

H.I.T. Greatest Hits

December 2017



M&A

MARLIN & ASSOCIATES

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

HIT MARKET UPDATE

New York

Washington, D.C.

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DEAR CLIENTS AND FRIENDS



XEN Partners

Welcome to our December 2017 HIT Market Update

Some companies engage in M&A to achieve synergies or diversification, while others aim for growth or to eliminate the competition. History is full of examples of horizontal tie-ups amongst providers, insurers or pharmaceuticals. In the new era of healthcare, however, M&A is all about survival.

Our industry is struggling to find new ways to capture and keep customers before some other new world interlopers – like Amazon or Walmart - find a way to take them away from you. The pending acquisition of Aetna by CVS is a good example.

CVS, with \$177B in revenue from 9,700 retail pharmacies and stores, commands 1/4 of the U.S. market for prescription drugs. It is also the largest pharmacy benefit manager (PBM) in America; a type of middleman that negotiates bulk discounts on drugs from large pharma. Aetna has revenues of \$63B, provides health insurance predominately for corporate clients and uses CVS as its PBM. But this tie-up is clearly more than the sum of its parts. It is about a new vertically integrated approach to healthcare.

The transaction, if consummated, will allow the newly combined entity to insure your health, diagnose your issue - perhaps at their MiniClinics - prescribe and fulfill your medications, and pay itself for the effort. And imagine no more prior authorization for drugs!! But will this combination help curb healthcare cost inflation? History tells us yes – but only if there is real competition. With Amazon's entry into the retail pharmacy market, consumers will surely have more choices and, to us, that is a good start.

The announcement of the possible CVS/Aetna combination has already energized our industry and shaken up the boardrooms of many large corporations inside and outside healthcare. We expect more action with other insurers including Anthem, Centene, Humana and WellCare as well as with Express Scripts - the only remaining independent PBM. And don't forget that Jeff Bezos is asking, "Alexa, which healthcare company should I buy today?"

See you next year! May we all turn to greater inspiration to serve humanity in 2018.

Sincerely,

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"You'll note, Clammerhorn, the yellow tank is helium."

In this issue:

- The \$69B CVS acquisition of Aetna is officially announced
- Ascension and Providence St Joseph Health are in talks to merge; creating the largest provider in the U.S.
- UnitedHealth's Optum Division buys DaVita Medical, a collection of urgent care and surgery clinics, for \$4.9B
- McKesson buys RXCrossroads, provider of specialty pharmacy services to biopharma firms, from CVS for \$735 million
- Swedish firm, Natural Cycles, the first contraceptive app, raises \$30 million. The company's app has received approval from EU authorities

MARLIN & ASSOCIATES HIT MARKET UPDATE

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IMPORTANT INDUSTRY NEWS

Funding for digital health companies hits \$7.0B for 2017

The 2017 expected funding is up from \$6.4B in 2016 but the same as 2015 levels. Health Catalyst, Flatiron Group, Welltok, 23and Me and ZocDoc were amongst some of the larger raises. Market is signaling that investors are putting their money into later stage companies.

United Health's division, Optum, sets up a \$250 million fund dedicated to digital health companies

Optum has already invested in handful of companies including SHYFT Analytics (life science optimization platform), Mindstrong Health (smart phone interaction analysis) and Buoy Health (symptom checker for patients). Corporate VCs are quite common in the tech world. We are encouraged to see that the movement is coming to our industry as well.

GE Healthcare signs a risk sharing contract with Jefferson Health for \$1.0B

The core of the arrangement revolves around sourcing gains and elimination of redundancies that can help the health system save up to \$1.0 billion. The contract is for eight years with pre-determined milestones. GE has already entered into similar arrangements with Partners Healthcare of Boston and Hartford Healthcare in Connecticut - all in 2017. These are high stake maneuvers that only a company as big as GE can afford. We hope they work out.

Epic and eCW are both sued over shortcomings of their EMR functionality

Epic is being sued for alleged anesthesia over-billing which claimant argues that it double bills the government for anesthesia services. Plaintiff, Geraldine Petrowski, worked at WakeMed Health where she was responsible for the hospital's Epic go-live.

As a class action lawsuit, the state of a cancer patient sued eCW for \$1.0B for inaccurate medical records. The lawsuit claims that the patient was unable to determine when his first symptoms of cancer had appeared which consequently complicated his treatment. The suit also claims that the records of million of patients were compromised as the software did not meet meaningful use and certification requirement set by the ONC. This lawsuit comes on the heels of the company's \$155 million fine for granting kickbacks to clients in return for the promotion of its product.

CAPITAL RAISING ACTIVITY

Heartflow of Redwood City, CA raises \$150 million; valuing the company at \$1.4B

The product helps doctors detect coronary artery disease non-invasively. GE Ventures and Blue Cross Blue Shield fund are some of the existing investors. Welcome to the Unicorn Club!

