



## HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

### 1ST HALF 2016 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2016 KEY HIGHLIGHTS

- The largest deal in 1st Half 2016 was healthcare information and technology services company IMS Health's announced merger with Quintiles Transnational Holdings, a provider of biopharmaceutical development and commercial outsourcing services, for \$8.75 billion.
- IMS Health was also the industry's most active acquirer during the half year period with four transactions. In addition to the Quintiles Transnational merger, this consisted of Privacy Analytics, Dimensions Healthcare, and AlphaImpactRx, Inc.

#### 1ST HALF 2016 KEY TRENDS

- Total transaction volume in 1st Half 2016 increased by three percent over 2nd Half 2015, from 223 to 230.
- Total transaction value in 1st Half 2016 rose by 72 percent over 2nd Half 2015, from \$10.44 billion to \$17.96 billion.
- If the IMS-Quintiles Transnational merger is excluded, value declined 12 percent during the past three months but still gained 59 percent on a year-over-year basis.
- The median revenue multiple decreased slightly from 3.2x in 2nd Half 2015 to 3.0x in 1st Half 2016. Median value moved downward from \$42 million to \$18 million.
- The segment with the largest rise in volume in 1st Half 2016 over 2nd Half 2015 was Pharma IT, which more than tripled, from 9 to 31 transactions.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 1,066 Healthcare/Pharma Information and Technology transactions between 2014 and 1st Half 2016, of which 218 disclosed financial terms, and calculated the aggregate transaction value to be \$40.40 billion. Based on known transaction values, we project values of 848 undisclosed transactions to be \$9.18 billion, totaling \$49.58 billion worth of transactions tracked over the past two and a half years.

Strategic acquirers during the last 30 months were responsible for 85 percent of volume in the Healthcare IT segment, as opposed to 76 percent of volume for the aggregate industry.

#### M&A Market Dynamics By Half Year

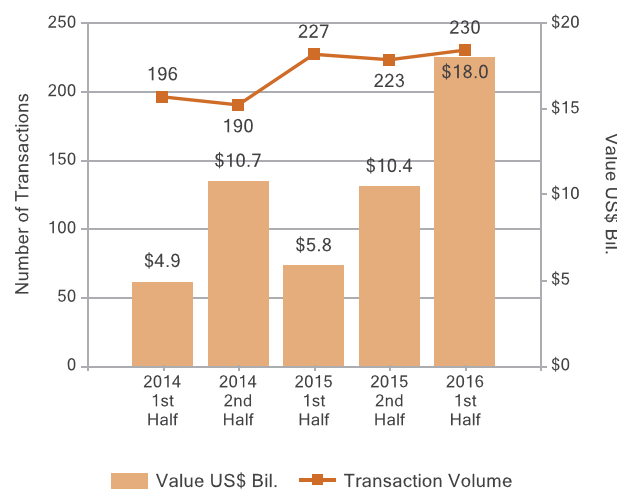


Figure 1. 2014-2016 value and volume comparison.

#### Median Enterprise Value Multiples By Half Year

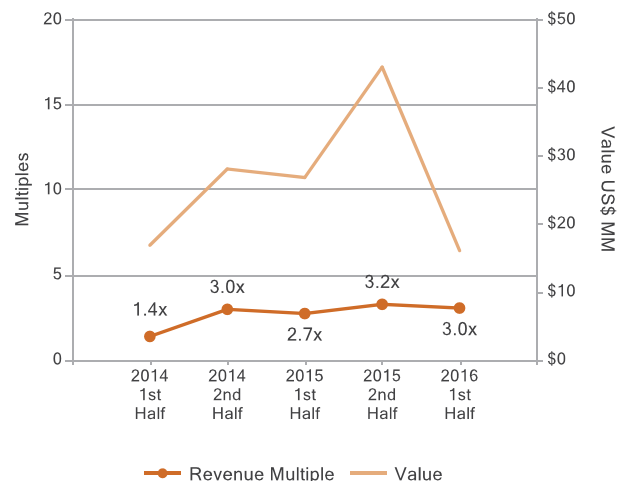
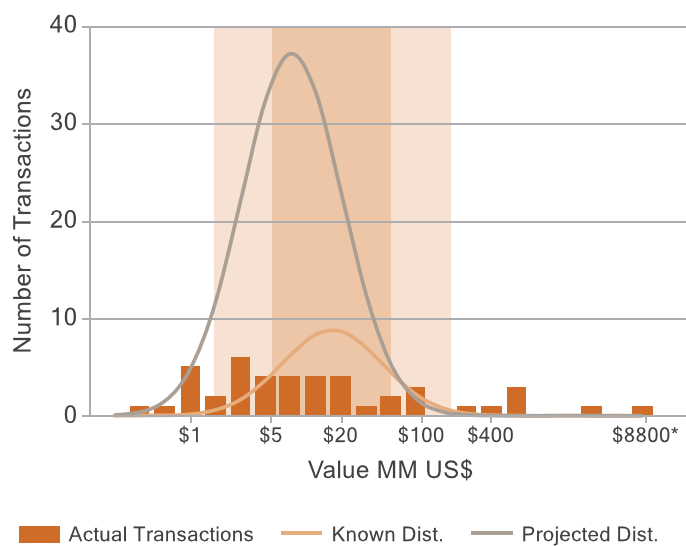


Figure 2. 2014-2016 median: value and revenue comparison.

