

HealthTech Industry Insight

September 2020

Toronto | Los Angeles | New Delhi

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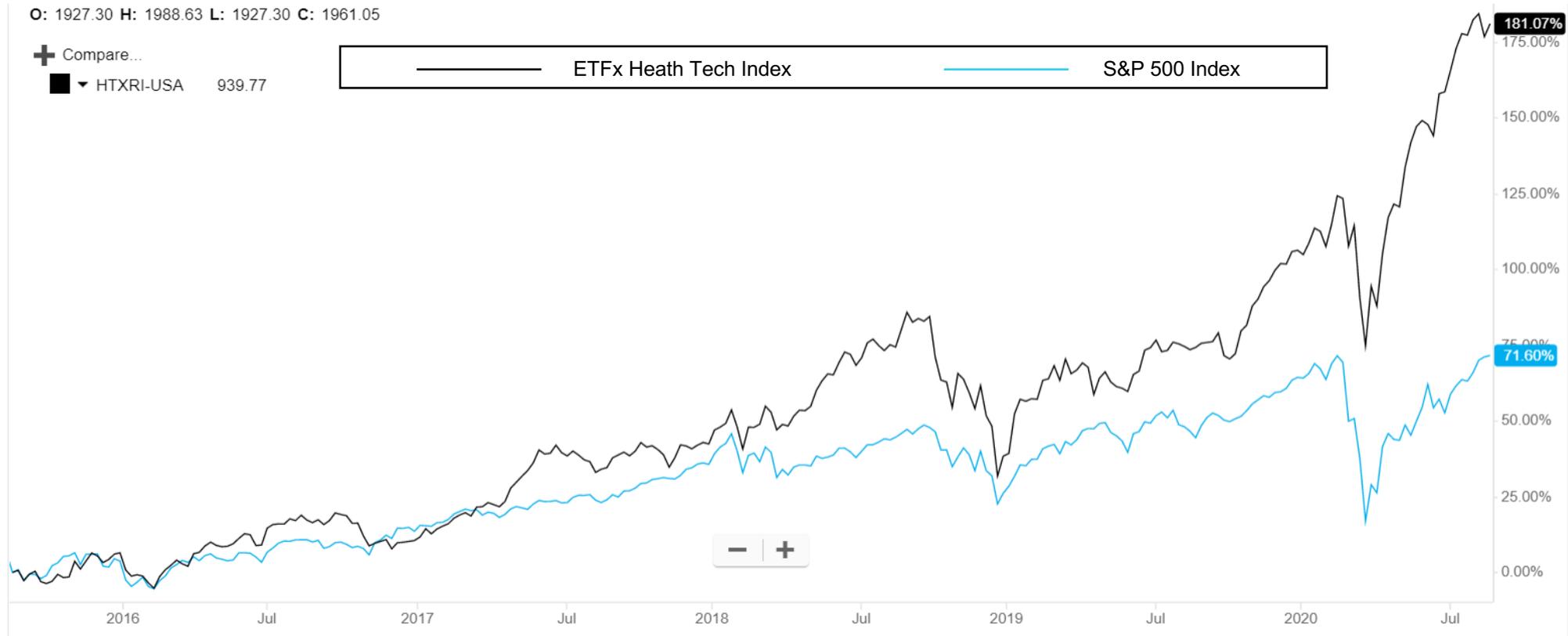
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Industry Highlights

Healthcare technology outperforming the market

- Since 2016, HealthTech industry has been one of the fastest growing industries and has significantly outperformed the S&P 500 index
- US HealthTech industry represents USD 3.5 trillion in annual spend with increasing trend towards AI and cybersecurity in healthcare
- COVID-19 pandemic has highlighted the impact of healthcare technology tools and contributed to the growing market

