

**Morgan Lewis**



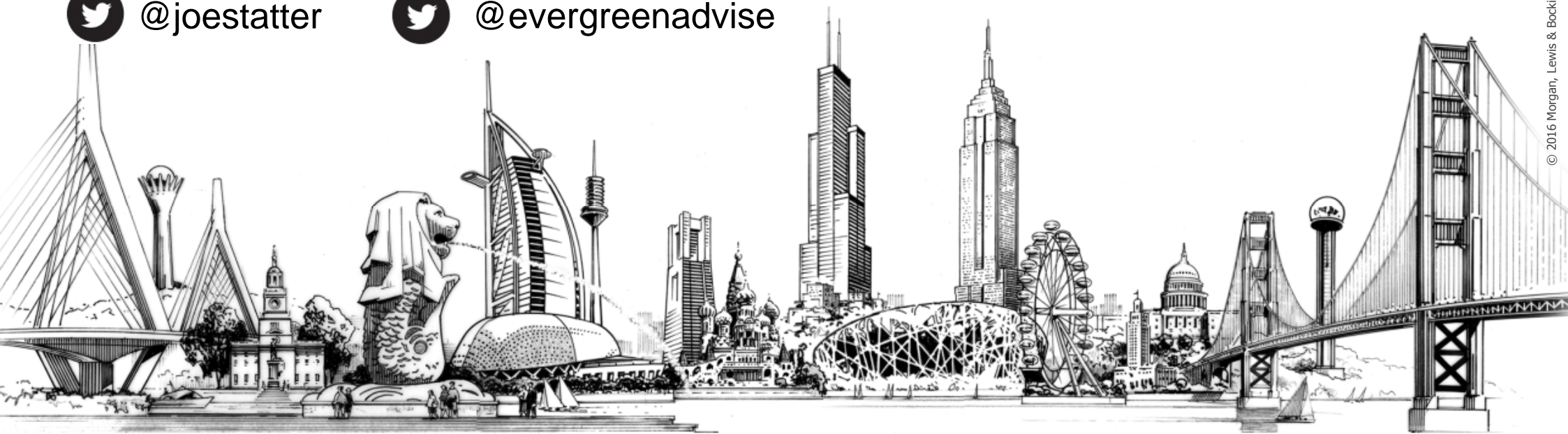
# ***FAST BREAK:*** **HEALTHCARE INVESTMENTS**

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Morgan Lewis



# 1. MARKET ENVIRONMENT & INDUSTRY OVERVIEW

# Digital Health Taxonomy

## Patient Engagement

Solutions equip healthcare providers to e-connect with patients and families through engagement with patient portal adoption, secure messaging, social media, and other emerging technologies

## Care Coordination

Software applications enable communication between teams of health care providers and patients through patient portals, electronic medical records, and data integration with IoT devices

## Interoperability – Tools and Technology

Interoperability between medical devices, healthcare applications and EMR solutions that maximizes workflow, transforms the patient experience, and improves the quality of care delivery

## Data Capture & Analytics

Software integration and analytics capabilities used in conjunction with connected devices allow for data capture and remote monitoring to drive improved health outcomes. Data collected helps drive decision support systems

## Telemedicine

The remote delivery of healthcare services and clinical information using telecommunications technology. This includes a wide array of clinical services using the internet, wireless, satellite, and telephone media, and can be categorized into three segments: store-and-forward, remote patient monitoring, and real-time interaction.

## Sensors & Wearables

With the adoption of electronic medical records and integration with smartphone technology, wearable and implantable devices provide actionable data with use-cases ranging from general fitness to chronically ill “high risk” patients



# Total Addressable Market

## Total Addressable Market

## CAGR



**\$5.9B** 2016 → **\$15.7B** 2021

**17.8%**

Care Coordination



**\$17.9B** 2016 → **\$40.9B** 2021

**14.8%**

Telemedicine



**\$8.2B** 2016 → **\$28.4B** 2021

**23.0%**

Patient Engagement

## Key Growth Drivers

- Patient-centric government reform
- Demand for higher healthcare quality
- Rising awareness of self-care
- Aging population
- Rising incidences of chronic diseases
- Rising adoption of EMR systems
- Increasing trend in personal digital solutions
- Burden shifted from payers to providers

