Healthcare IT Update

Harris Williams | Q4 2022

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

Clarity, Change Healthcare, Get Well, GoodRx, mPulse, Phreesia, Optum, SR, Quantum Health, Wex, Virgin Pulse

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

Allscripts, athenahealth, Change Healthcare, Oracle Cerner, Epic, Hearst, GHX, Inovalon, Press Ganey, ResMed, RLDatix, symplr

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

connectiveRx, covermymeds, Certara, Cytel, IQVIA, Precision for medicine, Veeva, WebMD

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

Change Healthcare, clearwave, Cognizant, Cotiviti, evolent Health, FinThrive, gainwell, iodine, R1, Waystar, zelis

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

Cedar Gate Technologies, convey, DataLink, HealthEdge, Hearst, Mede/Analytics, merative, Optum, signifyhealth

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

Digital Pathology Picking up Among US Providers, Vendors, Report Finds

Healthcare Dive

Provider organizations and vendors are rolling out digital pathology programs at an increasing rate to keep pace with market innovation. Digital pathology allows for high-resolution digitized analysis, replacing the traditional review of slides under a microscope. Despite efficiencies, implementors cite adoption challenges such as cost, integration difficulties, organizational buy-in, and pathology resistance to be top of mind.

Read the full article here.

How Intelligent Automation Can Help Address Healthcare's Data Problem

Healthcare IT News

The sheer volume and diversity of data makes new practice adoption a timely process for healthcare providers – intelligent automation aims to simplify and accelerate the knowledge implementation process. Strategies such as automated text summarization, systematic collection and cleansing of SDOH data, and automation of observational studies can improve health outcomes for individuals and populations alike.

Read the full article here.

Solving the Cybersecurity Gap in Healthcare IT Digital Transformation

Healthcare IT Today

Rural hospitals with unsophisticated cybersecurity systems are prime targets for DDoS (distributed denial of service) attacks, highlighting the need to place a higher priority on closing the digital divide in underserved communities. DDoS attacks can prevent patients from accessing online health resources as well as prevent healthcare providers from accessing the information necessary to provide proper patient care.

Read the full article here.

Vulnerabilities in Health Data Privacy Causing Tension Among Patients

Healthcare Finance

The proliferation of technology within the healthcare system has patients demanding accountability, transparency, and control as it relates to health data privacy. In response, the American Medical Association has released Privacy Principles outlining five key aspects of a national policy framework: individual rights, equity, entity responsibility, applicability, and enforcement.

Read the full article here.

Recent Harris Williams Technology / HCIT Content

- Clinical Trial Technology: Emerging Trends & Opportunities

Link to Read

- Observations on the European Software Sector

Link to Read

Select Q3 2022 Healthcare IT Transactions

Francisco Partners' pending acquisition of bswift

bswift — Target | Francisco Partners — Buyer

Announced: 10/3/2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- bswift is a provider of software and services that streamline benefits and human resources administration, offering a cloud-based technology platform with best-in-class service
- FP's investment allows bswift to grow its technology and service offerings across benefits and healthcare while continuing to partner with CVS Health / Aetna to provide benefits technology to its client base

CVS's pending acquisition of Signify Health

signifyhealth — Target | CVS Health — Buyer

Announced: 9/5/2022
EV: $7.8B
EV / LTM Revenue: 9.3x
EV / LTM EBITDA: 54.2x

- Signify Health Inc is a provider of healthcare technology that leverages advanced analytics and nationwide healthcare provider networks to create and power value-based payment programs
- The acquisition advances CVS Health's long-term strategy by providing a platform for growth within value-based care

Kaufman Hall's pending acquisition of Claro Healthcare

Claro Healthcare — Target | KaufmanHall (Madison Dearborn Partners) — Buyer

Announced: 9/22/2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Claro Healthcare is a provider of a clinical documentation, hospital operations, and mid-revenue cycle improvement platform
- The transaction will extend Kaufman Hall's integrated improvement services to healthcare providers, enabling stronger consultative support in functions such as finance, operations, and quality performance

Walgreens Boots Alliance's acquisition of CareCentrix

carecentrix — Target | Walgreens Boots Alliance — Buyer

8/31/2022
EV: $600M
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- CareCentrix is a provider of ancillary care benefit management solutions that leverage proprietary data and monitor trends to help enhance health utilization management
- The acquisition will expand Walgreens' reach in the health sector, especially in the areas of primary care, specialty pharmacy, post-acute, and home care

