



# Healthcare IT Update

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Harris Williams | Q2 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

- Adoption of digital health technologies as part of a continued and concerted effort to control cost and modernize operations by way of data analytics and patient engagement solutions
- Vendor selection within a crowded point solutions market is increasingly discerning for both providers and payers as financial pressures continue to influence the sector

## 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

- Health systems are increasingly focused on the sophistication and integration of patient data across care delivery units as interoperability elevates to a need, not a want
- Administering automated workflow improvements across the hospital continues to prove effective in addressing labor shortage concerns

## 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

- Pharma manufacturers are seeking technology solutions that hasten time to market and drive innovation without increasing cost
- C-suite pharma executives are looking to integrate siloed enterprise technology in order to gain visibility into the financial impacts of strategic decisions made daily

## 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

- Amidst wage inflation and labor shortages, providers are acutely focused on alleviating margin pressure by improving collections and reducing the cost to collect
- Continued shift towards digitally outsourced outpatient revenue cycle management in an effort to alleviate growing administrative burdens

## 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

- Ongoing shift from traditional clinical diagnostics to prophylactic diagnostics based on social determinants of health (SDOH) in order to stop the advancement of adverse health conditions and ease the burden of medical expenses
- Acute focus on data management and analytics as organizations attempt to best serve growing patient populations in new reimbursement models

# What We're Reading

## Artificial Intelligence Could Save Healthcare Industry \$360B a Year

### Healthcare Dive

According to a recent study from McKinsey and Harvard researchers, artificial intelligence could save the U.S. ~5 – 10% in annual healthcare spending. Despite general mistrust among patients and doctors, artificial intelligence provides significant costs savings, as well as a slew of non-financial benefits such as better healthcare quality, increased care access, and better patient and doctor satisfaction.

Read the full article [here](#).

## Digital Preference Cards for Surgeons

### Becker's Hospital Review

Surgical preference cards, which outline the supplies, tools, and room setup that a surgeon needs to safely perform a particular procedure, are crucial to ensuring patient safety and reducing medical waste. Implementing a successful digital preference card management process can decrease supply costs, improve patient safety, and reduce the inefficient use of labor.

Read the full article [here](#).

## FDA Drafts Artificial Intelligence-Enabled Medical Device Life Cycle Plan Guidance

### Healthcare IT News

The FDA recently announced the availability of draft guidance that provides recommendations on life cycle controls in submissions to market machine learning-enabled device software functions. The goal is to put safe and effective advancements in the hands of healthcare providers and users faster, increasing the pace of medical device innovation in the U.S. and enabling more personalized medicine.

Read the full article [here](#).

## Almost Every Hospital's Homepage Is Sending Visitors' Data to Third Parties, Studies Find

### Fierce Healthcare

A recently published University of Pennsylvania study found that nearly all nonfederal acute care hospitals' websites track and transfer data to a third party, potentially fueling the unwanted disclosures of patients' personally identifiable information (PII). The findings come as more and more disgruntled patients file individual and class-action lawsuits against providers for sharing their PII through website trackers.

Read the full article [here](#).

## Recent Harris Williams Technology / HCIT Content

- Industry Update: Outsourced Pharma Services & Pharma Tech Q1 2023



[Link to Read](#)

- Clinical Trial Technology: Emerging Trends & Opportunities



[Link to Read](#)

# Select Q1 2023 Healthcare IT Transactions

## Streamline Healthcare Solutions receives investment from Gauge Capital



Target



Buyer

3/10/2023

EV: NPI

EV / LTM Revenue: NPI

EV / LTM EBITDA: NPI

- Streamline Healthcare Solutions is a provider of web-based software for healthcare organizations to provide and coordinate all service delivery procedures
- The investment will allow Streamline to accelerate growth, further invest in infrastructure, product development and execution capabilities, and expand their service offering to better serve customers

