



Healthcare IT Update

Harris Williams | Q1 2023

Perspectives on Healthcare IT

Patient-Facing Solutions



Solutions aimed at supporting healthcare consumers directly and through payer/provider systems

Payer & Provider Solutions *Consumer Solutions*

Select Market Participants



Key Trends

- Ongoing evolution from patient outreach to engagement and experience enhancement across the continuum of care
- Patient engagement vendors are aiming to amplify clinical impact by delivering content that enables patients to play active roles in their own healthcare

Care Delivery



Solutions designed to optimize patient treatment and provider organizations

Operational Efficiency *Inpatient – Clinical*
Outpatient – Clinical *Post-Acute – Clinical*

Select Market Participants



Key Trends

- Ongoing transition to value-based care has increased pressure on hospital and health system margins
- Permanent changes to reimbursement rates and CMS regulations, coupled with patient demand for convenience, have positioned telehealth as a sustainable care delivery method for the future

Pharma & Devices



Solutions to aid in the distribution and delivery of medicine

Research, Development, and Safety *Go-to-Market Tools*

Select Market Participants



Key Trends

- Challenges arising in market access, go-to-market, and clinical trial enrollment due to convergence of clinical and commercial objectives and the paradigm shift toward specialty drugs
- Decentralized clinical trials have enabled greater data insights through the course of a trial but have not eliminated the need for in-person evaluation

Revenue Cycle Management



Solutions to drive improvement in payment measurement and collection within payer and provider organizations

Payer and Risk-Bearing Entity Solutions *Provider Solutions*

Select Market Participants



Key Trends

- Provider adoption of patient-pay modules increasing as integration deepens within the RCM ecosystem
- Consistent scope expansion as mid-cycle software providers look to move upstream and front-end vendors seek to move into mid-cycle and payments

Population Health & Risk Management



Solutions to more effectively treat patient member populations and manage overall provider systems

Population Analytics *Care Coordination*
Data Control *PHM Informatics*

Select Market Participants



Key Trends

- Despite recent CMS rules, lack of interoperability across EMRs remains a barrier to uniformly aggregating patient data to consolidate longitudinal records
- The rapid rise of Medicare Advantage plans and commercial, value-based arrangements underpins demand for sophisticated care management solutions that can close gaps in care

What We're Reading

Community Pharmacies Tap Digital Technologies to Improve Patient Access

HealthTech Magazine

Pharmacies are laying the foundation for digital-first omnichannel experiences that elevate the role of the pharmacist. As a mainstay of the community, local pharmacies play a critical role in healthcare delivery today. From smart chatbots to online scheduling options, technological advancement allows retail pharmacists to do more purpose-driven, patient-centered work.

Read the full article [here](#).

Healthcare Vendors Are the New Front of the Cybersecurity War

Modern Healthcare

Cybercriminals seeking to seize sensitive health information are increasingly targeting vulnerable vendors to get around the safeguards healthcare providers, insurers, and other entities have erected to protect patient data. As healthcare organizations more commonly tap third-party vendors to handle business functions, cybersecurity experts warn they're creating opportunities for hackers.

Read the full article [here](#).

Infusion Centers Are Struggling, but AI Could Help Meet Demand

Healthcare IT News

Resource constraints and inefficient manual processes are burdening cancer centers across the U.S., but innovation in machine learning capabilities outside of EHRs can help improve agility. Using constraint-based optimization methods allows healthcare systems to account for delays, overbookings, cancellations, and add-ons.

Read the full article [here](#).

Telehealth Visits Across Most Specialties Don't Require In-Person Follow-Up

Healthcare Dive

Researchers question whether telehealth visits can be considered an alternative to an in-person encounter. Results from a recent study suggest that telehealth is not driving additional in-person care encounters – a result that has significant implications for policy, especially as telehealth use remains high compared to pre-pandemic levels.

Read the full article [here](#).

