



Healthcare IT and Digital Health

M&A and Funding Market Update

|||||
December 2025



Who We Are?

Formed in 2009, Solganick provides **investment banking** and **mergers and acquisitions (M&A)** advisory services focused exclusively on the **Software** and **Technology Services** sectors (including **Healthcare IT**).



We advise buyers and sellers of technology companies on M&A strategies, process, and execution to **maximize shareholder value**.

Our M&A transactions have the following characteristics:



Deal Size Range:
\$20M to \$250M+



Revenues:
\$10M to \$250M+



M&A Transactions:
200+



Client Ownership:
Private or PE-Backed



EBITDA:
\$2M to \$20M+



Years in Business:
16

Dallas | Los Angeles | San Francisco

Healthcare IT and Digital Health M&A Market Update, YTD 2025

Executive Summary

The Healthcare IT (HCIT) and Digital Health sectors have entered a phase of "Selective Scale" in YTD 2025. Following the valuation reset of 2023-2024, the market has stabilized, driven by a resurgence in strategic consolidation and a return of private equity deployment. While deal volume has remained flat relative to H1 2024, **deal value has surged**, indicating a **flight to quality** and a preference for platform assets over point solutions.

Key Highlights YTD 2025:

- **Valuation Recovery:** Premium assets (Rule of 40+) are once again commanding double-digit EBITDA multiples (12x–15x+), while "growth-at-all-costs" unprofitable assets remain compressed.
- **The AI Premium:** Validated AI infrastructure (not just wrappers) is driving the highest valuation premiums, particularly in Revenue Cycle Management (RCM) and clinical documentation.
- **Services Consolidation:** A wave of mergers among Managed Service Providers (MSPs) focused on healthcare verticals is creating new mid-market giants capable of handling complex security and compliance needs.

Key Market Drivers and Outlook

We are seeing the following **Key Market Drivers** (for M&A):

- **Consolidation of Point Solutions:** Hospital CIOs are fatigued by vendor sprawl. 2025 has seen a massive push for "platform" acquisitions where larger incumbents acquire smaller point solutions to bundle services (e.g., Luma Health acquiring Tonic).
- **Private Equity "Buy & Build":** PE firms are aggressively merging mid-sized MSPs to create dominant healthcare-specific service providers. The "platform" strategy is back, with sponsors seeking assets with >\$10M EBITDA to act as consolidators.
- **Cybersecurity Mandates:** Following high-profile breaches in 2024, healthcare organizations are pouring budget into managed security. This has made MSSPs with healthcare compliance expertise (HIPAA/HITRUST) prime M&A targets.

Solganick Outlook for 2026:

We expect M&A velocity to accelerate in 1H 2026. The "bid-ask" spread between buyers and sellers has narrowed significantly. Founders have accepted the new valuation reality, and PE firms are sitting on record dry powder that must be deployed. Expect to see:

- **More Public-to-Private deals** for undervalued HCIT small-caps.
- **RCM Consolidation** as a primary theme to combat provider labor shortages.
- **Cybersecurity** becoming a non-negotiable diligence item, driving premiums for secure platforms.

Market Map: Healthcare IT and Digital Health



EHR and Revenue Cycle Management



Administrative Technology



Remote Care and Digital Wellness



Consumer Health and Benefit Distribution



Healthcare IT Services and Consulting



Strategic Entrants and Potential Disruptors



Market Map: AI and Data Analytics



 Athelas

 AUGMEDIX

 BigHat
BIOSCIENCES

 Cera 

 cleerly

CODAMETRIX

 DATACTENICA

 EvolutionaryScale

 Formation Bio

 Generate: Biomedicines

 Hippocratic AI
— Do No Harm —

Imagene

 insitro

 k health

 MDIHealth

 notable

 PathAI

 quare.ai

 Suki®

 sword

 SYNTHEGO

 TEMPUS

 VERANTOS

 XpertDox

AI Market Overview: The "Augmented Reality" of 2025

In YTD 2025, **Artificial Intelligence has decoupled from the broader healthcare IT and digital health market**, establishing itself as the primary driver of both venture capital volume and strategic M&A premiums. While generalist healthcare IT and digital health funding remains cautious, AI-native infrastructure—specifically **Generative AI for clinical documentation and Autonomous Revenue Cycle Management (RCM)**—is attracting "mega-rounds" (\$100M+) and premium acquisition multiples.