Cytel of Cambridge, MA announces investment from New Mountain Capital

Cytel is an established analytical software provider to the life science industry. The company's clinical trial solutions are used by over 400 life sciences customers including the top 30 largest pharmaceutical companies. Solutions range from reducing risk of product lifecycle to increasing R&D productivity. New Mountain is already putting their newly raised \$6.0B fund to good use.

New mountain backs CenseoHealth based in Dallas, TX and Advance Health based in Chantilly, VA

CenseoHealth provides health assessment for health plans and risk bearing healthcare delivery organizations. Advance Health is also in the assessment business but with an emphasis on member engagement and readmission prevention programs. The combined entity will offer a deep network of physicians and nurse practitioners that will provide technology-enabled in-home health assessment nationwide. We must admit that payer services are still the more attractive sector for private equity firms.

Collective Medical, based in Salt Lake City, UT raises \$47 million Series A

Kleiner Perkins led the round with Epic Ventures, Kaiser Permanente Ventures and others participating. Collective builds a collaboration network platform unifying payers, patients and providers for the most complex patients who require multiple points of care.

The company, which has been bootstrapped for eight years, claims to have the largest real-time care collaboration network across hundreds of hospitals, health systems and tens of thousands of providers including skilled nursing facilities, home health agencies and emergency medical services.

Collective has demonstrated impressive results. For example, Washington State reported \$34 million in savings in emergency costs and a decline of almost 10% in ED visits in its first year of use in 2013.

Evive Health based in Chicago, IL raises \$43 million

The company helps people to make better benefit decisions and sells its services to large employers. Evive is known for compelling engagement tools which ranges from ER/Rx steerage to price transparency and gaps in care.

New York, NY-based Fitness app, Aaptiv raises \$38 million

We admit that the fitness sector is overcrowded. But Aaptiv is one of a kind. This is an audio-only fitness mobile app; probably the only one in the market. Audio coaching has been enthusiastically received by users. The company has built a \$20 million revenue base in just two years. The app knows specific information about the user. For example, while running, it can warn the user about an upcoming incline and the speed that the user had climbed it before. Pretty cool stuff!

Health I.Q. based in San Francisco, CA raises \$34.6 million bringing total funding to \$81 million

The company is in the life insurance business for healthy people. Since January 2016, Health I. Q. has sold \$5.3B in coverage. The company partners with established life insurance companies and sells policies to marathon runners, vegans, cyclists and other health-conscious people with rates that start at 4% less than the traditional policies and can reach to 33% discount once the company can verify- for example- that the person can run an 8-minute mile. We love this “metering” model. It is about time for people to get rewarded for good behavior but we do acknowledge that the stratification of risk pool can be a problem. We are willing to take the chance if it means people will be incentivized to look after their health.

Syapse, based in San Francisco, CA raises \$30 million of capital bringing total funding to \$62 million

Syapse aggregates the best of breed analytics for oncologists. The company has had a few pivots since its founding in 2008. But the latest one is the most promising. The company’s Data Sharing Network puts the power of real-world evidence in the hands of oncologists who can view treatments and outcomes of patients across the country and use the information to improve treatment decisions. This is crowd sourcing at its best. Some of the new investors include Medidata, Merck Global, Roche Ventures and GE Ventures.

Arteys based in San Francisco, CA nabs \$30 million in Series B, bringing total funds raised to date to \$42 million

The company is an image AI analytics firm focused on lung, cardio and liver. The software helps clinicians diagnose complex conditions around these three areas. Singapore sovereign wealth fund was amongst the investors in this round.

Practice management software firm, LeanTaas, based in Santa Clara, CA raises \$26 million in Series B

Around 40 hospitals and infusion centers use LeanTaas’ platform for assets optimization starting from appointments to available resources for optimal patient care. Results are reducing wait times for appointments and surgeries by up to 50%, increased patient access by as much as 30% and improved operational performance of up to 20% through reduced costs and increased revenue.

Insight Ventures led this round. The company has raised \$40 million to date.

Rx Savings Solutions, based in Overland Park, KS raises \$18 million

RSS is a drug transparency company working on behalf of large employers and payers to proactively identify opportunities to save on prescription drugs. The company expects to have two million members in the first quarter of 2018.

RSS integrates employers’ benefits to its software to continuously monitor patient prescription claims and if savings are identified, the patient will receive a notification via text or email. Company is working on a medication adherence app next and counts marquis clients such as BCBS of Kansas City, Quest and Berkshire Hathaway Media Group amongst its clients. McCarthy Capital led the round.

