

H.I.T. Greatest Hits

September 2016



M&A

MARLIN & ASSOCIATES

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

HIT MARKET UPDATE

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XEN Partners

DEAR CLIENTS AND FRIENDS

Welcome to our September 2016 HIT Market Update

For years we have been hearing about the potential of sophisticated clinical decision support (CDS) software systems that can assist doctors with their decision making process. These systems bring together a variety of clinical data which are analyzed through proprietary algorithms, aiming to improve outcomes and reduce costs. The promise of precision medicine, it is argued, can only materialize through the use of advanced CDS systems.

But the science of clinical decision support alone is not enough. What has been missing is the ability to combine the data and the algorithms with the wisdom of knowledgeable physicians. Medical crowd sourcing and physician collaboration can be one of the most effective ways to increase the benefits of clinical decision support. Regrettably, today there is no systematic way for doctors to tap the wisdom of their peers and collaborate on difficult diagnosis or treatments. In the era of digital communications, doctors are still using telephones, faxes and even mail to exchange data and consult with other colleagues.

We have seen collaboration work in other industries. In the technology sector, there are great examples of collaboration among open source IT developers who have worked together to “crowd source” solutions and turn out some of the best software systems in the world. This process of collaboration is automated, it travels around the globe in a structured fashion, and it has its own quality control mechanism. Why not in healthcare?

It is estimated that when doctors collaborate, particularly among multi disciplinary teams, treatments are changed between 20-50% of the time, depending on the condition of the patient. This is chilling when you think about the number of lives on the line.

The good news is that we are starting to see early signs of formal and informal digital channels that are emerging through medical crowd sourcing and physician networks. Companies whose membership is exclusively comprised of doctors are ideal platforms for peer to peer collaboration. These companies are using medical crowd sourcing, albeit in an ad hoc fashion, that have the look and feel of Facebook postings. We are quite encouraged by this development. But the ultimate goal should be building a more structured, HIPAA-compliant web-based collaboration networks where clinical data, radiology and pathology images can be shared amongst specialists in the U.S. and across the globe. Since the U.S. has 90% of the world's sub-specialties, the responsibility lies on our shoulders and we are glad to see that a few companies are pioneering that effort.

In today's fragmented and over burdened medical system, it does not surprise us that doctors are conditioned to rely on their own judgment and perhaps some type CDS system to solve difficult cases. But harnessing the wisdom of the crowd particularly for the cases which cross national borders into less fortunate countries, is empowering for both medical experts and patients. This is not a fight between man vs. machine. We need the knowledge embedded in the physicians' brains as much as the algorithm embedded in the machine. It is time to democratize wisdom.

Sincerely,

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IMPORTANT INDUSTRY NEWS

Glaxo Smith Kline (GSK) and Google invest \$715 million in a joint venture, Galvani Bioelectronics, for bioelectronic medicine

We are super excited about this deal. Some time back we wrote about the fight between electronics and chemicals for curing diseases. That time has arrived. The mission of the company is to develop miniaturized, implantable devices that can modify electrical nerve signals. The aim is to modulate irregular or altered impulses that occur in many illnesses, ranging from diabetes, arthritis and asthma to depression and Alzheimer. The company expects that its first “drug” will be submitted for regulatory approval by 2023.

Marijuana use is cutting Medicare spending on prescription pain killers

Despite the controversy surrounding the use of marijuana for medical purposes, it looks like the drug is actually cutting Medicare’s spending on pain killers. A recent study shows that the states that have passed medical marijuana laws have seen over \$165 million in pain killer savings. Researchers believe that once the drug is legalized in all states, Medicare stands to save close to \$500 million annually, which is a sizable sum. The real question revolves around the use of this drug in hospital settings. We think it will be some time before we see that happening!

Harvard pilgrim will pay for key drugs based on patient outcome

Yet another health plan is aggressively pursuing deals with drug makers based on patient outcomes. In the latest instance, Harvard Pilgrim Healthcare, which is the second-largest health insurer in New England, has reached agreements with Novartis and Eli Lilly to calibrate payments for two of their most important medicines. In one deal, the insurer will receive a discount from Novartis if its new Entresto treatment for congestive heart failure does not yield a specified drop in hospitalizations. In the other, Harvard Pilgrim agreed to accept a lower rebate from Lilly if its Trulicity diabetes drug lowers hemoglobin A1c levels — a common way to track the disease — better than rival medicines.

A survey released last week found that most health plans would like to pay for many of the highest-priced medicines, notably hepatitis C and oncology drugs, based on patient outcomes. However, more health plans are wielding these types of contracts for other drugs, according to Avalere Health, a consulting firm that conducted the survey.