## ShiftKey receives funding led by Lorient Capital



Target



Buyer

1/11/2023

Deal Amount: \$300M

Raised to Date: \$743M

Post Valuation: ~\$2B

- ShiftKey is a scheduling and credential management platform designed to augment the way healthcare facilities find licensed and certified professionals to fill available shifts
- The investment supports the development of ShiftKey's technology

## ImageTrend receives investment from Welsh, Carlson, Anderson & Stowe



Target



Buyer

2/8/2023

EV: NPI

EV / LTM Revenue: NPI

EV / LTM EBITDA: NPI

- ImageTrend is a provider of software solutions, data analytics, and services for EMS, hospital, community paramedicine, critical care, fire, and government
- The investment seeks to help ImageTrend accelerate growth, further product innovation, and maintain best-in-class software solutions

## Hospital IQ acquired by LeanTaaS



Target



Buyer

1/10/2023

EV: NPI

EV / LTM Revenue: NPI

EV / LTM EBITDA: NPI

- Hospital IQ is a leading provider of intelligent automation solutions for hospitals
- The transaction enhances LeanTaaS' AI-powered hospital operations software capabilities

## Medusind Solutions receives investment from Alpine



Target



Buyer

1/12/2023

EV: NPI

EV / LTM Revenue: NPI

EV / LTM EBITDA: NPI

- Medusind is a provider of revenue cycle management solutions to dental, anesthesia, pathology, emergency, surgery, radiology, and other specialties
- The investment will accelerate Medusind's investments in analytics, AI, new services, strategic acquisitions, and new specialties while executing on their current strategies

