

HEALTH SERVICES BUSINESSES INCREASINGLY TARGET HEALTHCARE IT MARKET

HEALTHCARE INFORMATION TECHNOLOGY SECTOR UPDATE | JULY 2024



**CAPSTONE
PARTNERS**

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HEALTHCARE IT COVERAGE VERTICALS

Capstone’s Technology, Media & Telecom Group provides high-quality corporate finance advice to software and service providers across the entire Healthcare Information Technology spectrum including the Clinical Systems, eHealth, Electronic Medical Records, and Patient Monitoring & Communication subsegments.

We leverage domain experience to provide high-quality mergers and acquisitions, institutional financing, and strategic advisory services to private and publicly traded healthcare information technology companies across the globe.





Healthcare Information Technology

Health Services Businesses Increasingly Target Healthcare IT Market

KEY SECTOR TAKEAWAYS

Capstone Partners' Technology, Media & Telecom (TMT) Group is pleased to share its Healthcare Information Technology (IT) report. Merger and acquisition (M&A) activity in the Healthcare IT sector has remained strong year-to-date (YTD), primarily driven by healthcare services businesses targeting IT providers to offset labor shortages. In addition, heightened adoption of artificial intelligence (AI) and machine learning (ML) has provided participants with significant revenue and M&A opportunities, a trend Capstone heard echoed at the 2024 Healthcare Information and Management Systems Society (HIMSS) conference. Several additional report takeaways are outlined below.

1. Driven by the need to organize vast amounts of data and improve care quality, AI is projected to comprise an increasing share of global Healthcare IT sector revenue.
2. The Healthcare IT initial public offering (IPO) market has remained relatively quiet, with venture capital and private equity exits favoring M&A.
3. M&A volume in the Healthcare IT space to-date has risen 10.1% year-over-year (YOY), outpacing the broader U.S. M&A market and TMT industry.
4. Middle market (less than \$500 million enterprise value) deals in the Healthcare IT sector have continued to comprise the vast majority of M&A transactions to-date.
5. Healthcare IT providers' ability to showcase sticky customer bases and recurring revenue has spurred elevated private equity acquisitions, exits, and fundraising in the space.
6. Venture capital firms have continuously shied away from early-stage startups in the sector, prioritizing businesses with a strong growth history and clearer exit opportunities.

Capstone Partners has developed a full suite of corporate finance solutions, including, financial advisory services, merger and acquisition advisory, debt advisory, and equity capital financing to help privately owned businesses and private equity firms navigate through each stage of a company's lifecycle.

To learn more about Capstone's wide range of advisory services and Healthcare IT sector knowledge, please [contact us](#).

AI ADOPTION SUPPORTS ROBUST SECTOR REVENUE PROJECTIONS

The Healthcare IT sector has remained relatively insulated from tepid economic conditions, evidenced by robust M&A activity YTD. Elevated sector demand has been supported by healthcare services companies looking to remedy inefficiencies from ongoing labor shortages through advanced technology such as AI. Labor shortages in the Healthcare industry are expected to be further exacerbated by an aging U.S. population, with the industry forecasted to account for 45% of all U.S. job requisitions between 2022 and 2032, according to the U.S. Bureau of Labor Statistics (BLS).¹ In addition, U.S. healthcare spending is projected to reach \$4.9 trillion by year-end 2024, creating a strong backdrop for sector participants, according to the Centers for Medicare & Medicaid Services (CMS).² This marks an increase of 5% YOY. Increased industry spending and worsening labor shortages have provided sector participants with elevated revenue opportunities.



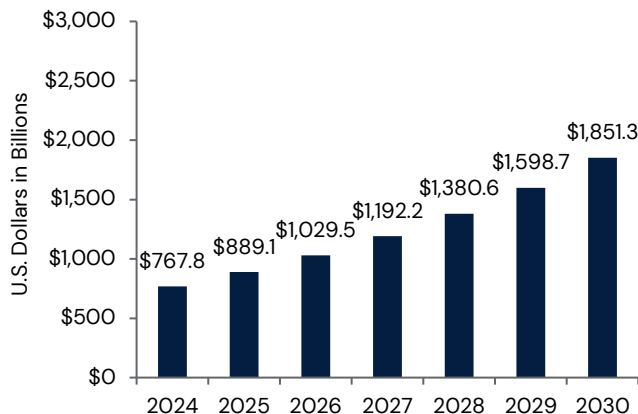
**David DeSimone,
Managing Director**

“While the Healthcare industry historically has not been the fastest adopter of technology, the significant efficiencies and cost savings of AI in Healthcare IT have made this sector one of the most fertile for AI development and revenue expansion, as evidenced by the fast-growing wallet share enjoyed by AI-driven technologies.”

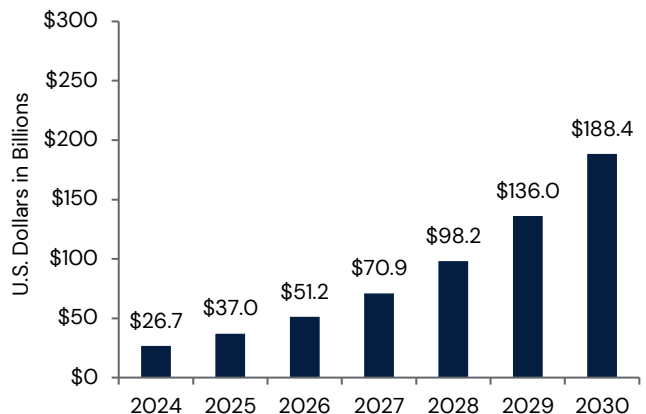
Globally, Healthcare IT sector revenue is forecasted to reach \$1.9 trillion by 2030 through a compound annual growth rate (CAGR) of 15.8% between 2024 and 2030, according to Grand View Research.³ North America has continued to dominate the market, comprising more than 40% of global sector revenue in 2023. AI has increasingly permeated the Healthcare IT sector as participants have leveraged custom algorithms to improve preventative care, risk assessment, patient engagement, and cybersecurity. While AI development in many industries has yet to materialize in revenue gains, early AI adoption in the Healthcare space has accelerated the technology’s financial viability. Notably, global Healthcare AI market revenue is projected to reach \$188.4 billion by 2030 through a CAGR of 38.5% between 2024 and 2030, according to Grand View Research.⁴ AI offerings are forecasted to comprise 10.2% of global revenue in the Healthcare IT sector by 2030, up from 2.9% in 2023. As the technology continues to mature, Capstone expects AI-enabled players to draw significant M&A attention from strategic and financial acquirers.

