

# FT PARTNERS FINTECH INDUSTRY RESEARCH

August 19, 2020



**Waystar Acquires eSolutions for  
Approximately \$1.3 billion**



## Overview of FT Partners

- Financial Technology Partners ("FT Partners") was founded in 2001 and is the only investment banking firm focused exclusively on FinTech
- FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 18 years of exclusive focus on Financial Technology

### FT Partners' Advisory Capabilities



### FT Partners' FinTech Industry Research



**The Information**

**Named Silicon Valley's #1 FinTech Banker (2016) and ranked #2 Overall by The Information**



**Ranked #1 Most Influential Person in all of FinTech in Institutional Investors "FinTech Finance 40"**



**THE M&A ADVISOR**

**Numerous Awards for Transaction Excellence including "Deal of the Decade"**

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## Transaction Summary

### Transaction Summary

- On August 12, 2020, Waystar, a healthcare payments software provider, announced that it has entered a definitive agreement to acquire eSolutions, a Medicare-specific revenue cycle management technology company
  - As the baby boomers age, Medicare has become the largest payer in the U.S., and the mix of insurance coverage is increasingly shifting to Medicare
  - The acquisition enables Waystar to combine both commercial and government payers onto a single payments platform, a first for the industry
- While the exact purchase price was not disclosed, according to the Wall Street Journal, the deal values eSolutions at approximately \$1.3 billion <sup>(1)</sup>
  - A \$1.3 billion valuation represents a multiple of around 10x 2020E revenue, and 20x 2020E EBITDA <sup>(1)</sup>
- eSolutions is backed by Francisco Partners, and according to the Wall Street Journal, Francisco Partners is in discussions to retain a small stake in the Company after the deal closes <sup>(1)</sup>
- Waystar is backed by EQT, Canada Pension Plan Investment Board and Bain Capital

### Transaction Commentary

*"Together, Waystar and eSolutions will deliver unprecedented innovation to the industry, helping healthcare organizations accelerate revenue collection while reducing administrative expenses and repetitive tasks. Uniting our companies' data sets will further power Waystar Hubble, our artificial intelligence solution, providing access to even greater insights and value for our clients. We have long-admired eSolutions for its unique Medicare-specific revenue cycle capabilities, which are a perfect complement to the Waystar platform. We are excited to move forward as one team."*



**Matthew Hawkins**  
CEO



*"eSolutions is thrilled to be joining forces with Waystar, a company like ours that relentlessly focuses on delivering exceptional customer service. The combination of our technology platforms and data solves a major pain point in revenue cycle management to drive stronger results for our clients, partners, and for healthcare."*



**Gerry McCarthy**  
CEO



*"eSolutions is a special company with a laser focus on helping their provider customers get reimbursed for care provided with ease. The company's growth and innovation during our five plus years of partnership have been amazing, and we are thrilled that this combination will allow the company to deliver ever greater value to its customers."*



**Ezra Perlman**  
Co-President



# Waystar Acquires eSolutions

## eSolutions Overview



### Company Overview



CEO: Gerry McCarthy

Headquarters: Overland Park, KS, USA

Founded: 1999

- eSolutions provides data analytics and workflow automation products that help healthcare providers get paid quickly, securely, and accurately
  - It improves efficiency, minimizes denials, and reduces time to revenue for clients
- The Company's analytics deliver clear intelligence, allowing providers of all types and sizes to understand their data and use it to make informed decisions
- Since its founding in 1999, eSolutions' products and payer relationships have evolved, strengthening and simplifying the relationship between providers and payers

### Leadership



**Gerry McCarthy**  
Chief Executive Officer



**James Evans**  
Chief Financial Officer



**Chris Hart**  
Chief Product & Strategy Officer



**Jason Peterson**  
Chief Technology Officer

### Products & Solutions Overview



#### Eligibility Solutions

Products: Eligibility, Clearinghouse, and MBI Lookup  
Allows customers to find real-time coverage, returns more patient coverage information, and reduces rejections and denials while improving cash flow



#### Claims Solutions

Products: Medicare Enterprise Package, Medicare Secondary Crossover, Clearinghouse, Medicare Direct Claim Entry, and Medicare Advantage Claims  
Ensure providers submit the cleanest claims possible, while also monitoring claims as they travel through the revenue cycle