Recent Harris Williams Technology / HCIT Content

- Clinical Trial Technology: Emerging Trends & Opportunities



[Link to Read](#)

- Industry Update: Outsourced Pharma Services & Pharma Tech Q4 2022



[Link to Read](#)

Select Q4 2022 Healthcare IT Transactions

Avista Capital Partners' acquisition of Spear Education

SPEAR

Target

AVISTA
CAPITAL PARTNERS

Buyer

Announced: 12/19/2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Spear Education is a tech-enabled provider of digital and in-person clinical training, practice analytics, and consulting solutions for the dental market
- Avista will leverage their expertise in the healthcare technology sector and dental end-market to support Spear's growth ambitions

Voya Financial's acquisition of Benefitfocus

Benefitfocus

Target

VOYA
FINANCIAL

Buyer

Announced: 11/1/2022
EV: \$570M
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Benefitfocus is a provider of cloud-based benefits management technology solutions for employers and health plans in the United States
- The acquisition will expand Voya's ability to deliver innovative solutions for employers and health plans, and help improve the financial, physical, and emotional well-being of their employees and members

Silversmith Capital Partners' investment in Fortified Health Security

Fortified
HEALTH SECURITY

Target

SILVERSMITH

Buyer

Announced: 12/15/2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Fortified Health Security is a managed security service provider that protects patient data and reduces risk throughout the healthcare ecosystem
- The investment will help fuel Fortified's growth plan by accelerating its technology roadmap to develop a platform that simplifies the management and oversight of cybersecurity programs for clients

Rubicon Technology Partners' investment in Enquire, Glennis Solutions, and Sherpa

enquire

glennis
SOLUTIONS

sherpa
Target

RUBICON
technology partners

Buyer

Announced: 10/27/2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Enquire, Glennis, and Sherpa joined forces to create the market-leading software platform for the senior living industry
- Supported by a strategic investment from Rubicon Technology Partners, the combined entity is positioned to deliver the first comprehensive, scalable end-to-end software solution designed by and for senior living providers

Zelis' acquisition of Payspan

payspan

Target

zelis

Buyer

Announced: 11/9/2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Payspan is a provider of healthcare electronic payment and reimbursement automation services
- The acquisition will accelerate Zelis' purpose to modernize the business of healthcare, offering more options to both payers and their clients through a new payments and communications platform

Deerfield Management's investment in COTA

COTA

Target

DEERFIELD
Advancing Healthcare®

Buyer

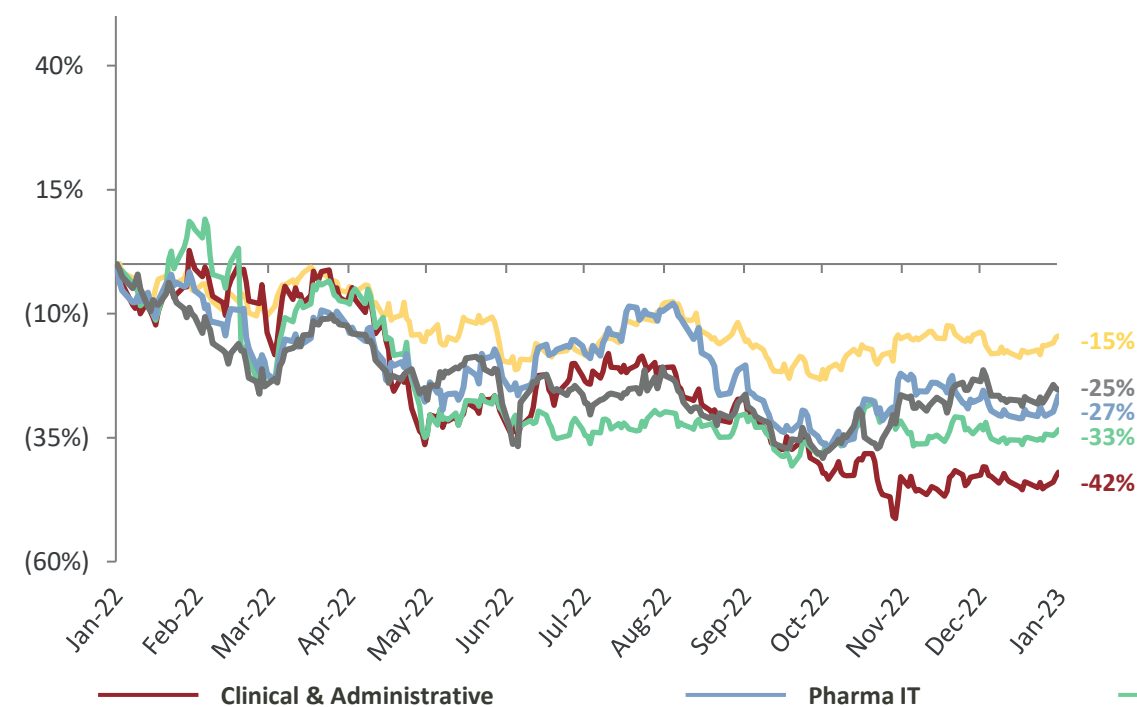
Announced: 10/25/2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- COTA is a provider of an engagement platform that provides data to cancer patients to guide decisions and actions for their treatment
- The investment will accelerate and further diversify COTA's oncology real-world data products and services in order to drive more efficient and inclusive drug development in oncology

