



## HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

### 1ST HALF 2013 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2013 KEY HIGHLIGHTS

- The most active strategic acquirer year-to-date was Constellation Software with four industry transactions: QuadraMed Corp., Quantitative Medical Systems, Inc., Club Solutions from Fiserv, Inc. and LRS Health Pty Ltd.
- The most active financial sponsor in 1st Half 2013 was TPG Capital with four industry transactions: Incential Software, Inc., 360 Vantage, Semantelli and Appature. TPG Capital had five such deals for all of 2012.
- Healthcare IT remained the most active market segment, accounting for 63 transactions or 40 percent of the industry's aggregate volume in 1st Half 2013.

#### 1ST HALF 2013 KEY TRENDS

- Total transaction volume in 1st Half 2013 decreased by 16 percent over 2nd Half 2012, from 188 to 157. This was on par with average volume for 2011 when examined on an historical half year basis.
- Total transaction value in 1st Half 2013 increased by 58 percent over 2nd Half 2012, from \$5.08 billion to \$8.03 billion. Deal value would have declined 29 percent without BC Partners' announced acquisition of Springer Science & Business Media, a scientific, technical, and medical (STM) publisher, for \$4.42 billion.
- The median revenue multiple declined from 2.2x in 2nd Half 2012 to 1.9x in 1st Half 2013. The median EBITDA multiple moved from 9.8x in 2nd Half 2012 to 10.2x in 1st Half 2013.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 860 transactions between 2011 and 1st Half 2013, of which 217 disclosed financial terms, and calculated the aggregate transaction value to be \$25.33 billion. Based on known transaction values, we project values of 643 undisclosed transactions to be \$4.78 billion, totaling \$30.12 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 2.0x revenue and 9.9x EBITDA.

M&A Market Dynamics By Half Year

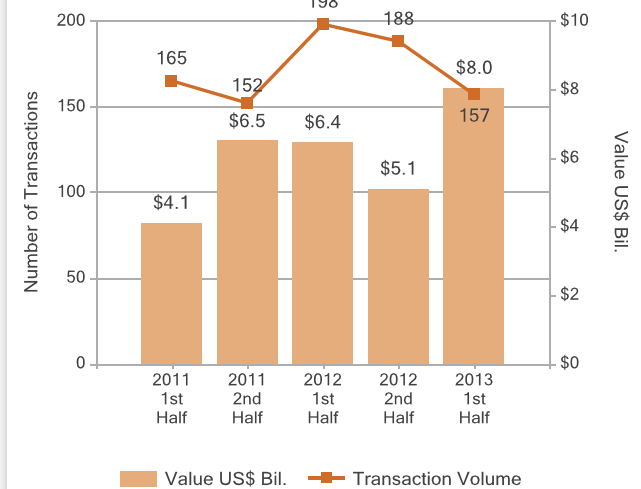


Figure 1. 2011- 2013 value and volume comparison.

