

# H.I.T. Greatest Hits

August 2017



# M&A

MARLIN & ASSOCIATES

INVESTMENT BANKING AND STRATEGIC ADVISORY TO THE TECHNOLOGY,  
INFORMATION AND HEALTHCARE INDUSTRIES

# HIT MARKET UPDATE

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## DEAR CLIENTS AND FRIENDS



XEN Partners

### Welcome to our August 2017 HIT Market Update

The famous computer scientist, Alan Kay, once said that technology is anything that wasn't around when you were born. For those of us born before the advent of the internet and mobile phone, they are still marvels of technology. But for our children they are ambient. For them, self-driving cars, drone deliveries or virtual buddies like Alexa will be novel and new.

In healthcare, we haven't always welcomed new technologies. The resistance towards the adaptation of electronic medical records is a good example. Many physicians kicked and screamed their way before embracing EMRs - however reluctantly. Thankfully, for most of our younger doctors dealing with EMRs comes naturally. After all, they were never exposed to using paper charts in their practice.

Our new generation of physicians will have an abundance of tools and technologies at their disposal. The wave of innovation is indeed sweeping all corners of healthcare. But this time around something much bigger than rapid diagnostics or robot radiologists is afoot. We believe that the new generation of doctors will be the key catalysts to force the convergence of enterprise and consumer markets in healthcare. Not only did our young physicians grow up with wireless internet and mobile phones, but they are also avid users of consumer healthcare technologies themselves. These are doctors who routinely perform virtual visits, have multiple professional and personal healthcare apps on their smart phones and watches, demand real time alerts about their patients, prescribe mobile apps rather than medication; the list goes on and on.

Seamless access to medical records on our phones is just the beginning of this convergence. As monitoring and diagnostic apps turn our smart phones or watches into "medicalized" devices, health records will be continuously refreshed and updated. Many of today's medical students and our youngest doctors look at technology to free them from routine or mundane tasks. They want procedures such as check ups, testing, basic diagnosis, prescriptions and behavioral modification be done by mobile apps, passive/active data collection and analytics. This generation of doctors views its role more as a synthesizer and analyzer of data which leaves them time to see more patients and deal with tougher cases.

The days of thinking about enterprise vs. consumer market in our industry are ending sooner than many realize. Insurgents such as Google, Apple, Amazon and a host of hungry entrepreneurs want a piece of the \$40 trillion that will be spent on healthcare in the next ten years. And our young doctors are happy to lay the path smooth.

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"My doctor told me to avoid any unnecessary stress, so I didn't open his bill."

#### In this issue:

- Fujifilm wins \$760 million imaging contract with DoD and VA
- Jawbone, one of the early leaders in wearables and a former unicorn shuts down
- WebMD, a Dot Com pioneer, is acquired by KKR backed Internet Brands for \$2.8B
- CD&R and other investors inject \$220 million into Vets First Choice
- Evolent Health looks to raise over \$170 million in public offering

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## IMPORTANT INDUSTRY NEWS

### Funding for healthcare companies hits a record high but number of deals fall

Startup Health reports that \$6.5B has been raised to date by digital health companies, \$3.8B alone in the second quarter. Grail, with a \$900 million raise and Outcome Health with a \$500 million raise dominated the ranking. Clearly bets are getting bigger in this industry. That said, the underappreciated sub sector, Education and Training, had the largest average deal size, at \$156 million, and Patient/Consumer experience had the most deals, with 56 companies.

### Fujifilm wins \$760 million imaging contract with DoD

This is a 10 year contract which also includes VA as a customer. The contract will be a key cornerstone in the MHS Genesis transition, a project that will replace the current EHR system used by DoD and VA as a part of the ongoing Cerner EHR overhaul. Over 9.4 million DoD beneficiaries and 250,000 military personnel are covered under the contract.

### Oscar and Humana join hands to cover small businesses in Nashville, TN

Since its inception, Oscar Health prided itself that it was a new kind of insurance company and not beholden to the legacy of the over bloated established players. Now the company has joined hands with one of the largest insurance companies to cover the small businesses in Nashville. Not only does this give Oscar a new territory to cover, but it also serves as a training ground for the company to diversify out of the individual market.

Oscar has raised \$720 million since its inception in 2012. In the latest announcement, Oscar recorded a \$57 million loss for the first half of 2017 vs. \$86 million for the same period in 2016. The company has 90,000 members in NY, CA and TX.

### Jawbone shuts down after defaulting on its \$300 million loan with Blackrock

One of the most-hyped mobile and wearable device health unicorns has fallen. Jawbone raised over \$900 million since its inception in 2007. The company was surely one of the most visionary pioneers in the mobile health space. After liquidation of its assets, Jawbone Health Hub will emerge as the only remaining operation. The Newco will be working on clinically-focused wearables; a competency it acquired from its take over of Spectros which makes molecular sensing devices and software. Khosla Ventures, Kuwait Investment Authority, Andreessen Horowitz are amongst some of the investors that backed the company.

