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**HEALTHCARE IT
SECTOR UPDATE
4Q2019**

February 2020

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4Q19 Healthcare IT Sector Overview

2019 BCA Market Commentary

- Capital markets in HCIT in 2019 saw a dramatic surge in IPO activity, with Change Healthcare, Phreesia, Livongo and Health Catalyst all going public. Private equity activity saw continued interest in specialty-specific clinical software, with the recapitalizations of companies like WebPT (physical therapy), Qualifacts and Credible (behavioral health) and Orchard Software (laboratory).
- At the JPM Healthcare Conference in San Francisco, broad conversations suggest continued optimism for the HCIT sector, with many of the same themes and focal areas continuing to be of interest, including payer solutions that drive payment integrity and workflow-efficiency, RCM solutions tailored to the complex claims space, technologies that remove excess cost from a health system fraught with waste and clinical software tailored to specific end-market workflows.
- BCA's activity in 2019 mirrored many of the broader market themes with a total of five HCIT transactions closed in the payer enrollment, data archiving and management, laboratory and dental practice management sectors.

Select M&A Transactions

Date	Target	Acquiror	Target Business Description	TEV Multiple		
				TEV (\$M)	Revenue	EBITDA
12/31/19	Centauri Health Solutions	Abry Partners	Cloud-based revenue programs and data management solutions.	N/A	N/A	N/A
12/23/19	Accent Cost Containment Solutions	HMS Holdings	Technology-based payment accuracy solutions.	\$155.0	3.1x	N/A
12/19/19	Presidio	BC Partners	Advanced data analytics solutions for the healthcare industry.	\$2,069.3	0.7x	10.1x
12/12/19	SnapMD	Kinderhook Industries (VirTrial)	Virtual care management telemedicine platform.	N/A	N/A	N/A
12/4/19	Recondo Technology	Waystar	Revenue cycle automation and management solutions.	Confidential - BCA Market Knowledge		
11/11/19	Censis Technologies	Fortive	SaaS-based surgical asset management software.	N/A	N/A	N/A
10/29/19	MedPricer	Premier	Medical management platform for medical centers.	N/A	N/A	N/A
10/10/19	Modio Health	CHG Healthcare	Cloud-based healthcare credential management platform.	N/A	N/A	N/A
10/9/19	Orchard Software	Francisco Partners	Laboratory information systems software.	Confidential - BCA Transaction		
10/2/19	Verity Solutions	Express Scripts Holding	340B software solutions for healthcare organizations.	N/A	N/A	N/A

Select Public Trading Multiples

(\$M except share prices)									
Company	Ticker	Stock Price 12/31/19	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA	
			High	Low		LTM	NTM	LTM	NTM
Allscripts	MDRX	\$9.82	79%	112%	\$2,592	1.5x	1.4x	6.3x	N/A
Cerner	CERN	\$73.39	96%	145%	24,274	4.3x	3.9x	14.8x	12.3x
Computer Programs & Systems	CPSI	\$26.40	78%	127%	487	1.8x	1.7x	9.6x	9.1x
Evolent	EHC	\$9.05	42%	165%	937	1.2x	1.0x	NM	18.0x
Healthstream	HSTM	\$27.20	91%	115%	740	2.9x	3.4x	16.4x	N/A
HMS Holdings	HMSY	\$29.60	73%	121%	2,648	4.3x	3.5x	15.2x	12.1x
Inovalon	INOV	\$18.82	100%	164%	2,486	4.1x	3.2x	15.0x	9.6x
NextGen Healthcare	NXGN	\$16.07	76%	118%	1,055	2.0x	1.9x	10.1x	10.9x
Veeva	VEEV	\$140.66	80%	171%	20,747	25.4x	15.8x	NM	NM
Average						5.3x	4.0x	12.5x	12.0x
Median						2.9x	3.2x	14.8x	11.5x

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses.
Data per SEC filings and PitchBook.

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Select 2019 Healthcare IT Transactions