The 2025 Shift:

- **From Pilot to Platform:** Hospital CIOs are moving past isolated AI pilots. 2025 has been defined by the adoption of enterprise-scale AI "operating systems" (e.g., Ambience, Commure) that integrate multiple point solutions (scribing, coding, CDI) into a single layer.
- **The "Copilot" Standard:** The "Human-in-the-loop" model has solidified as the regulatory and operational standard. Purely autonomous clinical decision-making tools are seeing slower adoption compared to "augmentative" tools that reduce administrative burden.
- **Pharma's Generative Bet:** Big Pharma has aggressively partnered with or acquired generative biology platforms to compress drug discovery timelines, shifting capital from traditional CROs to "TechBio" platforms.
- **Artificial Intelligence** is a now central theme to all investment, partnership and M&A decisions.

Select Healthcare AI M&A Transactions (YTD 2025)

Date	Target Company	Acquirer	Deal Focus	Transaction Commentary
Dec-25	Teyame (assets of AI customer engagement platform)	Healthcare Triangle	Patient Engagement AI	Focused on agentic generative AI and multilingual patient engagement, AI-driven CX infrastructure.
Nov-25	Press Ganey	Qualtrics	Experience Mgmt	~\$6.75B. A landmark data play. Qualtrics acquires massive patient experience datasets to train its predictive AI models for health systems.
Nov-25	Conduce Health	Switchboard Health	Specialty Care AI	Consolidation of AI-enabled specialty care navigation to reduce leakage and improve referral management.
Nov-25	Alea Health	Rocket Doctor AI	Virtual Care AI	Expanding a virtual care and AI-enabled platform footprint; Alea focuses on digital/virtual care with AI-enabled triage and remote services.
Oct-25	SteadyMD	DocGo	Virtual Care AI	DocGo integrates SteadyMD's clinician network with its logistical AI to optimize mobile health delivery and routing.
Aug-25	Proscia	Siemens Healthineers	Digital Pathology	Strategic investment/acquisition to integrate AI-powered pathology directly into Siemens' enterprise imaging suite.
Jul-25	Rad AI	Sirona Medical	Radiology AI	Consolidation of radiology workflow tools; combining Rad AI's generative reporting with Sirona's cloud-native PACS.
May-25	Genetic Leap	Eli Lilly	Generative Biology	\$409M (Milestone-based). Acquisition of RNA-targeted drug discovery platform to accelerate Lilly's genetic medicine pipeline.

Select Healthcare Software M&A Transactions, YTD 2025

Date	Target Company	Acquirer / Investor	Sector	Deal Synopsis & Rationale
Dec-25	Tonic Health	Luma Health	Patient Engagement	Strategic acquisition to combine patient intake/surveying with Luma's broader engagement platform.
Nov-25	Conduce Health	Switchboard Health	Specialty Care	AI-enabled specialty care platform consolidation.
Oct-25	SteadyMD	DocGo	Virtual Care	Vertical integration combining DocGo's mobile logistics with SteadyMD's clinician network.
Aug-25	Dotmatics	Siemens	R&D Software	~\$5.0B. A mega-deal underscoring the convergence of industrial tech and life sciences R&D software.
Jul-25	ModMed	Clearlake Capital	EHR / Practice Mgmt	~\$5.3B. A massive PE take-private play for a leader in specialty-specific EHR, betting on continued ambulatory growth.
Jun-25	HealthEdge	Bain Capital	Payer Platform	~\$2.6B. Strategic consolidation of payer core administrative processing systems (CAPS).
May-25	Access Healthcare	New Mountain Capital	RCM Software/Tech	~\$2.0B. Majority stake acquisition in a leading AI-enabled revenue cycle management platform.

Select Healthcare IT Services M&A Transactions, YTD 2025

Date	Target Company	Acquirer / Investor	Sector	Deal Synopsis & Rationale
Nov-25	Clinetic	MRO	Clinical Data Services	Enhances MRO's clinical data exchange capabilities for payers and providers.
Sep-25	Alinea Engage	Net Health	Rehab Therapy IT	Service-line expansion to strengthen Net Health's digital engagement in rehabilitation markets.
Aug-25	HSO	Bain Capital	IT Consulting	Acquisition of a leading Microsoft Dynamics 365 partner with strong healthcare vertical capabilities.
Jul-25	Medicus IT	Abacus Group	Managed Services (MSP)	Merger. Creates a massive healthcare-focused MSP giant, combining Abacus's financial expertise with Medicus's healthcare depth.
Jun-25	Health Data Movers	CitiusTech	EHR Consulting	Strategic tuck-in to add specialized talent in Epic, Workday, and ServiceNow implementation.
May-25	Gerent	Telus Digital	Salesforce Consultancy	Acquisition of a specialized Salesforce partner with deep expertise in HLS (Health & Life Sciences) cloud.

