

# H.I.T. Greatest Hits

January 2018



# M&A

MARLIN & ASSOCIATES

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

## HIT MARKET UPDATE

New York

Washington, D.C.

Toronto



XEN Partners

## DEAR CLIENTS AND FRIENDS

### Happy New Year and welcome to our January 2018 HIT Market Update

Once again it is time to try our hand at predicting the trends that will shape the course of the New Year. Here is our Part I.

**A different approach to risk management will drive the largest partnerships and M&A transactions.** The pending CVS/Aetna and Humana/Kindred acquisitions are not about reducing duplicate costs or adding customers to increase scale. They are about the need to offer a more complete service. The argument is that control over value chain will translate into a more efficient organization with better cost management and more favorable health outcomes. Oscar Health's partnerships with AXA, Humana and Cleveland Clinic are other examples of the same trend. Get ready for more vertical integration and multi-party consortia arrangements. A profound cultural shift towards a value-centric risk management is coming.

**EHRs will elevate their position and decidedly expand their footprint.** A few years ago, we predicted that the most important clinical/administrative functions will eventually reside within EHRs. Now that the elephant-sized installations are nearly finished, vendors are furiously integrating additional functionalities such as RCM, quality metrics, and even precision medicine; all inside the physician's workflow. With the exception of precision medicine, many EMRs are either building or buying these capabilities. Those that are operating at the most immediate adjacencies of EMRs need to become either hunters or prey- or else they will vanish.

**Blockchains will become the industry's next key infrastructure component.** Distributed ledgers that can record transactions between parties in a verifiable and permanent way have strong use cases for our industry. These vary from patient identity management, RCM and even analytics. Blockchains can single handedly transform the EHR platforms and provide access to providers, payers and consumers by removing much of the interoperability challenges. The seeds of this titanic change were sown a while back, and even though it will take at least 4-6 years before it can reach ubiquity, this game will change everything.

We wish you a prosperous year in 2018. May all your efforts and hard work turn into great achievements for our industry.

Sincerely,

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#### In this issue:

- Humana joins hands with Welsh Carson and TPG to purchase Kindred Healthcare in a 4.1B transaction
- Alphabet spin off, Cityblock raises \$20M to provide insurance for the elderly and homeless population
- Koch brothers make their first investment in healthcare, leading the \$150M funding round for the Israeli company, Insightec
- Microsoft and Google invest in the genomic informatics and data management company, DNAnexus' \$58M round of financing
- Japan's JSR Life Sciences acquires Crown Bioscience, a Taiwanese CRO, for \$400M

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## IMPORTANT INDUSTRY NEWS

### Group of 300 hospitals, and potentially VA, join hands to make generic drugs

Intermountain and Ascension are some of the notable members of this group. VA has also expressed an interest to join in. This is a non-profit arrangement and will mostly focus on generic and off patent drugs. Just as an example, the price of Daraprim has gone from \$13.50 to \$750 since 2015. No wonder that the industry is fed up. This type of consortium structure will continue. Time to have a reasonable market clearing price for drugs.

### AXA, one of the largest multinational insurer and Oscar Health enter into a reinsurance pact

On the heels of its deals with Humana and Cleveland Clinic, Oscar Health is trying to accelerate its growth by ceding a portion of its risk and premiums. Oscar has managed to double its individual market presence in six states.

This is a clever idea, as it could help Oscar minimize its losses but continue to grow. The company posted a \$57M loss in the first half of 2017.

### Digital health startups raised an all-time high of \$11.5B globally in 2017 vs. \$8.0B in 2016

The numbers are finally in and the jump is quite impressive. According to StartUp Insight Health, over 462 companies were funded in 2017. Measured by number of deals, seed, Series A and Series B funding kept their percentages roughly the same (29%, 36% and 20% of the total in 2017).

Internationally, China led the pack with close to \$650 million funding over only 15 deals, followed by the UK which spent \$190 million on 22 deals. There are now 1,203 investors in healthcare globally up from 865 in 2016.

### Epic is to release a new slimmed-down EHR called Sonnet

Sonnet will be released in March of this year. The target market is physician practices and smaller hospitals which will surely benefit from the lower price points and shorter implementation times. Epic claims that the implementation for this new system will only take few months, vs. years for its All-Terrain system which is a full Epic EHR.

