

Q1 2014 Healthcare IT Market Snapshot

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Signal Hill at a Glance

Signal Hill is a leading independent advisory boutique serving the M&A and private capital raising needs of growth companies. Signal Hill's experienced bankers provide deep domain expertise and an unyielding commitment to clients in our sectors: Internet & Digital Media, Internet Infrastructure, Services and Software. With more than 600 completed transactions and offices in Baltimore, Bangalore, Boston, Mumbai, Nashville, New York, Reston and San Francisco, Signal Hill leverages deep strategic industry and financial sponsor relationships to help our clients achieve Greater Outcomes®.

Recent Mergers & Acquisitions, Strategic Advisory Transactions








- Mergers & Acquisitions
- Equity Private Placements
- Restructurings
- Strategic Advisory
- Special Committee Advisory
- Fairness Opinions


 HAS MERGED WITH APRIL 2014	 HAS RECEIVED AN EQUITY INVESTMENT FROM MARCH 2014	 HAS BEEN ACQUIRED BY FEBRUARY 2014	 HAS RECEIVED AN INVESTMENT FROM FEBRUARY 2014	 HAS BEEN ACQUIRED BY FEBRUARY 2014	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM JANUARY 2014	 HAS BEEN ACQUIRED BY JANUARY 2014	 HAS RECEIVED AN INVESTMENT FROM DECEMBER 2013
 HAS ACQUIRED DECEMBER 2013	 HAS BEEN ACQUIRED BY DECEMBER 2013	 HAS BEEN ACQUIRED BY NOVEMBER 2013	 HAS BEEN ACQUIRED BY NOVEMBER 2013	 HAS BEEN ACQUIRED BY NOVEMBER 2013	 MAJORITY STAKE ACQUISITION BY NOVEMBER 2013	 HAS RECEIVED AN EQUITY INVESTMENT FROM OCTOBER 2013	 HAS BEEN ACQUIRED BY OCTOBER 2013
 HAS BEEN ACQUIRED BY SEPTEMBER 2013	 HAS BEEN ACQUIRED BY SEPTEMBER 2013	 HAS BEEN ACQUIRED BY AUGUST 2013	 HAS BEEN ACQUIRED BY AUGUST 2013	 HAS BEEN ACQUIRED BY AUGUST 2013	 HAS BEEN ACQUIRED BY AUGUST 2013	 MINORITY RECAPITALIZATION BY JULY 2013	 HAS BEEN ACQUIRED BY JULY 2013
 HAS BEEN ACQUIRED BY JUNE 2013	 HAS RECEIVED EQUITY FUNDING FROM JUNE 2013	 HAS BEEN ACQUIRED BY JUNE 2013	 CERTAIN ASSETS HAVE BEEN ACQUIRED BY MAY 2013	 HAS BEEN ACQUIRED BY APRIL 2013	 HAS RECEIVED EQUITY FUNDING FROM MARCH 2013	 HAS BEEN ACQUIRED BY MARCH 2013	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM MARCH 2013

Signal Hill's Healthcare IT Practice

 <p>HAS RECEIVED AN INVESTMENT FROM</p>  <p>FEBRUARY 2014</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>NOVEMBER 2013</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>AUGUST 2013</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>OCTOBER 2012</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>AUGUST 2012</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JANUARY 2012</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>APRIL 2012</p>
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 <p>HAS BEEN ACQUIRED BY</p>  <p>AUGUST 2011</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JUNE 2011</p>	 <p>HAS BEEN ACQUIRED BY INVESTOR GROUP THAT INCLUDES</p>  <p>JULY 2010</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>APRIL 2010</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JUNE 2009</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>DECEMBER 2008</p>
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 <p>HAS BEEN ACQUIRED BY</p>  <p>NOVEMBER 2008</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>AUGUST 2008</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JANUARY 2008</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JUNE 2007</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>OCTOBER 2007</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JUNE 2006</p>
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 Includes previous experience

Q1 2014 Healthcare IT M&A Overview

Deal velocity in the Healthcare IT (“HCIT”) sector in Q1 2014 remained in line with deal volume from the last twelve months (LTM). Total announced enterprise value (EV) fell significantly; however, this can be attributed to the shortage of disclosed deal values in the quarter – only four values were disclosed. Median announced deal size also decreased, but again, disclosed figures were sparse. We believe the HCIT sector M&A market remains robust and active.