Harvard Pilgrim, in fact, reached such a deal last fall with Amgen, which sells Repatha, a new type of cholesterol-lowering treatment. Last month, Cigna reached a similar deal with Amgen, as well as Sanofi and Regeneron Pharmaceuticals, which jointly market a rival medication. Both are injectable medications known as PCSK9 inhibitors that cost roughly \$14,000 before any rebates. The era of “outcome-based” drug pricing has arrived.

M&A TRANSACTIONS

Press Ganey, the largest patient survey company and based in Wakefield, MA, to go private via the private equity firm EQT for \$2.4 billion

To us, this is a bit of a head scratcher. For one, the purchase price has little premium. The company had been doing an excellent job running its business which was reflected in the recent 28% stock price run. Vestar owned over 50% of the company. EQT which is a global PE firm based in Sweden, is no stranger to large deals. The firm has done \$1.0+ deals a few times in its history, but we believe this might be their largest transaction. As much as we like Press Ganey as a company, the survey business is exposed to massive technological disruption.

Imprivata, based in Lexington, MA, is purchased by Thoma Bravo for over \$540 million

It was not that long ago that Imprivata went public on the back of its highly secured single sign on technology. The price represents a 33% premium which is strong for a company that had not kept up its impressive growth rates of the past. Thoma Bravo is one of the best investors in software businesses and they have a lot of experience in the security sector. This appears to be a win-win for both Imprivata shareholders and Thoma Bravo.

Zimmer Biomet Holding to buy Netherlands-based Clinical Graphics

Clinical Graphics is a 3D motion simulation report company. By using the technology, orthopedic surgeons and radiologists can send image data and CT/MRI scans to obtain 3D motion simulation reports. Being in the business of musculoskeletal healthcare products, this makes a lot of sense for Zimmer. The company is a serial acquirer of companies and very successful at integrating them.

Anthelio Healthcare of Dallas TX to be acquired by Atos of France for \$275 million

Anthelio Healthcare has over \$200 million in revenue. The company is primarily a healthcare custom app developer in multiple areas from RCM to IT infrastructure and database development. Atos is a massive IT company with over €9 billion in market cap. They already have a large U.S. presence in the healthcare area and this acquisition doubles their presence. Although the business of Anthelio may sound “unexciting”, the company is still growing at 8% and generating respectable EBITDA. The price appears rich given that Atos trades at 0.9x sales.

Evolent to buy the largest division of Chicago, IL-based Valence Health for \$145 million

Evolent is a respected company in the VBR and population health space. The purchase price consisted of \$35 million in cash and the remainder in Evolent stock. Right out of the gate, we think there are multiple cost synergies here as both companies are still unprofitable. The acquired Valence operations cover 95 clients with 160,000 consumers. One of Valence’s largest revenue generators is its \$72 million, three year contract running the Medicaid managed-care plan of Cook County. In an industry where scale matters, this is a great acquisition for Evolent.

Echo, a subsidiary of Healthstream, purchases Chicago, IL-based Morrissey Associates for \$48 million

Morrissey is best known for its credentialing and privileging of healthcare professionals. Healthstream is involved in workforce development, performance appraisal and training. Ensuring that providers have qualified healthcare professionals is the first step for all healthcare organizations. This is a great acquisition as it deepens the breadth of the company’s products.

Healthways sells its Boston, MA based division, MeYou Health, to Ballast Point Ventures and other investors for \$11 million

MeYou Health was the digital health subsidiary of Healthways. Rick Lee, a veteran in the HIT sector led the group of investors. Healthways had invested over \$30 million in the company which is an open social network for employee wellness programs.

Healthways sells its Population Health Services business to Sharecare for \$30 million

Since Donato Tramuto became the CEO of Healthways last year, we have seen two divestitures already. Sharecare, owned by Discovery Communications, provides an online health and wellness engagement platform for consumers and employers. The acquired division has multiple proven protocols in areas such as weight loss and heart disease. This acquisition helps Sharecare increase their footprint and establish more credibility in the employer wellness market.

Essette, based in Longmont, CO is purchased by HMS Holdings for \$20 million

Essette’s software helps users streamline workflow and comply with regulatory requirements. The company helps risk bearing healthcare organizations engage and manage at-risk patients to improve outcomes. HMS, which is a large publicly held company with a market cap of \$1.9 billion, rarely engages in M&A activity. The company is involved in a variety of activities from insurance benefit cost containment to payment integrity services and eligibility verification. Although this is a small deal for HMS, it makes a lot of sense to us.

Apple buys Redwood City, CA-based company Glimpse

Rumors have it that this acquisition actually took place earlier this year but the news just leaked. Glimpse’s vision is a universal shareable medical record all in the hands of the consumers. We are fascinated by the different market approaches between Apple and Google when it comes to health. Apple’s entire effort seems to revolve around consumer-centric engagement, be it through their HealthKit, CareKit or even ResearchKit. Google, on the other hand, is sharply focused on science-based initiatives. They are doing some exciting work around longevity, genomics and smart contact lenses among other areas.