## CAPITAL RAISING ACTIVITY

### CD&R and others back Vets First Choice with \$220 million funding

The company provides on line pharmacy for veterinarians and has built solutions around medication adherence. The company intends to accelerate its growth in the U.S. and enter select international markets. Vets First Choice serves 20,000 veterinary practices. This is a massive funding for a company that is barely seven years old but then again, the vet market is one of the most under-served and inefficient markets in healthcare. This is a golden opportunity for sure.

### Evolent Health looks to raise over \$170 million in public offering

This is the second public offering of the company in less than a year. The stock plunged by 17% the day of the announcement and has not recovered. Evolent assists providers to move to value based care. The company reported quarterly revenues of \$107 million with a loss of \$8.4 million for fiscal quarter ending June 30<sup>th</sup>.

### PatientPoint of Cincinnati, OH raises \$140 million and purchases Patient Education Network

Our hat is off to the company for securing such a big investment. PatientPoint provides patient engagement solutions at the point of care. Pharma pays for the content to be displayed in a variety of setting from waiting rooms to exam rooms and other clinical areas. The company counts 31,000 doctors' offices and 1,000 hospitals as clients. It is staggering to note that over 1/2 billion patients' visits go through PatientPoint's network.

PEN is a leading point of care digital education network for oncology practices and has 120 high-volume practices nationwide. We like the deal as it further consolidates PatientPoint's strong market share.

### Color Genomics of Burlingame, CA raises \$80 million bringing funding to \$180 million

Color is similar to companies like 23andMe which focus on genetic cancer screenings with at-home kits. Color is now working on hereditary high cholesterol tests to assess possible heart disease risk. We believe early detection of diseases via genetic testing is a historic opportunity and expect continuing robust funding in the sector.

### **Invitae Corporation raises \$73 million in a PIPE offering from OrbiMed and others and acquires Good Start Genetics from Safeguard for \$40 million and CombiMatrix from Alpha Capital AG for \$33 million**

Invitae based in San Francisco, CA brings genetic information into mainstream. Good Start focuses on genetic screening for inherited diseases. OrbiMed was also an investor in the company. Alpha Capital is a NASDAQ-listed microcap company with annual sales of \$12.0 million. The company is involved in pediatric, neonatal genetic screening amongst other fields. Invitae has an EV of \$450 million and is listed on NYSE. The company can now claim that it has capability to run genetic testing across all stages of life.

### **New York-based AbleTo raises \$36.6 million from Bain Capital Ventures and others**

Mental health and well being is a big industry and growing. The funding in the sector is at record high and the number of approaches are as many as there is schools of psychology. AbleTo offers an integrated platform for an eight week program of coaching and therapy which is self-tailored for the individual. It appears that the company is borrowing a page from Omada Health and is targeting the validation of its platform via clinical research particularly in areas of depression and anxiety. Omada pioneered the idea of a therapeutic clinical trial. Including this funding, AbleTo has raised total of \$57 million.

### **Arivale of Seattle, WA targets a \$30 million raise**

The company provides personalized health management by using individuals' genetic, clinical data and health history. The company has grown from a handful of employees to over 170. This will bring total funding to \$50 million. We believe that there is ample room for high touch personalized services like Arivale, but believe that scaling them is a big challenge.

### **rfXcel of San Ramon, CA snaps up \$30 million in Series B**

rfXcel is a real-time supply chain optimization for the life science and medical device industries. The company has a long-standing relationship with Verizon to develop IoT technologies. The new funds are earmarked for international expansion as well as technology development for its famous platform, Track and Trace.

### **Science Exchange raises \$28 million in Series C**

Based in Palo Alto, CA, Science Exchange on line market place for scientific research services. Its market place can be used to find and order outsourced research and development services from the best labs in the world. We love this high end outsourcing model. The company has over 2500 service providers offering 6300 project categories. Science Exchange receives a fee based on the value of the project which it intermediates between the researcher and the service provider. The company has raised over \$57 million in capital to date.

### **Clinical documentation company, Accuity Delivery Systems received \$25.5 million funding from MTS**

Las Vegas/NY-based company relies on its unique approach to coding for its success. With all the advancements in NLP and automated coding, it is hard to see what type of growth rate documentation companies will experience. We know one thing; the industry is not going away anytime soon but differentiation is getting harder.

### **LabConnect of Seattle, WA announces \$24.5 million Series A funding**

LabConnect is essentially a lab outsourcing company but without owning a lab. The company which was founded in 2002, provides central laboratory and scientific support services to bio pharma companies. It manages central lab testing through a global network of primary and specialty labs; focusing on logistics project and data management reporting and customer service. We like the model.

### **Stride Health gets \$23 million in funding from F-prime and others**

Based in San Francisco, the company helps independent workers and part time employees select and enroll in affordable health coverage. This brings total funding raised by Stride to \$40 million. We think this is a significant opportunity particularly as the gig economy continues to create an ever-increasing independent workforce.

### **iVinci Health raises \$18.5 million of capital**

The Boise, ID-based company was seeded by St. Luke and counts Intermountain Health as one of its investors. iVinci allows patients to manage their accounts on their own via an online financial engagement platform called VisitPay. The system integrates with a variety of billing solutions and presents various payment options to the patients. There are so many companies that are tackling the patient responsibility sector; and most are pretty successful. The sheer size of the industry and the fragmentation of the providers are fertile ground for many companies to succeed.