We are not surprised by the move of course. The mega deals are over and the company needs to “feed the beast” so it can keep growing. Time will tell if this will hurt companies catering to the lower end of the market.

### Nike gets out of wearables

Nike’s FuelBand was indeed the pioneer in the wearable market. It is sad to see the leader abandon the business. But then again Fitbit employs hundreds of people in its R&D group just to develop a handful of products. Wearables are not for the faint of heart.

## CAPITAL RAISING ACTIVITY

### ABILITY Network of Minneapolis, MN raises \$545M in debt financing

Summit-backed ABILITY is one of the best success stories of an HIT investment. The company is amongst the largest players in the industry with roots in RCM services. ABILITY has now moved into clinical domain and has a broad offering across the board from hospitals to skilled nursing facilities. The proceeds refinance the existing debt facilities and pay dividend to shareholders.

After the sale of ZirMed, ABILITY and Availity are now the last two remaining mega players left in the industry.

### WestView backs Concord, CA-based Jopari Solutions with a significant investment

We have the highest respect for WestView, one of the smartest PE firms around. WestView has been extremely successful in investing in “under loved” sectors and making attractive returns.

Jopari enables the electronic exchange of claims, clinical attachments and payments to the P&C, commercial and healthcare markets. The software is integrated with leading workers comp payers.

### Intuity Medical of Fremont, CA coins a \$70M debt and equity raise

Intuity is a diabetes management technology company. The monitor called Pogo, which received FDA approval in 2016, contains a test port, lancets and a lancing device all in a single 10-test cartridge system.

Hercules Capital provided \$30M of debt financing. The company has raised over \$250M since 2009. The sector is over crowded, but then again diabetes is a serious condition. Intuity has the technology and now the funds to become a true success story.

### **Pager of New York, NY closes a strategic round of financing with the NJ insurer, Horizon Healthcare**

Pager, which was founded in 2014, provides large health plans and health systems with solutions to help their members/patients find the most convenient and cost-effective care. This could be via video consults or schedule appointments with primary doctors and specialists. Horizon is deploying Pager to an initial group of 10,000 members. The company has a comprehensive technology roadmap to use AI and machine learning to expand its products.

### **Metavention of Eden Prairie, MN raises \$65M in Series C**

NEA led the round. The company is starting Phase 2 study of its technology which aims to treat Type 2 diabetes through a one-time procedure that is performed by an interventional cardiologist. Clearly this will revolutionized the treatment of T2D. Another example of drug free treatment which is now a serious branch of medicine.

### **Synzi of Clearwater, FL receives an investment from the private equity firm, Kinderhook Industries**

Synzi is a spinoff of the language services company, Stratus Video. It offers providers, payers and biotech/pharma companies a multi-channel communication platform combining video, email and messaging with a high degree of customization.

The platform has the ability to also monitor patients remotely. Given its roots, Synzi also caters to people who have limited English proficiency or are deaf/hard of hearing. We like the whole package.

### **DNAxexus of Mountain View, CA fetches \$58M in funding bringing total raise to date to \$104M**

DNAxexus is a cloud-based genome informatics and data management company. It provides tools for companies that are involved in the delivery of genomic medicine. Microsoft and Google are both investors. The company also facilitates collaboration between a variety of scientists worldwide.

### **Pear therapeutics of Boston, MA raises \$50M in Series B, bringing total funds raised to \$70M**

Pear develops digital therapies for behavioral health disorders. The range of solutions cover addiction, schizophrenia, pain, anxiety, stress, depression, etc.. Temasek, Singapore's sovereign wealth fund, led the round. We have been a huge proponent of digital therapeutics and applaud this team.

### **Quartet Health, based in New York, NY raises \$40M in Series C, bringing total funding to \$92 million since 2015**

The company connects primary care doctors to mental health providers. It also helps patients find the right mental health provider. F-Prime Capital Partners and Polaris Partners led the round. Google Ventures also participated.

Mental health is certainly a hot space. AbleTo, Headspace, Habit and Digital Health (UK) are some of the recent companies that have received funding in the sector.

### **Milpitas, CA-based Bigfoot Biomedical raises \$37M in Series B bringing total funding to \$85M**

The company is developing an AI-enabled automated insulin delivery system for people with Type 1 Diabetes (T1D).

