

# Q2-2016 Healthcare IT Update



## Market Overview

During the second quarter of 2016, nearly two dozen healthcare IT transactions were announced, punctuated by two key deals. McKesson and Change Healthcare announced their intent to create a new jointly held healthcare IT company which will combine most of Change's core software and analytics business along with McKesson's Technology Solutions arm. The new pro forma company revenue will be \$3.4 billion and the organization will be able to offer managed care companies technologies for financial and payment solutions as well as tools for administrative and clinical management. Computer Sciences Corp., meanwhile, will be merging with HP's Enterprise Services Business, which includes a significant portion of both state and federal healthcare IT related contracts. The move will allow HP to focus on its cloud computing and server system business while CSC will gain a large, profitable business that fits exactly with their core focus and expertise. Analytics and cloud based healthcare software company transactions are expected to remain a key theme for the remainder of the year.

## SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
June 2016	MedData (NYSE: MD)	Cardon Outreach	MedData, a subsidiary of MEDNAX and provider of financial lifecycle and practice management services, acquired Cardon Outreach for \$400 million. Cardon Outreach, based in The Woodlands, Texas, is a provider of revenue cycle management services to over 800 hospitals and other healthcare facilities.
June 2016	Hearst	MedHOK	Media company Hearst acquired a majority stake in Tampa based medical software firm MedHok. Only 6 years old, MedHOK provides health care compliance software connecting pharmacies and medical data. The firm has grown quickly, going from \$17 million in revenue in 2014 to \$40 million in 2015. Terms of the deal were not disclosed.
May 2016	Computer Services Corp. (NYSE: CSC)	HP Enterprise, Enterprise Services Division	Computer Sciences Corporation (CSC) agreed to acquire 50% of the Enterprise Services business of HP Enterprise via a "Reverse Morris Trust" transaction in a deal valued at \$8.5 billion. A substantial portion of HP's Enterprise Services arm comes from healthcare related contracts with governmental agencies.
April 2016	Veritas Capital	Verisk Health	New York based Veritas Capital acquired Verisk Health, the healthcare services business of Verisk Analytics, for \$820 million. Verisk Health designs delivery and payment systems that aim to inform smarter business decisions and reduce risk for healthcare companies, and currently serves 350+ clients across the U.S.
April 2016	IBM Healthcare & Life Science (NYSE: IBM)	Truven Health Analytics	IBM closed on their \$2.6 billion stock purchase acquisition of Truven Health Analytics. Truven will be the fourth addition to IBM's Watson Health unit and increases its data repository to 300 million people and adds 8,500 business clients.
April 2016	Pace Alliance	Prescribe Wellness	Kansas based Pace Alliance, the only independent retail pharmacy buying group in the U.S. that is owned by state pharmacy associations, has partnered with Prescribe Wellness, a cloud-based services company. Prescribe Wellness provides data integration aimed at producing more effective preventative healthcare services, chronic disease management, and medication adherence. Financial terms of the deal were not disclosed.
April 2016	TowerBrook Capital Partners & Ascension Health	TriMedX	New York based TowerBrook Capital Partners, along with Ascension Health, acquired Indianapolis based TriMedx for an undisclosed amount. TriMedx provides technology management solutions to healthcare providers and serves over 1,800 providers across 28 states.