

Q2-2017 Healthcare IT Update



Market Overview

During the second quarter of 2017, more than 20 healthcare IT transactions were announced with a particular focus on technology targeted at reducing provider cost through both EHR and practice management systems. A noteworthy transaction was the \$231 million equity investment into Modernizing Medicine by Warburg Pincus, a middle market private equity firm. The influx of capital will allow Modernizing Medicine to continue its growth by exploring mobile patient engagement applications, ecommerce, and telemedicine. This transaction signals the entrance of financial buyers into the high-growth HCIT space. Another deal indicative of the current climate is Castlight Health's acquisition of Jiff for \$135 million. Both companies provide niche digital health platforms with Castlight focused on health benefits management and Jiff on employee wellness. Their combination is a manifestation of rising employee premiums driving employers to demand a comprehensive health platform to control costs. As the industry continues to grow, more healthcare data sets are created, and prior collections expand, providers will continue to utilize this data to improve patient care and overall company performance. Given these trends, Provident anticipates deal activity to increase for the remainder of 2017.

SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
June 2017	Aegis Health	Clariture	Aegis Health, which develops and implements revenue growth strategies for hospitals, merged with Clariture, an operator of a data-driven healthcare marketing platform that targets patient engagement and acquisition for hospitals, health systems, and outpatient providers. Clariture and Aegis will become the first two business units of a new company, Trilliant Health, that intends to build a portfolio of diverse healthcare technology services. Financial terms of this deal were undisclosed.
June 2017	Teledoc (NYSE: TDOC)	Best Doctors, Inc.	Teledoc, a telehealth platform provider, announced its acquisition of Best Doctors, for \$375 million in cash and \$65 million in stock. Best Doctors is a telehealth medical consultation company focused on ensuring accurate diagnosis by bringing a second opinion from an accredited doctor to any location. This combination will create a single, virtual way for patients to resolve their healthcare issues.
May 2017	Warburg Pincus, LLC	Modernizing Medicine, Inc.	Warburg Pincus, a private equity group focused on growth investing, has made a \$231 million equity investment in Modernizing Medicine to provide liquidity to existing shareholders, fund further expansion and support future strategic endeavors. Modernizing Medicine is a provider of mobile, cloud-based, specialty-specific technologies for value-based healthcare intended to enable physicians to modify how healthcare information is created, consumed, and utilized. Modernizing Medicine currently employs 550 people and generates \$100 million in annual revenue. The company's main product is EMATM, a mobile, cloud-based, specialty-specific EHR system.
April 2017	NextGen Healthcare Information Systems, Inc. / Quality Systems, Inc.	Entrada, Inc.	NextGen Healthcare Information Systems, a wholly-owned subsidiary of Quality Systems, acquired Entrada for approximately \$34 million in cash. Entrada is a provider of integrated mobile solutions that improve healthcare efficiencies and outcomes to boost staff productivity. This deal will improve physician satisfaction by providing a better caregiver and patient experience, while enabling clients to improve financial outcomes. One of Entrada's primary products is a mobile app that integrates with multiple clinical platforms and all major EHRs.
April 2017	TeleTech	Connexions / OptumHealth Holdings, LLC	TeleTech, a provider of technology enabled customer services, acquired Connexions, a technology and business process outsourcing company, and subsidiary of OptumHealth, for \$80 million in cash. This deal is representative of the uncertainty in the healthcare system as OptumHealth looked to divest from a non-core business line, while TeleTech chose to bolster its vertical offerings.
April 2017	Castlight Health	Jiff, Inc.	Castlight Health, an operator of a health benefits platform, acquired Jiff in a \$135 million stock transaction. Jiff provides a wellness technology platform for the healthcare industry through digital health apps and a HIPAA-compliant social network. This strategic combination provides an opportunity for the two companies to cross-sell to both existing and new clients. The acquisition was driven by customer demand for more comprehensive digital health solutions that facilitate single vendor relationships.