



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

FULL YEAR 2014 ■ Mergers and Acquisitions Trend Report

2014 KEY HIGHLIGHTS

- The Healthcare IT segment accounted for almost half of the industry's aggregate deal volume. Strategic acquirers comprised 70 percent of the Healthcare IT segment's volume.
- The industry's most active private equity acquirers in 2014 were Thoma Bravo, LLC and Blackstone Group LP with four transactions each.
- The largest Pharma IT deal in 2014 was Dassault Systemes SA's acquisition of Accelrys, Inc., a provider of scientific lifecycle management software for chemistry, biology, and materials research, for \$652 million.

2014 KEY TRENDS

- Total transaction volume in 2014 increased by 17 percent over 2013, from 328 to 385. This marked a return to its 2012 level.
- Total transaction value in 2014 rose by 26 percent over 2013, from \$11.88 billion to \$15.02 billion.
- The industry's median enterprise value multiples remained nearly constant. However, median transaction value continued its upward trajectory, improving from \$21 million in 2013 to \$25 million in 2014.
- The segment with the largest rise in volume in 2014 over 2013 was Consumer Health with a 43 percent increase, from 23 to 33 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,101 Healthcare/Pharma Information and Technology transactions between 2012 and 2014, of which 222 disclosed financial terms, and calculated the aggregate value to be \$30.83 billion. Based on known transaction values, we project values of 879 undisclosed transactions to be \$7.53 billion, totaling \$38.37 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 2.4x revenue and 10.7x EBITDA.

M&A Market Dynamics

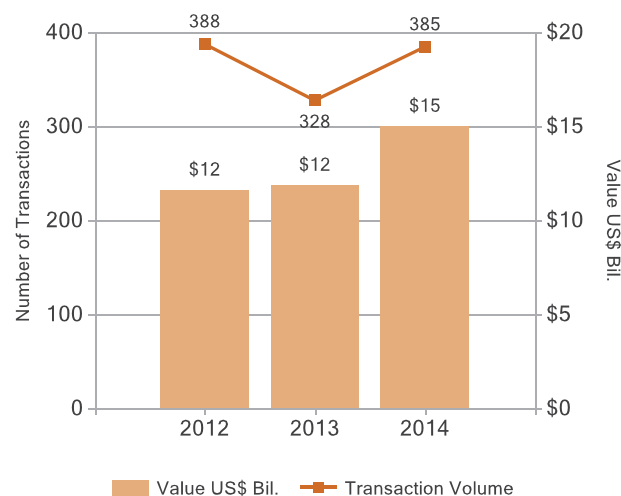


Figure 1. 2012-2014 value and volume comparison.

Median Enterprise Value Multiples

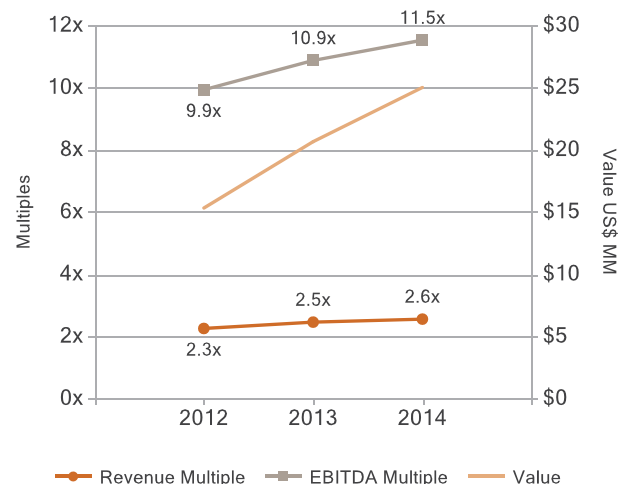


Figure 2. 2012-2014 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2014 – December 31, 2014

Bell Curve - Histogram

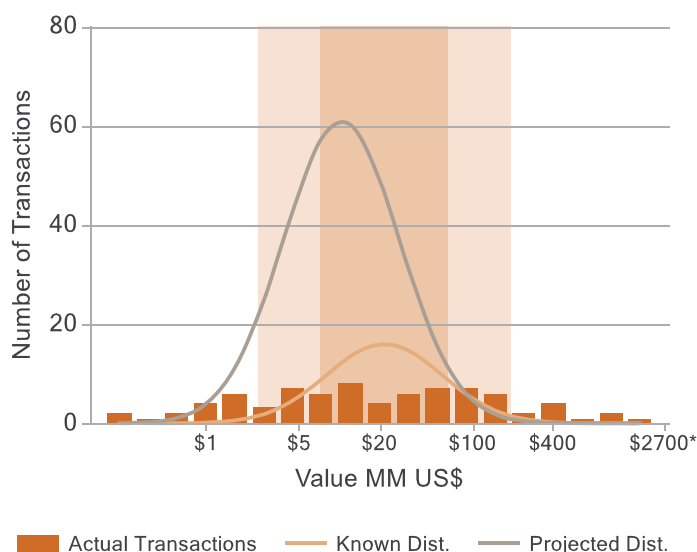


Figure 3. Shows distribution of Healthcare/Pharma Information and Technology Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 2014 at \$15.0 billion.