<i>Source: Signal Hill</i>	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Number of Deals	58	42	50	48	49
<i>% change from prior quarter</i>	-	-27.6%	19.0%	-4.0%	2.1%
Total Announced Enterprise Value (\$M)	\$730.6	\$1,112.7	\$1,001.5	\$1,370.0	\$371.7
<i>% change from prior quarter</i>	-	52.3%	-10.0%	36.8%	-72.9%
Median Announced Deal Size (\$M)	\$31.8	\$105.0	\$55.0	\$16.4	\$9.5
<i>% change from prior quarter</i>	-	230.2%	-47.7%	-70.1%	-42.4%
Median EV/TTM Revenue Multiple	1.5x	NM ⁽¹⁾	2.7x	NM ⁽¹⁾	NM ⁽¹⁾
<i>% change from prior quarter</i>	-	NA	NA	NA	NA

⁽¹⁾ We tracked only two disclosed HCIT deal valuations in Q2 and Q4 2013 and only one in Q1 2014

Notable Q1 2014 Healthcare IT M&A Transactions

Selected Healthcare IT Transactions, Q1 2014



Clarity Received an Investment from North Bridge Growth Equity

Signal Hill advised Clarity Software Solutions (“Clarity”). Clarity, a leading provider of on-demand document management and communications delivery solutions for the health insurance industry, has received a growth investment from North Bridge Growth Equity. The investment will accelerate Clarity’s exceptional growth trajectory through the addition of seasoned executive talent, investment in strategic sales and marketing initiatives and expansion of its suite of products



API Healthcare Acquired by General Electric
EV: \$350.0M
Revenue Multiple: 3.5x

API Healthcare, a healthcare workforce management software and analytics solutions provider, has been acquired by General Electric (“GE”; NYSE: GE). The acquisition is aligned with GE’s Industrial Internet strategy which invests in strong, innovative businesses that enhance the company’s portfolio in software, data and analytics. The acquisition will allow GE to work with hospitals and health systems in three key areas: Asset Optimization, Patient Flow Optimization and Workforce Optimization.



Health Care Compliance Strategies Acquired by HealthStream
EV: \$15.4M

Health Care Compliance Strategies, a company focused on interactive and engaging online compliance training for healthcare organizations, has been acquired by HealthStream (NASDAQ: HSTM), a leading provider of workforce development and research/patient experience solutions for the healthcare industry. The acquisition will enable HealthStream to add to its workforce development solutions with a comprehensive curriculum of premium courseware along with an outstanding application for managing conflicts of interest disclosures.



PeopleLYNK Acquired by Greenway Medical Technologies

PeopleLYNK, an innovative patient engagement solution, has been acquired by Greenway Medical Technologies (“Greenway”), a leading information technology partner to healthcare providers. The acquisition better enables Greenway’s clients to improve population health outcomes and meet the goals of meaningful use while empowering patients to take an active role in their own healthcare.



Global Healthcare Exchange Acquired by Thoma Bravo

Global Healthcare Exchange (“GHX”), a privately-held provider of connected, intelligent healthcare supply chains, has been acquired by private equity firm Thoma Bravo. The partnership with Thoma Bravo will allow GHX to further expand its global leadership.