Cardinal buys Iowa City, IA-based TelePharm

TelePharm is a communication network that helps retail pharmacies connect with each other and their patients. Using the company’s software, pharmacies can establish telepharmacies in rural communities, grocery stores and nursing homes. This is one of the most innovative companies we have seen in the pharmacy space. Cardinal, as a large distributor of pharmaceutical products, has a strong case for buying the company.

Envision Pharma, based in Philadelphia, PA, acquired by GHO Capital and Ardian

Halifax bought Envision in 2013 from its parent company Express Scripts Holdings. The company has grown nicely through two acquisitions. Envision is essentially a communication company serving pharma, medical device and biotech companies. We believe there are a number of other acquisition targets that can be good tuck-in additions for Envision. Makes sense for the company to continue doing that under financial sponsor ownership.

Columbia Ultimate, based in Vancouver, WA was acquired by Ontario Systems

Columbia Ultimate, founded in 1979, is an established provider of software and services to collection agencies. A good chunk of the business comes from medical collections. The company has a respectable software and automation platform. Ontario Systems which is backed by Arlington Capital, is an RCM and A/R management company. We like this deal.

Staywell, based in St. Paul, MN, is sold to Merck's Healthcare Services and Solutions division

Staywell is a well known health engagement company that helps its clients engage and educate people. The seller, Vestar, is keeping a minority position in the company. Merck's Healthcare Services and Solution, known as HSS, works across all constituents from patients to providers and payers. The chief focus of the company is on clinical decision support, patient adherence and care management. We can definitely see the logic here.

Philips Healthcare Informatics, the healthcare subsidiary of Philips acquires Alpharetta, GA-based Wellcentive

This is Philips Healthcare second acquisition in a few months. Wellcentive, which had raised close to \$20 million, is a cloud-based population health management and data analytics company. This is an acquisition of a good company in a high growth sector. We will wait and see how Philips is planning to roll out their bigger strategy in healthcare. We have a feeling that the U.S. will be their main target geography.

Empath to sell its Clearwater, FL division, Suncoast, to Develus Systems

Suncoast develops technology solutions for the hospice and homecare companies. The company was essentially the IT arm of Empath, which owns and operates hospice care centers. Develus (known as Procura), is based in Canada and backed by Carrick Capital. The companies are in a similar business. This is a great opportunity for Develus to bulk up its US presence.

HealthNEXT, based in Philadelphia, PA to be acquired by HealthRight

HealthNEXT is a workforce population health management company, which helps companies improve the health of their employees. The company was founded in 2009. HealthRight provides on-demand doctor visits and dental care as well as lab testing. This looks like a great vertical integration strategy

Minneapolis, MN-based Bloom Health acquired by Empyrean Benefit Solutions

When Bloom Health rolled out their private exchange product, which lets employees choose their medical plans, there was a lot of market enthusiasm. The company's shareholders include Anthem and the BCBS Association. Empyrean, backed by FTV Capital and Claritas Capital, is an HR software company whose products span from HIPAA/COBRA services to FSA/HSA accounts. The company is basically buying an infrastructure provider for its products. We can see the rationale.

Artemis, based in Brentwood TN, is acquired by MediSolution

Artemis is one of the oldest EMR companies in the country. Their main specialty area is OB-GYN. MediSolutions, which was bought by N. Harris Corporation in 2009, is primarily involved in providing administrative solutions, such as payroll, scheduling, time and attendance and budgeting for healthcare organizations. This acquisition rides on the common theme of co-mingling administrative and clinical solutions, which we have advocated for many years.

Cinven purchases Newton, PA based BioClinica

London-based Cinven is one of the savviest private equity firms around. Just last month the firm took Medpace public. Medpace is a leading CRO company which Cinven had only acquired in 2014. BioClinica is a provider of CRO services and software to pharma companies. The chief focus of the company is on streamlining workflow and data cleansing. BioClinica serves more than 400 pharma, biotech and device companies. This is a great example of domain expertise among the larger PE firms.

CAPITAL RAISING ACTIVITY

Accolade, based in Seattle, WA raises \$71 million in Series E

Accolade started life as a simple healthcare concierge. Through heavy investments in technology, the company is now one big analytics engine that can save big \$\$\$ for employees and payers. The service, in essence, guides the member to the cheapest path to seek the care they are looking for. We love this model. This is not corporate wellness; this is a scientific approach to employee engagement with attractive underlying economics. The question is what is the revenue model? Is it percentage of savings or more of a SaaS model? In the long run the latter makes a lot more sense to us.

ClearCare of San Francisco, CA receives \$60 million from Battery Ventures and others

ClearCare is a software company catering to the needs of the home health market from agencies to care givers themselves. The cloud based solutions cover the entire continuum from scheduling, billing, recruiting, etc. Successful exits in the sector such as Homecare Homebase and others tell us that the runway is long and capital aplenty.

