



KPMG Corporate Finance LLC

Healthcare Information
Technology and
Healthcare Business
Services Sector
Market Update

July 2024

kpmg.com

Main Trends in HCIT and HCBS

Observations

- The capital markets remain at an all-time high with concerns around inflation, high interest rates, and the upcoming presidential election tempered by the US economy growing faster than expected and the Federal Reserve expected to drop rates. At the same time, publicly-traded Healthcare Information Technology & Healthcare Business Services companies have seen some decline since their 2021 peak
- In 1H2024, New Mountain Capital made an offer to acquire R1 RCM at a value of \$7.6 billion while Waystar Health made its public market debut at 7x revenue, representing the first HCIT IPO since before the pandemic
- Overall, M&A and private placement activity in the first half of the year suggest that 2024 is tracking in line with the two prior years with respect to transaction size and volume trends
- While transactions with reported metrics suggest valuation trends remain under some pressure, companies that deploy artificial intelligence (AI) and other technologies to address clinical and financial workflow issues are still attracting significant attention from investors
- This includes companies that leverage data analytics for predictive insights and also those that enhance interoperability standards to streamline data exchange across healthcare systems to improve patient care coordination and outcomes
- Additionally, investors are focused on companies with technology and services that address inefficiencies in the revenue cycle with an emphasis on the use of AI across the revenue cycle (e.g., prior authorizations) to reduce denial rates, as well as companies that service medical specialties (e.g., laboratory, behavioral health) underserved by traditional RCM vendors
- Overall, we remain optimistic on the markets as valuations are holding for quality assets in specific areas

Main Market Themes at Play



RCM Outsourcing



Artificial Intelligence and Machine Learning in Workflows



Pharma IT and Real-World Evidence (RWE)



Specialized Consulting Services for Healthcare



Value-based Care (VBC) Enablers



Interoperability and Data Integration



Cybersecurity



Wearable Health Technology and IoT



Digital Therapeutics



Cloud-based Health IT Solutions

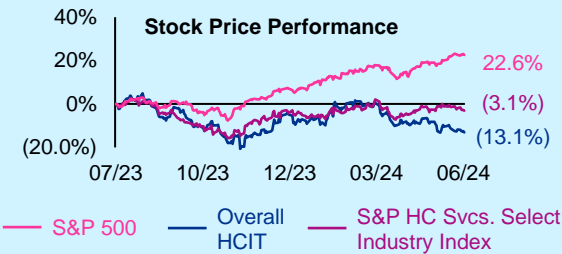


Telehealth Expansion and Digital Care Delivery



Robotic Process Automation (RPA)

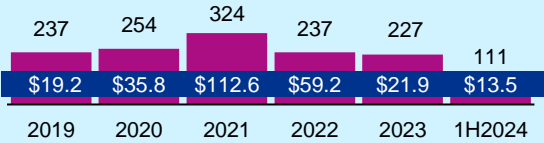
Public Market Overview



- Overall, HCIT & HCBS companies are down 13.1% over the past year and 8.1% YTD
- New Mountain Capital made an offer to acquire R1 RCM at a value of \$7.6 billion while Waystar Health made its public market debut at 7x revenue and representing the first HCIT IPO since before the pandemic
- Public HCIT companies addressing core workflow, particularly for life sciences and payor organizations, continue to command the highest valuations

M&A Activity (\$B)

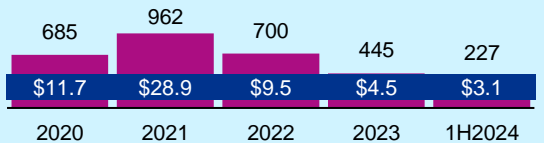
HCIT and HCBS M&A Activity



- The first half of 2024 suggests volumes are tracking on a par with the past two years while reported valuation metrics suggest some multiple compression
- Four sizeable deals comprise the majority of reported transaction value: New Mountain Capital's offer to acquire R1 RCM Inc. (\$7.6 billion), Thomas H. Lee Partners' acquisition of Agiliti, Inc. (\$2.6 billion), Accenture's acquisition of Cognosante, LLC (\$1.0 billion) and Vista Equity Partners acquisition of Model N, Inc. (\$1.1 billion)
- RCM and healthcare consulting / business services stand out as major themes among both PE and strategic acquirors

Capital Markets (\$B)

Private Placement Activity



- Trends in private placement activity among HCIT and HCBS companies mirror many of the trends in M&A activity putting 2024 on track to exceed 2023 in both volume and capital raised
- AI platforms focusing on advanced diagnostics, improved workflow, and a more efficient revenue cycle stand out as major themes among investors

Sources: Capital IQ, Pitchbook, and other publicly available sources; Market data as of June 30, 2024.