Revel Health, based in Minneapolis, MN raises \$17 million

Revel works with insurers to help patients take better care of themselves. For example, the software prompts patients to get their checkups, cancer screenings or take at-home steps to maintain or improve an acute condition. Rather than sending a flu shot campaign to one million members, using Revel, the insurer can personalize the message. TT Capital led the round.

Prognos, based in New York, NY raises \$20.5 million with total funding reaching \$42 million

The company, which used to be called Medivo, has been through a few pivots in its seven-year history. Prognos helps life science companies predict disease early. Its Registry is the largest source of clinical diagnostics information in 50 disease areas with over 13 billion lab results and 180 million patients.

Via its 1000 extensive proprietary and learning clinical algorithms, the company enables clients to predict which patients can benefit from enhanced treatment. The funds will partially go toward strengthening the company's position in the payer market. The company currently has relationships with 25 life science companies. In healthcare, data is king and this company has a deep bench of very valuable content.

VisitPay, formerly iVinci Health, and based in Boise, ID raises \$15 million

The company's automated platform helps patients manage their own accounts. The platform is an online financial engagement platform that provides a consolidated view allowing patients to see what they need to pay. The solution integrates data from the patient's health plan and the data from the health provider. The fact that the platform can integrate with multiple billing systems simultaneously is a huge plus.

According to the company, bad debt rates are 75% lower with their technology. St. Luke's Health System of Idaho is one happy customer reporting a 20% increase in patient payment rates. The company has also signed up Intermountain as a new client.

Ascension Ventures and Norwest Venture Partners led the round.

Cedar intelligent of New York, NY raises \$13 million in Series A

The company focuses on the patient responsibility portion, analyzes the patient's billing history, their level of engagement with previous communications, and general payer and demographic information. Putting all these signals together, the platform generates data recommendations for provider to optimize all interactions with their patients. The system is linked to a powerful patient CRM and can integrate with any EMR.

We know that the propensity to pay is highly personalized and the more data points available to the biller, the higher the chances of success in collecting. Cedar seems to have built a pretty strong eco system.

Founders Fund and Thrive Capital are amongst the investors. Both have been known to back huge winners in the tech industry.

PathAI, based in Cambridge, MA grabs \$11 million in Series A

The company helps pathologists be more efficient and accurate in diagnosing diseases. Pathology has not been seamlessly digitized. Pathologists are, therefore, limited to laboratory analysis of tissue sample. With PathAI's technology, it is hoped that the pathologist can make quicker and more accurate diagnosis. The company is working with Philips to develop a decision support tool for metastatic breast cancer.

The round was led by General Catalyst Partners. The company had previously raised \$4.0 million in seed capital.

Biolog of San Diego, CA secures \$10 million in funding in Series A

Another minimally invasive continuous glucose monitoring company. The technology is applied to the skin - powered by electrochemical biosensor. The sensor analyzes bio markers in the interstitial fluid. The funding will go towards clinical validation trials and necessary FDA approval.

Diabetes is a huge business. That said, we are having a hard time sifting through which companies will be successful and which ones will not. There are at least 50 companies in this business and each with a slightly different technology. M Ventures and Hikma Ventures led the round.

San Antonio, TX-based on-demand care company, Ranger Health, raises \$10 million in Series A

The company dispatches Physician Assistants or Nurse Practitioners to the patient's home. This is under the direction of network of physicians. Target market is large to mid size employers. This business model has been tried in many parts of the country with mixed success. We hope Ranger will become a success story.

Swipesense gets \$10 million in Series B

Based in Evanston, IL, the technology stops bugs in hospitals. Solutions combine hygiene dispensers with real time data tracking to change behavior. The platform is also used for asset tracking and nurse rounding. The company has raised \$26 million of capital to date.

MERGERS & ACQUISITIONS

CVS's acquisition of the insurer, Aetna is officially announced

The transaction size is \$69B with a breakup fee of \$2.1B. We have covered the subject extensively in our editorial section. Putting together a deal of this size is no small feat. CVS had seven financial advisors on the transaction while Aetna had three. Between \$120-140 million of fees are to be parceled out to various advisors if the deal goes through.

The companies claim that they will generate \$750 million in near-term synergies.

St. Louis, MO-based Ascension Health and Providence St. Joseph Health based in Renton, WA – both nonprofit institutions- in talks to merge

This will create the nation's largest provider with 191 hospitals in 27 states and annual revenue of \$44.8B. HCA, which is currently the largest provider, has 177 hospitals and \$42B in revenue.

We think this is a start of a titanic change in our industry where providers are trying to upend insurers to gain more bargaining power as well as achieving massive cost synergies. Catholic Health Initiative and Dignity Health are merging as well as Advocate Health Care and Aurora Health Care. The fever has started to spread!