#### Analytics Solutions

Products: Medicare Enterprise Package and TITAN  
Turns complex data into actionable insights by leveraging data to help optimize reimbursement, care quality and operational performance



#### Audits and Denials Solutions

Products: Audit and Denial Management, Medicare esMD, and TITAN  
Arms organizations with real-time remittance data to find denial prevention areas that need attention



#### Revenue Integrity Solutions

Products: Transfer DRG, Insurance Discovery, and Pharmacy Insurance Discovery  
Makes revenue integrity a priority with technology that optimizes the revenue cycle from end to end



#### Quality and Compliance Solutions

Products: CASPER Reports, OASIS Analytics, and Review Choice Demonstration  
Identifies opportunities to improve quality outcomes, boost Five-Star Ratings, reduce readmissions, increase referrals and drive cash flow

### Selected Deal History

| Date     | Size (\$ mm) | Type      | Selected Investor(s)      |
|----------|--------------|-----------|---------------------------|
| 03/31/16 | ~\$13        | Debt      | Golub Capital BDC         |
| 01/09/15 | NA           | Financing | Francisco Partners        |
| 11/01/11 | NA           | Financing | WestView Capital Partners |

# Waystar Acquires eSolutions



## Waystar Overview

### Company Overview



CEO: Matthew Hawkins

Headquarters: Louisville, KY

Founded: 2006

- Waystar is a leading provider of cloud-based revenue cycle technology
- Its solutions remove friction from payment processes, streamline workflows, and improve the financials of providers
- Waystar integrates with all major practice management, hospital information and EHR systems

### By the Numbers



### Leadership



**Matthew Hawkins**  
Chief Executive Officer



**Ric Sinclair**  
Chief Strategy & Product Officer



**Chris Schremser**  
Chief Technology Officer



**Steve Oreskovich**  
Chief Financial Officer

### Products & Services

**Patient Financial Clearance**  
Verify insurance coverage to reduce claim rejections and denials

**Revenue Integrity**  
Find missing charges and collect revenue that's due

**Claim Management**  
Automatically submit and track claims, and reduce AR days with intelligence-driven workflows

**Patient Financial Experience**  
Collect patient payments, determine propensity to pay and improve patient experience

**Denial Management**  
Prevent denials and automate appeals

**Agency Management**  
Get insights into outsourced agency effectiveness

**Patient Insights**  
Use data on broad factors that influence health to improve clinical outcomes

### Selected Deal History

| Date     | Size (\$ mm) | Type      | Selected Investor(s)       |
|----------|--------------|-----------|----------------------------|
| 10/16/18 | \$2,700      | M&A       | IEQT  CPP INVESTMENT BOARD |
| 06/15/16 | NA           | M&A       | BainCapital                |
| 01/01/10 | NA           | Financing | JMI EQUITY                 |
| 08/11/06 | 2            | Financing | Individual Investors       |
| 10/01/04 | <1           | Financing | Individual Investors       |

Source: Company Website

# Waystar Acquires eSolutions

## Waystar's Recent Acquisition History



| Date     | Size (\$ mm) | Target Company   | Description  | Research Profile     |
|----------|--------------|--|--|----------------------|
| 12/04/19 | NA           | <b>RECONDO</b>   | <ul style="list-style-type: none"><li>Recondo provides cloud software and services designed to automate healthcare revenue cycle processes for providers</li></ul>   | <a href="#">VIEW</a> |
| 07/10/19 | NA           | <b>digitize.ai</b>   | <ul style="list-style-type: none"><li>Digitize.ai provides AI-enabled systems of intelligence for prior authorizations and utilization management</li></ul>  |                      |
| 06/06/19 | NA           | <b>PARO</b>  | <ul style="list-style-type: none"><li>PARO Decision Support deploys custom calibrated predictive models for healthcare revenue cycle segmentation and charity care</li></ul>   |                      |
| 09/17/18 | NA           |  <b>connance</b> | <ul style="list-style-type: none"><li>Connance is a provider of predictive analytics solutions that personalize the financial and clinical experience for patients</li></ul>   |                      |
| 09/14/17 | NA           | <b>ZIRMED</b><br>INNOVATING CONNECTED HEALTHCARE   | <ul style="list-style-type: none"><li>Navicure Merged with ZirMed and rebranded to Waystar</li><li>Navicure specialized in medical claims management, patient payment and data analytics products</li><li>ZirMed provided predictive analytics technology and software development to help hospitals and health systems capture more revenue</li></ul> |                      |