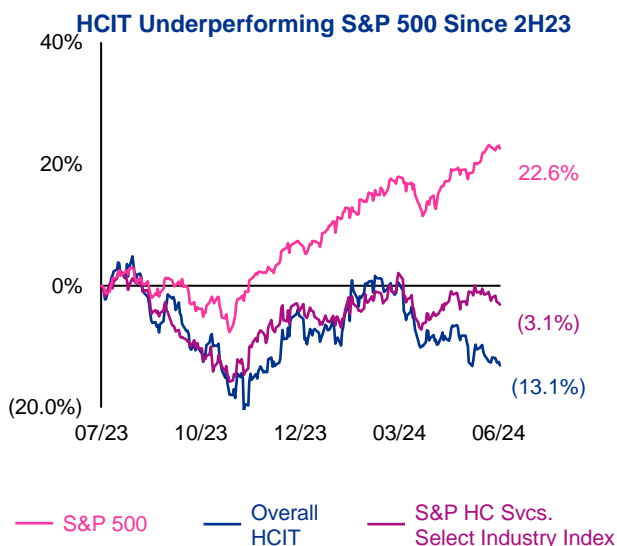


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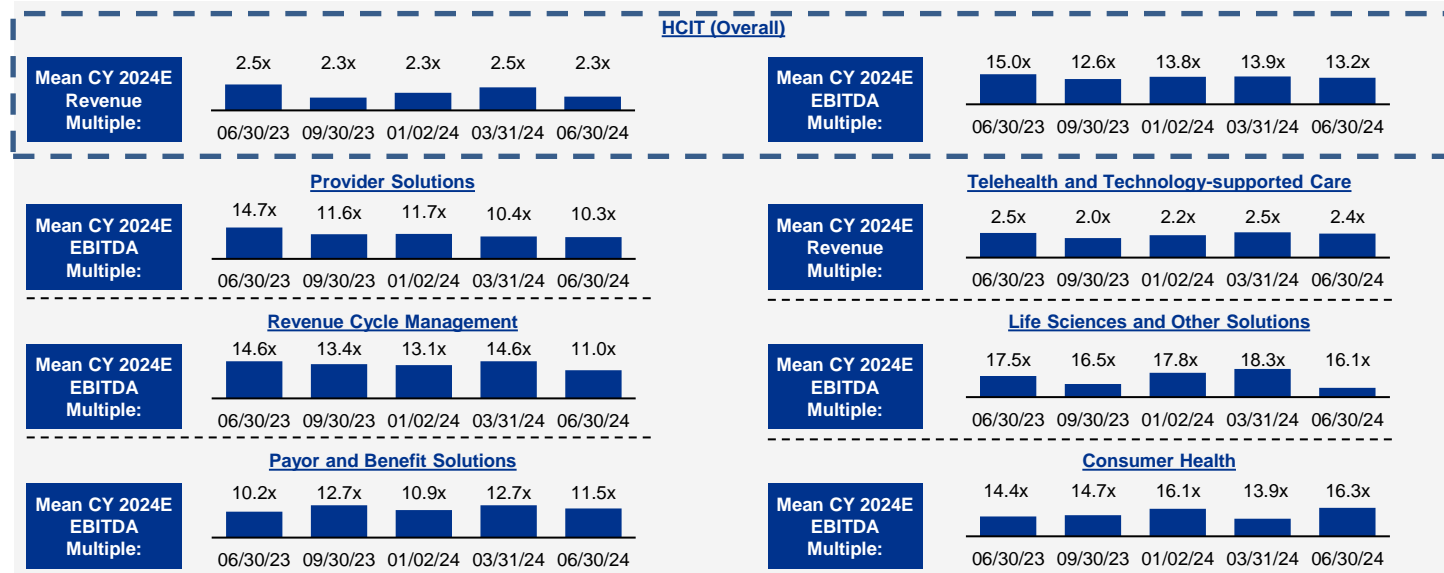
HCIT and HCBS Public Market Update

The capital markets remain at an all-time high with concerns around inflation, high interest rates, and the upcoming presidential election tempered by the US economy growing faster than expected and the Federal Reserve expected to drop rates. Public HCIT & HCBS companies have seen some decline in relative valuation as compared to the 2021 peak. Notable positive data points include New Mountain Capital's offer to acquire R1 RCM in February and the public market debut of Waystar Health in June. The latter was the first HCIT IPO post-pandemic and traded at 7.0x revenue

Public Market Performance



Sector	Price Performance Since		Enterprise Value as a Multiple of CY 2024E	
	1 Year	1H24	Revenue	EBITDA
HCIT -- Consumer Health	(43.4%)	(15.7%)	0.7x	16.3x
HCIT -- Life Sciences and Other Solutions	(4.9%)	(5.2%)	4.4x	16.1x
HCIT -- Telehealth and Technology-supported Care	(23.1%)	(12.2%)	2.4x	14.1x
HCIT -- Payor and Benefits Solutions	14.2%	14.8%	2.5x	11.5x
HCIT -- Revenue Cycle Management (RCM)	(28.8%)	(25.6%)	1.9x	11.0x
HCIT -- Provider Solutions	(40.7%)	(25.7%)	1.5x	10.3x
HCIT (Overall)	(13.1%)	(8.1%)	2.3x	13.2x
S&P 500	22.6%	15.1%	3.2x	15.0x
S&P Healthcare Services Index	(3.1%)	(0.1%)	0.8x	10.6x
Pharmaceutical Services / CRO	14.5%	1.8%	4.6x	17.1x
Physical Therapy and Rehabilitation	15.6%	24.7%	1.9x	16.4x
Post-acute Care Providers	10.0%	(1.3%)	1.6x	16.1x
Physician Services and Alternate Site Care	(4.8%)	4.6%	1.8x	11.5x
Laboratory Services	2.7%	0.6%	3.9x	10.3x
Payors and Managed Care	5.2%	(6.1%)	0.6x	10.0x
Other Healthcare Services	(12.1%)	(16.1%)	0.7x	8.6x
Acute-care Hospitals	13.5%	21.7%	1.3x	8.6x
Distribution and Supplies	19.2%	14.4%	0.6x	8.1x



Waystar Initial Public Offering (IPO)

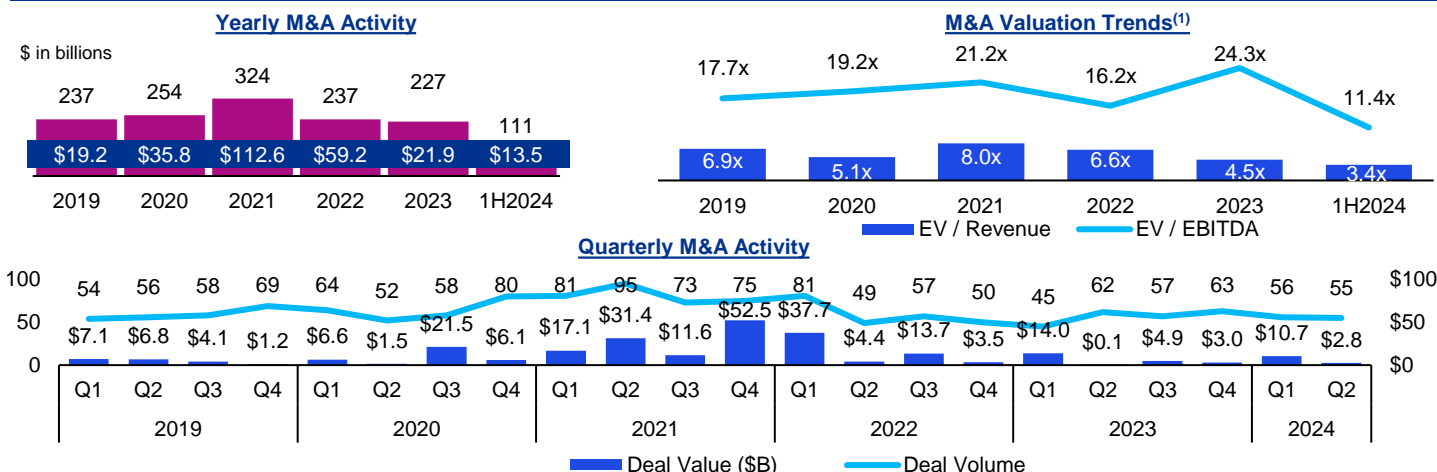
<p>Cloud-based healthcare payment solutions</p> <p>Strategic Rationale</p>	Price Return		Issue Details	
	1 Day Return	(3.7%)	Initial Filing Date	10/16/23
	1 Week Return	22.0%	First Pricing Date	06/07/24
	Return on Initial Closing Price as of 06/30/2024	3.9%	Price Per Share	\$21.50
<p>Waystar CEO Matt Hawkins stated, "We are using the proceeds of the IPO to reduce our leverage and exposure, improve our capital structure, and really position the company effectively for a durable, long-term path of continuing to transform the healthcare industry."</p>			Gross Offering Amount	\$968M
			Number of Shares Offered	45.0M
			Shares Offered (% Outstanding)	27.0%
			LTM Financials	
			Revenue	\$825M
			EBITDA	\$312M
			Trading Statistics as of 06/30/2024	
			Market Cap	\$3,599M
			Enterprise Value	\$5,797M
			EV / LTM Revenue	7.0x
			EV / LTM EBITDA	18.6x

Sources: Capital IQ; Market data as of June 30, 2024.

