

Q4-2019 Healthcare IT Update

Market Update

The healthcare IT sector continued to be very active in Q4 of 2019, with M&A and investment activity centered around business segments such as cloud solutions and revenue cycle management. Although venture-capital funding is down by approximately 10% compared to 2018's record setting year, there were six IPOs in 2019, ending a three-year IPO drought in the sector. Much of this activity was driven by the need for transparency and seamless communication between providers, patients and business units. Provident Healthcare Partners expects the sector will continue to grow heading into 2020, with particular emphasis on patient connectivity and personalized digital health solutions.

HCIT Public Comparable Multiples

Select Public Healthcare IT Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/REV	EV/EBITDA
Allscripts	\$9.51	\$1.76B	\$60.70mm	1.63x	32.39x
Castlight Health	\$1.42	\$149.0mm	(\$26.34)mm	1.07x	N/A
Cerner	\$73.07	\$5.62B	\$1.31B	4.18x	17.89x

As of 1/13/2020

Select Transactions:

Month	Acquirer	Target	Target :		
			Business Segment	Headquarters	Deal Size
December	BESLER	Panacea Health Solutions	Revenue Cycle Management	Saint Paul, MN	N/A
December	Johnson & Johnson	Verb Surgical Inc	Robotics and Data Science	Santa Clara, CA	N/A
December	VirTrial	SnapMD	Cloud Solutions	Glendale, CA	N/A
December	Waystar	Recondo Technology	Revenue Cycle Management	Denver, CO	N/A
October	Dassault Systemes	Medidata	Clinical Trial Software	New York, NY	\$5.8B
October	Frazier Healthcare	Med-Data, Inc.	Revenue Cycle Management	Brecksville, OH	N/A
October	UnitedHealth Group, Inc.	Vivify Health	Cloud Solutions	Plano, TX	N/A
September	Prudential Financial, Inc.	Assurance IQ	Patient Management	Bellevue, WA	\$2.35B
September	Warbug Pincus	Qualifacts	Cloud Solutions	Nashville, TN	N/A

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Upcoming Conference

The Provident Healthcare Partners investment banking team regularly attends conferences and other events related to the Healthcare IT sector. We invite industry executives and shareholders to reach out for a confidential meeting to gain a more detailed perspective on valuations and transaction activity within the sector.

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