

Healthcare IT Quarterly Roundup

Sector Spotlight: Healthcare Services & TMT

Winter 2023/2024



Welcome

While the pace of dealmaking and capital markets activity in the Healthcare IT ecosystem is lighter than the first half of 2023, the space is anything but stagnant.

Strategic buyers, recently sidelined by private equity and venture capital investors, are back in the mix, representing most transactions in Q3. Furthermore, attractive companies are highly sought after by buyers who cannot afford to sit on the sidelines.

Investments, partnerships, and acquisitions of companies at the forefront of generative and clinical AI is stellar, representing a healthy minority of total activity. Interest in companies focused on data interoperability, IoMT (internet of medical things), big data, and those that can support the sectors transition to value-based care is strong.

This report delves into the key healthcare IT transactions in Q3 2023, while shedding light on important trends and M&A data that will drive 2024. It also includes a Fireside Chat with Leslie Levinson, of the law firm Robinson + Cole, who discusses current trends in the healthcare IT and M&A markets, as well as steps business owners can take to prep for sale.

Please reach out with any questions you may have on the report or related to your own business – we are always happy to speak with you.

Enjoy the Report!



Fireside Chat with

Robinson+Cole

“...even though buyers are taking longer to complete diligence and are doing more in-depth diligence, folks still need to get deals done. Based on what we’re seeing and hearing as we move into 2024, we think there’s a lot of deals teed up to transact mid-year and beyond that will be out of the gate in Q1. To everyone out there thinking of transacting, I’d say hire your banker and start planning, things are looking good for 2024.”

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Les Levinson
Co-Chair, Healthcare
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Be sure to read the Fireside Chat with Robinson + Cole’s Les Levinson on Pg. 10

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Healthcare IT

Sector Spotlight: Healthcare Services & TMT | Winter 2023/2024

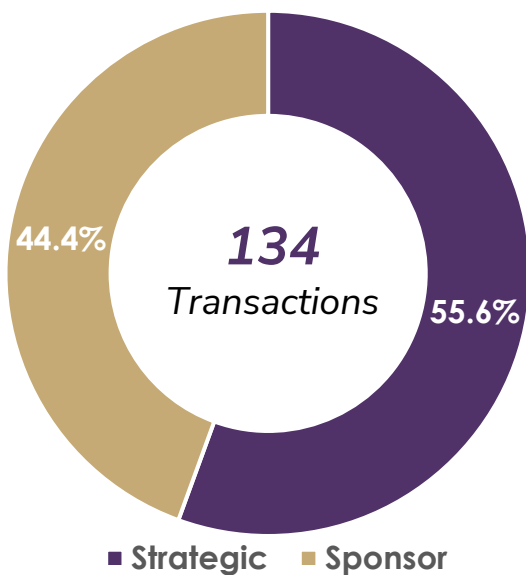
While the Healthcare IT IPO market has come to a near complete halt, mergers and acquisitions (M&A) activity continues, albeit at a slower pace. However, since VC funding has become more difficult to obtain, attractive companies, even earlier stage, are looking at M&A as a viable exit option.

In a change of pace, strategic acquirers, many of whom are not as dependent on external financing, are leading the way. Financial sponsors, typically more aggressive, are completing less buyouts due to the rising interest rate environment. Additionally, venture capital has become increasingly risk-averse amid economic volatility allowing strategics to recapitalize or acquire later-stage startups which likely would have sought a VC financing round otherwise.

Notable Healthcare IT Transactions

 has been acquired by 	 has been acquired by  a portfolio company of 	 has been acquired by  a portfolio company of 	 has been acquired by  a portfolio company of 	 has been acquired by 
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U.S. Healthcare IT Activity (Q3 LTM 2023)




Key Points


- Heavy transaction activity from strategic buyers; approximately 56%
- Transactions were primarily driven by acquisitions of operational software companies, which represented approximately 46% of activity

Articles We're Reading

[Patient Preferences for Accessing Medical Data are Shifting, Says ONC](#)


[The 10 Biggest Trends Revolutionizing Healthcare in 2024](#)


[13 IT Trends in Healthcare to Watch in 2023](#)


[Healthcare CIOs Plan Increased IT Investments in the Year Ahead](#)


Key Healthcare IT Trends

The increasing connectivity of data and hardware in healthcare, developments in generative AI, and accelerating telehealth adoption creates unique opportunities for Healthcare IT companies to provide value.



Big Data & Healthcare Analytics

Interrelated with AI, Big Data refers to the aggregation of large and complex datasets from various sources in healthcare, such as EHRs, medical claims, wearable devices, social media, and research studies. Experts are developing statistical applications and computational methods to big data to extract insights and support decision making.



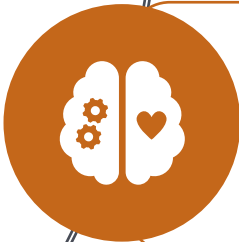
AI in Healthcare

Artificial intelligence (AI) is being used to improve diagnosis, treatment, drug discovery, and patient care. AI can analyze large amounts of data, learn from patterns, and generate insights and recommendations. For example, AI is helping detect diseases from medical images, create personalized medicines based on genomic data, and optimize clinical workflows through wearables and virtual assistants.



Internet of Medical Things (IoMT)

IoMT refers to the network of connected devices and sensors that collect and transmit health data. IoMT is enabling remote monitoring, telehealth, chronic disease management, and preventive care. Providers are beginning to leverage IoMT to help measure vital signs, track medication adherence, and alert caregivers in case of emergencies.



Interoperability

With the increasing number of healthcare information technologies (HIT) utilized today, interoperability among platforms is at the forefront of many healthcare IT initiatives. Interoperability refers to the ability of different technologies to exchange, comprehend, and use data effectively. This challenge presents a significant opportunity for software developers, consultants, and service providers to develop interoperability solutions.

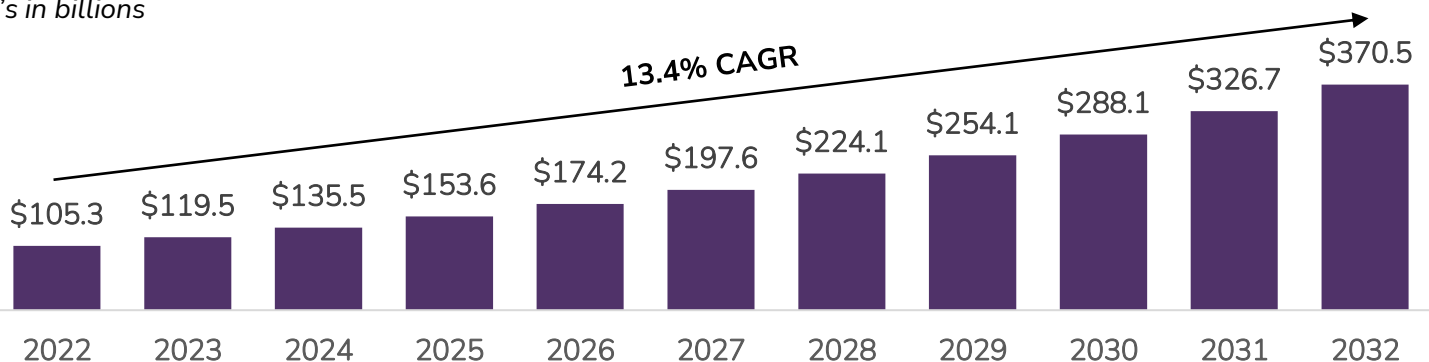


Telehealth

Delivery of healthcare services through digital platforms, such as video calls, mobile apps, or web portals is increasing access to healthcare, especially for rural and underserved populations, reducing costs, and enhancing patient satisfaction. This area of healthcare has experienced significant growth and transformation since Covid-19.

