



## HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

### FULL YEAR 2012 :: Mergers and Acquisitions Trend Report

#### 2012 KEY HIGHLIGHTS

- The most active acquirer in 2012 was McKesson Corporation with six transactions. TPG Capital, with five transactions, was the industry's most active financial sponsor during the year.
- Private equity acquirers were responsible for four of the industry's top ten highest value deals in 2012.
- Health Information Technology ("HIT") deals continued to dominate in terms of transaction volume, accounting for 41 percent of the industry's aggregate deal flow. Strategic buyers represented 76 percent of the HIT segment's volume.
- There were 93 financially sponsored transactions in 2012 with an aggregate value of \$7.72 billion, representing 24 percent of the total volume and 54 percent of the total value, respectively.

#### 2012 KEY TRENDS

- Total transaction volume in 2012 increased by 21 percent over 2011, from 315 to 380.
- Total transaction value in 2012 rose by five percent over 2011, from \$11.36 billion to \$11.96 billion.
- The median revenue multiple improved from 1.5x in 2011 to 2.3x in 2012. The median EBITDA multiple increased from 9.0x in 2011 to 9.8x in 2012.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 963 transactions between 2010 and 2012, of which 276 disclosed financial terms, and calculated the aggregate transaction value to be \$27.17 billion. Based on known transaction values, we project values of 687 undisclosed transactions to be \$8.83 billion, totaling \$36.01 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.0x revenue and 10.5x EBITDA.

The most active acquirer by volume, either directly or through an affiliated business between 2010 and 2012, was Thomas H. Lee Partners with 12 transactions.

#### M&A Market Dynamics

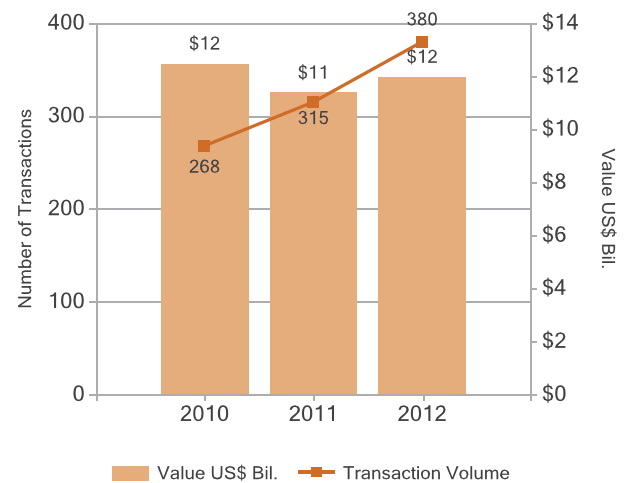


Figure 1. 2010-2012 value and volume comparison.

#### Median Enterprise Value Multiples

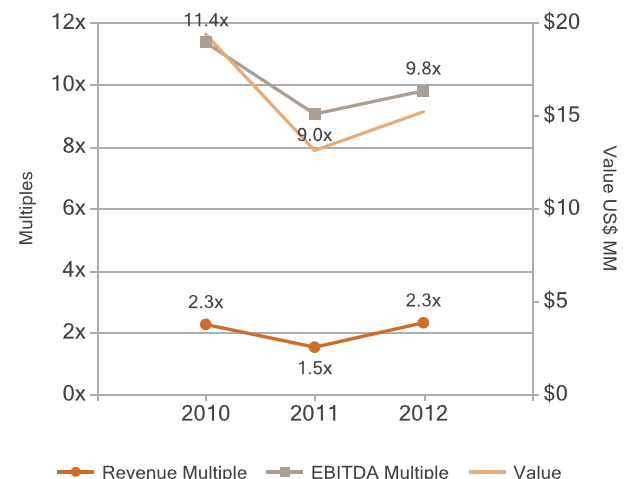


Figure 2. 2010-2012 median value, revenue, EBITDA comparison.

# Transaction Analysis :: January 1, 2012 – December 31, 2012

## Bell Curve - Histogram

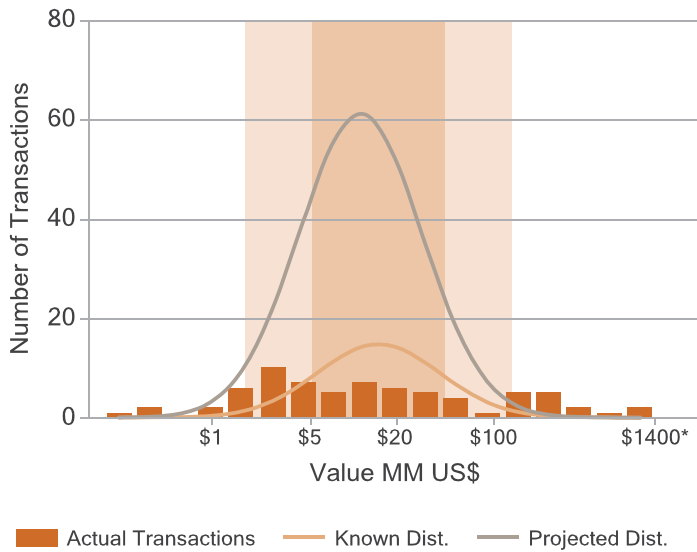


Figure 3. Shows distribution of Healthcare/Pharma Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$4.5 million to \$33.1 million. Based on this data, we estimate the total transaction value of deals done in 2012 at \$11.96 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2012 to Dec. 31, 2012.

## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	1 %	1 %
\$0.4	2	0	2	3 %	4 %
\$0.6	0	1	0	0 %	4 %
\$1.0	2	3	5	3 %	7 %
\$1.6	6	9	15	8 %	15 %
\$2.7	10	22	31	14 %	28 %
\$4.5	7	39	46	9 %	38 %
\$7.4	5	56	60	7 %	45 %
\$12.2	7	61	67	9 %	54 %
\$20.1	6	52	58	8 %	62 %
\$33.1	5	35	39	7 %	69 %
\$54.6	4	18	22	5 %	74 %
\$90.0	1	7	8	1 %	76 %
\$148.4	5	2	7	7 %	82 %
\$244.7	5	1	5	7 %	89 %
\$403.4	2	0	2	3 %	92 %
\$665.1	1	0	1	1 %	93 %
\$1,096.6	2	0	2	3 %	96 %
<b>Total #</b>	<b>74</b>	<b>306</b>	<b>380</b>		
<b>Total \$ Value</b>	<b>\$8,456</b>	<b>\$3,504</b>	<b>\$11,959</b>		
<b>Middle 3rd of Industry</b>		<b>Middle 2/3rds of Industry</b>			

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

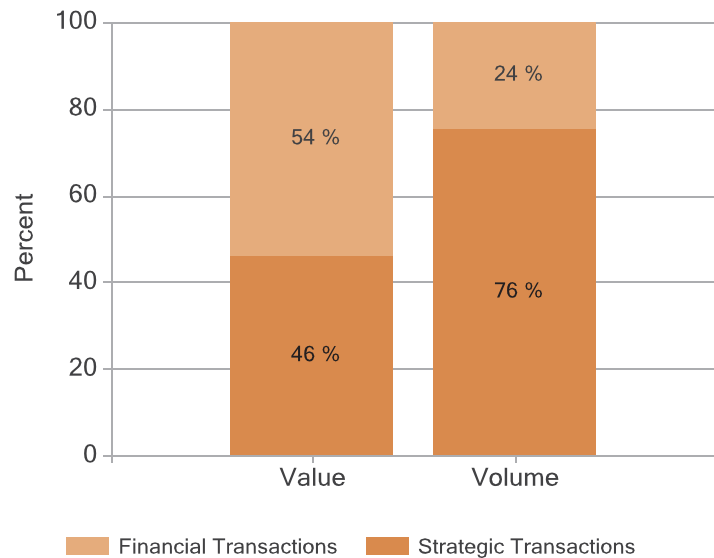


Figure 5. 2012 value and volume comparison by acquirer type.

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

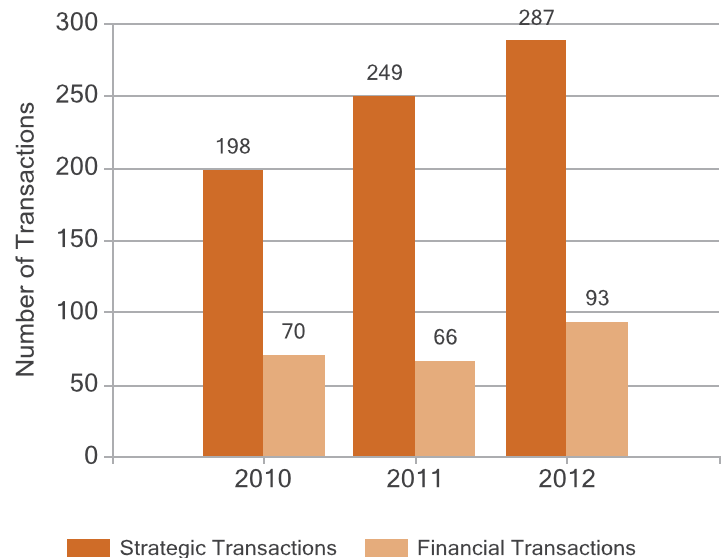


Figure 6. 2010-2012 acquirer type comparison by year.

# Purchaser Analysis

## Top Ten Notable Transactions 2012

Deal Date	Target Name	Buyer	Value MM US\$
07/30/12	Sunquest Information Systems	Roper Industries, Inc.	\$1,390
04/23/12	Thomson Reuters' Healthcare Business	Veritas Capital Partners	\$1,250
07/03/12	M*Modal	One Equity Partners	\$1,055
05/16/12	Decision Resources Group	Piramal Healthcare Limited	\$635
07/18/12	maxIT Healthcare, LLC	SAIC	\$473
04/10/12	ERT	Genstar Capital LLC	\$370
06/25/12	FIS Healthcare Benefit Solutions Business from Fidelity National Information Services Inc.	Lightyear Capital LLC	\$335
03/23/12	MediConnect Global, Inc.	Verisk Analytics, Inc.	\$324
03/07/12	Transcend Services, Inc.	Nuance Communications, Inc.	\$302
02/28/12	eScreen, Inc	Alere Inc.	\$270
2012 Aggregate Transaction Value			\$11,959
Top 10 Aggregate Transaction Value			\$6,403
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>54 %</b>

Figure 7. Lists the top ten transactions for 2012 and calculates their aggregate transaction value as a percentage of the 2012 total aggregate transaction value as shown on Figure 1 & 4.