### **Solera Health of Phoenix, AZ secures \$18.3 million in Series B**

Solera integrates chronic disease prevention services in its role as preventive care benefits manager. The company has successfully consolidated Diabetes Prevention Program providers into one integrated network; allowing health plans and employers to offer a wide variety of non-clinical programs. The company covers 40 million lives and has raised over \$30 million of capital to date. We love the model.

### **Apervita based in Chicago raises \$16 million backed by prestigious firms such as GE Ventures and Baird Capital**

The company calls itself the biggest democratizer of data. With its technology, customers can decouple the data from analytics and then distribute the results widely through the enterprise. Additionally, customers can choose various apps from its market place that are used by leading healthcare institutions in the country. Organizations can also write apps and sell through the platform which is called Apervita Marketplace. We think the industry is ready for this.

### **Artemis Health of SLC, Utah raises \$16 million from F-Prime and others**

The company provides self insured employers with actionable insights on their healthcare programs. It identifies problems such as overspending or in network variance and inefficient medication spending. The whole area of benefit management is getting really crowded. But it all comes down to ease of use in identifying the problems and optimizing the best recommendations.

### **Wellframe secures \$15 million form F-Prim and others**

The company uniquely connects patient mobile apps to care management dashboards. This type of close and constant interaction between the care team and the patient is a good way to build a sustained relationship. Gartner named the company as one of their “cool vendors”.

### **Viome, based in Bellevue, WA raises \$15 million**

This is the company’s first round of funding. Viome develops wellness monitoring kit. It blends readings from blood, urine, saliva and stool samples to develop a profile of the biochemistry as well as the microbes in the digestive systems. The results are then fed into the smartphone app which personalizes recommendation for diet and lifestyle. The biggest difference here is that Viome’s technology is based on RNA not DNA. Watch for more funding in the RNA space.

### **Gravie based in Minneapolis, MN raises \$14 million from GE Ventures and others**

Gravie is a comprehensive health management platform for individuals, families and employers. It helps its customers comparison shop for options on private and public exchanges. Employers can select the amounts they would like to provide their employees and Gravie takes care of the rest. This brings up total funding for the company to over \$40 million.

## **M&A TRANSACTIONS**

### **WebMD of NY is sold to KKR-backed Internet Brands for \$2.8 billion; reflecting a 20% premium over a 30-day period**

Many of you may remember that WebMD was a Dot Com 1.0 pioneer back in 1996. It is amazing that the company has survived as long as it has. WebMD has soldiered on for decades through the thick and thin of consumer healthcare industry. For Internet Brands which have a respectable presence in the healthcare industry- albeit for low level services such as web hosting and practice management- this is a fantastic opportunity. Through “screen-less” technologies such as Alexa, consumer health is about to be massively re invented. WebMD has the right ingredients to become a next gen NLP-enabled consumer health 1.0 company. Lets see if they can keep re-inventing themselves.

### **PharMerica agrees to be sold to KKR and Walgreens (as minority shareholder) for \$1.4B in an all cash transaction**

The company provides pharmacy management services to hospitals, skilled nursing and assisted living facilities. PharMerica has 96 institutional pharmacies, 20 specialty home infusion pharmacies and five specialty oncology pharmacies in 45 states. KKR paid a 17% premium over the market price. This sector is always ripe for performance improvements and operational optimization; something that private equity firms are very good at.

### **Warburg Pincus purchases A Place for Mom from General Atlantic and Silver Lake**

The company, based in Seattle, WA has been around since 2000. The heart of A Place for Mom is referral services helping individuals and family members in finding the right long term care/senior care facilities. The company has been very successful in building adjacent services around their core business. It is clear that the demographic shift where over 15% of our population is already over 65 will put great wind behind companies like this.

### **PRA (Pharmaceutical Research Associates) acquires Symphony Health Solutions for \$530 million**

The PA-based target data "bank" includes a vast collection of claims data and prescriber information for 280 million patients and 1.8 million prescribers. The company has 250 employees and 400 customers and is expected to generate \$200 million in revenue in 2017. PRA is a CRO with \$5.5B in enterprise value. The value of data was certainly coined when PRA competitor, Quintiles merged with IMS Health- which has a rich patient and prescriber data set- in a \$17B transaction in May of 2016.

### **Allscripts purchases McKesson's EHR, revenue cycle tools for \$185 million**

The purchase price is pennies on the dollar for what McKesson spent on the assets. After selling its technology business to Change, McKesson has wiped the slate clean. Its ownership in Change will eventually be spun off. For Allscripts this is not a huge bet for what the company is getting in return for the money. The acquisition enhances Allscripts footprint. It brings decent RCM capabilities to a company with clinical focus.

### **Allscripts acquires NantHealth Patient & Provider Engagement Solution Business for \$65 million**

When NantHealth went public we predicted that the company was too soon out of the gate. Now the company is embroiled in a series of lawsuits as its stock price is under severe pressure.