UnitedHealth's Optum division, snaps up DaVita Medical for \$4.9B

Davita Inc is one of the largest dialysis service providers with 1.7 million annual patients and 300 medical clinics. The assets purchased by United are urgent care centers, surgery and medical clinics in a handful of states. Optum already has more than 200 MedExpress urgent care and 30,000 clinicians. This is another sign of vertical integration that is sweeping across our industry.

McKesson is to buy Louisville, KY-based RxCrossroads from CVS for \$735 million

Since shedding its HIT operations, McKesson has been busy repositioning its business model. RxCrossroads provides specialty pharmacy services to biopharma firms and patients. This includes dispensing, logistics services, brand and field support. Although the price is not significant, it gives CVS some cash to navigate through its massive acquisition of Aetna.

Diplomat Pharmacy makes two back to back acquisitions in the PBM space, purchasing National Pharmaceutical Services, based in Omaha, NE for \$47 million and LeeHar Distributors, based in Creve Coeur, MO, for \$595 million

With the push towards vertical integration, the whole PBM market is in disarray. Diplomat, an independent specialty pharmacy has been on an acquisition tear this year. With only \$1.4B in enterprise value, these deals are quite substantial. NPS is expected to generate \$32 million in sales and \$5 million in EBITDA while LeeHar is expected to generate \$388 million in sales and \$41 million in EBITDA in 2017. This is a daring move but it could be a transformational deal for Diplomat.

Vista Equity-backed Apteon buys Connect segment of Influence Health

Connect offers physician and clinicians secure access to patient data from a variety of systems including EHRs, labs and pharmacies. Apteon, which is involved in industry specific enterprise software, has purchased 14 companies since 2015. That is the beauty of being backed by a first-rate firm like Vista.

Revint Solutions acquires Health Check based in Port St. Joe, FL

Revint is a provider of revenue integrity and recovery services for healthcare providers. Health Check, which sells its product under Zero Balance Revenue Recovery, has over 100 healthcare providers as clients. Prior to the acquisition, Revint had 400 healthcare clients. A good acquisition for expanding its footprint.

Change Healthcare buys Docufill of Mayfield Heights, OH, for credentialing documents

With this acquisition, Change is now able to offer customers a hosted service that combines multiple dental provider credentialing documents into a single instance. Nice tuck-in acquisition for Change. It has been six years since Blackstone took the company private. The business has been transformed through various acquisitions. The time to exit may not be too far in the future.

McLaren HealthCare acquires MDwise, a Medicaid health plan based in Indianapolis, IN

This is a great example of vertical integration. McLaren is a 12-hospital provider in Michigan. MDwise serves more than 360,000 Hoosiers on Medicaid. The company generates \$1.6B of revenue annually. The combined companies will now have \$6B in revenue serving 620,000 people.

DHI Group announces the sale of its Health eCareers to Everyday Health for \$15 million

DHI, a website focused career search, has been facing a rapidly declining stock price and has announced that it will be selling its non-tech businesses. This is Everyday's third acquisition in 2017. The company engages in digital marketing and communication platforms for healthcare marketers.

Advarra, a leading IRB and OBC, is created by combining Linden-backed Chesapeake and Northlane-backed Schulman

To get two private equity firms agree on a merger in similar business is not an easy task. In light of recent regulatory mandates for single IRB review, this deal is match made in heaven.

INTERNATIONAL TRANSACTIONS

Chinese-based unicorn, Ping An Good Doctor, to go IPO and raise \$1.0B

The company has already raised \$500 million in 2016 at a \$3.0B valuation. Ping An is one of the largest insurers in China and is a frequent backer of multiple healthcare companies. Good Doctor is an evisit company where users consult doctors for diagnosis and can provide online appointments. Thus far, Good Doctor has assembled a team of 1,000 doctors.

Medlinker of China raises \$60 million in Series C from Sequoia, Tencent and others

The platform connects 430,000 doctors with healthcare institutions, pharmaceutical companies, patients and insurance firms. It has a mobile app which allows doctors to share medical records and enable patients to book appointments. The company had already raised \$40 million in its Series B.

Ada Digital Health based in Germany and the UK, raises \$47 million to become Alexa of Healthcare

We believe that voice-enabled symptom checkers and eventually evisits on Alexa will be a large industry. The app is one of the fastest growing medical apps in the market. It helps people to decipher their ailments and connects them to real doctors. Over 1.5 million people have used the app so far.

Doctolib of France raises \$42 million bringing total funding to \$96 million

Another successful replication of the American model. Doctolib is an appointment app with 12 million visits per month. It has 30,000 practitioners on its platform covering 800 facilities.

Sweden-based Natural Cycles, first digital contraceptive app, is approved in Europe and raises \$30 million

We have written extensively about the movement towards drug-free treatments. This app has a 99% accuracy rate. The funds will go toward the entry of the company into the U.S. market and seeking FDA approval.

