

Q2-2015 Healthcare IT Update



Market Overview

Large strategic consolidators continued to absorb software companies large and small in the second quarter of 2015. The deals often augmented strategic service offerings with others that have proven themselves in the market at a smaller scale, evident in transactions such as IBM's acquisitions of Explorys and Phytel, both of which will be integrated into IBM's Watson Health Unit.

One trend evident in the second quarter that Provident sees likely to continue is the proliferation of the nascent tele-health/e-health movement. The cost savings as well as convenient "anywhere" access is proving popular with both providers and patients. Teladoc, one of the largest practices in the space, announced plans to go public at a \$1 billion valuation. Smaller startups such as Doctor On Demand and TeleHealth 365 Partners – both of which announced transactions during the quarter – are busily carving out their niche in the market, among several other companies. In light of these deals, Provident continues to expect strong deal volume for the remainder of the year.

SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
June 2015	Tenaya Capital (lead) Dignity Health Shasta Ventures Qualcomm Ventures Sir Richard Branson	Doctor On Demand	Tenaya Capital has led a \$50 million Series B funding round for San Francisco based Doctor on Demand. The funds will be used to continue the expansion of Doctor on Demand services, which include on demand video conferencing with board certified physicians from a variety of specialties.
May 2015	SourceMedical	LaClaro	SourceMedical has acquired LaClaro, a Denver-based health IT company. LaClaro develops software that improves efficiency of the revenue cycle for ambulatory surgery centers, of which SourceMedical has more than 2,300. Financial terms of the deal were not disclosed.
May 2015	FUJIFILM Medical Systems	TeraMedica	FUJIFILM Medical Systems announced the completion of its acquisition of TeraMedica, a global healthcare informatics company. TeraMedica is a leader in vendor neutral, enterprise solutions. The acquisition will allow FUJIFILM to offer a leading vendor neutral archiving technology, providing interoperability among data from various healthcare IT platforms. Financial terms of the deal were not disclosed.
May 2015	Towers Watson	Acclaris	Towers Watson has acquired Acclaris, a provider of software-as-a-service (SaaS)-based technology and services for consumer-directed accounts. Financial terms of the deal were not disclosed.
May 2015	XIFIN	VisualShare	XIFIN announced the acquisition of VisualShare, a Salt Lake City-based medical informatics company specializing in diagnostic image management. XIFIN's ability to deliver enhanced patient documentation and collaboration will be augmented with VisualShare's software. Financial terms of the deal were not disclosed.
April 2015	IBM (NYSE: IBM)	Explorys	IBM announced plans to acquire Explorys, a healthcare intelligence cloud company. With the large clinical data sets the company has built, the acquisition will bolster the capabilities of IBM's Watson Health Cloud. Financial terms of the deal were not disclosed.
		Phytel	IBM closed on its acquisition of Phytel, a leading provider of population health management software. Phytel will become part of IBM's Watson Health unit, offering the ability for physicians to easily utilize advanced analytics and cognitive computing to enhance patient outcomes. Financial terms of the deal were not disclosed.