As for Allscripts, this transaction is more of a restructuring. In 2015, Allscripts paid \$200 million for a 10% stake in NantHealth. The companies have agreed to exchange Allscript's ownership interest in NantHealth for the assets.

### **Vestar Capital acquires Appleton, WI-based Quest Analytics**

Quest is a provider of software and consulting services to health plans and government agencies. Its solutions range from compliance monitoring, network management to quality and outcome studies. Vestar, for its part has been fairly active in healthcare. The company was a shareholder in Press Ganey, the patient survey firm, which was sold for \$2.4 billion in October of 2016.

### **Decision Resources acquired Context Matters of New York**

Although the target had only raised a modest \$5.0 million in capital, Context Matters has one of the most novel solutions for the evaluation of new products for the pharma industry. Through its platform, pharma companies can link drug development and market data through a sophisticated model making comparative analysis and contextual views possible for reviewing reimbursement and market access. DRG is a subsidiary of Piramal Enterprises of India which is a \$7.0B market cap diversified pharma manufacturer and services company.

### **RemitDATA bought by eSolutions**

eSolutions is a well-respected revenue cycle management solution provider to the long term care market. This is a great way for the company to expand its customer base. RemitDATA's real time comparative analytics solution delivers clarity to the outpatient market on how to optimize reimbursements, staff productivity and payer performance. The company covers hospitals, ACS and ambulatory service providers and had raised total of \$16.5 million before the sale.

### **Advisory Board (ABCO) could be sold in pieces**

Back in July we saw coverage of the break up of ABCO into two separate pieces. Optum has expressed an interest to buy the healthcare arm; leveraging ABCO's provider relationship and Crimson's dataset. Vista is reportedly ready to buy the education piece. Everybody was expecting an announcement by the end of July but it is all quiet in Washington, DC. Whatever transpires we do not believe that this company will stay independent. In many ways it reminds us of the faith that MedAssets experienced before selling to Pamplona Capital.

### **Waud Capital recaps Integrated Practice Solutions (Chiro Touch)**

Based in San Diego, CA, ChiroTouch is a leading EMR company for the chiropractic industry. We like Waud. They have done well with similar businesses. And given the growth of the chiro market, we think that this is a timely investment.

### **AIM Specialty Health acquires Applied Pathways**

AIM, a subsidiary of Anthem, uses evidence-based clinical guidelines and real time decision support for radiology, cardiology and other disease areas. Applied is one of the top leaders in visual authoring and rules engine software in the healthcare industry. AIM currently uses Applied's technology for simplifying complex clinical content into a standardized repeatable evidenced base systems for making decisions within AIM clinical program.

### **Vision Technologies Systems purchases Aethon based in Pittsburgh, PA for \$36 million**

Aethon develops autonomous mobile delivery robot systems that deliver medication, meals and material. Vision provides broad based engineering services to a variety of industries.

### **Google buys Seattle-based health monitoring company Senosis**

The company is developing three distinct apps. One for measuring hemoglobin in the blood stream. The other is to screen for jaundice in newborns and the last one is for measuring lung function by blowing into the phone's microphone. We are quite bullish on the idea that smart phones cameras, accelerometers and microphones will be foundations for multiple monitoring and diagnostic applications.

### **QSI's subsidiary, NextGen, buys EagleDream for \$26 million**

The Rochester, NY-based company, EagleDream is an analytics company that helps physicians to transition from fee-for-service to value-based reimbursement

### **eMids buys Encore Health Resources based in Houston, TX**

eMids develops analytics for payers and providers. Encore Health's main business is EHR implementation with supporting services such as quality measurement. The combination brings together the financial and clinical data.

### **Cotiviti purchases Roadmap for \$70 million**

Cotiviti which used to be called Connolly is one of the largest revenue integrity companies in the U.S. The company's anti fraud and risk management analytics are viewed as the industry's best. Roadmap has multiple solutions for both providers and payers. Its platform helps the parties negotiate value based contracts and assess their risk sharing arrangement. Lets face it in the era of value based reimbursement, revenue integrity may get a lot more complicated. This is a great acquisition for Cotiviti.

## **INTERNATIONAL TRANSACTIONS**

### **UDG of Ireland buys U.S. Cambridge BioMarketing Group from Everyday Health for \$35 million**

Cambridge Bio is a communication marketing company for the healthcare industry focused on orphan and rare disease product. Everyday Health managed to hold on to the asset only for two years. UDG is a diversified healthcare services company and highly acquisitive.

### **Vicarius Pharma secures a \$22 million Series A funding**

The Switzerland-based company provides marketing services to the pharma industry including product launch, strategic and regulatory advisory services.

### **Philips of Netherlands buys U.S.-based Spectranetics for \$2.0B and UK-based Health and Parenting Ltd. for an undisclosed amount**

The acquisition of Spectranetics accelerates the expansion of the company in image guided therapy device for treatment of cardiac and vascular diseases.

Health and parenting develops pregnancy related mobile applications. The app is currently in use by 12 million mothers.

Philips has been unusually active in healthcare. For the past 12 months alone the company has purchased seven companies in the sector.