Healthcare IT Public Company Trended Stock Performance¹

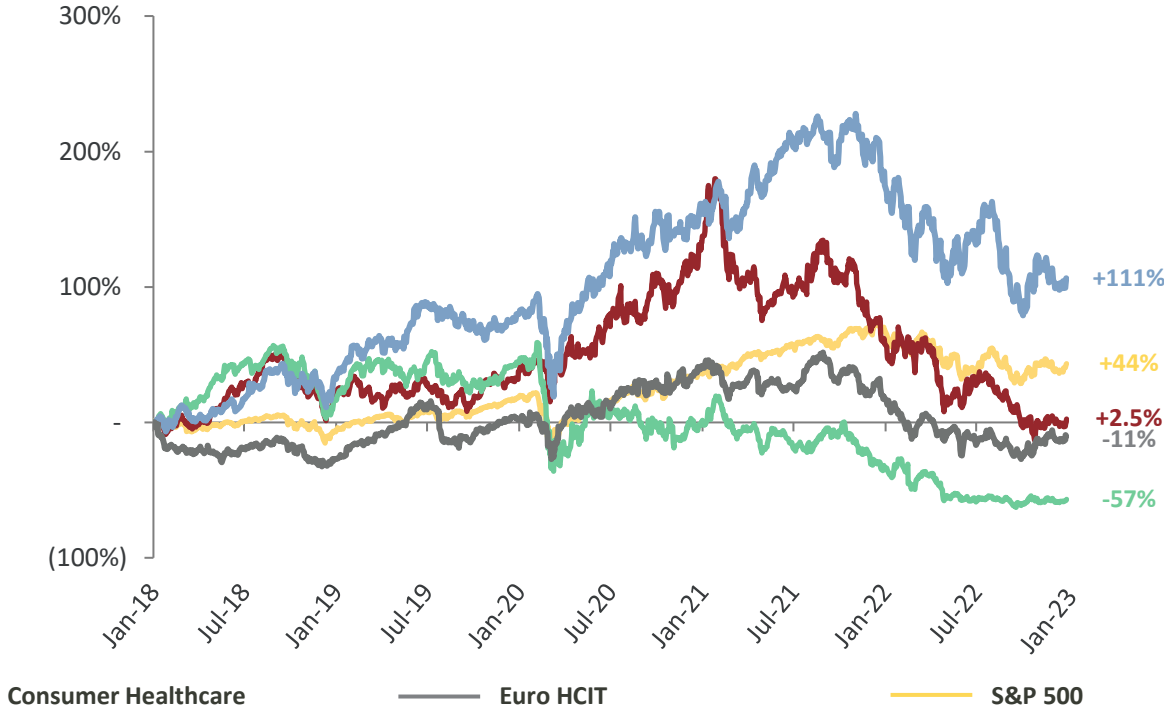
Public Company Stock Performance – Last 12 Months

Indexed Stock Price Performance for the Period January 2022 – January 2023



Public Company Stock Performance – 5 Years

Indexed Stock Price Performance for the Period January 2018 – January 2023



Clinical & Administrative

Allscripts, amwell, cpsi, DEFINITIVE HEALTHCARE, doximity, evolent HEALTH, HealthCatalyst, HealthStream, nextgen, Omnicell, Phreesia, PREMIER, R1, TELADOC

