



## HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

### 1ST HALF 2014 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2014 KEY HIGHLIGHTS

- Dassault Systemes SA's acquisition of Accelrys, Inc. for \$652 million was the largest transaction in 1st Half 2014.
- The most active strategic acquirer year-to-date was Merck & Co., Inc. with three transactions. This consisted of MedHelp and Tomorrow Networks, LLC through Physicians Interactive, in which Merck owns a controlling stake; and C3i, Inc. through Merck's subsidiary Telerx.
- The most active financial sponsors in 1st Half 2014 were Thomas H. Lee Partners, L.P., Symphony Technology Group, and Vestar Capital Partners with three transactions each.
- Strategic acquirers accounted for 51 transactions and 68 percent of total volume in the Healthcare IT segment.

M&A Market Dynamics By Half Year

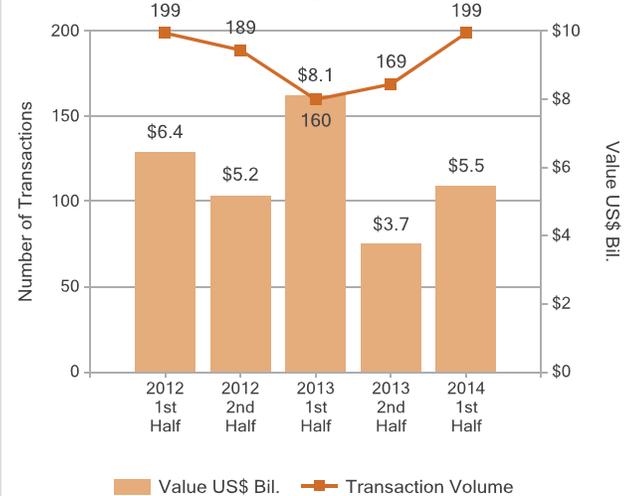


Figure 1. 2012-2014 value and volume comparison.

#### 1ST HALF 2014 KEY TRENDS

- Total transaction volume in 1st Half 2014 increased by 18 percent over 2nd Half 2013, from 169 to 199.
- Total transaction value in 1st Half 2014 rose by 46 percent over 2nd Half 2013, from \$3.73 billion to \$5.45 billion.
- The median revenue multiple decreased from 2.5x in 2nd Half 2013 to 2.0x in 1st Half 2014. The median EBTDA multiple declined from 9.7x in 2nd Half 2013 to 8.5x in 1st Half 2014.
- The segment with the largest rise in volume in 1st Half 2014 over 2nd Half 2013 was Pharma IT with a 60 percent increase, from 15 to 24 transactions.

Median Enterprise Value Multiples By Half Year

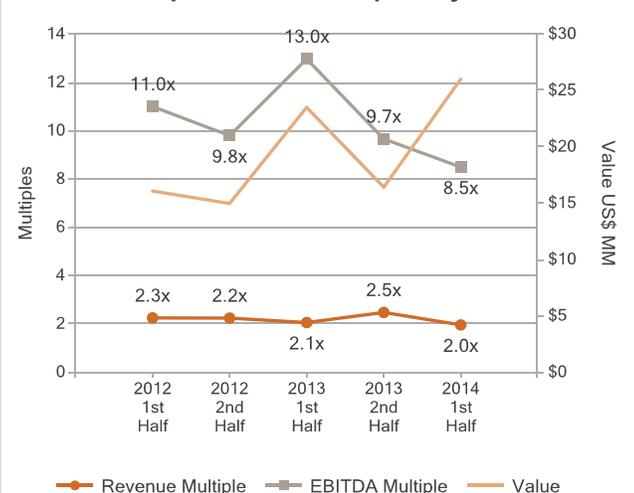


Figure 2. 2012-2014 median: value, revenue, EBITDA comparison.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 916 Healthcare/Pharma Information and Technology transactions between 2012 and 1st Half 2014, of which 181 disclosed financial terms, and calculated the aggregate transaction value to be \$23.13 billion. Based on known transaction values, we project values of 735 undisclosed transactions to be \$5.66 billion, totaling \$28.78 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.3x revenue and 10.2x EBITDA.

# Transaction Analysis :: January 1, 2014 – June 30, 2014

## Bell Curve - Histogram - 1st Half

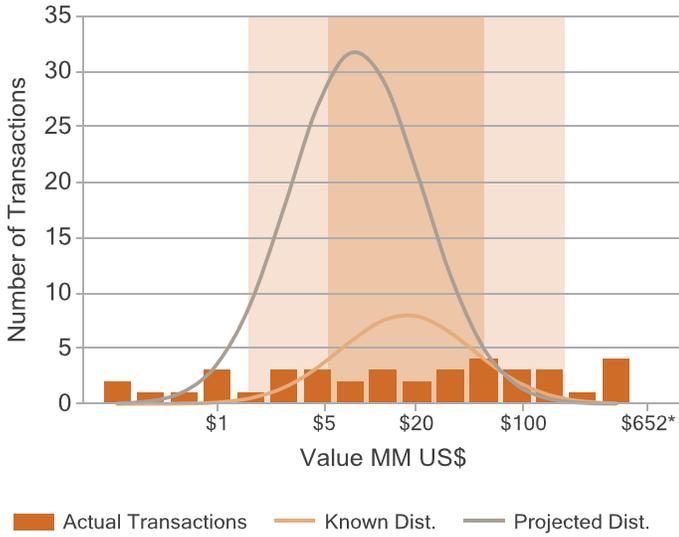


Figure 3. Shows the distribution of Healthcare/Pharma Information and Technology transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$4.5 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2014 at \$5.5 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2014 to June 30, 2014.

## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	5 %	5 %
\$0.4	1	0	1	3 %	8 %
\$0.6	1	1	2	3 %	10 %
\$1.0	3	4	6	8 %	18 %
\$1.6	1	9	10	3 %	20 %
\$2.7	3	18	20	8 %	28 %
\$4.5	3	27	29	8 %	35 %
\$7.4	2	32	33	5 %	40 %
\$12.2	3	29	32	8 %	48 %
\$20.1	2	21	22	5 %	53 %
\$33.1	3	12	14	8 %	60 %
\$54.6	4	5	9	10 %	70 %
\$90.0	3	2	4	8 %	78 %
\$148.4	3	0	3	8 %	85 %
\$244.7	1	0	1	3 %	88 %
\$403.4	4	0	4	10 %	98 %
Total #	40	159	199		
Total \$ Value	\$4,168	\$1,283	\$5,451		
Middle 3rd of Industry		Middle 2/3rds of Industry			

Figure 4. Presents the data depicted in the bell curve histogram.

Note: The projected number column is rounded as a result of the projection and may produce insignificant errors in the total sum.

## Strategic vs. Financial Comparison

### M&A Dynamics By Transaction Type - 1st Half

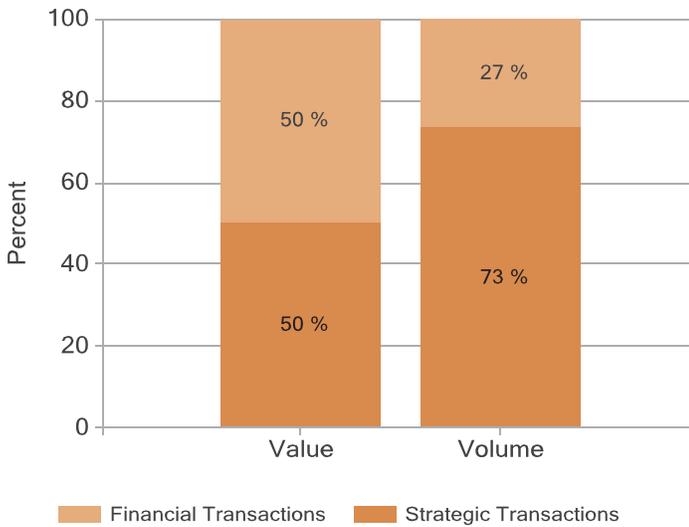


Figure 5. 2012-2014 value and volume comparison by transaction type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

### Transaction Type By Half Year

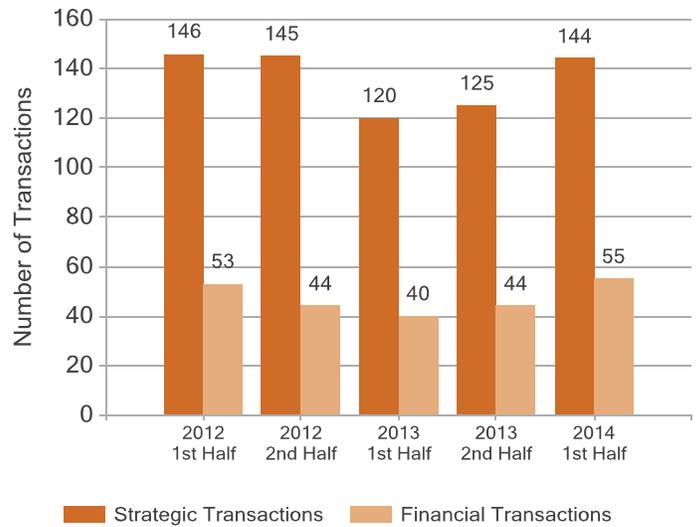


Figure 6. 2012-2014 acquirer type comparison by half year.

# Purchaser Analysis

## Top Ten Notable Transactions - 1st Half 2014

Deal Date	Target Name	Buyer	Value MM US\$
01/30/14	Accelrys, Inc.	Dassault Systemes SA	\$652
04/07/14	Ability Network, Inc.	Summit Partners	\$550
06/16/14	Evolution1	WEX Inc.	\$533
06/24/14	Information Solutions and CRM Businesses from Cegecim	IMS Health Incorporated	\$523
02/27/14	Coastal Contacts Inc.	Essilor International SA	\$361
05/07/14	ISG Services, LLC	Xerox Corporation	\$225
06/11/14	Healthy Directions, LLC	Helen of Troy Limited	\$195
02/19/14	Benson Group	Graphic Packaging Holding Company	\$165
02/27/14	KnowledgePoint360	UDG Healthcare plc	\$144
06/23/14	Capario	Emdeon, Inc.	\$115
2014 Aggregate Transaction Value			\$5,451
Top 10 Aggregate Transaction Value			\$3,463
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>64 %</b>

Figure 7. Lists the top ten transactions for 1st Half 2014 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

Note: Transaction data based on announced date.