# Transaction Analysis :: January 1, 2016 – June 30, 2016

**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 \$2.7 million to \$20.1 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2016 at \$18.0 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2016 to June 30, 2016.

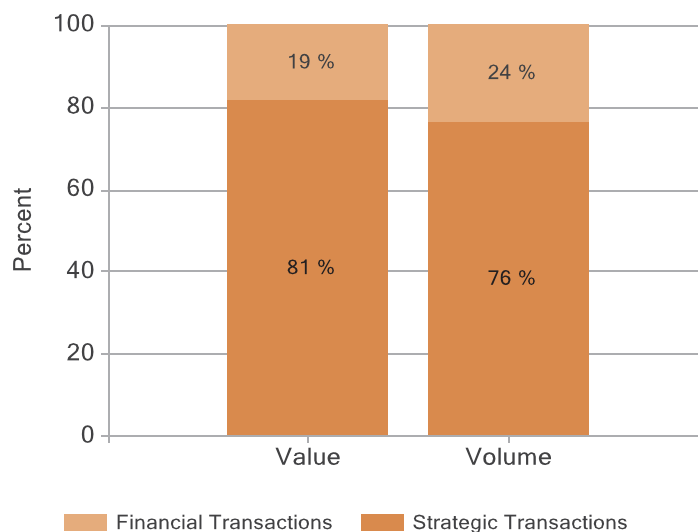
**Distribution Table**

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	1	0	1	2 %	2 %
\$0.6	1	2	2	2 %	5 %
\$1.0	5	5	9	11 %	16 %
\$1.6	2	12	13	5 %	20 %
\$2.7	6	22	27	14 %	34 %
\$4.5	4	32	36	9 %	43 %
\$7.4	4	37	41	9 %	52 %
\$12.2	4	33	37	9 %	61 %
\$20.1	4	23	27	9 %	70 %
\$33.1	1	13	13	2 %	73 %
\$54.6	2	5	7	5 %	77 %
\$90.0	3	2	4	7 %	84 %
\$148.4	0	0	0	0 %	84 %
\$244.7	1	0	1	2 %	86 %
\$403.4	1	0	1	2 %	89 %
\$665.1	3	0	3	7 %	95 %
\$1,096.6	0	0	0	0 %	95 %
\$1,808.0	0	0	0	0 %	95 %
\$2,981.0	1	0	1	2 %	98 %
\$4,914.8	0	0	0	0 %	98 %
\$8,103.1	1	0	1	2 %	100 %
Total #	44	186	230		
Total \$ Value	\$16,544	\$1,413	\$17,957		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

## Strategic vs. Financial Comparison

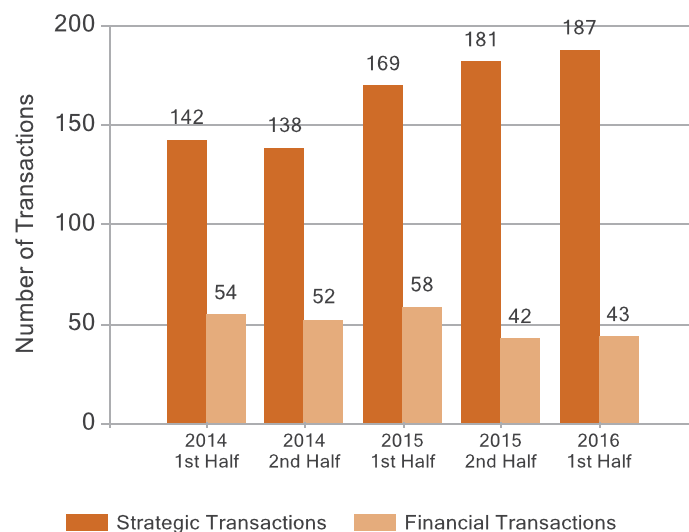
**M&A Dynamics By Transaction Type - 1st Half**



**Figure 5.** 2014-2016 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.** 2014-2016 acquirer type comparison by half year.