U.S. Healthcare IT Market Size 2022 - 2033

\$'s in billions



Healthcare IT Market Map

IT service providers enable healthcare professionals to utilize and integrate information software, hardware, and telehealth solutions to improve the quality of care, patient accessibility to care, and business/practice operations.

Healthcare IT Software

Diversified EHR & Market Leaders



Payments



Vertical EHR/EMR



Compliance



Billing / Revenue Management



Data & Analytics



CRM



Workflow Automation



Provider Enablement



Artificial Intelligence



Telehealth Solutions

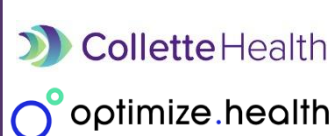
Visionaries



Staffing



Remote Monitoring



Home Diagnostics



Collaboration



Healthcare IT Service Providers



Company Performance & Valuation Continuum

Understanding how company, market, and regulatory-specific drivers can affect risk, growth, and targeted outcomes is critical to both operational and financial performance as well as valuation upon a potential exit.

Company Specific Factors		
Key Factors	Performance Impact	Valuation Impact
Company Momentum	●	●
Customer Diversity / Concentration	○	●
Geographic Diversity / Concentration	○	●
Scope of Services Offerings	○	●
Recurrence of revenue	●	●
Strength of Systems	○	●
Strength of Management Team	●	●
Sustainability of Business Model	○	●
Financial Profile & Unit Economics	●	●
Growth Trajectory	○	●
Aggregate Scoring	○	●

Market Specific Factors		
Key Factors	Performance Impact	Valuation Impact
Strength of M&A Market	?	●
Strength of Financing Markets	●	●
Availability and Bandwidth of Buyers	○	●
Opportunity Size vs. Market Appetite	?	●
Aggregate Scoring	○	●

Regulatory Specific Factors		
Key Factors	Performance Impact	Valuation Impact
Macro Healthcare Regulatory Risk	○	○
Key Customer End-Market Risks	●	○
Potential AI / Upcoming Clinical Regulation	●	●
Aggregate Scoring	●	●

5 Key M&A Trends in Healthcare IT

Macro-economic headwinds have slowed M&A in Healthcare IT, yet there is still appetite for acquisitions that 'just make sense'. Many expect that the slowing M&A trend will be bucked in 2024, potentially driven by decreased interest rates.

1 Resurgence of the Strategic Acquirer

Overall M&A volume and VC activity has declined amongst private equity and venture capital firms due to the rising rate environment as many of these groups are dependent on external financing. However, acquisitions have remained strong amongst strategic buyers (approximately 56% of Q3 LTM HCIT acquisitions) as they are not as dependent on the external financing challenges facing financial investors.

2 Disciplined Buyers

Strategic buyers are more focused on execution rather than pursuing transactions. For the strategics that are making acquisitions, they are much more likely to acquire businesses within their core offering rather than ancillary acquisitions that are expanding capabilities or into new markets. Financial sponsors are also showing discipline by focusing on add-on acquisitions and very high-quality platform investments.

3 Investment Driven by AI & Big Data

According to a poll from International Data Corporation, more than 88% of hospital chief information officers and other IT leaders aim to increase investments in third party technology between 2023 – 2024. Poll participants cited 5G, advanced data analytics, and artificial intelligence/machine learning as the most transformative areas of technology for medical environments.

4 Rising Debt Costs

Rate increases from the FED have increased the cost of borrowing, driving credit spreads for lenders and increasing the cost of capital for acquirers. More expensive debt means higher risk and lower returns, which often results in lower valuations and more structured transactions. However, many experts are forecasting rate cuts by the end of 2024 which may help ease the financing environment.

5 Positive Outlook for 2024 M&A

According to a survey published by investment bank Jefferies, 68% of senior leaders in the healthcare sector expect the volume of healthcare M&A deals to rise in 2024. However, the 600 executives surveyed were still bearish on IPOs with only 6% of respondents expecting IPOs to be the most dominant deal in 2024.

Deals to Know from Q3 2023



Acquirer



Target

September 2023: NextGen Healthcare, a publicly traded provider of cloud-based healthcare technology solutions, was announced to be acquired by **Thoma Bravo**, a leading Chicago-based private equity firm. The enterprise value for the acquisition was valued at approximately \$1.8 billion.



Acquirer



Target

August 2023: WellSky a provider of performance management of information software systems for healthcare providers backed by **Leonard Green & Partners**, acquired **Experience Care**, a provider of integrated electronic health record and financial management services for nursing and assisted living facilities. With this transaction, WellSky expands its investment thesis in the long-term care market.



Acquirer



Target

August 2023: HealthPay24, a developer of an enterprise payment platform for the healthcare sector, was acquired by **Waystar Health**, a provider of mission-critical cloud technology and RCM solutions to healthcare organizations backed by **Bain Capital**. This acquisition augmented Waystar's existing expertise and furthered its mission to simplify healthcare payments for providers and patients.



Acquirer



Target

July 2023: Ventra Health, a provider of tech-enabled revenue cycle management (RCM) services for emergency medicine and physician groups backed by **Varsity Healthcare Partners**, acquired **ArcMed** an RCM and analytics services provider for healthcare professionals. Through this acquisition, Ventra Health expanded its services as well as further optimized its operational efficiencies.



Acquirer



Target

July 2023: Complia Health, a developer of technology and expertise software for long-term, pre-acute, and post-acute care agencies, was acquired by **Axxess**, a provider of cloud-based healthcare software for the home healthcare industry. With this transaction, Axxess was able to increase its client base as well as strengthen its position in the post-acute healthcare space.

Healthcare IT: Case Study – Selling the Business



A portfolio company of

BERENSON

has been recapitalized by
management

By leveraging its expertise and relationships within the healthcare IT ecosystem, The DAK Group created a competitive process, identifying a number of high-quality financial and strategic acquirers for IDS.



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TMT



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Who/What

Interactive Digital Solutions (or "IDS") is a leading provider of managed communication and collaboration solutions focused on supporting the telehealth and administrative workflows of hospitals and health systems as well as the unified communications infrastructure of enterprises, government entities, and higher education.

How

As a result of running a competitive process, IDS was able to receive multiple offers to acquire the company. However, the shareholders determined that a recapitalization by the management team provided the greatest liquidity while ensuring the optimal path forward for both IDS and its employees.

Why

This transaction provided Berenson Capital (former majority shareholder) and management with additional capital and resources to focus on growing Collette Health, a cloud-based telehealth SaaS solution spun out of IDS.

The IDS management team will now be able to focus on their core managed services offering and continue to grow within the healthcare sector.

Fireside Chat with Leslie Levinson of Robinson + Cole



Robinson+Cole

Les Levinson
Co-Chair, Healthcare
Transactional Practice



DAK

Melvyn Peters
Director,
Healthcare Services

The DAK Group's Melvyn Peters, talks with Les Levinson, Co-Chair of Robinson + Cole's Healthcare Transactional Practice, the emergence of AI in healthcare, key takeaways for business owners preparing for sale, and key trends in the healthcare M&A market.

Melvyn: *Talk about trends you saw in healthcare M&A from a transaction standpoint in 2023?*

Les: **Healthcare IT continues to be very active.** One transaction that we completed on the sell-side was for Medacis which was acquired by Thoma Bravo. By putting these two companies together, we accelerated the strategic goals of each entity, with the deal coming together quickly over a matter of months.

Thoma Bravo also acquired a company called Bluesight. Both Bluesight and Medacis are in the drug therapy information space. **Thoma is a very active acquirer and is indicative of transaction activity in HCIT, even against a backdrop of choppy activity overall.**

Melvyn: **We counted a total of 134 transactions over the last 12 months through Q3 of 2023 within healthcare software, telehealth, and healthcare IT services.** One of the big trends that we saw, and this resonates with what you mentioned, was a big pullback from private equity because of the rate environment. For the first time in a while, the majority of transactions were strategic versus financial. When we look back at our deal data, it's been 1/2 a decade since we saw that type of drop off in private equity buyers. This has been a reversal of what we've seen from middle market private equity.