## Cloud 9 Software acquired by Planet DDS



Target



Buyer

1/5/2023

EV: NPI

EV / LTM Revenue: NPI

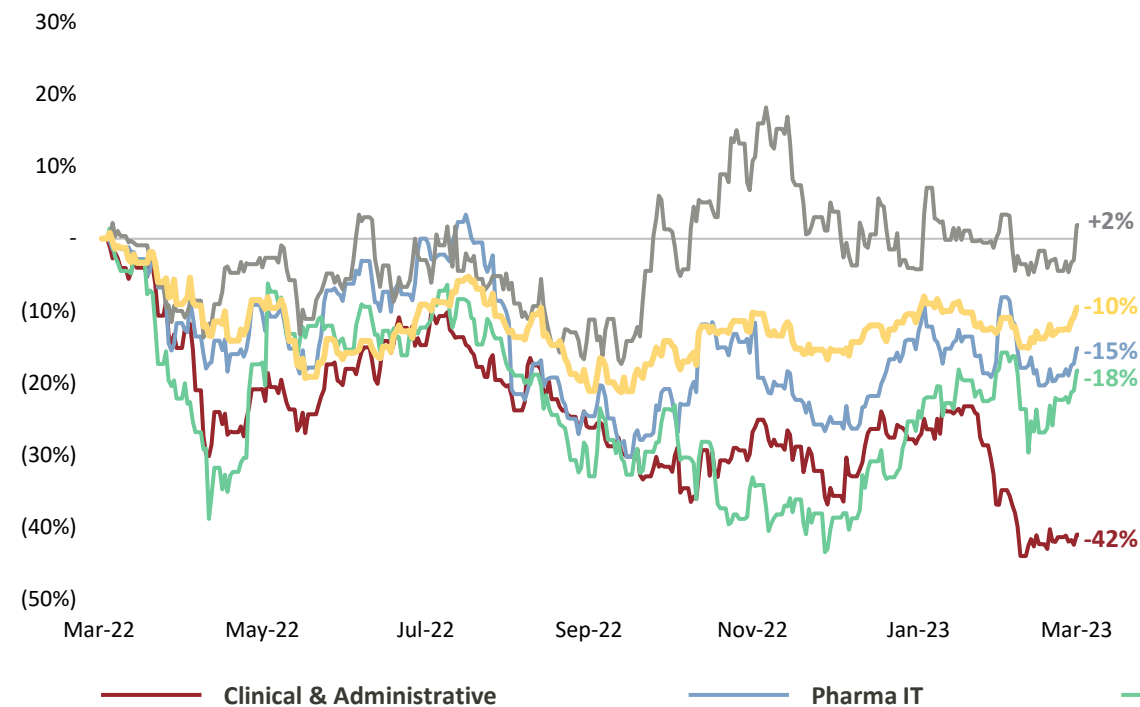
EV / LTM EBITDA: NPI

- Cloud 9 Software is a cloud-based practice management and clinical care software platform for orthodontic and pediatric dentistry practices
- The acquisition positions Planet DDS as a stronger single vendor solution to support the growth and operational success of both multi-specialty and single-specialty providers