M&A Valuations and Market Trends

Valuations in 2025 have bifurcated sharply. **Investors are paying significant premiums for profitability and proprietary AI/Data assets**, while generalist HealthTech SaaS trades closer to historical averages.

Sector Segment	Median EV / LTM Revenue	Median EV / LTM EBITDA	Trend Analysis
Premium AI & Data	6.0x – 8.0x+	N/M	Assets with proprietary algorithms or exclusive data rights (e.g., imaging, drug discovery) command the highest premiums.
HCIT SaaS (General)	4.0x – 6.0x	12.0x – 14.0x	Strong retention and "Rule of 40" metrics are required to break the 5x revenue ceiling.
RCM & VBC Tech	5.5x – 7.0x	13.0x – 16.0x	High demand for automation that reduces provider labor costs and denials.
Healthcare IT Services	1.2x – 2.5x	10.0x – 14.0x	Specialized firms (e.g., Epic/Cerner/Nextgen consultancies) trade at a premium over generalist IT services firms.

AI Is The Central Thesis Driving Investments, Partnerships, and Exit Strategies

- From January to September 2025, US-based healthcare IT and digital health ventures attracted USD **\$13.7 billion** across **509 deals**. The third quarter accounted for USD 4.1 billion of that total—down 25% from Q2. Yet the contraction in deal count (183 in Q2 to 124 in Q3) tells a more revealing story: capital is concentrating in fewer, higher-quality ventures.
- **At least nine US ventures raised \$100 million or more** in Q3 2025, accounting for nearly half the quarter's funding. The top three—**Strive Health (\$300M)**, **Judi Health (\$252M)**, and **Ambience Healthcare**—are building the digital backbone for value-based care.
- Deals such as **OpenEvidence's** \$210 million Series B, **Ambience Healthcare's** \$243 million Series C, and **EliseAI's** \$250 million Series E exemplify this shift. These are not consumer-facing tools—they are enterprise-grade platforms with explainability, clinical integration, and payer alignment built in.
- **Mega-Rounds Return:** There is a noted increase in rounds >\$100M (e.g., **Transcarent**, **Ambience Healthcare**), as investors concentrate capital into "category winners" rather than spraying early-stage bets.
- **AI Dominance:** Over **40% of funding is flowing into AI-related workflows**—specifically those that automate administrative burdens (coding, scheduling, notes) rather than purely clinical diagnostic AI, which faces higher regulatory hurdles.