McKesson's pending acquisition of Rx Savings Solutions

rxss Rx Savings Solutions — Target | McKesson — Buyer

Announced: 9/19/2022
EV: $875M
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Rx Savings Solutions is a provider of a SaaS-based platform that delivers proactive personalized recommendations on ways to optimize therapies to health plan members
- The acquisition will accelerate McKesson's growth priority in biopharma services by extending their ecosystem of differentiated medication access solutions to patients

Thompson Street Capital's acquisition of Benefit Recovery Group

Benefit Recovery Group — Target | Thompson Street Capital Partners — Buyer

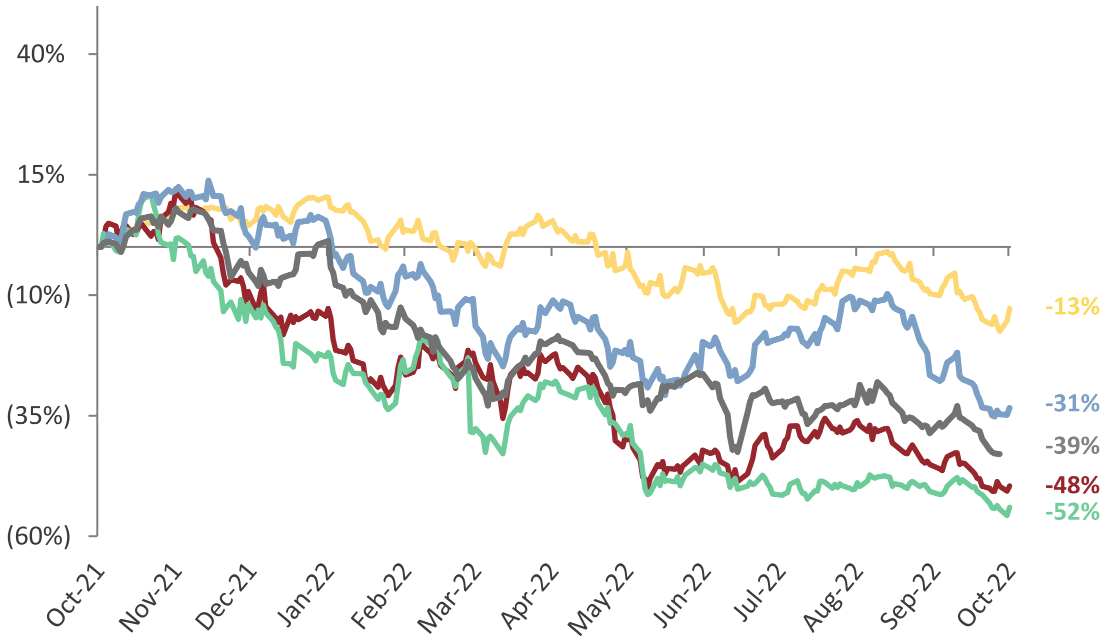
8/3/2022
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Benefit Recovery Group is a provider of healthcare subrogation services intended to serve health plan administrators and employers
- Thompson Street's investment will allow Benefit Recovery Group to execute on its vision to grow its core subrogation services but also expand its service offering

Healthcare IT Public Company Trended Stock Performance[1]