# Healthcare IT Public Company Trended Stock Performance<sup>1</sup>

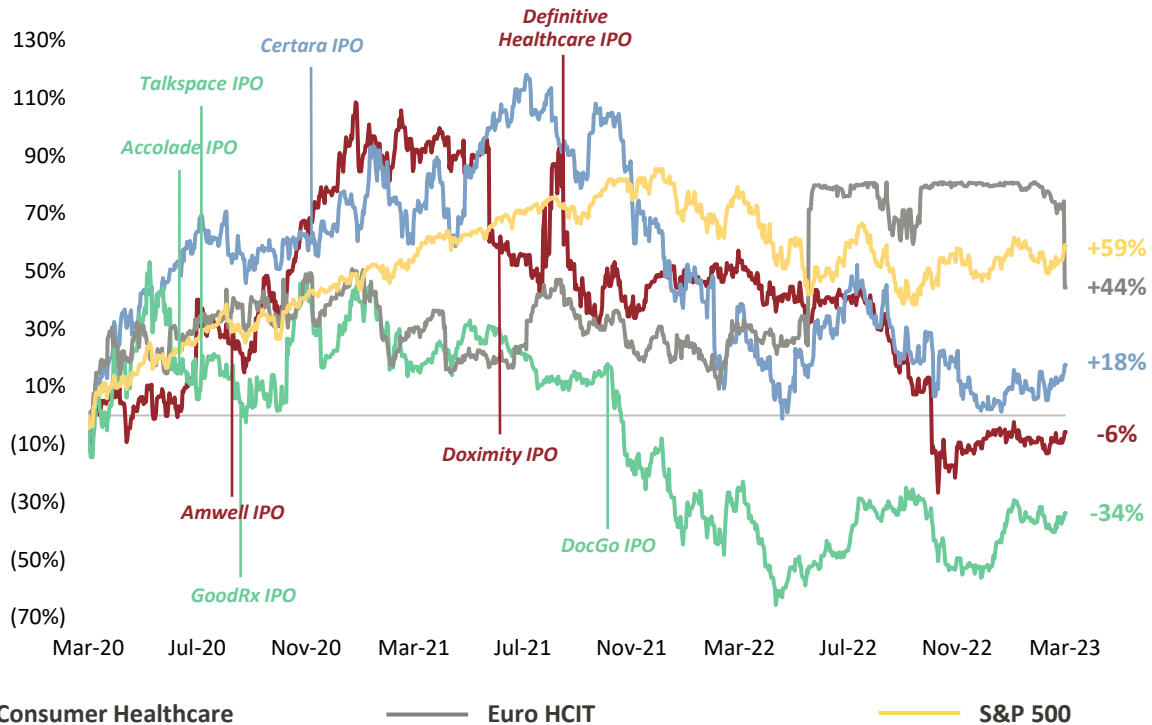
## Public Company Stock Performance – Last 12 Months

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



## Public Company Stock Performance – 3 Years

Indexed Stock Price Performance for the Period April 2020 – April 2023



**Clinical & Administrative**

amwell, CoreCloud, DEFINITIVE HEALTHCARE, doximity, evolent HEALTH, HealthCatalyst, HealthStream, nextgen, Omnicell, OptimizeRx, Phreesia, PREMIER, R1, TELADOC, veradigm.