Les: There is certainly a little bit of a herd mentality. If you start to see transactions

coming to market and getting completed, it inspires people to put their toe back into water and go "OK, it's time for me to pull the trigger either on the sell side or the buy side". I think we're beginning to see that trend shift as we turn towards 2024.

Melvyn: *Within healthcare, AI is a major topic of discussion and we're seeing a lot of investment activity in two major areas.*

On the one hand you have generative AI with large language models. There's a company called Hippocratic AI that's gotten some investment. On the clinical side, there's a few different companies that are doing work. Epic is a big EMR investing in earlier stage companies to build out more predictive solutions. There's another company called Suki that does some work on the voice dictation side of things, which has digital scribe technology.

Les: I think you're going to see that continue to expand. **AI is here and it's not going away - nobody's putting that genie back in back in the bottle.** We're seeing coding companies and others working to figure out how these new technologies, these new software platforms, are going to be implemented while simultaneously building in data analytics to efficiently extrapolate data. **Maybe it's a year or two down the road where some of those technologies are more front and center in Home Care or Hospice or Nursing, but the technology is being built out.**

Fireside Chat with Leslie Levinson of Robinson + Cole

Melvyn: Speaking of outpatient core verticals, *what's your view of the rate environment and how it's affecting healthcare and investment?*

Les: I think folks that have been involved in the healthcare space for a long time need to remember that reimbursement is just a fact of life. You shouldn't necessarily gear your transaction philosophy to "am I getting a rate cut this year, am I not getting a rate cut this year?" You need to take a somewhat longer view and realize that you need to manage and price the business with a modest uptick in rates. Even though there is a threat of rate cuts, it has always moderated with lobbying and with the increasing focus on outpatient care in America as a more cost-effective care method. **The macro trends in healthcare support the longevity of the business model even if you service patients or provide software to providers serving a predominantly Medicare and Medicaid census.**

Melvyn: Changing gears, *what are some things to keep in mind if you're thinking about exiting ownership?*

Les: There's going to be significant time on the owner's part and for the rest of the management team to get a deal done. Given the investment of time, you need to sit down and figure out what your goals are. Are you exiting from this business entirely? Are you an older, legacy owner who says I've really had my fill from a career perspective, I'd like to monetize my asset, ride off into the sunset, and do other things? Are you someone who wants to stay with the business and be involved for another two or three or four years? These transaction dynamics are important as the other transacting party needs to understand the continuity of management and business performance.

Melvyn: *What are some things you can do specifically to prepare for sale?*

Les: Hire a banker - just because the company next door to you says, "we love you, we wanna buy you", that doesn't mean they're going to give you fair value for your business. **You don't know what you don't know, and you need to**

hire experts to counsel you and help you differentiate between a great offer and one that needs work.

You also need competent and experienced transaction counsel who know how these deals are structured. They can work with your other advisors such as accounting, tax, etc. who complement your advisory team. After that, you can start to think about who you are going to let into the tent internally - your executive team, IT people, operational people. You can't do this all by yourself if you're the owner.

From a tactical perspective, you can do a sell-side QoE or Quality of earnings report that will help you flesh out any kind of financial issues. This is really important in driving the initial part of the transaction from a value standpoint. Counsel can also help you to have your files and records orderly and neat, so you can respond quickly to a questions during due diligence.

Lining up these resources and thinking about this process six months before you go to market is probably the right timeframe.



Les Levinson
Co-Chair, Healthcare
Transactional Practice
Robinson + Cole

"There's a tremendous amount of unspent capital that's itching to get deployed and it's only a question of when that's break out...I'd say hire your banker and start planning, things are looking good for 2024"

For more information on Robinson + Cole, please visit <https://www.rc.com/> or watch the full interview [here](#)

Fireside Chat with Leslie Levinson of Robinson + Cole

Melvyn: Thinking about levers of Value – *let's delve deeper into the economic and deal impact of timing, a QoE, and clinical issues.*

You mentioned a lot of salient points, but the biggest for me is timing and pre-transaction planning. You want to run your business like you're going to own it forever, but be prepared to sell tomorrow, just like professional investors do. You also want to think about speed, certainty, and value. Speed you can usually get ahead of by being prepared in advance.

From a value standpoint, you can optimize here with a combination of pre-transaction planning and via a QoE. For example, if someone has a business that's generating \$5 million in Adjusted EBITDA, we typically see adjustments around 10% or more of total earnings. In this example, an incremental \$.5 million dollars at a mid to high single digit multiple means millions of dollars of incremental value.

From a clinical planning standpoint, you may not get more value, but your deal could certainly be impacted by time delays or with a deal structure that has less cash, more earnout, and escrows to deal with contingent liabilities. This extends to broader regulatory and HR issues too.

Les: So let's talk about the clinical part, because **in our experience, more deals don't get done because there was a clinical problem, where something gets surfaced that was unexpected.** Oftentimes, different issues which may be speed bumps can become more troublesome, as the resolution approach differs from buyer to buyer.

Some buyers are more conservative than others, and sometimes you're able to work your way through issues and everybody can get comfortable. There's usually a contractual way to fix whatever the problem is by allocating risk or arranging for supplemental escrows. In some cases, however, systemic risk cannot be avoided, and it can upend a deal.

To return to your point on dollarization, a \$.5 million problem times an 8x multiple can become a huge amount of money at risk. You're doing yourself a huge disservice by not taking preventative steps and not making sure that you've cleared up all the issues. **However, if you**

complete a pre-transaction clinical review and identify a problem, you now have the ability to shape the response and the messaging that you're going to give a buyer, controlling the narrative.

Melvyn: I think that's a really good point to make for people reading or listening to this that are going through a deal and encountering issues. It's helpful to know the methods out there to manage risk versus taking a cash discount, which is the last thing that you want to do.

Speaking about being prepared for sale, how do you see things shaping up for 2024?

Les: There is a lot to unpack there, but I think the second half clearly of '23 has been choppy than I think anybody would have expected or necessarily hoped for. However, given recent trends, I am feeling positive about the future

. In the home care space, we had the final rule come out on Medicare rates. Many of us, myself included, thought that when the preliminary rule came out in June, that the cut of ~3.5% wasn't gonna stick, and we'd end up being either flat or slightly positive, which is in fact, how it ended up. Right there is an area where some degree of uncertainty that that's been taken off the table there.