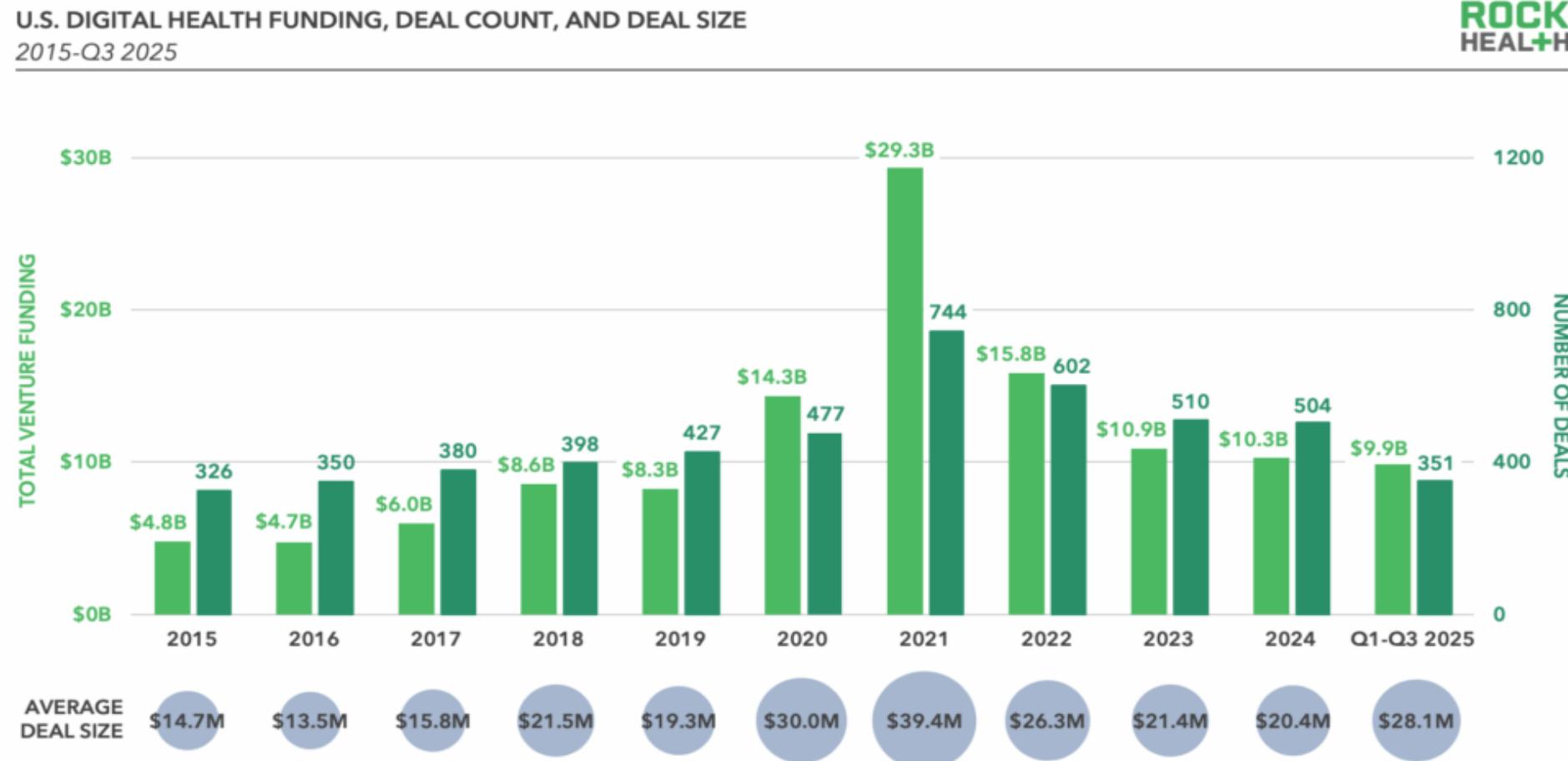
Select Healthcare AI Venture Capital Financings (YTD 2025)

Funding has concentrated into "Category Kings"—a few dominant players in high-value verticals (Scribing, RCM, Discovery) are absorbing the majority of capital.

Date	Company	Amount (\$M)	Round	Lead Investor(s)	Use of Proceeds / Focus
Oct-25	CyberCube	\$180M	Growth	Spectrum Equity	Cyber-risk analytics using AI; critical for underwriting cyber insurance in the hospital sector.
Sep-25	Lila Sciences	\$235M	Series A	GV (Google Ventures)	Developing a "scientific superintelligence" platform for life sciences and chemistry R&D.
Aug-25	Counsel Health	\$25M	Series A	a16z Bio + Health	AI-native virtual medical practice; using LLMs to handle 90% of asynchronous patient triage.
Jul-25	Ambience Healthcare	\$243M	Series C	OpenAI, KPCB	Scaling the "operating system for healthcare"; expanding beyond scribing into coding, CDI, and referrals.
Mar-25	Abridge	\$300M	Series C	Lightspeed, Redpoint	Aggressive expansion of clinical documentation AI; deep integration partnerships with Epic.
Mar-25	Hippocratic AI	\$141M	Series B	General Catalyst	Building safety-focused LLMs specifically for healthcare, employing a "digital health staff" model.
Feb-25	Eikon Therapeutics	\$351M	Series D	Various	Advancing its super-resolution microscopy and AI-driven drug discovery platform.

U.S. Digital Health Sector VC Funding (Q1-Q3 2025) at \$9.9B Across 251 Deals

Year-to-date 2025 funding logged **\$9.9B** across **351** deals, surpassing 2024's total through Q3 (\$8.4B).



Notes and sources: Rock Health Digital Health Venture Funding Database; includes U.S. deals >\$2M; data through September 30th, 2025

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Solganick Viewpoint: The "AI Moat" Dilemma

As we advise our clients going into 2026, the central question for valuation is the defensibility of the AI.