**Pharma IT**

CERTARA, IQVIA, Model N, Syneos Health, Veeva

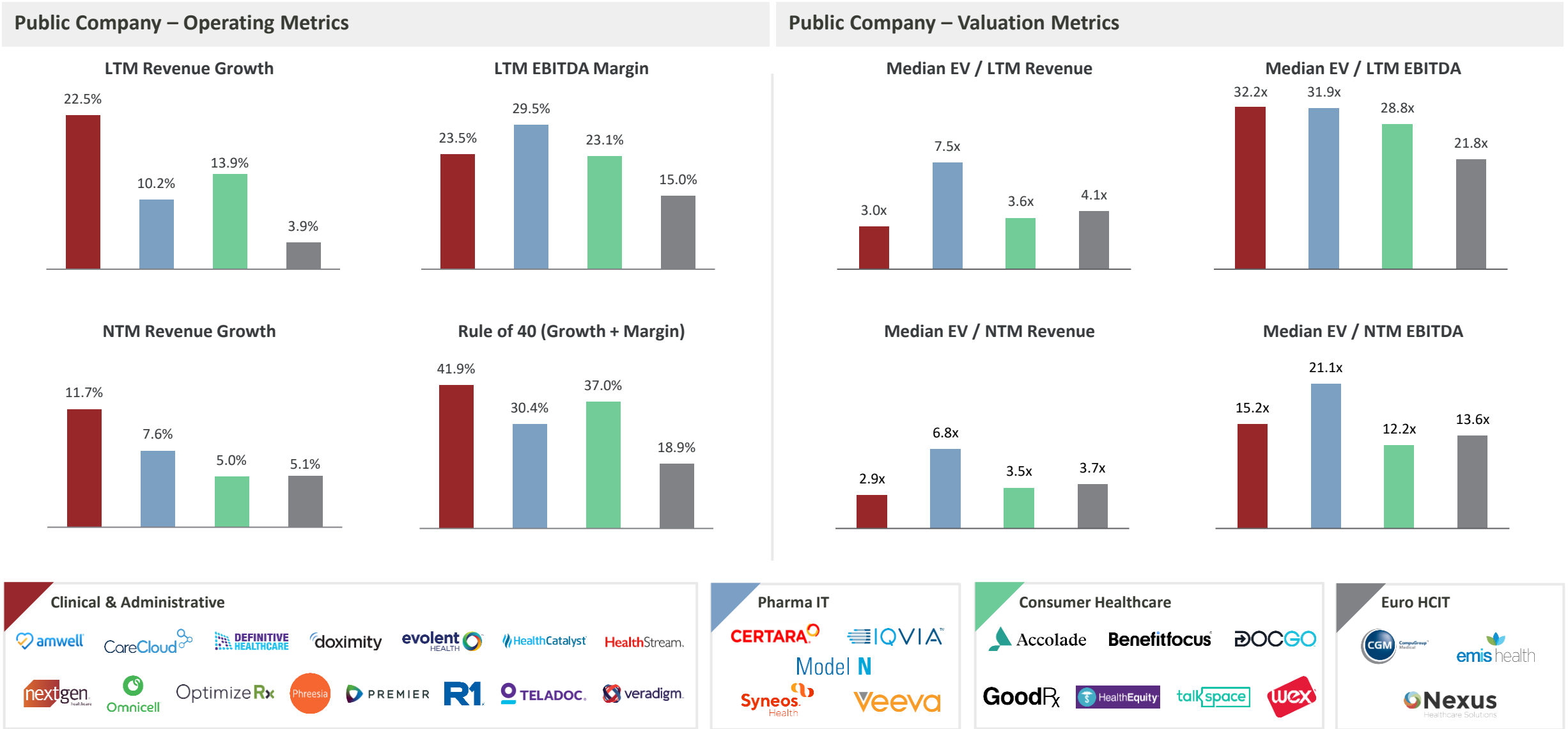
**Consumer Healthcare**

Accolade, Benefitfocus, DOCGO, GoodRx, HealthEquity, talkspace, WEX

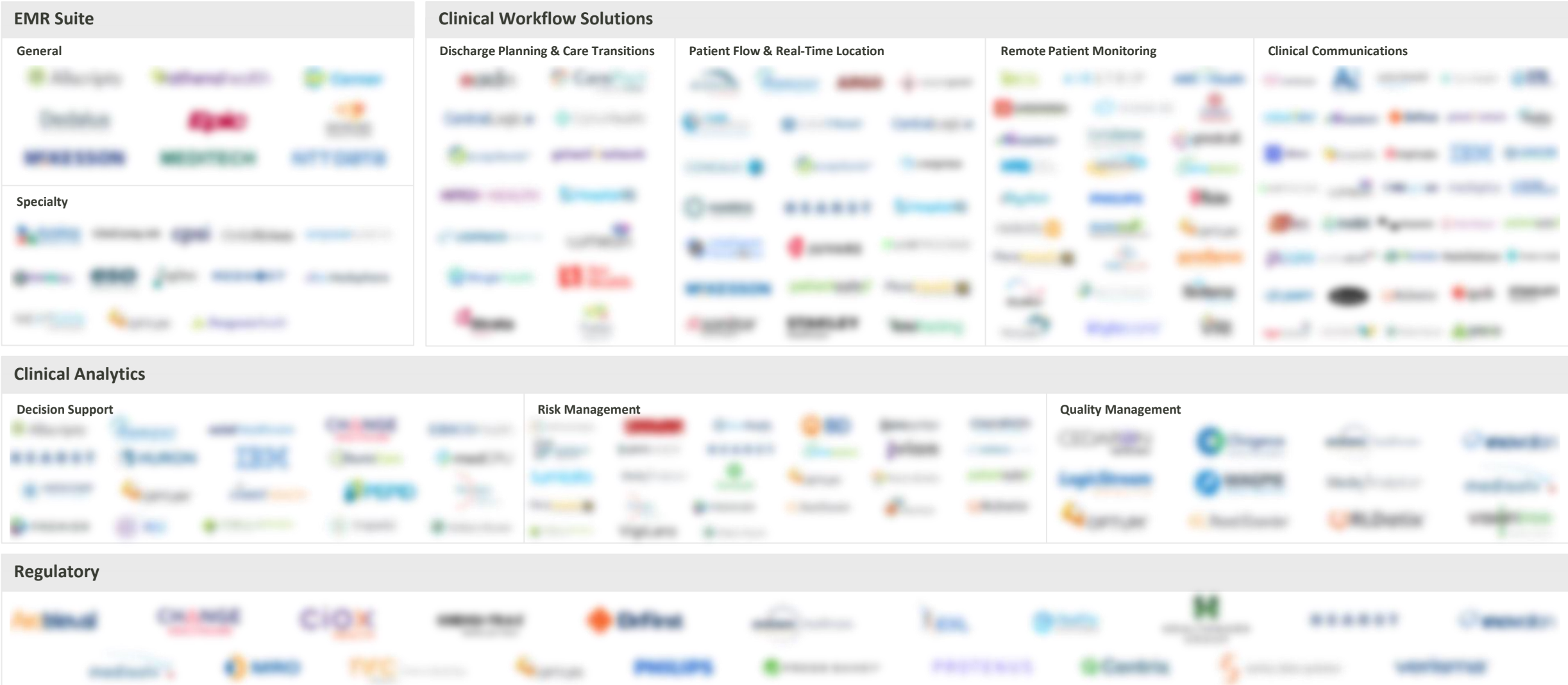
**Euro HCIT**

CGM, emisphere, emis health, Nexus Healthcare Solutions

# Healthcare IT Public Company Operating and Valuation Metrics<sup>1</sup>







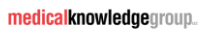












































## Inpatient & Clinical





# Harris Williams: Healthcare IT Experience

## Select Healthcare IT Transaction Experience

 has acquired  <i>a portfolio company of</i> 	 has recapitalized 	Morgan Stanley CAPITAL PARTNERS  has acquired 	 <i>a portfolio company of</i>  has been acquired by 	 <i>a portfolio company of</i>  has been acquired by  	 CAPITAL PARTNERS LLC  has invested in 	 <i>a portfolio company of</i>  has been acquired by 
 has acquired  <i>a portfolio company of</i> 	 <i>a portfolio company of</i>  has been acquired by 	 <i>a portfolio company of</i>     has acquired 	 <i>a portfolio company of</i>  has