



# Healthcare IT

## Quarterly M&A Update: Q3 2020



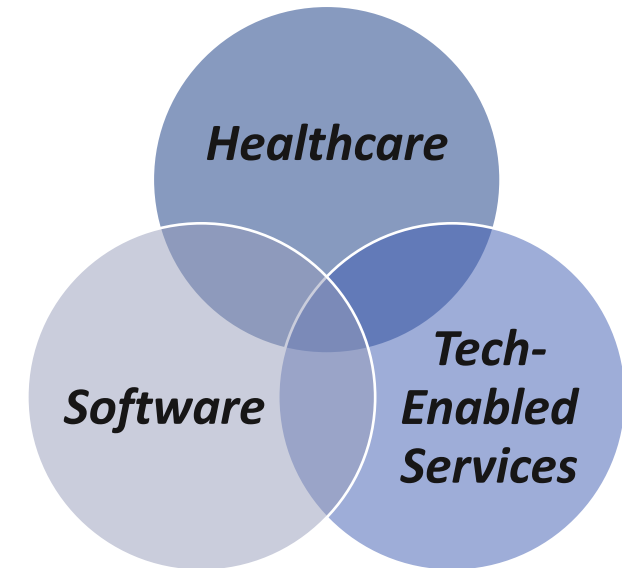
# Solganick & Co.'s Team Offers Deep M&A Expertise



Solganick & Co.

- Solganick & Co. is a data-driven investment bank focused on M&A advisory services exclusively for software and tech-enabled services companies
  - Represents both buyers and sellers of companies seeking to maximize shareholder value
  - Formed in 2009 by experienced investment bankers
  - Completed over \$20B in transactions to date
- Our experienced team of investment bankers come from top firms within the industry
  - Team collectively brings over 100 years of experience
- We have the understanding and experience to effectively assess our clients' unique strategic and financial objectives, in order to manage a successful transaction from start-to-finish
- Recognized as a Top Investment Bank by Axial, Most Influential Investment Bankers and Largest Investment Banks by The Los Angeles Business Journal

## Solganick & Co: Coverage Focus



# Healthcare IT: *Sub-Sector Coverage*

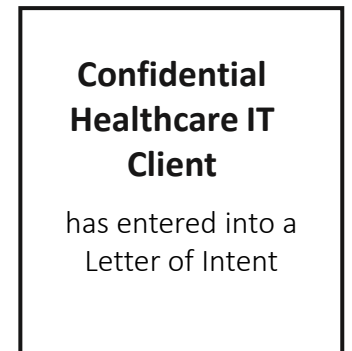
## Healthcare Software and Technology

EHR and Clinical Information Systems  
Revenue Cycle Management Technology  
Payer Administrative Software  
Population Health Management  
Digital Health  
Telemedicine  
Clinical Trial Management  
Benefits Management  
Infrastructure Technology  
Clinical Trial Management  
Utilization Management  
Content Providers

## Healthcare IT Services

Managed IT Services  
Cloud Hosting  
Revenue Cycle Management Services  
Logistics and Supply Chain  
Consulting and Systems Implementation

## Select Transaction Experience



# Table of Contents

---

[Executive Summary, Q2 2020](#)

[Public Markets: Q3 2020 Summary](#)

[Public Markets: Trading Metrics](#)

[M&A Activity](#)

[Financing Activity](#)