AI to Comprise an Increasing Share of Global Healthcare IT Revenue

Global Healthcare IT Revenue Projection
(15.8% CAGR)



Global Healthcare AI Revenue Projection
(38.5% CAGR)



Source: Grand View Research and Capstone Partners

KEY THEMES FROM THE 2024 HIMSS CONFERENCE



In March 2024, Capstone Managing Director [David DeSimone](#) attended the [HIMSS](#) conference in Orlando, Florida to meet with Healthcare IT leaders and share market experiences. Below are select key themes from the conference.



AI Drives Operational Efficiency and Accuracy

Advances in AI have enhanced diagnostic accuracy, optimized treatment plans, and bolstered operational efficiency throughout the Healthcare IT ecosystem.



Demand for Interoperable Data Accelerates

Interoperability has been a long-term trend in the Healthcare IT sector, with the need for improved data governance, standards, and regulation driving enhancements in patient data accessibility.



Cybersecurity and Data Privacy Become Paramount

The rapid digitization of the Healthcare industry has necessitated improved cybersecurity measures, bolstering demand for participants with embedded security and privacy capabilities.



Patients Demand Digital Engagement Solutions

As patients have taken an increasingly active role in personal health monitoring, patient engagement software providers have experienced robust demand and acquisition appetite.



David DeSimone,
Managing Director

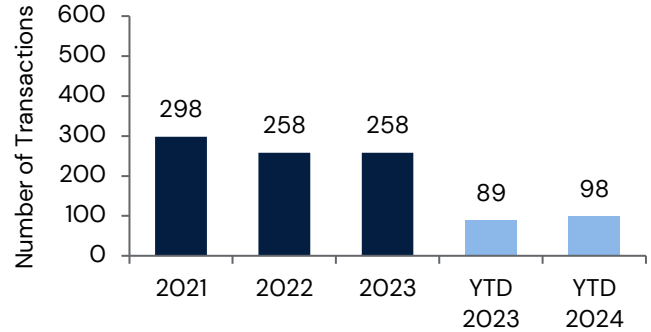
“Although AI has become an almost ubiquitous ‘buzz word’ (and not always much more than just that) in the Technology sector, healthcare-focused AI appears to have able to take real root broadly across the Healthcare IT landscape, driven largely by the demonstratable efficiencies and meaningful ROIs that it provides to providers and payors alike.”

M&A VOLUME REBOUNDS, VALUATIONS REMAIN ROBUST

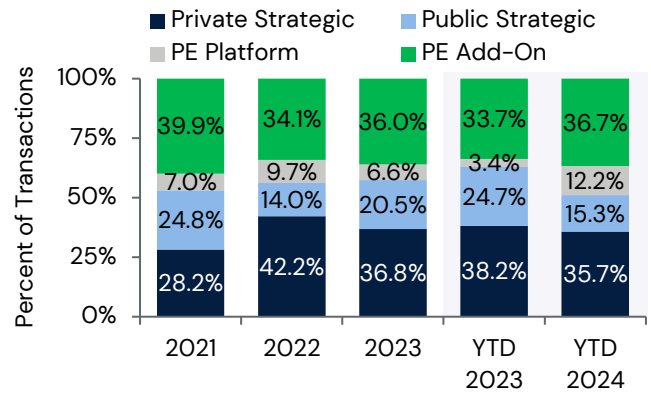
M&A activity in the Healthcare IT sector has rebounded YTD, with 98 transactions announced or completed. While full-year 2023 remained flat, YTD volume has increased 10.1% YOY. In comparison, total M&A activity in the U.S. and TMT industry has declined 16.1% and 10.3% YOY, respectively, during the same period. Healthcare industry defensibility and digital transformation tailwinds have supported elevated M&A activity in the sector. In addition, healthcare services companies have increasingly opted to acquire technology assets rather than develop new systems in-house for speed of implementation (as seen in our discussion on page ten).

Strategic buyers have continued to comprise the majority (51%) of YTD sector deals, albeit by a slim margin. Private strategics have represented 35.7% of deals to-date, often rolling up middle market competitors with advanced capabilities such as AI and ML to boost technology stacks. Public strategic buyer activity has experienced the largest decline YTD, falling 31.8% YOY. Public market volatility has inhibited many public players' available acquisition capital. Select public companies in the space have pursued sponsor backing via take-private transactions to fund acquisition pursuits. Sponsor acquisitions in the sector have proliferated YTD (see next page).

Healthcare IT M&A Volume Rises To-Date

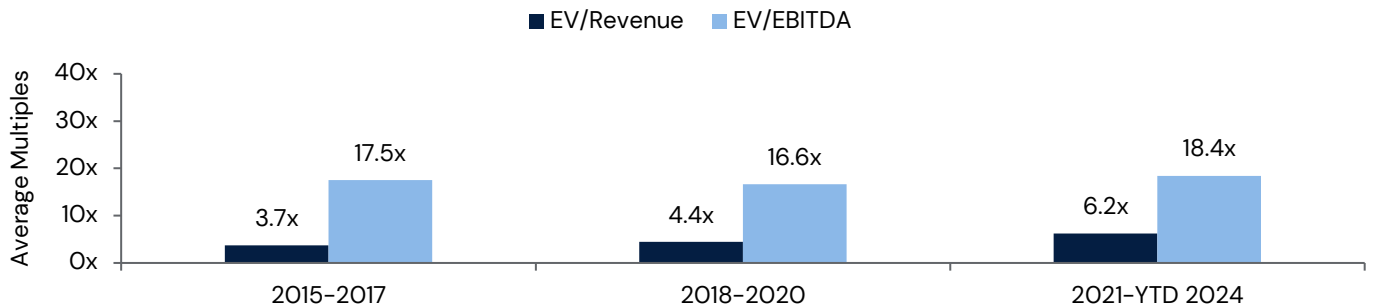


Strategics and Sponsors Remain Active



Year-to-date (YTD) ended May 1
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Healthcare IT M&A Valuation Analysis



