



HEALTHCARE/PHARMA INFORMATION AND TECHNOLOGY INDUSTRY

1ST HALF 2017 :: Mergers and Acquisitions Trend Report

1ST HALF 2017 KEY HIGHLIGHTS

- Two of the top three and three of the top five highest value deals year-to-date occurred in the Pharma IT and Services segments. The largest of these was Pamplona Capital Management's announced acquisition of PAREXEL International Corporation, a global biopharmaceutical services provider, for \$4.92 billion.
- The industry's most active acquirer during the half year period was Bertelsmann SE & Co. KGaA with four transactions, each of which were completed through Relias Learning: WhiteCloud Analytics, a healthcare performance management technology company; Care Management Technologies, which offers evidence-based behavioral health analytics and decision support tools to payers and providers; Advanced Practice Strategies, an assessment, education, and analytics company that serves physicians and doctors; and Spm GmbH, which offers more than 300 courses for the acute and post-acute care sectors.

M&A Market Dynamics By Half Year

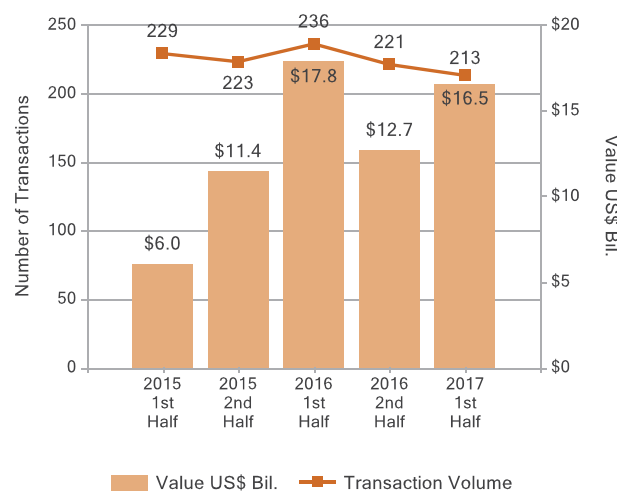


Figure 1. 2015-2017 value and volume comparison.

1ST HALF 2017 KEY TRENDS

- Total transaction volume in 1st Half 2017 decreased by four percent over 2nd Half 2016, from 221 to 213.
- Total transaction value in 1st Half 2017 rose by 31 percent over 2nd Half 2016, from \$12.66 billion to \$16.53 billion.
- The median revenue multiple improved from 1.5x in 2nd Half 2016 to 1.9x in 1st Half 2017.
- The segment with the largest rise in volume in 1st Half 2017 over 2nd Half 2016 was Consumer Health, which almost doubled, from 10 to 19 transactions. Pharma IT was close behind with a 75 percent increase, from 16 to 28 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,122 Healthcare/Pharma Information and Technology transactions between 2015 and 1st Half 2017, of which 236 disclosed financial terms, and calculated the aggregate transaction value to be \$54.11 billion. Based on known transaction values, we project values of 886 undisclosed transactions to be \$9.28 billion, totaling \$63.39 billion worth of transactions tracked over the past two and a half years.

Median Enterprise Value Multiples By Half Year

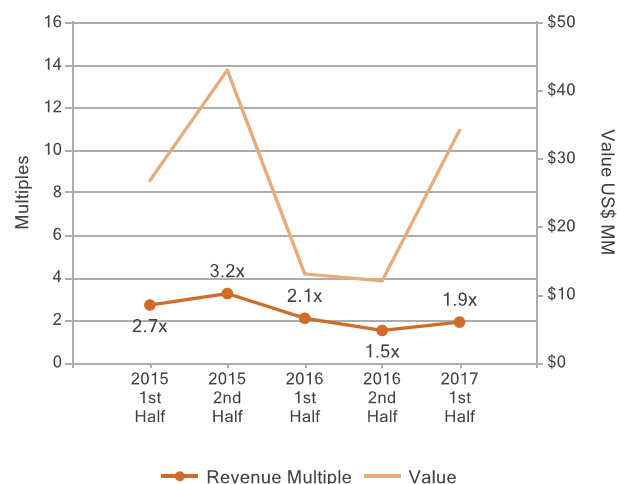


Figure 2. 2015-2017 median: value and revenue comparison.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.1x revenue and 11.6x EBITDA.