Q1 2014 Healthcare IT M&A Transactions

Date Announced	Seller	Buyer	Enterprise Value	Revenues	Enterprise Value / Revenue
31-Mar-14	Titan Health Management Solutions	Certive	\$2.8	NA	NA
24-Mar-14	Hospice Compliance Network / Assets	Weatherbee Resources, Inc.	NA	NA	NA
24-Mar-14	Neurostar Solutions, Inc.	Nuance Communications, Inc.	NA	NA	NA
20-Mar-14	Mindbloom, Inc.	Welltok, Inc.	NA	NA	NA
14-Mar-14	Visual Telecommunications Network, Inc.	Cytta Corp.	NA	NA	NA
13-Mar-14	Netsoft USA, Inc. / Assets	EPAM Systems, Inc.	NA	NA	NA
12-Mar-14	Velocity Medical Solutions, LLC / Assets	Varian Medical Systems Inc.	NA	NA	NA
10-Mar-14	Tomorrow Networks, LLC	Physicians Interactive	NA	NA	NA
10-Mar-14	Outcomes Health Information Solutions	Altegra Health	NA	NA	NA
07-Mar-14	M. Leco & Associates	Adreima, Inc.	NA	NA	NA
06-Mar-14	Signature Solutions, LLC / Assets	MDI Achieve, Inc.	NA	NA	NA
06-Mar-14	E6 Interactive, LLC	Advice Media, LLC	NA	NA	NA
04-Mar-14	Health Care Compliance Strategies, Inc.	HealthStream, Inc.	\$15.4	NA	NA
03-Mar-14	Med Access, Inc. / Assets	Telus Health Solutions	NA	NA	NA
24-Feb-14	The Online Journal of Nursing Informatics	HIMSS	NA	NA	NA
24-Feb-14	GRASP Systems International / Assets	Infor	NA	NA	NA
24-Feb-14	PeopleLYNK	Greenway Medical Technologies, Inc.	NA	NA	NA
21-Feb-14	Treo Solutions	3M	NA	NA	NA
19-Feb-14	EMRlogic Systems Inc.	Ocuco Limited	NA	NA	NA
18-Feb-14	Aspire eCTD, LLC	CUSTOpharm Regulatory Services, Inc.	NA	NA	NA
10-Feb-14	Business Computer Applications, Inc.	Acentia	NA	NA	NA
10-Feb-14	Outcomes Health Information Solutions, LLC	Altegra Health, Inc.	NA	NA	NA
06-Feb-14	Berry Consultants/Tessella/Facts Asset 50% Stake	Berry Consultants, LLC	NA	NA	NA
05-Feb-14	Global Healthcare Exchange, LLC	Thoma Bravo LLC	NA	NA	NA
03-Feb-14	BridgeGate International, Inc.	BlueStep Systems LLC	NA	NA	NA

Q1 2014 Healthcare IT M&A Transactions

Date Announced	Seller	Buyer	Enterprise Value	Revenues	Enterprise Value / Revenue
31-Jan-14	Sansio, Inc.	Physio-Control, Inc.	NA	NA	NA
30-Jan-14	Equitime	Horizontal Software SAS	NA	NA	NA
29-Jan-14	Hirschl & Associates, LLC	Superior Global Solutions, Inc.	NA	NA	NA
23-Jan-14	Daymarck	The Corridor Group Holdings, LLC	NA	NA	NA
21-Jan-14	Medigistics	Etransmedia Technology, Inc.	NA	NA	NA
21-Jan-14	API Healthcare Corporation	General Electric Company	\$350.0	\$100.0	3.5x
21-Jan-14	ClientHouse GmbH	Accenture Ltd.	NA	NA	NA
17-Jan-14	Unibased Systems Architecture, Inc.	Streamline Health Solutions, Inc.	NA	NA	NA
15-Jan-14	Emdat Inc.	Nuance Communications, Inc.	NA	NA	NA
14-Jan-14	AmkaiSolutions, LLC	Surgical Information Systems, LLC	NA	NA	NA
13-Jan-14	Strategic AR Solutions, LLC	Brightree LLC	NA	NA	NA
13-Jan-14	ClarusHealth Solutions	HealthSparq, Inc.	NA	NA	NA
13-Jan-14	Kadriqe S.A.	Cegedim Relationship Management	NA	NA	NA
13-Jan-14	RxAnte Inc.	Millennium Laboratories, Inc.	NA	NA	NA
13-Jan-14	mVisum, Inc.	Vocera Communications, Inc.	\$3.5	NA	NA
10-Jan-14	Imagine Group	CompuGroup Medical AG	NA	\$9.8	NA
09-Jan-14	Gordon Point Informatics Ltd	Global Village Consulting, Inc.	NA	NA	NA
09-Jan-14	Q-Centrix, LLC	Sterling Partners	NA	NA	NA
08-Jan-14	Archimedes Inc. / Assets	Evidera	NA	NA	NA
08-Jan-14	Archimedes, Inc.	EVIDERA	NA	NA	NA
07-Jan-14	Hospice Education Network, Inc. / Assets	Relias Learning	NA	NA	NA
07-Jan-14	Relay Technology Management	Decision Resources, LLC	NA	NA	NA
07-Jan-14	Auto Injury Solutions, Inc. / Assets	CCC Information Services Group Inc.	NA	NA	NA
07-Jan-14	vision4health Laufenberg & Co.	CompuGroup Medical AG	NA	\$17.7	NA