Year-to-date (YTD) ended May 1; Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

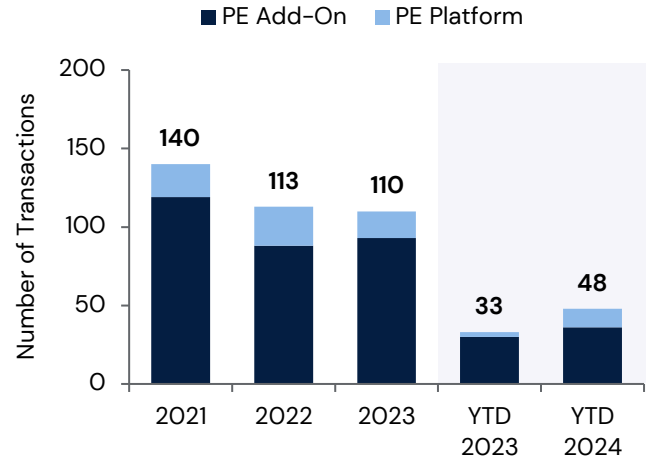
Valuation Insight

M&A multiples in the Healthcare IT sector have averaged 6.2x EV/Revenue from 2021 through YTD, outpacing the average sector multiple from 2018 through 2020 (4.4x EV/Revenue) and 2015 through 2017 (3.7x EV/Revenue). Sector targets with a high degree of recurring revenue and interoperability have continued to garner strong multiples. The sector's middle market has continued to yield significant levels of M&A activity at attractive valuations. From 2021 through YTD, middle market deals have comprised 83.8% of disclosed sector transactions, drawing an average multiple of 6.4x EV/Revenue during the same period.

HEALTHCARE IT SPONSOR ACQUISITIONS, EXITS, AND FUNDRAISING RISE

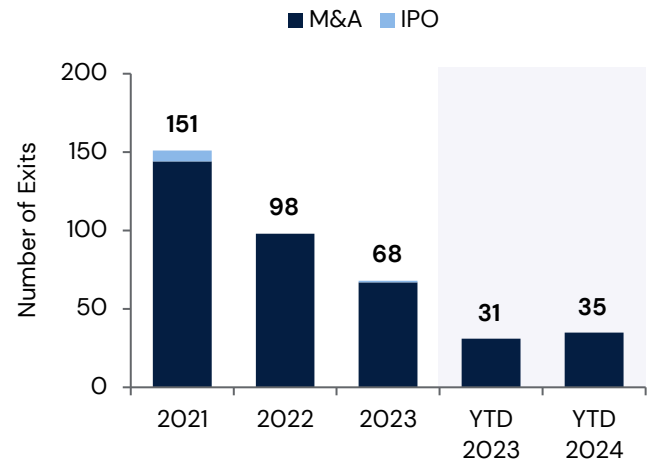
Private Equity Buyer Activity

Private equity firms have increasingly targeted the Healthcare IT sector, with 48 transactions announced or completed YTD. This marks an increase of 45.5% compared to YTD 2023. Sector participants' ability to showcase sticky customer bases, recurring revenue, and advanced technology capabilities has piqued heightened private equity investment in the space. While private equity has continued to utilize add-on transactions (75% of YTD sponsor deals), platform acquisitions in the sector have tripled YOY. Elevated fundraising levels and vast amounts of dry powder have enabled sponsors to pursue scalable platform opportunities.



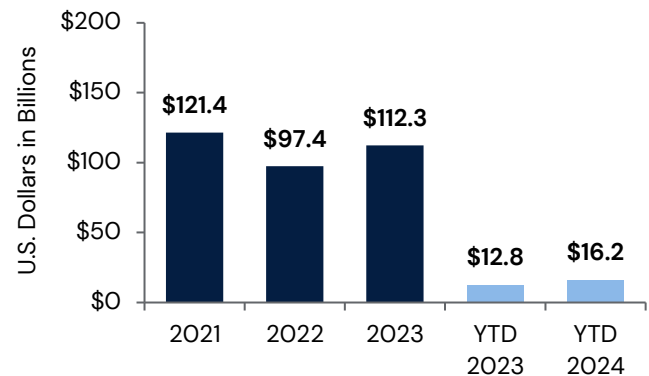
Private Equity Exit Activity

Private equity exits of Healthcare IT holdings have increased 12.9% YOY to 35 realized investments YTD, representing the first rise in the past three years. Relatively strong exit valuations, coupled with diminishing internal rate of returns (IRRs), have spurred heightened exit activity in the space. Of note, the average IRR per Healthcare IT-focused fund has stood at 1.6% in YTD 2024. While this marks a modest YOY gain, the average IRR has remained well below 2021's peak of 27.6%. M&A has continued to be the most viable exit path for sponsors, accounting for 100% of exits YTD. Public market turbulence has stalled IPO activity this far in 2024.



Private Equity Fundraising

Sponsor capital raising for Healthcare IT-focused funds has defied broader market trends. To-date, private equity capital raised for sector-specific funds has increased 26.9% YOY to \$16.2 billion. In comparison, total sponsor fundraising in the middle market declined 15.1% YOY in Q1, according to Capstone's Q1 2024 Capital Markets Update. A strong track record of private equity capital deployment and exits in the sector have piqued fund investors' appetite. Robust sponsor fundraising levels bode well for sector transaction activity in the near-term as private equity groups look to deploy acquisition capital for quality assets.