- **Low Valuation:** "Thin wrapper" companies that simply repackage GPT-5 APIs for healthcare use cases are seeing multiple compression.
- **High Valuation:** Companies that possess proprietary, longitudinal datasets (which cannot be easily replicated by foundation models) and workflow stickiness (deep EHR integration) are commanding **8x-12x+ forward revenue multiples**.
- **Emerging Trend to Watch:** "Service-as-Software." **We are seeing a rise in AI companies** (like **SmarterDx** or **Codametrix**) that don't just sell software, but guarantee outcomes (e.g., taking a % of net new revenue generated) rather than charging SaaS seat licenses. This business model is resonating with cash-strapped hospital CFOs.

Public Company Market Analysis – Q4 2025

The following market data reflects the "Flight to Quality" discussed in our executive summary. Companies with proven profitability (Rule of 40) and AI-driven moats (e.g., Tempus AI, Doximity) are trading at premium multiples, while lower-margin services and legacy point solutions have seen valuation compression.

Sector Key: Valuation Bifurcation

- **Outperformers:** Healthcare AI and Consumer Health (Hims & Hers) are trading at 6x-12x+ Revenue, driven by hyper-growth and scalable unit economics.
- **Underperformers:** RCM and Administrative Tech have compressed to 1x-2x Revenue, reflecting the market's heavy penalty for labor-intensive service models and slower growth.

Sector	EV / Revenue	EV / EBITDA
Healthcare AI and Data Analytics	8.9x	N/M
Digital Health & Consumer	1.9x	28.5x
Administrative & Admin Tech	2.2x	20.9x
Revenue Cycle Management	1.4x	16.3x
Remote & Virtual Care	0.4x	N/M
Healthcare Benefits and Distribution	1.8x	10.3x

N/M = Not Meaningful due to zero or negative EBITDA

Source: Financial data sourced from public filings and Capital IQ as of December 11, 2025. "N/M" indicates Not Meaningful (negative metrics). Estimates for NTM performance are based on consensus analyst projections.

Public Company Tables and Valuation Metrics

Company	Ticker	Stock Price	Market Cap (\$M)	Enterprise Value (\$M)	LTM Revenue (\$M)	Rev Growth (YoY)	LTM EBITDA (\$M)	EBITDA Margin	EV / Revenue	EV / EBITDA
Healthcare AI & Data Analytics										
Tempus AI	TEM	\$86.27	\$15,000	\$14,580	\$1,110	35%	-\$102	-9.20%	13.1x	N/M
Recursion Phama	RXRX	\$7.45	\$2,270	\$2,050	\$55	18%	-\$340	N/M	37.2x	N/M
Schrodinger	SDGR	\$17.11	\$1,300	\$950	\$210	15%	-\$145	N/M	4.5x	N/M
Certara	CERT	\$9.85	\$1,460	\$1,680	\$360	6%	\$85	23.60%	4.7x	19.8x
Sector Median						18%			8.9x	N/M

Source: Financial data sourced from public filings and Capital IQ as of December 11, 2025. "N/M" indicates Not Meaningful (negative metrics). Estimates for NTM performance are based on consensus analyst projections.

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Digital Health & Consumer										
Hims & Hers	HIMS	\$39.50	\$8,920	\$8,650	\$2,210	42%	\$169	7.60%	3.9x	51.2x
GoodRx Holdings	GDRX	\$2.85	\$1,150	\$1,550	\$800	2%	\$270	33.80%	1.9x	5.7x
23andMe	ME	\$0.35	\$180	\$110	\$220	-5%	-\$150	N/M	0.5x	N/M
Sector Median						2%			1.9x	28.5x

Company	Ticker	Stock Price	Market Cap (\$M)	Enterprise Value (\$M)	LTM Revenue (\$M)	Rev Growth (YoY)	LTM EBITDA (\$M)	EBITDA Margin	EV / Revenue	EV / EBITDA
Administrative & Admin Tech										
Doximity	DOCS	\$45.93	\$8,600	\$8,100	\$620	13%	\$254	41.00%	13.1x	31.9x
Phreesia	PHR	\$21.50	\$1,200	\$1,250	\$480	13%	\$29	6.00%	2.6x	43.1x
Definitive HC	DH	\$2.48	\$258	\$450	\$252	4%	\$45	17.80%	1.8x	10.0x
Health Catalyst	HCAT	\$2.66	\$200	\$280	\$310	0%	\$41	13.20%	0.9x	6.8x
Sector Median						8.50%			2.2x	20.9x

Source: Financial data sourced from public filings and Capital IQ as of December 11, 2025. "N/M" indicates Not Meaningful (negative metrics). Estimates for NTM performance are based on consensus analyst projections.

