



Healthcare IT Sector Brief

Harris Williams | Q3 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 toward 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

ChatGPT Provides Evidence-Based Answers to Public Health Questions

Health IT Analytics

According to a recent study, researchers found that ChatGPT consistently provided evidence-based responses to public health questions but often gave advice rather than directing users to health-related resources. AI assistants have the potential to bolster public health intelligence by providing information to the general population but must collaborate with public health organizations to ensure accuracy and actionability.

Read the full article [here](#).

European Healthcare Digitalization at Inflection Point

Healthcare IT News

As individual member states embark on their healthcare digitalization initiatives, EU-wide programs are pushing standardization and interoperability plans. The EU has implemented a €20 billion seven-year budget overseen by the Health and Digital Executive Agency (HaDEA) to support digitalization efforts, from EHR interoperability to telemedicine, to remote patient monitoring, and more.

Read the full article [here](#).

Health Tech Is Helping the Majority of Seniors Age in Place

Fierce Healthcare

Amidst an aging U.S. population, assistive technologies are helping older adults “age in place”, which is defined as “the ability to live in one’s home and community safely, independently, and comfortably, regardless of age, income, or ability level”. Technologies such as medical mobile apps and health-related trackers are moving the needle in terms of helping seniors age in place.

Read the full article [here](#).

Most Providers Seeking to Outsource Patient Financing

Healthcare Finance News

According to a recent study, most healthcare providers anticipate making greater use of third-party patient financing solutions. Workforce shortages and staffing churn continue to negatively impact revenue cycle operations, ultimately contributing to net revenue leakage. Solutions such as text-to-pay, digital wallet, and card on file are among the most beneficial technologies to both providers and patients.

Read the full article [here](#).

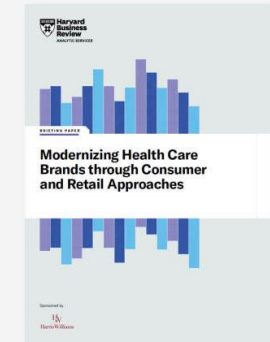
Recent Harris Williams Healthcare / Technology Content

- Return on Innovation, Part 8: Investing in Drug Discovery



[Link to Read](#)

- Consumer Healthcare: A Harvard Business Review Analytics Services Report



[Link to Read](#)

Select Q2 2023 Healthcare IT Transactions

Loopback Analytics Receives Strategic Growth Investment from PSG Equity



Target

PSG

Buyer

Announced: 06/08/2023

EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Loopback Analytics is a provider of analytics for health systems and life sciences organizations
- The investment will allow Loopback to further build out its data and analytics capabilities, including its recently launched payor access services offering and therapy-specific outcomes initiatives, which help health systems focus on developing consensus around selection and calculation of clinical endpoints on a therapy-specific basis

Benefits Science Technologies (BST) Acquired by MultiPlan (NYSE: MLPN)



Target



Buyer

Announced: 05/08/2023

EV: \$158M
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Benefits Sciences Technologies (BST) is a provider of SaaS-based data and analytics capabilities that connect with over 160 carriers, plan administrators, and other healthcare stakeholders
- The acquisition unites MultiPlan's institutional knowledge in healthcare cost management and payment accuracy with BST's analytics and AI capabilities

ParetoHealth Receives Strategic Investment from Warburg Pincus



Target

WARBURG PINCUS

Buyer

Announced: 06/05/2023

EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- ParetoHealth is a provider of employer healthcare benefits solutions that enable small and midsize businesses to self-fund their health benefits
- The investment will help ParetoHealth to make self-insurance more accessible for small and midsize employers, reduce volatility, and drive down the overall cost of healthcare

Centene (NYSE: CNC) to Divest Apixio to New Mountain Capital



Target



Buyer

Announced: 05/03/2023

EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Apixio is a provider of administrative, clinical, and financial solutions for health plans and provider groups
- The transaction will support Apixio's continued investment in products, services, and technology to create a "connected care" platform that brings together critical infrastructure to enable the shift to outcomes-based reimbursement models