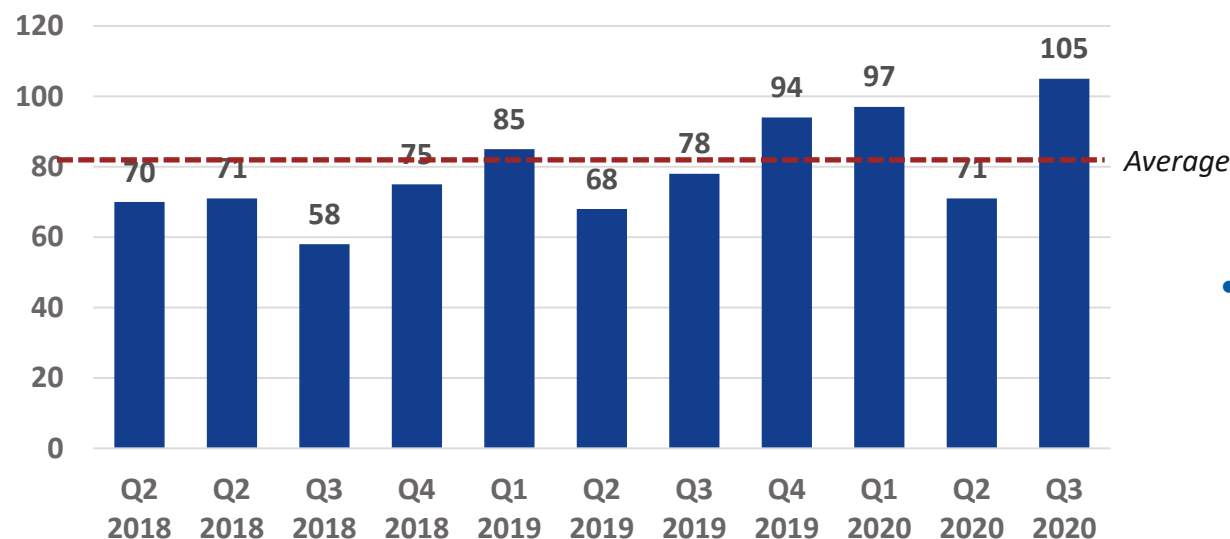
[Solganick & Co. Team](#)

# Healthcare IT: *Executive Summary for Q3 2020*

- **Healthcare IT M&A activity returned in Q3 2020**

- The initial uncertainty and need to stabilize existing operations subsided, allowing for renewed focus on and interest in transaction pursuit
- Debt-financing availability returned in Q3, further enabling market participants to transact

## Quarterly M&A Deal Volume



Source: CapitalIQ (Industry Category: Healthcare Technology)

- **The healthcare industry continues to experience sudden and long-lasting changes due to the pandemic**

- Wide adoption of telemedicine
- In-home and remote care capability focus
- Utilization volatility, particularly for elective care
- Removal of regulatory hurdles (temporary)

- **Notable Healthcare IT transactions included**

- Merger of Teladoc Health and Livongo in August
- Waystar's \$1.3 billion acquisition of RCM technology company eSolutions
- Health Catalyst's acquisition of healthfinch

- **IPO and financing activity during the quarter was extremely robust**

- Significant IPO activity, aided by strong public market environment
- 13 "mega deal" financings of over \$100 million in Q3 alone