Year-to-date (YTD) ended May 1
 Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

CVS CONTINUES IT CONSOLIDATION, DIVESTS RETAIL LOCATIONS



Ticker: NYSE:CVS

Headquarters: Woonsocket, Rhode Island

Markets: Healthcare Services & Technology

Number of Employees: 259,500

Year Founded: 1996

CVS' Key Financial and M&A Metrics

3.7%

YOY Revenue Growth
(Q1 2024)

8.4x

Enterprise Value/EBITDA
(LTM Q1 2024)

11

Total Acquisitions
(2014-YTD 2024)

8

Total Divestitures
(2014-YTD 2024)

*Year-to-date (YTD) ended May 1; LTM=Last Twelve-Months
Source: Capital IQ, CVS, and Capstone Partners*

Financial Performance

CVS Health (NYSE:CVS) has continued to exhibit strong financial performance despite softening consumer demand and recent cybersecurity concerns in the space. Of note, CVS' Q1 2024 revenue totaled \$88.4 billion, according to the company's Q1 2024 earnings release.⁵ This marks an increase of 3.7% YOY. CVS' revenue gains have been supported by its Healthcare Benefits and Pharmacy & Consumer Wellness segments, which saw Q1 2024 YOY sales increases of 24.6% and 2.9%, respectively. Total revenue in the company's Health Services segment declined 9.7% YOY in Q1 2024, largely due to the loss of a large client, according to the earnings release. Looking ahead, CVS plans to execute organic and inorganic growth strategies to accelerate enterprise productivity and ensure cost alignment with operations.

M&A Activity

CVS has remained an active consolidator in the Healthcare IT sector and broader Healthcare industry, with an aim to become the largest healthcare conglomerate in the U.S. Notably, the company has announced or completed 11 total acquisitions over the past ten years. Technology-enabled participants have comprised five of the 11 transaction targets, illustrating CVS' acquisition appetite in the Healthcare IT sector. Recently, CVS announced its acquisition of Hella Health for an undisclosed sum (May 2024). Hella Health offers Medicare Advantage solutions through its digital platform, connecting patients with insurers and care providers. In addition, CVS has continued to divest underperforming assets to fortify earnings. Of the eight divestitures announced or completed over the last ten years, five have involved the sale of retail locations. This strategy has aligned with CVS' broader initiative to focus on technology-enabled health insurance, service, and data capabilities amid weakening consumer demand.

Sector Implications

Healthcare services providers, including CVS, have increasingly targeted the Healthcare IT sector via M&A to bolster digital transformation efforts. Of note, healthcare services businesses have accounted for 28.6% of sector acquirers YTD. Sector deal volume from this buyer group has increased 40% compared to YTD 2023. In light of Change Healthcare's ransomware attack in May 2024, strategic acquirers in the space have prioritized M&A targets with advanced security measures to strengthen data protection. Capstone expects services companies to continue to penetrate the sector while diligently assessing targets' cybersecurity protocols.

NOTABLE M&A TRANSACTIONS BY BUYER TYPE

Strategic



In April 2024, Volt Athletics acquired ZAMA Health for an undisclosed sum. ZAMA develops and operates a behavioral health platform that provides mental health services for the athletic community. Volt, a strength and athletic conditioning software provider, pursued the acquisition to expand its platform’s offerings to include mental health in addition to physical health. The transaction has enabled Volt to be a full-service digital health provider for collegiate athletic departments.



Calyx Services acquired Invicro in March 2024 for an enterprise value of \$130 million, equivalent to 2.5x EV/Revenue. Invicro develops software for medical imaging analysis, primarily serving the Life Sciences and Pharmaceutical markets. The company’s imaging software is expected to complement Calyx’s medical imaging services and bolster its client base across the U.S., Europe, and Asia. The transaction demonstrates health services companies’ acquisition appetite in the Healthcare IT sector.



Leading healthcare IT provider Veradigm (OTCPK:MDRX) acquired ScienceIO in February 2024 for an enterprise value of \$183.6 million. ScienceIO operates as a data science company, developing AI-enabled software for the Healthcare industry. ScienceIO’s platform utilizes AI to organize unstructured healthcare data while maintaining privacy standards. Through the deal, Veradigm plans to leverage AI to analyze data from more than 400,000 providers and 200 million patients, according to a press release.⁶

Financial



In April 2024, private equity firm Vista Equity Partners announced its take-private acquisition of Model N (NYSE:MODN) for an enterprise value of \$1.2 billion or 4.5x EV/Revenue. Model N provides revenue cycle management solutions to the Life Sciences and Healthcare markets. Model N’s strong annual recurring revenue (ARR) mix attracted Vista to the opportunity. In fiscal year Q1 2024, 76.3% of Model N’s total revenue was derived from software subscriptions, according to the company’s April investor presentation.⁷



Riordan, Lewis & Haden-backed Patient Care America announced its acquisition of Lyfebulb in March 2024. Terms of the transaction were not disclosed. Patient Care America provides therapy and other health services in the U.S. Lyfebulb develops a patient engagement platform for people living with chronic illnesses. The transaction broadens Patient Care America’s digital engagement capabilities and expands its addressable market to patients who are unable to travel for in-person visits.



Private equity firm New Mountain Capital announced its take-private acquisition of R1 RCM (Nasdaq:RCM) for an enterprise value of \$7.6 billion, equivalent to 3.4x EV/Revenue and 13.5x EV/EBITDA (February 2024). New Mountain Capital has been R1’s second-largest investor, owning nearly one-third of the company’s shares, according to a press release.⁸ R1’s healthcare revenue cycle management solutions have provided the company with significant recurring revenues, well-positioning R1 for an exit.

SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV/LTM Revenue	EBITDA
05/01/24	Mindbase	Versaterm	Designs and develops mental health and wellness platform.	-	-	-
04/30/24	SameSky Health	GroundGame.Health	Develops a patient engagement platform.	-	-	-
04/30/24	Rsv Opco 5	RIPPL Care	Provides an AI-based software platform that delivers dementia care services.	-	-	-
04/29/24	RxCap	Gerresheimer (XTRA:GX1)	Develops a suite of healthcare software for remote monitoring.	-	-	-
04/23/24	Soundable Health	Delight Room	Provides a platform that identifies early signs and symptoms of various diseases.	-	-	-
04/19/24	Edgility	ABOUT Healthcare	Offers an AI-enabled software platform to improve healthcare operational processes.	-	-	-
04/18/24	PX Technology	CareMetx	Develops software to digitize healthcare processes and connect patients, providers, and partners.	-	-	-
04/09/24	ZAMA Health	Volt Athletics	Operates a behavioral health platform that provides mental healthcare services for the athletic community.	-	-	-
04/08/24	Model N (NYSE:MODN)	Vista Equity Partners	Develops and monetizes revenue management solutions for healthcare providers.	\$1,160.5	4.5x	-
04/03/24	Medecipher	Snapcare	Designs and develops web-based software FLO, a predictive staff scheduling software for nurse managers.	-	-	-
03/26/24	Birch Technologies	Sagility	Develops an AI platform for patient support and engagement.	-	-	-
03/15/24	Cloudbreak Health	GTCR	Provides telehealth solutions for hospitals and medical facilities.	\$180.0	-	-
03/07/24	Invicro	Calyx Services	Offers a suite of services and software for medical imaging analysis.	\$130.0	2.5x	-
03/04/24	TDO Software	Valsoft	Develops a practice management system for endodontists.	\$16.0	-	-
02/27/24	ScienceIO	Veradigm (OTCPK:MDRX)	Provides an AI-enabled data analytics platform for healthcare organizations.	\$183.6	-	-
02/26/24	R1 RCM (Nasdaq:RCM)	New Mountain Capital	Offers revenue cycle management solutions for health systems, hospitals, and physician groups.	\$7,587.3	3.4x	13.5x
02/21/24	Twill	DarioHealth (Nasdaq:DRIO)	Develops an AI platform for telebehavioral health.	\$34.4	-	-
02/16/24	Assets of Trxade	Micro Merchant Systems	Operates a web-based market platform enabling healthcare groups to source medical supplies.	\$30.0	-	-
02/16/24	Think Research (TSXV:THNK)	Beedie Capital	Provides knowledge-based digital health software solutions including patient engagement.	\$54.7	0.9x	-
02/05/24	Light AI	Mojave Brands (CNSX:MOJO)	Provides an AI healthcare platform for rapid digital screening, diagnostic solutions, and point-of-care.	\$11.7	-	-
01/16/24	American HealthTech	Pointclickcare Technologies USA	Offers clinical management and enterprise management software suites for healthcare providers.	\$25.2	-	-
01/08/24	C2I Genomics	Veracyte (Nasdaq:VCYT)	Provides a cancer treatment intelligence platform for monitoring tumor recurrence.	\$94.4	-	-

Note: Bold indicates transaction targets with AI capabilities
 Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

BUYER UNIVERSE

Capstone’s Technology, Media & Telecom Investment Banking Group has built relationships with and tracked buyers that have been highly acquisitive in the Healthcare IT sector, particularly those that have completed notable Healthcare IT transactions. Our sector knowledge and network provides us with unique insights into this buyer universe and industry and growth drivers for the companies within it.