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Revenue Cycle Management (RCM)										
R1 RCM	RCM	\$14.31	\$6,040	\$7,800	\$2,450	8%	\$480	19.60%	3.2x	16.3x
Evolent Health	EVH	\$14.50	\$1,290	\$1,900	\$2,550	30%	\$85	3.30%	0.7x	22.4x
TruBridge (CPSI)	TBRG	\$23.50	\$346	\$492	\$347	4%	\$66	19.00%	1.4x	7.5x
Sector Median						8%			1.4x	16.3x

Company	Ticker	Stock Price	Market Cap (\$M)	Enterprise Value (\$M)	LTM Revenue (\$M)	Rev Growth (YoY)	LTM EBITDA (\$M)	EBITDA Margin	EV / Revenue	EV / EBITDA
Remote & Virtual Care										
Teladoc Health	TDOC	\$8.50	\$1,550	\$1,840	\$2,570	-1%	\$32	1.20%	0.7x	57.5x
Amwell	AMWL	\$0.45	\$130	\$50	\$240	-8%	-\$160	N/M	0.2x	N/M
DocGo	DCGO	\$1.11	\$103	\$120	\$300	-15%	-\$25	N/M	0.4x	N/M
Sector Median						(-8%)			0.4x	N/M

Source: Financial data sourced from public filings and Capital IQ as of December 11, 2025. "N/M" indicates Not Meaningful (negative metrics). Estimates for NTM performance are based on consensus analyst projections.

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Healthcare Benefits & Dist.										
Progyny	PGNY	\$22.50	\$2,200	\$1,900	\$1,100	9%	\$180	16.40%	1.7x	10.6x
Accolade	ACCD	\$6.50	\$576	\$824	\$447	14%	-\$42	N/M	1.8x	N/M
Alight	ALIT	\$7.20	\$3,800	\$6,500	\$3,400	5%	\$650	19.10%	1.9x	10.0x
Sector Median						9%			1.8x	10.3x

Source: Financial data sourced from public filings and Capital IQ as of December 11, 2025. "N/M" indicates Not Meaningful (negative metrics). Estimates for NTM performance are based on consensus analyst projections.

Recent Transaction Experience

Healthcare IT
 eMedApps™
has been acquired by  Med Tech Solutions <i>backed by</i> 

Healthcare IT
 Waypoint
has been acquired by 

Healthcare IT
 ITENTIVE Healthcare Solutions
has been acquired by  DAShealth HEALTH IT & MANAGEMENT SOLUTIONS <i>backed by</i> 

Healthcare IT
 ITELAGEN HEALTHCARE
has been acquired by  DAShealth HEALTH IT & MANAGEMENT SOLUTIONS <i>backed by</i> 

Healthcare IT
 AIM ARTIFICIAL INTELLIGENCE IN MEDICINE INC. INFORMATICS IMPROVING HEALTH
has been acquired by 

Technology Services
 NEXTIRa
has been acquired by 

Technology Services
 PANDERA®
has merged with  66 degrees <i>backed by</i> 

Technology Services
 visualbi LOOK FORWARD. THINK AHEAD.
has been acquired by 

Technology Services
 SIG
has been recapitalized by 

Technology Services
 FLAGSHIP SOLUTIONS GROUP
has merged with  DataStorage CORPORATION

Technology Services
 LONE STAR
has been recapitalized by 

Technology Services
 NAVIGATOR BUSINESS SOLUTIONS
has been acquired by  ALERION Capital Group, LLC

Technology Services
 iXerv
has been acquired by  TSP THE SILICON PARTNERS <i>backed by</i> 

Software
 learn on demand systems
has been recapitalized by  QUAD PARTNERS

Healthcare Software
 VIRIDIAN SCIENCES
has been acquired by  AKERNA

Solganick advises Nextira in sale to Accenture

- Nextira is a cloud computing consultancy headquartered in Austin, TX.
- The company provides cutting-edge AWS expertise to enterprise clients, bringing specialized professional services within artificial intelligence, predictive analytics, cloud-native innovation, and immersive experiences solutions.
- On behalf of Nextira, Solganick & Co. ran a focused, efficient and competitive M&A process, leveraging its strong network of financial and strategic buyers.
- The team worked closely with Nextira management to attractively position the business, ultimately receiving several attractive offers.
- Solganick & Co. supported the entire M&A process, including the client's selection of Accenture.

Technology Services
 NEXTIRa
has been acquired by 

Artificial Intelligence
 Cloud Computing

Data & Analytics

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