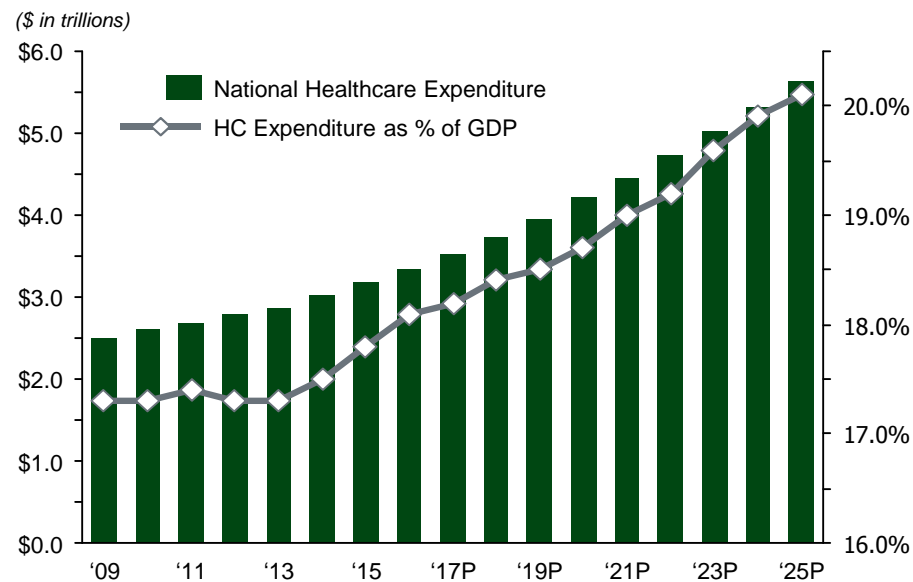
Sources:  
 Research and Markets, *Global Telemedicine Market Outlook 2021*  
 Markets and Markets, *Care Management Solutions Market Analysis & Global Forecast to 2021*  
 Transparency Market Research *Patient Engagement Solutions Market Global Industry Analysis*



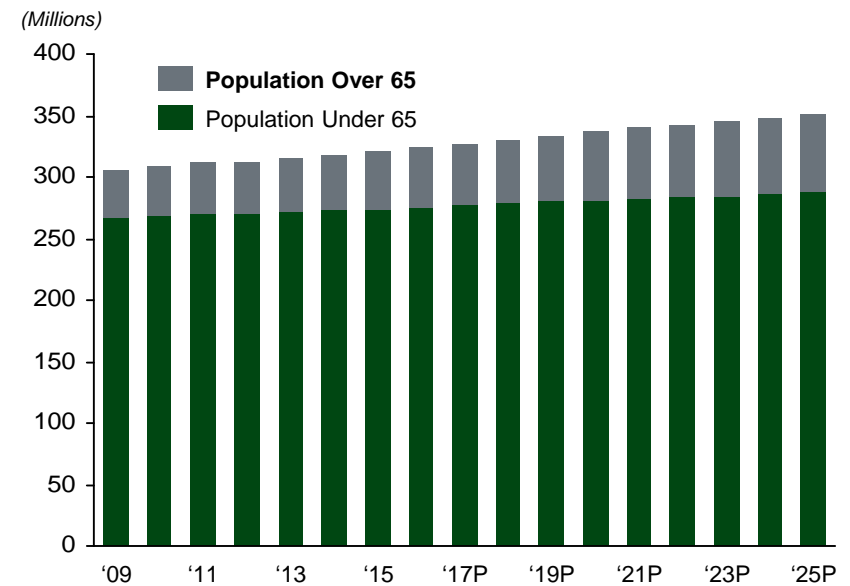
# Healthcare Trends

- From 2015 to 2025, health spending is projected to grow at an **average rate of 5.8% per year**
- Healthcare spending is projected to **grow 1.3 % faster than GDP per year** from 2015 to 2025
- Healthcare share of GDP is expected to rise from **17.5% in 2014 to 20.1% by 2025**
- Population aging is also anticipated to contribute to faster overall growth in national health spending during this period
- Federal funding for Medicare and Medicaid is expected to increase at a **6.2% CAGR from 2017 to 2022** from due to an aging population and the PPACA

## U.S. Healthcare Spending



## U.S. Population



Source:  
Centers for Medicare & Medicaid Service  
IBIS World Markets & Research



# Healthcare Trends (cont.)



Fragmented Care Coordination

- Patients with highly fragmented care have been shown to experience twice as many PCP visits as those with better care coordination.
- High fragmentation leads to approx. \$4500 more in annual spending per patient, and increased likelihood of preventable hospitalization.
- **Result:** *Technologies that centralize care and provide disruptive patient engagement succeed*



Telehealth Adoption

- NCR study indicates 72% of patients are more likely to choose healthcare providers that offer flexibility to interact with physicians virtually
- States allowing reimbursement has doubled YoY from 2014-2015
- **Result:** *Virtual solutions are increasing among patients and providers*



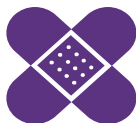
EMR Inefficiencies

- A lack of adequate health information exchange and EMR interoperability is increasing costs and time wasted for providers and patients
- Delays in documentation and reduction in productivity can arise due to implementation problems and poor integration
- **Result:** *Opportunities are emerging for innovative care delivery models*



Government Policies

- All private and public providers are required to adopt and demonstrate EMR systems
- Physicians received incentive payment for complying with guidelines
- Medicare and Medicaid funding to increase by 6.2% CAGR
- **Result:** *Increasing emphasis placed on innovate service lines to avoid penalties*