HCIT and HCBS M&A Activity Update

HCIT and HCBS M&A volume has been stable since the decline from the 2021 peak. The first half of 2024 suggests volumes are tracking on a par with the past two years while reported valuation metrics suggest a degree of multiple compression

HCIT and HCBS M&A Activity



Observations

- The first half of 2024 M&A activity in HCIT & HCBS includes 111 reported deals at \$13.5 billion in transaction value
- PE platform investments (15.3%) and tuck-in acquisitions by PE-backed companies (48.6%) represent the majority of the volume
- Four sizeable deals comprise the majority of the reported transaction value: New Mountain Capital's offer to acquire R1 RCM Inc. (\$7.6 billion), Thomas H. Lee Partners' acquisition of Agiliti, Inc. (\$2.6 billion), Accenture's acquisition of Cognosante, LLC (\$1.0 billion) and Vista Equity Partners acquisition of Model N, Inc. (\$1.1 billion)
- These transactions continue to highlight a few trends in the sector including revenue cycle management across all areas of healthcare (both providers, payors, and pharma), workflow and cost containment, and healthcare consulting services
- Two additional healthcare business services transactions that highlight the uptick in interest for healthcare business services include VMG Health's recapitalization with Incline Equity Partners and Vizient, Inc.'s, acquisition of the remaining stock of Kaufman Hall & Associates, LLC
- In 1H2024, average valuation multiples were 3.4x revenue and 11.4x EBITDA
- Overall, we feel the M&A outlook is positive:
 - Valuations remain strong for quality assets
 - PE firms sit on significant levels of capital
 - Interest rates appear to be stabilizing
 - Impact of the upcoming presidential election remains a wildcard

Notable HCIT and HCBS M&A Transactions

Vizient to Acquire Remaining Stake in Kaufman, Hall & Associates Jun-24

Vizient exercised its option to acquire the remaining interest in Kaufman Hall and Associates, a healthcare advisory firm, from Madison Dearborn Capital Partners. This acquisition aims to combine the companies' data assets and complementary clinical, strategic, and financial expertise to advise their healthcare clients.

Altaris to Acquire Sharecare Jun-24

Altaris has announced its acquisition of Sharecare (NasdaqGS:SHCR), a digital healthcare platform company, in a take private deal. The \$1.43 per share offer price values the company at approximately \$511 million (1.2x revenue).

Incline Equity Partners Acquired VMG Health Apr-24

Incline Equity Partners acquired VMG Health, a firm specializing in healthcare valuation, advisory, compliance, and financial due diligence services, from Northlane Capital Partners. This acquisition aims to further develop VMG Health's service lines and software products both organically and through M&A.

Accenture Federal Services Acquired Cognosante Apr-24

Accenture Federal Services acquired Cognosante, a provider of digital transformation and cloud solutions for government clients, in a deal valued at approximately \$1.0 billion. This transaction enhances Accenture's public service offerings, especially in health care.

Vista Equity Partners Acquired Model N Apr-24

Vista Equity Partners acquired Model N (NYSE:MODN), a provider of revenue management software solutions for the life science and technology industries. The offer price at \$30.00 per share values the company at approximately \$1.2 billion (4.5x revenue).

Thomas H. Lee Partners (THL) Acquired Agiliti Feb-24

Majority shareholder Thomas H. Lee Partners (THL) acquired the remaining publicly traded shares of Agiliti (NYSE:AGTI). Agiliti offers technology for medical equipment management and service solutions to help providers reduce costs and increase operating efficiencies. The \$10.00 per share offer price values the company at \$2.6 billion (2.2x revenue and 9.4x EBITDA).

New Mountain Capital Offers to Acquire R1 RCM Feb-24

New Mountain Capital made an offer to acquire R1 RCM (NasdaqGS:RCM), a prominent provider of revenue cycle management services. The \$13.75 per share offer price values the company at approximately \$7.6 billion (3.4x revenue and 13.5x EBITDA).

Thoma Bravo Acquired NextGen Healthcare Sep-23

Thoma Bravo completed the acquisition of NextGen Healthcare, a provider of EHR/EMR software. The \$23.95 per share offer price values the company at \$1.8 billion (2.6x revenue and 30.3x EBITDA).

Note: (1) Excludes Revenue multiples above 20x and EBITDA multiples above 35x.

Sources: Capital IQ, Pitchbook, and other publicly available sources; Market data as of June 30, 2024.