Bigfoot has integrated Abbott's glucose-sensing technology inside its insulin delivery solution. Over six million Americans need to use insulin regularly, so the addressable market is quite significant.

### **HNIhealthcare based in Austin, TX raises \$32M bringing total funding to \$52M to date**

The company is a practice management vendor for the hospitalist industry. HNI can help clinical teams to identify and improve key quality metrics including CMI, LOA and HCAHPS and increase documentation accuracy.

Six undisclosed investors provided the funding.

### **Aledade of Bethesda, MD raises \$23M bringing total funding to date to close to \$100M**

Aledade is run by the former HHS official, Dr. Farzad Mostashari. The company works with doctors to analyze patient data and coordinate care. It has attracted ACOs and providers who are interested in the new payment contracts with Medicare and private health insurers.

### **Alphabet's spin off, Cityblock based in New York, NY raises \$20M**

The company comes out of Alphabet's urban innovation group, Sidewalk Labs, and aims to help low-income Americans get healthcare. This includes elderly as well as homeless population. The focus is on patients who qualify for Medicaid which unfortunately is 1 out of 5 Americans. The way the company makes money is through taking on risk for this targeted population and delivering better and more affordable care. Former CMS administrator, Andy Slavitt, and Rock Health co-founder Halle Tecco are some of the big names on the board of the company. We are very excited about Cityblock and hope other startups will follow suit. Thrive Capital is amongst the backers of the company.

### **StartUp Health, based in San Francisco, CA gets \$19M from the Chinese firm, Ping An Global and others**

StartUp Health is a unique combination of a fund and support organization aiming for 10 specific healthcare moonshots. The company has amassed 200 digital health companies from 5 continents and 19 countries. They claim to have 30,000 investors from around the world.

### **Neural Analytics of Los Angeles, CA secures \$15M in funding in Series B bringing total raise by the company to \$38M**

Neural is a medical device company that develops technologies for measuring, diagnosing and tracking brain health. Alpha Edison led the round. The company's Lucid System is an ultrasound which assesses the brain's blood vessels from outside the body. The solution helps physicians perform the test in the office and diagnose brain disorders. The system is FDA cleared. The company recently won a \$10M contract from DoD. Rapid diagnostics at point of care is the future.

### **New York, NY- based CareDox closes a \$16M in Series B**

AI Life Sciences and 7wire led the round. The company connects school nurses, parents and pediatricians around caring for the child. There are 50 million kids nationwide in schools. Public schools are the first targets. The software captures student medical charts, medications and immunization and engages parents and providers with alerts about health events.

There are companies that are trying to aggregate the family's medical records and manage relationships between their members and the physicians. It will be interesting to see if CareDox will be able to squeeze its way and come to the top.

### **OWKIN of New York, NY receives \$11M in Series A**

The company is an AI software provider which allows prediction modeling and population comparison services. These services are used to accelerate drug discovery. Drug discovery often takes years and is a big pain point for the pharma industry. OWKIN will not be short of interested customers.

### **Peerfit of Tampa, FL raises \$10.3M in Series B bringing total funds to \$15M**

Peerfit, a service offered to employers, operates as a community to help people share fitness with their team of colleagues. They help employees to find the right classes and tools to stay motivated and connected. A niche play that could work.

### **Manhattan Beach, CA- based contracting software, Curisium, using Blockchains raises \$3.5M in seed capital**

We do not cover small raises in this newsletter. But we are keeping our eyes on blockchain investing. Curisium, is a contracting software helping payors, providers and life science companies engage in value-based contracts. The argument is that these contracts have highly complex logistics and are difficult to verify. Blockchain technology is the perfect solution. Some big heavy hitters are investors here including NEA, Sanofi Ventures and Flare Capital.

## MERGERS AND ACQUISITIONS

### **Humana buys Louisville, KY-based home health and hospice giant Kindred Healthcare for \$4.1B, representing a premium of 27%. TPG and Welsh Carson join as partners**

This transaction represents a number of key trends. One is the much-talked-about vertical integration between payers and providers. The second is the growing movement towards partnerships between strategic and financial buyers which, until recently, competed for the same assets.

In a complex arrangement, Humana will acquire a 40% stake in the target's home care business for about \$800 million. The hospital and home care divisions of Kindred will eventually split with the financial buyers owning the former business. Humana has the right to purchase the rest of Kindred's home care operation in 3-5 years.