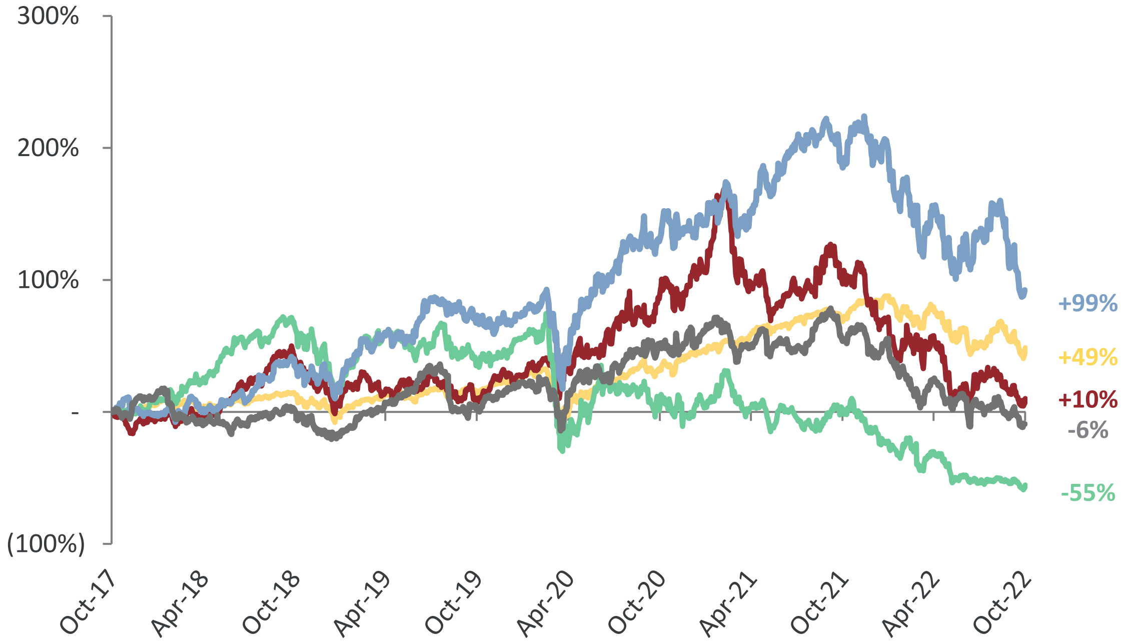
Public Company Stock Performance – Last 12 Months

Indexed Stock Price Performance for the Period October 2021 – October 2022



Public Company Stock Performance – 5 Years

Indexed Stock Price Performance for the Period October 2017 – October2022



Clinical & Administrative — Pharma IT — Consumer Healthcare — Euro HCIT — S&P 500

Clinical & Administrative

Allscripts, amwell, cpsi, Definitive Healthcare, doximity, evolent health, HealthCatalyst, HealthStream, nextgen healthcare, Omnicell, Phreesia, Premier, R1, Teladoc

Pharma IT

Certara, IQVIA, Syneos Health, Veeva

Consumer Healthcare

Benefitfocus, GoodRx, HealthEquity, wex

Euro HCIT

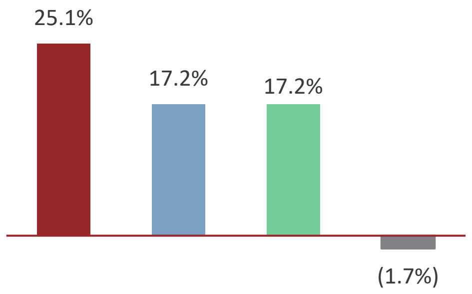
CGM CompuGroup Medical, emis health, Nexus Healthcare Solutions

As of October 4, 2022
(1) Source: S&P Capital IQ

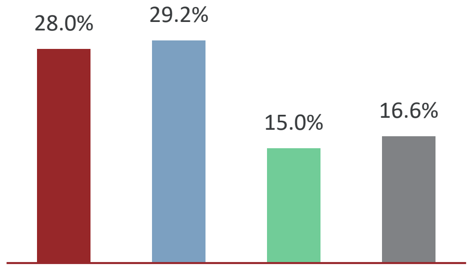
Healthcare IT Public Company Operating and Valuation Metrics[1]

Public Company – Operating Metrics

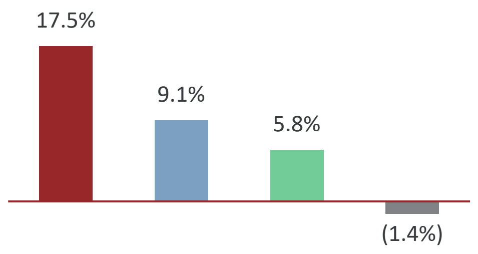
LTM Revenue Growth



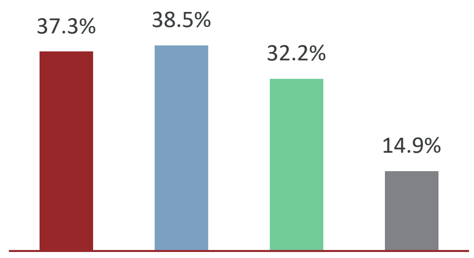
LTM EBITDA Margin



NTM Revenue Growth

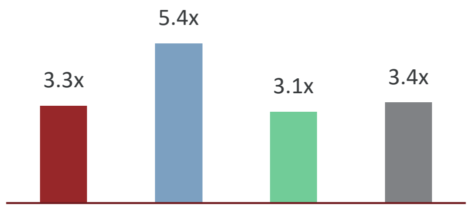


Rule of 40 (Growth + Margin)