Select HCIT & HCBS M&A Transactions

Date	Target ⁽¹⁾	Acquirer	EV	EV / Revenue ^{(2) (3)}	EV / EBITDA ^{(2) (3)}	Target Description
06/21/24	Sharecare, Inc.*	Altaris, LLC	\$504	1.2x	NM	Helps members consolidate various components of their health in one place
06/12/24	Pro-Ficiency Holdings, Inc.*	Simulations Plus, Inc. (NasdaqGS:SLP)	100	6.7x	NA	Develops human intelligence engine for life sciences
04/08/24	Model N, Inc.*	Vista Equity Partners	1,161	4.5x	NM	Cloud revenue management solutions for life sciences and high-tech companies
03/07/24	Invicro, LLC	Calyx Services Inc.	130	2.5x	NA	Suite of services and software for medical imaging analysis
02/26/24	Agiliti, Inc.*	THL Agiliti LLC	2,630	2.2x	9.4x	Health tech management and service solutions
02/26/24	R1 RCM Inc.*	New Mountain Capital, L.L.C	7,587	3.4x	13.5x	Technology-enabled revenue cycle management services
12/11/23	Imbio, LLC	4DMedical USA Inc.	49	19.6x	NA	Diagnostic medical imaging software
12/05/23	Advata Inc/Acclara Solutions, LLC	R1 RCM Inc. (NasdaqGS:RCM)	681	2.3x	27.2x	Healthcare revenue recovery company
10/11/23	Sharecare, Inc.*	Claritas Capital	672	1.5x	NM	Platform connecting patients and providers
09/06/23	NextGen Healthcare, Inc.*	Thoma Bravo, L.P.	1,764	2.6x	30.3x	EHR/EMR software
08/07/23	Tabula Rasa HealthCare*	Exact Care Pharmacy	595	1.8x	NM	Healthcare tech and medication decision-support software
03/06/23	Weekend Health, Inc.	WW International, Inc. (NasdaqGS:WW)	105	4.2x	NA	Platform for virtual care services
02/08/23	Oak Street Health*	CVS Health (NYSE: CVS)	10,102	4.7x	NM	Value-based care provider for Medicare beneficiaries
11/07/22	Certara*	Arsenal Capital Partners	2,488	7.7x	26.3x	Software for bio simulation and drug discovery
09/05/22	Signify Health*	CVS Health (NYSE: CVS)	7,817	9.3x	NM	Tech-enabled, value-based care platform
07/21/22	One Medical*	Amazon (NasdaqGS:AMZN)	3,915	3.6x	NM	Membership-based primary care platform
06/29/22	IPG	Evolent Health (NYSE:EVH)	375	2.7x	15.0x	Surgical cost management solutions
06/21/22	PrescribeWellness	Transaction Data Systems	140	4.7x	NA	Cloud-based patient engagement
06/08/22	SemanticBits	ICF Incorporated	220	1.6x	NA	Digital modernization services
06/21/22	Convey Health	TPG Capital	1,100	3.1x	13.5x	Tech-enabled data analytics and services
04/22/22	ClaimsXten	TPG Capital	2,200	NA	16.9x	Claims editing and payment accuracy software
04/06/22	SOC Telemed*	Patient Square Capital	348	4.3x	NM	Acute care telemedicine services
03/31/22	Intelligent Medical Objects	Thomas H. Lee Partners	1,500	NA	25.0x	Clinical terminology and insights solutions
03/28/22	Ensemble Health Partners	Berkshire Partners, Warburg Pincus	5,100	NA	17.0x	Tech-enabled RCM services
03/07/22	vitaCare Prescription Services, Inc.	GoodRx Holdings, Inc. (NasdaqGS:GDRX)	157	17.4x	NM	Platform designed to manage prescription filling process in a simple, affordable manner
03/02/22	Allscripts Hospitals and Large Physician Practices Business Segment	N. Harris Computer Corporation	700	0.8x	4.8x	EHR platform for hospitals and physician practices
03/01/22	Healthcare Resource Group	Computer Programs and Systems, Inc. (NasdaqGS:CPSI)	44	1.3x	12.2x	Revenue cycle management solutions
02/23/22	Analytical Wizards, Inc.	Definitive Healthcare (NasdaqGS:DH)	100	11.0x	NA	Data analytics and predictive analysis platform
01/19/22	Clinicient, Inc.	WebPT, Inc. (Warburg Pincus)	175	5.0x	NA	Cloud-based EMR and billing platform focused on outpatient rehab and physical therapy
01/10/22	Cloudmed	R1 RCM Inc. (NasdaqGS:RCM)	4,031	9.0x	14.8x	RCM solutions provider
01/06/22	Vocera Communications, Inc.*	Stryker Corporation (NYSE:SYK)	3,320	13.2x	NM	Integrated communication platform
01/05/22	Castlight Health, Inc.*	Vera Whole Health (Clayton, Dubilier & Rice)	380	2.2x	NM	Health and benefits navigation platform for employers and patients
01/04/22	Midas Health Analytics Solutions	sympplr (Clearlake Capital)	340	4.7x	NA	Patient safety, quality and advanced analytics solutions
01/04/22	MarkeTouch Media, Inc.	Omnicell, Inc. (NasdaqGS:OMCL)	82	5.9x	NA	Pharmacy prescription management services

Notes: (1) * Denotes target companies which were public at the time of acquisition; (2) EV/Revenue and EV/EBITDA multiples less than zero and greater than 20.0x and 35.0x, respectively, are considered not meaningful or "NM"; (3) "NA" refers to not available.

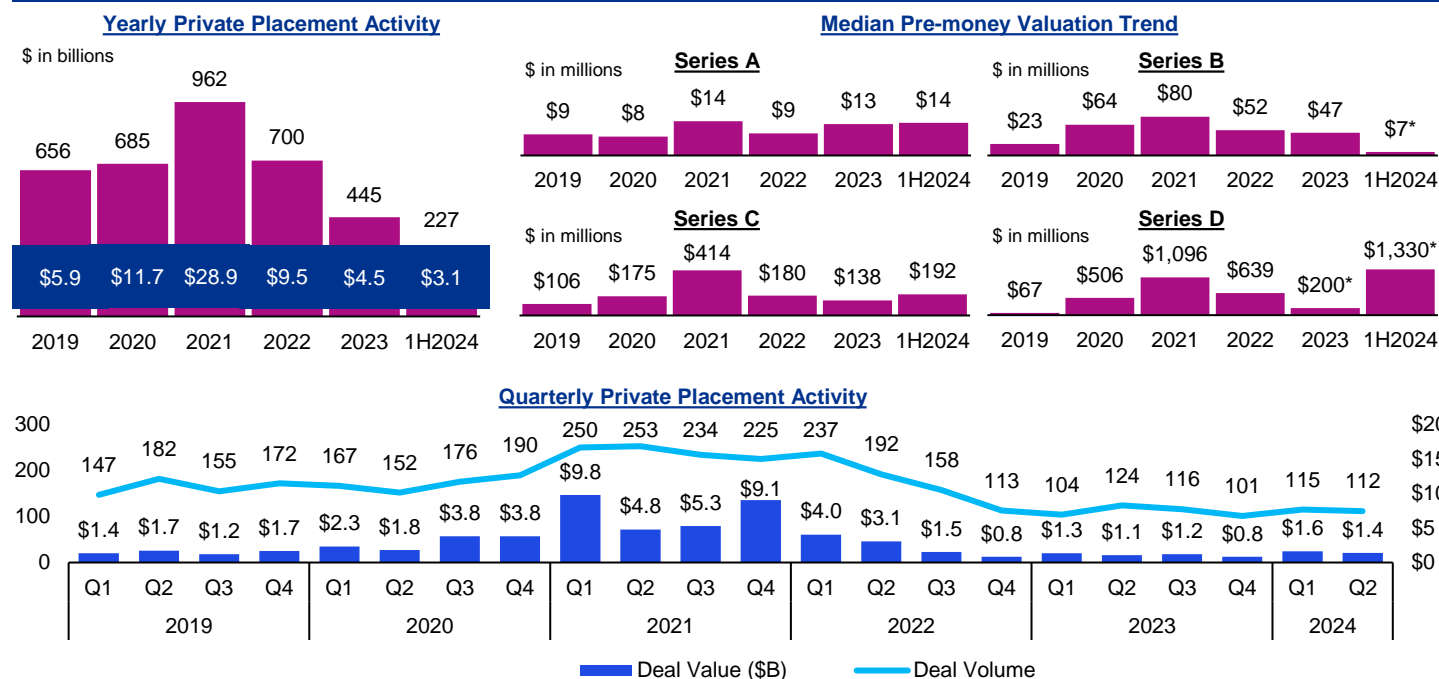
Sources: Capital IQ, Pitchbook, and other publicly available sources; Market data as of June 30, 2024.