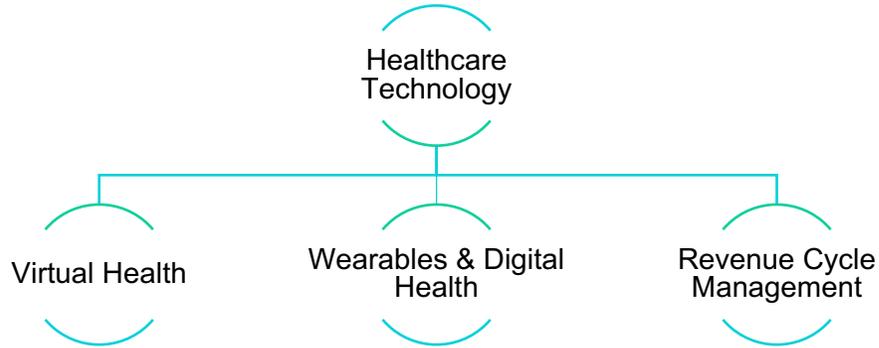


EFTx Health Tech Index vs. S&P 500 Index

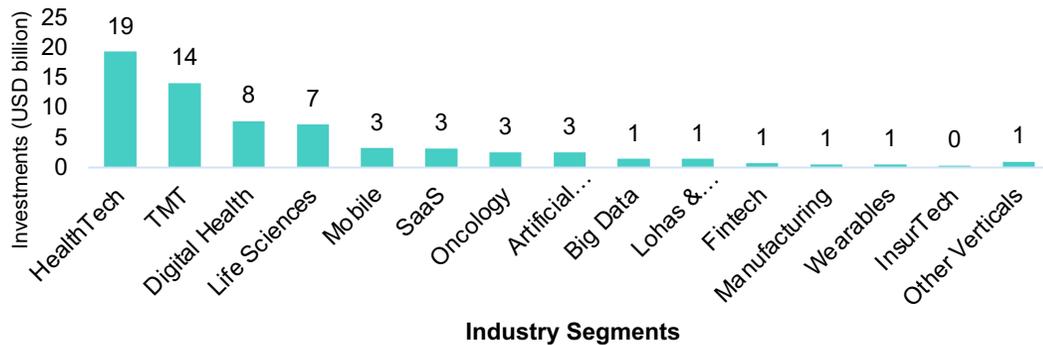
Industry Overview

Exponential and promising growth prospects

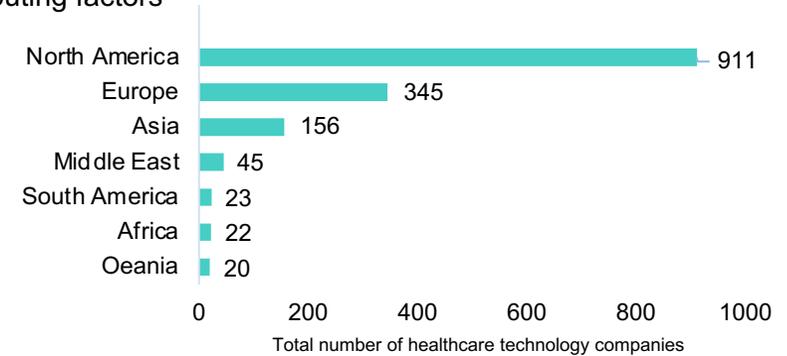
- **Segmentation:** Healthcare technology industry is broadly divided into three segments:



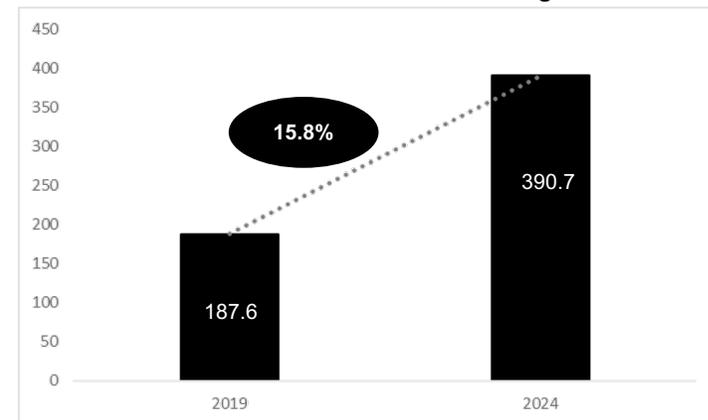
- **Increased Deal Activity:** HealthTech space has been highly active in the first half of 2020 in venture capital funding, private equity and corporate mergers and acquisitions



- **Geography:** North America is currently dominating the market for healthcare technology and is expected to have an increased market share in the future. Well-established healthcare industry and better reimbursement facilities are the key contributing factors



- **Market Growth:** The global healthcare technology market is projected to reach USD 390.7 billion by 2024
- **Key Value Driver:** Government mandates and support, and increasing use of big data in healthcare are essential factors contributing to the CAGR



