

Q4-2015 Healthcare IT Update



Market Overview

As we expected at the end of the third quarter, merger and acquisition activity related to analytics were a focal point of transactions within healthcare IT heading into the end of the year. Often, these analytic capabilities are structured within a broader software solution in order to derive actionable insights from raw data. Capricorn Healthcare's investment in Altruista is one such example as the software platform is built to not only gather patient data points, but interpret those data points in order to isolate the highest risk and highest need patients for more immediate preventive care. Similarly, CareSync is experiencing a boon in business because of their software's ability to coordinate and manage care between providers for chronically ill patients. The ability to bring data full circle and positively affect patient outcomes is essentially the definition of "meaningful use," and Provident believes that companies able to deliver these solutions, particularly in a cloud based platform, will ultimately command the highest valuations.

SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
December 2015	Versata Enterprises	Compressus	Versata Enterprises announced the acquisition of Compressus, a provider of interoperability and workflow software solutions for healthcare providers. Financial terms were not disclosed.
December 2015	Capricorn Healthcare & Special Opportunities	Altruista Health	Private equity firm Capricorn Healthcare & Special Opportunities announced an investment Altruista Health, a provider of population health management technology solutions for health plans and healthcare providers. Financial terms of the transaction were not disclosed.
December 2015	MatrixCare	AOD Software	Minnesota-based MatrixCare acquired AOD Software, a developer of software catering to senior living communities. While terms of the deal were not disclosed, AOD had reported revenues of \$33 million in 2014.
December 2015	Ascension Health and TowerBrook Capital Partners	Accretive Health (OTC: ACHI)	Ascension Health, a Catholic healthcare system, is partnering with private equity firm TowerBrook Capital Partners to invest \$200 million in revenue cycle management (RCM) company Accretive Health. Terms of the deal include the renewal of the Ascension/Accretive contract and making Accretive Ascension's exclusive RCM provider.
November 2015	Frontier Capital	HealthiestYou	Frontier Capital, a growth equity firm, announced a \$30 million investment in HealthiestYou, a provider of technology-enabled health and wellness solutions centered on telehealth. HealthiestYou provides software services to more than 4,000 employer groups in the U.S.
October 2015	Quality Systems (NASDAQ: QSII)	HealthFusion Holdings	Quality Systems announced an agreement to acquire HealthFusion Holdings for \$165 million plus an earnout potential of \$25 million. HealthFusion develops cloud-based software for healthcare service and billing providers. The contingent payment is based on the achievement of \$43 million in 2016 revenue, compared to the prior \$30 million run rate.
October 2015	Merck GHI, Greycroft Partners, and Harbert Venture Partners	CareSync	CareSync, a software provider in the care coordination market, announced the investment of \$18 million in a Series B funding round participated in by Merck GHI, Greycroft Partners, and Harbert Venture Partners, as well as other existing investors. According to the Company, the CMS chronic care management program has contributed to CareSync's user base growing 20-fold in the last months of the year.