## Selected FT Partners InsurTech Research – *Click to View*



CoverWallet's Sale to Aon



Lennar's \$70 million Co-Lead Investment in Hippo



InstaMed's Sale to JPMorgan Chase



Assurance's \$3.5 billion Sale to Prudential



Duck Creek Technologies Raises \$230 million in Financing



Lemonade Completes its IPO Raising \$319 million



Oscar Raises \$225 million in Financing



PolicyBazaar Raises \$130 million in Financing

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## FT Partners Advises Assurance on its \$3.5 billion Sale

### Overview of Transaction

- On September 5, 2019, Prudential Financial (NYSE:PRU) announced that it has signed a definitive agreement to acquire Assurance IQ (“Assurance”)
- The acquisition includes total upfront consideration of \$2.35 billion and an additional earnout of up to \$1.15 billion in cash and equity, contingent upon the Company achieving multi-year growth objectives
- Launched in 2016, Assurance is the fastest growing direct-to-consumer InsurTech platform in history
  - Using a combination of advanced data science and human expertise, Assurance matches buyers with customized solutions spanning life, health, Medicare and auto insurance, giving them options to purchase entirely online or with the help of a technology-assisted live agent

### Significance of Transaction

- Assurance will add a large and rapidly growing direct-to-consumer channel to Prudential’s financial wellness businesses, significantly expanding the total addressable market of both companies
- Both companies will draw on respective capabilities to create a new, end-to-end engagement model geared to better serve customers
- The transaction is the largest strategic InsurTech exit in history and represents one of the fastest multi-billion dollar tech exits, as the Company was only founded in February 2016
- Assurance was funded entirely by its founders, highlighting FT Partners' ability to help under-the-radar FinTech companies achieve optimal outcomes

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Assurance and its board of directors
- This transaction highlights FT Partners’ deep domain expertise in the InsurTech space, and its successful track record generating highly favorable outcomes for high growth FinTech companies globally

#### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as  
exclusive strategic and financial advisor to*



*on its sale to*



*for total consideration of up to*

# \$3,500,000,000



*The Only Investment Bank  
Focused Exclusively on Financial Technology*



## FT Partners Advises InstaMed on its Sale to JPMorgan Chase Bank

### Overview of Transaction

- On May 15, 2019, InstaMed announced it has agreed to be acquired by JPMorgan Chase Bank, NA
- Headquartered in Philadelphia, PA, InstaMed is a leading healthcare payments network that connects providers, payers, and consumers on one platform to facilitate healthcare commerce
- Since its founding in 2004, InstaMed has offered a highly integrated experience and has grown to create a diverse solution set that meets the critical payments, engagement, and transaction processing needs of the healthcare industry
- InstaMed's secure, centralized platform alleviates a number of challenges in the healthcare payments industry, with particular focus on eliminating paper, improving the consumer financial experience, and reducing costs to collect payments

### FT Partners' Role

- FT Partners leveraged its deep domain expertise and transactional experience in the Healthcare and Payments sectors to generate a highly successful outcome for InstaMed and its shareholders
- The transaction builds on FT Partners' strong Healthcare track record following advisory roles with [Eliza](#), [Benaissance](#), [Zywave](#), [AmWINS](#), and [R1 RCM](#), among others
- This transaction also demonstrates FT Partners' continued leadership position as the "Advisor of Choice" to the most prominent FinTech companies

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as  
exclusive strategic and financial advisor to*

**InstaMed®**

*in its proposed sale to*

**JPMORGAN  
CHASE & Co.**

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## FT Partners Advises Eliza on its Strategic Sale

### Overview of Transaction

- On March 13, 2017, Eliza announced its strategic sale to HMS in one of the largest healthcare software deals of the year
  - HMS will acquire Eliza for a cash purchase price of \$170 million
- Headquartered in Danvers, MA and majority owned by Parthenon Capital Partners, Eliza is a leading engagement and population analytics platform integrating proprietary data assets, a deep understanding of the healthcare consumer, and omni-channel outreach technology to deliver mission-critical results for key constituents in the healthcare market
- Since its founding in 2000, Eliza has consistently been a market leader and innovator, as evidenced by more than 50 domestic and international patents and patent applications, which HMS will acquire
- HMS operates in the healthcare insurance benefit cost containment market, using innovative technology and powerful data services and analytics to cover the entire payment continuum including eligibility verification, payment accuracy, fraud prevention, cost savings, performance improvement and provider education