### **Covance buys UK-based CRO, Chiltern International for \$1.2B**

Pharm is a global business and CROs have to follow suit. Although many of the largest CROs like Covance already have impressive international footprint, Chiltern has a unique presence in the profitable oncology market. In the last two years we have seen a handful of large CRO consolidation including Icon's purchase of Mapi and acquisition of InVentive Health by Inc Research. Stay tuned, there will be many more.

### **Push Doctor of England raises \$26 million bringing total funding to \$35 million**

Exporting disruptive but proven models from the U.S. has turned out to be good investment thesis and here is another example. Push Doctor is an online doctor consultation platform similar to Teladoc. Draper Fisher affiliate in the UK is one of the backers of the company.

### **Day Two, An Israeli startup raises \$17 million**

The company is at the forefront of analyzing gut microbiome to personalize food and exercise recommendation. The company is already working with Mayo Clinic on a research project and counts impressive suite of investors including Mayo itself and J&J. Day Two sends users a test kit that allows the company to do a genetic analysis. The technology is based on a five year research conducted at the Weizmann Institute of Science in Israel.

### **Konica Minolta acquires Orange County firm Ambry Genetics, a gene sequencing company, for \$1.0B**

Konica which was known for its cameras and printers has been totally reborn. The company left its camera business over a decade ago and used its imaging prowess to slowly get into diagnostic imaging and ultrasound. Healthcare is a chief focus for the company and precision medicine is one area that has been getting a lot of attention at the board level.

The deal structure is also rather unique. Konica is bringing Innovation Network Corp of Japan; a quasi government body, to become a shareholder in Ambry. Consideration is for \$800 million upfront with the remaining payable as an earn out.

### **Roche acquires mySugr**

The company, based in Austria, develops diabetes management applications in the U.S. and Europe. It synchronizes readings from users' meter into mySugr app. Roche was previously an investor in the company.

### **Apple acquires German-based company SensoMotoric Instruments**

The target has been around since the early 1990's. Sensomotoric develops and market application specific gaze and eye tracking systems. The technology is used in many fields including market research, neuromarketing, neuroscience, gaze-based interaction, and ophthalmology applications; usability applications, psychology, psychiatry, and psycholinguistic and virtual reality headsets/head mounted displays. This is super exciting to us.

### **Webbhalsa Of Sweden raises \$22 million**

Another Teladoc knock off. This is an eVisit platform for non emergency conditions. The fever is catching on and we love the resultant economics of it.

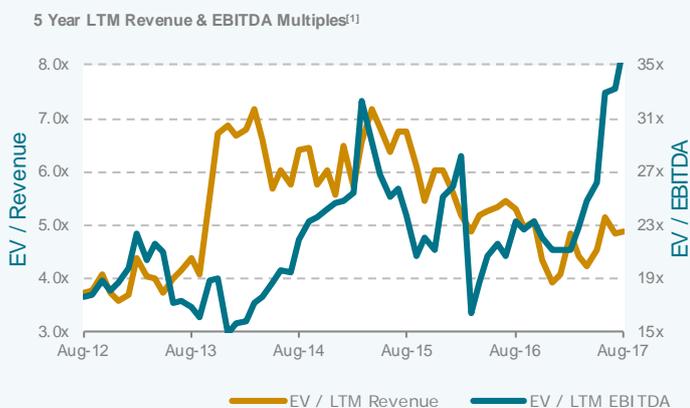
### **Creavo Medical Technologies based in the UK raises \$17 million**

Creavo develops imaging technologies via a battery powered and portable medical device for the detection of heart related problems in acute medical settings. This brings the total funding to \$27 million.

# Marlin & Associates' Index Performance

## Healthcare Information Software Systems

### Public Market Data

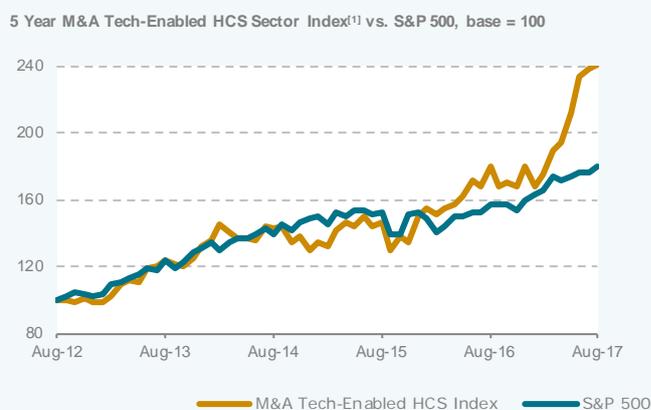
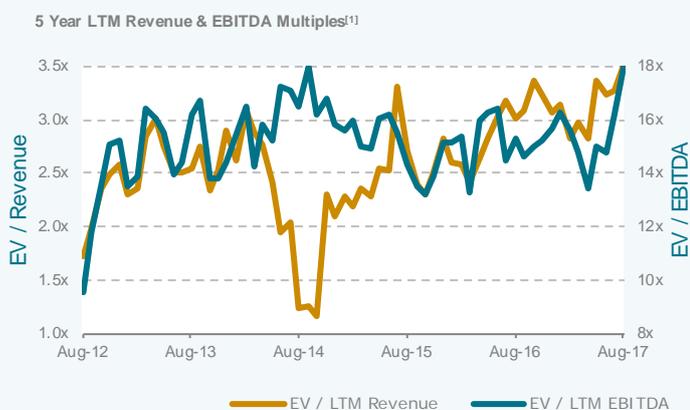


Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2016A	CY2017E	CY2016A	CY2017E	CY2016A	CY2017E	CY2016A	CY2017E
Cerner	21,750	21,657	4.6x	4.2x	16.5x	12.7x	8%	11%	28%	33%
Veeva Systems	9,631	8,967	16.5x	13.4x	nm	42.2x	33%	23%	22%	32%
athenahealth	5,602	5,811	5.4x	4.7x	54.3x	21.8x	17%	13%	10%	22%
Medidata	4,596	4,499	9.7x	8.1x	68.6x	33.0x	18%	20%	14%	25%
CompuGroup Medical	3,145	3,528	5.2x	4.7x	27.6x	20.1x	3%	11%	19%	24%
Health Equity	2,816	2,621	14.7x	11.7x	48.2x	32.3x	41%	26%	30%	36%
The Advisory Board	2,330	2,778	3.5x	3.4x	22.4x	14.1x	5%	1%	15%	24%
Allscripts	2,230	3,941	2.5x	2.2x	25.9x	10.7x	12%	15%	10%	21%
Omniceil	1,903	2,071	3.0x	2.8x	32.9x	24.0x	43%	6%	9%	12%
Inovalon	1,817	1,537	3.6x	3.4x	20.7x	14.2x	(2%)	5%	17%	24%
Benefitfocus	1,111	1,164	5.0x	4.5x	na	nm	26%	10%	na	6%
Quality Systems	1,071	1,093	2.2x	2.1x	19.7x	13.8x	2%	4%	11%	15%
iRhythm Technologies	915	839	13.1x	8.8x	na	na	77%	50%	na	na
NantHealth	521	458	4.6x	4.2x	na	na	72%	8%	na	na
Computer Programs & Systems	411	553	2.1x	2.1x	16.8x	11.5x	47%	1%	12%	18%
Invitae	401	369	14.7x	5.0x	na	na	199%	195%	na	na
<b>Trim Mean</b>	<b>2,722</b>	<b>2,847</b>	<b>6.6x</b>	<b>5.0x</b>	<b>29.8x</b>	<b>19.8x</b>	<b>29%</b>	<b>14%</b>	<b>16%</b>	<b>23%</b>
<b>Median</b>	<b>2,067</b>	<b>2,346</b>	<b>4.8x</b>	<b>4.4x</b>	<b>25.9x</b>	<b>17.1x</b>	<b>22%</b>	<b>11%</b>	<b>15%</b>	<b>24%</b>

<sup>(1)</sup> Invitae added as of 2/2/15. NantHealth added as of 6/2/16. iRhythm Technologies added as of 10/20/16.