* Indicates largest transaction in the industry from Jan. 1, 2014 to Dec. 31, 2014.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	3 %	3 %
\$0.4	1	0	1	1 %	4 %
\$0.6	2	1	3	3 %	6 %
\$1.0	4	4	7	5 %	11 %
\$1.6	6	11	17	8 %	19 %
\$2.7	3	25	27	4 %	23 %
\$4.5	7	43	49	9 %	31 %
\$7.4	6	57	63	8 %	39 %
\$12.2	8	60	68	10 %	49 %
\$20.1	4	49	53	5 %	54 %
\$33.1	6	31	37	8 %	61 %
\$54.6	7	15	22	9 %	70 %
\$90.0	7	6	12	9 %	79 %
\$148.4	6	2	7	8 %	86 %
\$244.7	2	0	2	3 %	89 %
\$403.4	4	0	4	5 %	94 %
\$665.1	1	0	1	1 %	95 %
\$1,096.6	2	0	2	3 %	98 %
\$1,808.0	1	0	1	1 %	99 %
Total #	80	305	385		
Total \$ Value	\$11,843	\$3,178	\$15,021		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

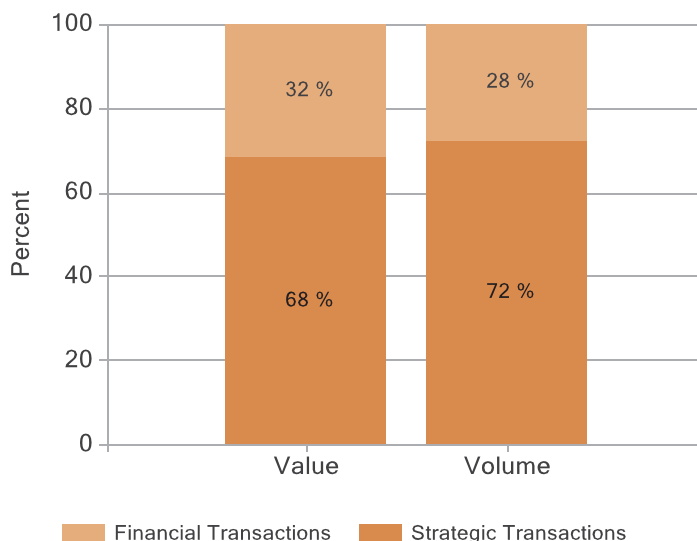


Figure 5. 2014 value and volume comparison by acquirer type.

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

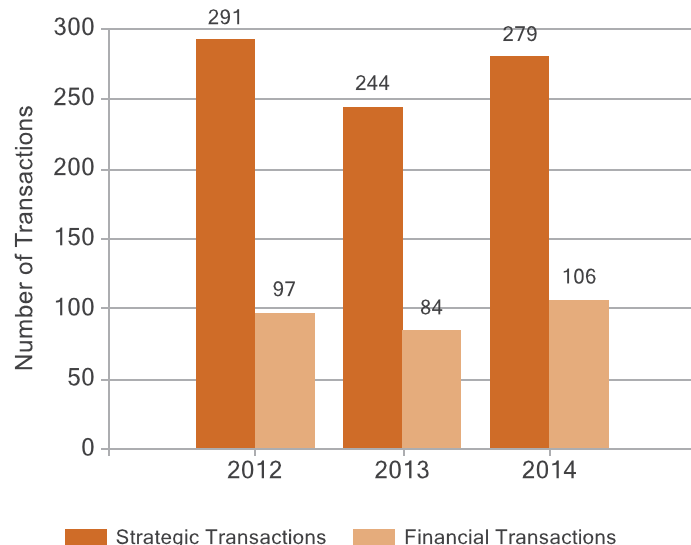


Figure 6. 2012-2014 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2014

Deal Date	Target Name	Buyer	Value MM US\$
09/15/14	TriZetto	Cognizant Technology Solutions	\$2,700
08/05/14	Siemens Health Services	Cerner Corporation	\$1,300
11/25/14	Advanced Computer Software Group plc	Vista Equity Partners	\$1,114
08/08/14	St. George's University	Baring Private Equity Asia, Altas Partners LP	\$750
01/30/14	Accelrys, Inc.	Dassault Systemes SA	\$652
04/07/14	Ability Network, Inc.	Summit Partners	\$550
06/16/14	Evolution1	WEX Inc.	\$533
10/20/14	CRM and Strategic Data Division from Cegedim	IMS Health Incorporated	\$523
02/27/14	Coastal Contacts Inc.	Essilor International SA	\$361
07/02/14	Vitacost.com	Kroger	\$247
2014 Aggregate Transaction Value			\$15,021
Top 10 Aggregate Transaction Value			\$8,730
Top 10 Aggregate Value as a Percentage of All Transactions			58 %

Figure 7. Lists the top ten transactions for 2014 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.