HCIT and HCBS Private Placement Activity Update

Trends in private placement activity among HCIT and HCBS companies mirror many of the trends in M&A activity. The first half of the year has put 2024 on track to exceed 2023 in both volume and capital raised. Increases in median pre-money valuation across all investment stages suggests that larger companies are seeking capital, multiples are starting to rebound, or a combination of the two. Investors have been most interested in companies with AI platforms for advanced diagnostics, improved workflow, and an efficient revenue cycle

HCIT and HCBS Private Placement Activity



Select HCIT and HCBS Private Placements

Date	Company	Amount Raised	Type	Description
06/26/24	TrialSpark, Inc.	\$372	Series D	Platform to run technology-backed clinical trials
06/25/24	Adonis Technology, Inc.	31	Series B	AI platform connecting data across systems to streamline the revenue cycle
06/20/24	Pomelo Care, Inc.	46	Series B	Platform that provides virtual maternal health care
06/20/24	Humata Health, Inc.	25	Venture	AI platform for prior authorization workflow management
06/17/24	Nomad Health, Inc.	22	Growth	Online marketplace to support nurse and allied professional staffing
06/13/24	Berry Street Health, Inc.	14	Venture	Platform that provides virtual nutritional health care
06/09/24	Anterior, Inc.	20	Series A	AI platform for automation of prior authorizations and case management
06/04/24	AcuityMD, Inc.	45	Series B	Platform for commercializing medical devices connecting providers to products
06/04/24	Envisagenics, Inc.	25	Series B	AI platform for discovery and development of RNA splicing therapeutics
05/24/24	Canary Speech, Inc.	13	Growth	Platform with proprietary vocal models for assessing, screening, and tracking the presence and severity of a targeted illness or disease
05/22/24	Valar Labs, Inc.	22	Series A	AI platform for diagnostics of tumors
05/22/24	Amino Inc.	10	Growth	Platform to find physicians and schedule appointments
05/21/24	SamaCare, Inc.	17	Series B	Software platform to automate prior authorizations for medically administered products
05/21/24	Abett, Inc.	12	Series A	Platform that automates transfer of human resource and healthcare data
05/20/24	Atropos Health, Inc.	33	Series B	Platform to aggregate and access Real World Evidence (RWE)

Note: *Based on less than three available transactions with disclosed pre-money valuation.

Sources: Capital IQ, Pitchbook, and other publicly available sources; Market data as of June 30, 2024.



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HCIT and HCBS Private Placement Activity Update (cont'd)

Select HCIT and HCBS Private Placements

Date	Company	Amount Raised	Type	Description
05/14/24	Truveris, Inc.	\$15	Series E	Analytics solutions supporting all phases of the pharmacy benefit management lifecycle
05/14/24	Watershed Health, Inc.	14	Growth	SaaS platform for end-to-end post-acute care management
05/13/24	Subtle Medical, Inc.	10	Series B	AI platform for image processing for imaging centers and hospitals
04/29/24	Sift Medical Data, Inc.	20	Series B	Web-based reporting and AI payments platform enabling providers to score patients, reduce denials, and increase collection rates
04/26/24	Blockit Now, Inc.	10	Growth	Web-based platform to manage patient scheduling and intake
04/23/24	RxCap, Inc.	21	Series B	Software platform that supports remote patient monitoring for wearable and connected medical devices
04/17/24	Smarter Dx, Inc.	50	Series B	AI platform to evaluate clinical data to identify revenue and quality impacting metrics for hospitals and health plans
04/10/24	Clearsense, Inc.	41	Series E	Platform that supports data management, archival and retrieval
04/05/24	Mural Health Technologies, Inc.	13	Venture	Platform to manage patient participation in clinical trials
04/04/24	Ash Wellness, Inc.	10	Series A	End-to-end remote diagnostics platform for patients
04/03/24	VitalTech Holdings, Inc.	11	Growth	Platform to integrate virtual care coordination into existing workflows
04/02/24	GroundGame.Health, Inc.	17	Series A	Platform that supports collaboration among health plans and community-based organizations
04/01/24	Lumeris Group Holdings Corporation	100	Growth	Web-based EMR and revenue cycle management software for physician groups
04/01/24	Summer Health, Inc.	12	Series A	Platform that provides virtual pediatric care
03/28/24	Digital Therapeutics, Inc.	58	Series C	Platform for treating individuals with addictive disorders
03/26/24	Brightside Health, Inc.	33	Series C	Platform that provides virtual psychiatric care
03/18/24	Hippocratic AI, Inc.	53	Series A	Artificial health general intelligence (HGI) for medical education
03/14/24	HiLabs Inc.	39	Series B	Healthcare data mining platform using AI for employees in health organizations to explore, predict, hotspot, engage, and measure data
03/06/24	Capital Rx, Inc.	115	Growth	Web-based workflow platform for the pharmacy benefits industry
03/04/24	Insurights, Inc.	32	Series A	AI platform that analyzes employee health plans, providing up-to-date, relevant, and accurate information about coverage
03/04/24	Vesta Healthcare	14	Growth	Platform that provides care plan coordination to support care at home
02/29/24	CodaMetrix Inc.	40	Series B	SaaS platform using AI for medical coding and RCM
02/29/24	Moxe Health Corporation	25	Growth	Clinical data clearinghouse connecting providers, payers, and health information technology
02/29/24	Dandelion Health, Inc.	16	Venture	Infrastructure for innovators to develop AI models using unstructured data
02/26/24	Health Data Vision, Inc.	65	Growth	SaaS analytics platform for medical record analysis and targeted solutions
02/26/24	Get Help	10	Pre-Series A	Platform to support first responders to navigate provider care
02/22/24	Abridge AI Inc.	150	Series C	AI tools to structure health conversations into clinical and billable documentation
02/16/24	Overjet, Inc.	57	Series C	AI-based clinical care and administrative management that analyzes dental clinical data
02/15/24	DarioHealth Corp. (NasdaqCM:DRIO)	22	PIPE	Digital therapeutics platform for diabetes, hypertension, weight management, musculoskeletal pain, and behavioral health
02/02/24	Vektor Medical, Inc.	16	Series A	AI-based arrhythmia analysis solution
02/02/24	Auxilus Inc.	10	Venture	Software platform supporting operational and financial needs of clinical trials
02/01/24	HealthSnap, Inc.	25	Series B	Data analytics platform to manage chronic conditions by monitoring data from connected wearable devices
02/01/24	Artera Inc.	20	Venture	Multi-modal AI testing for oncology

Sources: Capital IQ, Pitchbook, and other publicly available sources; Market data as of June 30, 2024.