# Purchaser Analysis

## Top Ten Notable Transactions - 1st Half 2016

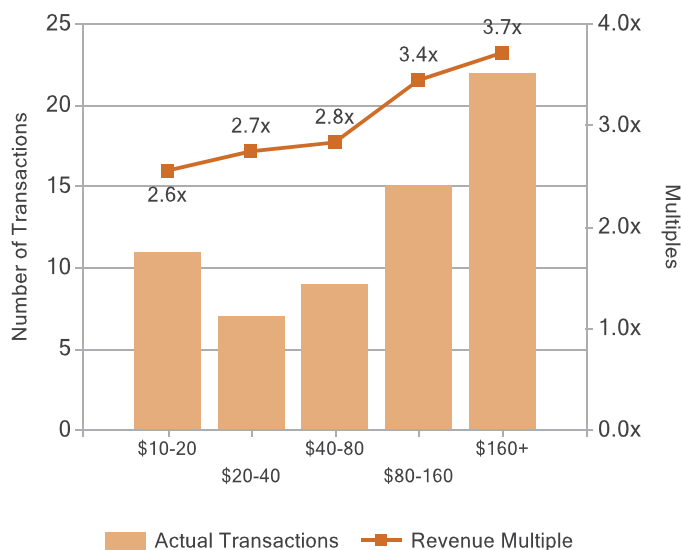
Deal Date	Target Name	Buyer	Value MM US\$
05/03/16	Quintiles Transnational Corp.	IMS Health Incorporated *	\$8,750
02/18/16	Truven Health Analytics	IBM Watson Health	\$3,567
03/23/16	Netsmart Technologies, Inc.	Allscripts, GI Partners	\$950
04/25/16	Verisk Health, Inc.	Veritas Capital Partners	\$820
02/22/16	Brighttree LLC	ResMed	\$800
02/11/16	HealthPlan Services	Wipro, Ltd.	\$460
06/13/16	Cardon Outreach	MedData, Inc.	\$400
06/30/16	Healthiest You	TelaDoc, Inc.	\$125
03/30/16	MedicalDirector	Affinity Equity Partners	\$119
04/27/16	ANXeBusiness Corp.	Open Text Corporation	\$100
2016 Aggregate Transaction Value			\$17,957
Top 10 Aggregate Transaction Value			\$16,090
Top 10 Aggregate Value as a Percentage of All Transactions			90 %

**Figure 7.** Lists the top ten transactions for 1st Half 2016 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

\* IMS Health shareholders will hold about 51.4% of the shares of the combined company. Quintiles shareholders will hold the remaining 48.6%.

**Note:** Transaction data based on **announced date**.

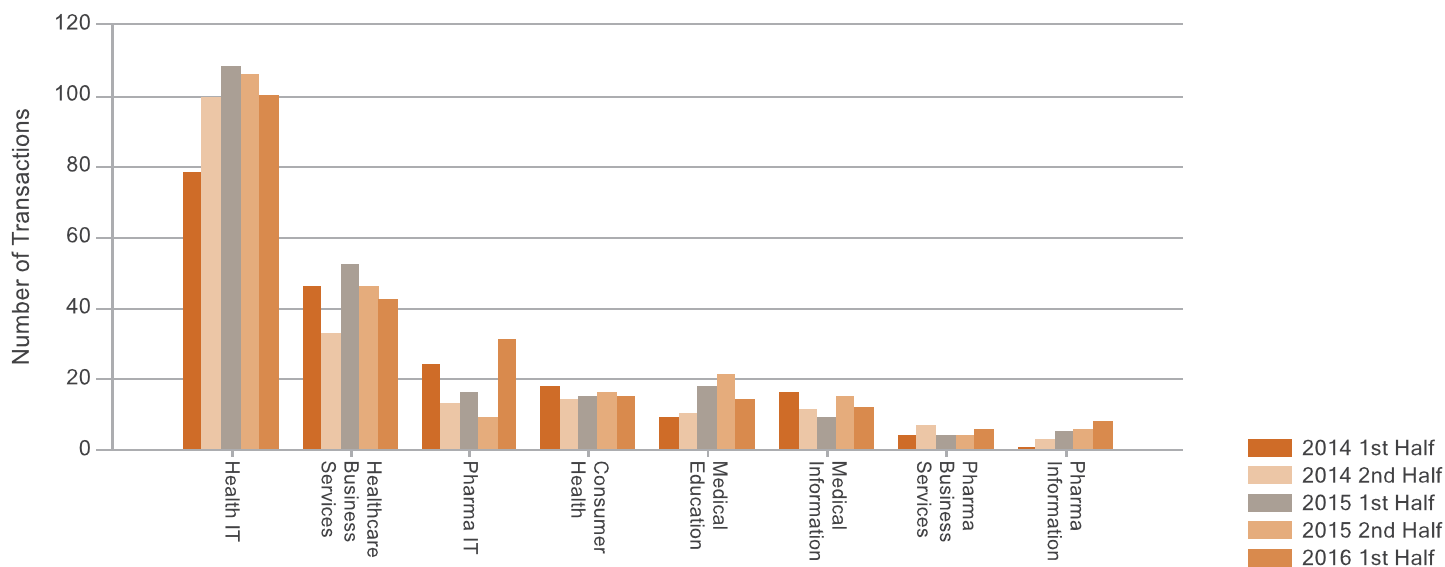
## Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from January 1, 2014 to June 30, 2016 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2014 – June 30, 2016

## 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, 2014 through June 30, 2016.

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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. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity.

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## RECENT HEALTHCARE TRANSACTIONS



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