

Dear Clients and Friends,

As technology becomes more pervasive, the pace of adoption is speeding up at record levels. It took 30 years for electricity and 25 years for the telephone to reach 10% adoption, but less than five years for tablets to achieve a 10% adoption rate. The first smart phone was shipped by BlackBerry in 2002. Today smart phones comprise 45% of total phone shipments.

So if we were to take the long view of the short-term trends in healthcare, what could our future hold with the increasing rapidity of technology adoption?

The pace of innovation in healthcare technology is nothing short of astonishing; mobility, virtual care, remote monitoring and machine learning analytics are just a few examples. These new technologies put low cost and powerful diagnostic and monitoring tools in the hands of both professionals and consumers. The new empowerment brings with it the perfect storm for healthcare enterprises; be it payers, providers, medical device manufacturers or pharmaceutical companies.

How many of our healthcare enterprises are ready for this new environment. We think not that many. Healthcare is about to get disrupted as music, travel, retail and other industries did before it. We saw behemoths in those industries perish when they did not adopt to the new paradigm fast enough. Some futurists believe that in 20 years, more than 50% of healthcare products and services will come from companies that do not exist yet. McKinsey reports that from 2010 to the end of 2013, the number of seed and Series A-stage healthcare companies multiplied fivefold in the United States. In the first half of 2014, investors spent \$2.3 billion, with 140 digital healthcare companies each raising more than \$2 million, as the investment focus shifted from providers of EHR solutions to developers of consumer-oriented applications, makers of wearable health technology, and health data and analytics. With this grand momentum, it is not far fetched to think that a few Amazons, Facebooks or Googles of healthcare are hidden amongst these newly minted companies.

As the HIT industry moves quickly to a business-to-consumer model, even the most entrenched business-to-business enterprises must ask themselves are we innovating and building the next big technology platform for the tech savvy consumers. It reminds us of a principle first articulated by St. Matthew's Gospel: "For whoever has will be given more, and they will have in abundance. Whoever does not have, even what they have will be taken from them". This is the era of exponential medicine. We have to get moving before it is too late.

Sincerely,

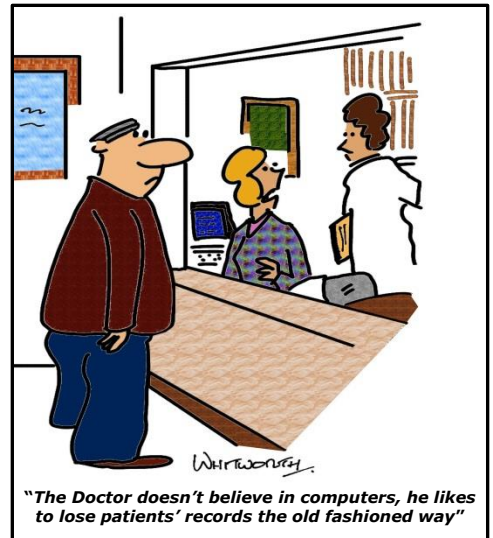
Afsaneh Naimollah

MARLIN & ASSOCIATES Healthcare IT Review December 2014

For further information contact:

Afsaneh Naimollah
Afsaneh@marlinllc.com
+1 (212) 257-6055

Stephen Shankman
sshankman@marlinllc.com
+1 (212) 257-6044



Marlin & Associates is a financial and strategic advisory firm and investment bank focused on advising owners and managers of U.S. and international companies that provide software, data, and related services. The firm is based in New York City, with offices in San Francisco, CA, Washington, DC, and Toronto, Canada. It has been the recipient of numerous awards including "Boutique Investment Banking Firm of the Year", "Best Software Focused Financial & Strategic Advisory Firm - USA", "Healthcare & Life Sciences Deal of the Year" and "Middle-Market Investment Bank of the Year". Two transactions on which Marlin & Associates advised have been recognized as "Deals-of-the-Decade."