Zillion Group of Norwalk, CT raises \$28 million

First of all we love the name. Zillion, founded in 2014, is a communication company at its core. The software is an interaction management, which streamlines video chats, scheduling, document sharing and messaging all in an integrated fashion. The patient engagement solutions are offered to both payers and providers.

Specialists On Call, based in Reston, VA, raises \$50 million in debt and equity combined

The company, backed by Warburg Pincus, provides emergency telemedicine consults. Customers are predominately acute care hospitals. The transaction was underwritten by CRG. SOC has over 350 hospitals as clients. Their focused specialties include neurology, psychiatry and critical care. The company has also developed its managed services methodology where it offers a turnkey, technology-enabled operating platform for hospitals and clinics who wish to build their own telemedicine program. We like this company a lot.

Honor Technology of San Francisco, CA raises \$42 million

Less than a year ago, the company raised \$20 million from Andreessen Horowitz and others. Thrive Capital and select other investors have now joined in. Honor runs a portal which connects in-home caregivers and seniors and their families. The software has a matching system which connects the right caregiver to clients. This business is capital intensive but has attractive economics. Our nation is getting old and we want to spend our final years at home.

PillPack of Boston, MA raises \$40 million in Series D

On the heels of its \$50 million fund raise in May of 2015, the company is at it again. We have to admit, we had no idea that the company would take off so soon. PillPack's mission is to take on pharmacies. The company manages multiple prescription medications for customers, by pre-sorting, packaging and delivering the drugs all with a 24/7 pharmacy team. They almost lost their relationship with Express Scripts, nation's largest PBM, but resolved the dispute successfully. We understand that the pre-money valuation of this round was ~\$330 million.

Marathon Health of Winooski, VT attracts \$30 million investment from Goldman Sachs

It is amazing how many avenues companies are using to tackle the concept of employees' health. Marathon operates worksite health centers and offers onsite healthcare, preventive care and chronic condition coaching. We like the model. This type of model is almost like the first line of defense in the battle of maintaining a healthy employee population.

ESO Solutions of Austin, TX receives \$18 million in its second round of institutional capital

ESO provides software for emergency medical services and fire departments. They have some cool features embedded in their solutions, such as a translation engine so EMS providers can talk to non-English speaking patients. The system can also directly connect to the EMR of hospitals. Austin Ventures was the first institutional investor, investing \$4 million in June of 2012. Accel-KKR was the sole investor in this round. Pretty impressive.

ElationEMR, based in San Francisco, CA, raises \$15 million

We admit that the EMR space is crowded, but there is ample room for web native systems with rich connectivity and enhanced functionality, such as electronic lab interface, intra-office messaging, etc. ElationEMR is one of them. We like this company. Draper Fisher Jurvetson is among the new investors in this first round.

Docent Health, based in Cambridge, MA receives \$15 million in Series B

Docent offers software and mobile applications to organize and monitor patient care. Customers are health organizations who are targeting personalized care for their patients. The solution is a combination of digital technologies and human touch. Judging by the top investors such as Bessemer, Maverick and NEA, it looks like the company has a differentiated approach in this somewhat crowded space.

CareMerge of Chicago, IL raises \$14 million in Series B

CareMerge provides care coordination software for senior living communities, a very hot space indeed. The company has raised over \$20 million thus far. Insight Venture Partners led the round. Other existing investors including Cambia and GE Ventures also participated.

What we like about this company is their strategy of covering the entire care continuum from hospital discharge and patient tracking into post-acute care.

Azalea, based in Atlanta GA, raises \$10.5 million

Another EMR/PM/RCM play under the same system. This market is very crowded and hard to differentiate between vendors. But since Azalea has started all three

facets of their functionalities natively, we think they might have a good chance for success. Kayne Anderson Capital led the round.

SHYFT Analytics, based in Waltham, MA, raises \$12.5 million in Series B

There is a strong need for life science companies to access patient clinical data. This type of access materially improves product development and the analytic capabilities of these companies, leading to developing more effective drugs. Medidata Solutions and McKesson are both strategic investors in this round.

SHYFT aggregates EMR data and delivers real world treatment outcomes to pharmaceutical companies. In a short time the company has managed to land two of the top global pharma companies as clients.

SHYFT is one of the most promising companies in exposing clinical data to pharma companies.

Agoura Hills, CA based Aligned TeleHealth raises \$12 million

It looks like Aligned is building a comprehensive/turnkey solution in and around behavioral health and tele psychiatry for ED. They also have built their own EMR for the solution. Behavioral health has attracted significant capital over the past year and this is yet another model to tap into this large market. SV Life Sciences is the sole investor.