### Significance of Transaction

- The acquisition further expands HMS' member health and care management analytics footprint
- Eliza's engagement platform is complementary to HMS' cost containment solutions and together create a more sophisticated and integrated platform

### FT Partners' Role

- FT Partners leveraged its deep domain expertise and transactional experience in the Healthcare and Insurance Services market to generate a highly successful outcome for Eliza and its shareholders
- This transaction demonstrates FT Partners' continued leadership position as the "advisor of choice" to the highest quality FinTech companies

#### Financial Technology Partners LP

#### FTP Securities LLC

*is pleased to announce its role as lead strategic and financial advisor to*

eliza

*in its sale to*

hms

*for total cash consideration of*

**\$ 170,000,000**

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## FT Partners Advises Benaissance on its \$80 million Sale to Wex

### Overview of Transaction

- On October 15, 2015, Benaissance, LLC (“Benaissance” or the “Company”) announced it has entered into a definitive agreement to be acquired by WEX for \$80mm
- Headquartered in Omaha, NE, Benaissance is a leading provider of integrated Software-as-a-Service (SaaS) technologies and services for healthcare premium billing, payment and workflow management
  - Existing investors include Omaha-based, McCarthy Capital
- WEX is a leading, multi-channel provider of corporate payment solutions representing more than 9 million vehicles and serving a wide variety of business sectors
- The transaction is expected to close in the fourth quarter of 2015 and is subject to applicable regulatory approvals and other customary closing conditions

### Significance of Transaction

- Represents a highly-attractive outcome for both Benaissance and WEX
- Combined resources and expertise of Benaissance and WEX position the Company extraordinarily well to further its leadership in the marketplace
- Enables WEX to provide an expanded and differentiated payments solution in order to grow its addressable market opportunity and wallet share in the healthcare market
- Benaissance will be integrated with WEX’s existing Evolution1 platform creating an opportunity for potential synergies as the businesses already share a number of mutual partners and customers

### FT Partners’ Role

- FT Partners served as exclusive strategic and financial advisor to Benaissance and its Board of Directors
- Transaction highlights FT Partners’ continued success advising leading companies and generating highly successful outcomes in the Healthcare / Benefits IT and Services space

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*



*in its sale to*



*for a total consideration of*

**\$ 80,000,000**



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## FT Partners’ Recent Awards and Recognition

### Bloomberg

#### Bloomberg

- FT Partners’ Steve McLaughlin was featured on Bloomberg / Bloomberg TV
- View the [full article](#) and watch the live [TV interview](#)



#### M&A Advisor Awards

- Technology Deal of the Year (2019)
- Cross Border Deal of the Year and Corporate / Strategic Deal of the Year (2018)
- Investment Banker of the Year (2017) – Steve McLaughlin, CEO & Managing Partner of FT Partners
- Investment Banking Firm of the Year (2016) – FT Partners



#### LendIt FinTech Industry Awards 2018:

- FT Partners wins Top Investment Bank in FinTech

### Institutional Investor



#### The FinTech Finance 40:

- Steve McLaughlin ranked #1 in 2017 and 2018

### The Information

A small chart titled "Silicon Valley's Most Popular Dealmakers" showing a list of names and their titles. Steve McLaughlin is listed as the top dealmaker.