Alpha II Receives Strategic Growth Investment from TA Associates



Target



Buyer

Announced: 05/25/2023

EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Alpha II is a provider of revenue cycle management technology solutions to healthcare providers across the care continuum
- The investment will support the expansion of Alpha II's product suite via organic and acquisition-driven growth to create more advanced solutions amidst a complex medical coding environment

Prodigo Solutions Acquired by Global Healthcare Exchange (GHX)



Target



Buyer

Announced: 04/25/2023

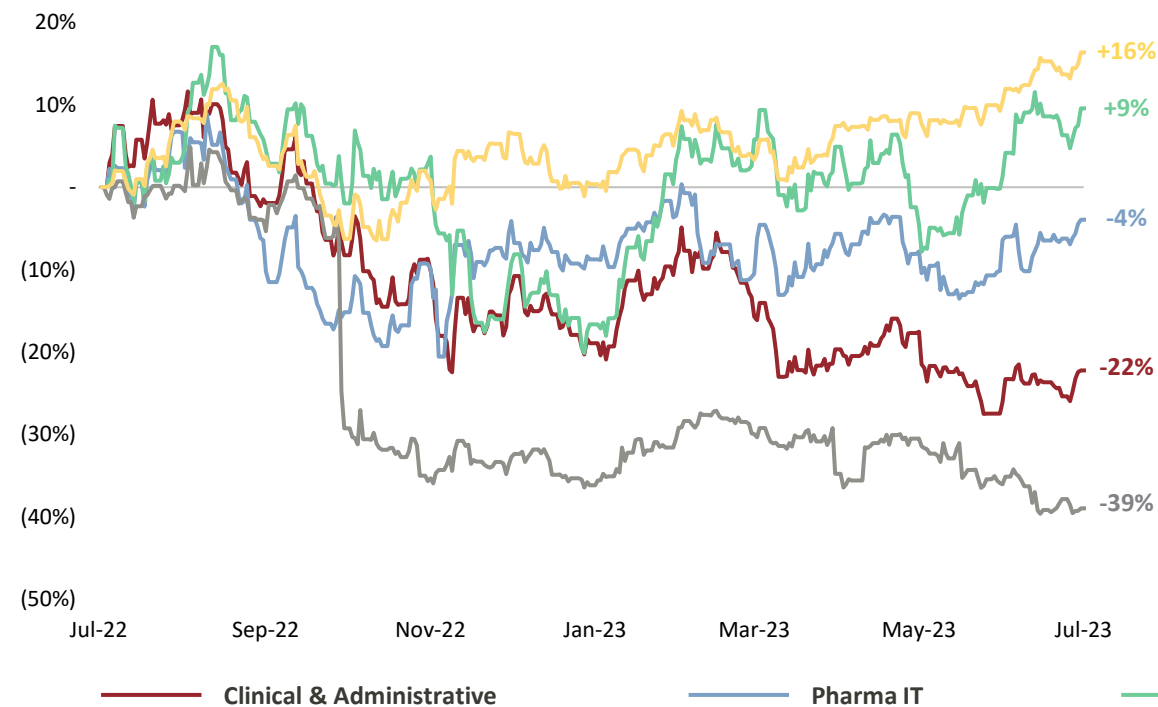
EV: NPI
EV / LTM Revenue: NPI
EV / LTM EBITDA: NPI

- Prodigo Solutions is a provider of SaaS-based eProcurement tools and solutions for the healthcare industry
- The acquisition connects Prodigo's front-end buying experience with GHX's collection of enriched data, creating a unified experience across the entire supply chain to support financial, operational, and clinical goals