Natural Cycles has raised \$44 million to date. EQT Ventures, a highly respected European VC fund, is a major investor.

iFortuna of Canada raises \$25 million in Series B from Amgen and others

The company is a clinical-stage Regenerative Medicine company aiming to be the first to provide patients with their own neural stem cells by direct reprogramming to replace lost neuronal tissue. This can be a revolutionary technology and yet another example of drug free treatments.

Oviva Health of Switzerland raises \$12 million in Series A

Oviva is a diet management app where patients can directly communicate with dieticians and track their diet, weight and activity. The company has assembled 20,000 users since it founding in 2014. This market is really crowded and differentiation are extremely difficult. That said, it looks like Oviva has potential to succeed.

Wearable EEG maker Interaxon of Canada raises \$11.6 million

Since its founding in 2014, Interaxon EEG sensing headband has been used for mental health and corporate wellness. Interaxon product, called Muse helps consumers with their meditation practice and connects to smart phones.

Beijing Neusoft Viewhigh Technology raises \$220 million

Pin An Insurance and Neusoft corporation are amongst the investors. Viewhigh is a broad-base HIT company. Solutions revolve around big data for clinical and operational optimization.

Montagu, a private equity firm, bids for publicly-held Servelec of the UK in a \$360 million take-private transaction

Servelec operates in multiple verticals including healthcare and education. Healthcare solutions range from EHR, patient administration, hospital information systems to eprescribing and patient portals.

Alibaba Health Information Technology receives \$220 million from various investors

AHIT is one of the largest ecommerce pharma companies in China. The sheer size of the country and its potential for healthcare companies spells big profits.

Viewics of Sunnyvale, CA is picked up by Roche

The company provides software for lab analytics and lab value chains. Viewics technology can aggregate big data from a variety of IT systems in the lab and beyond. It brings together information that can be useful to both financial, and operational stakeholders.

Philips to buy Analytical Informatics based in Baltimore, MD

Analytical Informatics, founded in 2011, has a broad offering, ranging from workflow tools and applications to performance solutions, utilization and compliance.

Philips to buy VitalHealth of the Netherlands to bolster population health portfolio

VitalHealth is a PHM provider for outpatient environments. Philips has purchased half a dozen healthcare software companies in 2017 alone. In June of 2016, the company bought Wellcentive of the U.S. which was also a PHM company.

Scott Gottlieb- Commissioner of FDA

We are encouraged by the recent moves at the FDA regarding CDS regulations and the establishment of a digital health unit. Here is a brief background on our Commissioner:

Dr. Scott Gottlieb was sworn in as the 23rd Commissioner of Food and Drugs on May 11, 2017. He is a physician, medical policy expert, and public health advocate who previously served as the FDA's Deputy Commissioner for Medical and Scientific Affairs and before that, as a senior advisor to the FDA Commissioner.

He also worked on implementation of the Medicare drug benefit as a senior advisor to the Administrator of the Centers for Medicare and Medicaid Services, where he supported policy work on quality improvement and the agency's coverage process, particularly as it related to new medical technologies.

In 2013 Dr. Gottlieb was appointed by the Senate to serve on the Federal Health Information Technology Policy Committee, which advises the Department of Health and Human Services on healthcare information technology.

Dr. Gottlieb was previously a Resident Fellow at the American Enterprise Institute, and a Clinical Assistant Professor at the New York University School of Medicine in Manhattan, where he also practiced medicine as a hospitalist physician.

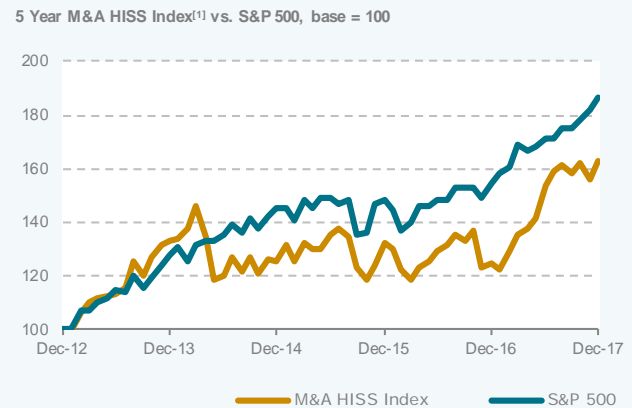
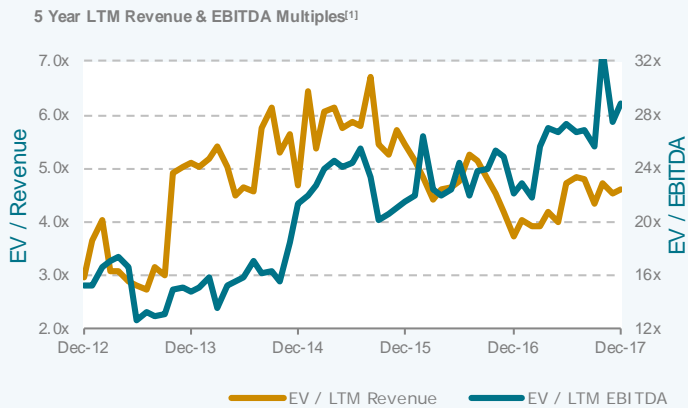
He completed a residency in internal medicine at the Mount Sinai Medical Center in New York, New York and is a graduate of the Mount Sinai School of Medicine and of Wesleyan University, in Middletown, Connecticut, where he studied Economics.