Median Enterprise Value Multiples By Half Year

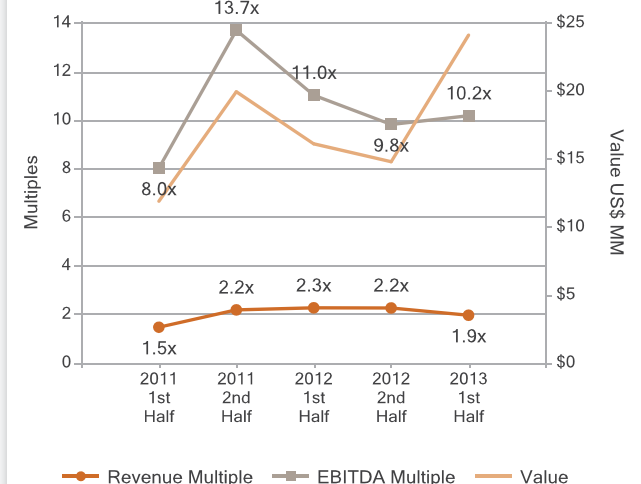
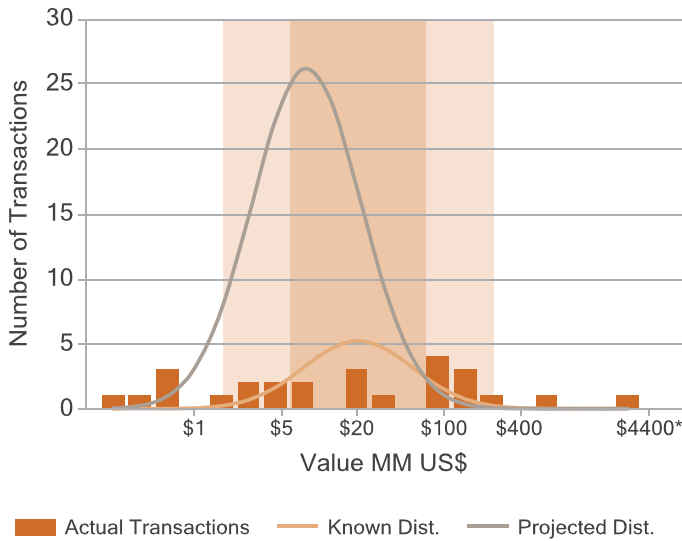


Figure 2. 2011-2013 median: value, revenue, EBITDA comparison.

# Transaction Analysis :: January 1, 2013 – June 30, 2013

**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 one-third of companies purchased had transaction values of \$4.5 million to \$90.0 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2013 at \$8.0 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2013 to June 30, 2013.

**Distribution Table**

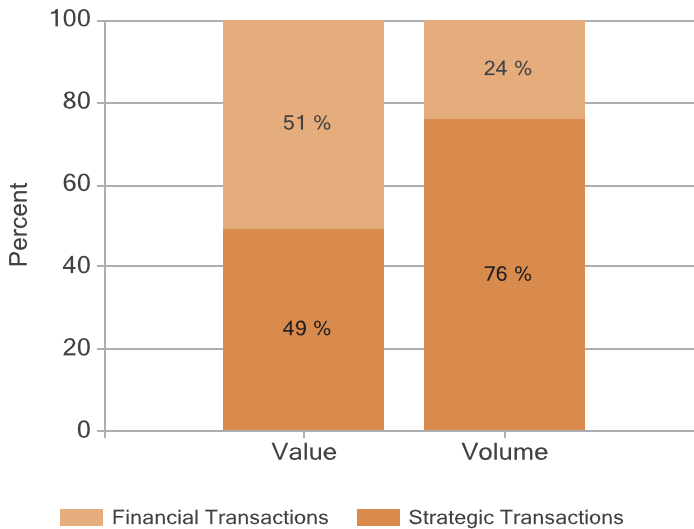
Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	4 %	4 %
\$0.4	1	0	1	4 %	8 %
\$0.6	3	1	3	12 %	19 %
\$1.0	0	3	3	0 %	19 %
\$1.6	1	8	8	4 %	23 %
\$2.7	2	15	16	8 %	31 %
\$4.5	2	22	24	8 %	38 %
\$7.4	2	26	28	8 %	46 %
\$12.2	0	24	23	0 %	46 %
\$20.1	3	17	19	12 %	58 %
\$33.1	1	9	10	4 %	62 %
\$54.6	0	4	4	0 %	62 %
\$90.0	4	1	5	15 %	77 %
\$148.4	3	0	3	12 %	88 %
\$244.7	1	0	1	4 %	92 %
\$403.4	0	0	0	0 %	92 %
\$665.1	1	0	1	4 %	96 %
\$1,096.6	0	0	0	0 %	96 %
\$1,808.0	0	0	0	0 %	96 %
\$2,981.0	1	0	1	4 %	100 %
<b>Total #</b>	<b>26</b>	<b>131</b>	<b>157</b>		
<b>Total \$ Value</b>	<b>\$6,986</b>	<b>\$1,040</b>	<b>\$8,026</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