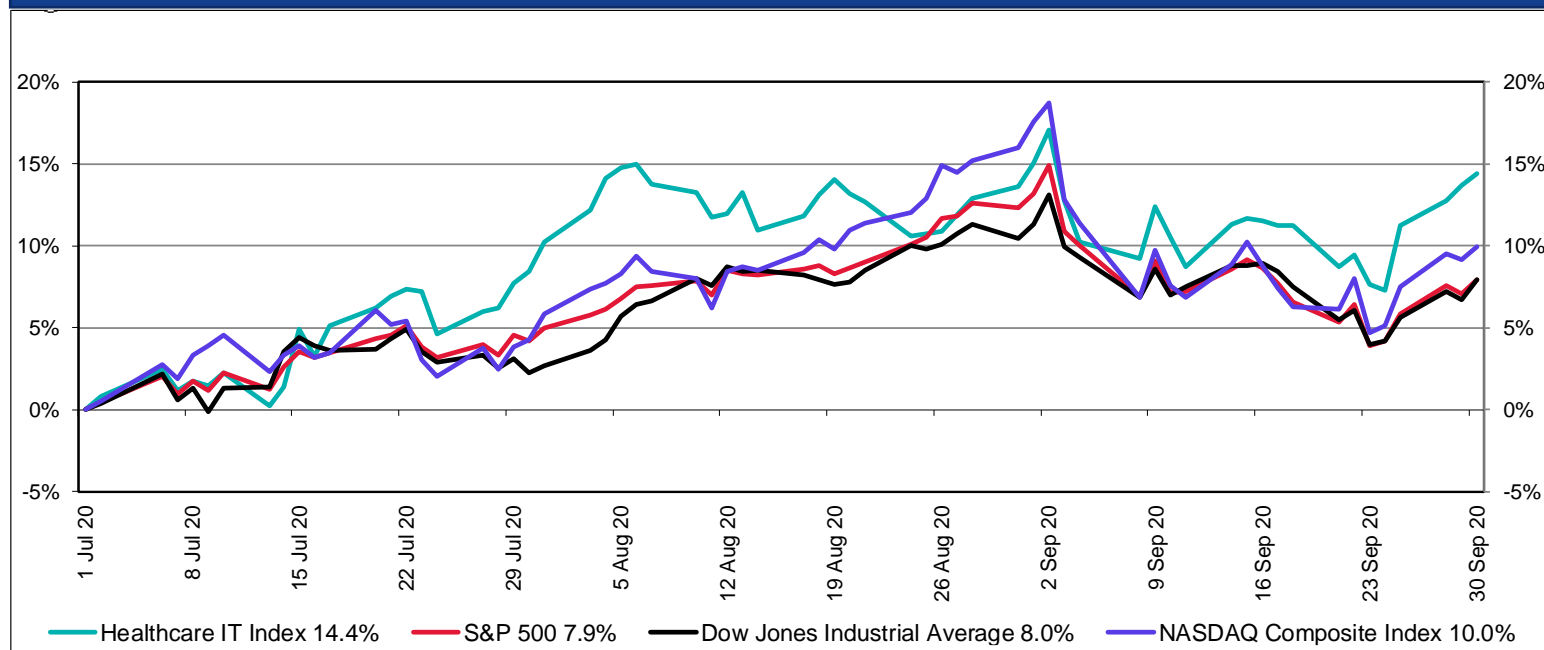


# Public Markets: Q3 2020 Summary

## Companies Included In Index



## Index Price Performance: Q3 2020



## IPO Activity



July 2



July 15



Sept 8



Sept 15



Sept 23

# Public Markets: *Trading Metrics*

## 1 of 3

Data as of September 30, 2020

### Healthcare Software

Company	Ticker	Market Data (\$ millions)					EV/ Revenue Multiples		EV/ EBITDA Multiples		Revenue Growth	EBITDA Margin
		Stock Price	Market Cap	Enterprise Value	Sept. 2020 LTM Rev.	Sept. 2020 LTM EBITDA	Sept. 2020 LTM	Sept. 2020 NTM	Sept. 2020 LTM	Sept. 2020 NTM	Sept. 2020 NTM	Sept. 2020 NTM
Veeva Systems Inc.	VEEV	\$ 281.19	\$ 42,411	\$ 40,973	\$ 1,283	\$ 359	31.9x	26.5x	114.2x	68.8x	21%	39%
Roper Technologies, Inc.	ROP	\$ 395.11	\$ 41,372	\$ 45,368	\$ 5,417	\$ 1,937	8.4x	7.5x	23.7x	20.5x	11%	37%
IQVIA Holdings Inc.	IQV	\$ 157.63	\$ 30,150	\$ 42,074	\$ 10,956	\$ 1,973	3.8x	3.6x	21.4x	17.0x	6%	21%
Simulations Plus, Inc.	SLP	\$ 75.36	\$ 1,500	\$ 1,493	\$ 42	\$ 15	37.3x	31.3x	98.1x	71.9x	19%	44%
Tabula Rasa HealthCare, Inc.	TRHC	\$ 40.77	\$ 882	\$ 1,102	\$ 293	\$ (5)	3.7x	3.3x	NM	28.8x	11%	12%
Benefitfocus, Inc.	BNFT	\$ 11.20	\$ 361	\$ 540	\$ 279	\$ 6	1.9x	2.0x	NM	14.8x	(5%)	13%
NantHealth, Inc.	NH	\$ 2.34	\$ 260	\$ 442	\$ 92	\$ (46)	4.8x	5.8x	NM	0.0x	(17%)	NM
Mean (1)			\$ 16,705	\$ 18,856	\$ 2,623	\$ 606	4.5x	4.5x	22.5x	16.2x	7%	28%
Median			\$ 1,500	\$ 1,493	\$ 293	\$ 15	4.8x	5.8x	60.9x	20.5x	11%	29%