been acquired by 	KNOX-LANE  has made a strategic investment in 	 <i>a portfolio company of</i>  has been acquired by  <i>a portfolio company of</i>    	 <i>a portfolio company of</i>  has been acquired by 
 <i>a portfolio company of</i>  has been acquired by  <i>a portfolio company of</i>    	 <i>a portfolio company of</i>  has acquired  <i>a portfolio company of</i> 	 <i>a portfolio company of</i>  has been recapitalized by 	 <i>a portfolio company of</i>  has received an investment from 	 <i>a portfolio company of</i>  has been acquired by 	 has been acquired by  <i>a portfolio company of</i> 	 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



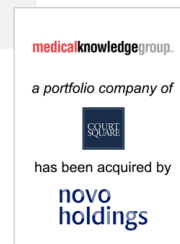
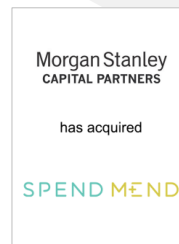
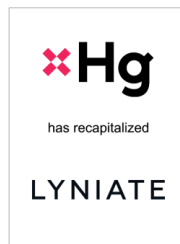
BANKING



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# Sources and Disclosures

## Sources

1. S&P Capital IQ
2. PitchBook

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## Appendix

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# Public Market Operational and Valuation Metrics<sup>1</sup>