Active Strategic Buyers



Active Financial Buyers

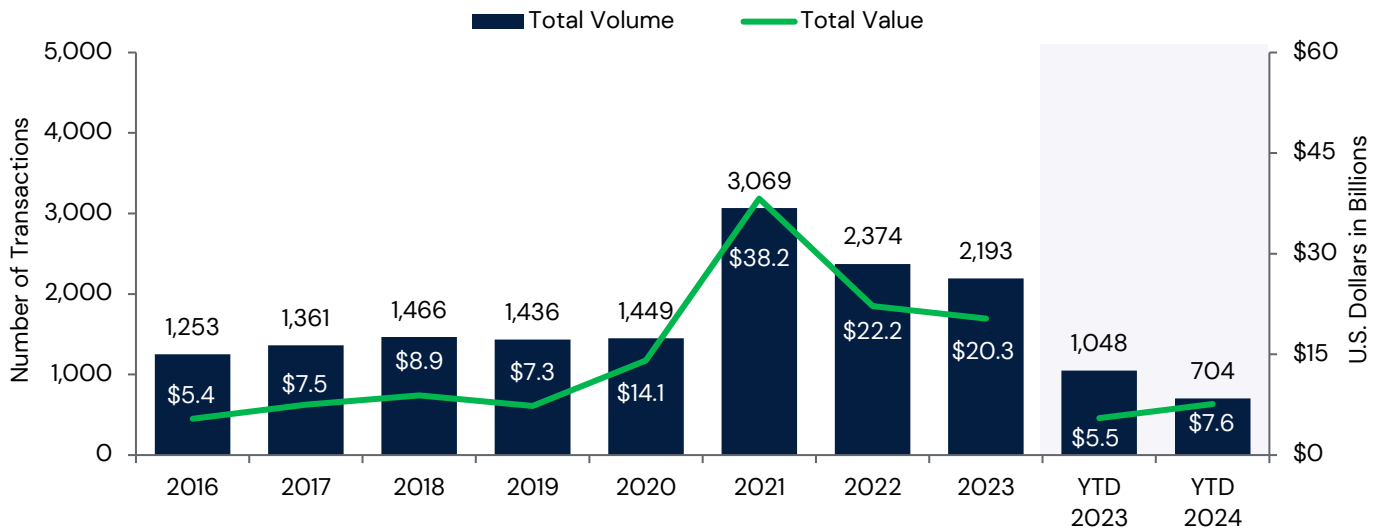


Source: Capstone Partners

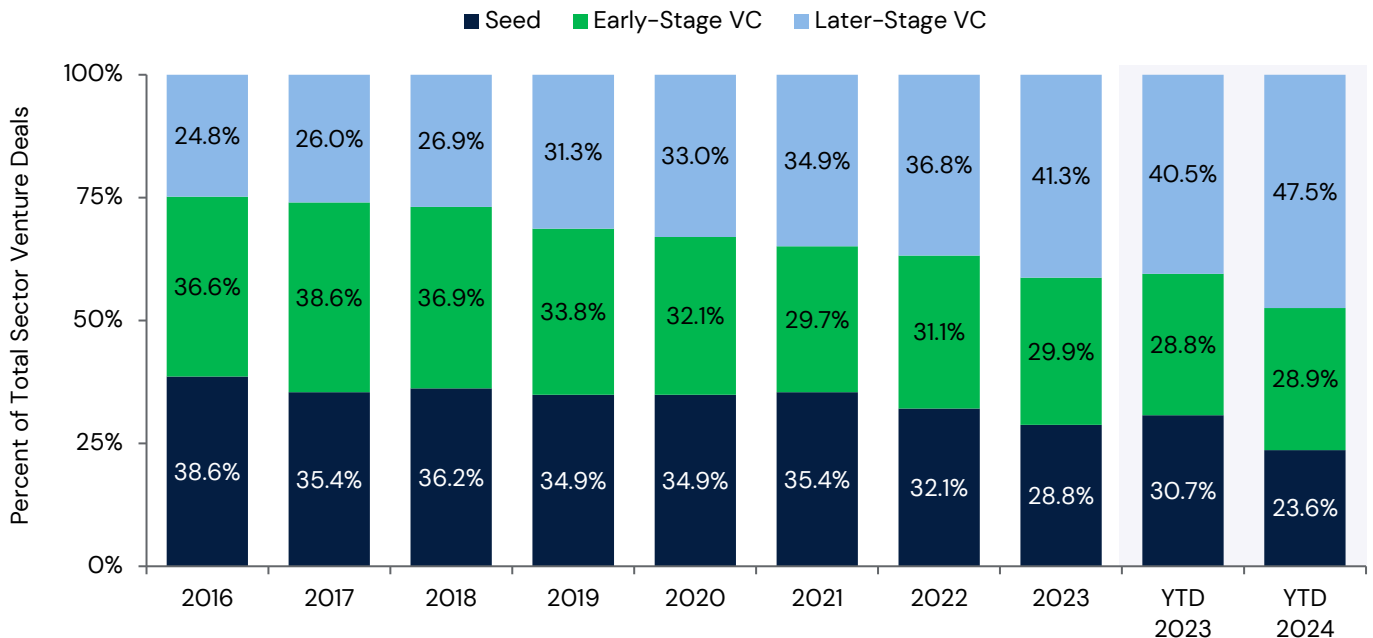
VENTURE CAPITAL FIRMS PRIORITIZE CLEAR EXIT OPPORTUNITIES

Capital invested in the Healthcare IT sector by venture capital firms has registered a slight uptick YOY to \$7.6 billion YTD. The number of venture capital deals in the space has declined 32.8% YOY to 704 transactions to-date. Venture capital firms have continuously shied away from early-stage startups, prioritizing businesses with strong growth histories and clearer exit opportunities. Of note, later-stage financing rounds have comprised 47.5% of sector deals YTD. This investment strategy has been primarily driven by lower levels of venture capital exit and fundraising activity in the space YTD, which have declined 35.8% and 25.2% YOY, respectively. Pressure from fund investors to generate returns will likely spur elevated venture capital exit volume throughout 2024, which is expected to materialize in significant M&A opportunities for sector participants.

Healthcare IT Venture Capital Deals Decline, Total Capital Invested Upticks



Venture Capital Firms Increasingly Chase Later Stage Funding Rounds



Year-to-date (YTD) ended May 1
VC=Venture Capital; Source: PitchBook and Capstone Partners

PUBLIC COMPANY DATA

HEALTHCARE IT

Company	Price 05/01/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Accolade, Inc.	\$7.36	47.9%	\$576.7	\$581.3	\$414.3	NM	NA	1.4x	NM
Ascom Holding AG	\$0.00	0.0%	\$289.1	\$262.2	\$353.1	\$26.4	7.5%	0.7x	9.9x
Evolent Health, Inc.	\$27.27	76.1%	\$3,126.8	\$3,757.2	\$2,175.9	\$123.4	5.7%	1.7x	NM
HealthStream, Inc.	\$26.07	89.5%	\$792.5	\$728.3	\$282.9	\$38.3	13.5%	2.6x	19.0x
GoHealth, Inc.	\$11.00	48.1%	\$109.4	\$785.6	\$737.1	\$30.7	4.2%	1.1x	25.6x
Omnicell, Inc.	\$27.17	35.2%	\$1,247.7	\$1,393.9	\$1,102.6	\$28.2	2.6%	1.3x	NM
Premier, Inc.	\$21.06	74.4%	\$2,523.4	\$2,332.5	\$1,336.5	\$427.3	32.0%	1.7x	5.5x
IQVIA Holdings Inc.	\$232.94	89.0%	\$42,398.2	\$55,184.2	\$15,069.0	\$2,765.0	18.3%	3.7x	20.0x
Veradigm Inc.	\$7.82	55.5%	\$841.8	\$568.0	\$1,529.0	\$137.3	9.0%	0.4x	4.1x

Mean							11.6%	1.6x	14.0x
Median							11.6%	1.4x	14.5x
Harmonic Mean							11.6%	1.1x	9.0x

EV = enterprise value; LTM = last twelve months
 \$ in millions, except per share data
 NM = Not Meaningful, above 30x EBITDA