Transaction Analysis :: January 1, 2017 – June 30, 2017

Bell Curve - Histogram - 1st Half

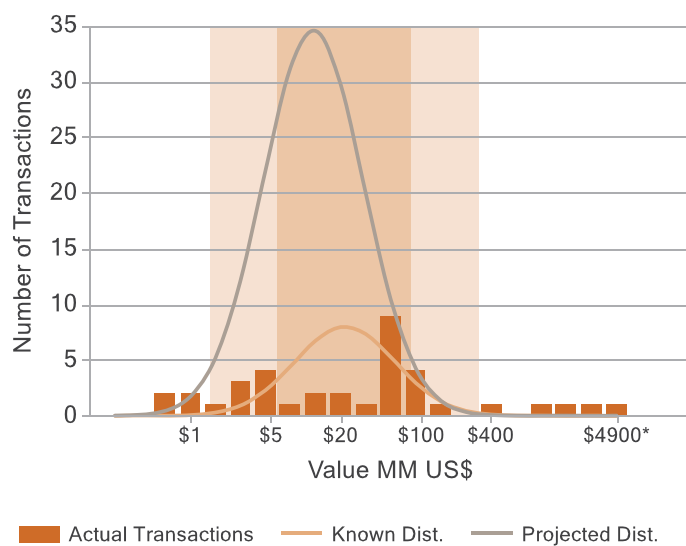


Figure 3. Shows the distribution of Healthcare/Pharma Information and Technology transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$12.2 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2017 at \$16.5 billion.

* Indicates largest transaction in the industry from Jan. 1, 2017 to June 30, 2017.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	0	0	0	0 %	0 %
\$0.6	2	0	2	5 %	5 %
\$1.0	2	2	3	5 %	10 %
\$1.6	1	5	6	3 %	13 %
\$2.7	3	12	15	8 %	20 %
\$4.5	4	22	25	10 %	30 %
\$7.4	1	31	32	3 %	33 %
\$12.2	2	35	36	5 %	38 %
\$20.1	2	30	31	5 %	43 %
\$33.1	1	20	20	3 %	45 %
\$54.6	9	10	19	23 %	68 %
\$90.0	4	4	8	10 %	78 %
\$148.4	1	1	2	3 %	80 %
\$244.7	0	0	0	0 %	80 %
\$403.4	1	0	1	3 %	83 %
\$665.1	0	0	0	0 %	83 %
\$1,096.6	1	0	1	3 %	85 %
\$1,808.0	1	0	1	3 %	88 %
\$2,981.0	1	0	1	3 %	90 %
\$4,914.8	1	0	1	3 %	93 %
Total #	40	173	213		
Total \$ Value	\$14,522	\$2,010	\$16,533		
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

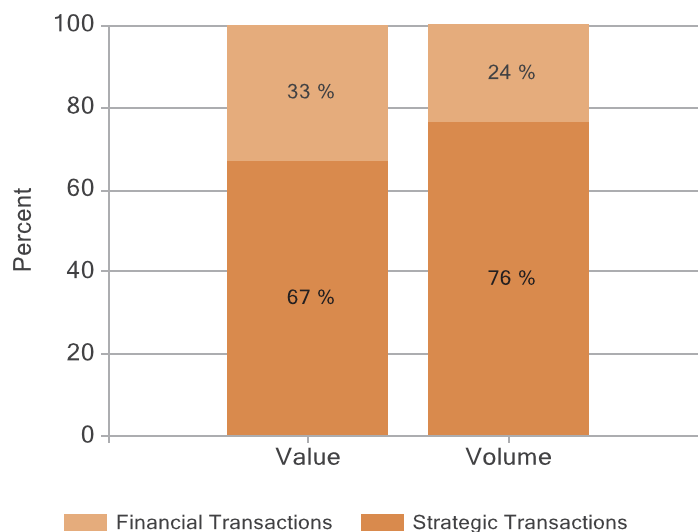


Figure 5. 2015-2017 value and volume comparison by transaction type.

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

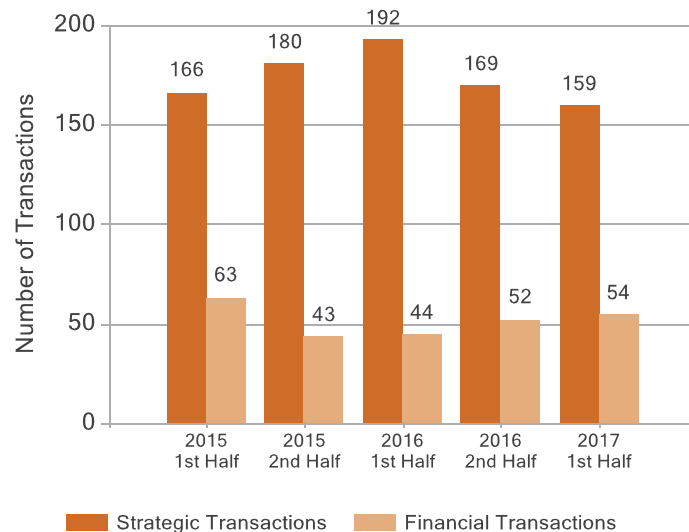


Figure 6. 2015-2017 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2017

Deal Date	Target Name	Buyer	Value MM US\$
06/20/17	PAREXEL International Corporation	Pamplona Capital Management LLP	\$4,923
05/10/17	inVentiv Health, Inc.	INC Research, Inc.	\$4,552
04/12/17	Ascend Learning	Blackstone Group LP, CPP Investment Board	\$2,000
01/25/17	CoverMyMeds LLC	McKesson Corporation	\$1,100
06/21/17	Best Doctors, Inc.	TelaDoc, Inc.	\$440
03/13/17	Eliza Corporation	HMS	\$170
02/08/17	MobileHelp	ABRY Partners, LLC	\$130
03/15/17	HealthHelp	WNS Global Services	\$95
03/14/17	Verisys Corporation	Spectrum Equity, Cressey & Co.	N/A
01/12/17	Etransmedia Technology, Inc.	Formative Health	N/A
2017 Aggregate Transaction Value			\$16,533
Top 8 Aggregate Transaction Value			\$13,410
Top 8 Aggregate Value as a Percentage of All Transactions			81 %