### EHR and Data Management

Company	Ticker	Market Data (\$ millions)					EV/ Revenue Multiples		EV/ EBITDA Multiples		Revenue Growth	EBITDA Margin
		Stock Price	Market Cap	Enterprise Value	Sept. 2020 LTM Rev.	Sept. 2020 LTM EBITDA	Sept. 2020 LTM	Sept. 2020 NTM	Sept. 2020 LTM	Sept. 2020 NTM	Sept. 2020 NTM	Sept. 2020 NTM
Cerner Corporation	CERN	\$ 72.29	\$ 22,076	\$ 23,152	\$ 5,553	\$ 1,284	4.1x	4.1x	19.2x	12.8x	0%	32%
Allscripts Healthcare Solutions, Inc.	MDRX	\$ 8.14	\$ 1,327	\$ 2,291	\$ 1,676	\$ 112	1.3x	1.3x	20.3x	7.3x	(1%)	19%
Health Catalyst, Inc.	HCAT	\$ 36.60	\$ 1,453	\$ 1,280	\$ 179	\$ (52)	7.5x	6.5x	NM	NM	15%	NM
National Research Corporation	NRC	\$ 49.21	\$ 1,240	\$ 1,263	\$ 131	\$ 48	9.7x	0.0x	27.1x	0.0x	NM	NM
NextGen Healthcare, Inc.	NXGN	\$ 12.74	\$ 849	\$ 883	\$ 545	\$ 44	1.6x	1.6x	20.6x	9.1x	1%	18%
Computer Programs and Systems, Inc.	CPSI	\$ 27.61	\$ 389	\$ 480	\$ 268	\$ 36	1.8x	1.8x	13.3x	9.9x	1%	18%
Mean (1)			\$ 4,556	\$ 4,891	\$ 1,392	\$ 245	4.3x	2.6x	20.1x	7.8x	3%	22%
Median			\$ 1,283	\$ 1,271	\$ 407	\$ 46	3.0x	1.7x	20.3x	9.1x	1%	18%

Source: CapitalIQ; Note 1: Means exclude EV/Revenue multiples exceeding 25x and EV/EBITDA Multiples exceeding 50x.

# Public Markets: *Trading Metrics*

## 2 of 3

Data as of September 30, 2020

### IT Services and BPO

Company	Ticker	Market Data (\$ millions)					EV/ Revenue Multiples		EV/ EBITDA Multiples		Revenue Growth	EBITDA Margin
		Stock Price	Market Cap	Enterprise Value	Sept. 2020	Sept. 2020	Sept. 2020 LTM	Sept. 2020 NTM	Sept. 2020 LTM	Sept. 2020 NTM	Sept. 2020 NTM	Sept. 2020 NTM
					LTM Rev.	LTM EBITDA						
Change Healthcare Inc.	CHNG	\$ 14.51	\$ 4,415	\$ 9,467	\$ 1,647	\$ (389)	10.6x	2.9x	NM	9.7x	264%	30%
Inovalon Holdings, Inc.	INOV	\$ 26.45	\$ 4,109	\$ 5,055	\$ 651	\$ 190	7.7x	7.0x	26.3x	20.4x	10%	34%
Premier, Inc.	PINC	\$ 32.83	\$ 4,001	\$ 4,049	\$ 1,344	\$ 536	3.1x	3.3x	7.1x	9.1x	(5%)	36%
HealthEquity, Inc.	HQY	\$ 51.37	\$ 3,948	\$ 4,780	\$ 724	\$ 216	6.6x	6.4x	22.1x	21.8x	3%	29%
Omniceil, Inc.	OMCL	\$ 74.66	\$ 3,193	\$ 3,116	\$ 891	\$ 102	3.4x	3.4x	27.0x	19.2x	2%	18%
Progyny, Inc.	PGNY	\$ 29.43	\$ 2,530	\$ 2,439	\$ 310	\$ 13	9.0x	5.4x	293.7x	54.7x	67%	10%
HMS Holdings Corp.	HMSY	\$ 23.95	\$ 2,120	\$ 2,186	\$ 643	\$ 123	3.5x	3.1x	19.4x	11.1x	14%	28%
Phreesia, Inc.	PHR	\$ 32.13	\$ 1,220	\$ 1,167	\$ 134	\$ (7)	8.7x	7.6x	NM	217.3x	15%	3%
Model N, Inc.	MODN	\$ 35.28	\$ 1,219	\$ 1,143	\$ 161	\$ 2	7.3x	6.8x	NM	54.0x	8%	13%
Evolent Health, Inc.	EVH	\$ 12.41	\$ 1,063	\$ 1,338	\$ 987	\$ 28	1.4x	1.3x	112.2x	37.7x	6%	4%
Vocera Communications, Inc.	VCRA	\$ 29.08	\$ 942	\$ 835	\$ 191	\$ 2	4.4x	4.2x	NM	37.9x	5%	11%
Mean (1)			\$ 2,615	\$ 3,234	\$ 699	\$ 74	6.0x	4.7x	20.4x	20.9x	35%	20%
Median			\$ 2,530	\$ 2,439	\$ 651	\$ 28	6.6x	4.2x	26.3x	21.8x	8%	18%