### **InTouch buys Truclinic based in SLC, UT; entering direct-to-consumer telehealth**

InTouch which has raised \$57M since its inception in 2002, offers cloud based infrastructure solutions for the telehealth industry. The company has managed over 800,000 physician-to-patient consultations with 14,000 providers and 130 health systems. InTouch has the most comprehensive telehealth service lines; supporting more than 30 different services from acute to post-acute care. Truclinic is a configurable and modular software platform which can be applied in any physician's office. The two companies were ranked #1 and #2 in their sector. Two winners joining hands. We like that.

### **West Corporation buys PhoneTree based in Winston-Salem NC**

PhoneTree is a secured messaging platform for patient appointments, text and voice messaging. West is one of the largest global players in communication services which was taken private by Apollo Global for \$5.1B. West has been an active acquirer of healthcare assets.

### **Evolent Health completes its acquisition of certain assets from New Mexico Health Connections**

The deal was first announced in September of 2017. Evolent which provides a VBR platform for health systems is now able to operate a new health plan under True Health New Mexico. The target's assets include a commercial plan and health plan management services.

Although this is a very small deal (\$10.25M), its significance as a vertical integration strategy for Evolent should not be ignored.

### **Change buys Madison, WI-based National Decision Support Company**

Change and NDSC are old partners. The target's automation engine can streamline medical reviews and prior authorization by accessing clinical data in EMRs. NDSC has multiple modules for radiology and internal medicine best practices. Although the company is pretty small, it brings a very rich array of evidence-based medicine capabilities to Change.

### **Francisco Partners-backed QGenda acquires Sparks, MD-based Tangier Software**

Tangier develops scheduling software for a variety of sectors including emergency and urgent care centers. QGenda is in the same business but covers different specialties. A nice roll up play indeed.

### **Allscripts scoops up EHR vendor Practice Fusion for \$100M cash; broadening its ambulatory presence**

Practice Fusion was once the darling of Wall Street; touted to be one of the most successful healthcare IPOs. Over its lifetime since 2005, the company had managed to raise \$160M. Some 30,000 ambulatory sites serving five million patients each month currently use Practice Fusion's software which started as a free, web-based EHR to help small doc practices earn meaningful use incentives. In exchange the company had access to anonymized data to sell to pharma and CRO markets. All a noble aim, but the company failed to successfully operationalize the vision. Allscripts is undoubtedly one of the most aggressive acquirers in the industry right now. The company purchased McKesson's HIT assets in August of 2017.

### **In partnership with Level Equity, Carlyle buys Net Health, a provider of clinical documentation, practice management and billing solutions company based in Pittsburgh, PA**

Spectrum Equity is the seller here. The firm bought a majority stake in NH in the summer of 2012. The company focuses on the outpatient market. Its software solutions serve five medical specialties. They have an installed base of 3,000 urgent care, wound care, physical therapy, speech and occupation therapy centers.

### **Carlyle Group acquired MedRisk based in King of Prussia, PA from TA Associates**

MedRisk provides physical medicine solutions to the workers comp industry. The company is an old hand in the industry having been established in 1994. MedRisk has a national network of physical medicine providers in all 50 states and works with 17 of the top 20 workers comp insurance carriers and 8 out of the top 10 TPAs. The workers comp industry is booming. Lots of activity both on the administrative and onsite services fronts.

### **New mountain-backed OneDigital Health and Benefits acquires the Ruggieri Consulting Group based in New York, NY**

The target is a boutique consulting company focused on designing and pricing health, welfare and retirement plans. OneDigital is a large and serious player in the employee benefits space. The company has over 35,000 clients and manages nearly \$4.5B in premiums. This is a great combination bringing the focused IP of Ruggieri under the umbrella of OneDigital; strengthening the firm's foothold in New York.

### **eHealth acquires Round Rock, TX GoMedigap for \$20M upfront and \$30M in earn out**

eHealth is one of the leading online health insurance exchanges in the U.S. GoMedigap is a broker for Medicare Supplement insurance. In just a few years, GoMedigap has managed to assemble 26,000 members. Great Medicare play for eHealth.

