

Q4-2017 Healthcare IT Update



Market Overview

Private equity investors and strategic acquirers alike finished an already-active year with over 25 acquisitions and investments in the healthcare IT (HCIT) sector over the last three months. This quarter observed six investments from private equity groups, who were likely eager to make up for the first quarter of 2017, during which there was no activity in the sector from private equity investors.

Industry consolidators are increasingly interested in specialty-specific HCIT solutions as a means of diversifying their software offerings. Previously, investors had been interested in acquiring providers of electronic health records that covered specific specialties, as demonstrated in quarter three of 2017 by Waud Capital's investment in ChiroTouch, an EHR platform designed for chiropractors. Not only did this trend persist in the fourth quarter, with transactions such as Eye Care Leader's acquisition of iMedicWare's eye care software platform, but it also expanded beyond EHRs into practice management and patient engagement. Looking ahead to 2018, Provident expects investors and strategic acquirers to continue the steady pace of acquisitions in specialty-specific software solutions as well as other areas of HCIT, including telemedicine, revenue cycle management, and population health management.

SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
December 2017	The Carlyle Group	Net Health Systems	Net Health Systems, a provider of electronic medical records solutions for specialized outpatient care, has entered into an agreement to be acquired by The Carlyle Group (NASDAQ: CG). Net Health Systems offers solutions tailored to wound care, occupational medicine, urgent care, hospital employee health, workplace health, and rehabilitation.
December 2017	Henry Schein, Inc.	eVetPractice	eVetPractice, a provider of cloud-based practice management solutions for the veterinary sector, has been acquired by Henry Schein, Inc. (NASDAQ: HSIC), a provider of healthcare products to dental, animal health, and medical practitioners. The Company will join Henry Schein Veterinary Solutions (HSVS) and complement the division's portfolio of hardware, software, and medical supplies.
November 2017	Odyssey Investment Partners, LLC	TrialCard	Odyssey Investment Partners, LLC ("Odyssey") has announced the acquisition of TrialCard, a technology-enabled pharmaceutical solutions company that provides product access, medication adherence, and patient support services on behalf of pharmaceutical manufacturers. The transaction marks the exit of TrialCard's previous investor, Excellere Partners.
November 2017	Alpine Management Services, LLC	Exym, LLC	Private equity group Alpine Management Services, LLC ("Alpine"), has partnered with Exym, LLC ("Exym"), a provider of cloud-based electronic health records for outpatient behavioral health clinics in California. As Exym continues to grow, it will leverage Alpine's healthcare IT experience and make investments in engineering and customer support.
October 2017	Eye Care Leaders	iMedicWare, Inc.	Eye Care Leaders ("ECL"), a provider of ophthalmic and optometric practice software solutions, has acquired iMedicWare, Inc. With the acquisition, ECL will add iMedicWare's software solutions for electronic health records, practice management, ambulatory surgery centers, and optical solutions.
October 2017	Medsphere Systems Corporation	Stockell Healthcare Systems	Medsphere Systems Corporation ("Medsphere"), a provider of electronic health records solutions, and Stockell Healthcare Systems ("Stockell"), which offers web-based revenue cycle management software, have agreed to merge. Stockell will become a division of Medsphere and will continue operations under the Stockell name.
October 2017	Azalea Health	Prognosis Innovation Healthcare	Rural healthcare-focused Azalea Health has acquired Prognosis Innovation Healthcare ("Prognosis"), a provider of electronic health records to rural and community hospitals. With the completion of the acquisition, Azalea Health cements its position as the preeminent provider of cloud-based software for rural health services.
October 2017	WebPT	Strive Labs	WebPT, a provider of cloud-based electronic medical records for the physical therapy industry, has acquired Strive Labs, the first patient relationship management platform designed specifically for physical therapy providers. The acquisition will bring Strive Labs' solutions for engaging patients to the more than 1,000 clinics that use WebPT as their EMR solution.