Central Logic of South Jordan, UT raises \$11 million

We like the company's messaging. They describe their mission as operationalizing the continuum of care. Central Logic helps hospitals manage their patient movements from admission to transfer. Via their technology, they aggregate intelligence by accessing ADT, EMR, bed management and other measures. Their results directly feed into staffing systems which can materially reduce costs. Iron Gate Capital and Mercato Partners participated in this transaction. The last rounds of funding for the company were \$10 million in total.

Reston, VA- based Avizia raises \$11 million

Avizia is a device company with deep competency in telemedicine carts and telemedicine peripherals. Their high definition video collaboration systems helps hospitals to conduct remote patient consultation and virtual care. Blue Venture Investors and Blue Heron Capital are amongst the investors in this new round.

INTERNATIONAL TRANSACTIONS

Publicly-held Beijing Thunisoft of China raises \$151 million

The company was founded in 2001 and has been involved with providing technology services to the government of China. Document management capabilities are the main competency of Thunisoft. Healthcare is their largest vertical.

QHR of Canada is purchased by Loblaw Companies for \$170 million

This is an interesting deal. QHR is a respectable EMR company that has been public for some time with revenues of around CAD 30 million representing 20% of EMR use in the country. Loblaw is one of the largest food and pharmacy chains in Canada. Riding the digital health momentum is the rationale here; may be a bit of a stretch.

Cure Fit Healthcare Pvt Ltd raises \$15 million in Series A

Cure Fit Healthcare of India operates a platform which enables its users to manage their health proactively. The company has embedded several solutions for prevention and engagement in its offerings. Accel Partners and IDG Ventures are among the investors. The digital health fever in India has just begun!

Magic Software Enterprises acquires 60% of Roshtov Software Industries, based in Israel for \$21 million

Rostov is an established HIS company in Israel. Magic Software, which is also based in Israel, has a market cap of \$300 million with sales of \$180 million. The company is a broad based system integrator covering multiple verticals including government agencies. Rostov will add a lot of credibility to Magic's healthcare initiatives.

Medbanks Network Technology of China raises \$30 million Series B from Tencent Holding and others

We have written before about the aggressive strategy of Chinese internet companies in the healthcare sector. Tencent is no exception. Medbanks is developing one of the largest oncology databases in China. With the large patient population in the country, we believe Medbanks could be a formidable competitor in this sector. We continue to be impressed by how quickly the country is moving into next gen healthcare sector and mobile health apps.

LifeWatch AG, based in Switzerland receives investment from AEVIS Victoria SA

LifeWatch is a public company with a market cap of SF168 million. The company sells wireless healthcare technologies and self-monitoring devices around the world. The company has experienced large losses and was in need of a capital injection. AEVIS is a property and investment company which operates hospitals, clinics and five-star hotels. Aegis now owns ~6% of LifeWatch.

Nightingale of Canada is purchased by Telus Health for \$14 million

We wish more telecom companies would follow Telus' example. Telus Health is the beachhead for Telus Corporation; one of the top Canadian telecom companies. Telus has been an active acquirer of healthcare assets. So much of healthcare has to do with networking, security, national footprint; it only makes sense that Telus is an active participant in the industry.

Sleep apnea player NightBalance of Netherlands raises \$13.9 million

There are several companies that have tackled the Obstructive Sleep Apnea (OSA) problem. The company's device measures the sleep behavior of the patient continuously and gives a gentle vibration once the patient turns into the supine position. The company has been around since 2009 and is getting impressive traction in Europe.

Shapeup Club AB of Sweden receives \$10 million Series B from Nokia Growth Partners and others

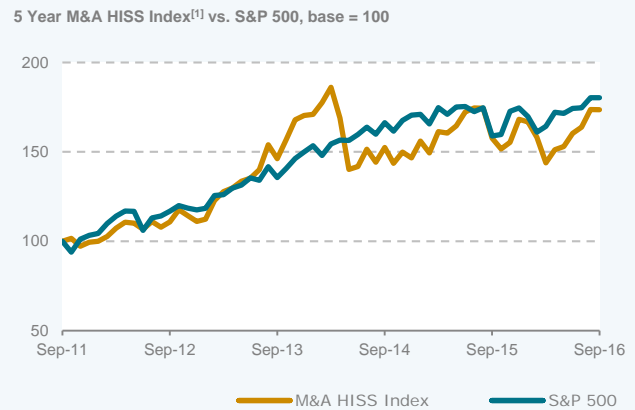
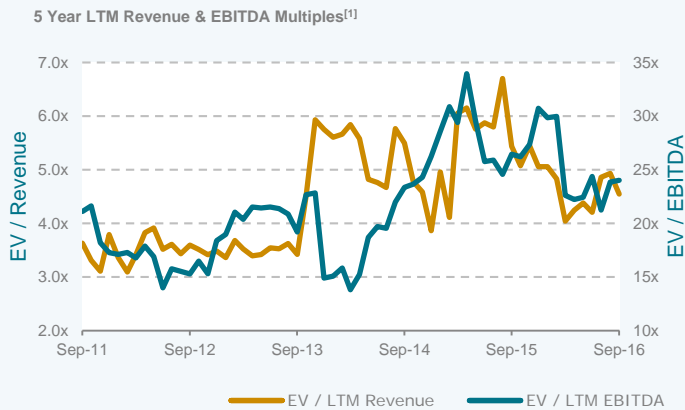
Shapeup develops a mobile app helping users to forge good health habits, recording their exercise and food intake. Nokia has quickened the speed of their acquisitions/investments in the healthcare space. This is the venture arm's 12th investments in 2016 alone.