### **Frazier-backed Matrix Medical Network acquires Healthfair based in Winter Park, FL**

The target is a provider of mobile health assessment and diagnostic testing services for payers, providers and employers. Matrix's solutions include in-home health assessment, quality improvement and care management services. Matrix has a network of 5,800 community-based providers which can be leveraged using Healthfair's mobile clinics.

### **Doctor.com based in New York, NY and Connect Healthcare based in Decatu, GA announce merger**

This is match made in heaven. Doctor.com is in the business of reputation management and universal scheduling solutions. Connect Healthcare has strong data warehousing and provider directory tools as well as reputation management for large hospitals. The company stores 1.2 million provider data for 7.5 million unique users. Over 200 hospitals use the system.

### **SymphonyCare acquires Birmingham, AL-based Influence Health's Empower patient portal**

The target has a patient engagement product which reaches more than a half a million patients monthly seeing 8,200 providers at more than 1,900 locations. Services focus on telemedicine and medication management applications. Symphony has a data integration and population management platform. The hope is that the combined companies can offer a more integrated service to their clients.

Influence Health, formerly MEDSEEK, is a CRM company. We are a bit confused why they are selling their portal business which should be a vital part of their CRM strategy.

### **Press Ganey purchases Bivarus based in Durham, NC**

The target is involved in measuring continuous quality improvement (CQI). Press Ganey, which was privatized in 2016, is one of the largest players in the experience measurement business. Bivarus's real time technology is a great value-add for Press Ganey.

## **INTERNATIONAL TRANSACTIONS**

### **Koch brothers make their first investment in healthcare and lead a \$150 million investment in the Israeli-based company, Insightec's series E**

The company is developing a non-invasive image-guided neurosurgery device. The FDA-cleared technology's first use is for tremors. Essentially the doctor can use the device to aim high-intensity ultrasound at parts of the brain. The company is already working on other areas including Parkinson and cancer of prostate, liver and pancreas. The investment gives the right to the investors to inject another \$150M into the company down the line. This is an amazing breakthrough.

### **Wolters Kluwer's health division sells its US subsidiary, ProVation for \$180M**

Clearlake Capital is the buyer. ProVation is a procedure documentation software company for hospital and ambulatory surgery centers. The company has \$70 million in revenue and 200 employees. Wolters Kluwer bought the company in 2006 for \$112M.

### **Carlyle Growth Investments acquires significant majority in Visionary RCM based in India**

The target is the largest provider of medical billing, coding and RCM outsourcing services in India with 2,500 employees and five offshore delivery centers. This is a smart investment and the platform can be scaled to cover additional services. India has managed to maintain its competitive advantage in people-intensive sectors and will continue to thrive in healthcare.

### **Boston-based American Well gets \$59.2M from Allianz**

The company is undoubtedly one of the pioneers of the telehealth industry. American Well works with millions of patients through national health plans, hospitals, employers and pharma companies in the U.S. As a global and well capitalized insurer, Allianz of Germany has over 800,000 medical providers in its network across the world. The plan is to take American Well's technology globally. This is fantastic news for the company and the U.S. healthcare industry. We don't hear much about globalization of U.S. digital health industry.

### **Singapore-based Tessa Therapeutics raises \$80M**

Temasek led the round. the company focuses on T-cell treatments for solid tumors. The company's virus-specific T-cell immunotherapies bear some similarities to CAR-T; they also involve harvesting immune cells from patients, tweaking them to respond to tumors and infusing the cells back into the patient. Drug free treatments, keep them coming!!

### **Lifco AB acquires Computer Konkret AG of Germany**

Computer Konkret develops software for dentists and orthodontists. Lifco is a \$3.5B market cap company based in Sweden and is a large distributor of dental equipment. The acquisition makes sense to us.

### **Doctrin AB of Sweden receives \$11M in funding**

The company helps providers to roll out eVisit platforms. It has developed a comprehensive platform of gathering patients' information to assist providers to better care for their patients. eVisits is certainly a global trend now.

### **Japan's JSR Corporation, parent of JSR Life Sciences, has snapped up Taiwan-based CRO Crown Biosciences for about \$400 million.**

With operations across the U.S., Europe and China, Crown has a portfolio of platforms for oncology and cardiovascular/metabolic diseases. The company says the solution can bring insight to a drug's efficacy, pharmacological profile and patient response. Buyer's parent company has a market cap of \$4.5B. This is a big bet for the company.