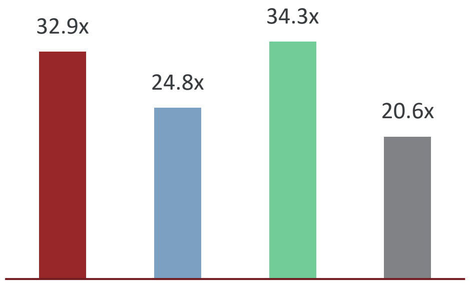


Public Company – Valuation Metrics

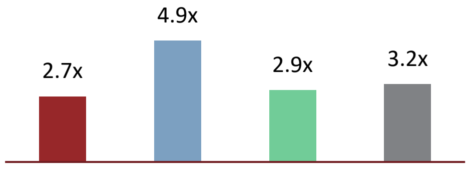
Median EV / LTM Revenue



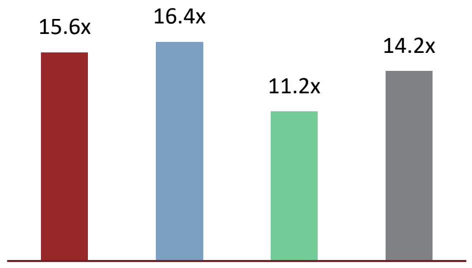
Median EV / LTM EBITDA



Median EV / NTM Revenue



Median EV / NTM EBITDA



Clinical & Administrative

Allscripts, amwell, cpsi, Definitive Healthcare, doximity, evolent health, HealthCatalyst, HealthStream, nextgen healthcare, 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