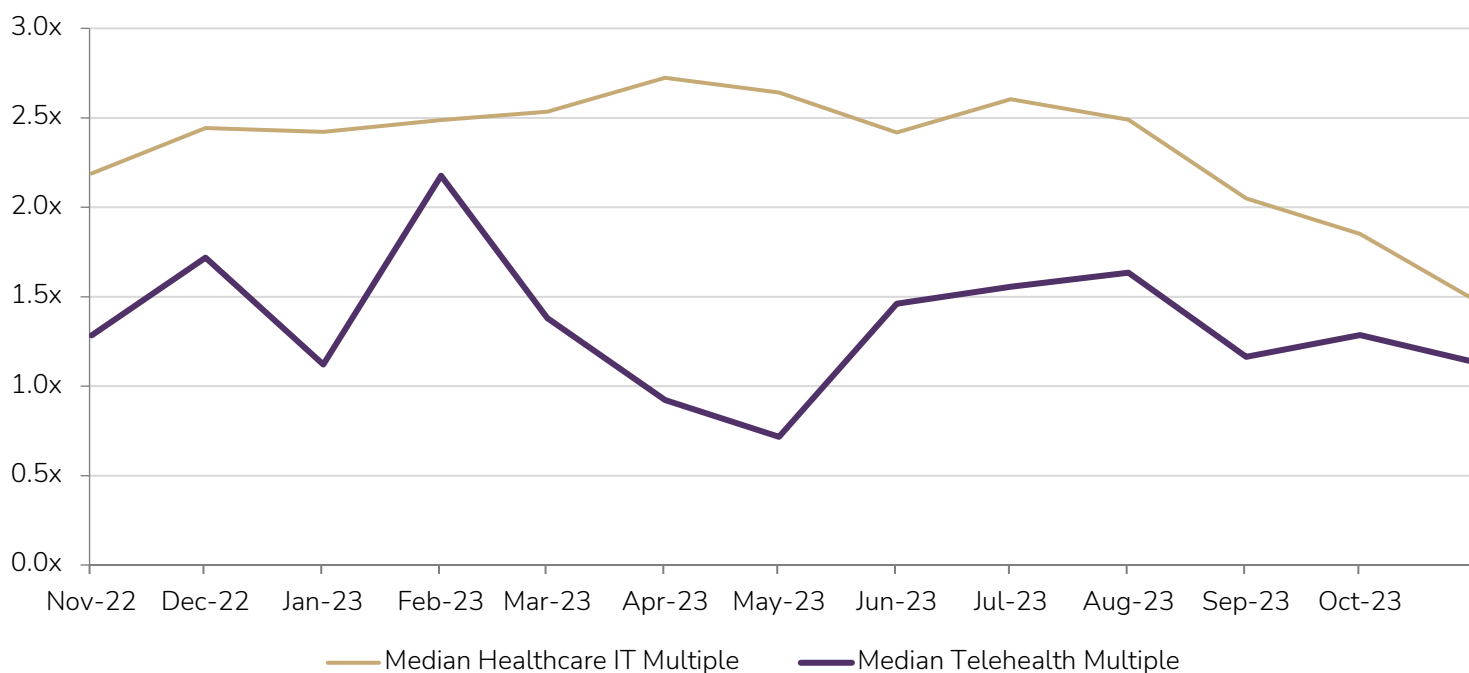
Broadly speaking, **inflation seems to be moderating a little bit.** The stock market is up quite favorably since the Fed didn't raise interest rates in its last meeting. It seems that interest rates more than any other factor have been really causing the hiccup in in deal flow. With that normalizing, and three potential cuts in 2024, things are looking much better.

Lastly, even though buyers are taking longer to complete diligence and are doing more in-depth diligence, folks still need to get deals done. Based on what we're seeing and hearing as we move into 2024, we think there's a lot of deals teed up to transact mid-year and beyond that will be out of the gate in Q1. **To everyone out there thinking of transacting, I'd say hire your banker and start planning, things are looking good for 2024.**

Note: This Fireside Chat has been edited from its original format.

Healthcare IT Public Comparable Companies Analysis

Enterprise Value to Forward Revenue Multiple



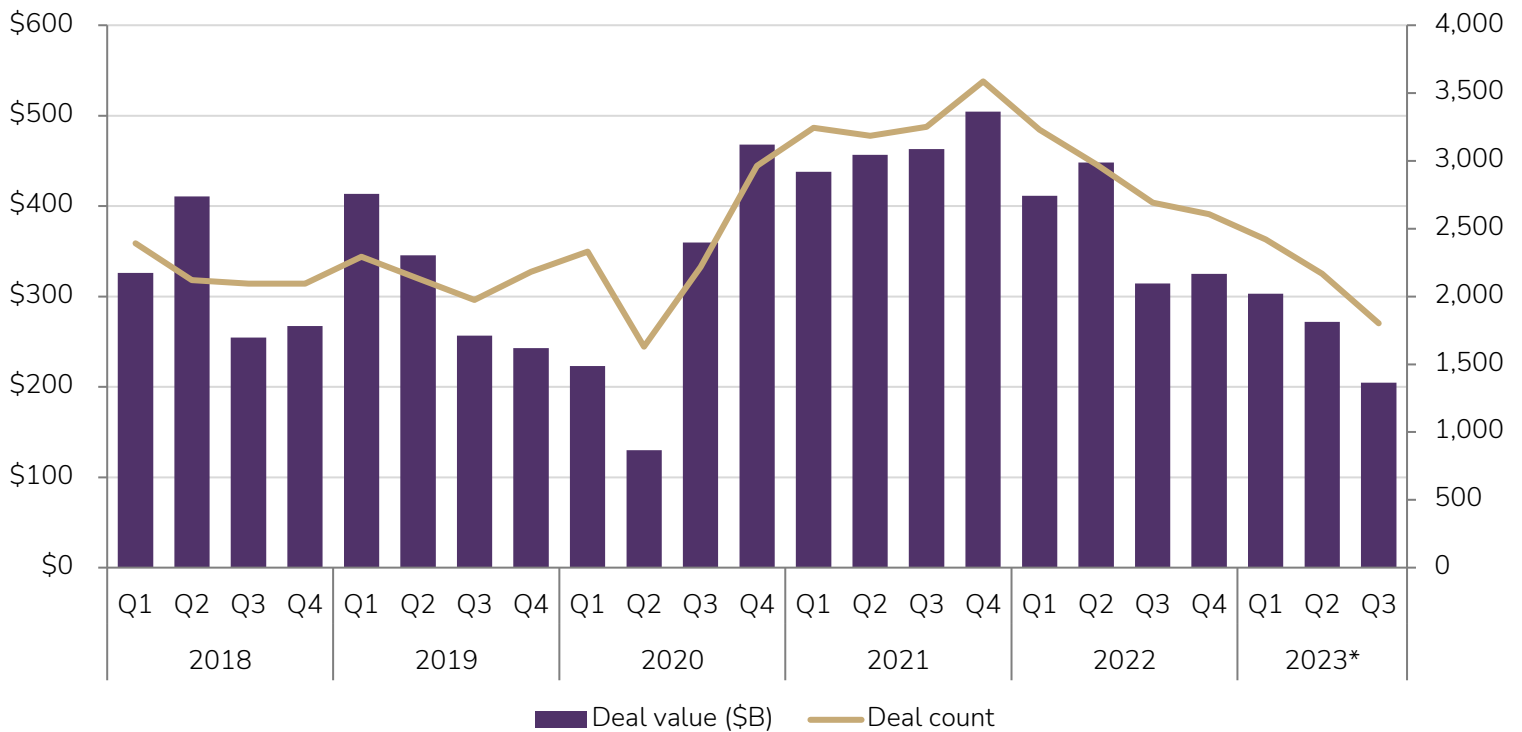
Healthcare IT								
Company	Ticker	Share Price	Fully Diluted Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA	
					TTM	NTM	TTM	NTM
Accolade	NAS: ACCD	\$6.50	\$539	\$560	1.5x	1.3x	NM	NM
Ascom Holding	SWX: ASCN	\$10.43	\$379	\$355	1.1x	1.0x	10.0x	7.8x
Evolent Health	NYS: EVH	\$24.43	\$2,899	\$3,625	2.2x	1.6x	22.9x	15.5x
HealthStream	NAS: HSTM	\$25.40	\$783	\$732	2.6x	2.5x	12.4x	11.5x
GoHealth	NAS: GOCO	\$14.04	\$158	\$931	1.8x	1.1x	NM	6.6x
Omnicecl	NAS: OMCL	\$35.54	\$1,647	\$1,851	1.5x	1.7x	11.6x	16.5x
Premier	NAS: PINC	\$19.22	\$2,364	\$2,714	2.0x	2.0x	5.4x	6.3x
IQVIA	NYS: IQV	\$180.83	\$33,621	\$46,148	3.1x	3.0x	13.4x	12.3x
Veradigm	NAS: MDRX	\$13.19	\$1,555	\$1,555	1.0x	2.4x	4.3x	9.6x
Sharecare	NAS: SHCR	\$1.05	\$430	\$347	0.7x	0.7x	22.1x	8.6x
Median					1.6x	1.7x	12.0x	9.6x
Average					1.8x	1.7x	12.8x	10.5x