Pharma IT

CERTARA, IQVIA, Syneos Health, Veeva

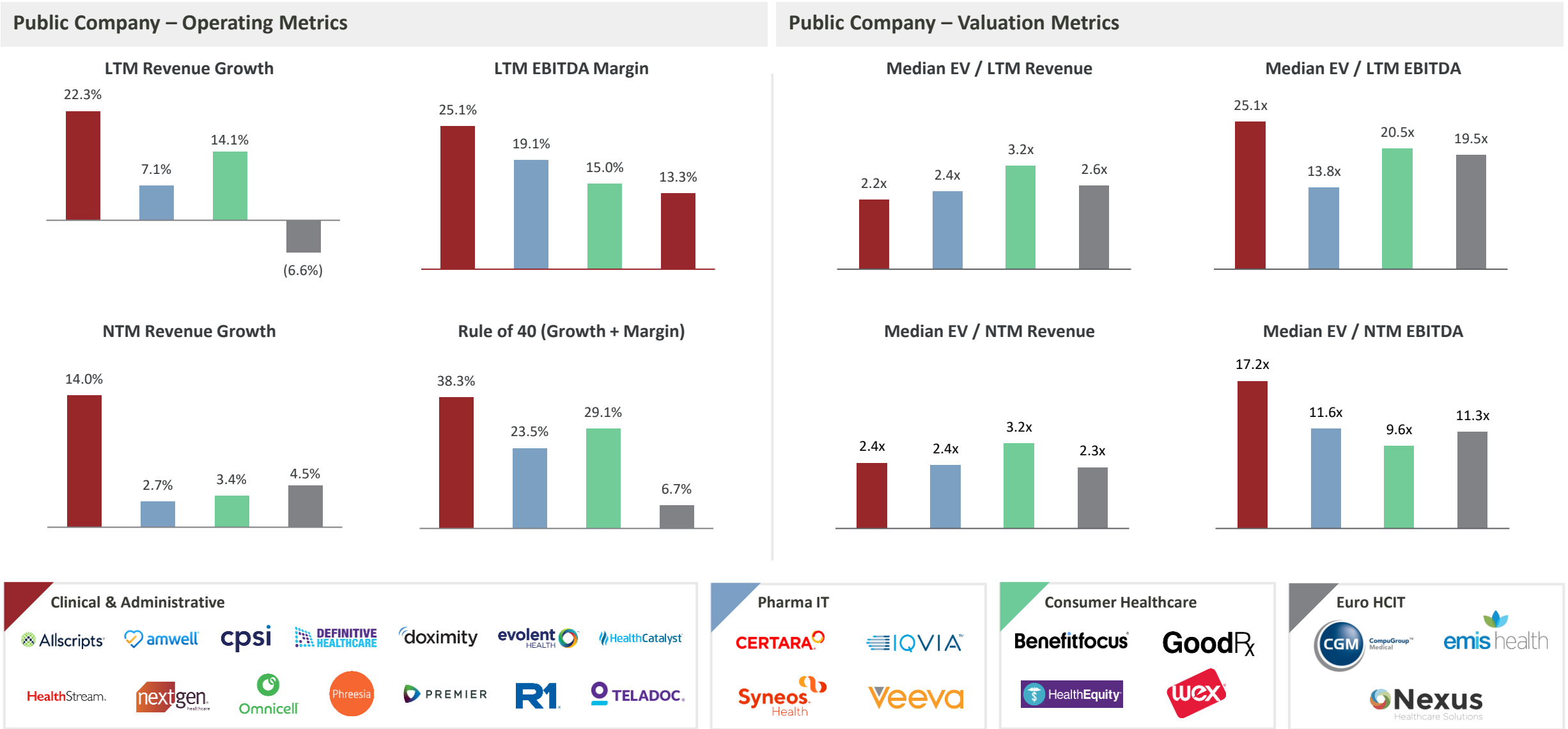
Consumer Healthcare

Benefitfocus, GoodRx, HealthEquity, Wex

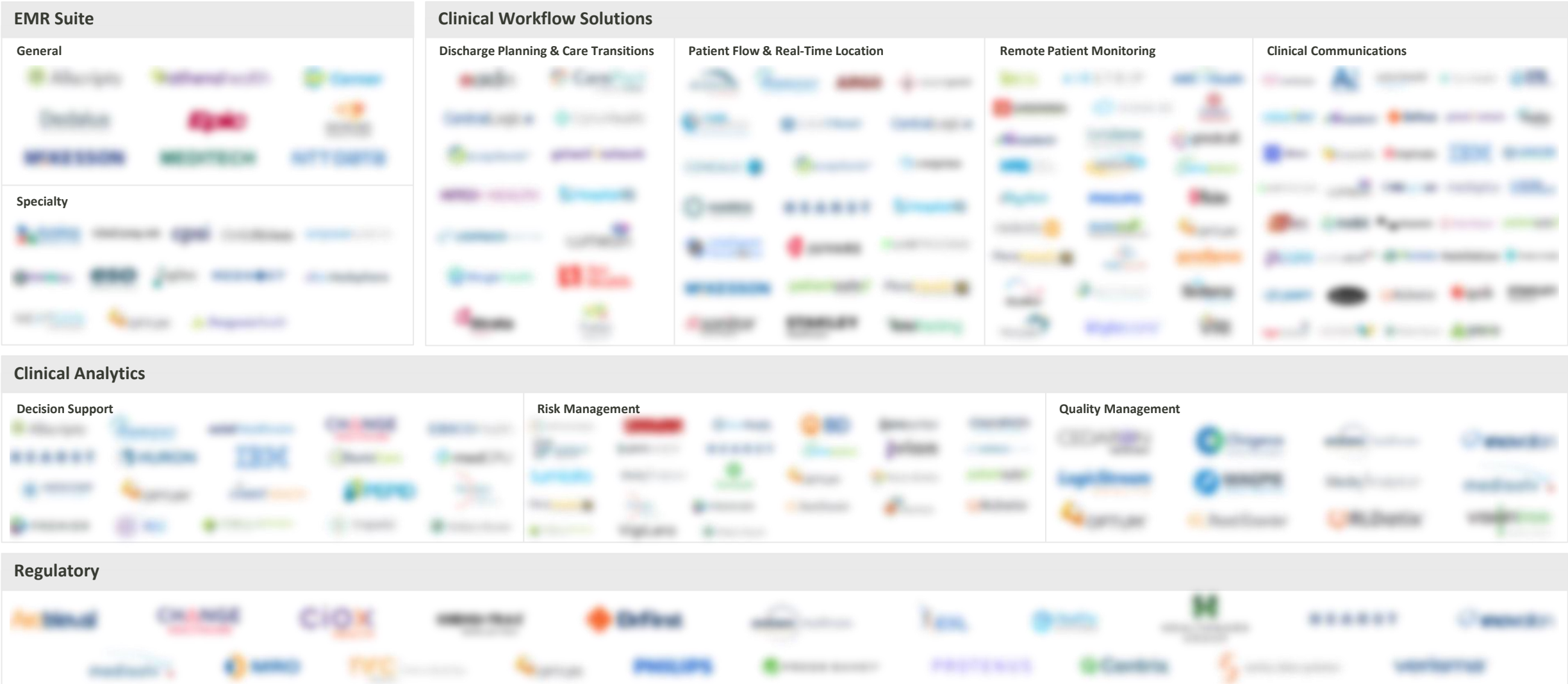
Euro HCIT

CGM, CompuGroup Medical, emis health, Nexus Healthcare Solutions

Healthcare IT Public Company Operating and Valuation Metrics¹





















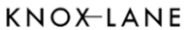



















Inpatient & Clinical



Harris Williams: Healthcare IT Experience

Select Healthcare IT Transaction Experience

 has recapitalized 	 has acquired 	 <i>a portfolio company of</i>  has been acquired by 	 <i>a portfolio company of</i>  has been acquired by  	 has invested in 	 has been acquired by 	 has acquired  <i>a portfolio company of</i> 	 <i>a portfolio company of</i>  has been acquired by 	 has acquired 	 has been acquired by 
 has made a strategic investment in 	 has been acquired by 	 has been acquired by 	 has been acquired by 	 has acquired 	 has been recapitalized by 	 has received an investment from 	 has been acquired by 	 has been acquired by 	 has been acquired by 

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Aerospace, Defense
& Government Services



Business
Services



Consumer



Energy, Power
& Infrastructure



Healthcare &
Life Sciences



Industrials



Technology



Transportation
& Logistics

70% Revenue from
repeat clients

83% Managing directors
promoted from
within the firm

30+ Year
history



BANKING



Collaborative Efforts to Advise HCIT Companies

Our Healthcare & Life Sciences Group and Technology Group collaborate to advise leading HCIT companies worldwide.



