



## INTRODUCTION

The current health crisis and the economic shake up that has now begun will change the way that we all do business. Telemedicine is at a major inflection point as the current health crisis has delivered a massive exogenous shock to the system. Although the infrastructure for large scale telemedicine has existed in large part for some time, there has been slow adoption of the technology for four simple reasons: providers were reluctant to offer it, patients did not demand it, payers did not fully cover it, and employers did not encourage it. This has now changed in a dramatic way and, as the New York Times noted, telemedicine has come to the forefront with “10 years of change in one week.”

At Meridian Capital, we cover the healthcare IT industry in which telemedicine will be an increasingly important segment in the coming months and years. Private equity and strategic buyers are taking note of this fundamental shift in provider, payer, and patient behavior, and business owners and CEOs in the space are facing a critical strategic moment as the spotlight has been thrust upon their industry. Those who have a clear strategy of customer acquisition and that can prioritize the right growth initiatives will likely have access to capital to do so, as well as opportunities to grow inorganically through acquisition.

## WHAT WE'RE READING

**[Telemedicine Arrives in the U.K.: '10 Years of Change in One Week'](#)**, *The New York Times*

*Takeaway: Surge in demand has been created as consumers previously hesitant to adopt telemedicine have flocked to the service due to COVID-19.*

**[Amazon Care](#)**, *Amazon.com*

*Takeaway: Major employers, such as Amazon, are piloting programs that push telemedicine to their employees. With the scale of an Amazon behind this shift, we see benefit from providers getting engaged, a large demand from Amazon employees, and an opportunity for telemedicine companies to build better products and sell those products directly to employers.*

**[Trump Administration Makes Sweeping Regulatory Changes to Help U.S. Healthcare System Address COVID-19 Patient Surge](#)**, *Center for Medicare and Medicaid Services*

*Takeaway: Coverage is key to telemedicine adoptions and it seems likely that a shift in stance by Medicare and Medicaid to pay for more telemedicine services is likely here to stay for the long term.*

**[Feds OK Interstate Licensing, Paving Way for Telehealth Expansion](#)**, *mHealth Intelligence*

*Takeaway: Regulatory hurdles that impeded telemedicine adoption will continue to be relaxed allowing doctors to practice across state lines and support effected areas remotely.*

**[Adaptive Biotech's Deal with Amgen Influenced by Belief That COVID-19 May return Seasonally, Like Flu](#)**, *GeekWire*

*Takeaway: Healthcare technology has an opportunity to innovate and create new solutions. In the short run, creating a way to treat COVID-19 and prepare for potential seasonal returns will be big, and longer term, investors will be increasingly active.*

**[How the COVID-19 Pandemic Has Already Changed Healthcare Technology, and What's Next](#)**, *GeekWire*

*Takeaway: COVID-19 has long-term impacts on the types of healthcare technology funding goes into.*