Healthcare IT Public Company Trended Stock Performance¹

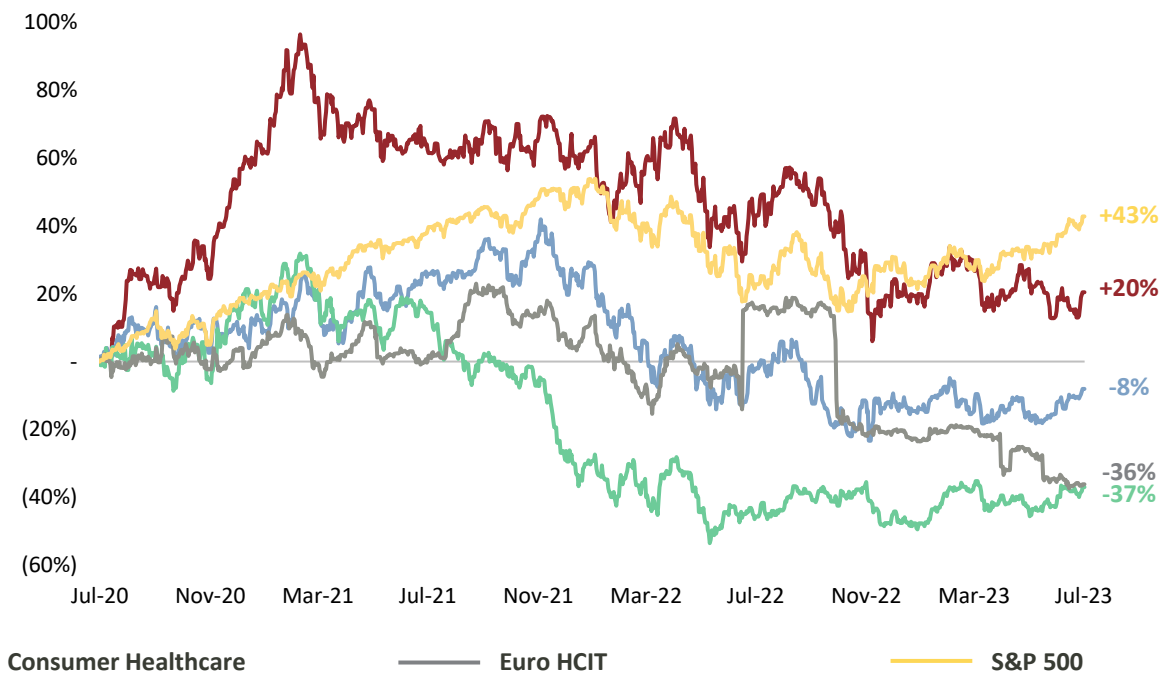
Public Company Stock Performance – Last 12 Months

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



Public Company Stock Performance – 3 Years

Indexed Stock Price Performance for the Period July 2020 – July 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