TELEHEALTH

Company	Price 05/01/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
American Well Corporation	\$0.53	19.4%	\$157.5	-\$125.6	\$254.6	NM	NA	-0.5x	NM
Hims & Hers Health, Inc.	\$12.51	72.9%	\$2,685.3	\$2,474.2	\$959.4	\$7.6	0.8%	2.6x	NM
LifeMD, Inc.	\$11.64	93.6%	\$475.9	\$463.8	\$163.6	NM	NA	2.8x	NM
Ontrak, Inc.	\$0.27	6.5%	\$12.6	\$6.0	\$12.7	NM	NA	0.5x	NM
Teladoc Health, Inc.	\$12.81	42.1%	\$2,172.4	\$2,664.8	\$2,619.3	\$60.7	2.3%	1.0x	NM

Mean							1.6%	1.3x	NA
Median							1.6%	1.0x	NA
Harmonic Mean							1.2%	NA	NA

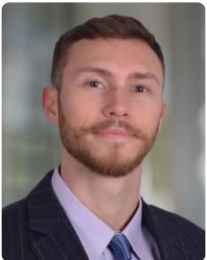
HEALTHCARE INFORMATION TECHNOLOGY REPORT CONTRIBUTORS



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David is a Managing Director in the Technology, Media & Telecom Group. David brings more than 20 years of investment banking experience to Capstone Partners and will help expand the firm’s Technology sector coverage. David has worked on equity, debt, and M&A transactions collectively valued at more than \$4 billion. Previously, David was a member of the Capstone team for nearly seven years where he led efforts in the Technology Solutions vertical as a Vice President and Director. Prior to rejoining Capstone, David served as a Principal at Bowen Advisors, an M&A and strategic advisory firm focused on technology companies including communications and healthcare IT.

David has also worked as a Vice President at Boenning & Scattergood, a Philadelphia-based middle market investment bank, where he worked with clients across a variety of industries and developed the firm’s Technology practice. He spent his early career working at Needham & Company, RobertsonStephens and J.P. Morgan.



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Max serves as Vice President on Capstone’s Market Intelligence Team. He provides M&A insights, proprietary research analysis, and macroeconomic trends for C-suite middle market executives, specializing in the coverage of the Business Services, Financial Technology & Services, and Technology, Media & Telecom industries. Prior to joining Capstone, Max was an analyst at Lab42 Research, a Chicago-based market research firm. During his time at Lab42 Research, he specialized in the development, implementation, and analysis of proprietary research projects for clients in the Business Services, Consumer, Financial Services, Government, and Technology industries.



FIRM TRACK RECORD

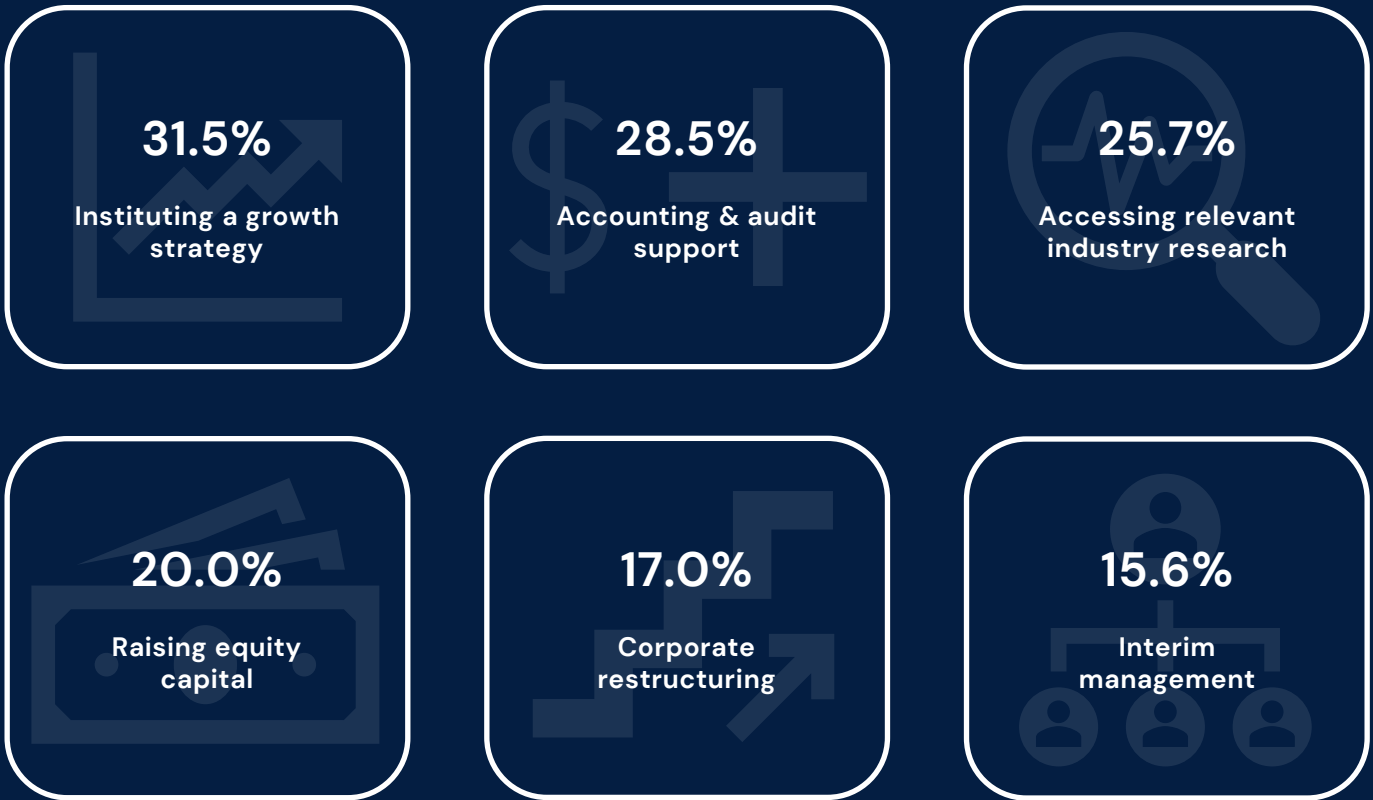
<p>CONFIDENTIAL</p> <p>CORPORATE SALE (IN MARKET)</p> <p>HEALTHCARE SOFTWARE</p>	<p>CONFIDENTIAL</p> <p>CORPORATE SALE (IN MARKET)</p> <p>MEDICAL TECHNOLOGY PLATFORM</p>	<p>CONFIDENTIAL</p> <p>CORPORATE SALE (IN MARKET)</p> <p>BIG DATA, CLOUD COMPUTING, & SOFTWARE ENGINEERING</p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p>COREVITAS[®] <small>Excellence in Evidence</small></p> <p>A portfolio company of</p> <p> Audax Group</p>
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<p></p> <p>HAS BEEN ACQUIRED BY</p> <p></p>	<p></p> <p>HAS RAISED \$30 MILLION OF EQUITY CAPITAL FROM</p> <p></p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p></p>	<p></p> <p>AIR-CHARGED CATHETERS[®]</p> <p>HAS BEEN ACQUIRED BY</p> <p></p> <p>a portfolio company of AUDAX GROUP, INC.</p>
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CAPSTONE’S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The current stage and initiatives of a business often dictates which financial services are in demand. As the majority of CEOs polled in Capstone’s 2023 Middle Market Business Owners Survey indicated growth strategies are a priority for 2024, the lion’s share (31.5%) of owners anticipate a need for growth strategy support services. Similarly, 28.5% of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, more than one-fourth of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company’s lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed a specialty consulting practice to provide financial advisory services to companies experiencing distress or performance challenges. All of these capabilities are supported by 16 industry groups, an active sponsor coverage group, and a dedicated market intelligence team.