As of October 4, 2022

(1) Source: S&P Capital IQ

HCIT Market Landscape

To view full market map, please reach out to the contacts listed on page 8

Inpatient & Clinical

EMR Suite

General

Specialty

Clinical Workflow Solutions

Discharge Planning & Care Transitions

Patient Flow & Real-Time Location

Remote Patient Monitoring

Clinical Communications

Clinical Analytics

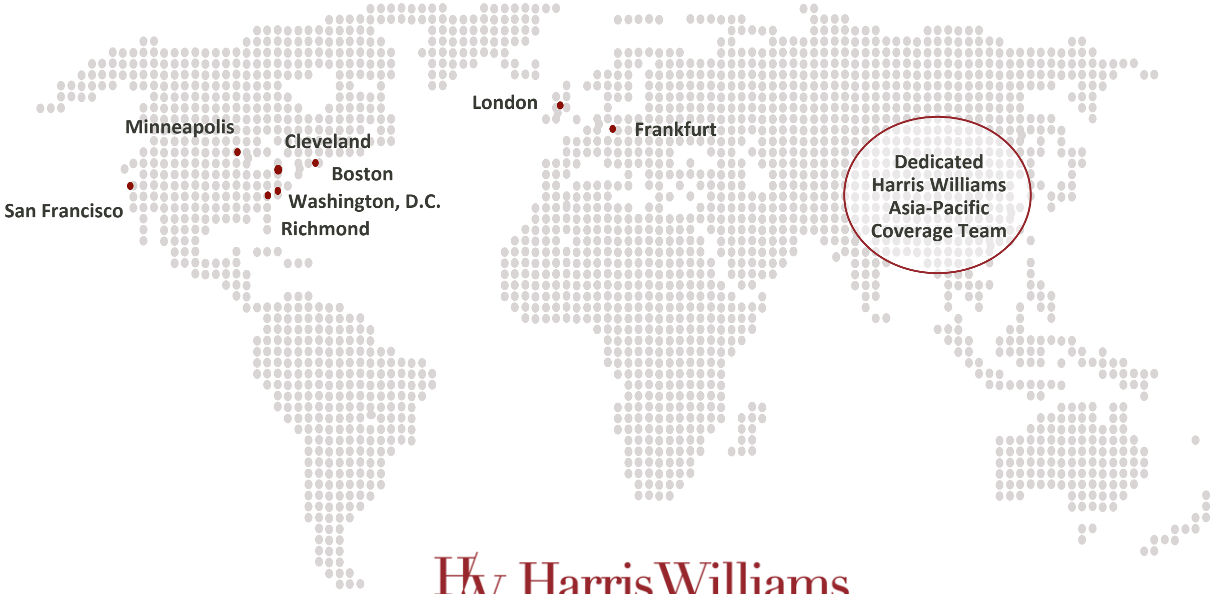
Decision Support

Risk Management

Quality Management

Regulatory

Harris Williams: At a Glance



- **30 years** and thousands of deals closed
- **70%** of revenue from repeat clients
- **100%** of revenue from M&A advisory
- **8** offices across the U.S. and Europe
- **10** industry groups with deep sector expertise

Technology Coverage Areas

- Application Software
- Infrastructure & Security Software
- IT & Managed Services

Sector Coverage Areas

- Architecture, Engineering & Construction
- Education
- Human Capital Management
- Pharma
- Compliance
- Government & Public Sector
- Industrial
- Legal
- Real Estate & Property Tech
- eCommerce & Retail
- Healthcare
- Office-of-the-CFO
- Supply Chain & Logistics

Thematic Focus Areas

- SaaS / Cloud
- Integrated Payments
- Digital Transformation
- AI / Machine Learning

Technology Group Contacts

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Harris Williams: Healthcare IT Experience

Select Healthcare IT Transaction Experience

Hg has recapitalized LYNIATE	Morgan Stanley CAPITAL PARTNERS has acquired SPEND MEND	medicalknowledgegroup a portfolio company of COURT SQUARE has been acquired by novo holdings	basys a portfolio company of WINDROSE HEALTH INVESTORS has been acquired by Five Arrows BPOC	Charlesbank CAPITAL PARTNERS LLC has invested in symplr	Transaction Data Systems has been acquired by BlackRock	KKR has acquired THERAPYBRANDS a portfolio company of LIGHTYEAR CAPITAL	ISSA INTERNATIONAL SPORTS SCIENCES ASSOCIATION a portfolio company of BERKS GROUP has been acquired by TAILWIND CAPITAL	symplr has acquired Phynd	KANTAR HEALTH has been acquired by Cerner
KNOX LANE has made a strategic investment in fingerpaint	TractManager Smarter Decisions. Smarter Healthcare. has been acquired by symplr	ConnectYourCare has been acquired by OPTUM Financial	iContracts BETTER CONTRACTING SOLUTIONS PREFERRED PARTNER has been acquired by RLDatix	symplr has acquired API HEALTHCARE	medicalknowledgegroup has been recapitalized by COURT SQUARE	CREDIBLE Behavioral Healthcare Software has received an investment from MARTIS CAPITAL	getwell:)network has been acquired by PAMPLONA CAPITAL MANAGEMENT	OMNICLAIM Predictive. Proven. Personal. has been acquired by EQUIAN	Practice Insight has been acquired by eSolutions revenue cycle management technology

Harris Williams: Capabilities and Locations

Harris Williams

Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com.


Aerospace, Defense & Government Services


Business Services


Building Products & Materials


Consumer


Energy, Power & Infrastructure


Healthcare & Life Sciences


Industrials


Specialty Distribution


Technology


Transportation & Logistics

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Sources and Disclosures

Sources

1. S&P Capital IQ
2. PitchBook

Disclosures and Disclaimers

Appendix

Public Market Operational and Valuation Metrics[1]