## MARKET IMPACTS OF COVID-19 ON HEALTHCARE TECHNOLOGY SECTOR



### Healthcare Services Deemed Essential, But Not Immune to Downturn

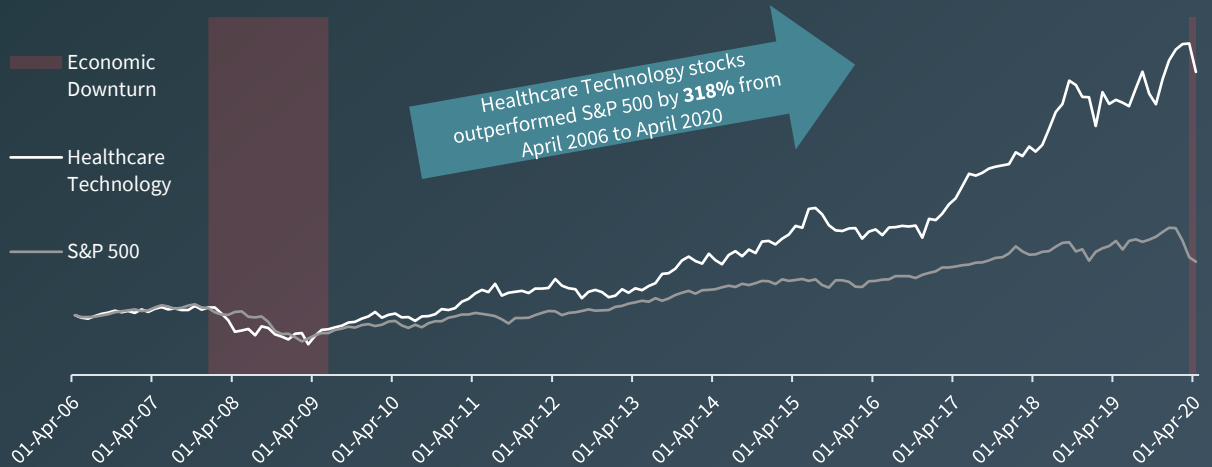
- Healthcare services are deemed essential and can continue operations, though some are limited in scope
- Large impacts are felt across the sector and patient community as procedures deemed non-emergency are postponed or paused



### Accelerating Adoption of Technology as Healthcare Becomes Focal Point

- COVID-19 has shined a light on the importance of healthcare services and preparation and allowed for some long-sought changes to the industry, hoped to be permanent
  - Regulation changes allow interstate licensing for doctors, opening the door for telehealth solutions
  - Medicare beneficiaries have been given expanded telehealth benefits
- Healthcare technology likely to see boost long-term as providers seek efficiency and reliability

## HISTORICAL PERFORMANCE INDICATES STRONG COMEBACK HIGHLY PROBABLE



## HEALTHCARE TECHNOLOGY INDEX METRICS

Healthcare Technology							
<i>(US \$ in millions)</i>							
	52 wk. High	52 wk. Low	Enterprise Value	TTM		Enterprise Value / TTM	
Company				Revenue	EBITDA	Revenue	EBITDA
Veeva Systems Inc.	\$177	\$118	\$25,583	\$1,104	\$308	23.2x	83.0x
Cerner Corporation	\$81	\$53	\$21,480	\$5,693	\$1,319	3.8x	16.3x
Teladoc Health, Inc.	\$176	\$49	\$12,864	\$553	NM	23.2x	NM
Livongo Health, Inc.	\$46	\$15	\$7,259	\$170	NM	21.3x	NM
Omniceil, Inc.	\$95	\$54	\$2,989	\$897	\$142	3.3x	21.0x
Allscripts Healthcare Solutions, Inc.	\$12	\$5	\$1,880	\$1,772	\$66	1.1x	28.4x
Tabula Rasa HealthCare, Inc.	\$70	\$33	\$1,475	\$285	\$2	5.2x	906.7x
Health Catalyst, Inc.	\$50	\$17	\$969	\$155	NM	6.3x	NM
Vocera Communications, Inc.	\$36	\$16	\$688	\$181	NM	3.8x	NM
Evolent Health, Inc.	\$15	\$4	\$774	\$846	NM	0.9x	NM
HealthStream, Inc.	\$30	\$20	\$725	\$254	\$46	2.9x	15.8x
Computer Programs & Systems, Inc.	\$36	\$17	\$439	\$276	\$38	1.6x	11.5x

Median	1,678	\$419	\$66	3.8x	21.0x
Average	6,427	\$1,015	\$275	8.0x	154.7x



## NOTABLE HEALTHCARE TECHNOLOGY ACQUISITIONS

**HealthStream**  **NurseGrid**

*HealthStream acquired, NurseGrid, a time management app for nurses, on March 9, 2020*

Deal Size

EV/Rev

\$25M

N/A

 **INVITAE**  **youScript**

*Invitae to acquire YouScript, a medication management platform as of March 10, 2020*