Marlin & Associates' Index Performance

Healthcare Information Software Systems

Public Market Data



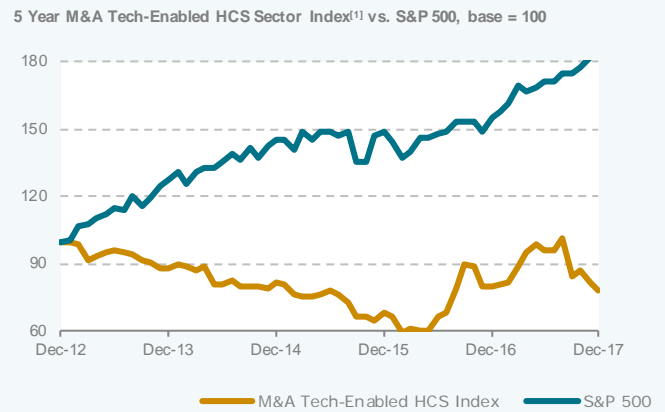
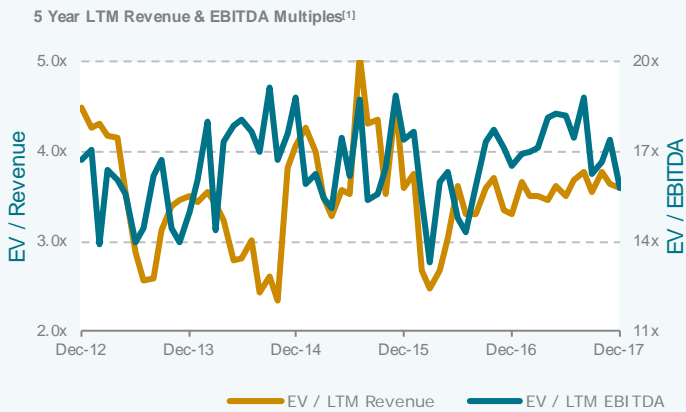
Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2017E	CY2018E	CY2017E	CY2018E	CY2017E	CY2018E	CY2017E	CY2018E
Allscripts	2,583	4,353	2.4x	2.0x	11.9x	10.1x	17%	18%	20%	20%
athenahealth	5,409	5,562	4.6x	4.1x	21.0x	16.3x	12%	11%	22%	25%
Benefitfocus	845	910	3.5x	3.2x	48.1x	32.7x	10%	10%	7%	10%
Cerner	23,948	23,631	4.6x	4.2x	14.1x	12.9x	9%	8%	32%	33%
CompuGroup Medical	3,453	3,822	5.3x	4.0x	23.2x	16.7x	8%	33%	23%	24%
Computer Programs & Systems	407	551	2.1x	1.9x	11.2x	10.4x	0%	6%	18%	19%
Health Equity	3,209	2,984	13.1x	10.7x	36.3x	28.2x	28%	23%	36%	38%
Inovalon	2,253	1,971	4.4x	4.0x	17.8x	15.8x	6%	9%	25%	25%
Invitae	421	388	5.7x	2.5x	na	na	172%	123%	na	na
iRhythm Technologies	1,266	1,192	12.3x	9.0x	na	na	52%	36%	na	na
Medidata	4,039	3,916	7.2x	6.1x	29.3x	24.3x	18%	18%	25%	25%
NantHealth	374	335	3.5x	2.5x	na	na	(6%)	42%	na	na
Omicell	2,042	2,227	3.1x	2.8x	25.7x	15.8x	4%	12%	12%	17%
Orion Health	122	117	0.9x	0.9x	na	na	(10%)	6%	na	na
Quality Systems	917	945	1.8x	1.8x	11.6x	11.6x	4%	2%	16%	15%
Veeva Systems	9,288	8,530	12.5x	10.6x	37.5x	32.6x	25%	18%	33%	32%
Trim Mean	3,289	2,692	5.2x	4.2x	22.8x	18.5x	13%	18%	23%	24%
Median	2,148	2,099	4.5x	3.6x	22.1x	16.1x	10%	15%	22%	25%