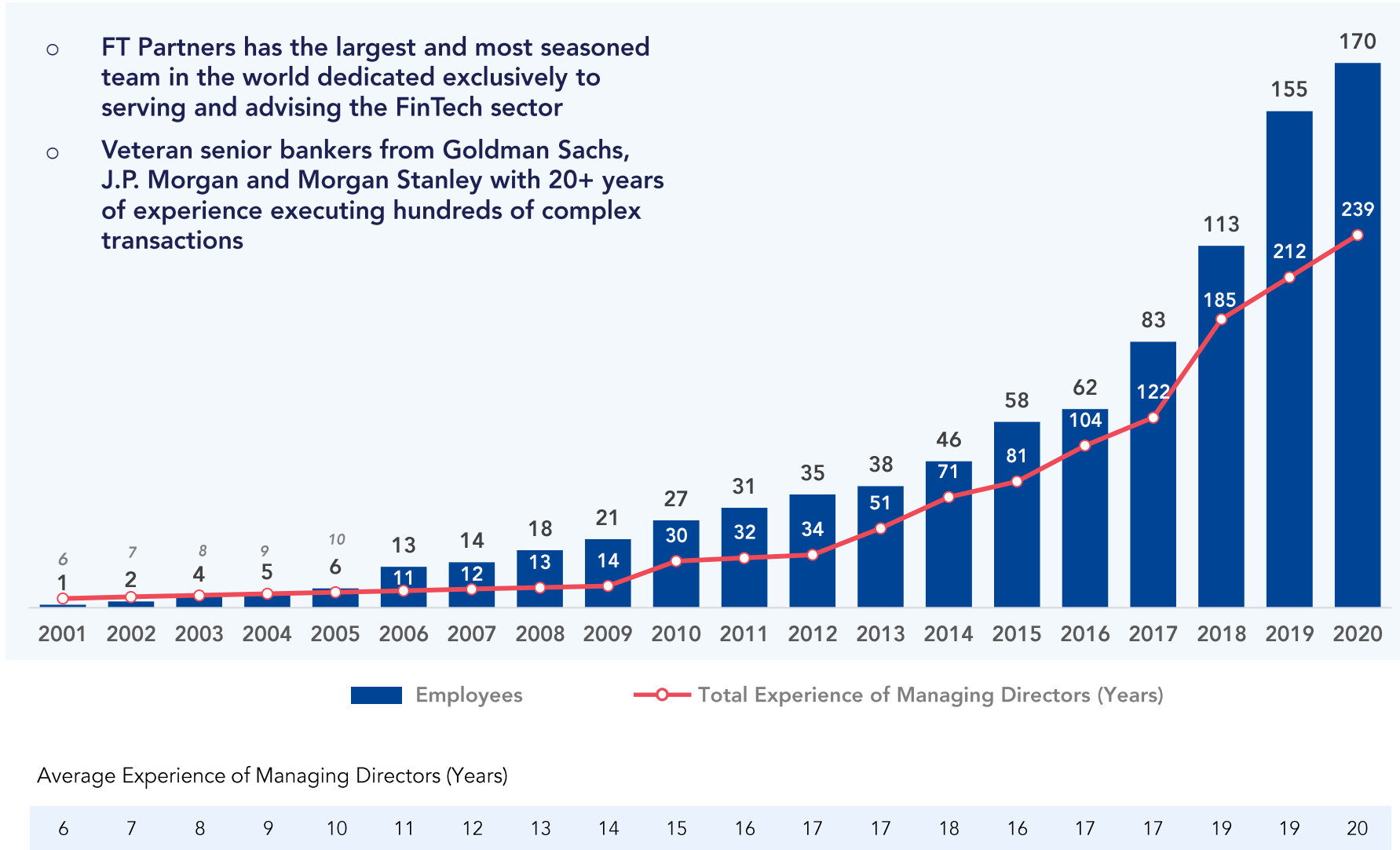
| Name             | Title             | Company       |
|------------------|-------------------|---------------|
| Steve McLaughlin | Managing Director | FT Partners   |
| Michael Rzepka   | Managing Director | Goldman Sachs |
| Paul Rosen       | Managing Director | Wells Fargo   |
| Quincy Smith     | Partner           | Goldman Sachs |

#### The Information’s “Silicon Valley’s Most Popular Dealmakers”

- Ranked as the #2 top Technology Investment Banker by The Information subscribers (2016)
- Only FinTech focused investment banking firm and banker on the list

## The Largest FinTech Advisory Practice in the World

- FT Partners has the largest and most seasoned team in the world dedicated exclusively to serving and advising the FinTech sector
- Veteran senior bankers from Goldman Sachs, J.P. Morgan and Morgan Stanley with 20+ years of experience executing hundreds of complex transactions