Source: CapitalIQ; Note 1: Means exclude EV/Revenue multiples exceeding 25x and EV/EBITDA Multiples exceeding 50x.



# Public Markets: *Trading Metrics*

## 3 of 3















Data as of September 30, 2020

<i>Digital Health</i>												
Company	Ticker	Market Data (\$ millions)					EV/ Revenue Multiples		EV/ EBITDA Multiples		Revenue Growth	EBITDA Margin
		Stock Price	Market Cap	Enterprise Value	Sept. 2020	Sept. 2020	Sept. 2020	Sept. 2020	Sept. 2020	Sept. 2020	Sept. 2020	Sept. 2020
					LTM Rev.	LTM EBITDA						
							LTM	NTM	LTM	NTM	NTM	NTM
Peloton Interactive, Inc.	PTON	\$ 99.24	\$ 28,649	\$ 27,440	\$ 2,356	\$ 232	15.0x	7.6x	266.9x	99.8x	97%	8%
Teladoc Health, Inc.	TDOC	\$ 219.24	\$ 17,809	\$ 17,479	\$ 867	\$ 28	24.4x	14.6x	NM	153.0x	68%	10%
iRhythm Technologies, Inc.	IRTC	\$ 238.11	\$ 6,824	\$ 6,836	\$ 245	\$ (34)	30.0x	22.9x	NM	NM	31%	NM
Invitae Corporation	NVTA	\$ 43.35	\$ 5,713	\$ 5,617	\$ 245	\$ (311)	24.1x	15.8x	NM	NM	53%	NM
eHealth, Inc.	EHTH	\$ 79.00	\$ 2,034	\$ 1,874	\$ 591	\$ 119	3.3x	2.7x	16.4x	12.2x	24%	22%
Fitbit, Inc.	FIT	\$ 6.96	\$ 1,877	\$ 1,512	\$ 1,299	\$ (280)	1.2x	1.2x	NM	NM	(2%)	NM
HealthStream, Inc.	HSTM	\$ 20.07	\$ 642	\$ 527	\$ 246	\$ 41	2.1x	2.4x	12.7x	16.6x	(12%)	15%
Castlight Health, Inc.	CSLT	\$ 1.13	\$ 170	\$ 143	\$ 146	\$ (11)	1.0x	1.2x	NM	NM	(17%)	NM
<b>Mean (1)</b>			\$ 7,965	\$ 7,678	\$ 749	\$ (27)	10.2x	8.5x	14.6x	14.4x	30%	13%
<b>Median</b>			\$ 3,874	\$ 3,745	\$ 418	\$ 8	9.2x	5.1x	16.4x	58.2x	27%	12%

Source: CapitalIQ; Note 1: Means exclude EV/Revenue multiples exceeding 25x and EV/EBITDA Multiples exceeding 50x.