Telehealth								
Company	Ticker	Share Price	Fully Diluted Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA	
					TTM	NTM	TTM	NTM
Amwell	NYS: AMWL	\$1.17	\$395	\$100	0.4x	0.4x	NM	NM
Hims & Hers Health	NYS: HIMS	\$5.98	\$1,357	\$1,169	1.6x	1.1x	NM	16.8x
LifeMD	NAS: LFMD	\$6.26	\$256	\$265	2.1x	1.5x	NM	20.0x
Ontrak	NAS: OTRK	\$1.07	\$6	\$12	1.1x	0.2x	NM	NM
Teladoc Health	NYS: TDOC	\$16.54	\$2,930	\$3,482	1.3x	1.3x	11.3x	9.8x
Median					1.3x	1.1x	11.3x	16.8x
Average					1.3x	0.9x	11.3x	15.5x

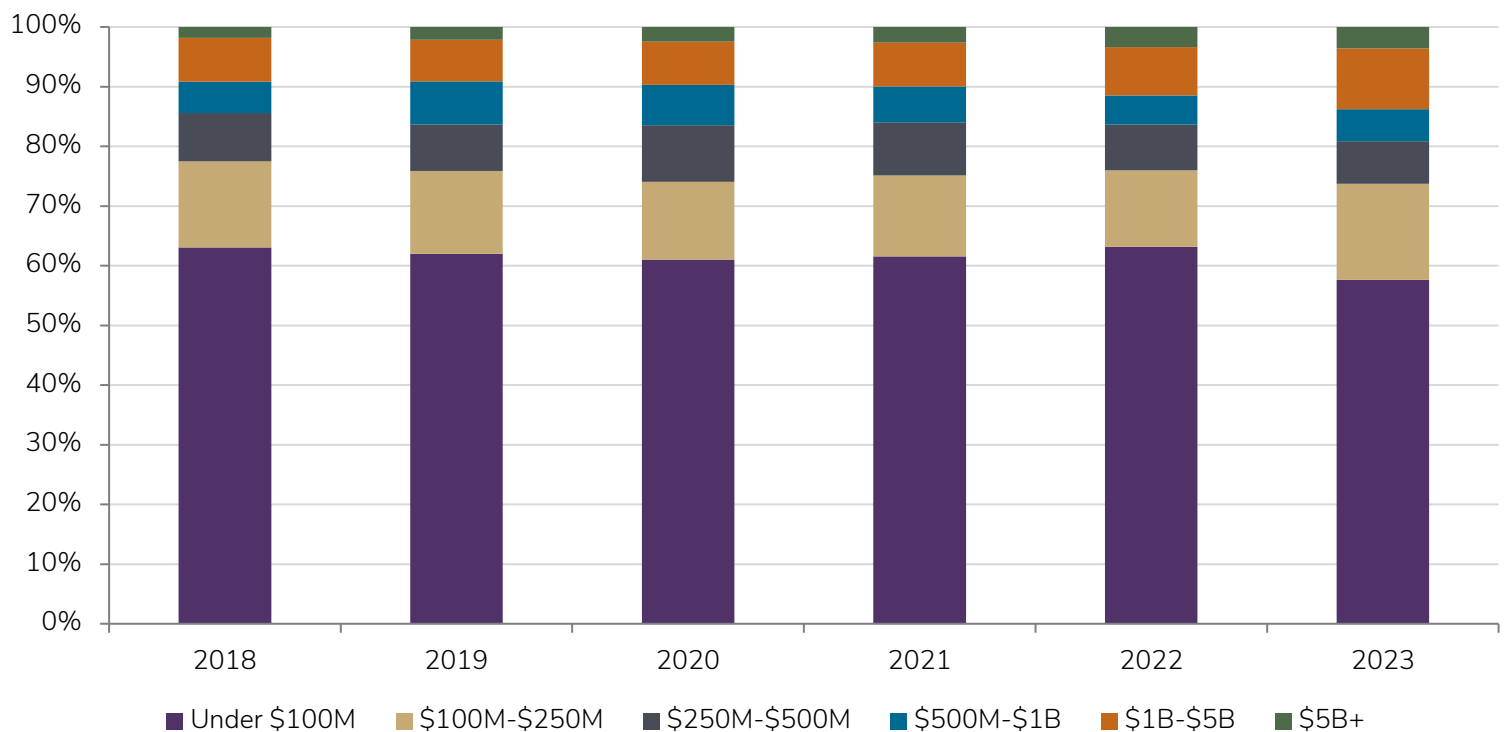
Note: All data as of October 31, 2023; TTM = Trailing Twelve Months; NTM = Next Twelve Months.

Healthcare & IT M&A: Aggregate Activity

Healthcare & IT M&A Activity by Quarter (2018 – Q3 2023)

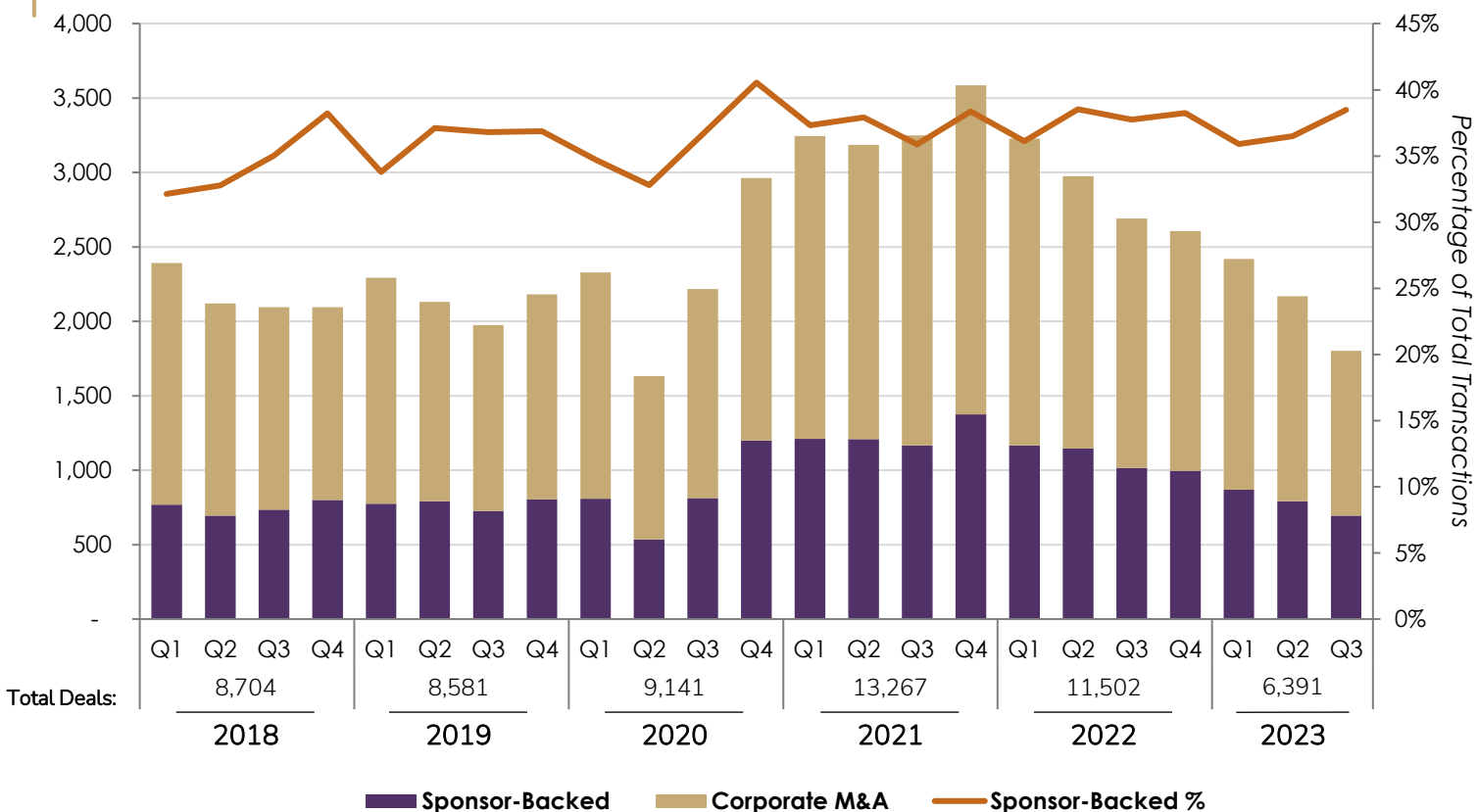


U.S. Healthcare & IT M&A Activity by Size (2018 – Q3 2023)

