans & Co., LLC** is an investor in Mingle Analytics.

SELECTED TRANSACTIONS - CONT.

8/4/2018 – **ConciergeStat**, a provider of a technology-enabled mobile concierge service for emergency rooms and hospitals, has been acquired by **Smart-ER**, a software company with hospital and emergency room solutions.

8/4/2018 – **Pride Institute**, a provider of practice management solutions for the dental industry, was acquired by **Spear Education**. The acquisition will enhance the overall educational content available to dental professionals.

8/8/2018 – Pennsylvania based operator of a self-pay healthcare revenue cycle management company, **Professional Collection**, was acquired by an undisclosed leading financial recovery solutions company..

8/13/2018 – **factis**, a developer of data recording software for social and the healthcare sector offering mobile time tracking, mobile service entry, and real time controlling has been acquired by **CompuGroup Medical (ETR: COP)**.

8/20/2018 – **JSA Health**, a behavioral health telemedicine company, was acquired by **SOC Telemed**, a provider of specialty physician consultations to acute care hospitals via telemedicine. This will allow the SOC to provide 24/7 access to high-quality tele-psychiatry.

8/22/2018 – **TypeZero**, a provider of a diabetes management system intended to offer personalized diabetes management services was acquired by glucose monitoring company **DexCom (NAS: DXCM)**

8/24/2018 – **SCWorx**, a developer of materials management information software specializing in interoperability between the three core healthcare provider systems, has reached a definitive agreement to acquire **Alliance MMA (NAS: AMMA)**. This will help the company list on the NASDAQ and help their growth.

8/27/2018 – **Provant Health (PINX: HPHWQ)**, a provider of health risk assessment and management services, has been acquired by **Summit Health Inc** a subsidiary of **Quest Diagnostics (NYS: DGX)** through a Bankruptcy 363 sale.

8/28/2018 – **Iatric Systems**, a provider of healthcare technology services such as report writing, HIE, interface engine, and regulatory services has been acquired by **N. Harris Computer**. The acquisition represents a natural extension of the N. Harris Computer's offerings in the healthcare IT segment.

8/29/2018 – **ImExH**, a SAAS based medical imaging software for the medical sectors company, has acquired **Omni Market Tide (ASX: IME)** through a reverse merger, resulting in the combined entity trading on the Australian Stock Exchange.

8/29/18 – **Xhale**, a developer of patient monitoring technology designed to improve and expand the use of conventional pulse oximetry, was acquired by **Philips (NYSE: PHG)**, the Dutch multinational healthcare and lighting company.

8/30/2018 – **Palabra Apps**, a developer of dictation-based clinical workflow software designed to transform the oncology information management landscape, was acquired by **Elekta (STO: EKTA B)**. The acquisition enables the acquirer to build a portfolio of mobility tools and thus address the growing need for enhanced clinical efficiency.

8/31/2018 – **ClariCare**, creators of cloud-based dental practice management tools designed to help dentists connect directly with their practice management system, has been acquired by **True Nature Holding (OTC: TNTY)** for \$3mm.

8/31/2018 – **Pacific BPO**, a provider of revenue cycle management services in Uttar Pradesh, India, was acquired by **Access Healthcare** for INR 17mm (\$240,000). The acquisition enables Access Healthcare to increase the breadth of healthcare customers in their portfolio.

9/1/2018 – **EWII Telecare**, a provider of telemedicine solutions intended to treat chronic patients at home, has been acquired by Swedish based healthcare company **Tunstall Nordic**.

10/24/18 – **Foothold Technology**, a cloud-based behavioral health and human services EHR software vendor, has joined **Exym LLC**. Exym is also a cloud-based EHR service for behavioral health.

10/24/18 – **Global Healthcare Alliance**, a leading provider of end-to-end prospective bundled payment solutions for healthcare providers, has been acquired by **Cedar Gate Technologies**, a value-based care performance management analytic company.

## SELECTED TRANSACTIONS - CONT.

9/4/2018 – **Herald Health**, a developer of a medical platform designed to provide clinical data and medical information, has been acquired by **Persistent Systems (NSE: PERSISTENT)** for \$5.2mm. The acquisition strengthens Persistent System's intellectual property-led offerings in the healthcare domain and creates cross-sell opportunities.

9/11/2018 – **Physicians Management**, a provider of medical billing services to hospitals, medical practices, and ambulatory surgery centers, was acquired by **Fellow Health Partners**.

9/11/2018 – **Sherbit**, creator of personal analytics applications designed to analyze and understand patients and personal information has been acquired by **Medopad**. The acquisition allows Medopad to support solutions across different disease areas from rare disease to chronic conditions.

9/12/2018 – **WellPass**, a developer of a messaging platform designed to connect payers, providers, and people, has been acquired by **Welltok**. The acquisition expands Welltok's presence in the managed Medicaid and government markets, and brings sophisticated text messaging capabilities and proven, evidence-based health programs into its consumer health activation platform.

