

HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

FULL YEAR 2020 :: Mergers and Acquisitions Trend Report

2020 KEY HIGHLIGHTS

- The most active acquirer in 2020 either directly or through an affiliated business was New Mountain Capital with ten industry transactions: PatientBlox, Healthcomp, Elysia Group, Laiya Consulting, FlexTech, Medal, Inc., Discern Health, SwervePay, Symplur, and 21GRAMS NY.
- The Healthcare IT segment accounted for nearly one-half of total volume in 2020.
- There were 197 financially sponsored transactions with an aggregate value of \$27.15 billion, representing 36 percent of the total volume and 55 percent of the total value, respectively.

2019 KEY TRENDS

- Total transaction volume in 2020 improved by three percent over 2019, from 538 to 553.
- Total transaction value in 2020 gained 38 percent over 2019, from \$35.77 billion to \$49.36 billion.
- The median revenue multiple increased from 2.3x in 2019 to 3.0x in 2020. The median EBITDA multiple rose from 12.4x to 16.4x during this timeframe.
- The segment with the largest rise in volume in 2020 over 2019 was Medical Education with a 47 percent gain, from 45 to 66 deals. The Pharma IT segment also experienced a notable increase with a 27 percent improvement, from 41 to 52 deals.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,567 Healthcare/Pharma Information and Technology transaction between 2018 and 2020, of which 318 disclosed financial terms, and calculated the aggregate value to be \$101.06 billion. Based on known transaction values, we project values of 1,249 undisclosed transactions to be \$20.68 billion, totaling \$121.75 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 2.7x revenue and 13.9x EBITDA.

M&A Market Dynamics

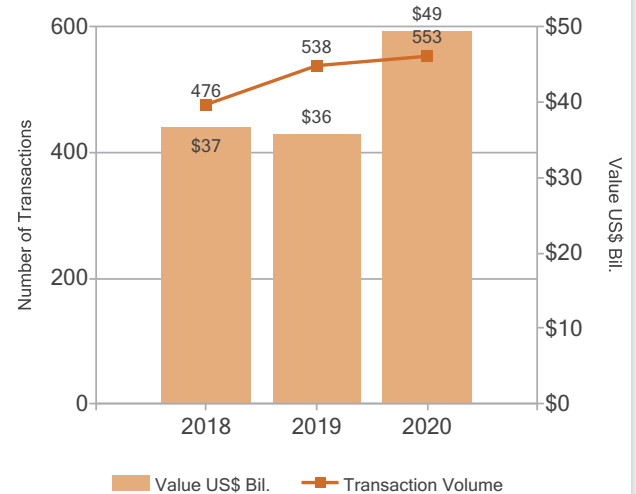


Figure 1. 2018-2020 value and volume comparison.

Median Enterprise Value Multiples

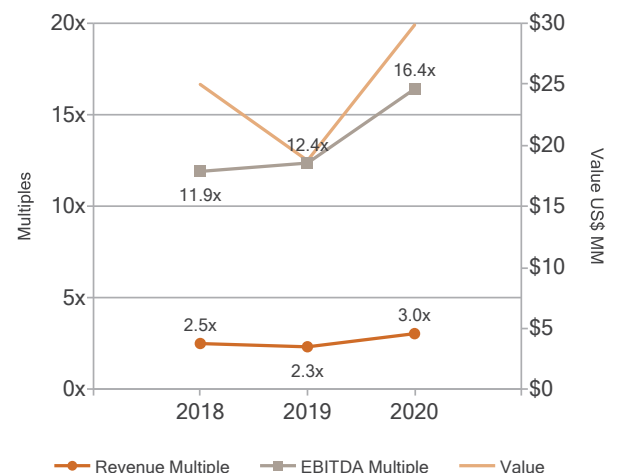


Figure 2. 2018-2020 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2020 – December 31, 2020

Bell Curve - Histogram

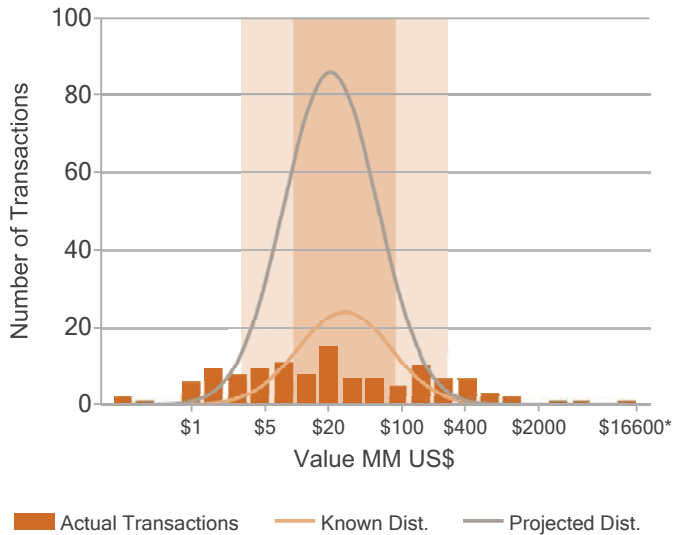


Figure 3. Shows distribution of Healthcare/Pharma Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 2020 at \$49.4 billion.