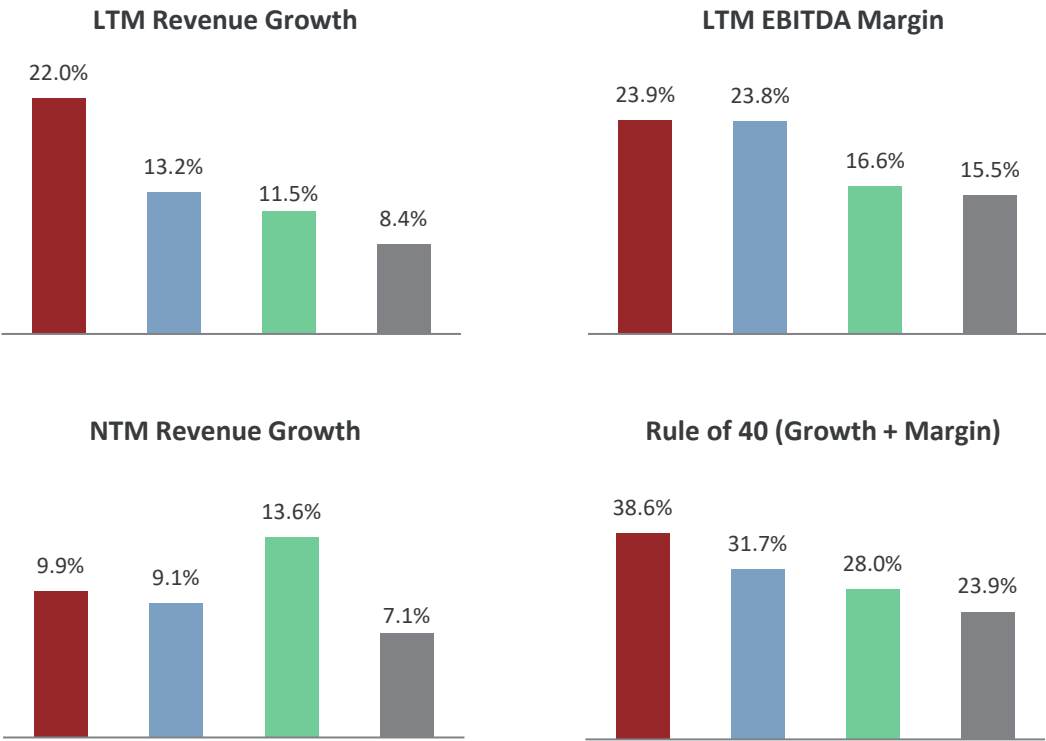
Accolade, Benefitfocus, DOCGO, GoodRx, HealthEquity, talkspace, Wex

Euro HCIT

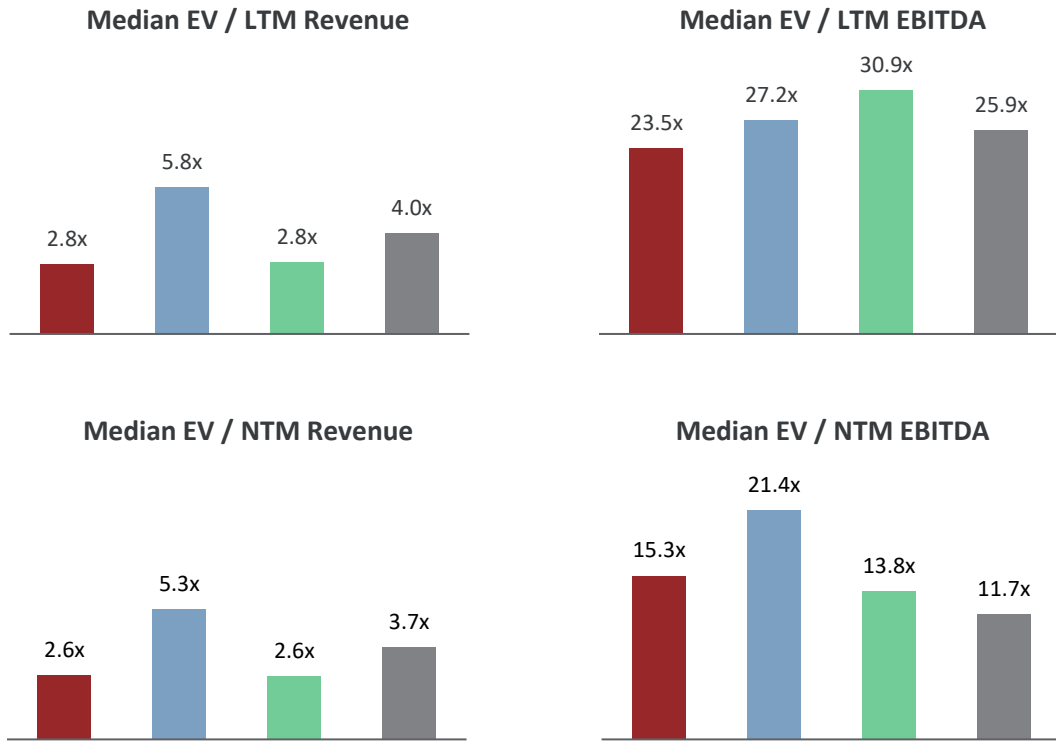
CGM, emish, emish health, Nexus Healthcare Solutions