## Median EV/Revenue Multiples By Size

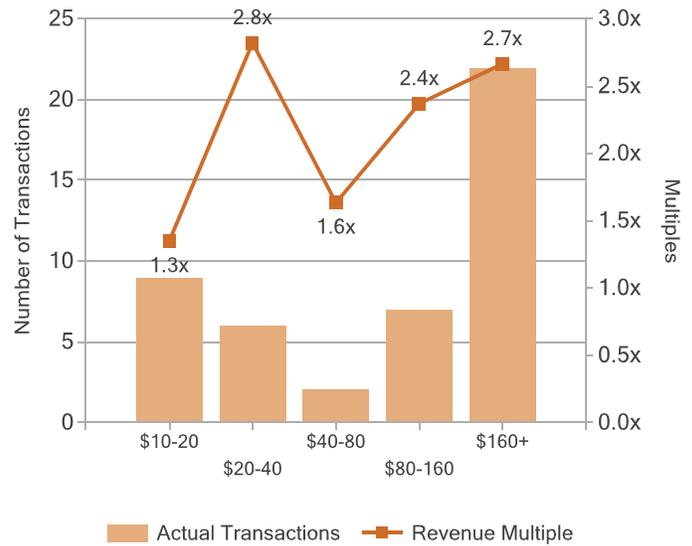


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from January 1, 2012 to June 30, 2014 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2012 – June 30, 2014

## Transactions By Market Segment By Half Year

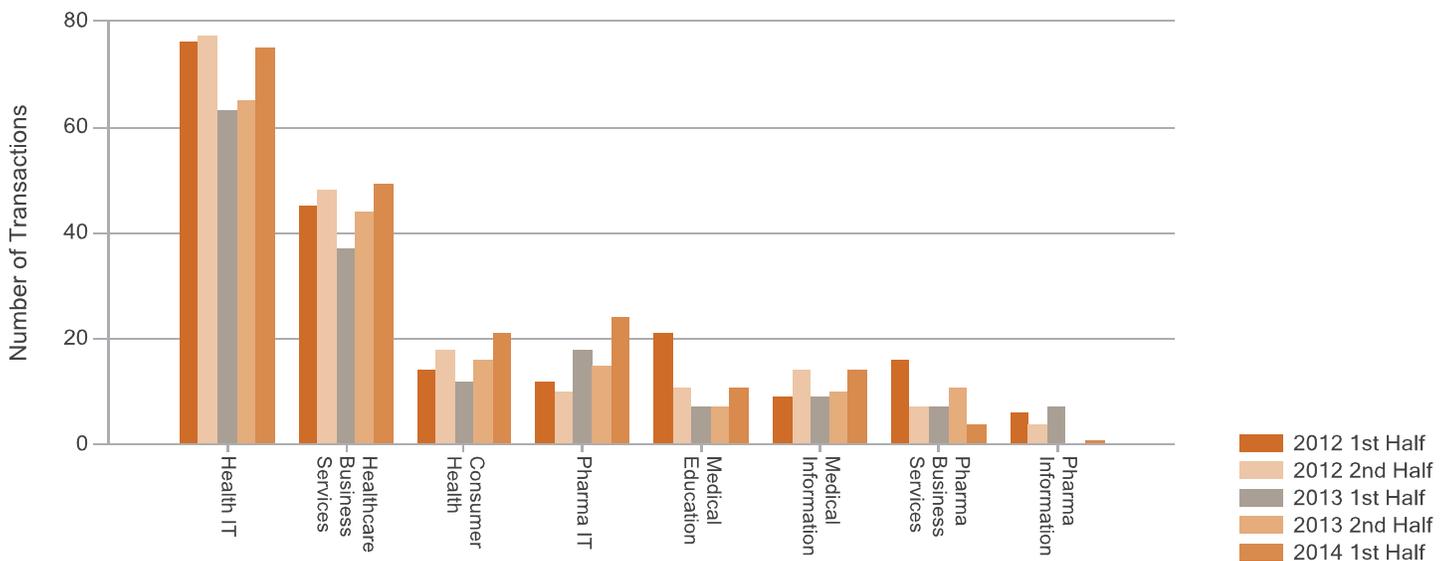


Figure 9. Presents transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from January 1, 2012 through June 30, 2014.

# BERKERY NOYES

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The DNA of M&A

All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date.

For current intelligence on Mergers and Acquisitions activity in the Information Industry please visit our online service at [www.mandasoft.com](http://www.mandasoft.com)

## RECENT HEALTHCARE TRANSACTIONS



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