## The FT Partners Senior Banker Team

| Name / Position  | Prior Background  | Experience / Education   | Years of Experience |
|--|---|--|---------------------|
| <b>Steve McLaughlin</b><br>Founder, CEO and Managing Partner |    | <ul style="list-style-type: none"> <li>Formerly with Goldman Sachs in New York and San Francisco from 1995-2002</li> <li>Formerly Co-Head of Goldman Sachs' Financial Technology Group (#1 market share)</li> <li>Wharton M.B.A.</li> </ul>  | <b>25</b>           |
| <b>Mohit Agnihotri</b><br>Managing Director                  | <b>J.P.Morgan</b>   | <ul style="list-style-type: none"> <li>Formerly Managing Director and Global Head of Payments Investment Banking at J.P. Morgan</li> <li>Wharton M.B.A</li> </ul>  | <b>18</b>           |
| <b>Kate Crespo</b><br>Managing Director                      | <b>RAYMOND JAMES®</b>   | <ul style="list-style-type: none"> <li>Formerly with Raymond James' Technology &amp; Services investment banking</li> <li>14+ years of FinTech transaction execution experience</li> <li>Dartmouth M.B.A.</li> </ul>   | <b>18</b>           |
| <b>Larry Furlong</b><br>Managing Director                    |    | <ul style="list-style-type: none"> <li>Formerly with Goldman Sachs in New York, London and Los Angeles from 1995-2004</li> <li>Wharton M.B.A.</li> </ul>   | <b>24</b>           |
| <b>Osman Khan</b><br>Managing Director                       |    | <ul style="list-style-type: none"> <li>Formerly Managing Director and Head of FIG M&amp;A at Alvarez &amp; Marsal</li> <li>15+ years FIG deal, consulting and assurance experience at PwC</li> <li>40 Under 40 M&amp;A Advisor Award Winner in 2013</li> </ul>                                       | <b>23</b>           |
| <b>Randall Little</b><br>Managing Director                   | <b>J.P.Morgan</b>   | <ul style="list-style-type: none"> <li>12 years as FIG / Capital Markets FinTech investment banker at J.P. Morgan</li> <li>10 years as financial services technology consultant at Sun Microsystems and Ernst &amp; Young</li> <li>NYU Stern M.B.A. (MBA w/Distinction)</li> </ul>                   | <b>23</b>           |
| <b>Andrew McLaughlin</b><br>Managing Director                | <b>Deloitte.</b>  | <ul style="list-style-type: none"> <li>20+ years experience executing / implementing financial and operational strategy</li> <li>Formerly with Deloitte Consulting</li> </ul>  | <b>14</b>           |
| <b>Amar Mehta</b><br>Managing Director                       | <b>J.P.Morgan</b>   | <ul style="list-style-type: none"> <li>Formerly with J.P. Morgan's Technology (FinTech &amp; Technology Services) team in New York</li> <li>7+ years of FinTech transaction execution experience</li> <li>MBA from IIM-K (India), Bachelor's in Computer Engineering from NTU (Singapore)</li> </ul> | <b>15</b>           |
| <b>Mike Nelson</b><br>Managing Director                      |   | <ul style="list-style-type: none"> <li>Formerly head of FinTech M&amp;A at SunTrust Robinson Humphrey</li> <li>Kellogg M.B.A.</li> </ul>   | <b>20</b>           |
| <b>Timm Schipporeit</b><br>Managing Director                 |  | <ul style="list-style-type: none"> <li>Formerly with Morgan Stanley as Senior Executive Director of European Technology Investment Banking Team in London</li> <li>Formerly a Venture and Growth Investor focused on FinTech at Index Ventures</li> </ul>  | <b>17</b>           |
| <b>Greg Smith</b><br>Managing Director                       |  | <ul style="list-style-type: none"> <li>Formerly award winning Equity Research Analyst at Merrill Lynch, J.P. Morgan and Hambrecht &amp; Quist</li> <li>20+ years of experience covering FinTech as both an Analyst and Investment Banker</li> </ul>  | <b>24</b>           |
| <b>Tim Wolfe</b><br>Managing Director                        |  | <ul style="list-style-type: none"> <li>Formerly with Goldman Sachs from 2000-2002</li> <li>40 Under 40 M&amp;A Advisor Award Winner 2013</li> <li>Harvard M.B.A.</li> </ul>  | <b>18</b>           |