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IMPORTANT INDUSTRY NEWS

IBM Watson targets healthcare consumers

Watson's capability as a clinical analytics platform for the provider market has been widely covered by the media. Prestigious institutions such as Cleveland Clinic have dedicated much resources in integrating the technology into their clinical workflow to achieve better clinical diagnosis and move towards personalized medicine.

IBM is now targeting the consumer, a massive addressable market which promises to be a bigger business than the provider side. IBM has invested in Pathway Genomics Corporation, a clinical laboratory that offers genetic testing. The companies will jointly develop a personalized health and fitness mobile app for consumers that will use Watson's ability to understand the complexities of human language. The app is called Pathway Panorama. When asking Panorama "how much exercise should I do today", the app pulls data from the consumer's wearable devices, EMR, mobile apps and DNA to recommend a course of action based on the person's life style and wellness goals.

What do Republican election wins mean for healthcare reform

Despite continuing threat that they (Republicans) want to introduce an alternative healthcare reform bill, we do not believe that such a bill is in the offing. Instead, we foresee many poking and agitating of the existing bill. For one, the new tax on medical devices will mostly likely be repealed. Other areas that may come under attack are the tax on insurance policies and the definition of full time employees. And lastly, we believe IPAB which stands for Independent Payment Advisory Board, a controversial cost cutting panel tasked with slowing the growth of Medicare spending, will be dead in no time.

What is most perplexing to us is the very states that have enjoyed the wider healthcare coverage under ACA, were the ones that categorically voted Republican. Go figure!!

Recondo Technology appoints a new CEO

Recondo, a cloud-based revenue cycle management company for the hospital market, named Jay Deady as the company's new CEO replacing Rick Adam who departed the company earlier this year. Deady, with over 25 years of experience, was most recently the CEO of Awarepoint, a provider of caregiver and patient asset-flow and capacity management software company.

M&A TRANSACTIONS / INVESTMENTS

Advanced Computer Software Group to be acquired by Vista Equity Partners for £725M

Advanced Computer Software Group (AIM:ASW), the British provider of patient management software and outsourced IT services, agreed to be acquired by Vista Equity Partners, the San Francisco, CA private equity firm, for £1.40/share or £725 million (\$1.14 billion), implying 3.2x LTM revenue and 13.8x LTM EBITDA.

Valuations in the U.S. HIT market are hitting an all-time high. It is no surprise that investors are now looking for better value elsewhere. Vista paid a 17% premium to the company's closing price, which is tame when compared to the type of premiums we have experienced in the U.S. Vista is a first-rate investor and we have every reason to believe that this acquisition will prove a great platform for building a successful European HIT business for the firm.

Change Healthcare to be acquired by Emdeon for \$185M

Change Healthcare, the Brentwood, TN provider of cost transparency and consumer engagement solutions, and backed by HLM Venture Partners, Noro-Moseley Partners, Blue Cross Blue Shield Endowment and others, agreed to be acquired by Emdeon, the Nashville, TN provider of revenue cycle management and clinical information exchange solutions, for \$185 million which includes a \$50 million earn out.

Emdeon is on a roll. On the heels of its acquisition of the clearinghouse, Capario, in June 2014, the Company has now entered the price transparency market. There are lots of companies that are playing in this sandbox. Even with increasing data liquidity and free access to immense databanks of CMS, we believe price transparency companies serve a great purpose. Their role is not dissimilar to how stock exchanges leveled the playing field by posting the bid and ask price to the public.

MedSolutions acquired by CareCore National

MedSolutions, the Franklin, TN provider of medical cost management solutions for payers, and backed by Ridgemont Equity Partners, was acquired by CareCore National, the Bluffton, SC provider of specialty benefits management, and backed by General Atlantic, for an undisclosed sum.

This is a good combination of two leading providers of Specialty Benefits Management services. The era of cost containment combined with increasing risk being borne by providers, helps position SBM companies in a good light.