9/19/2018 – **DMD Digital Health (PINX: APTOF)**, a provider of medical and healthcare data, has been acquired by **10653365 Canada**, a subsidiary of **DMD Digital Health**.

9/23/2018 – **Medical Surgery Technologies**, a developer of image-based software designed for image-based laparoscopy, has been acquired by **TransEnterix (ASE: TRXC)** for \$33mm.

9/26/2018 – **Applied Revenue Analytics**, a business analytics solution for hospitals and health systems, was acquired by **OSG Billing Services**. Greenberg Advisors was the exclusive financial advisor for the deal.

10/1/2018 – **Molina Medicaid Solutions**, a Medicaid management information systems business, was acquired by **DXC Technology**, a provider of health and human services to government agencies. The acquisition allows DXC to offer additional services and benefits.

10/2/2018 – **Ovation Revenue Cycle Services**, a subsidiary of **UPMB**, has sold its transaction services technology business to **Waystar**. Ovation's technology monitors claims at many health systems and hospitals and this technology will now be integrated into Waystar's platform.

10/16/18 – Specialized revenue cycle management (SRCM) provider **Kemberton** announced that the company had combined with **Professional Receivables Network**, an SRCM in New Jersey. The executives at both companies pursued this in order to become a leader in SRCM.

10/24/18 – **OnShift**, a cloud-based human capital management ("HCM") software provider for the long-term post-acute care market, received a strategic equity investment from **Clearlake Capital Group**.

PUBLICLY TRADED RCM & HCIT COMPANIES

Selected Publicly Traded RCM and Healthcare IT Companies - 3Q18

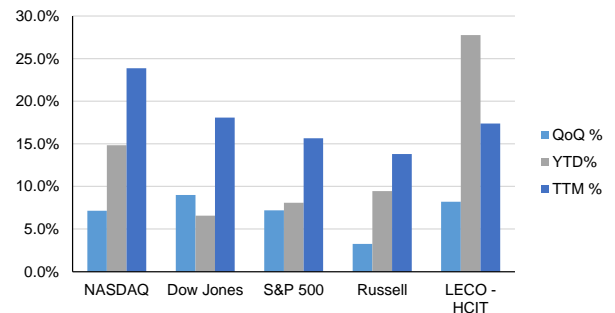
Company Name	Ticker Symbol	Stock Price 9/30/2018	% Change Prior Quarter	% Change Prior Year	Price 52 Week High	Price 52 Week Low	Market Cap	EV	Diluted EPS	Price To Earnings	LTM Revenue	EBITDA	EV to EBITDA	EV to Revenue
Allscripts Healthcare Solutions, Inc.	NAS:MDRX	14.25	18.75%	0.14%	16.03	11.52	2,488	4,028	(1.1)	N/A	2,006	96.4	41.8x	2.2x
athenahealth, Inc	NAS:ATHN	133.60	-16.05%	7.43%	161.76	115.33	5,411	5,453	1.3	102.0	1,287	217.2	25.1x	4.5x
Cerner Corporation	NAS:CERN	64.41	7.73%	-9.69%	73.57	55.09	21,191	20,747	2.6	25.1	5,250	1,536.9	13.5x	4.0x
Computer Programs & Systems Inc.	NAS:CPSI	26.85	-18.39%	-9.14%	34.35	26.10	378	516	(1.3)	N/A	284	7.1	72.3x	1.9x
eHealth, Inc.	NAS:EHTH	28.26	27.87%	18.29%	31.00	13.65	542	511	(1.4)	N/A	141	(23.8)	N/A	3.0x
HealthStream, Inc.	NAS:HSTM	31.01	13.55%	32.69%	31.73	22.00	1,002	837	0.3	100.0	238	36.8	22.7x	3.4x
HMS Holdings Corp.	NAS:HMSY	32.81	51.76%	65.21%	33.76	15.06	2,738	2,890	0.5	69.8	562	100.5	28.8x	5.5x
McKesson Corporation	NYS:MCK	132.65	-0.56%	-13.64%	176.72	123.14	26,500	34,293	0.3	442.2	209,913	1,425.0	24.1x	0.2x
Medidata Solutions Inc.	NAS:MDSO	73.31	-9.00%	-6.09%	88.28	61.93	4,477	4,447	0.7	99.1	586	88.3	50.3x	8.2x
Quality Systems, Inc.	NAS:NXGN	20.08	2.97%	27.65%	22.96	12.31	1,289	1,299	0.0	502.0	533	43.3	30.0x	2.4x
Streamline Health Solutions Inc.	NAS:STRM	1.18	-16.31%	-19.73%	2.69	1.10	24	33	(0.2)	N/A	24	1.3	24.9x	1.4x
Medical Transcription Billing, Corp.	NAS:MTBC	5.20	34.37%	253.74%	5.25	1.47	62	50	(0.7)	N/A	33	0.1	456.0x	1.6x
Inovalon	NAS:INOV	10.05	1.26%	-41.06%	17.45	9.03	1,534	2,417	0.2	41.9	476	86.5	28.0x	5.4x
R1 RCM Inc.	NAS:RCM	10.16	17.05%	173.85%	10.63	3.49	1,117	1,637	(0.8)	N/A	619	(11.2)	N/A	3.6x
<b>Average</b>			<b>8.21%</b>	<b>17.38%</b>					<b>0.0</b>	<b>172.7</b>			<b>32.9x</b>	<b>3.4x</b>