As of April 1, 2023

\$ in Thousands

Company	Capitalization	Value	High	Gross Margin	EBITDA Margin	LTM Revenue	NTM Revenue	LTM EBITDA	NTM EBITDA
Clinical / Administrative									
EMR									
Veradigm Inc.	\$1,425,840	\$1,152,050	56.1%	50.6%	7.5%	0.8x	1.8x	10.0x	6.3x
Definitive Healthcare Corp.	1,111,489	1,586,834	34.3%	88.4%	10.6%	7.1x	6.3x	67.4x	23.0x
NextGen Healthcare, Inc.	1,149,435	1,183,778	79.2%	52.8%	5.9%	1.9x	1.7x	32.2x	9.2x
OptimizeRx Corporation	250,174	176,268	34.6%	62.4%	NM	2.8x	2.6x	NM	34.7x
CareCloud, Inc.	51,956	53,475	62.2%	39.2%	11.5%	0.4x	0.4x	3.3x	2.2x
Median	\$1,149,435	1,183,778	56.1%	52.8%	7.5%	1.9x	1.8x	32.2x	9.2x
RCM / Performance									
R1 RCM Inc.	6,272,218	8,076,518	53.8%	20.0%	19.4%	4.5x	3.5x	23.0x	13.3x
Premier, Inc.	3,847,736	4,344,741	83.0%	64.7%	31.2%	3.2x	3.0x	10.2x	8.1x
Evolent Health, Inc.	3,553,756	3,841,674	81.6%	23.4%	3.3%	2.8x	2.0x	84.9x	20.2x
Median	\$3,847,736	4,344,741	81.6%	23.4%	19.4%	3.2x	3.0x	23.0x	13.3x
Other Administrative									
Doximity, Inc.	6,268,459	5,483,133	59.2%	87.2%	31.1%	13.6x	11.4x	43.9x	26.8x
Teladoc Health, Inc.	4,211,785	4,899,982	33.4%	69.1%	NM	2.0x	1.9x	NM	16.7x
Omniceil, Inc.	2,644,190	2,930,565	45.5%	46.0%	5.0%	2.3x	2.5x	45.2x	23.2x
Phreesia, Inc.	1,691,473	1,523,970	80.7%	61.1%	NM	5.4x	4.3x	NM	NM
HealthStream, Inc.	828,777	801,030	99.4%	65.8%	11.9%	3.0x	2.9x	25.3x	13.7x
American Well Corporation	655,120	151,392	43.5%	42.1%	NM	0.5x	0.5x	NM	NM
Health Catalyst, Inc.	651,255	535,739	41.7%	49.1%	NM	1.9x	1.8x	NM	55.3x
Median	\$2,644,190	2,930,565	59.2%	65.8%	11.9%	3.0x	2.9x	43.9x	20.0x
Clinical / Administrative Median	\$2,644,190	\$2,930,565	59.2%	61.1%	10.6%	3.0x	2.9x	32.2x	15.2x
Pharma									
IQVIA Holdings Inc.	\$36,938,372	\$48,980,372	78.0%	34.9%	17.8%	3.4x	3.2x	19.1x	13.5x
Veeva Systems Inc.	29,370,827	26,329,175	79.1%	71.7%	22.7%	12.2x	11.2x	53.9x	31.8x
Syneos Health, Inc.	3,677,458	6,464,418	41.7%	23.3%	13.1%	1.2x	1.3x	9.1x	9.7x
Certara, Inc.	3,844,542	3,911,452	97.1%	60.5%	26.0%	11.7x	10.3x	44.8x	28.7x
Model N, Inc.	1,262,980	1,271,824	77.5%	55.6%	NM	5.6x	5.1x	NM	31.1x
Pharma Median	\$16,607,684	\$16,396,797	78.6%	47.7%	20.2%	7.5x	6.8x	31.9x	21.1x
Consumer Healthcare									
GoodRx Holdings, Inc.	\$2,484,792	\$2,444,651	30.4%	91.5%	8.8%	3.2x	3.1x	36.3x	12.2x
WEX Inc.	7,931,680	8,542,310	90.1%	73.4%	33.7%	3.6x	3.5x	10.8x	8.1x
HealthEquity, Inc.	4,977,674	5,717,893	74.1%	56.9%	23.1%	6.6x	5.9x	28.8x	17.5x
Accolade, Inc.	1,046,673	1,039,191	74.2%	46.5%	NM	2.9x	2.6x	NM	NM
DocGo Inc.	886,696	754,972	75.8%	35.1%	7.7%	1.7x	1.5x	22.3x	16.0x
Consumer Healthcare Median	\$4,977,674	\$5,717,893	74.1%	73.4%	23.1%	3.6x	3.5x	28.8x	12.2x
Euro HCIT									
CompuGroup Medical SE & Co. KGaA	\$2,688,912	\$3,434,105	80.5%	35.0%	12.6%	2.7x	2.6x	21.8x	11.5x
EMIS Group plc	1,171,512	1,106,380	78.2%	48.5%	24.9%	5.3x	5.0x	21.2x	13.6x
Nexus AG	1,025,819	931,911	84.7%	27.7%	15.0%	4.1x	3.7x	27.5x	17.0x
Euro HCIT Median	\$1,171,512	\$1,106,380	80.5%	35.0%	15.0%	4.1x	3.7x	21.8x	13.6x
Total Comp Set Median	\$3,553,756	\$3,841,674	78.2%	56.9%	15.0%	3.4x	3.2x	27.5x	13.6x