Healthcare IT Public Company Operating and Valuation Metrics¹

Public Company – Operating Metrics



Public Company – Valuation Metrics



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

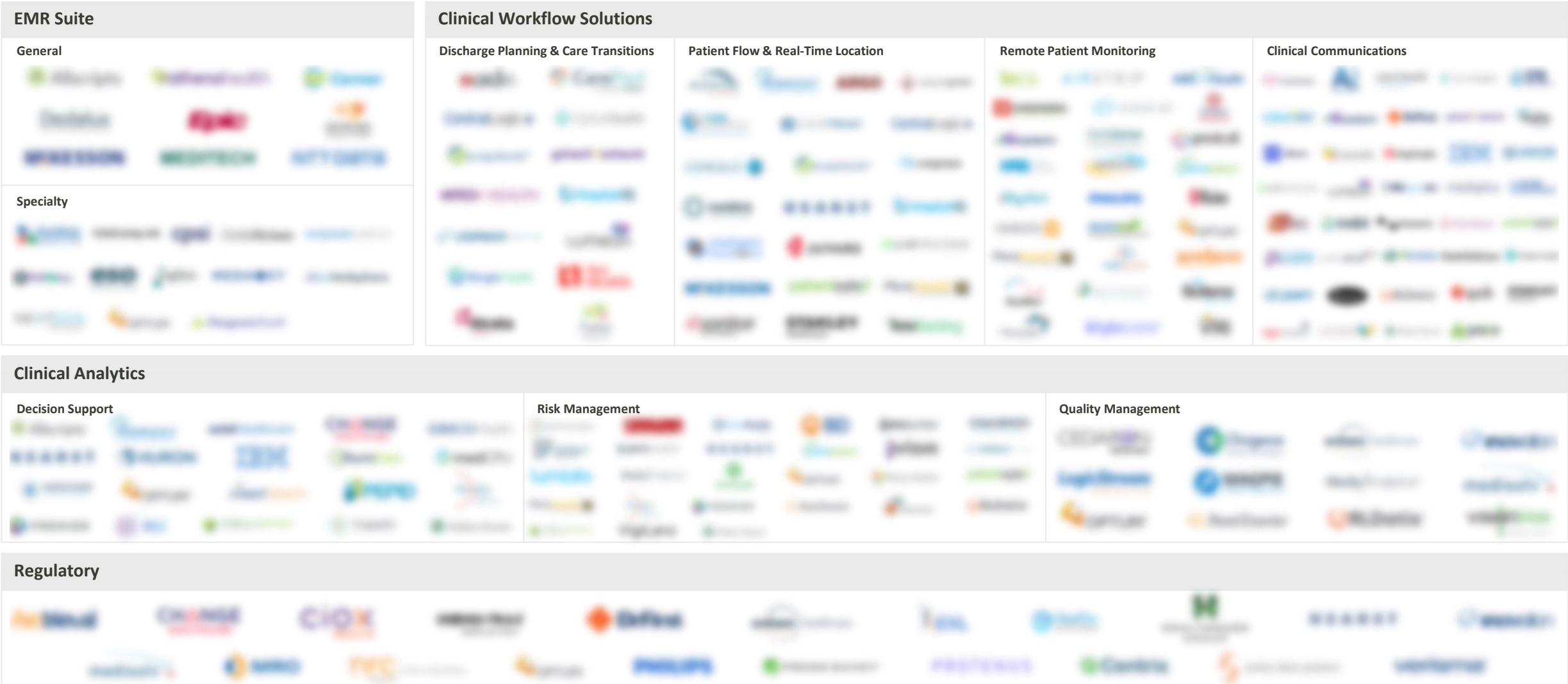
Consumer Healthcare

Accolade, Benefitfocus, DOCGO, GoodRx, HealthEquity, talkspace, Wex

Euro HCIT





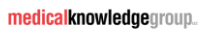












































CGM, emmis health, Nexus Healthcare Solutions

Inpatient & Clinical



Harris Williams: Healthcare IT Experience

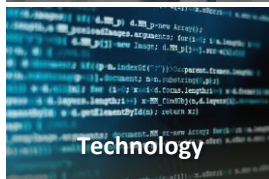
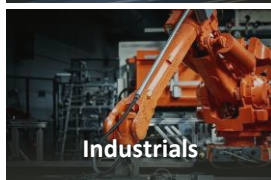
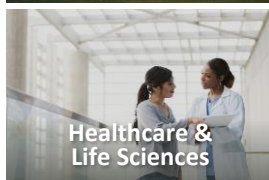
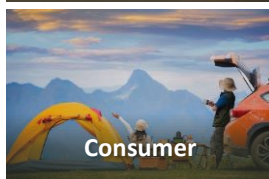
Select Healthcare IT Transaction Experience

 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 

HW Harris Williams / GLOBAL INVESTMENT BANK

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Proven Expertise

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success

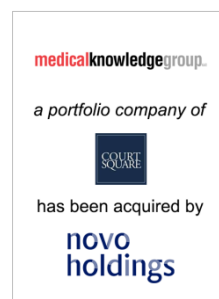
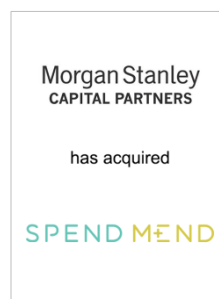
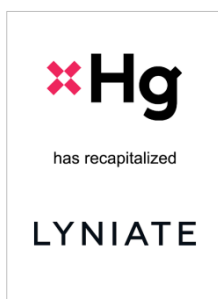


75% Revenue from repeat clients

87% Managing Directors promoted from within

30+ Year history

Select transactions in the HCIT sector:



Learn more about our experience in the space:



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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 July 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.	\$1,376,673	\$1,102,883	63.7%	50.6%	7.5%	0.7x	1.7x	9.6x	6.4x
Definitive Healthcare Corp.	1,212,363	1,620,266	36.5%	87.7%	9.3%	7.0x	6.2x	74.8x	22.7x
NextGen Healthcare, Inc.	1,070,204	1,106,637	73.8%	51.9%	7.4%	1.7x	1.5x	23.0x	8.6x
OptimizeRx Corporation	244,755	171,266	46.4%	62.1%	NM	2.8x	2.4x	NM	44.9x
CareCloud, Inc.	45,998	52,856	55.1%	40.2%	11.6%	0.4x	0.4x	3.4x	2.0x
Median	\$1,070,204	\$1,102,883	55.1%	51.9%	8.4%	1.7x	1.7x	16.3x	8.6x
RCM / Performance									
R1 RCM Inc.	7,715,838	9,480,138	68.2%	19.5%	20.5%	4.8x	4.0x	23.5x	14.9x
Evolent Health, Inc.	3,367,243	3,900,883	76.2%	24.0%	4.5%	2.6x	1.9x	59.0x	19.7x
Premier, Inc.	3,293,707	3,700,532	71.0%	66.4%	32.1%	2.8x	2.6x	8.6x	7.2x
Median	\$3,367,243	3,900,883	71.0%	24.0%	20.5%	2.8x	2.6x	23.5x	14.9x
Other Administrative									
Doximity, Inc.	6,626,376	5,801,014	71.7%	87.2%	31.3%	13.8x	11.6x	44.2x	26.6x
Teladoc Health, Inc.	4,144,140	4,859,864	56.7%	69.8%	NM	2.0x	1.8x	NM	15.7x
Omniceil, Inc.	3,321,089	3,595,748	62.3%	45.1%	3.5%	2.8x	3.0x	80.3x	26.2x
Phreesia, Inc.	1,671,500	1,536,353	77.5%	62.3%	NM	5.1x	4.1x	NM	NM
HealthStream, Inc.	753,563	717,481	88.7%	65.6%	11.5%	2.7x	2.5x	23.0x	11.9x
Health Catalyst, Inc.	703,253	594,068	68.3%	48.7%	NM	2.1x	2.0x	NM	55.0x
American Well Corporation	589,825	115,643	38.7%	41.4%	NM	0.4x	0.4x	NM	NM
Median	\$1,671,500	1,536,353	68.3%	62.3%	11.5%	2.7x	2.5x	44.2x	26.2x
Clinical / Administrative Median	\$3,293,707	\$3,595,748	71.0%	62.3%	9.3%	2.8x	2.6x	23.5x	15.3x
Pharma									
IQVIA Holdings Inc.	\$41,705,878	\$53,695,878	90.2%	34.8%	17.6%	3.7x	3.4x	21.0x	14.5x
Veeva Systems Inc.	31,681,066	28,124,392	85.1%	70.8%	19.4%	12.9x	11.3x	66.6x	30.8x
Syneos Health, Inc.	4,370,516	7,142,077	52.8%	22.7%	12.2%	1.3x	1.4x	10.8x	10.1x
Certara, Inc.	2,910,535	2,968,757	73.0%	60.9%	25.9%	8.6x	7.7x	33.3x	21.4x
Model N, Inc.	1,347,462	1,369,797	81.9%	55.8%	NM	5.8x	5.3x	NM	31.5x
Pharma Median	\$4,370,516	\$7,142,077	81.9%	55.8%	18.5%	5.8x	5.3x	27.2x	21.4x
Consumer Healthcare									
WEX Inc.	\$7,799,105	\$7,320,605	89.2%	73.8%	32.9%	3.0x	2.9x	9.1x	6.6x
HealthEquity, Inc.	5,396,636	6,113,167	79.7%	58.5%	24.8%	6.8x	6.0x	27.4x	17.1x
GoodRx Holdings, Inc.	2,190,713	2,145,554	53.2%	90.7%	8.3%	2.9x	2.8x	34.4x	11.0x
Accolade, Inc.	1,018,750	1,031,278	79.2%	45.0%	NM	2.8x	2.4x	NM	NM
DocGo Inc.	969,550	875,163	82.1%	33.7%	4.3%	2.0x	1.7x	47.2x	16.7x
Talkspace, Inc.	207,848	82,765	65.5%	45.3%	NM	0.7x	0.6x	NM	NM
Consumer Healthcare Median	\$1,604,731	\$1,588,416	79.5%	51.9%	16.6%	2.8x	2.6x	30.9x	13.8x
Euro HCIT									
CompuGroup Medical SE & Co. KGaA	\$2,570,671	\$3,269,041	86.6%	35.7%	13.2%	2.5x	2.5x	18.8x	10.6x
EMIS Group plc	1,102,282	1,052,215	71.6%	48.5%	19.2%	5.0x	4.5x	25.9x	11.7x
Nexus AG	1,062,722	945,892	87.3%	28.3%	15.5%	4.0x	3.7x	25.9x	16.9x
Euro HCIT Median	\$1,102,282	\$1,052,215	86.6%	35.7%	15.5%	4.0x	3.7x	25.9x	11.7x
Total Comp Set Median	\$1,671,500	\$1,620,266	71.7%	50.6%	13.2%	2.8x	2.6x	25.9x	15.7x