⁽¹⁾ 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

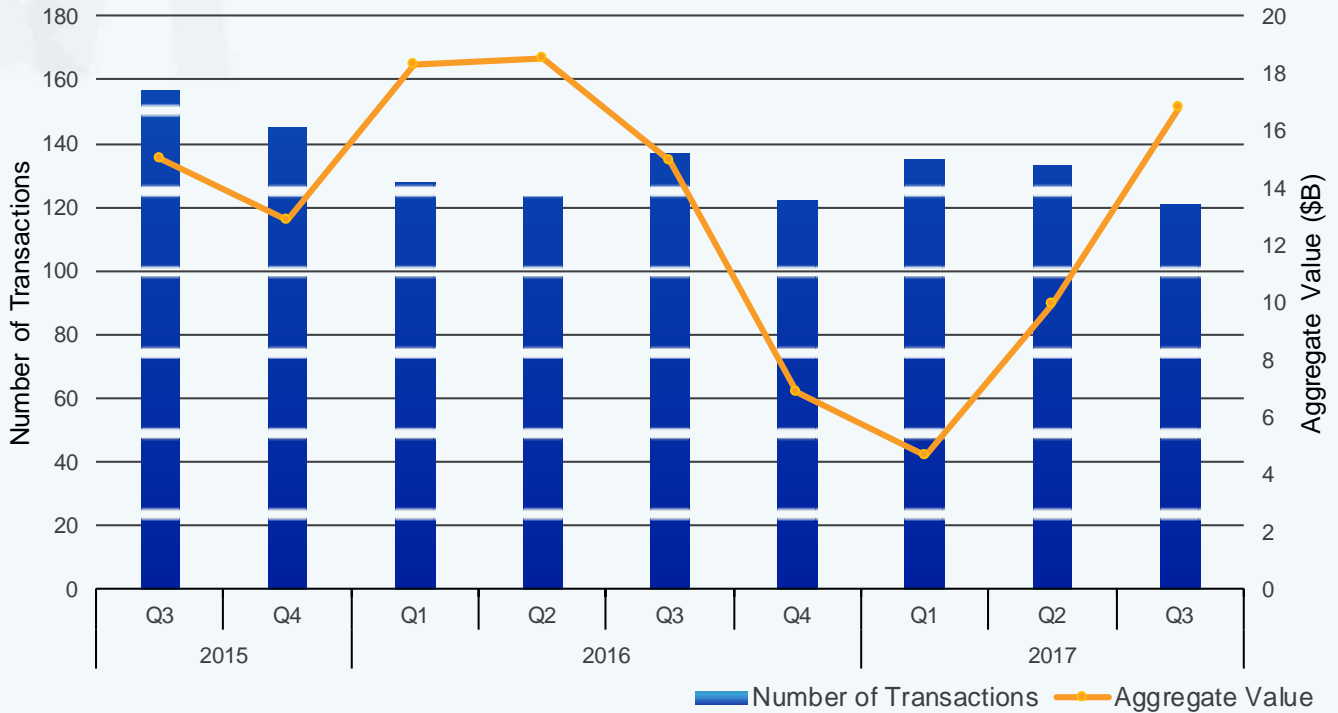


Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2017E	CY2018E	CY2017E	CY2018E	CY2017E	CY2018E	CY2017E	CY2018E
Accretive Health (R1 RCM)	397	439	1.0x	0.7x	nm	9.3x	(25%)	50%	1%	7%
Castlight Health	516	434	3.3x	2.6x	na	na	29%	25%	na	na
Cotiviti	2,948	3,599	5.3x	4.7x	13.5x	12.0x	9%	12%	39%	39%
Craneware	538	485	7.8x	6.8x	25.2x	21.9x	16%	15%	31%	31%
Emis	795	787	3.6x	3.4x	13.7x	12.1x	3%	6%	26%	28%
Evolent Health	866	735	1.7x	1.3x	na	37.5x	71%	30%	na	3%
Fitbit	1,607	948	0.6x	0.5x	na	nm	(25%)	6%	na	0%
HealthStream	766	643	2.6x	2.4x	17.2x	15.1x	9%	7%	15%	16%
HMS Holdings	1,417	1,578	3.1x	2.8x	12.9x	11.4x	4%	10%	24%	25%
McKesson	31,025	34,762	0.2x	0.2x	8.1x	7.6x	4%	2%	2%	2%
MINDBODY	1,515	1,304	7.2x	5.7x	nm	62.9x	31%	25%	5%	9%
Tabula Rasa Healthcare	562	593	4.6x	3.3x	32.8x	19.0x	38%	39%	14%	17%
Teladoc	2,096	2,294	9.9x	6.3x	na	nm	89%	57%	na	5%
Tivity Health	1,602	1,746	3.1x	2.8x	13.8x	12.5x	11%	11%	23%	23%
Vocera Communication	854	787	4.9x	4.2x	nm	39.6x	26%	17%	6%	11%
Trim Mean	1,237	1,226	3.7x	3.1x	16.1x	19.0x	17%	20%	16%	15%
Median	866	787	3.3x	2.8x	13.8x	13.8x	11%	15%	15%	13%