Top Financial Services Required by Business Owners in 2024



Question: Have you ever had, or do you anticipate having, a need for any of the following services?
 Source: Capstone Partners’ Middle Market Business Owner Survey, Total Sample Size (N): 435



ENDNOTES

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Disclosure

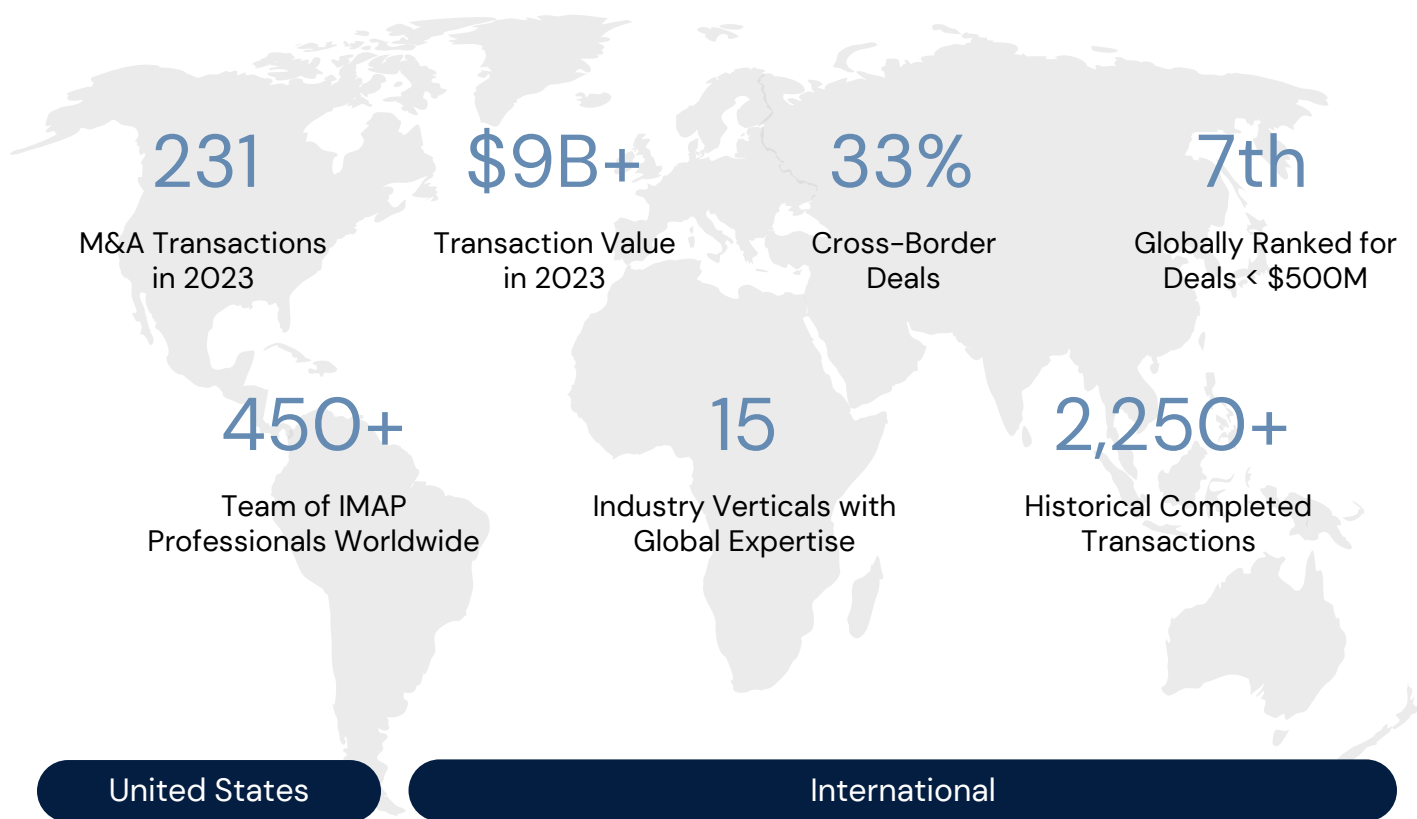
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CAPSTONE PARTNERS

Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 41 countries.



~200 professionals
8 offices

Boston · Denver · Chicago · Dallas
Detroit · Irvine · New York · Tampa

450+ professionals
60+ offices in 41 countries

Asia: China · India · Japan · Thailand
Africa: Congo · Egypt · Ghana · Mauritius · Morocco · Senegal · South Africa
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