Industry Trends

Consolidation and specialization leading the way for improved profits

Virtual Health

- The global telehealth industry niche is currently valued at an estimated USD 40 billion and is expected to grow at a CAGR of 23% from 2021-2026
- Key drivers of growth:
 - Increased demand for more efficient and affordable methods of primary care services
 - Rising healthcare costs in private healthcare systems like the USA will force cheaper healthcare alternatives
 - The Coronavirus pandemic has forced physicians to seek virtual methods of clinical care to limit in-person consultations



Wearables and Digital Health

- The global wearable technology market is projected to expand at a compound annual growth rate (CAGR) of 15.9% from 2020 to 2027
- The global mHealth market is expected to grow at CAGR of 29.2% from 2019 to 2027
- Key drivers of the growth:
 - Increased focus on preventive healthcare
 - Higher tendency to incorporate wellness lifestyle
 - High penetration of smartphones and increased internet access
 - Easy availability of health monitoring applications



Revenue Cycle Management

- The market is sub-categorized based on type (integrated & standalone), product (software & services) and the end user (hospitals & diagnostics)
- The global healthcare revenue cycle management market size was USD 50 billion in 2018 and is expected to grow with a CAGR of 12.3% upto 2025
- Key drivers of the growth:
 - Shift towards value-based care & ACO
 - Healthcare revenue cycle management outsourcing
 - Use of AI in healthcare
 - Government mandates and initiatives



Deal Highlights - 1

Strong competition resulting in active M&A market

Date	Acquirer	Target	Deal Size (USD million)	Sub Segment	Target Description
18-May-20	 OPTUM®	 naviHealth	2,954	Enterprise Software	Navi Health is a provider of post-acute care management services and includes services like analytics, clinical design and technology-enabled services for care management facilities
01-Jul-20	 Teladoc HEALTH	 InTouch Health	600	Virtual Health	InTouch Health is a developer of virtual care platform designed to provide high-quality, patient-centric virtual care
14-Feb-20	 AMN Healthcare	 STRATUS video	486	Virtual Health	Stratus Video is a provider of interpreting, video and telecommunication services along with document translation, helping patients communicate in their local languages
27-Apr-20	 OPTUM®	 Able To	470	Digital Software	AbleTo is an operator of a technology-enabled behavioral health care platform designed to integrate behavioral and medical health care
13-Feb-20	 Medtronic	 TOUCHSURGERY	350	Enterprise Software	Touch Surgery is a provider of cloud-based data analytics systems designed to codify surgical procedures and improve global surgical care

Deal Highlights - 2

Strong competition resulting in active M&A market

Date	Acquirer	Target	Deal Size (USD million)	Sub Segment	Target Description
14-May-20	  SUMMIT PARTNERS		1,200	Digital Health	LifeStance Health offers behavioral and psychological care both in-person and through telemedicine.
13-Jan-20	 THOMABRAVO 		135	Enterprise Software	Lumere is a provider of evidence-based data and analytics platform intended to improve patient care
07-Jan-20			NA	Wearables and Digital Health	Blue Mesa is a developer of diabetes prevention digital platform designed to prevent or delay Type 2 Diabetes
02-Jun-20			NA	Digital Software	Central Logic is a developer of a web-based healthcare platform designed to improve healthcare with better care coordination and business results
07-Jan-20	  healthgrades.		NA	Enterprise Software	Evariant is a provider of SaaS-based enterprise platform designed to modernize physician alignment strategies with data analysis

Deal Highlights - 3

Venture Capital funding

Date	Acquirer	Target	Deal Size (USD million)	Sub Segment	Target Description
27-Jul-20	  		200	Virtual Health	Ro is a patient-driven telehealth company founded in 2017. Their platform connects physicians and patients virtually, to discuss treatment plans and prescriptions
20-Jul-20	 		200	Virtual Health	Amwell is a telehealth company founded in 2006. Their global platform connects providers, insurers and innovators to deliver high-quality care to patients at an affordable price
15-Jul-20			137	Wearables and Digital Health	Preventice Solutions is a developer of mobile health application providing patients with health disorders monitoring and management facilities in a hassle-free manner
09-Jun-20	  		100	Digital Software	DNAexus is a cloud computing and bioinformatics platform founded in to 2009. It provides a global network for cloud-based data analysis and management for DNA sequencing that can improve diagnostics and treatments
21-May-20	  		100	Wearables and Digital Health	Mindstrong is a developer of a digital therapeutic platform intended to address personal, societal, and economic problems