# Recent Sector Transactions Detail<sup>1,2</sup>

Closed Date	Target	Acquirer	Business Description	Enterprise Value (\$M)	Implied EV / Revenue	Implied EV / EBITDA
03/23/23	Fusion Healthcare Staffing, LLC	Waud Capital Partners, L.L.C.	Provider of clinical staffing services to healthcare facilities, providers, and health plans.	*	*	*
03/10/23	Streamline Healthcare Solutions, LLC	Gauge Capital LLC	Provider of web-based software for healthcare organizations to provide and coordinate all service delivery processes.	*	*	*
03/09/23	Sift Medical Data, Inc	IKS Health	Provider of data-driven revenue cycle management solutions.	*	*	*
03/08/23	Chi-Matic Inc	The Chartis Group, LLC	Provider of advisory and analytics solutions to help healthcare organizations optimize and improve results within their revenue cycle.	*	*	*
Pending	Care Delivery Division of 98point6 Inc.	Transcarent, Inc.	Provider of an on-demand primary care company powered by AI.	*	*	*
03/01/23	TI Health	Real Chemistry	Provider of data-driven marketing services for healthcare companies and pharmaceutical brands.	*	*	*
Pending	Janus Health Technologies, Inc.	Enhanced Healthcare Partners	Provider of an end-to-end revenue cycle process improvement platform.	*	*	*
02/23/23	Perspecta, LLC	5th Century Partners LP	Provider of physician directories and data management software.	*	*	*
02/21/23	MediOpin	HealthComp, LLC	Provider of medical cost containment and medical cost management solutions.	*	*	*
02/21/23	OpenClinica, LLC	Thompson Street Capital Manager LLC	Provider of clinical trial software.	*	*	*
02/16/23	PeraHealth, Inc.	Spacelabs Healthcare, Inc.	Provider of a predictive enterprise software based on the Rothman Index (RI), a score to quantify patient acuity.	*	*	*
02/08/23	ImageTrend, Inc.	Welsh, Carson, Anderson & Stowe	Provider of software solutions, data analytics, and services for EMS, hospital, community paramedicine, critical care, fire, and government.	*	*	*
01/31/23	Clearsense, LLC	HealthQuest Capital; Health Catalyst Capital Management, LLC; UPMC Enterprises	Provider of PaaS solutions for healthcare organizations to increase data value, governance, and transparency.	*	*	*
01/12/23	Medusind Solutions Inc.	Alpine Management Services III, LLC	Provider of comprehensive end-to-end revenue cycle management.	*	*	*
01/11/23	Paige.AI, Inc.	Microsoft Corporation	Provider of a cloud-based platform that transforms pathologists' workflow and increases diagnostic confidence as well as productivity.	*	*	*
01/11/23	ShiftKey, LLC	Pantheon Ventures (UK) LLP; Clearlake Capital Group, L.P.; Ares Management Corporation; Lorient Capital	Provider of a scheduling and credential management platform for the healthcare industry.	~\$2,000	*	*
01/10/23	Nightwatch, LLC	Avel eCare	Provider of remote pharmacy services to hospitals, clinics, and nursing homes.	*	*	*
01/10/23	Hospital IQ, Inc.	LeanTaaS Inc.	Provider of intelligent automation solutions for hospitals.	*	*	*
01/09/23	NurseTim Inc.	Wolters Kluwer Health, Inc.	Provider of nursing education solutions.	*	*	*
01/06/23	MediSked, LLC.	CaseWorthy, Inc.	Provider of software for healthcare providers to improve the quality of care, reduce costs, and increase capacity.	*	*	*
01/05/23	Cloud 9 Software, Inc.	Planet DDS, Inc.	Provider of a cloud-based practice management and clinical care software platform for orthodontic and pediatric dentistry practices.	*	*	*