### **Elsevier buys Via Oncology based in Pittsburgh, PA**

The Via Pathways, a UPMC spinoff, features evidence-based content developed by committees of leading oncologists, helping with development of clinical algorithms to help treat 95 percent of cancer types. The content is deployed to providers through Via Portal, a decision support tool that's integrated with their EHRs at the point of care.

### **Siemens buys fast Track Diagnostics based in Luxemburg to boost molecular offering**

After shedding its HIT unit to Cerner, Siemens is entertaining floating its healthcare unit. The technology of Track Diagnostics helps reduce time in the laboratory for the detection of conditions including respiratory infections.

### **Accel KKR acquires Chilean digital healthcare network I-Med for \$120M**

I-Med is the largest healthcare digital network in Spanish-speaking Latin America. The company processes over 600 million bill payments, payroll and data processing for the healthcare industry. Chile is the eight best healthcare systems in the world in part because of the efficiencies brought by I-Med technology.

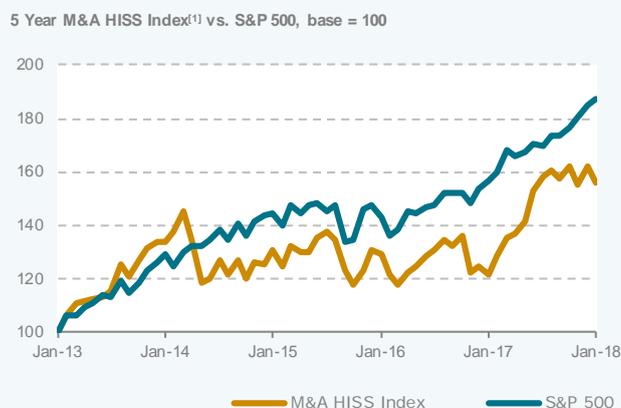
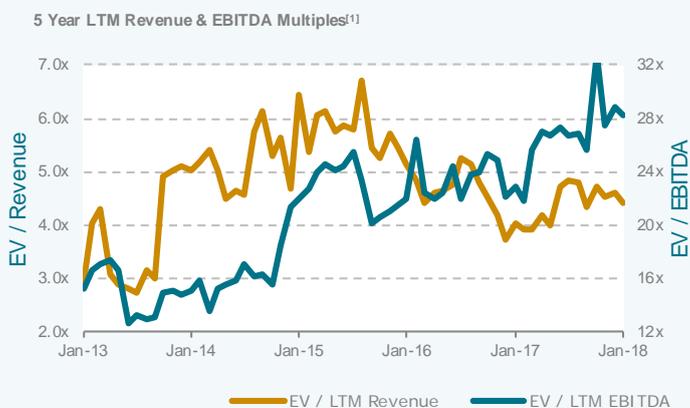
### **Imascap SAS picks up TMG France for \$88M**

TMG is a leading developer of planning software for joint surgery. The buyer is owned by Wright Medical Group of the Netherlands and is one of the largest medical device manufacturer for extremities and biologics.