# M&A Activity: *Select M&A Transactions*

## 1 of 3

Date	Target	Acquirer	Target Description	Transaction Size	EV/ Revenue Multiple
Sept 2020	 ROOM	 parexel	Healthcare software company offering natural language processing and AI technology.	NA	NA
Sept 2020	 Triage Consulting Group	 REVINT	Provider of tech-enabled revenue integrity solutions for healthcare providers.	NA	NA
Sept 2020	 FRANCO SIGNOR	 Verisk	Franco Signor is a full-service provider of Medicare Secondary Payer compliance software and services.	\$160M	NA
Sept 2020	 care/of	 BAYER	Personalized vitamin company.	\$225M	NA
August 2020	 qualifacts	 CREDIBLE Secure. Proven. Easy To Use.	Merger of behavioral health focused EHR company and software firm.	NA	NA
August 2020	 CALIBRATER HEALTH	 EXPERITY	Designs and develops text-based patient surveys and closed-loop feedback management software for urgent care, eye care, dentistry, and behavioral healthcare providers.	NA	NA
August 2020 Source: CapitalIQ	 eSolutions	 WAYSTAR	Revenue cycle management technology company.	\$1.35B	NA

# M&A Activity: *Select M&A Transactions*












## 2 of 3

Date	Target	Acquirer	Target Description	Transaction Size	EV/ Revenue Multiple
August 2020	 <b>PHARMACEUTICAL STRATEGIES GROUP®</b>		Business line providing pharmacy supply chain capabilities for management of 340B programs.	\$225M	6.4x
August 2020			Provider of quoting, rating and underwriting solutions for group and voluntary employee benefits.	\$75M	NA
August 2020			Provider of revenue workflow optimization and analytics SaaS technology solutions.	\$120M	NA
August 2020			Offers a platform that provides cellular-connected devices, coaching, and facilitates access to medications.	\$18.3B	70.8x
August 2020			Delivers technology-enabled revenue cycle optimization services in a SaaS model	NA	NA
August 2020			Provides online family history and personal DNA testing services for subscribers worldwide.	\$4.7B	NA

Source: CapitalIQ

# M&A Activity: *Select M&A Transactions*








## 3 of 3

Date	Target	Acquirer	Target Description	Transaction Size	EV/ Revenue Multiple
July 2020	 EPSi	 Strata Decision TECHNOLOGY	Provider of financial decision support and planning tools for hospitals and health systems.	\$365M	7.5x
July 2020	On.Demand Platform	 BioTelemetry inc.	Comprises a remote patient monitoring (RPM) and coaching platform.	NA	NA
July 2020	 MEDAL	 Ciox HEALTH	A biomedical Natural Language Processing (biomed-NLP) company.	NA	NA
July 2020	 Burgess	 HEALTHEDGE	Develops claims reimbursement and modeling tools for health plans, hospitals, and physician groups.	NA	NA
July 2020	 Digitech Expert EMS billing and technology R1	 sarnova	Two companies acquired and combined, offering RCM software.	\$140M	2.1x
July 2020	 healthfinch	 HealthCatalyst	Offers software to enable electronic protocols for prescription refills processes and integrates EMRs.	\$40M	NA

Source: CapitalIQ

# Financing Activity: *Select Financing Transactions*

## 1 of 2







Date	Company	Company Description	Transaction Size	Series
September 2020	 <b>XtalPi</b>	Digital drug discovery and development platform	\$319M	C
September 2020	 <b>TONAL</b>	Intelligent fitness system for at-home strength training	\$110M	D
September 2020	 <b>Olive</b>	Medical identity fraud prevention platform for healthcare providers	\$106M	F
September 2020	 <b>ZWIFT</b>	Interactive fitness entertainment platform for indoor cycling workouts	\$450M	C
September 2020	 <b>GRAND ROUNDS</b>	Health navigation platform and virtual care provider	\$175M	E
September 2020	 <b>biofourmis</b>	AI-based remote monitoring platform and digital therapeutics	\$100M	C
August 2020	 <b>Lyra</b>	Data-driven platform to identify people at risk of behavioral and mental health conditions	\$110M	D