Sector Spotlight: Revenue Cycle Management (RCM)



Large Market for RCM Outsourcing

- Significant potential for increased outsourcing of revenue cycle management (RCM) functions
- Continued challenges with denial rates and payor issues compounded by staffing shortages that limit providers' ability to effectively tackle reimbursement issues
- In 2022, only 24.0% U.S. hospitals outsourced their RCM functions to third-party vendors⁽²⁾



Integration of AI to Improve RCM Workflow

- AI offers promise to enhance RCM workflows across all stages, from patient registration to final payment
- AI-powered RCM can reduce claim errors, increasing processing speed and accuracy, and ensuring data integrity
- In 1H2024, AI-based RCM companies have collectively raised over \$450 million in funding, showcasing innovations across all three stages of the RCM workflow: front-end, middle-level, and back-end (e.g., Abridge AI Inc. that improves health conversations and billable documentation raised \$150 million)



Certain Specialties Lacking Adequate RCM Support

- Traditional RCM and billing companies often struggle to provide technology and services to address the specific workflow needs of certain specialties (e.g., laboratory, behavioral health, post-acute care, ASCs)
- As a result, a number of specialty RCM vendors have emerged to address the specific needs of these specialty areas
- At the same time, many of the larger vendors are seeking ways to capture these markets, mainly through M&A (e.g., Medusind's acquisition of Billing Solutions in behavioral health)



Adoption of Cloud-Based RCM Solutions

- Healthcare providers are transitioning to cloud-based RCM solutions, drawn by their scalability, easy access, and cost-efficiency
- These solutions are incorporating AI and automation to streamline operations and minimize errors
- Notable transactions include Vista Equity Partners' acquisition of Model N, New Mountain Capital's offer to acquire R1 RCM and Waystar Health's IPO

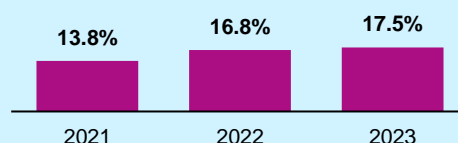
Growing RCM Outsourcing Industry in the U.S.⁽¹⁾

(\$ in billions)

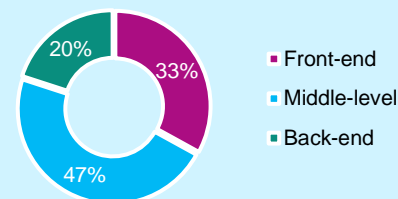
Industry CAGR ('23-'30): 11.7%



RCM Budget Allocation Expectations in U.S. Hospitals⁽²⁾



Most Useful Aspects of Outsourced RCM for the U.S. Hospitals⁽²⁾



RCM Challenges in ASCs⁽³⁾

One of the Top 4 challenges faced by ASCs is claim denials

~\$262B is lost by hospitals annually, affecting most ASCs

% Providers Saying Improvements in RCM Process Due to AI⁽⁴⁾

20% improved efficiency in filing claims

18% reduction in data entry errors

13% patient billing and collections

10% medical billing and coding

10% follow up support through automated messaging & reminder

Sources: (1) 1000IQ Market Research "REVENUE CYCLE MANAGEMENT MARKET", (September 2023); (2) Barclays, "HCIT 3Q22 and 4Q22 Hospital Survey & Preview", (October 2022 and January 2023); (3) Plutus Health "Coding Denials in ASC and how to handle them", (February 2022); (4) Plutus Health "Plutus Health Revenue Cycle Management Challenges Index", (2023).

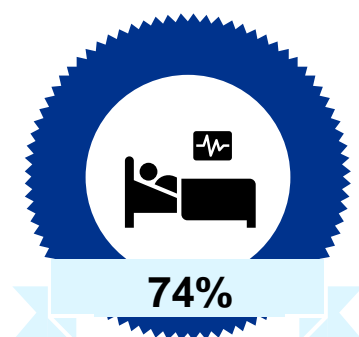
Sector Spotlight: Change Healthcare Cyberattack

On February 21, 2024, Change Healthcare was the target of a cyberattack that resulted in a major disruption in services for healthcare providers

Overview ⁽¹⁾

- The Change Healthcare cyberattack occurred on February 21, 2024, with a ransomware group, BlackCat/ALPHV, taking responsibility for the attack
- With Change Healthcare processing approximately 15 billion transactions annually and touching one in three U.S. patient records⁽¹⁾, the event was a major disruption across the healthcare ecosystem
- As the largest clearinghouse for insurance billing and payments in the U.S., the attack resulted in delayed/unavailable healthcare services, affecting claims processing, eligibility verification, and financial operations leading to backlogs and missed or delayed revenue for providers
- Change Healthcare's parent, UnitedHealth Group, launched a Temporary Funding Assistance Program to aid affected providers
- Federal agencies assisted, accelerating electronic data interchange enrollment and providing advance funding
- Several alternate clearinghouses (e.g., Availity, Waystar, Office Ally) absorbed transaction volumes, where able, during the disruption

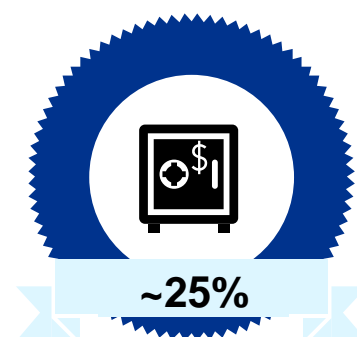
Impact Measured in Numbers ⁽¹⁾⁽²⁾⁽³⁾



**hospitals reported
direct impact on
patient care**



**hospitals reported
impact to revenue of
\$1M+ per day**



**physician practices
depleted cash reserves**

Steps Taken to Mitigate the Disruptions ⁽¹⁾

**Rerouting of
Claims to Other
Clearinghouse**

**Manual
Workarounds, e.g.,
E-fax Claim
Submissions**

**Financial
Assistance
Programs to
Bridge Cashflow
Needs**

**Prioritizing
Diversification for
Claim Processing
Services**

As of March 15, Change Healthcare reinstated its electronic payments system and is moving forward with the integration of payer applications, providing much awaited visibility into provider revenue

Sources: (1) News articles; (2) American Hospital Association "AHA Survey: Change Healthcare Cyberattack Significantly Disrupts Patient Care, Hospitals' Finances (March 2024); (3) Healthcare IT News "How the Change Healthcare cyberattack is straining providers, and what the government can do" (March 2024).