Q1 2014 Healthcare IT Public Company Valuation Metrics

Company	Market Data				Financial Data						Enterprise Value /					
	Price 3/31/14	% of 52 Week Hi	Market Cap	Enterprise Value	LTM Revenue	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
							MRQ	14E-15E	Gross	EBITDA	LTM	CY14E	CY15E	LTM	CY14E	CY15E
Hospital IT																
McKesson Corporation	\$176.57	93.9%	\$41,317	\$43,760	\$130,088	4.1%	10.0%	7.8%	5.9%	2.6%	0.3x	0.3x	0.3x	13.1x	10.2x	8.8x
Cerner Corporation	56.25	89.2%	19,807	19,094	2,911	9.3%	12.0%	11.4%	38.8%	32.5%	6.6x	5.7x	5.1x	20.2x	16.5x	14.3x
MedAssets, Inc.,	24.71	93.0%	1,528	2,298	680	2.5%	4.1%	6.0%	62.5%	30.5%	3.4x	3.2x	3.1x	11.1x	9.7x	9.0x
Omnicell, Inc.	28.62	94.4%	1,048	943	381	12.5%	17.3%	10.8%	53.4%	14.6%	2.5x	2.2x	2.0x	16.9x	11.4x	9.8x
Computer Programs and Systems, Inc.	64.60	89.9%	721	699	201	9.6%	7.0%	5.2%	48.0%	26.7%	3.5x	3.3x	3.1x	13.0x	11.6x	10.9x
Mean		92.1%				7.6%	10.1%	8.3%	41.7%	21.4%	3.2x	3.0x	2.7x	14.9x	11.9x	10.6x
Median		93.0%				9.3%	10.0%	7.8%	48.0%	26.7%	3.4x	3.2x	3.1x	13.1x	11.4x	9.8x
Imaging IT																
OSI Systems, Inc.	\$59.86	76.3%	\$1,232	\$1,267	\$869	14.6%	21.8%	3.1%	35.4%	15.3%	1.5x	1.4x	1.3x	9.5x	7.1x	6.8x
Merge Healthcare Incorporated	2.44	51.9%	237	454	232	-6.4%	-17.1%	5.6%	51.0%	13.9%	2.0x	2.1x	2.0x	14.2x	10.9x	9.5x
Sectra AB Class B	12.26	94.1%	466	410	126	15.2%	5.4%	6.2%	87.2%	18.1%	3.2x	3.0x	2.8x	17.9x	15.3x	13.9x
iCAD, Inc.	9.16	64.9%	123	123	33	10.2%	16.8%	19.0%	69.8%	2.0%	3.7x	3.1x	2.6x	NM	24.8x	14.6x
Mean		71.8%				8.4%	6.8%	8.5%	60.9%	12.3%	2.6x	2.4x	2.2x	13.9x	14.5x	11.2x
Median		70.6%				12.4%	11.1%	5.9%	60.4%	14.6%	2.6x	2.6x	2.3x	14.2x	13.1x	11.7x
Payor IT																
Catamaran Corporation	\$44.76	76.2%	\$9,261	\$10,110	\$14,780	25.3%	36.0%	14.5%	6.0%	4.7%	0.7x	0.5x	0.4x	14.7x	12.9x	10.7x
HMS Holdings Corp.	19.05	67.7%	1,683	1,823	492	-4.8%	-8.6%	21.6%	29.7%	27.6%	3.7x	3.9x	3.2x	13.4x	14.3x	10.7x
Castlight Health, Inc. Class B	21.22	50.6%	1,598	1,570	13	42.2%	286.4%	NA	-33.4%	NM	NM	NA	NA	NM	NA	NA
Benefitfocus, Inc.	46.97	61.0%	1,152	1,098	105	15.0%	36.2%	26.5%	40.4%	-19.2%	10.5x	8.2x	6.5x	NM	NM	NM
Mean		63.9%				19.4%	87.5%	20.9%	10.7%	4.4%	5.0x	4.2x	3.4x	14.0x	13.6x	10.7x
Median		64.4%				20.1%	36.1%	21.6%	17.8%	4.7%	3.7x	3.9x	3.2x	14.0x	13.6x	10.7x