Note: Includes financing transactions over \$100M

Source: Crunchbase, ROCK Health

## Financing Activity: *Select Financing Transactions*

### 2 of 2

Date	Company	Company Description	Transaction Size	Series
August 2020	 <b>Atomwise</b>	Deep learning platform for drug discovery	\$121M	B
July 2020		Analytics platform that provides diagnosis, treatment and prevention, starting in reproductive health and oncology	\$110M	C
July 2020		Platform for physician house calls	\$100M	D
July 2020		Telemedicine, diagnosis and pharmacy platform with medication delivery	\$200M	C
July 2020		Platform assists patients suffering from cardiac-related issues and diagnoses cardiac arrhythmias	\$137M	B
July 2020		Digital pharmacy coordinates prescription deliveries; works with patients to manage medication adherence, side effects and refills	\$100M	B

Note: Includes financing transactions over \$100M

Sources: Crunchbase, ROCK Health



# Solganick & Co. Team



Solganick & Co.



**Aaron Solganick**  
*CEO and Founder*

Possesses 25 years of experience in M&A and investment banking and has completed over \$8 billion in M&A and capital markets transactions. Prior to founding Solganick & Co. in 2009, Aaron held senior Investment banking positions with B. Riley FBR, KPMG Corporate Finance, SG Capital, Southwest Securities and Bear Sterns, all focused on Software and IT Services. Aaron also worked in Corporate Development/M&A for Perot Systems Corporation, an IT services and outsourcing firm later sold to Dell Computer Corp after its IPO. Aaron holds an MBA from Southern Methodist University (SMU Cox School of Business), his BBA in Finance from the University of North Texas and has completed Executive Education from Columbia University.



**Quan Vu**  
*Managing Director – Healthcare IT*

Quan is a Managing Director heading the firm's healthcare group. Previously, he was an investment banker with Morgan Stanley and Goldman Sachs where he worked on public and private healthcare M&A transactions for large enterprise clients. His strategy and corporate development experience include leadership roles at Amgen, Impax Laboratories, Anthem, and Opiant Pharmaceuticals. Prior to Solganick & Co., he was the Vice President for Opiant, a publicly traded firm where he led all strategic and business development initiatives. In addition, Quan was an economic and strategy consultant for LECG where he ran economic models and evaluated strategic growth initiatives for large clients. He received a BA in Economics at University of California Los Angeles, Summa Cum Laude.



**Sam DiSalvo**  
*Vice President – Healthcare IT*

Sam is a Vice President leading the origination and management of the firm's healthcare group. Sam brings over 15 years of experience in healthcare investment banking, valuation, and financial advisory services. Prior to joining Solganick, Sam was a Vice President in the Mergers and Acquisitions practice of Kaufman, Hall & Associates, a fully integrated advisory services platform with a focus on the healthcare services sector. There he completed over 100 investment banking, strategic advisory, and valuation engagements. Sam started his career at Huron Consulting Group and Wellspring Partners in Chicago in its Business Valuation and Financial and Economic Consulting practice. He graduated Cum Laude with a Bachelor of Science in Business Administration from Miami University.

# Solganick & Co. Team

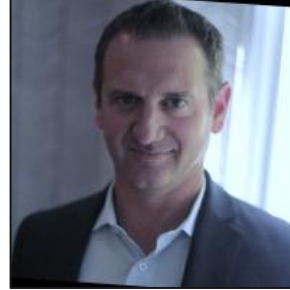


Solganick & Co.



**William Billeaud**  
*Managing Director*

Bill is an investment banker, international business executive and investor bringing 30+ years of leadership experience, shaped by focus in Corporate Finance, Professional Services and IT. He is good at growing organizations rapidly, profitably and globally. He built 3 global businesses 100+ people, 90+ management consulting, IT and corporate finance projects worth +\$20M revenues, and successfully restructured the turnaround 4 PE portfolio companies, 110+% increase, \$30M revenues and 55% improvement to EBITDA. He graduated from the University of Illinois at Urbana-Campaign with a B.A. in Political Science, and has also attained an MBA from the Richard A. Chaifetz School of Business at Saint Louis University.