Select Public HCIT and HCBS Companies

(\$ in millions, except per share data)	Stock Price			Market Cap	Enterprise Value	Last Twelve Months (LTM)			Enterprise Value as a multiple of CY 2024E	
	As of 06/30/24	% Δ YTD	% of 52-Wk High			Revenue	EBITDA	% Margin	Revenue	EBITDA
Provider Solutions										
iRhythm Technologies, Inc.	\$107.64	0.6%	86.7%	\$3,348	\$3,516	\$513	(\$92)	NM	6.0x	NM
agilon health, inc.	6.54	(47.9%)	30.4%	2,690	2,318	4,866	(220)	NM	0.4x	NM
Privia Health Group, Inc.	17.38	(24.5%)	61.6%	2,074	1,776	1,687	22	1.3%	1.1x	20.3x
Premier, Inc.	18.67	(16.5%)	66.0%	1,957	2,048	1,336	427	32.0%	1.6x	5.3x
Omnicell, Inc.	27.07	(28.1%)	36.1%	1,243	1,346	1,103	28	2.6%	1.3x	13.4x
HealthStream, Inc.	27.90	3.2%	95.8%	848	784	285	39	13.6%	2.7x	11.9x
National Research Corporation	22.95	(42.0%)	48.6%	548	589	147	46	31.1%	NA	NA
Sharecare, Inc.	1.35	25.0%	75.0%	492	459	420	(73)	NM	1.2x	NM
Health Catalyst, Inc.	6.39	(31.0%)	44.5%	377	298	297	(51)	NM	1.0x	12.1x
TruBridge, Inc.	10.00	(10.7%)	37.4%	144	329	336	8	2.4%	1.0x	7.1x
Augmedix, Inc.	0.88	(85.0%)	14.1%	43	31	49	(19)	NM	0.6x	NM
CareCloud, Inc.	1.92	26.3%	50.5%	31	40	113	5	4.1%	0.3x	1.9x
HealthLynked Corp.	0.08	(2.3%)	75.6%	21	23	5	(4)	NM	NA	NA
NantHealth, Inc.	0.03	(93.0%)	1.4%	1	272	64	(30)	NM	NA	NA
								Mean	1.5x	10.3x
								Median	1.1x	11.9x
Revenue Cycle Management										
R1 RCM Inc.*	\$12.56	18.8%	67.1%	\$5,291	\$7,493	\$2,313	\$538	23.3%	2.9x	11.6x
Waystar Holding Corp.	21.50	3.9%	93.1%	3,599	5,797	825	312	37.8%	NA	NA
Evolent Health, Inc.	19.12	(42.1%)	54.6%	2,193	2,852	2,176	123	5.7%	1.1x	11.5x
Veradigm Inc.	9.50	(9.4%)	67.4%	1,604	1,330	1,529	115	7.5%	2.1x	10.4x
Phreesia, Inc.	21.20	(8.4%)	60.6%	1,217	1,155	374	(94)	NM	2.7x	NM
Streamline Health Solutions, Inc.	0.46	8.4%	32.0%	27	36	22	(7)	NM	1.8x	NM
								Mean	1.9x	11.0x
								Median	1.9x	11.0x
Payor and Benefits Solutions										
HealthEquity, Inc.	\$86.20	30.0%	98.3%	\$7,500	\$8,233	\$1,043	\$298	28.6%	7.0x	17.7x
Oscar Health, Inc.	15.82	72.9%	67.5%	3,748	1,885	6,534	9	0.1%	0.2x	10.0x
Progyny, Inc.	28.61	(23.1%)	63.6%	2,724	2,372	1,108	68	6.1%	1.9x	10.9x
Clover Health Investments, Corp.	1.23	29.2%	75.5%	611	407	2,059	(131)	NM	0.3x	NM
MultiPlan Corporation	0.39	(73.0%)	18.0%	250	4,741	959	578	60.3%	4.7x	7.5x
NeueHealth, Inc.	5.44	(28.7%)	24.7%	45	1,039	1,105	(124)	NM	1.0x	NM
								Mean	2.5x	11.5x
								Median	1.5x	10.4x
Telehealth and Technology-supported Care										
Doximity, Inc.	\$27.97	(0.2%)	77.1%	\$5,186	\$4,438	\$475	\$178	37.4%	8.8x	18.2x
Hims & Hers Health, Inc.	20.19	126.9%	78.4%	4,337	4,145	959	5	0.5%	3.3x	31.5x
LifeStance Health Group, Inc.	4.91	(37.3%)	51.6%	1,877	2,333	1,104	(20)	NM	1.9x	24.7x
Teladoc Health, Inc.	9.78	(54.6%)	32.2%	1,659	2,151	2,619	46	1.8%	0.8x	5.9x
WELL Health Technologies Corp.	3.44	22.3%	95.5%	850	1,187	619	72	11.6%	1.7x	12.7x
Talkspace, Inc.	2.30	(9.4%)	58.7%	390	270	162	(15)	NM	1.4x	NM
DocGo Inc.	3.09	(44.7%)	28.6%	314	329	703	55	7.8%	0.5x	4.6x
Accolade, Inc.	3.58	(70.2%)	23.3%	286	296	432	(63)	NM	0.7x	NM
American Well Corporation	6.50	(78.2%)	13.1%	96	(187)	255	(233)	NM	NM	1.2x
UpHealth, Inc.	0.42	83.0%	20.6%	8	157	105	13	12.7%	NA	NA
								Mean	2.4x	14.1x
								Median	1.6x	12.7x

Note: *R1 RCM Inc. not included in mean and median figures due to New Mountain Capital's offer to acquire R1 RCM Inc.

Source: Capital IQ; Market data as of June 30, 2024



Select Public HCIT and HCBS Companies (cont'd)

(\$ in millions, except per share data)	Stock Price			Market Cap	Enterprise Value	Last Twelve			Enterprise Value as a multiple of CY 2024E	
	As of 06/30/24	% Δ	% of 52-Wk			Months (LTM)				
		YTD	High			Cap	Revenue	EBITDA	% Margin	Revenue
Life Sciences and Other Solutions										
IQVIA Holdings Inc.	\$211.44	(8.6%)	80.8%	\$38,524	\$50,843	\$15,155	\$2,779	18.3%	3.3x	13.6x
Veeva Systems Inc.	183.01	(4.9%)	77.3%	29,584	24,875	2,488	562	22.6%	9.2x	22.8x
GoodRx Holdings, Inc.	7.80	16.4%	83.2%	2,927	3,103	764	77	10.1%	3.8x	12.2x
Certara, Inc.	13.85	(21.3%)	69.7%	2,228	2,305	361	90	24.9%	5.9x	18.7x
GeneDx Holdings Corp.	26.14	850.5%	89.8%	684	689	222	(102)	NM	2.8x	NM
Definitive Healthcare Corp.	5.46	(45.1%)	43.8%	644	944	256	23	8.8%	3.7x	11.4x
OptimizeRx Corporation	10.00	(30.1%)	60.1%	183	204	78	(8)	NM	2.0x	17.9x
								Mean	4.4x	16.1x
								Median	3.7x	15.8x
Consumer Health										
SelectQuote, Inc.	\$2.76	101.5%	82.3%	\$467	\$1,134	\$1,236	\$64	5.2%	0.8x	8.2x
23andMe Holding Co.	0.39	(57.2%)	19.3%	192	52	220	(265)	NM	0.2x	NM
eHealth, Inc.	4.53	(48.1%)	44.4%	132	352	472	(15)	NM	0.8x	31.2x
GoHealth, Inc.	9.72	(27.1%)	46.0%	97	738	737	31	4.2%	1.0x	9.4x
Owlet, Inc.	4.12	(22.0%)	54.9%	37	41	58	(23)	NM	0.6x	NM
								Mean	0.7x	16.3x
								Median	0.8x	9.4x
Overall HCIT										
								Mean	2.3x	13.2x
								Median	1.4x	11.9x

Source: Capital IQ; Market data as of June 30, 2024.