OnFocus Healthcare acquired by MedeAnalytics

OnFocus Healthcare, the Brentwood, TN provider of enterprise performance management (EPM) software and support services to healthcare companies, and backed by Clayton Associates and others, was acquired by MedeAnalytics, the Emeryville, CA provider of cloud-based healthcare analytics solutions, for an undisclosed sum.

It seems that MedeAnalytics has been very successful in offering solutions to both payers and providers. OnFocus serves the provider market, helping its 300 hospitals and health systems customers with their planning and performance management.

Breakthrough Behavioral acquired by MDLIVE

Breakthrough Behavioral, the Redwood City, CA provider of a platform that connects patients with mental health professionals for online counseling and therapy, and backed by Charles River Ventures, The Social+Capital Partnership and others, was acquired by MDLIVE, the provider of tele-health services and software, for an undisclosed sum.

We love anything telehealth as we deeply believe in its future. Breakthrough serves the payer and employer markets. Together, the companies can offer an integrated physical and behavioral health platform. Breakthrough already does business in ten states in the U.S. and has five million members covered under its contracts.

Health Market Science to be acquired by LexisNexis Risk Solutions

Health Market Science, the King of Prussia, PA provider of data on healthcare professionals for businesses and government entities, and backed by Edison Partners, Cross Atlantic Capital Partners and others, agreed to be acquired by LexisNexis Risk Solutions, the provider of information across industries to predict and manage risk, and subsidiary of Reed Elsevier (LSE:REL), for an undisclosed sum.

HMS has one of the largest practitioner-level medical claims databases in the U.S. This data can serve multiple constituents. CMS, for example, uses the data to detect fraud and abuse. LexisNexis will integrate the data onto its HPCC Systems platform which combined will become the largest healthcare provider database in the world.

DoctorDirectory acquired by Everyday Health for \$65 million

DoctorDirectory.com, the Asheville, NC provider of market research and an online directory of healthcare professionals by specialty, was acquired by Everyday Health (NYSE:EVDY), the provider of digital health and wellness solutions, for \$65 million.

DoctorDirectory has done a good job by taking the commodity directory business and turning it into a market research and a marketing company. For example, the company is one of the largest players in online distribution of drug samples for end of patent medications.

Health Services Integration acquired by Syncordia Technologies

Health Services Integration, the Santa Rosa, CA provider of RCM solutions to emergency medical service providers, was acquired by Syncordia Technologies and Healthcare Solutions, the Toronto, ON principal investment firm focused on RCM services, for an undisclosed sum.

This is Syncordia's first transaction. The firm was founded in 2013 to invest in niche RCM software and services companies.

QualityHealth acquired by Sharecare

Quality Health, the Jersey City, NJ provider of a patient identification and engagement platform, and backed by Hudson Ventures, Lazard Technology Partners and others, was acquired by Sharecare, the Atlanta, GA provider of a health and wellness engagement platform, for an undisclosed sum.

Two years after Sharecare acquired RealAge from Hearst, the acquisition of Quality Health promises to more than triple Sharecare's reach into markets supported by its pharmaceutical and healthcare partners. Quality Health has 50 million registered members. Sharecare was launched by Dr. Mehmet Oz and Jeff Arnold in 2010.

eClinical Insights acquired by ERT

eClinical Insights, the Cambridge, MA provider of cloud-based clinical trial software, was acquired by ERT (eResearch Technology), the Philadelphia, PA provider of patient safety and endpoint data collection solutions, for an undisclosed sum.

Great combination of old and new. ERT is a 40 year old player in the clinical trial market. eCI has built an impressive cloud-based platform which enables its clients to integrate data from multiple systems, and benefit from real time decision making.



Millennium Practice Management acquired by MediGain

Millennium Practice Management Associates, the Upper Saddle River, NJ provider of RCM and practice management services to physicians, was acquired by MediGain, the Plano, TX provider of full service medical billing solutions, for an undisclosed sum.

On the heels of receiving \$38M capital infusion from Prudential Capital, MediGain acquired MPM; further expanding its Northeast presence. MPM serves over 700 physicians and hospitals.

