

Q3-2020 Healthcare IT Update

Market Update

The healthcare IT sector continued to be an area of significant interest from private equity and strategic consolidators in Q3 2020. COVID-19's continued presence has driven healthcare providers across specialties to re-evaluate and invest in their digital health capabilities, as virtual health services have become increasingly necessary. The continued relaxation of HIPAA regulations by the federal government to facilitate easier access to telehealth services bears monitoring going forward as providers ensure their platforms remain compliant as regulations are tightened.

As the impact of the COVID-19 pandemic continues to be felt across the healthcare landscape, Provident expects M&A activity in the healthcare IT sector to be driven by increased demand for improved 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	\$8.06	\$1.7B	\$70.0mm	1.30x	10.69x
Evolent Health	\$12.41	\$942.6mm	(\$23.3)mm	1.38x	N/A
Teladoc Health	\$219.24	\$716.3mm	(\$8.6)mm	24.93x	N/A
Inovalon Holdings	\$26.45	\$656.34mm	\$179.8mm	7.20x	26.06x

As of 9/30/2020

Select Transactions:

Month	Acquirer	Target	Target :		
			Business Segment	Headquarters	Deal Size
August	Teladoc Health	Livongo Health	Virtual Health Software	Mountain View, CA	\$18.5B
August	FINEOS	Limelight Health	Insurance Benefit Management	San Francisco, CA	\$75M
August	Health Catalyst	Vitalware	SaaS Technology Solutions	Yakima, WA	\$120M
August	Waystar	eSolutions	Revenue Cycle Management	Overland Park, KS	\$1.35B
July	Strata Decision Technology	EPSi	Financial Support Software	Chicago, IL	\$365M
July	HealthEdge Software	The Burgess Group	Payment Integrity Software	Alexandria, VA	N/A
July	TA Associates & Francisco Partners	Edifecs	Healthcare Enterprise Software	Bellevue, WA	N/A

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