Figure 7. Lists the top ten transactions for 1st Half 2017 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 Size

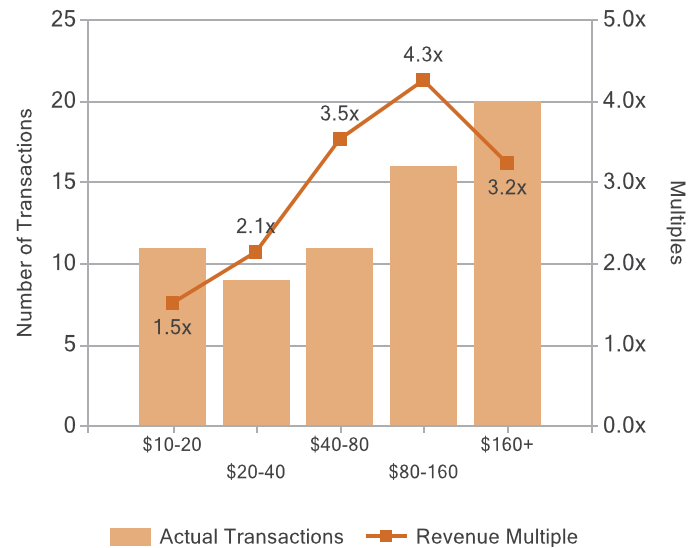


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Healthcare/Pharma Information and Technology Industry from January 1, 2015 to June 30, 2017 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2015 – June 30, 2017

Transactions By Market Segment By Half Year

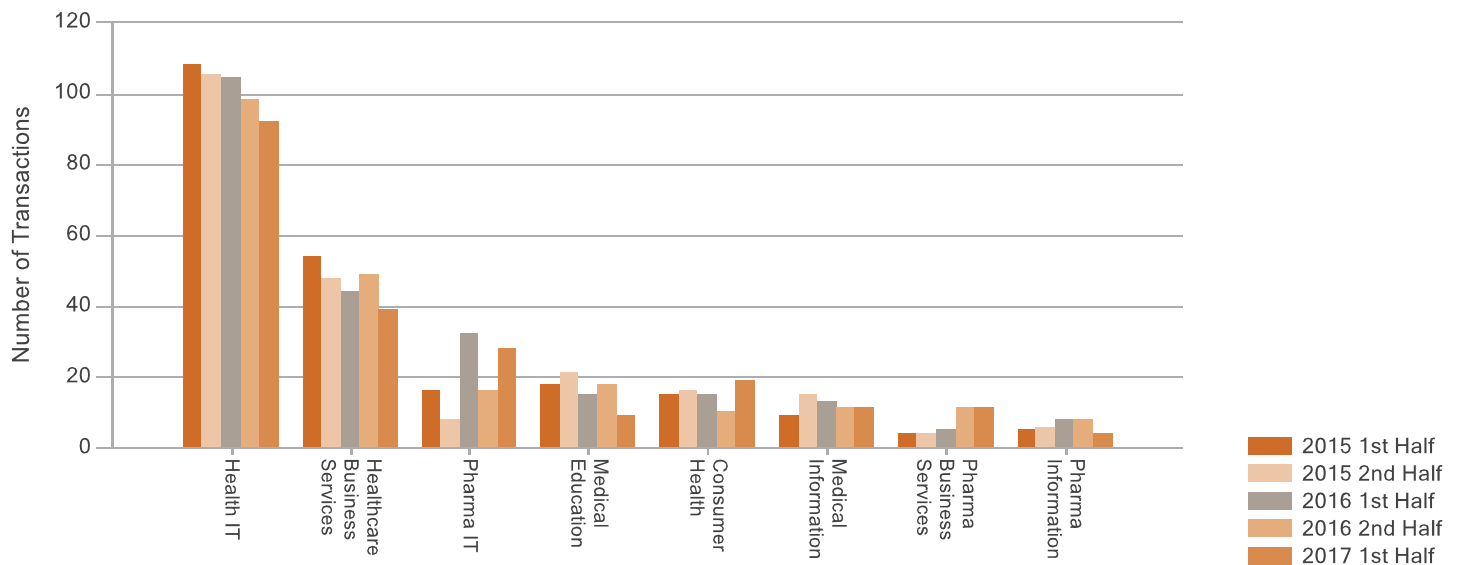


Figure 9. Presents transaction volume by market segment within the Healthcare/Pharma Information and Technology Industry from January 1, 2015 through June 30, 2017.

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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. There can be no guarantee that such information is accurate.

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