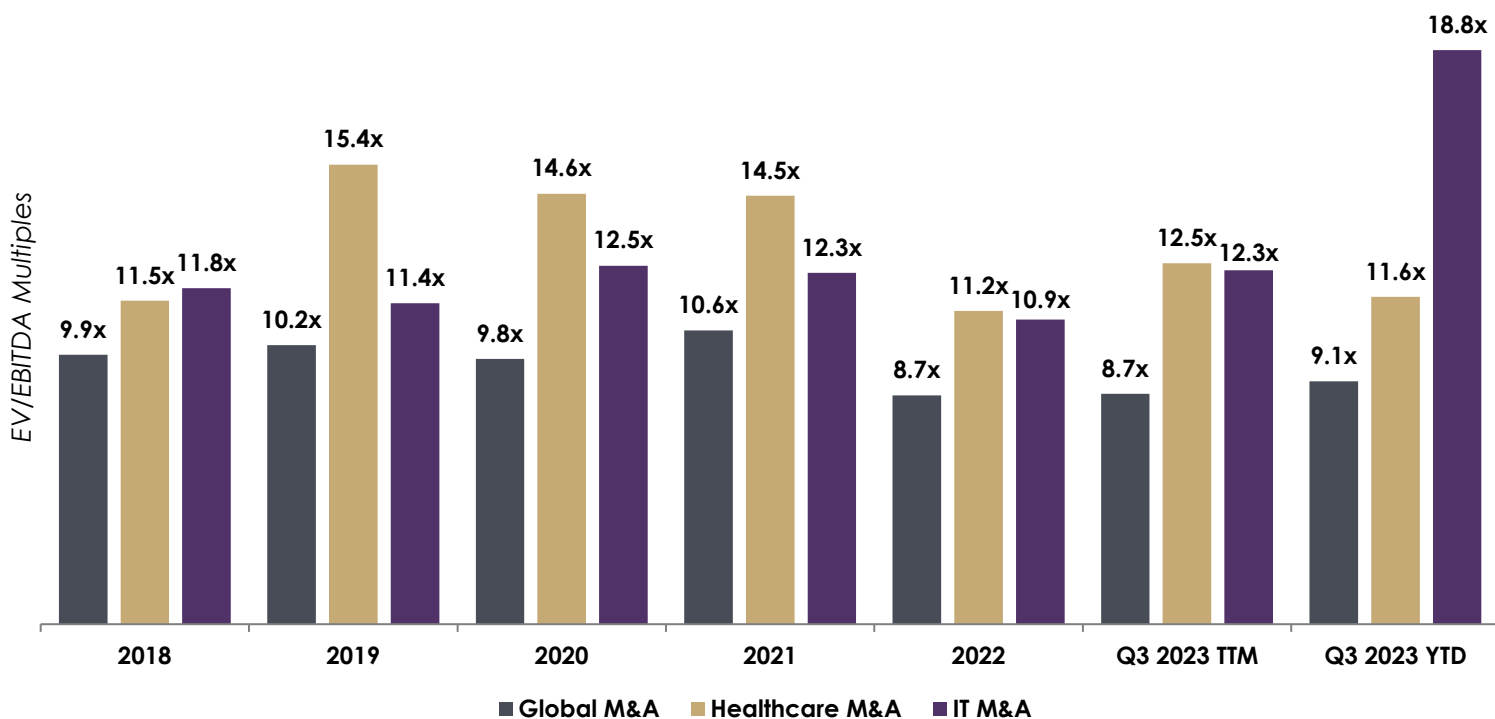


Healthcare & IT M&A: Acquirer Activity and Multiples

Healthcare & IT M&A Activity by Acquirer Type (2018 – Q3 2023)

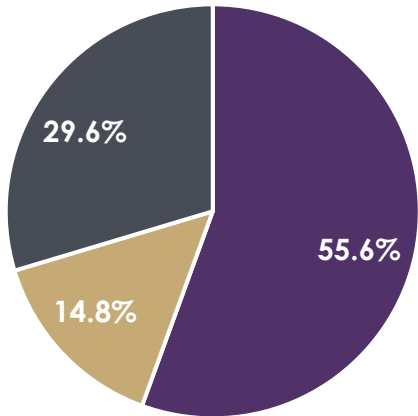


Healthcare & IT M&A Transaction Multiples (2018 – Q3 2023)



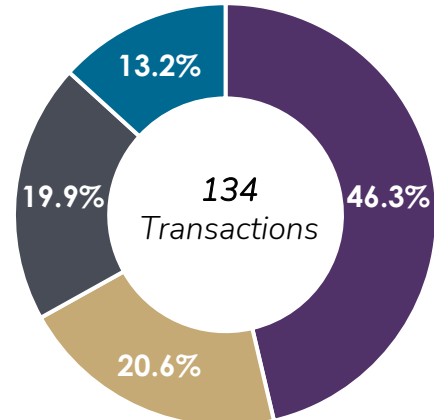
Healthcare IT Precedent Transactions Analysis (Q3 LTM 2023)

Transactions by Category



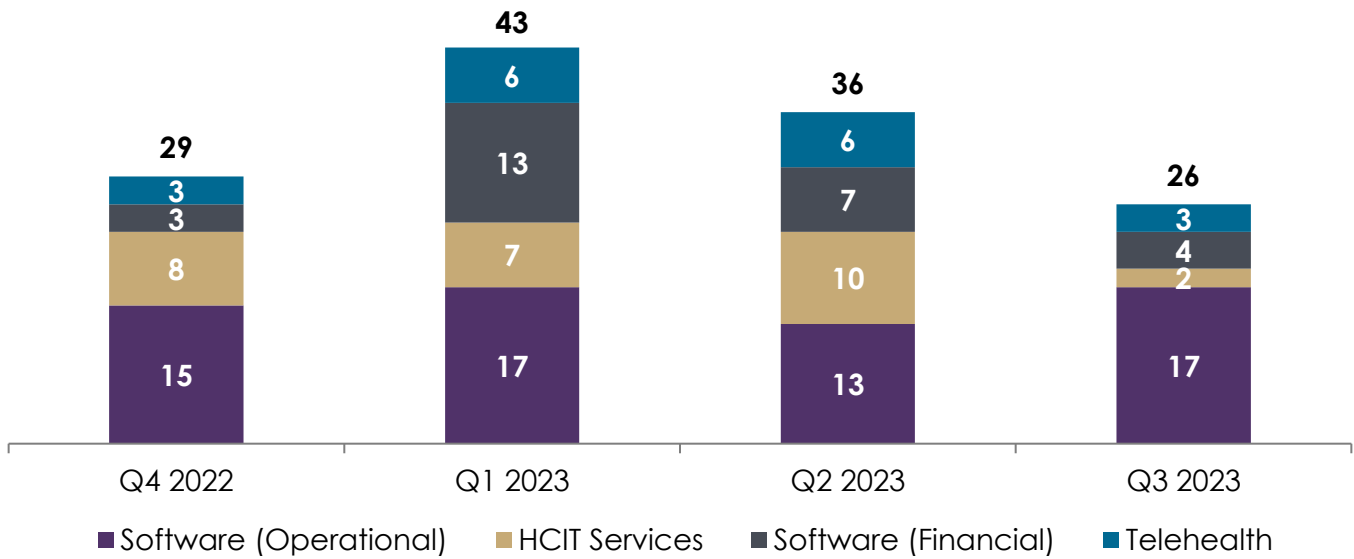
■ Strategic ■ Platform ■ Add-On

Transactions by Type



■ Software (Operational) ■ HCIT Services
■ Software (Financial) ■ Telehealth

Transactions by Quarter by Type



Key Acquirers

Strategic



Sponsor-Backed



Financial Sponsors



Recent Healthcare IT Transactions: Q3 2023 (1/2)