Superior Global Solutions and Medwrite acquired by iMedX

Superior Global Solutions, based in Plano, TX, and backed by Petra Capital Partners, and Medwrite, based in Anaheim, CA, both providers of medical documentation services, were acquired by iMedX, the Atlanta, GA provider of health information and documentation solutions, for an undisclosed sum.

The medical transcription business is facing major headwinds as the industry faces technological changes and margin pressures. Consolidation is the only answer to the ones that want to survive. After these two acquisitions, iMedX will become the third largest company in the medical documentation/transcription business.

Vayu Technologies acquired by Seniorlink

Assets of Vayu Technologies, the Springfield, NJ provider of a tele-care management platform, were acquired by Seniorlink, the provider of care management services for frail, elderly and disabled people, and parent company of Caregiver Homes Network, for an undisclosed sum.

Vayu has built an impressive tele-care management platform, with its roots at Bell Labs. The technology serves as a hub for Inter Disciplinary Teams (IDTs) to manage Person Centered Service Plans (PCSPs) consistent with CMS guidelines.

Evenspring's Health Division to be acquired by Clearview Logix

The Health Division of Evenspring, the Richmond, VA provider of software services to marketplaces and health exchanges, agreed to be acquired by Clearview Logix, the Richmond, VA provider of models and algorithms to help navigate the health insurance market, for an undisclosed sum.

We like this deal. It combines Clearview's problem solving approach for purchasing the appropriate insurance to Evenspring's software development capabilities for building exchanges.

Modernizing Medicine raises \$16M in funding

Modernizing Medicine, the Boca Raton, FL provider of cloud-based specialty-specific EMR system for iPads, raised \$15.6 million in funding led by existing investors Summit Partners and Pentland Group.

We are big fans of specialty specific EMR companies. A little more than a year after the \$14M investment by Summit, the Company has done another big round. The Company covers nine specialties ranging from plastic surgery to urology and dermatology.

Valence Health raises \$15M in funding

Valence Health, the Chicago, IL provider of clinical integration, population health and value-based care solutions, raised \$15 million in a second round of funding, led by new investor Heritage Group and included participation from GE Ventures and North Bridge Growth Equity and others.

Valence recently announced that for the first half of 2014 the company experienced a 50% increase in revenue. The company raised \$30M in 2012. This is only the second time the company has raised outside capital. In the new world of VBR, there are very few companies that can match the type of depth in infrastructure that Valence has been able to build over its ~20 year history.

CoverMyMeds raises funding

CoverMyMeds, the Twinsburg, OH provider of software that automates the medication benefit process, raised an undisclosed amount of funding from new investor Francisco Partners.

Our respect for Francisco Partners runs deep and wide. They are one of the savviest investors in healthcare. CoverMyMeds works with 360 different EHR systems, 45,000 pharmacy locations and payers that represents 72% of U.S. prescription volume. Over 260,000 prescribers use the company's free software platform.

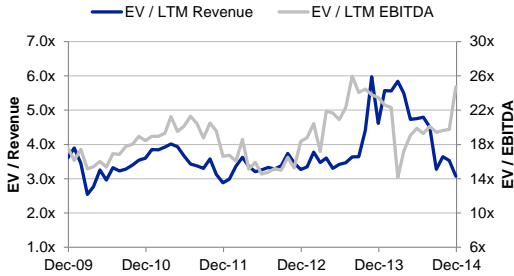
SkillSurvey raises funding

SkillSurvey, the Wayne, PA provider of cloud-based recruiting, hiring and employee management solutions, and backed by Milestone Venture Partners, Inflection Point Ventures and others, raised an undisclosed amount of funding from Primus Capital.

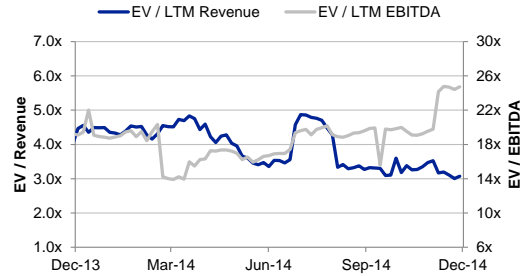
Skill Survey is one of the most respected names in the hospital talent management market. We all know that providers are facing major challenges in optimizing their human capital and attracting suitable candidates in the rapidly changing healthcare landscape. This is a great investment by a top notch firm.