Deal Size

EV/Rev

\$79M

N/A

**Teladoc**  
HEALTH

**InTouch**  
Health

*Telemed announced plans to acquire InTouch Health, a virtual care platform, on January 12, 2020*

Deal Size

EV/Rev

\$600M

7.1x

**HealthCatalyst**  
with outcomes improvement



*HealthCatalyst to acquire Able Health, a clinician management platform, as of February 18, 2020*

Deal Size

EV/Rev

\$27M

N/A

## RECENT HEALTHCARE TECHNOLOGY TRANSACTIONS

Healthcare Technology Transactions					
Date	Target	Buyer	Description	EV (\$ in M)	EV/Revenue
Mar-20	Carie Health, LLC	Emerald Organic Products	Developer of a mobile health booking platform designed to connect users with a network of U.S. board-certified doctors		
Mar-20	Care Voice, Inc.	HTD Health	Provider of healthcare platform intended to streamline healthcare arrangements.		
Mar-20	DeepHealth, Inc.	RadNet	Developer of an online platform designed to connect doctors with patients.	\$18	
Mar-20	YouScript Inc.	Invitae	Provider of a comprehensive software solution designed for safer, more targeted prescribing for health patients.	\$79	
Mar-20	eCaring, Inc.	EC Acquisition Holding	Developer of an icon-based population health management system designed to offer personal health record		
Mar-20	HealthEdge Software, Inc.	The Blackstone Group	Developer of a Core Administrative Processing Systems (CAPS) platform based in Burlington, Massachusetts.	\$730	
Mar-20	NurseGrid	HealthStream	Developer of staffing, communication and schedule management tools designed for nurses.	\$25	
Feb-20	Wellpepper, Inc.	Caravan Health, VSS	Developer of a patient engagement platform for digital patient treatment plans.		
Feb-20	Able Health Inc.	Health Catalyst	Developer of a data and analytics software for physician organizations designed to manage value-based programs.	\$27	
Feb-20	XIFIN, Inc.	Avista Capital Partners	Developer of a cloud-based software dedicated to optimizing the economics of healthcare for diagnostic services market.		
Feb-20	NantHealth (Connected Care Solutions)	Masimo	Developer of medical device and software catering to hospitals based in Culver City, California.	\$47	
Jan-20	Wellinks, Inc.	Convexity Scientific	Developer of a wearable health monitoring application designed to treat musculoskeletal conditions.		
Jan-20	SCI Solutions, Inc.	R1 RCM	Provider of SaaS-based scheduling and patient access platform designed to build engagement.	\$190	
Jan-20	InTouch Technologies, Inc.	Teladoc Health	Developer of virtual care platform designed to provide high-quality, patient-centric virtual care for every use case.	\$600	7.1x

# TECHNOLOGY PRACTICE



## MERIDIAN CAPITAL INVESTMENT BANKERS

**Meridian Capital has been helping middle market business owners achieve their M&A and corporate finance goals since 1995.**

### TECHNOLOGY INDUSTRY EXPERIENCE

Meridian's technology practice offers access to industry-wide strategic and financial partner relationships, deep sector expertise, and proven transaction experience to help maximize shareholder value.

### TRANSACTION EXPERTISE

- Mergers & Acquisitions
- Growth Capital
- Strategic Advisory

### TAILORED PROCESSES

- High-Touch Approach
- Multidisciplinary Deal Team
- End-to-End Services

### MERIDIAN CAPITAL'S TECHNOLOGY TEAM



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## About Meridian Capital

Meridian Capital ([www.meridianllc.com](http://www.meridianllc.com)), a Seattle-based M&A advisory firm, has served as a trusted advisor to business owners on complex corporate finance, M&A, and strategic challenges for over 20 years. The firm differentiates itself through its deep industry insights, highly customized service approach, and end-to-end commitment to execution.

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