Significant transaction – Teladoc Health acquires InTouch



Teladoc[™]
HEALTH

Acquired
USD 600 million



InTouch
Health

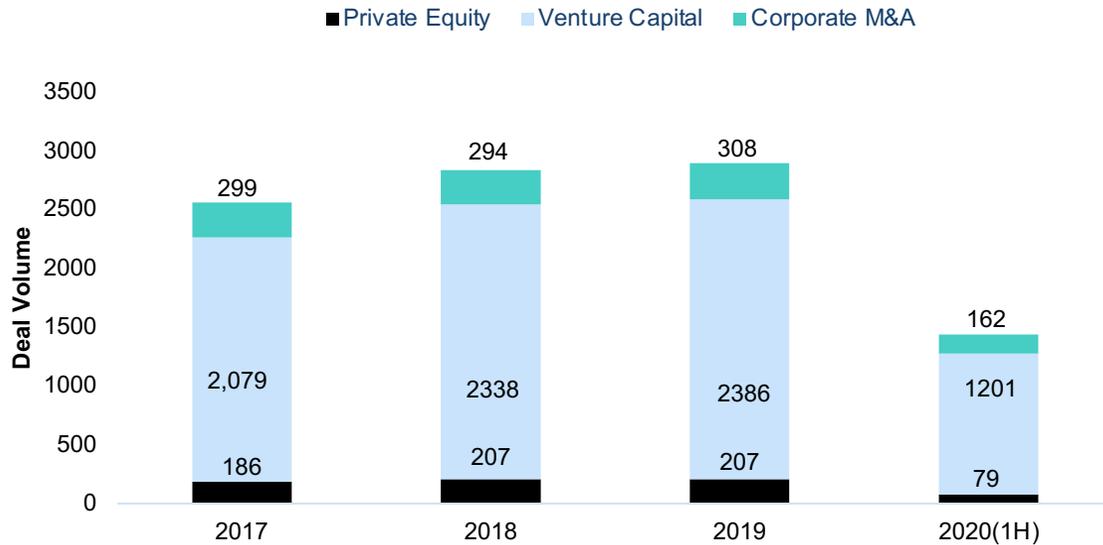
- Strategic M&A surpassed USD 8 billion in the first half of 2020, which demonstrates the growth and increase in interest for healthcare technology in the current climate.
- Teladoc Health, completed its acquisition of InTouch Health for approximately USD 600 million in July 2020
- InTouch Health, a leader in telehealth and virtual care services was acquired for approximately USD 150 million in cash and the remaining USD 450 million in Teladoc Health common stock
- Teladoc has been active in 2020, also announcing its intent to acquire Livongo Health in August 2020

Deal Activity

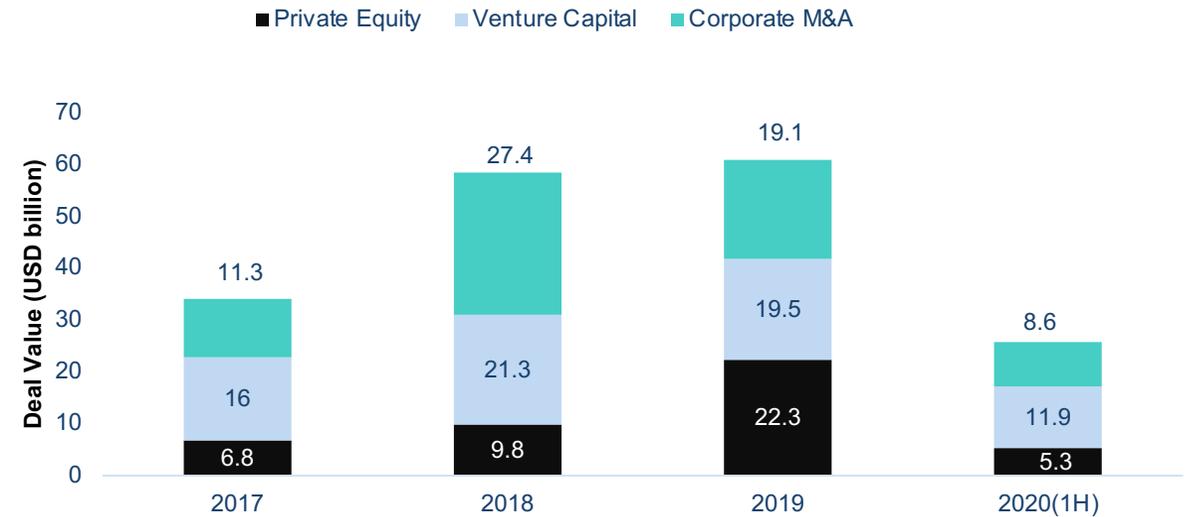
Strong competition resulting in active M&A market