# Marlin & Associates' Index Performance Technology-Enabled Healthcare Services

## Public Market Data

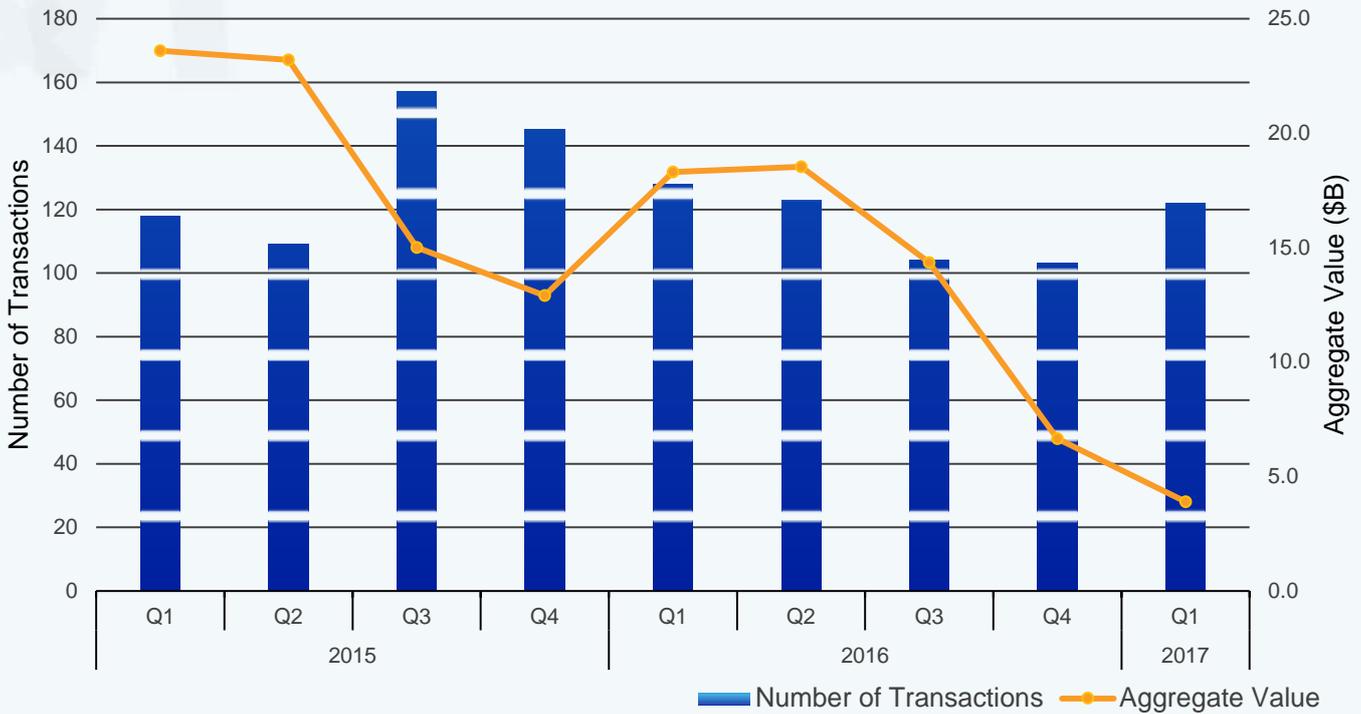


Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2016A	CY2017E	CY2016A	CY2017E	CY2016A	CY2017E	CY2016A	CY2017E
McKesson	34,478	37,862	0.2x	0.2x	8.4x	9.2x	4%	4%	2%	2%
Cotiviti	3,883	4,523	7.2x	6.5x	21.1x	16.8x	15%	11%	34%	39%
WebMD	3,607	3,544	5.0x	4.9x	18.8x	14.7x	11%	3%	27%	33%
Teladoc	1,790	1,594	12.9x	6.9x	na	na	59%	89%	na	na
HMS Holdings	1,723	1,912	3.9x	3.4x	19.8x	14.2x	3%	14%	20%	24%
Tivity Health	1,680	1,855	3.7x	3.3x	17.8x	15.2x	11%	11%	21%	22%
Evolent Health	1,665	1,695	6.7x	4.0x	na	na	162%	68%	na	na
MINDBODY	1,120	911	6.6x	5.0x	na	nm	37%	30%	na	3%
Vocera Communication	775	705	5.5x	4.4x	na	nm	23%	26%	na	6%
Emis	764	770	3.8x	3.6x	14.6x	12.6x	2%	5%	26%	29%
HealthStream	761	646	2.9x	2.6x	30.7x	17.8x	8%	9%	9%	15%
Castlight Health	561	471	4.6x	3.5x	na	na	35%	31%	na	na
Craneware	449	404	7.6x	6.5x	24.8x	21.0x	15%	16%	31%	31%
Accretive Health (R1 RCM)	347	395	0.7x	0.9x	1.3x	nm	405%	(26%)	53%	1%
Tabula Rasa Healthcare	253	251	2.7x	2.1x	30.4x	15.8x	34%	25%	9%	14%
<b>Trim Mean</b>	<b>1,495</b>	<b>1,515</b>	<b>4.4x</b>	<b>3.7x</b>	<b>17.8x</b>	<b>14.5x</b>	<b>31%</b>	<b>20%</b>	<b>23%</b>	<b>19%</b>
<b>Median</b>	<b>1,392</b>	<b>1,252</b>	<b>4.3x</b>	<b>3.6x</b>	<b>18.8x</b>	<b>15.0x</b>	<b>16%</b>	<b>15%</b>	<b>26%</b>	<b>22%</b>

Teladoc added as of 7/1/15, Cotiviti added as of 5/26/16, Tabula Rasa added as of 9/30/16