As of October 4, 2022
$ in Thousands

Company	Market Capitalization	Enterprise Value	% of 52-Week High	LTM Gross Margin	LTM EBITDA Margin	Enterprise Value/ LTM Revenue	Enterprise Value/ NTM Revenue	Enterprise Value/ LTM EBITDA	Enterprise Value/ NTM EBITDA
Clinical / Administrative									
EMR									
Allscripts Healthcare Solutions, Inc.	$1,772,681	$1,492,380	68.8%	49.9%	7.3%	1.0x	2.3x	13.4x	8.1x
Definitive Healthcare Corp.	1,709,694	2,230,380	37.2%	88.3%	15.1%	11.5x	8.9x	76.3x	29.7x
NextGen Healthcare, Inc.	1,260,388	1,237,767	84.7%	55.0%	4.8%	2.1x	1.9x	42.7x	10.3x
American Well Corporation	1,099,742	506,583	41.4%	42.3%	NM	1.9x	1.7x	NM	NM
Median	**$1,485,041**	**1,365,074**	**55.1%**	**52.5%**	**7.3%**	**2.0x**	**2.1x**	**42.7x**	**10.3x**
RCM / Performance									
R1 RCM Inc.	8,020,566	9,773,766	68.8%	21.9%	19.1%	6.3x	4.4x	32.9x	15.6x
Premier, Inc.	4,128,786	4,540,530	83.0%	61.8%	29.3%	3.2x	3.2x	10.8x	8.7x
Evolent Health, Inc.	3,631,153	3,786,191	94.0%	26.7%	3.3%	3.5x	2.4x	NM	31.1x
Median	**$4,128,786**	**4,540,530**	**83.0%**	**26.7%**	**19.1%**	**3.5x**	**3.2x**	**21.9x**	**15.6x**
Other Administrative									
Teladoc Health, Inc.	4,526,419	5,253,513	17.9%	68.1%	0.2%	2.4x	2.0x	NM	20.2x
Doximity, Inc.	6,190,795	5,426,310	35.1%	87.6%	31.2%	15.0x	12.0x	48.1x	28.0x
Omnicell, Inc.	3,972,702	4,348,039	47.9%	48.1%	10.6%	3.5x	2.9x	32.5x	15.4x
Health Catalyst, Inc.	583,898	428,962	19.7%	49.2%	NM	1.6x	1.5x	NM	NM
Phreesia, Inc.	1,389,476	1,161,328	34.8%	60.3%	NM	4.7x	3.7x	NM	NM
Median	**$3,972,702**	**4,348,039**	**34.8%**	**60.3%**	**10.6%**	**3.5x**	**2.9x**	**40.3x**	**20.2x**
Clinical / Administrative Median	**$2,701,917**	**$3,008,286**	**44.7%**	**52.5%**	**10.6%**	**3.3x**	**2.7x**	**32.9x**	**15.6x**
Pharma									
IQVIA Holdings Inc.	$36,014,681	$47,548,681	67.6%	34.4%	18.9%	3.4x	3.1x	17.8x	13.6x
Veeva Systems Inc.	26,823,311	23,967,676	52.7%	72.2%	25.5%	12.0x	10.4x	47.0x	26.6x
Syneos Health, Inc.	5,281,498	8,264,601	49.4%	23.7%	13.2%	1.5x	1.5x	11.6x	9.5x
Certara, Inc.	2,244,983	2,356,504	30.9%	59.8%	23.6%	7.5x	6.8x	31.8x	19.2x
Pharma Median	**$16,052,404**	**$16,116,138**	**51.0%**	**47.1%**	**21.3%**	**5.4x**	**4.9x**	**24.8x**	**16.4x**
Consumer Healthcare									
GoodRx Holdings, Inc.	$2,118,033	$2,087,950	11.2%	93.1%	8.4%	2.6x	2.6x	30.8x	11.4x
WEX Inc.	6,347,822	7,576,117	72.7%	72.0%	33.3%	3.6x	3.3x	10.9x	7.1x
HealthEquity, Inc.	5,682,156	6,507,262	90.8%	55.0%	21.6%	8.2x	7.3x	37.9x	22.7x
Benefitfocus, Inc.	231,439	459,668	51.8%	50.9%	3.8%	1.8x	1.8x	47.4x	10.9x
Consumer Healthcare Median	**$3,900,094**	**$4,297,606**	**62.2%**	**63.5%**	**15.0%**	**3.1x**	**2.9x**	**34.3x**	**11.2x**
Euro HCIT									
CompuGroup Medical SE & Co. KGaA	$1,930,311	$2,667,277	47.6%	34.9%	14.3%	2.3x	2.4x	16.0x	10.5x
EMIS Group plc	1,366,389	1,301,258	98.7%	48.5%	24.9%	6.2x	6.4x	25.0x	19.7x
Nexus AG	731,998	714,326	57.6%	26.5%	16.6%	3.4x	3.2x	20.6x	14.4x
Euro HCIT Median	**$1,366,389**	**$1,301,258**	**57.6%**	**34.9%**	**16.6%**	**3.4x**	**3.2x**	**20.6x**	**14.4x**
Total Comp Set Median	**$2,938,068**	**$2,667,277**	**51.8%**	**50.9%**	**15.8%**	**3.4x**	**3.1x**	**31.3x**	**14.9x**