- Total deal volume stood at 1,442 for the first 6-months of 2020; down by 5% from the 6-months of 2019
- Private equity deals account for 5.4% of deal volume in the first 6-months of 2020
- Historical market activity has continued to increase since 2017 and is on pace to surpass 2019 deal volume if the current pace remains
- Early stage VC will be looking at exit opportunities from their initial investments over the next five years either through private sale or IPO
- Total deal value for the first 6-months of 2020 was USD 20.5 billion
- COVID-19 presents opportunities for virtual and web-based platforms to accelerate growth and disrupt traditional methods of healthcare service
- Total deal value in venture capital and corporate M&A are on pace to double 2019 values, with notable transactions currently in progress including Teladoc's acquisition of Livongo for USD 18.5 billion
- Total disclosed private equity deal value has decreased in 2020, however two significant acquisitions were announced in August with a combined deal size over USD 1.8 billion involving eSolutions and DXC

Deals by Acquirer Type



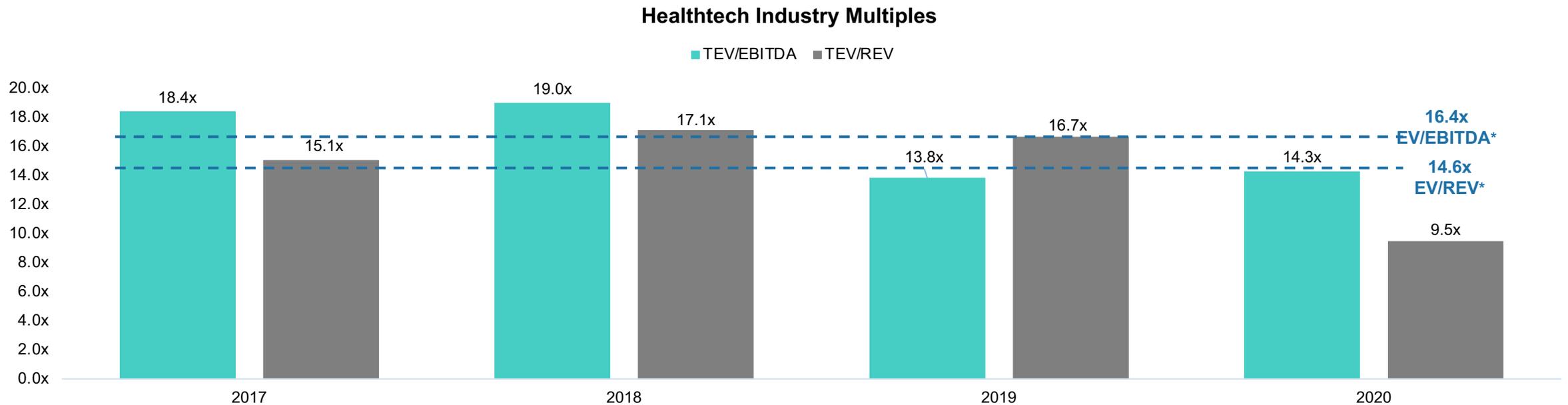
Total Deal Value by Acquirer Type



Market Valuations

Industry multiples reflect growth prospects

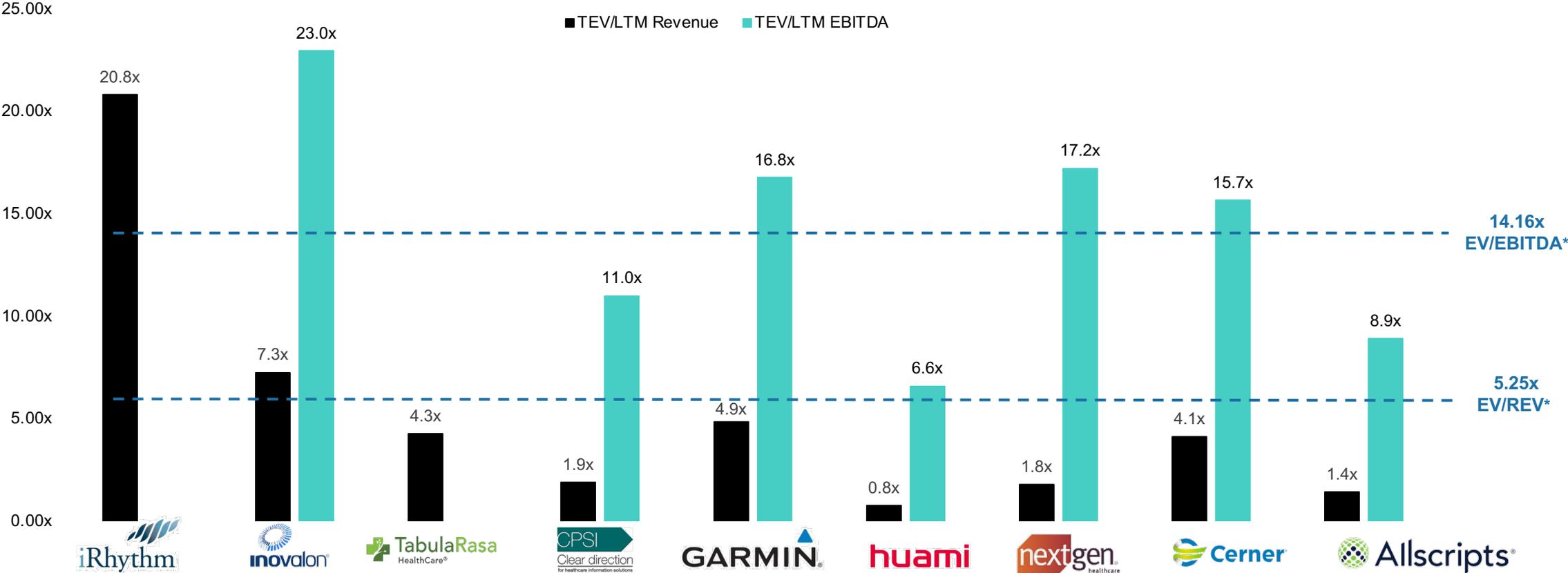
- 4-year historical EV/EBITDA multiple of 16.3x and EV/REV multiple of 14.6x; both multiples appear to be stabilizing as the industry matures
- Data is likely skewed for the revenue multiple given early-stage firms are not generating positive cash flow, and therefore are being excluded in the EV/EBITDA multiple
- HealthTech industry shows signs of resilience in the current market environment given revenue models, lower cyclicality and increase demand for affordable healthcare services
- Multiples indicate growth industry with long runways for revenue and efficiency gains