# Marlin & Associates' Index Performance

## Healthcare Information Software Systems

### Public Market Data



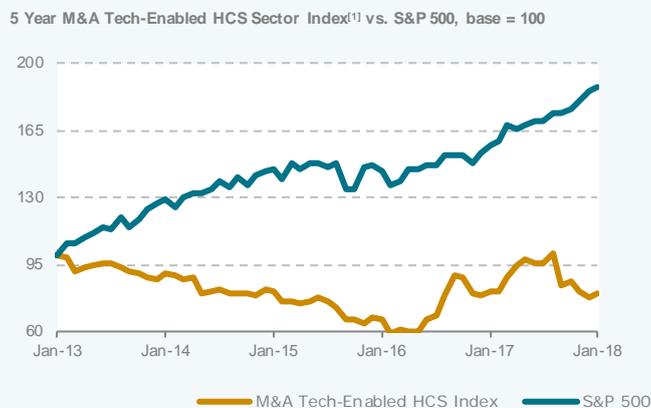
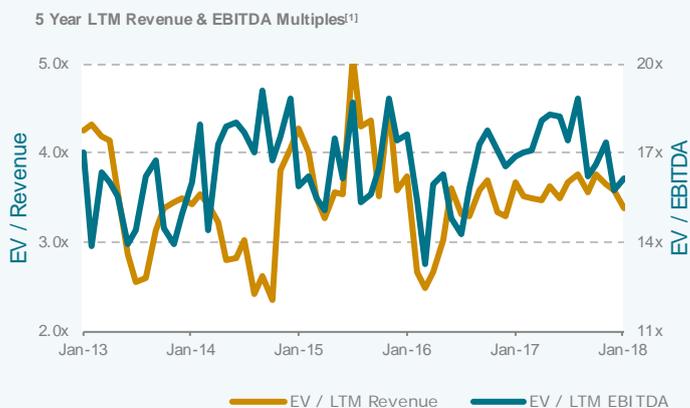
Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2017E	CY2018E	CY2017E	CY2018E	CY2017E	CY2018E	CY2017E	CY2018E
Allscripts	2,628	4,398	2.4x	2.0x	12.1x	10.3x	17%	18%	20%	20%
athenahealth	5,415	5,568	4.6x	4.1x	21.2x	16.5x	12%	11%	22%	25%
Benefitfocus	842	907	3.5x	3.2x	47.9x	32.6x	10%	10%	7%	10%
Cerner	22,830	22,513	4.4x	4.0x	13.5x	12.3x	9%	8%	32%	33%
CompuGroup Medical	3,497	3,882	5.4x	3.9x	24.6x	14.9x	3%	39%	22%	26%
Computer Programs & Systems	404	547	2.0x	1.9x	11.3x	10.4x	0%	6%	18%	19%
Health Equity	2,887	2,661	11.7x	9.5x	32.3x	25.2x	28%	23%	36%	38%
Inovalon	2,125	1,844	4.1x	3.8x	16.8x	15.0x	6%	8%	24%	25%
Invitae	438	404	6.0x	3.2x	na	na	168%	88%	na	na
iRhythm Technologies	1,279	1,205	12.4x	9.1x	na	na	52%	37%	na	na
Medidata	3,841	3,718	6.8x	5.8x	27.6x	22.9x	18%	18%	25%	25%
NantHealth	354	314	3.3x	2.3x	na	na	(6%)	42%	na	na
Omicell	1,890	2,075	2.9x	2.6x	23.9x	14.7x	4%	12%	12%	17%
Orion Health	131	125	0.9x	0.9x	na	na	(10%)	6%	na	na
Quality Systems	863	891	1.7x	1.7x	10.9x	11.0x	4%	2%	16%	15%
Veeva Systems	8,527	7,769	11.4x	9.6x	34.2x	29.7x	25%	18%	33%	32%
<b>Trim Mean</b>	<b>3,144</b>	<b>2,585</b>	<b>5.0x</b>	<b>4.1x</b>	<b>21.7x</b>	<b>17.3x</b>	<b>13%</b>	<b>18%</b>	<b>22%</b>	<b>24%</b>
<b>Median</b>	<b>2,008</b>	<b>1,959</b>	<b>4.2x</b>	<b>3.5x</b>	<b>22.5x</b>	<b>14.9x</b>	<b>10%</b>	<b>15%</b>	<b>22%</b>	<b>25%</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