Healthcare IT: Precedent Transaction Analysis

\$ in millions

Date	Target	Target Description	Acquirer	Silo	TEV
Sep-23	Virgin Pulse	Developer of employee health engagement platforms and employee-centric tools intended to drive well-being, culture and productivity across organizations.	HealthComp	Software (Operational)	\$3,000.0
Sep-23	OpticianU	Operator of an optician training platform based in Temecula, California.	Optical Training	Software (Operational)	UD
Sep-23	Sesh	Developer of a mental healthcare application designed to provide access to therapist-led group support.	Caraway (Healthcare Technology Systems)	Telehealth	UD
Sep-23	NextGen Healthcare	Provider of ambulatory healthcare technology services intended to create healthier communities.	Thoma Bravo	HCIT Services	\$1,800.0
Sep-23	Odeza	Developer of an automated cloud-based healthcare concierge platform designed to improve patient journeys by speeding up manual processes and reducing variability in customer service.	TeleVox Software	Software (Operational)	UD
Sep-23	Therapy Direct	Provider of physical therapy services focused on managing physical medicine needs for injured employees.	Enlyte	Telehealth	UD
Aug-23	BioPharmics	Developer of software intended to serve the drug industry.	Optibrium	Software (Operational)	UD
Aug-23	Experience Care	Provider of integrated electronic health record and financial management services intended to help skilled nursing facilities and assisted living providers to improve their bottom line by keeping on top of clinical and financial metrics.	WellSky	Software (Operational)	UD
Aug-23	CorEvitas	Provider of clinical registry data and consulting services intended for biopharmaceutical companies.	Thermo Fisher Scientific	Software (Operational)	\$912.5
Aug-23	VBA Software	Developer of a healthcare administration software designed to offer cloud-based core administrative processing solutions for the healthcare industry.	Arthur Ventures	Software (Operational)	\$220.0
Aug-23	Sfax	Developer of cloud-based document management software catering to physicians, hospitals, medical billing companies and labs.	Consensus Cloud Solutions	Software (Operational)	UD
Aug-23	Inlightened	Developer of SaaS platform designed to bridge the knowledge gap in healthcare innovation.	LocumTenens.com	Software (Operational)	\$6.9
Aug-23	Syntellis Performance Solutions	Developer of enterprise performance management software designed for healthcare, higher education and financial institutions.	Strata Decision Technology	HCIT Services	\$1,385.0

Recent Healthcare IT Transactions: Q3 2023 (2/2)

Healthcare IT: Precedent Transaction Analysis					
\$ in millions					
Date	Target	Target Description	Acquirer	Silo	TEV
Aug-23	HealthPay24	Developer of enterprise patient payment platform intended to serve the healthcare sector.	Waystar Health	Software (Financial)	UD
Aug-23	Luminello	Operator of practice management platform intended to connect healthcare providers and prospective patients and clients.	SimplePractice	Software (Operational)	UD
Jul-23	Complia Health	Developer of technology and expertise software intended to serve long-term, pre-acute and post-acute care agencies.	Axxess	Software (Operational)	UD
Jul-23	Medxoom	Operator of a healthcare financing platform designed to simplify pricing for medical procedures.	Allied Benefit Systems	Software (Financial)	UD
Jul-23	ArcMed Analytics And Services	Provider of revenue cycle management (RCM) and analytics services intended for healthcare providers.	Ventra Health	Software (Financial)	UD
Jul-23	Populi (Business/Productivity Software)	Developer of an analytics suite platform designed to make access to commercial healthcare analytics easy.	Definitive Healthcare	HCIT Services	\$52.0
Jul-23	Limbix	Developer of a digital therapeutics platform intended for the treatment of adolescent mental health.	Big Health	Telehealth	UD
Jul-23	Trideo Systems	Developer of integrated risk information management system catering to healthcare organizations.	Marsh McLennan Agency	Software (Operational)	UD
Jul-23	Renesan Software	Developer of EHR software solutions intended for the renal healthcare information technology industry.	The Brydon Group	Software (Operational)	UD
Jul-23	Somnoware	Developer of a sleep disorder management platform designed to assist patients to have a sufficient amount of sleep.	ResMed	Software (Operational)	UD
Jul-23	Stogo	Developer of staffing and scheduling software designed for healthcare professionals to optimize the processes around staffing and manage human resource requirements.	Travel Nurse Across America	Software (Operational)	UD
Jul-23	CompMed	Developer of practice management platform developer focuses on specialized multi-specialty medical billing	Ovation Healthcare	Software (Financial)	UD

Your Strategic and M&A Partners in Healthcare IT

About DAK



40
YEARS

42
STATES
28
COUNTRIES

750+
TRANSACTIONS

65%
OF DEALS WITH
STRATEGIC BUYERS

\$8B
TOTAL DEAL VALUE

Transaction Characteristics

Private Businesses Closely held, entrepreneurial, family owned and multi-generational

Financial Sponsors Committed funds, independent sponsors, and family offices

\$2-40 MM EBITDA

\$10-400 MM enterprise value

\$10-300 MM annual revenue

Advisory Focused Investment Banking

M&A Advisory

Buy and sell-side domestic and cross-border transactions including sales, divestitures, mergers, acquisitions

Strategic Advisory & Valuation

Preparation of strategic advisory & planning, business plan, pre-transaction planning, valuation, fairness opinion, and market feasibility analysis

Focused Middle Market Coverage

Healthcare Services

A portfolio company of
BERENSON
has been recapitalized by management

has been acquired by
sonas
HOME HEALTH CARE

has been acquired by
KYON
VETERINARY SURGICAL PRODUCTS

has been acquired by
SGS

Generalist Coverage

received an investment from
STRIPES GROUP

has been acquired by
TestEquity
a subsidiary of
LABSON HOLDINGS

has been acquired by
LENOX
a portfolio company of
CENTRE LANE PARTNERS

has sold substantially all of its assets to
LOVELL MINNICK PARTNERS

Diversified Industrials

has been acquired by
HIDDEN HARBOR

has been acquired by
CMT CONSOLIDATED
MACHINE & TOOL
a portfolio company of
WHITEWOLF CAPITAL LLC

has been acquired by
Audax Group

has been acquired by
SAFE FLEET

Pro Audio Visual

has been acquired by
AVI SPL
a portfolio company
MARLIN EQUITY PARTNERS

has been acquired by
ERMAN
PRD AV

has received an investment from
TAILWIND

has acquired the systems business unit of
EarthLink

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Deep Expertise in the Healthcare Services Ecosystem

Trusted advisor to key stakeholders in home health and care, behavioral health, healthcare IT, medical device & lab, and pet healthcare services providers.