Netdoktor of Sweden is purchased by Bonnier

Netdoktor is one of the best known on line health portals in Sweden. Bonnier Business Media is a large and respected publishing company in Sweden which is in turn owned by Bonnier AB, a pan European publishing and entertainment company. This makes a lot of sense to us. Perhaps we see similar deals in the U.S. as "sliver casting" becomes more prevalent.

Healthcare Information Software Systems

Public Market Data

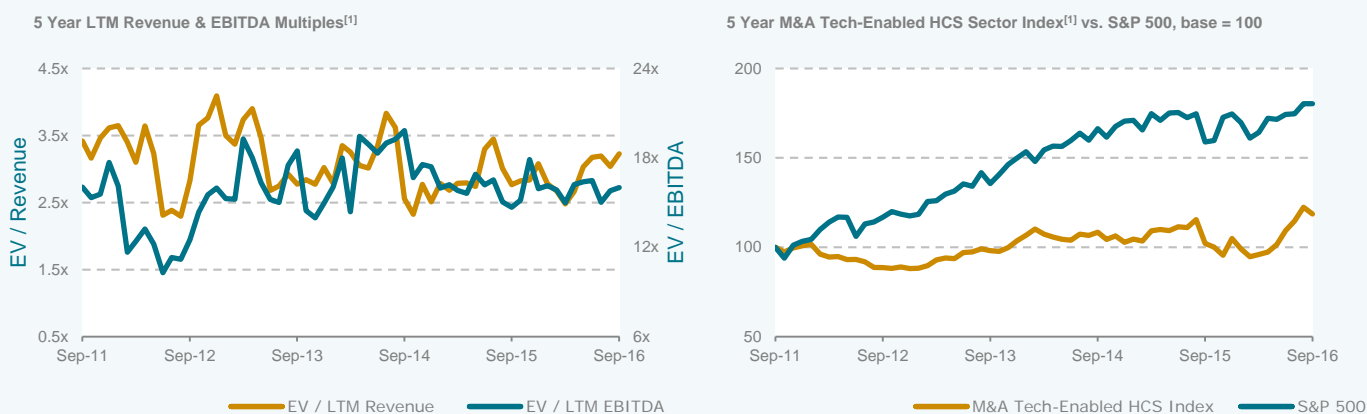


Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2015A	CY2016E	CY2015A	CY2016E	CY2015A	CY2016E	CY2015A	CY2016E
Cerner	21,457	21,412	4.9x	4.4x	17.8x	13.3x	31%	13%	28%	33%
Veeva Systems	6,141	5,661	13.8x	10.7x	63.9x	35.7x	31%	29%	22%	30%
athenahealth	4,777	4,937	5.3x	4.5x	nm	21.0x	23%	19%	7%	21%
Medidata	3,170	3,108	7.9x	6.7x	nm	29.3x	17%	18%	10%	23%
Allscripts	2,443	3,926	2.8x	2.5x	34.9x	13.3x	1%	13%	8%	19%
Inovalon	2,397	1,928	4.4x	4.1x	13.7x	14.2x	21%	8%	32%	29%
CompuGroup Medical	2,266	2,647	4.3x	4.2x	25.5x	18.5x	5%	2%	17%	23%
HealthEquity	2,159	2,010	15.9x	11.3x	57.8x	32.3x	44%	40%	27%	35%
The Advisory Board	1,798	2,353	3.1x	2.9x	22.9x	12.2x	34%	7%	13%	23%
NantHealth	1,631	1,405	24.1x	11.0x	nm	na	72%	120%	na	na
Benefitfocus	1,132	1,139	6.2x	4.8x	nm	na	35%	27%	na	na
Quality Systems	691	753	1.5x	1.5x	13.2x	8.5x	3%	2%	12%	18%
Computer Programs & Systems	348	499	2.7x	1.8x	15.0x	8.6x	(11%)	51%	18%	21%
Trim Mean	2,601	2,715	6.5x	5.2x	26.8x	18.1x	22%	21%	17%	25%
Median	2,266	2,353	4.9x	4.4x	22.9x	14.2x	23%	18%	17%	23%