Source: © PitchBook Data, Inc. 2018

Index Performance

Index Name	Index Price 9/28/2018	QoQ %	YTD%	TTM %
NASDAQ	8,046.35	7.1%	14.8%	23.9%
Dow Jones	26,458.31	9.0%	6.6%	18.1%
S&P 500	2,913.98	7.2%	8.1%	15.7%
Russell	1,696.57	3.3%	9.5%	13.8%
LECO - HCIT	N/A	8.2%	27.7%	17.4%

HCIT vs Broad Market



During Q3, the US stock market continued into what is now the longest bull market recorded in history, and data suggests this trend will continue. Unemployment continued down to 3.7% in September, consumer sentiment remains high, and the federal government collected record tax dollars in FY 2018 (Oct 2017 – Sept 2018). All in all, the economy seems to be doing well, but the market is likely heading for a correction within the next 12-18 months.

The LECO HCIT index was the second best performer QoQ, under the Dow Jones, maintaining its strong YTD performance lead. However the multiples within the HCIT space are getting aggressive. The average Earnings Per Share (EPS) is \$0.0, and has a Price to Earning (PE) multiple of 172.7.

**HMS Holding Corp. (NASDAQ: HMSY):** HMY Holding Corp. was the top performing among our index at 51.76% QoQ, they continued their earnings surprise streak with Q2 in August, earnings beating consensus estimates by 25bps. HMS saw moderate growth in total revenues, increasing 10% QoQ, while adjusted EBITDA grew 15% QoQ. HMS Holding Corp. asset provides a variety of cost containment and payment accuracy services relating to government healthcare programs and was our third best performing company.

**Medical Transcription Billing, Corp. (NASDAQ: MTBC):** MTBC reported its Q2 earnings early August of \$-0.09 matching consensus estimates; seemingly a disappointment when compared to its Q1 earnings surprise of 150 bps. Despite the lackluster EPS performance, revenue and adjusted EBITDA saw tremendous growth at 12% and 230% respectively. Additionally management expects adjusted EBITDA to double by FYE, largely attributed to the Orion acquisition. MTBC was the second best performing asset in our index. MTBC is a HCIT company providing an array of services including EHR software and RCM services among others.

**Quality Systems, Inc. (NASDAQ: QSII),** officially changed its name to **NextGen Healthcare, Inc. (NASDAQ NXGN)** in early September 2018. NextGen Healthcare, Inc is a technology services and analytics company who caters to US medical and dental practices.

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.

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- Private Company Sales
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- Strategic Options Analysis
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- Interim CEO/CFO
- Turnaround Management
- Debt Restructuring/Refinancing
- Orderly Liquidations
- Acquisition Advisory Services
- Private Market Financings
- LBO's and Recapitalizations
- Strategic Planning
- Organizational Reviews
- Expert Testimony & Opinions
- Chief Restructuring Officer (CRO)
- Bankruptcy Planning / 363 Sales
- Receivership / Trustee

**Represented Healthcare Transactions**

 <b>ACQUIRED</b> <b>MULTI SPECIALTY MEDICAL BILLING COMPANY</b>  ACTED AS ADVISOR	 <b>GROWTH CAPITAL RAISE</b>  <b>ACTED AS ADVISOR</b>	 <b>GROWTH CAPITAL RAISE</b>  ACTED AS ADVISOR AND INVESTOR	 <b>ACQUIRED BY</b>  <b>ACTED AS ADVISOR</b>
 <b>ACQUIRED BY A STRATEGIC BUYER</b>  ACTED AS ADVISOR	<b>MEDICAL BILLING AND TECHNOLOGY COMPANY</b> <b>\$8,000,000</b> <b>ACQUIRED BY A STRATEGIC BUYER</b>  ACTED AS ADVISOR	<b>MULTI SPECIALTY MEDICAL BILLING COMPANY</b> <b>MIDWEST</b> <b>ACQUIRED BY A STRATEGIC BUYER</b>  ACTED AS ADVISOR	 <b>DENTAL PRACTICE MANAGEMENT AND EDUCATION SOFTWARE</b>  ACTED AS ADVISOR

Neil Johnson  
 Managing Partner  
 njohnson@lawrenceevans.com

John Stover  
 Senior Analyst  
 jstover@lawrenceevans.com

Darin Soat  
 Analyst  
 dsoat@lawrenceevans.com

Tel: 614-448-1304