* Indicates largest transaction in the industry from Jan. 1, 2020 to Dec. 31, 2020.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	2 %	2 %
\$0.4	1	0	1	1 %	2 %
\$0.6	0	0	0	0 %	2 %
\$1.0	6	1	6	5 %	7 %
\$1.6	9	4	12	7 %	15 %
\$2.7	8	11	18	7 %	21 %
\$4.5	9	27	35	7 %	29 %
\$7.4	11	51	61	9 %	38 %
\$12.2	8	75	82	7 %	45 %
\$20.1	15	86	101	12 %	57 %
\$33.1	7	77	84	6 %	63 %
\$54.6	7	54	60	6 %	69 %
\$90.0	5	29	34	4 %	73 %
\$148.4	10	12	22	8 %	81 %
\$244.7	7	4	11	6 %	87 %
\$403.4	7	1	8	6 %	93 %
\$665.1	3	0	3	2 %	95 %
\$1,096.6	2	0	2	2 %	97 %
\$1,808.0	0	0	0	0 %	97 %
\$2,981.0	1	0	1	1 %	98 %
\$4,914.8	1	0	1	1 %	98 %
\$8,103.1	0	0	0	0 %	98 %
\$13,359.7	1	0	1	1 %	99 %
Total #	121	432	553		
Total \$ Value	\$40,423	\$8,939	\$49,362		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

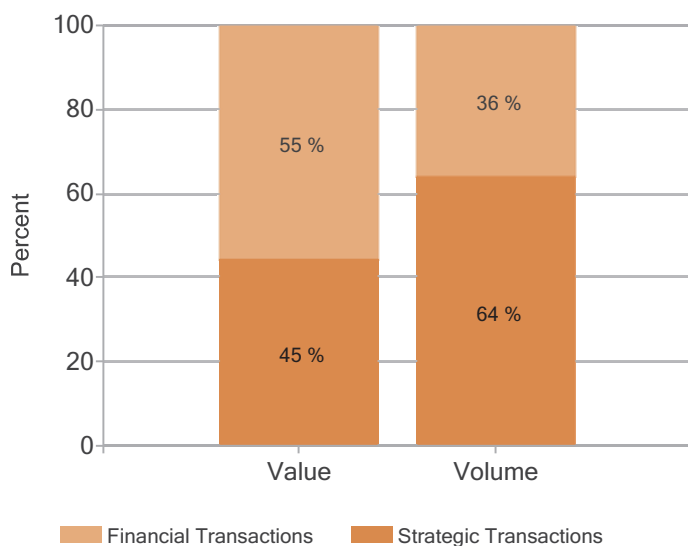


Figure 5. 2020 value and volume comparison by acquirer type.

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

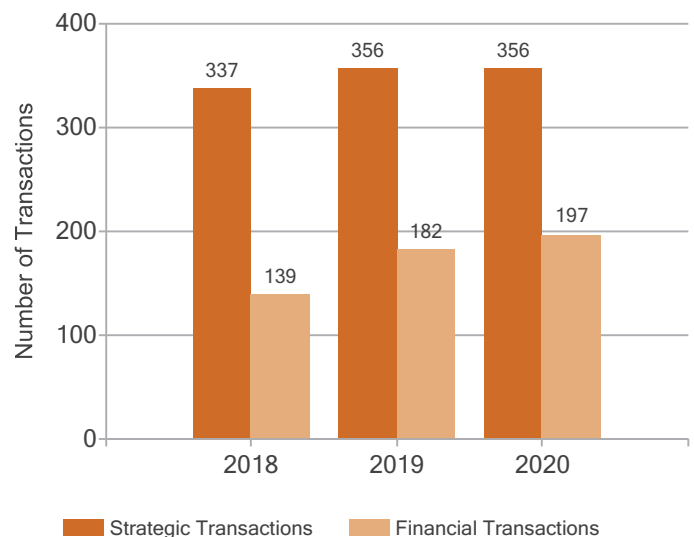


Figure 6. 2018-2020 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2020

Deal Date	Target Name	Buyer	Value MM US\$
08/05/20	Livongo	TelaDoc, Inc.	\$16,567
03/11/20	State & Local HHS from DXC Technology Company	Veritas Capital	\$5,000
12/21/20	HMS	Gainwell Technologies	\$3,377
10/14/20	Careport Health	WellSky	\$1,350
12/23/20	Sparta Systems, Inc.	Honeywell International Inc.	\$1,300
01/22/20	Decision Resources Group	Clarivate Analytics	\$950
12/14/20	Arena Solutions, Inc.	PTC Inc.	\$715
10/27/20	Health Advocate, Inc	Teleperformance SA	\$690
03/04/20	Huntsworth PLC	Clayton, Dubilier & Rice, Inc.	\$665
07/13/20	Benefytt Technologies, Inc.	Madison Dearborn Partners	\$629
2020 Aggregate Transaction Value			\$49,362
Top 10 Aggregate Transaction Value			\$31,243
Top 10 Aggregate Value as a Percentage of All Transactions			63 %