**Note:** Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

## Median EV/Revenue Multiples By Size

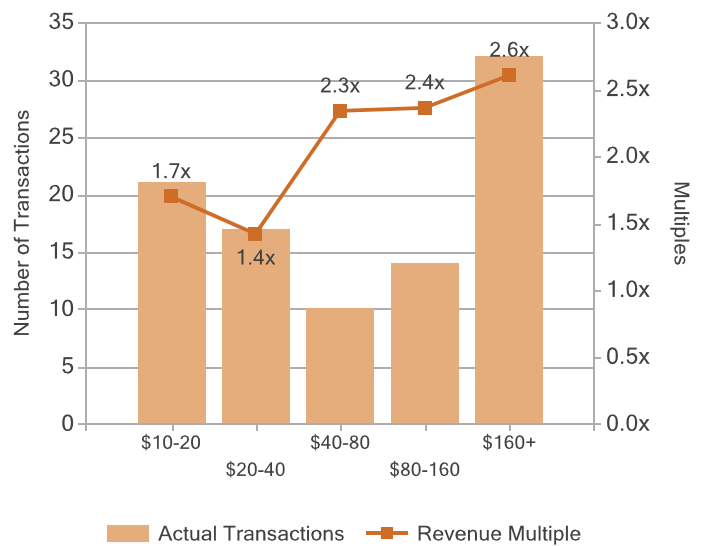


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2010 to Dec. 31, 2012 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2010 – December 31, 2012

## Transactions By Market Segment

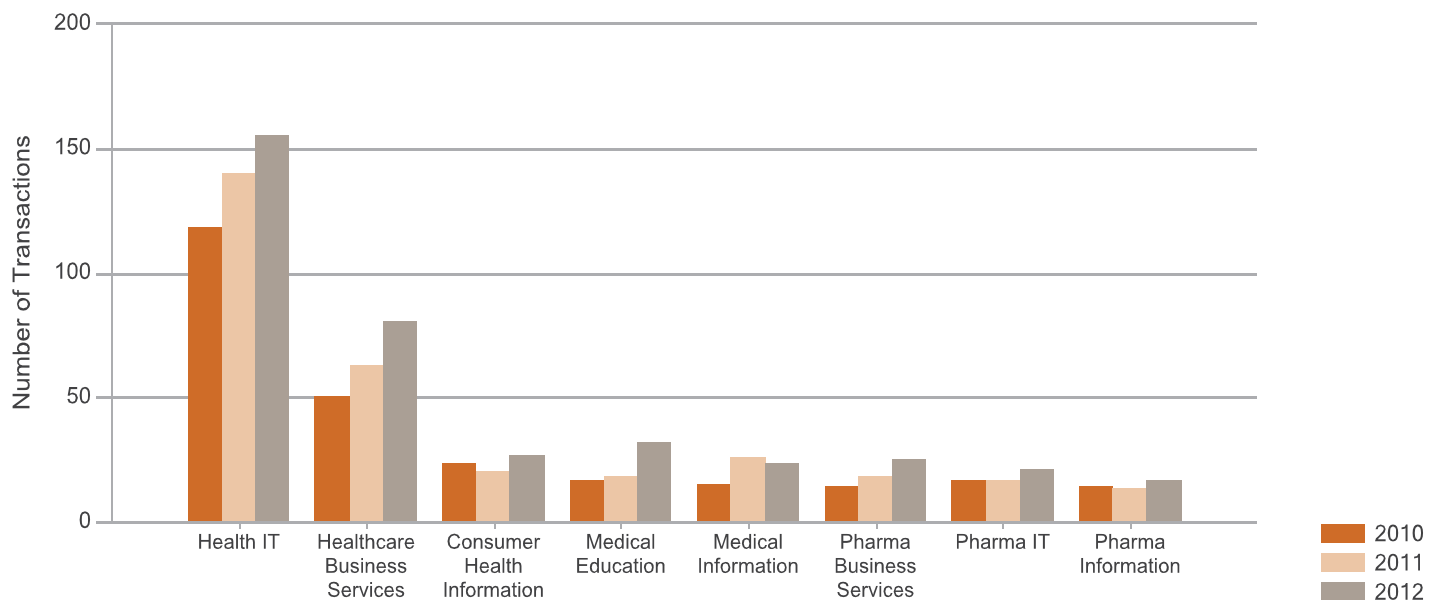


Figure 9. Presents the transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2010 through Dec. 31, 2012.

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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.

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## RECENT HEALTHCARE TRANSACTIONS



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