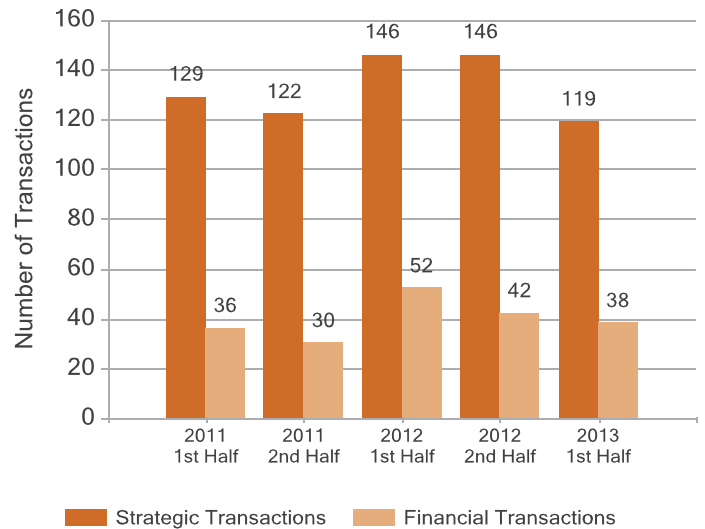
**M&A Dynamics By Transaction Type - 1st Half**



**Figure 5.** 2011-2013 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.** 2011-2013 acquirer type comparison by half year.

# Purchaser Analysis

## Top Ten Notable Transactions - 1st Half 2013

Deal Date	Target Name	Buyer	Value MM US\$
06/19/13	Springer Science & Business Media	BC Partners	\$4,423
04/17/13	Managed Health Care Associates, Inc.	Roper Industries, Inc.	\$1,000
04/30/13	SPI Global Solutions	CVC Capital Partners	\$320
03/19/13	Contego Healthcare Limited	Filtrona plc	\$242
01/07/13	Epocrates, Inc.	athenahealth, Inc.	\$214
03/05/13	dbMotion, Inc.	Allscripts	\$188
04/29/13	Ingenuity Systems	Qiagen N.V.	\$109
02/11/13	BioClinica, Inc.	JLL Partners	\$105
03/12/13	Appature	IMS Health Incorporated	N/A
06/03/13	QuadraMed Corporation	N. Harris Computer Corporation	N/A
2013 Aggregate Transaction Value			\$8,026
Top 8 Aggregate Transaction Value			\$6,602
<b>Top 8 Aggregate Value as a Percentage of All Transactions</b>			<b>82 %</b>

Figure 7. Lists the top ten transactions for 1st Half 2013 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**. Transactions with values listed as N/A have non-disclosed values that would otherwise qualify for inclusion in the list.

## Median EV/Revenue Multiples By Margin

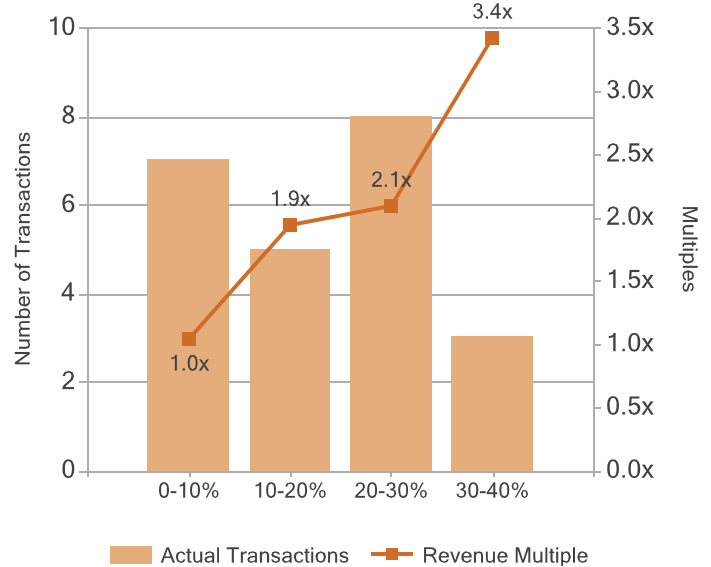


Figure 8. Presents the median enterprise value/revenue multiples separated by EBITDA margin for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2011 to June 30, 2013 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2011 – June 30, 2013