Figure 7. Lists the top ten transactions for 2020 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

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

Median EV/Revenue Multiples by Size

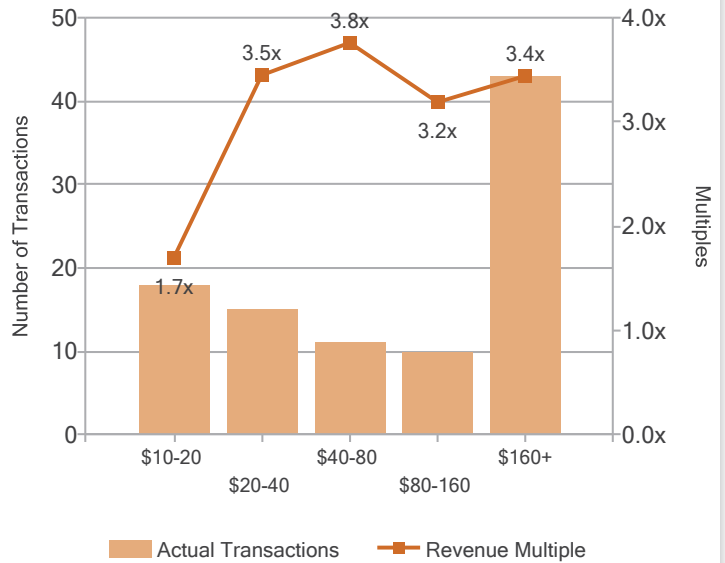


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2018 to Dec. 31, 2020 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2018 – December 31, 2020

Transactions By Market Segment

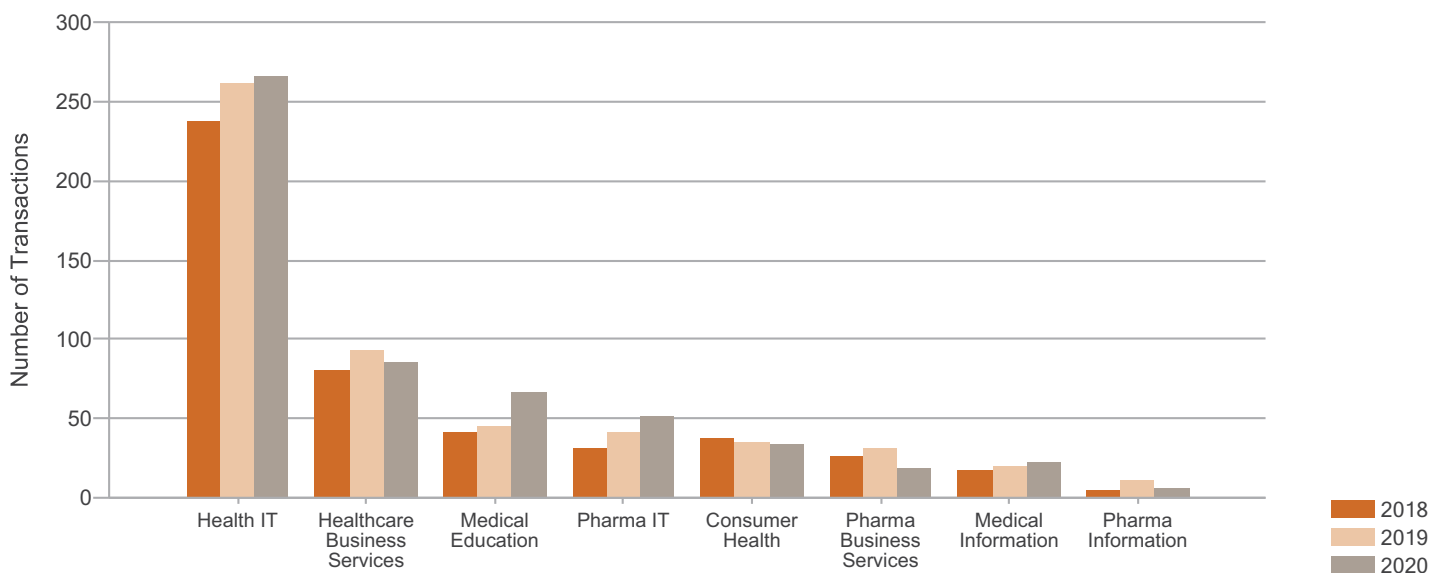


Figure 9. Presents the transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2018 through Dec. 31, 2020.

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RECENT HEALTHCARE TRANSACTIONS

HAS BEEN ACQUIRED BY

A PORTFOLIO COMPANY OF

HAS ENTERED INTO A STRATEGIC PARTNERSHIP WITH

HAS ACQUIRED

A PORTFOLIO COMPANY OF

HAS BEEN ACQUIRED BY

A PORTFOLIO COMPANY OF

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