Median EV/Revenue Multiples By Margin

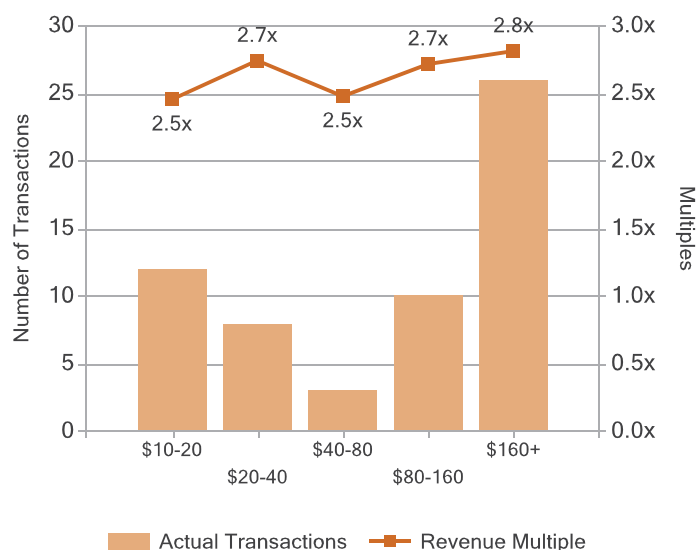


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2012 to Dec. 31, 2014 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2012 – December 31, 2014

Transactions By Market Segment

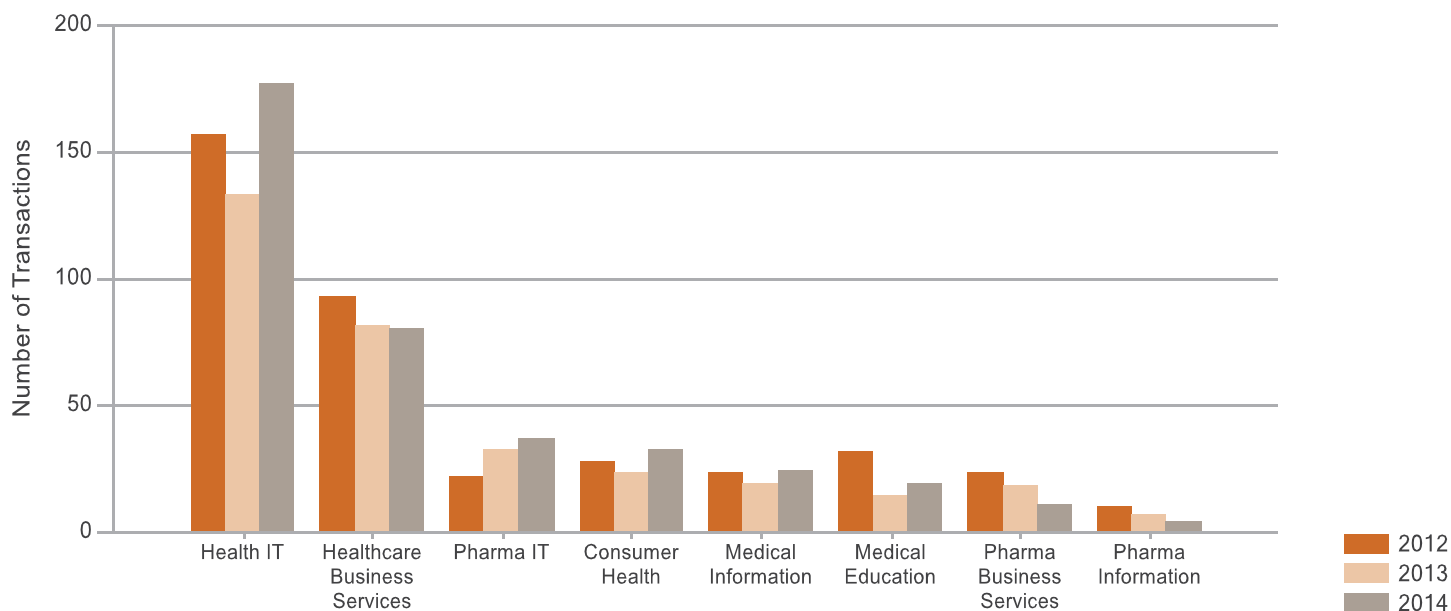


Figure 9. Presents the transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from Jan. 1, 2012 through Dec. 31, 2014.

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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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