Recent Sector Transactions Detail^{1,2}

Closed Date	Target	Acquirer	Business Description	Enterprise Value (\$M)	Implied EV / Revenue	Implied EV / EBITDA
06/27/23	Healthcare Support Technologies	UnisLink	Provider of revenue cycle solutions.	*	*	*
06/13/23	ClaimLogiq	Apixio, Inc.	Provider of healthcare payment and claims management SaaS solutions.	*	*	*
06/08/23	Loopback, L.L.C.	PSG Equity L.L.C.	Provider of care transitions and reimbursement solutions for health systems, post-acute care providers, community coalitions, and partner service providers.	*	*	*
06/07/23	Invistics Corporation	Wolters Kluwer Health, Inc.	Provider of cloud-based software solutions for inventory visibility with analytics and insights to manufacturers, distributors, controlled substance registrants, laboratories, and healthcare facilities.	*	*	*
06/07/23	pVerify, Inc	DoseSpot	Provider of insurance verification software for the healthcare industry.	*	*	*
06/06/23	Tritech Healthcare Management, LLC	Med-Metrix LLC	Provider of complex claims solutions for health systems, hospitals, and other healthcare providers.	*	*	*
06/06/23	Rebate Insight	SpendMend LLC	Provider of software solutions that streamline the management and optimization of rebates for healthcare organizations.	*	*	*
06/05/23	Pareto Health, LLC	Warburg Pincus LLC; Great Hill Partners, LP	Provider and manager of employee benefit group captives that mitigate year-to-year volatility and risk inherent in self-insurance, thereby allowing employers to focus on reducing healthcare costs.	*	*	*
Pending	Outcomes business of Cardinal Health	Transaction Data Systems, Inc.	Provider of patient engagement, virtual verification, order grouping, pill counting, and financial insights.	*	*	*
05/31/23	AVA Billing & Consulting, LLC	Medusind Solutions Inc.	Provider of a full-service RCM solution trusted by behavioral healthcare facilities and treatment providers nationwide.	*	*	*
Pending	Alpha II, LLC	TA Associates Management, L.P.; WestView Capital Partners	Provider of healthcare software solutions, applications, and development toolkits for the healthcare revenue management cycle.	*	*	*
05/22/23	Melax Technologies	Intelligent Medical Objects, Inc.	Provider of healthcare data analytics and business intelligence focused on NLP.	*	*	*
05/18/23	FIRM Revenue Cycle Management Services, Inc.	Aspirion Health Resources, LLC	Provider of solutions that utilize clinicians and case, contract, and statutory law to assist hospitals in recovering denied, unpaid, and underpaid medical insurance claims.	*	*	*
05/12/23	Radformation, Inc.	BVP Forge	Provider of radiation oncology workflow automation solutions.	*	*	*
05/09/23	The Patient Safety Group, Inc.	QuestionPro, Inc.	Provider and administrator of AHRQ surveys on Patient Safety Culture (SOPS).	*	*	*
05/08/23	Benefits Science LLC	MultiPlan Corporation	Provider of DSaaS (Data Science as a Service) technology solutions to the healthcare industry.	\$158	*	*
06/13/23	Apixio, Inc.	New Mountain Capital, L.L.C.	Provider of an AI technology platform designed to transform actionable information from healthcare data.	*	*	*
04/25/23	Prodigo Solutions, Inc.	Global Healthcare Exchange, LLC	Provider of SaaS based eProcurement tools and solutions for the healthcare industry.	*	*	*
04/13/23	ScanSTAT	Verisma	Provider of Release of Information (ROI) experts specializing in physician groups, ambulatory services, health systems, and hospitals with expanded health information management (HIM) solutions.	*	*	*
04/12/23	HealthActCHQ Inc.	QualityMetric Incorporated LLC	Provider of patient-reported outcome (PRO) surveys to assess health-related quality of life and its impact on everyday functioning and well-being of infants/children and their families.	*	*	*
04/04/23	Immuware	CE Broker, Inc.	Provider of occupational and employee health software.	*	*	*