**Frank Grant**  
*Managing Director*

Frank advises entrepreneurs, emerging growth companies, venture capital firms and investors on strategic matters. Past clients have included Zillow, StubHub, eBay, Andreessen Horowitz, Benchmark Capital and Accel Partners. He is a member of the Yurok Tribe of California and advise companies on a wide range of tribal related matters, including federal Indian law, gaming, energy and other economic development opportunities. I coordinate on the formation of tribal economic development corporations and assist tribes with investing in business interests ranging from restaurants and hotels, to retail shopping centers and energy generation facilities. He earned an MBA from Stanford Graduate School of Business and a JD from Stanford Law School (with a B.A. from U.C. Berkeley).



**Cameron O'Leary**  
*Vice President*

Cameron focuses on buy-side and sell-side M&A in IT services, healthcare IT, software, and tech-enabled services companies. He is responsible for deal origination, management, sourcing buyers, valuations, and leading the entire M&A process from start to finish. Prior to Solganick & Co., he worked with investment bank, Harbor Ridge Capital, in Los Angeles, and private equity firm, Brook Venture Partners, in Boston. Cameron has completed multiple M&A transactions for mid-market enterprise clients. Cameron received his BA in Economics from the University of Colorado Boulder and is in the process of attaining his Master of Liberal Arts (ALM), Ext. Studies – Finance from Harvard University.

# Contact Us



## Office Locations

### Los Angeles

1240 Rosecrans Ave, Suite 120  
Manhattan Beach, CA 90266

### Dallas

1920 McKinney Ave, Suite 700  
Dallas, TX 75201

### San Francisco

650 California Street, Suite 700  
San Francisco, CA 94108

## Team Contact Information

### Aaron Solganick

*CEO and Founder*

(310) 713-4764

[aaron@solganick.com](mailto:aaron@solganick.com)

### Quan Vu

*Managing Director*

(310) 498-6602

[qvu@solganick.com](mailto:qvu@solganick.com)

### Sam DiSalvo

*Vice President*

(614) 506-6677

[sdisalvo@solganick.com](mailto:sdisalvo@solganick.com)

### Frank Grant

*Managing Director*

(702) 612-9459

[fgrant@solganick.com](mailto:fgrant@solganick.com)

### Cameron O'Leary

*Vice President*

(508) 726-9387

[coleary@solganick.com](mailto:coleary@solganick.com)

### Bill Billeaud

*Managing Director*

(214) 675-5539

[wbilleaud@solganick.com](mailto:wbilleaud@solganick.com)

# Definitions and Disclosures

## Definitions of Financial Terms Used in this Quarterly Industry Update

**Enterprise Value (EV):** Market Value of Equity + Market Value of Debt – Cash

**EBITDA:** Earnings Before Interest, Taxes, Depreciation and Amortization

**Latest Twelve Months (LTM):** Financial information is as of the latest twelve months through the date of this quarterly industry report

**Next Twelve Months (NTM):** Financial information estimated for the next twelve-month time period, representing the mean of equity analyst expectations

## Disclosures and Limitations

This quarterly industry research report is for informational and discussion purposes only. Information presented herein is not investment advice of any kind to any person and does not constitute a recommendation as to the purchase or sale of any securities nor interests or as to any other course of action. General, financial, and statistical information concerning the details of this report and related industry are from third party sources and direct research that Solganick & Co. believes to be reliable. Solganick & Co. has accurately reflected such information in this research report; however, Solganick & Co. makes no representation as to the sources' accuracy or completeness and has accepted this information without further verification. All forward looking statements in this report may not be achieved and thus there is no guarantee of such statements.

Neither all nor any part of the content of this report may be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent of Solganick & Co. Solganick & Co.'s research is as of the date reported herein. Solganick & Co. has no direct client affiliation with any of the companies used as a basis for research in this report, nor does Solganick & Co. hold any investments in the companies listed herein. The content of this report may be used, in part, as a basis for any work that Solganick & Co. performs for you in the future at the sole discretion of Solganick & Co.