Strategic Advisor



is providing strategic guidance to



A Confidential
Home Care Provider

Sell Side Advisor



is currently in market with



A Regional
Home Health Provider

Sell Side Advisor



a portfolio company of



Has been recapitalized by management

Financial advisor to
Berenson Capital and IDS

Strategic Advisor



has provided strategic guidance to



A Multi-Site Senior Citizen
Mental Health Services Provider

Sell Side Advisor



is currently in market with



A Confidential Specialty
Care Diagnostics Software Provider

Sell Side Advisor



has been acquired by



Financial advisor to
Focus Forward Skilled Care

Sell Side Advisor



has been acquired by



Financial advisor to
Interactive Systems & Management Corporation

Sell Side Advisor



has been acquired by



Financial advisor to
Harrison Research Labs

DAK Group's Healthcare Services Coverage Area



Home-Based Care

Home service offerings for individuals including skilled and non-skilled assistance in daily life, after surgical procedures or for end-of-life care. Specific services include in-home personal care, nursing, assisted living, rehabilitative therapy, and hospice care.



Home Health



Home Care



Pediatric



Hospice/
Assisted Living



Franchise

Key Trends

- The increase of adults aged 65 plus, has resulted in a spike in home health care demand; 20.9% and 50.2% of those aged between 75 – 84 and 85+, respectively, require assistance.
- Home health aides address chronic illnesses such as coronary artery disease and congestive heart failure, which are common among seniors. 6 out of 10 adults in the U.S. have a chronic disease; 4 out of 10 adults have two or more chronic diseases; and chronic illness is on the rise, driving pediatric care.
- Home Care is substantially more affordable when compared to substitute services, such as inpatient care.

Select Market Participants



Agape Care Group



amedisys



PENNANT GROUP



Behavioral Healthcare

Inpatient and outpatient behavioral healthcare services including psychiatric care, mental health treatment, substance abuse, and addiction care. Patients are treated in a hospital environment or a third-party facility.



Mental Health



I/DD & ABA



Addiction Treatment

Key Trends

- 1 of 25 adults live with a severe mental health illness.
- Increasing consolidation of providers to meet the rising demand and pursue cost efficiencies.
- The COVID-19 Pandemic accelerated mental health issues due to social isolation and financial stress.
- The industry is expected to expand as social stigma related to addressing mental health issues subsides and more individuals seek out behavioral healthcare treatment.

Select Market Participants



DAK Group's Healthcare Services Coverage Area



Healthcare IT (Report Focus)

Increasing digitalization and technological advancements are creating new efficiencies in patient care and record keeping. Healthcare Technology Services include electronic health and medical records (EH/MR) as well as telehealth services.



EMR



Telehealth



Data Analytics

Key Trends

- Advancements in and increased ease of use of communication technology has resulted in a dramatic shift towards telehealth services.
- Federal legislation has incentivized providers to digitize records and adopt EMR / EHR systems.
- The COVID-19 pandemic has increased adoption thanks to the demand for patient exposure, infection, and vaccination tracking.

Select Market Participants



Diversified Healthcare

Diversified Healthcare offerings including pet health services, laboratory services and other diagnostic testing, physician practice management, biotech and medical device companies and other healthcare service providers.



Biotech and
Devices



Pet
Health



Laboratory
Services



Other Healthcare
Services



Physician Practice
Management

Key Trends

- As 70% of U.S. households, or 90.5 million homes, have at least one pet, the demand for routine veterinary services continues to grow.
- The effects of the COVID-19 pandemic have proven to accelerate growth within the laboratory services market due to demand for COVID-19 testing along with the need for accurate and early disease diagnosis of other chronic and infectious diseases.
- With the use of electronic data becoming evermore prevalent in the healthcare space, robust practice management systems are becoming a necessity for medical and physician practices in order to be in line with regulatory and compliance requirements along with efficient and accurate patient record keeping.

Select Market Participants

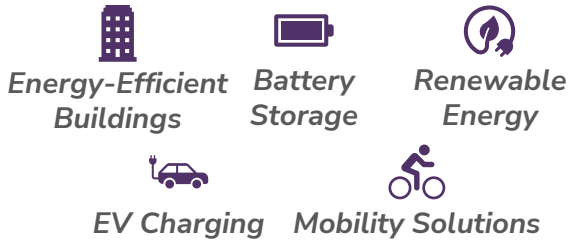


DAK Group's TMT Ecosystem



Climate Technology

Climate technologies are critical to improving the effect that society and industry have on the environment. DAK's coverage focuses on renewable energy developers, the EV charging ecosystem, environmentally-friendly building products, and the upstream suppliers supporting these industries.



Key Trends

- Over the past decade, the cost of renewable energy projects has come down by almost 90%.
- McKinsey estimates that next-generation technologies could attract \$1.5 trillion to \$2 trillion of capital investment per year by 2025.
- Innovative finance, like special projects and SPACs, have been core to climate tech's growth.
- Electric transportation, clean energy generation, mobility solutions, and battery storage solutions are expected to be key focus areas over the coming years.

Select Market Participants



Marketing Solutions

Digital and traditional marketing and advertising solutions across all channels and devices for businesses and consumers including web, social media, email, mobile, text, video, Convergent TV (Digital, OTT, Linear), out-of-home, and legacy print media.



Key Trends

- 2023 will see broad experimentation with and further investment into cookie-less tech and platforms as the move away from third party-data continues.
- Shift to first-party and zero-party data will also lead to a rise in contextual targeting (\$335.1B est. by 2026)
- The CTV ad market will maintain a double-digit growth rate in 2023 of 14.4% compared to the 5.9% projected growth of overall ad spending.
- AI will begin to power marketing at scale by hyper-accelerating consumer insight delivery to Ad Tech and Mar Tech platforms.

Select Market Participants



DAK Group's TMT Ecosystem



Media Entertainment

The entertainment industry continues to be redefined by new business models and changing viewing habits. Streaming platforms like podcasts and Over The Top TV are focusing on profitability which means cutting back on production budgets and other investment spending activities. M&A also slowed in recent quarters as it has in other verticals while traditional investors regroup.

Key Trends

- Based on the current challenging economic climate, AVOD's appeal is surging as price-conscious viewers are willing to watch ads in exchange for discounted or free OTT streaming videos.
- With a shift in focus from land grab to bottom-line profitability, major OTT streamer original content spend will grow only 14% YOY 2023 v. 2022, down significantly from the 45% YOY 2022 v. 2021.
- While scripted programming remains the bedrock of content investment, the number of unscripted projects commissioned by global SVODs grew by 35% in 2022.



Media & Production Technologies



Podcasts



Video Streaming

Select Market Participants



Workplace Technologies

Providers of solutions and services that improve and enhance the workplace technology environment including communication and collaboration solutions, IT services and managed service providers (MSPs), cloud and cybersecurity solutions as well as the hardware manufacturers and distributors that support the broader ecosystem.

Key Trends

- Continued adoption of hybrid work models is expected to drive growth of new and immersive communication and collaboration technologies to enhance the productivity of remote workforces
- As businesses continue their digital transformation and rely more on distributed workforces, cloud computing, and IoT devices, the potential attack surface expands, underscoring the urgent need to invest in and reinforce cybersecurity measures.
- As remote work becomes more common and cyber attacks continue to rise, businesses are turning to AI and big data analytics to handle the growing complexity of their IT environments.



IT Services



AV Collaboration



MSPs & Cybersecurity



Cloud



Healthcare IT

Select Market Participants



Source: IBISWorld

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How We Can Help You

DAK helps middle-market, privately held businesses, sponsor backed companies, and PE firms in the **Healthcare** space garner the greatest value for their companies.

As owners looking to grow, exit or just “take some chips off the table” by reducing risk, our teams provide operational advice, pre-transaction planning and expertise leading buy-side and sell-side transactions that create exceptional value.