

Q1-2020 Healthcare IT Update

Market Update

The healthcare IT sector continued to be a dynamic sector in Q1 2020. The industry saw a whopping \$3.1 billion invested in Q1, the second-highest venture capital funding quarter to date. Healthcare IT companies are well positioned to capitalize on the global disruption caused by COVID-19 and the increased need for digital healthcare services, such as telehealth. The federal government has also implemented policies increasing access to telehealth services, such as expanding Medicare coverage and relaxing HIPAA requirements. Although the COVID-19 crisis will cause some slowdown in M&A activity within other sectors, Provident expects investment in the healthcare IT sector to remain strong due to the increased need for adaptable health solutions in the wake of the crisis.

Select Transactions:

Month	Acquirer	Target	Target :		
			Business Segment	Headquarters	Deal Size
March	Emerald Organic Products	Carie	Telehealth & Virtual Care Technology	Miami, FL	N/A
March	Raziel Health	Ideal Life Inc	Remote Patient Monitoring	Winter Bank, FL	N/A
March	The Blackstone Group	HealthEdge Software	Medical Business Solutions	Burlington, MA	N/A
February	Sharecare, Inc.	Visualize Health	Digital Health Management	Franklin, TN	N/A
February	Brooks Automation, Inc.	Ruro Incorporated	Life Sciences Software	Frederick, MD	\$15mm
February	Wellin5	Therachat	Telehealth & Mental Health	San Francisco, CA	N/A
January	Fellow Health Partners, Inc.	Billing Services, Inc.	Medical Business Solutions	Great River, NY	N/A
January	HealthGrades	Evant Inc	Patient Engagement Platform	Farmington, CT	N/A
January	TelaDoc	InTouch Health	Telehealth	Santa Barbara, CA	\$600mm

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HCIT Public Comparable Multiples

Select Public Healthcare IT Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/REV	EV/EBITDA
Allscripts	\$7.06	\$1.8B	\$66.3mm	1.66x	37.75x
Evolution Health	\$6.21	\$846.4mm	(\$255.7)mm	1.24x	N/A
Teladoc Health	\$144.21	\$553.3mm	(\$35.5)mm	11.61x	N/A
Inovalon Holdings	\$16.50	\$642.4mm	\$177.7mm	6.27x	23.63x

As of 4/9/2020

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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