HEALTHCARE INFORMATION SOFTWARE SYSTEMS

5 Year LTM Revenue & EBITDA Multiples

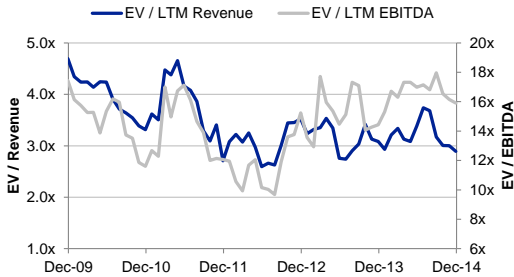


1 Year LTM Revenue & EBITDA Multiples

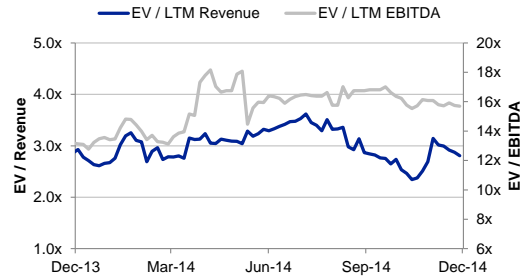


TECHNOLOGY-ENABLED HEALTHCARE SERVICES

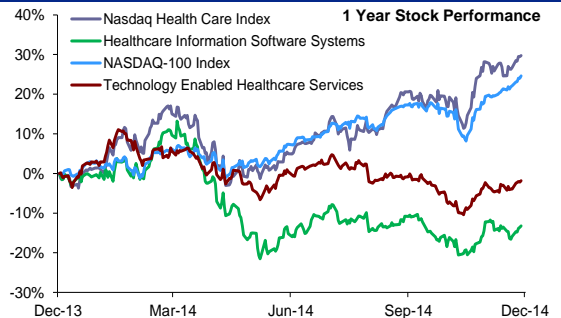
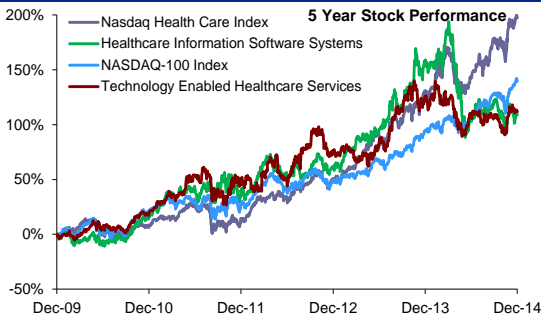
5 Year LTM Revenue & EBITDA Multiples



1 Year LTM Revenue & EBITDA Multiples



HIT STOCK PERFORMANCE VERSUS NASDAQ



PUBLIC MARKET TRENDS

The Healthcare Information Software Systems (HISS) group 2014 revenue multiple (trim mean) is 60% higher than the Technology-Enabled Healthcare Services (TEHS) sector, or approximately 5% higher than last month. Of note, Castlight Health (21x), Veeva Systems (14x) and Medidata (7x) are trading at the highest revenue multiples within the HIT group (see next page for details). In terms of 2014 EBITDA multiples, the HISS group enjoys a 55% premium versus its TEHS peers, which is slightly higher when compared to the prior month.

In the past 12 months, the returns of both the NASDAQ Health Care Index (+30%) and the NASDAQ-100 (+25%) significantly outpaced both of M&A's HIT indices (TEHS -2%, HISS -13%). Over the past month, shares of Accretive Health (+15%), CompuGroup Medical (+13%) and Merge (+12%) posted the best returns while WebMD (-14%), Benefitfocus (-14%), Allscripts (-13%) and MedAssets (-12%) performed the worst. Quarterly earnings results were an important factor in the monthly stock returns as companies who posted weak bookings and top line growth struggled; that said, investor focus is shifting toward 2015 company forecasts.