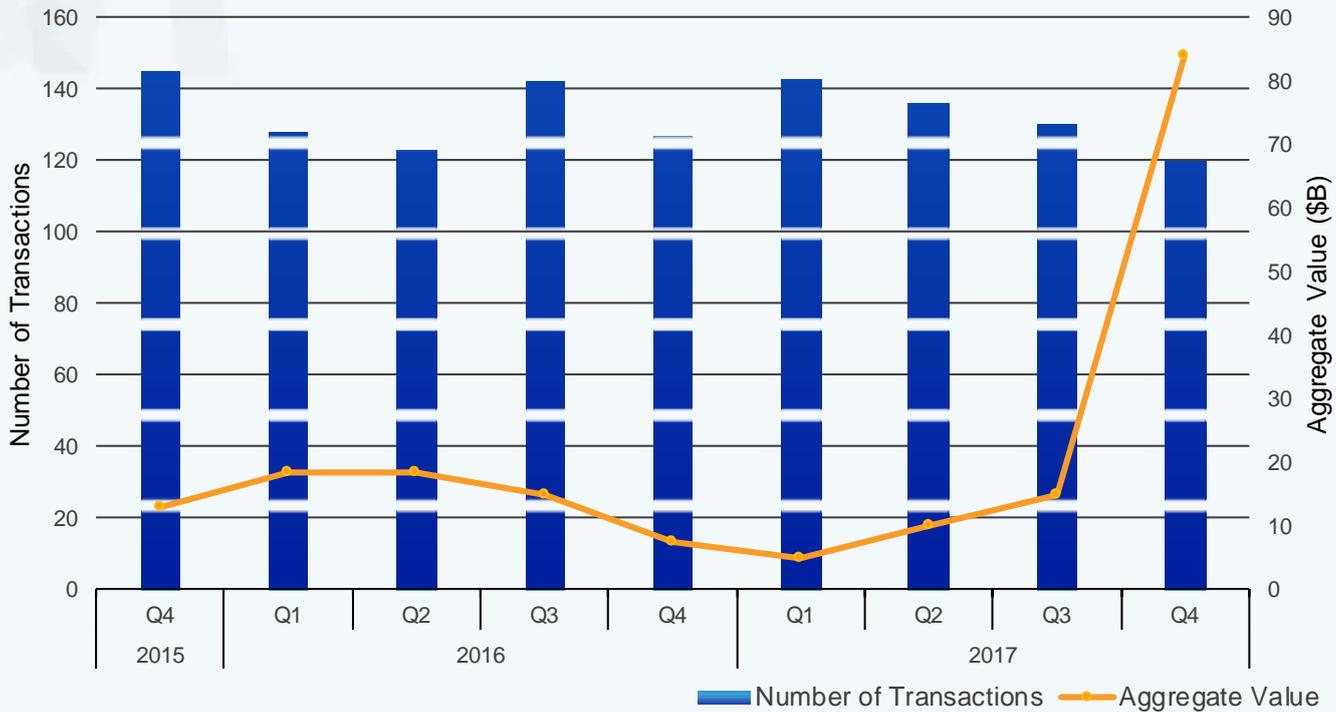


Company (USD millions)	Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA		Revenue Growth		EBITDA Margin	
			CY2016A	CY2017E	CY2016A	CY2017E	CY2016A	CY2017E	CY2016A	CY2017E
Accretive Health (R1 RCM)	451	493	0.8x	1.1x	1.6x	nm	405%	(26%)	53%	1%
Castlight Health	496	414	4.1x	3.1x	na	na	35%	31%	na	na
Cotiviti	2,905	3,556	5.7x	5.1x	16.6x	13.2x	15%	11%	34%	39%
Craneware	566	513	9.6x	8.3x	31.4x	26.7x	15%	16%	31%	31%
Emis	890	882	4.2x	4.1x	16.2x	15.7x	2%	3%	26%	26%
Evolent Health	829	698	2.7x	1.6x	na	na	162%	68%	na	na
Fitbit	1,338	678	0.3x	0.4x	na	na	17%	(25%)	na	na
HealthStream	746	623	2.8x	2.5x	29.6x	17.1x	8%	9%	9%	15%
HMS Holdings	1,453	1,614	3.3x	2.9x	16.7x	11.9x	3%	14%	20%	24%
McKesson	32,750	36,487	0.2x	0.2x	8.1x	8.6x	4%	4%	2%	2%
MINDBODY	1,415	1,204	8.7x	6.7x	na	nm	37%	30%	na	3%
Tabula Rasa Healthcare	454	485	5.2x	3.8x	58.7x	26.3x	34%	36%	9%	14%
Teladoc	1,969	2,167	17.6x	9.3x	na	na	59%	89%	na	na
Tivity Health	1,591	1,735	3.5x	3.1x	16.6x	14.2x	11%	11%	21%	22%
Vocera Communication	880	814	6.4x	5.1x	na	nm	23%	26%	na	6%
<b>Trim Mean</b>	<b>1,195</b>	<b>1,189</b>	<b>4.4x</b>	<b>3.7x</b>	<b>19.3x</b>	<b>16.4x</b>	<b>33%</b>	<b>18%</b>	<b>21%</b>	<b>16%</b>
<b>Median</b>	<b>890</b>	<b>814</b>	<b>4.1x</b>	<b>3.1x</b>	<b>16.6x</b>	<b>14.9x</b>	<b>17%</b>	<b>14%</b>	<b>21%</b>	<b>15%</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, 2017) – 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:**

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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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