

Q2-2020 Healthcare IT Update

Market Update

The healthcare IT sector continued to be a sector of significant interest from private equity and strategic consolidators in Q2 2020. The impacts of the COVID-19 pandemic have caused healthcare providers to re-evaluate their capabilities in the digital health space, particularly within telehealth, effectively positioning healthcare IT companies to capitalize on this increased demand for their services. The federal government has also temporarily relaxed HIPAA regulations to increase access to telehealth services during the pandemic, an area which bears monitoring going forward as providers ensure their platforms remain compliant as regulations are tightened.

Although the COVID-19 crisis has led to some slowdown in M&A activity within other sectors, Provident expects investment in the healthcare IT sector to continue its momentum due to the increased need for digital health solutions in the wake of the crisis.

HCIT Public Comparable Multiples

Select Public Healthcare IT Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/REV	EV/EBITDA
Allscripts	\$6.64	\$1.8B	\$84.2mm	1.17x	36.75x
Evolution Health	\$7.40	\$895.9mm	(\$42.0)mm	1.03x	N/A
Teladoc Health	\$208.89	\$605.5mm	(\$24.6)mm	26.98x	N/A
Inovalon Holdings	\$19.70	\$651.1mm	\$181.6mm	6.05x	21.25x

As of 7/3/2020

Select Transactions:

Month	Acquirer	Target	Target :		
			Business Segment	Headquarters	Deal Size
June	NewSpring Healthcare & TT Capital Partners	MacroHealth	Medical Business Solutions	Kirkland, WA	N/A
June	MTBC, Inc.	Meridian Medical Management	Revenue Cycle Management	Windsor, CT	N/A
June	Francisco Partners	Kyruus	Search & Scheduling Solutions	Boston, MA	\$30mm
May	Sunstone Partners	Med Tech Solutions	Medical Business Solutions	Valencia, CA	N/A
May	Net Health	Tissue Analytics	Wound Care Solutions	Baltimore, MD	N/A
May	HealthLynked Corp	Cura Health Management	Medical Business Solutions	Jacksonville, FL	\$1.75mm
April	Insight Partners Olive Tree Ventures Qualcomm Ventures	Tyto Care	Telehealth	New York, NY	N/A
April	Blackstone	HealthEdge	Core Administrative Processing Systems	Burlington, MA	\$730mm

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