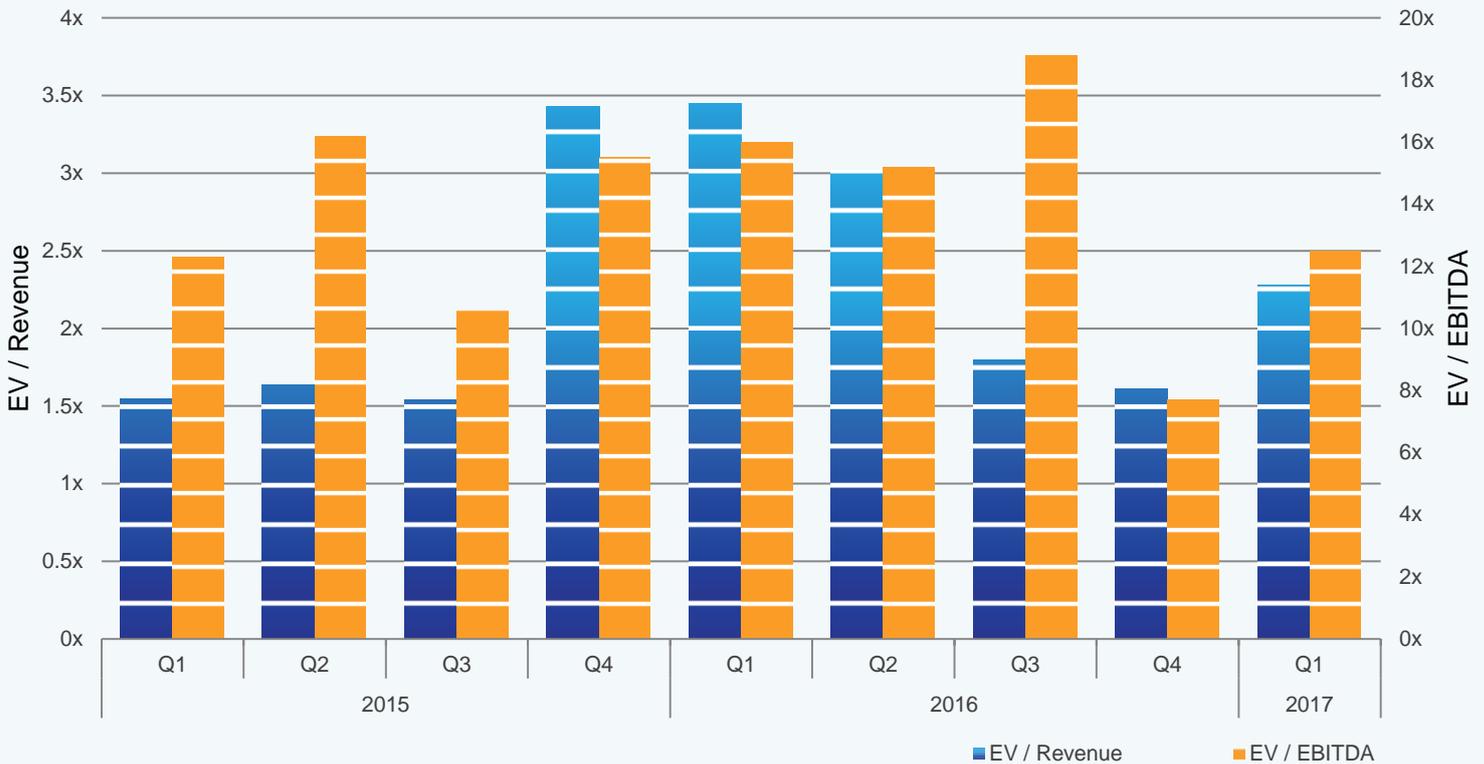
# MERGER & ACQUISITION TRENDS AND MULTIPLES

## Healthcare Technology and Services Transaction Activity



Note: Excludes Medtronic acquisition of Covidien, Anthem acquisition of Cigna, Aetna acquisition of Humana, and Abbott acquisition of St. Jude

## Healthcare Technology and Services Transaction Multiples



## PEER AND INDUSTRY GROUP RECOGNITION

“We are always grateful to be recognized for our hard work, but we are more pleased that we are able to help our clients achieve the results that they seek.”

**Ken Marlin**

Founder and Managing Partner

**Boutique Investment Banking Firm of the Year  
(2014, 2015, 2016) - The M&A Advisor**

**M&A Award USA TMT Advisory Firm of the Year  
(2012, 2015) – Acquisition International**

**The M&A Advisor and The M&A Forum have recognized Marlin & Associates for excellence in multiple deal categories including:**

- Cross-Border Boutique Investment Banking Firm of the Year (2016)\*
- Boutique Investment Banking Firm of the Year (2014, 2015, 2016)\*
- Advisory Firm of the Year (2015)\*
- Middle Market International Professional Services (B-to-B) Deal of the Year (2013)
- Financial Services Deal of the Year (2013, 2012 and 2011)
- Information Technology Deal of the Year (2011)
- Middle Market Deal of the Year <\$25M (2011)
- Corporate and Strategic Acquisition of the Year (2011)
- Middle Market Financial Services Deal of the Year (2011 and 2010)
- Middle Market Information Technology Deal of the Year (2011 and 2010)
- Middle Market International Financial Services Deal of the Year (2013 and 2010)
- Middle Market International Information Technology Deal of the Year (2010)
- Middle Market Financial Services Turnaround Deal of the Year (2009)
- Middle Market Information Technology Turnaround Deal of the Year (2009)
- Middle Market International Deal of the Year (2008)
- Middle Market Financial Services Deal of the Year (2008)
- Middle Market Technology Deal of the Year (2008)
- Middle Market Investment Banking Firm of the Year (2008 and 2007)\*
- Middle Market International/Cross Border Deal of the Year (2007, Below \$100M)
- Middle Market Financial Services Deal of the Year (2007, Below \$100M)
- Middle Market Financing Agent of the Year – Equity (2007)\*
- Middle Market Computer and Information Technology Deal of the Year (2007)

**TMT Advisory Firm  
of the Year (2016)**

**Boutique Investment  
Banking Firm of the  
Year  
(2016)**

**– ACQ5  
(Acquisition Finance  
Magazine)**



**The Global M&A Network has recognized Marlin & Associates for excellence in multiple deal categories through its M&A Atlas Awards:**

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- North America Small Mid Markets Corporate Deal of the Year (2013)
- Corporate M&A Deal of the Year (2010)
- Technologies Deal of the Year (2010)

\* Firm-wide Awards





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