NantHealth added as of 6/2/16

Technology-Enabled Healthcare Services

Public Market Data

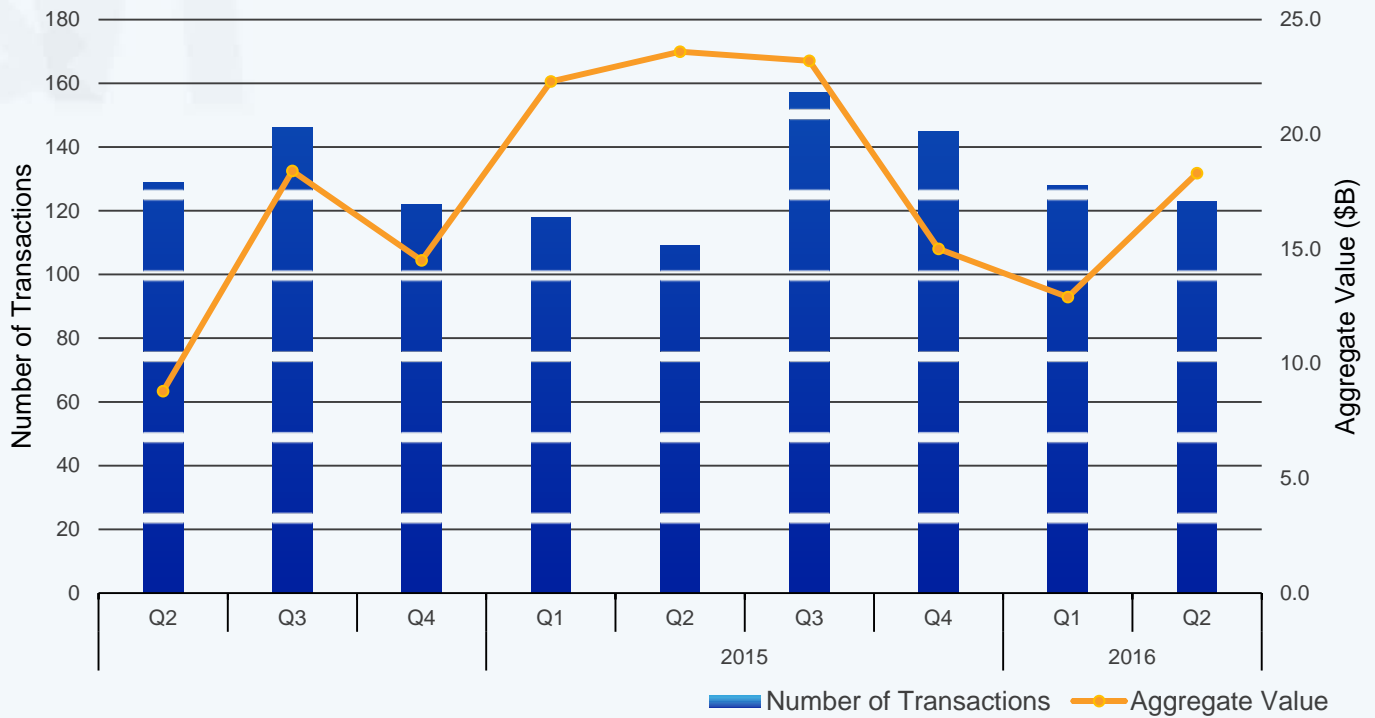


Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2015A	CY2016E	CY2015A	CY2016E	CY2015A	CY2016E	CY2015A	CY2016E
McKesson	37,939	42,972	0.2x	0.2x	10.0x	8.4x	10%	6%	2%	3%
Cotiviti	2,743	3,505	6.5x	5.7x	17.5x	14.5x	23%	13%	37%	39%
WebMD	2,548	2,572	4.0x	3.6x	17.6x	11.3x	10%	11%	23%	32%
Press Ganey	2,157	2,293	7.2x	6.2x	nm	16.2x	13%	15%	9%	38%
HMS Holdings	1,924	1,934	4.1x	3.9x	21.4x	15.7x	7%	5%	19%	25%
Evolent Health	1,377	1,472	15.2x	6.4x	nm	n/a	na	137%	na	n/a
Healthways	954	1,177	1.5x	2.3x	35.6x	11.8x	4%	(34%)	4%	19%
HealthStream	851	712	3.4x	3.1x	28.1x	20.3x	22%	9%	12%	15%
Emis	816	820	4.0x	3.8x	15.3x	12.0x	13%	6%	26%	32%
Teladoc	735	654	8.4x	5.4x	nm	n/a	78%	58%	na	n/a
MINDBODY	695	623	6.1x	4.5x	nm	n/a	45%	36%	na	n/a
Vocera Communication	463	345	3.3x	2.9x	nm	n/a	9%	15%	na	3%
Castlight Health	415	289	3.8x	2.9x	nm	n/a	65%	33%	na	n/a
Everyday Health	267	353	1.5x	1.4x	14.6x	7.8x	26%	11%	10%	18%
Accretive Health	228	169	1.4x	0.8x	nm	n/a	(44%)	79%	na	n/a
Craneware	171	122	2.6x	2.3x	8.6x	7.2x	8%	16%	30%	31%
Trim Mean	1,387	1,419	4.1x	3.5x	17.8x	12.2x	19%	22%	19%	25%
Median	851	820	3.9x	3.4x	17.5x	11.9x	13%	15%	19%	28%

