

Q2-2021 Healthcare IT Update

Market Update

M&A activity in the Healthcare Information Technology (HCIT) sector has remained strong as the use of digital solutions continues to gain traction in the industry. Health plans, hospitals, and providers looking to increase the efficiency through the benefits of technology has continued to drive transaction volume in the second quarter. Activity in the space is primarily driven by the rise in demand for mental health services; an increasing supply of healthcare providers, particularly telehealth providers; and the affordable pricing of digital health.

Entering the second half of the year, the sector is expected to continue to experience the benefits of increasing technological capabilities and consumer engagement, leading to a sustained increase in M&A activity.

HCIT Public Comparable Multiples

| Select Public Healthcare IT Trading Multiples | | | | | |
|-----------------------------------------------|-------------|------------|-------------|--------|-----------|
| Company | Share Price | Revenue | EBITDA | EV/REV | EV/EBITDA |
| Allscripts | \$18.17 | \$1.45B | \$295mm | 1.23x | 6.39x |
| Evolent Health | \$20.97 | \$990mm | \$26.44mm | 1.72x | 298x |
| Teladoc Health | \$164.47 | \$1.37B | \$(22.55)mm | 26.0x | N/A |
| Inovalon Holdings | \$33.73 | \$690.51mm | \$241.48mm | 7.96x | 23.05x |

As of 7/6/2021

Select Transactions:

| Month | Acquirer | Target | Target : | | |
|-------|--------------------------|--------------------------|-------------------------------|----------------|-----------|
| | | | Business Segment | Headquarters | Deal Size |
| June | Henry Schein | eAssist Dental Solutions | Payor Services | Lehi, UT | N/A |
| June | Iodine Software | ChartWise | PM System | Wakefield, RI | N/A |
| June | Ensemble Health Partners | Odeza | Patient Engagement Solutions | Chicago, IL | N/A |
| May | Iodine Software | Artifact Health | EMR System | Boulder, CO | N/A |
| May | Medalogix | Muse Healthcare | Patient Engagements Solutions | Shoreview, MN | N/A |
| May | Medicus IT | HITCare | EMR System | Petaluma, CA | N/A |
| April | Modernizing Medicine | TRAKnet | PM System | Southfield, MI | N/A |
| April | Revco Solutions | ARMC Financial Services | Revenue Cycle Management | Oradell, NJ | N/A |

Provident Industry Coverage Team

Kevin Palamara
Managing Director
kpalamara@providenthp.com
 (617) 226-4221

AJ Shekar
Director
ashekar@providenthp.com
 (617) 226-4251

Rich Sciretta
Vice President
rsciretta@providenthp.com
 (617) 226-4215