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

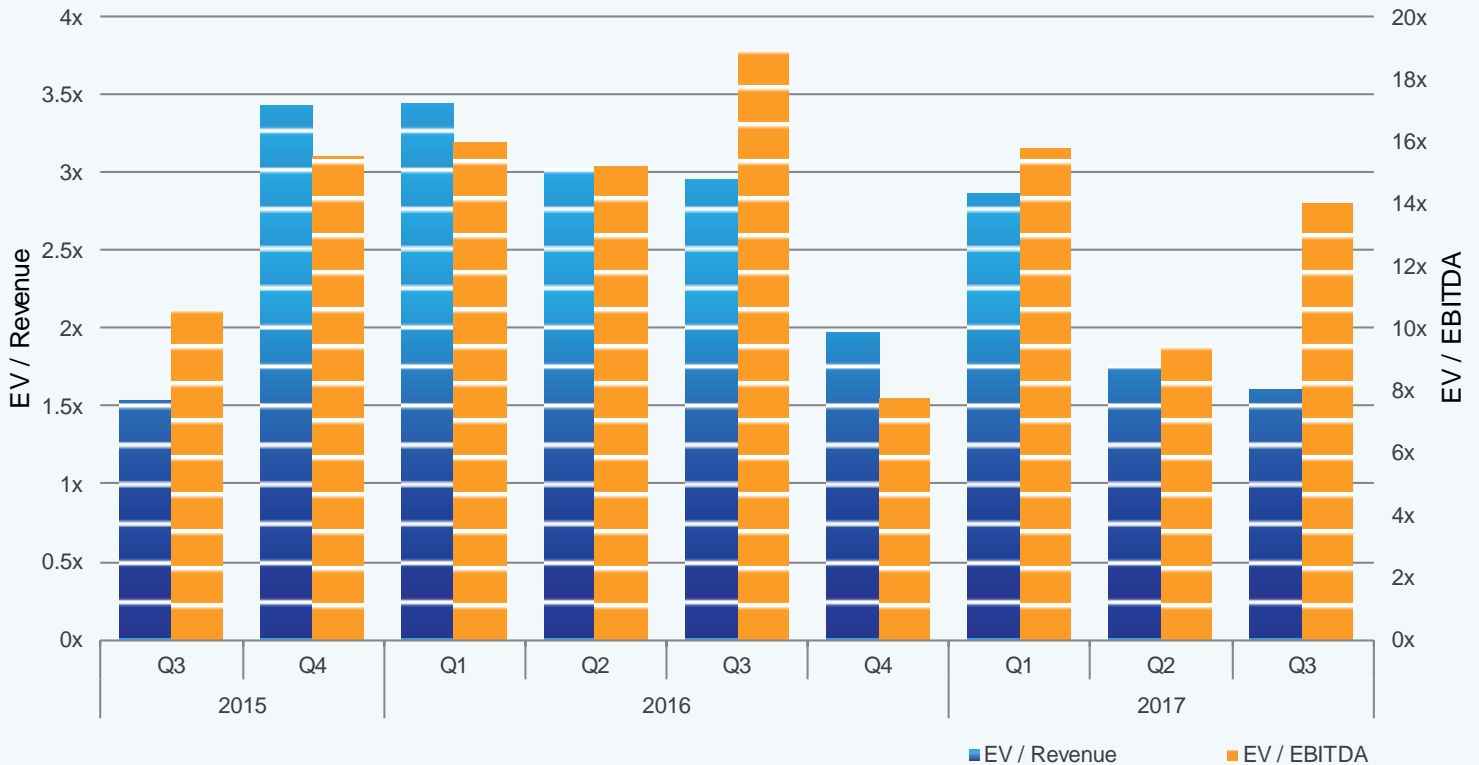
MERGER & ACQUISITION TRENDS AND MULTIPLES

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:

- Professional Services B-to-B Deal of the Year (2017)*
- TMT Advisory Firm of the Year (2017)*
- Cross-Border Deal of the Year (2016)*
- Cross-Border Boutique Investment Banking Firm of the Year (2016)*
- Boutique Investment Banking Firm of the Year (2014, 2015, 2016, 2017)*
- 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)

**TMT Advisory Firm
of the Year (2017)**

**Boutique Investment
Banking Firm of the
Year
(2017)**

**– 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:

- Financial Technology Deal of the Year (2012, 2011)
- 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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