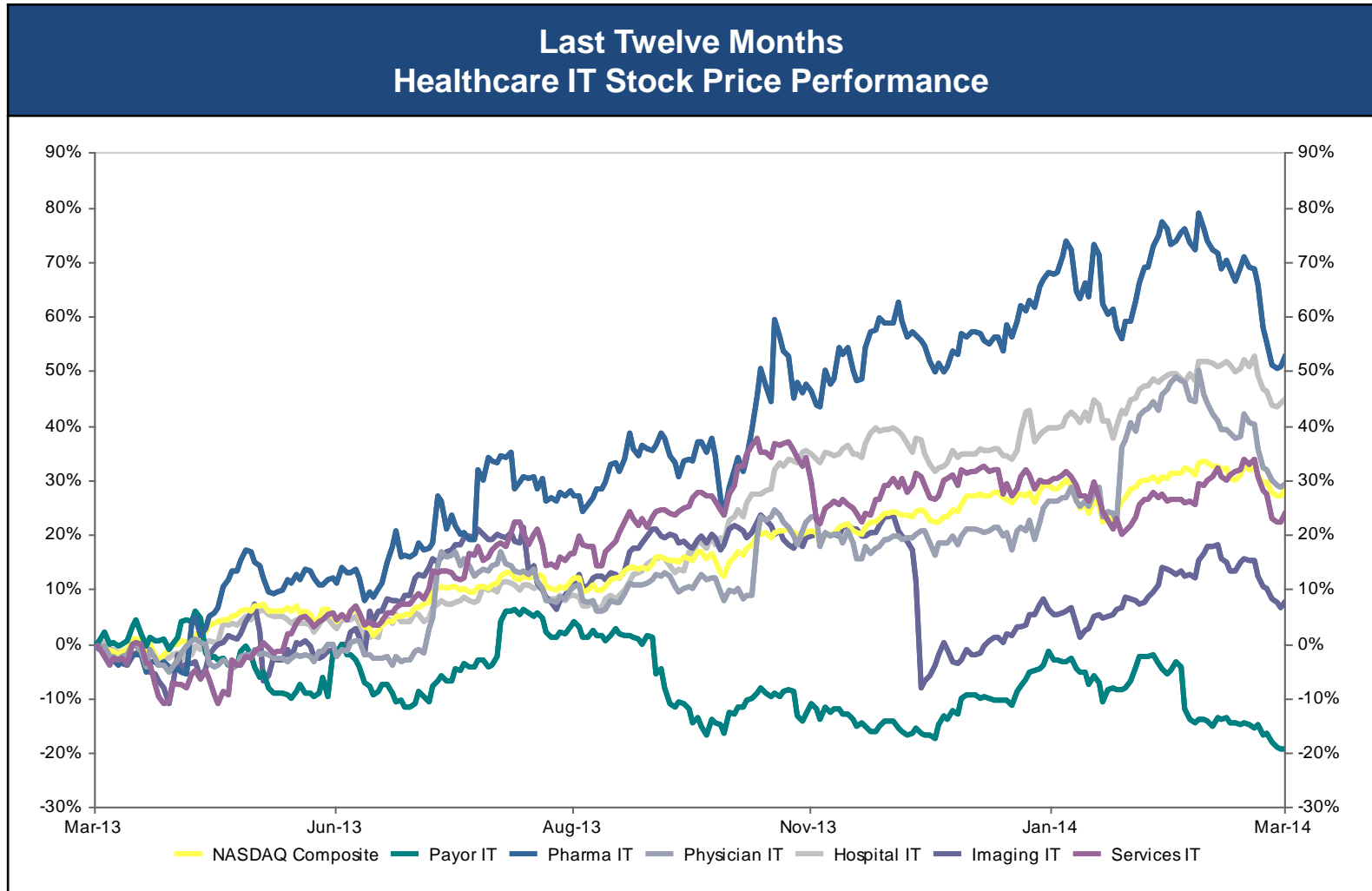
Notes: "NM" denotes Not Meaningful; applied to multiples <0 or >100. "NA" denotes Not Available