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Sources and Disclosures

Sources

1. S&P Capital IQ
2. PitchBook

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Appendix

Public Market Operational and Valuation Metrics¹

As of January 12, 2023

\$ in Thousands

Company	Market Capitalization	Enterprise Value	% of 52-Week High	LTM Gross Margin	LTM EBITDA Margin	LTM Revenue	NTM Revenue	Enterprise Value/ LTM EBITDA	NTM EBITDA
Clinical / Administrative									
EMR									
Veradigm Inc.	\$2,140,399	\$1,866,609	84.3%	50.6%	7.5%	1.2x	2.9x	16.2x	9.8x
Definitive Healthcare Corp.	1,258,859	1,729,073	39.8%	88.4%	12.0%	8.3x	7.0x	69.3x	25.2x
NextGen Healthcare, Inc.	1,195,306	1,229,649	82.3%	52.8%	6.9%	2.0x	1.9x	28.3x	9.8x
Median	\$1,258,859	1,729,073	82.3%	52.8%	7.5%	2.0x	2.9x	28.3x	9.8x
RCM / Performance									
R1 RCM Inc.	5,248,037	7,010,837	45.2%	21.4%	19.6%	4.2x	3.2x	21.4x	12.7x
Premier, Inc.	3,954,779	4,347,069	82.1%	63.3%	29.6%	3.1x	3.0x	10.6x	8.2x
Evolent Health, Inc.	3,069,324	3,389,905	77.4%	26.1%	3.9%	2.8x	2.1x	71.2x	27.1x
Median	\$3,954,779	4,347,069	77.4%	26.1%	19.6%	3.1x	3.0x	21.4x	12.7x
Other Administrative									
Teladoc Health, Inc.	4,214,962	4,921,664	31.4%	68.6%	0.2%	2.1x	1.9x	NM	17.2x
American Well Corporation	1,057,573	512,198	70.8%	41.5%	NM	1.9x	1.7x	NM	NM
Doximity, Inc.	6,319,389	5,585,036	50.5%	87.2%	31.5%	14.5x	11.8x	46.2x	27.5x
Omniceil, Inc.	2,477,173	2,829,094	33.0%	47.2%	9.9%	2.2x	2.4x	21.8x	24.8x
Health Catalyst, Inc.	645,515	513,570	35.1%	49.3%	NM	1.9x	1.8x	NM	NM
Median	\$2,477,173	2,829,094	35.1%	49.3%	9.9%	2.1x	1.9x	25.1x	17.2x
Clinical / Administrative Median	\$2,477,173	\$2,829,094	50.5%	50.6%	9.9%	2.2x	2.4x	25.1x	17.2x
Pharma									
Pharma	-	-	0.0%	0.0%	0.0%	0.0x	0.0x	0.0x	0.0x
IQVIA Holdings Inc.	40,769,934	52,061,934	84.4%	34.7%	19.3%	3.6x	3.4x	18.9x	14.6x
Veeva Systems Inc.	25,310,273	22,349,608	67.2%	72.0%	24.0%	10.8x	9.6x	44.8x	25.0x
Syneos Health, Inc.	3,547,102	6,408,556	36.6%	23.8%	13.4%	1.2x	1.3x	8.8x	8.7x
Pharma Median	\$14,428,687	\$14,379,082	51.9%	29.2%	16.4%	2.4x	2.4x	13.8x	11.6x
Consumer Healthcare									
Consumer Healthcare	-	-	0.0%	0.0%	0.0%	0.0x	0.0x	0.0x	0.0x
GoodRx Holdings, Inc.	2,056,224	2,025,889	16.8%	92.3%	8.6%	2.5x	2.7x	29.6x	11.0x
WEX Inc.	7,725,562	8,548,337	96.6%	72.4%	33.7%	3.8x	3.6x	11.4x	8.3x
HealthEquity, Inc.	4,944,659	5,732,713	73.8%	55.5%	21.4%	6.9x	6.1x	32.2x	18.4x
Consumer Healthcare Median	\$3,500,442	\$3,879,301	45.3%	64.0%	15.0%	3.2x	3.2x	20.5x	9.6x
Euro HCIT									
Euro HCIT	-	-	0.0%	0.0%	0.0%	0.0x	0.0x	0.0x	0.0x
CompuGroup Medical SE & Co. KGaA	2,150,421	2,857,356	60.1%	34.1%	13.3%	2.6x	2.3x	19.5x	11.3x
EMIS Group plc	1,436,546	1,371,415	97.5%	48.5%	24.9%	6.6x	6.3x	26.3x	16.9x
Euro HCIT Median	\$1,436,546	\$1,371,415	60.1%	34.1%	13.3%	2.6x	2.3x	19.5x	11.3x
Total Comp Set Median	\$2,313,797	\$2,843,225	55.3%	48.9%	12.6%	2.6x	2.6x	21.4x	12.0x