Teladoc added as of 7/1/15, Cotiviti added as of 5/26/16

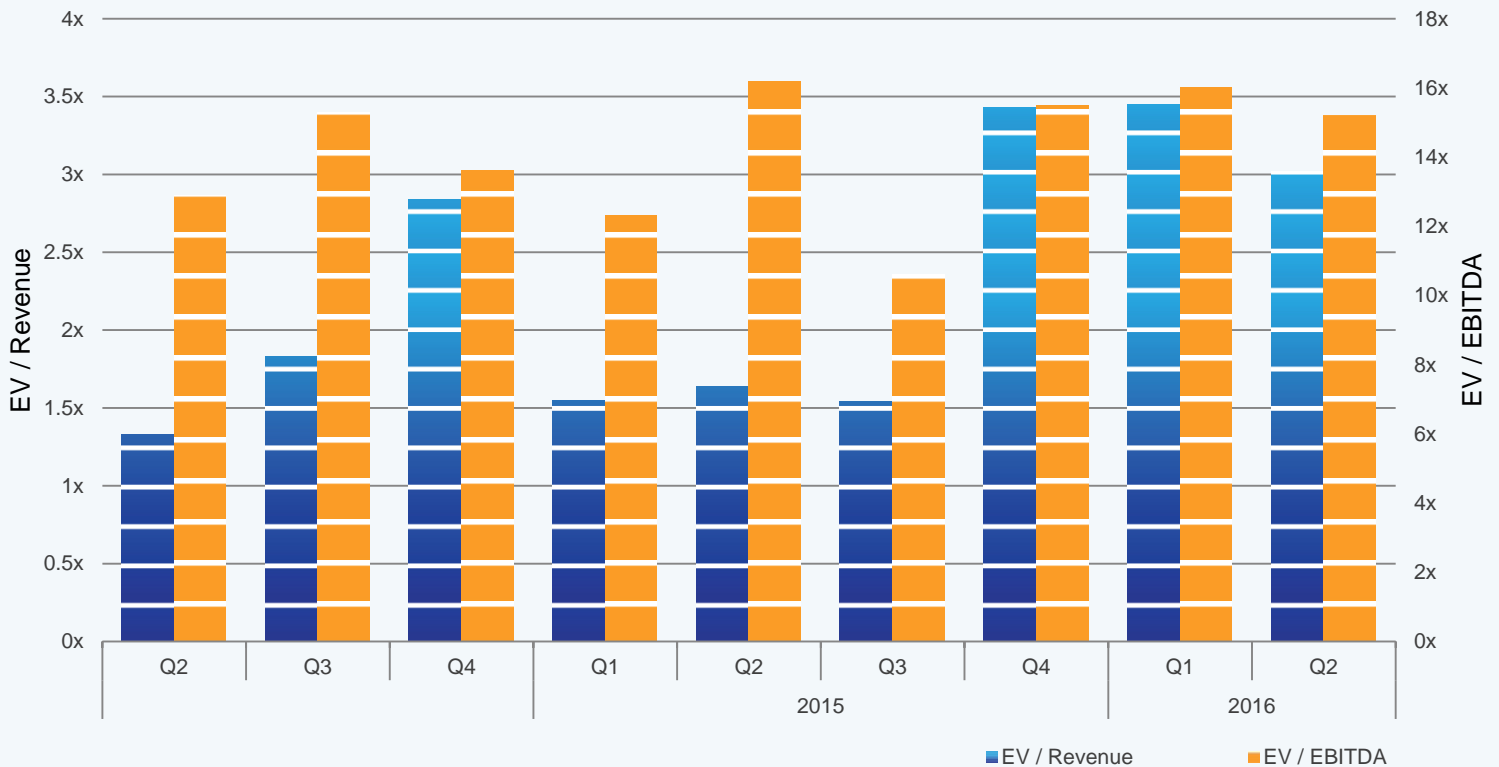
MERGER AND ACQUISITION TRANSACTIONS

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:

- Boutique Investment Banking Firm of the Year (2014, 2015, 2016)*
- 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)
- Middle Market Financing Deal of the Year - Equity (2007)
- Middle Market Financing - Financial Services Deal of the Year (2007)

**TMT Advisory Firm
of the Year (2015)**

**Boutique Investment
Banking Firm of the
Year
(2015)**

**– 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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