

Q1-2016 Healthcare IT Update



Market Overview

A number of large, significant healthcare IT deals closed during the first quarter of 2016. Our focused listing below alone represents a whopping \$8 billion in disclosed enterprise value. IBM's \$3.5 billion acquisition of Truven Health Analytics is a key purchase, giving the company's Watson Health platform access to healthcare related data on 300 million individuals. The acquisition is in addition to IBM's purchases of Merge Healthcare, Explorys, and Phytel in 2015, which were also additions to the Watson Health Unit. IBM is using its financial dexterity to become the clear leader in the next generation of healthcare analytics – what IBM terms “cognitive health” – in which software will allow medical professionals to utilize previously unstructured data to improve both diagnoses and outcomes. Provident expects similar types of integrated healthcare IT transactions, with a key focus on platforms that embrace interoperability (a key takeaway from HIMSS this year), to continue to be a trend in 2016.

SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
March 2016	GI Partners & Allscripts Healthcare Solutions (NYSE: MDRX)	Netsmart Technologies	Allscripts Healthcare Solutions, in collaboration with GI Partners, acquired Netsmart Technologies. Netsmart, based in Overland Park, Kansas, provides software and technology solutions for healthcare companies. Netsmart was purchased for \$950 million.
March 2016	Ancor Capital Partners	DuvaSawko	Texas based Ancor Capital Partners acquired DuvaSawko, an emergency medicine focused revenue-cycle and practice-management company based in Florida. DuvaSawko services multiple clients who themselves serve millions of patients annually. Financial terms of the deal were not disclosed.
February 2016	ResMed (NYSE: RMD)	Brightree	ResMed, a tech-driven medical device company, announced a definitive agreement to acquire privately held Brightree, a creator of business management and clinical software applications for the post-acute care industry. ResMed will pay \$800 million to complete the acquisition.
February 2016	IBM Healthcare & Life Science (NYSE: IBM)	Truven Health Analytics	IBM acquired Truven Health Analytics in a purchase for \$2.6 billion in cash on a \$3.5 billion implied enterprise value. Truven Health Analytics is a provider of healthcare data and analytics and will be yet another addition to IBM's Watson Health Unit. Truven's cloud-based system will hold health-related data for over 300 million people.
January 2016	Pamplona Capital Management	MedAssets	Pamplona Capital Management acquired Georgia based MedAssets, a performance improvement company that provides technology services through its spend and clinical resource management and revenue cycle management segments. Pamplona paid \$2 billion in cash on a deal valued at \$2.8 billion.
January 2016	iMedX	Amphion Medical Solutions	iMedX, a provider of medical document management and health information solutions, acquired Amphion Medical Solutions (AMS). AMS offers transcription, coding, and technology services to the healthcare industry, specifically relating to quality measures, clinical data registries, data measurement, and reporting solutions. Deal terms were not disclosed.
January 2016	Henry Schein (NASDAQ: HSIC)	RxWorks	Henry Schein, a global healthcare product distributor and technology provider, acquired RxWorks. Las Vegas, Nevada based RxWorks is a developer of veterinary practice management software that primarily provides its services to customers in Australia, New Zealand, the UK and the Netherlands. This deal is one of several recent acquisitions made by Henry Schein in an attempt to expand and improve its animal health business. Deal terms were not disclosed, but RxWorks reported revenue of \$7 million at year end June 30, 2015.