## Transactions By Market Segment By Half Year

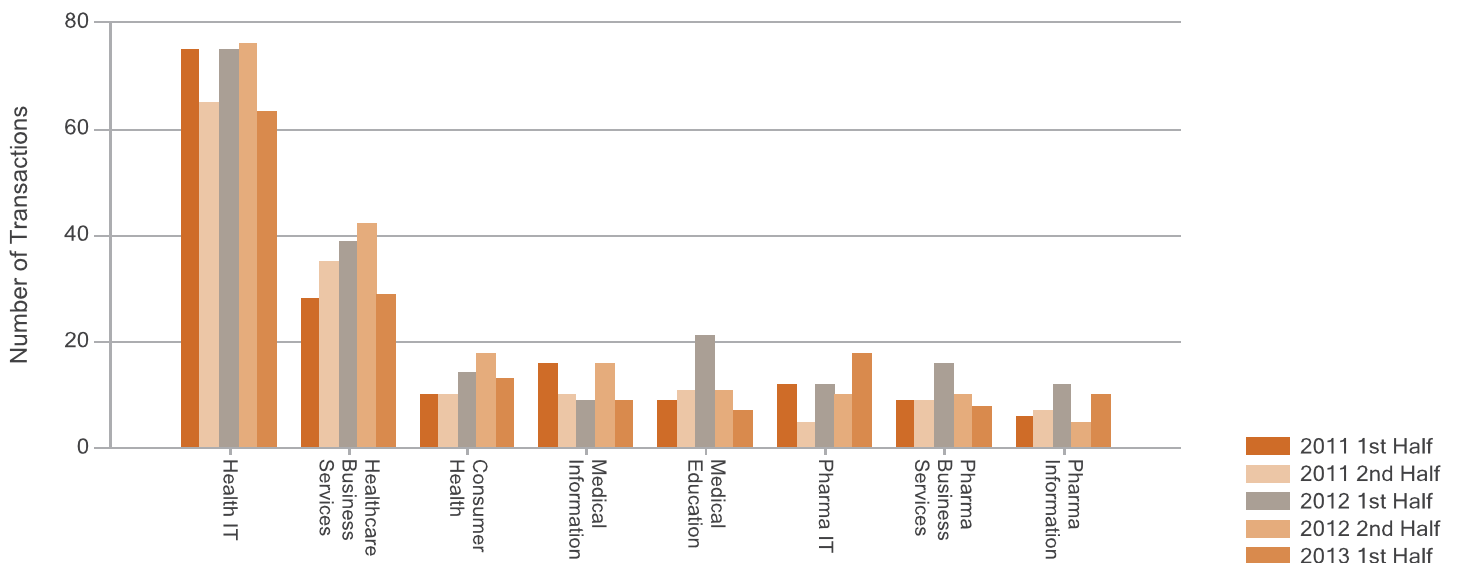


Figure 9. Presents transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from January 1, 2011 through June 30, 2013.

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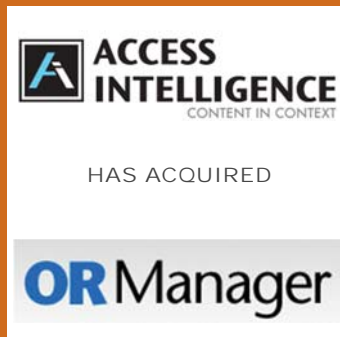
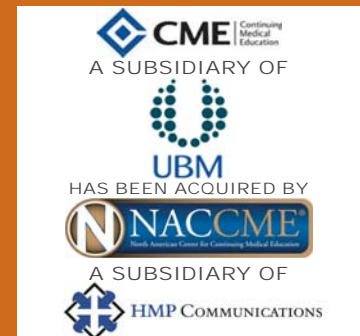
*Managing Partner*



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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