Public Company Comparables

Key Players with strong valuation multiples

- Key Players of healthcare technology industry have an average EV/EBITDA multiple of 14.16 x and EV/REV multiple of 5.25x; growth valuations demonstrates long-term value prospects
- The key players have an average EV/Revenue multiple of 5.25x indicating strong revenue generation potential for the subsector



*Mean Figures

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LTM = Last Twelve Months

EV = Enterprise Value

TEV = Total Enterprise Value

REV = Revenue

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

NA: Not Applicable

NM: Not Meaningful

COLUMBIA PACIFIC CAPITAL PARTNERS

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We invest in companies that we believe have leading competitive positions in defensible markets where we can add value via our operating skills and relationships. We seek to distinguish ourselves by demonstrating our ability to source and acquire scalable businesses through partnerships with founder-owners, management teams and sponsors.

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CPCP's Mergers and Acquisitions (M&A) arm offers innovative, customized solutions to our clients' most significant issues. The M&A team excels in domestic and international transactions including acquisitions, divestitures, mergers, joint ventures, recapitalizations, spin-offs, exchange offers, and leveraged buyouts.

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We strive to bridge the gap between North America and Southeast Asia including India through our world class, cross-border services by providing our clients with valuable investment planning strategies to help Southeast Asian businesses raise capital and providing international channels for investment diversification in the emerging countries such as India.

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