Marlin & Associates' Healthcare IT Indices include the following companies

HEALTHCARE INFORMATION SOFTWARE SYSTEMS

Company <i>USD millions</i>	Market Enterprise		EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
	Cap	Value	CY2014E	CY2015E	CY2014E	CY2015E	CY2014E	CY2015E	CY2014E	CY2015E
Cerner	22,497	21,312	6.3x	5.0x	18.8x	15.5x	19%	27%	34%	32%
Veeva Systems	4,740	4,347	14.0x	11.1x	49.7x	40.6x	48%	25%	28%	27%
athenahealth	4,457	4,565	6.1x	4.9x	32.9x	27.6x	26%	24%	19%	18%
Medidata	2,352	2,332	6.9x	5.7x	31.1x	23.8x	22%	21%	22%	24%
Allscripts	2,166	2,714	1.9x	1.8x	13.4x	11.1x	2%	6%	14%	17%
The Advisory Board	1,564	1,529	2.9x	2.3x	18.3x	14.4x	5%	25%	16%	16%
CompuGroup Medical	1,307	1,727	2.7x	2.6x	13.4x	11.4x	10%	5%	20%	22%
Quality Systems	895	772	1.6x	1.5x	10.9x	9.4x	8%	7%	15%	16%
Benefitfocus	691	672	5.0x	3.9x	nm	na	30%	27%	na	na
Computer Programs & Systems	648	619	2.9x	2.9x	10.5x	10.1x	5%	3%	28%	28%
Imprivata	352	276	2.9x	2.4x	nm	na	33%	22%	na	na
Merge	305	499	2.3x	2.2x	10.5x	9.7x	(7%)	4%	22%	23%
Trim Mean	1,917	1,978	4.0x	3.4x	18.7x	15.4x	16%	17%	21%	22%
Median	1,435	1,628	2.9x	2.7x	15.9x	12.9x	15%	22%	21%	23%

TECHNOLOGY-ENABLED HEALTHCARE SERVICES

Company <i>USD millions</i>	Market Enterprise		EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
	Cap	Value	CY2014E	CY2015E	CY2014E	CY2015E	CY2014E	CY2015E	CY2014E	CY2015E
McKesson	49,529	57,892	0.3x	0.3x	12.2x	11.0x	32%	6%	3%	3%
HMS Holdings	1,841	1,918	4.3x	3.9x	17.2x	13.7x	(9%)	11%	25%	28%
WebMD	1,672	1,924	3.3x	3.0x	12.3x	10.4x	12%	10%	27%	29%
MedAssets	1,173	2,068	2.9x	2.7x	8.7x	8.1x	5%	6%	33%	34%
Castlight Health	1,115	933	21.1x	11.5x	nm	n/a	241%	83%	na	n/a
Premier	1,101	861	0.9x	0.8x	nm	nm	2%	12%	40%	39%
Accretive Health	857	661	0.6x	0.5x	5.4x	6.0x	na	16%	10%	8%
HealthStream	804	687	4.0x	3.4x	24.2x	20.2x	30%	18%	17%	17%
Emis	792	795	3.7x	3.5x	11.9x	10.9x	29%	6%	31%	32%
Healthways	568	824	1.1x	1.0x	10.5x	8.5x	12%	9%	11%	12%
Everyday Health	393	376	2.0x	1.6x	11.3x	8.4x	18%	24%	18%	20%
Vocera Communication	246	129	1.4x	1.3x	nm	n/a	(8%)	9%	na	n/a
Craneware	208	176	3.8x	3.4x	12.6x	11.3x	9%	13%	30%	30%
Trim Mean	960	1,020	2.5x	2.3x	12.1x	10.3x	14%	12%	22%	23%
Median	857	824	2.9x	2.7x	12.0x	10.7x	12%	11%	25%	28%

United States

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International

Toronto, Canada