Q1 2014 Healthcare IT Public Company Valuation Metrics

Company	Market Data				Financial Data						Enterprise Value /					
	Price 3/31/14	% of 52 Week Hi	Market Cap	Enterprise Value	LTM Revenue	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
							MRQ	14E-15E	Gross	EBITDA	LTM	CY14E	CY15E	LTM	CY14E	CY15E
Pharma IT																
Veeva Systems, Inc. Class A	\$26.70	54.5%	\$3,332	\$3,044	\$210	14.2%	57.8%	25.2%	60.8%	20.0%	14.5x	11.3x	9.0x	72.4x	56.4x	42.5x
Medidata Solutions, Inc.	54.34	79.7%	2,979	2,967	277	5.1%	27.2%	21.7%	74.7%	11.4%	10.7x	8.6x	7.1x	94.0x	36.0x	27.4x
WebMD Health Corp.	41.40	80.5%	1,858	1,985	515	11.7%	10.2%	10.6%	54.1%	16.4%	3.9x	3.5x	3.1x	23.5x	13.0x	10.7x
Cegedim SA	38.32	96.8%	536	1,186	1,198	23.7%	2.2%	1.8%	46.7%	17.2%	1.0x	0.9x	0.9x	5.8x	5.4x	5.2x
Accelrys, Inc.	12.46	99.0%	695	631	169	13.7%	5.2%	10.3%	60.6%	7.9%	3.7x	3.3x	3.0x	47.5x	15.1x	11.1x
Mean		82.1%				13.7%	20.5%	13.9%	59.4%	14.6%	6.8x	5.5x	4.6x	48.7x	25.2x	19.4x
Median		80.5%				13.7%	10.2%	10.6%	60.6%	16.4%	3.5x	3.5x	3.1x	47.5x	15.1x	11.1x
Physician IT																
athenahealth, Inc.	\$160.24	77.5%	\$6,192	\$6,348	\$585	13.2%	47.5%	23.5%	53.3%	11.9%	10.8x	8.4x	6.8x	91.1x	47.5x	38.4x
Allscripts Healthcare Solutions, Inc.	18.03	91.6%	3,228	3,727	1,373	6.3%	0.0%	6.7%	35.9%	6.4%	2.7x	2.6x	2.4x	42.5x	16.9x	14.0x
CompuGroup Medical AG	25.08	86.4%	1,335	1,746	611	15.8%	9.8%	4.0%	91.1%	21.2%	2.9x	2.5x	2.4x	13.5x	11.5x	10.2x
Quality Systems, Inc.	16.88	69.9%	1,016	918	441	-2.0%	-4.9%	5.9%	54.7%	22.9%	2.1x	2.0x	1.9x	9.1x	10.0x	9.1x
Care.com, Inc.	16.55	56.6%	512	634	81	NA	NA	33.8%	71.5%	-25.7%	7.8x	5.8x	4.3x	NM	NM	NM
Accretive Health, Inc.	8.00	69.1%	807	610	974	-5.7%	1.9%	6.2%	20.1%	4.5%	0.6x	0.6x	0.6x	14.0x	7.5x	5.5x
Zix Corporation	4.14	82.3%	259	231	48	0.7%	5.3%	16.3%	84.2%	22.4%	4.8x	4.3x	3.7x	21.5x	19.5x	14.2x
Mean		76.2%				4.7%	9.9%	13.8%	58.7%	9.1%	4.5x	3.8x	3.2x	31.9x	18.8x	15.3x
Median		77.5%				3.5%	3.6%	6.7%	54.7%	11.9%	2.9x	2.6x	2.4x	17.7x	14.2x	12.1x
Services IT																
Advisory Board Company	\$64.25	91.1%	\$2,384	\$2,331	\$502	2.1%	12.7%	15.2%	40.4%	13.4%	4.6x	4.0x	3.5x	34.6x	22.2x	18.7x
Premier Inc. Class A	32.95	84.8%	1,067	844	809	-13.2%	9.7%	11.5%	67.2%	38.2%	1.0x	0.9x	0.8x	2.7x	2.3x	2.0x
HealthStream, Inc.	26.70	67.1%	744	636	132	10.1%	33.1%	19.7%	52.0%	17.0%	4.8x	3.8x	3.2x	28.2x	24.8x	19.1x
Everyday Health, Inc.	13.99	94.8%	415	629	156	13.1%	12.5%	NA	72.2%	6.8%	4.0x	NA	NA	59.3x	NA	NA
Mean		84.5%				3.0%	17.0%	15.5%	57.9%	18.8%	3.6x	2.9x	2.5x	31.2x	16.5x	13.3x
Median		87.9%				6.1%	12.6%	15.2%	59.6%	15.2%	4.3x	3.8x	3.2x	31.4x	22.2x	18.7x
Aggregate Mean		78.8%				9.2%	23.5%	13.0%	49.5%	13.6%	4.3x	3.7x	3.2x	28.1x	17.3x	13.9x
Aggregate Median		80.5%				10.1%	10.1%	10.8%	53.3%	15.0%	3.6x	3.2x	3.0x	16.9x	13.0x	10.7x

Notes: "NM" denotes Not Meaningful; applied to multiples <0 or >100. "NA" denotes Not Available

LTM Relative Healthcare IT Stock Price Performance





Baltimore | Bangalore | Boston | Mumbai | Nashville | New York | Reston | San Francisco