Select KPMG Corporate Finance LLC Transactions

HCIT and HCBS Transactions

KPMG

Billing Solutions
FOR BEHAVIORAL HEALTHCARE

Has been acquired by

Medusind

A portfolio company of

ALPINE

Closed

KPMG

Coker

Has been recapitalized by

TRINITY HUNT PARTNERS

Closed

KPMG

Talis CLINICAL

Has been acquired by

GETINGE

Closed

KPMG

LYNIATE

A portfolio company of

Hg

Acquired

NEXTGATE

Closed

KPMG

REVENTICS
A Provider Engagement Company

Has been acquired by

Omega Healthcare

Closed

KPMG

assurecare

Has received investment from

VISTA EQUITY PARTNERS

Closed

KPMG

RxMx
rxmxcorp.com

Has been acquired by

Pemba Capital Partners

Closed

KPMG

LUMEDX

Has been acquired by

Intelerad

A portfolio company of

Hg Ardan

Closed

KPMG

MCA CONNECT

Has received an investment from

RIORDAN, LEWIS & HADEN

Closed

KPMG

CDIO

Has received an investment from

One Equity Partners

Closed

KPMG

Medusind

Has been acquired by

H. I. G. CAPITAL

Closed

KPMG

bcm one

Has been acquired by

THOMPSON STREET CAPITAL PARTNERS

Closed

Healthcare Transactions

KPMG

EndoPredict business of

Myriad genetics

Has been acquired by

eurobio SCIENTIFIC

Closed

KPMG

LabGenomics

Acquisition of

QDxPathology

Closed

KPMG

Cinres FARMACIA

Has been acquired by

propharma

A portfolio company of

Odyssey

Closed

KPMG

CBH
A NEW PRODUCTION
CONFIDENTIAL BEHAVIORAL HEALTH

Has been acquired by

PSYCH ASSOCIATES OF MARYLAND

A portfolio company of

NEW HARBOR CAPITAL

Closed

KPMG

LI-COR

Has been acquired by

BV Battery Ventures

Closed

KPMG

TOXIKON
RIGHT. FROM THE START.

Has been acquired by

labcorp

Closed

KPMG

RENAL SERVICES

Has been acquired by

Davita Kidney Care

Closed

KPMG

HITACHI

Investment in

invivoscribe

Closed

KPMG Spotlight Transactions



Billing Solutions
FOR BEHAVIORAL HEALTHCARE

Has been acquired by



A portfolio company of

ALPINE

Value not disclosed

- KPMG Corporate Finance LLC ("KPMG CF") acted as exclusive financial advisor to Billing Solutions LLC ("Billing Solutions" or the "Company"), a portfolio company of Deans Knight Capital Management Ltd., in its sale to Medusind Solutions Inc., a portfolio company of Alpine Investors LP.
- Headquartered in Prescott, AZ, Billing Solutions provides revenue cycle management technology and services to mental health, addiction treatment, eating disorder treatment, and other behavioral health providers. The Company provides end-to-end billing services, practice management services, and technology to optimize outcomes for its customers. Established in 2009 as an in-house billing solution for two treatment facilities, Billing Solutions has grown into a leading revenue cycle management provider for facilities focused on behavioral health specialties.

Transaction Commentary

In working with the KPMG Corporate Finance deal team, Founder & CEO Jimmy Rizzo said, "Selecting KPMG CF was one of the best decisions our leadership team made during our recent transaction. Their professionalism, diligence, and guidance throughout the process was second to none, positioning our company for a successful transaction. We are pleased with the outcome and our new partner, Medusind, is already proving to be an excellent fit."



Coker

Has been recapitalized by

TRINITY HUNT
PARTNERS

Value not disclosed

- KPMG Corporate Finance LLC ("KPMG CF") acted as exclusive financial advisor to Coker Group Holdings, LLC ("Coker" or the "Company") in its recapitalization by Trinity Hunt Partners, L.P. ("Trinity Hunt" or "THP").
- Headquartered in Alpharetta, GA, Coker is a leading management consulting firm that offers performance transformation, transaction advisory, and compliance consulting services exclusively to the healthcare industry. Recognized across the industry for its exceptional brand and expertise, the Company offers a wide range of services to a client base that includes some of the country's leading health systems and provider organizations. Established in 1987 as a physician relations firm to enhance hospitals' medical staff relationships, Coker has grown into a leading advisor supporting both independent and health system-affiliated physician enterprises nationwide.

Transaction Commentary

In working with the KPMG CF deal team, President & CEO Max Reiboldt said, "The KPMG team guided us through this process every step of the way. They did so with precision and great acumen. They were always a step ahead of us, which is exactly what we hoped for when we engaged them. While the process of completing such a transaction includes a lot of common areas to all such deals, ours had our share of unique and challenging situations. The KPMG team seemed to not just anticipate but to proactively address them on our behalf. We were very gratified and pleased and our new capital partner is already proving to be a great fit."



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Global Middle Market Completed Advisor Ranking ⁽¹⁾		
2004-2023		No. of deals
1	KPMG*	9,173
2	PwC	8,905
3	Houlihan Lokey	6,581
4	Deloitte	6,111
5	Ernst & Young	5,564
6	UBS	5,457
7	Rothschild & Co	5,364
8	Lazard	3,774
9	Goldman Sachs & Co	3,729
10	JP Morgan	3,604

Global coverage. Industry knowledge. Middle-Market focus.

The global Corporate Finance practices of KPMG International's network of independent member firms was ranked #1 as the top M&A middle-market adviser globally by Refinitiv based on number of completed transactions, for 2004 to 2023.

KPMG Corporate Finance LLC was recently named Transaction Advisory Firm of the Year by The Global M&A Network, and previously named investment Bank of the Year by the M&A Advisor. KPMG Corporate Finance LLC provides a broad range of investment banking and advisory services to its domestic and international clients. Our professionals have the experience and depth of knowledge to advise clients on global mergers and acquisitions, sales and divestitures, buyouts, financings, debt restructurings, equity recapitalizations, infrastructure project finance, capital advisory, portfolio solutions, fairness opinions, and other advisory needs.

Note: (1) League tables include completed deals which have value between \$0 million to \$500 million and also where deal value is not disclosed.

*Represents the global Corporate Finance practice of KPMG International's network of independent member firms





Important notice

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. The information contained in this communication does not constitute a recommendation, offer, or solicitation to buy, sell or hold any security of any issuer. Past performance does not guarantee future results.

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