As of October 4, 2022
(1) Source: S&P Capital IQ

Recent Sector Transactions Detail[1,2]

Closed Date	Target	Acquirer	Business Description	Enterprise Value ($M)	Implied EV / Revenue	Implied EV / EBITDA
10/04/22	ZenQMS	Susquehanna Growth Equity	Provider of cloud-based quality management software (QMS).	*	*	*
Pending	bswift, LLC	Francisco Partners	Provider of enrollment and administration system intended for human resources and payroll administration.	*	*	*
Pending	Claro Healthcare LLC	Kaufman, Hall and Associates, LLC	Provider of healthcare solutions in comprehensive inpatient, outpatient, and professional fee clinical documentation improvement (CDI).	*	*	*
Pending	Advantasure, Inc.	UST Global Inc.	Provider of a health management platform designed to solve the complex issue of value-based care and plan coordination.	*	*	*
Pending	Epion Health, Inc.	Kyruus, Inc.	Provider of digital patient engagement solutions.	*	*	*
Pending	Rx Savings Solutions	Mckesson Corporation (NYSE: MCK)	Provider of pharmacy transparency solutions.	$875	*	*
09/12/22	PurpleLab, LLC	Edison Partners L.P.; Primus Capital Partners, Inc.	Provider of a healthcare data and analytics platform intended to simplify and enhance the lifecycle of discoveries from clinical and claims data.	*	*	*
09/07/22	Convenet Ltd.	Datavant, Inc.	Provider of NHS integration APIs that help businesses accelerate product development and enable interoperability with NHS systems.	*	*	*
Pending	Signify Health, Inc.	CVS Health Corporation	Provider of tech-enabled services intended to improve quality of care in in-home settings.	$7,817	9.3x	54.2x
09/01/22	Supero Healthcare Solutions, LLC.	PayrHealth, LLC	Provider of provider enrollment and credentialing and medical licensing services.	*	*	*
08/31/22	CareCentrix, Inc.	Walgreens Boots Alliance, Inc.	Provider of post-acute and home care management services.	$330	*	*
08/24/22	Real World Data (Ciox Health)	Target RWE	Provider of healthcare data management services intended to serve hospitals, patients and healthcare clinics.	*	*	*
08/18/22	PatientBond, Inc.	Upfront Healthcare Services, Inc.	Provider of a patient and member engagement platform for healthcare consumer insights.	*	*	*
08/15/22	Competitive Health, LLC	Recuro Health, Inc.	Provider of a benefits management technology platform designed for the healthcare industry.	*	*	*
08/11/22	Silverchair Science + Communications, Inc.	Thompson Street Capital Partners	Provider of content management, product enablement, and digital transformation platforms for publishers of scientific and medical content.	*	*	*
Pending	Diameter Health, Inc.	Availity, L.L.C.	Provider of a clinical analytics platform intended to improve health care quality and efficiency through clinical intelligence.	*	*	*
08/04/22	MiraMed Global Services, Inc.	Coronis Health, LLC	Provider of business process outsourcing solutions to healthcare organizations.	*	*	*
08/03/22	Benefit Recovery Group, LLC	Thompson Street Capital Partners	Provider of healthcare subrogation services serving health plan administrators and employers.	*	*	*
08/01/22	Avinty BV	Main Capital Partners B.V.	Provider and developer of software applications for the healthcare market.	*	*	*
09/21/22	Payer Compass, LLC	Zelis Healthcare Inc.	Provider of reference based pricing solutions to payers and self-insured employers.	$180	*	*
07/26/22	Galen Healthcare Solutions, Inc	RLDatix Ltd.	Provider of implementation, optimization, data migration and archival solutions for HIT systems.	*	*	*
Pending	One Medical	Amazon	Provider of primary care and telemedicine services.	$3,915	5.2x	N/A

(1) Source: S&P Capital IQ
(2) Source: Pitchbook