Recent Sector Transactions Detail^{1,2}

Closed Date	Target	Acquirer	Business Description	Enterprise Value (\$M)	Implied EV / Revenue	Implied EV / EBITDA
12/19/22	Spear Education	Avista Capital Partners	Provider of digital and in-person clinical training, practice analytics, and consulting solutions for the dental market.	*	*	*
12/07/22	Evolution Road, LLC	Evoke Group	Provider of omnichannel, digital marketing, and digital health strategy for the life sciences industry.	*	*	*
12/15/22	Fortified Health Security	Nordic Consulting Partners, Inc.; Silversmith Management, L.P.; Health Velocity Capital	Provider of solutions that allow healthcare organizations to mitigate cybersecurity and compliance risks.	*	*	*
12/07/22	Imagenet, LLC	BV Investment Partners, L.P.	Provider of back-office support technology and tech-enabled outsourced services to healthcare plans nationwide.	*	*	*
12/01/22	Stericycle Communication Solutions, Inc.	Infomedia Group, Inc.	Provider of online scheduling, automated messaging, and strategic in/outbound call center services to drive patient access and adherence.	\$45	*	*
12/01/22	UpStream Care Company	Coatue Management, L.L.C.; Dragoneer Investment Group, LLC; Define Ventures; Avidity Partners Management, L.P.	Provider of a platform that allows physicians, pharmacists, and nurses to work together in primary care practices to achieve better outcomes.	*	*	*
11/28/22	Sensato Cybersecurity	Park Place International LLC	Provider of cybersecurity solutions to the healthcare and critical infrastructure sectors.	*	*	*
11/18/22	Focus Software LLC	Cloud 9 Software, Inc.	Provider of a cloud-based dental management platform.	*	*	*
11/21/22	care.ai	Crescent Cove Advisors, LP	Provider of an AI-powered ambient monitoring platform for healthcare settings.	*	*	*
11/15/22	Komodo Health, Inc.	Coatue Management, L.L.C.; Dragoneer Investment Group, LLC	Provider of an AI platform that compiles de-identified healthcare data from hundreds of sources and 330M+ individual patients.	*	*	*
11/09/22	Payspan, Inc.	Zelis Healthcare Inc.	Provider of healthcare electronic payment and reimbursement automation services.	*	*	*
01/24/23	Benefitfocus, Inc.	Voya Financial, Inc.	Provider of cloud-based benefits management technology solutions for employers and health plans in the United States.	\$529	*	*
11/01/22	OnCall Health Inc.	Qualifacts Systems, Inc.	Provider of telehealth, patient portal, and client engagement technology designed for behavioral health organizations.	*	*	*
10/27/22	Knowledge Based Systems, Inc.	MediQuant, LLC	Provider of application software that aims to solve data access challenges in healthcare.	*	*	*
10/27/22	Enquire/Glennis Solutions/Sherpa CRM	Rubicon Technology Partners	Provider of an end-to-end software platform designed by and for senior living providers.	*	*	*
10/20/22	Subject Well, Inc.	Asset Management Ventures	Provider of an engagement platform for matching patients with chronic health conditions to new care options.	*	*	*
10/18/22	Vitori Health LLC	BV Investment Partners, L.P.	Provider of an administrative platform for employer-sponsored health plans.	*	*	*
10/17/22	Porzio Life Sciences, B.v.	RLDatix Ltd.	Provider of compliance solutions for the life sciences industry.	*	*	*
10/13/22	NeuroFlow Inc.	Seminal Capital Holdings, LLC	Provider of a digital health platform that enables access to behavioral health and engagement across the continuum of mental healthcare.	*	*	*
10/12/22	ProviderFlow	Data Dimensions Corporation	Provider of cloud-based document scanning and faxing solutions intended for the healthcare sector.	*	*	*
10/03/22	StoCastic	Beckman Coulter	Provider of a triage decision support tool that integrates electronic health records and emergency department workflows.	*	*	*
10/06/22	CareSight, LLC	Lone Star Communications, Inc.	Provider of an analytics-as-a-service solution that delivers data to reduce risk and improve caregiver and patient experience.	*	*	*