Care Delivery Paradigm Shift

- Paradigm shift from fee-for-service based models to value-based/bundled payment models
- Providers absorb more of the burden and must manage and oversee patients more effectively
- Emphasis on patient centered care and reducing costs
- **Result:** *Bundled payments are becoming the new care delivery model across the care continuum*



Patient Population

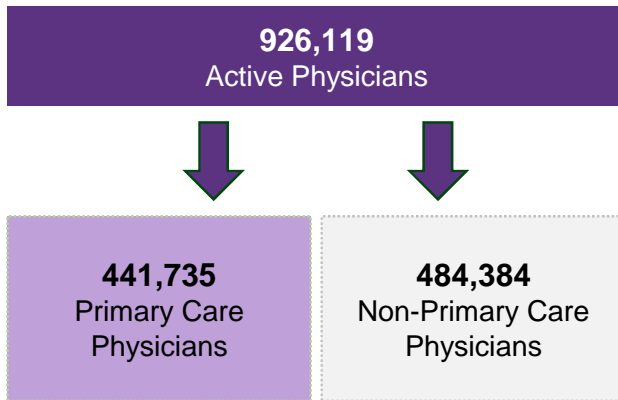
- Providers are engaging their care teams to scale capacity and throughput
- Patients are requiring faster turnaround and greater levels of convenience
- **Result:** *Solutions with communication and coordination are imperative*

Sources: George Palma, Electronic Health Records: The Good, the Bad, and the Ugly  
Jennifer Bresnick, "Poor Care Coordination Raising Chronic Disease Costs by \$4500"  
IBIS World Market Research



# Healthcare Trends (cont.)

## Total Quantity of U.S. Physicians



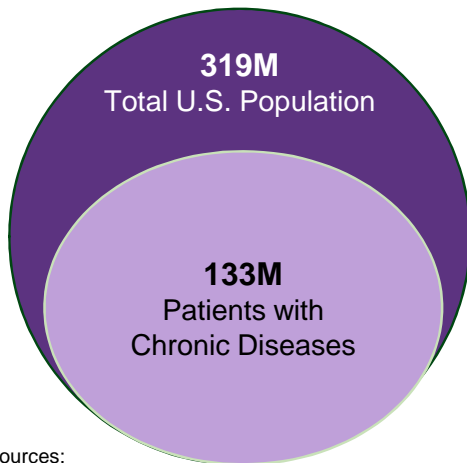
## Supply/Demand Problem

- Demand for Physicians expected to exceed supply by a range from 61,700 to 94,700 in 2025
- Shortage of 14,900 to 35,600 primary care physicians by 2025
- Shortage of 37,400 to 60,300 non-primary care specialists by 2025
- Supply of Physician Assistants and Nurse Practitioners is increasing but not fast enough to offset the shortage of physicians

## Addressing the Issue

- Innovation in delivery
- Greater use of technology
- Improved, efficient use of healthcare professionals on the care team
- Increase in federal support for residency

## U.S. Patient Population with Chronic Diseases



## Cost Problem

- Healthcare premiums for employer-sponsored family coverage has increased by 87% since 2000
- Healthcare coverage costs for people with a chronic condition average \$6,032 annually (5x higher than those without a condition)
- Chronic care accounts for 81% of hospital admissions, 91% of all prescriptions filled, and 76% of physician visits
- Costs of chronic illnesses represent 75% of U.S. annual healthcare spending.

## Addressing the Issue

- Discussion of health goals with patients and providers
- Resources and tools to reinforce patient self-management
- Patient engagement and patient activation
- Remote monitoring
- Digital medicine solutions

Sources:

Association of American Medical Colleges, "Physician Supply and Demand Through 2025: Key Findings"  
Partnership to Fight Chronic Disease, "The Growing Crisis of Chronic Disease in the United States"  
Redi-Data/Kaiser Family Foundation, Total Professionally Active Physicians





# Digital Health 1H 2016

- The first half of 2016 saw **over \$3.9B in total venture funding**.
- During a venture market that has become constrained, funding levels in digital health have risen.
- 2016 has set a record for **the strongest first half of a year to date** with the next highest being the first half of 2014.

**\$3.9B**

Venture capital invested in digital health companies in 1H 2016

**151**

Digital health companies raised more than \$2M

**8%**

Of total venture capital invested in digital health

**65%**

Of total digital health deals were early stage rounds

Sources:

Rock Health: "Digital Health Funding 2016 Midyear Review"

StartUp Health, "Digital Health Funding Rankings 2016 Midyear Report"

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## Notable Transaction



**\$309M**

Analytics & Big Data

Flatiron Health (\$175M)



**\$217M**

Wearables & Bio Sensing

Jawbone (\$165M)



**\$184M**

Population Health Management

Health Catalyst (\$70M)



**\$132M**

Personal Health Tools and Tracking

Pathway Genomics (\$40M)



**\$127M**

EHR / Clinical Workflow

MedCPU (\$35M)



**\$122M**

Digital Medical Devices

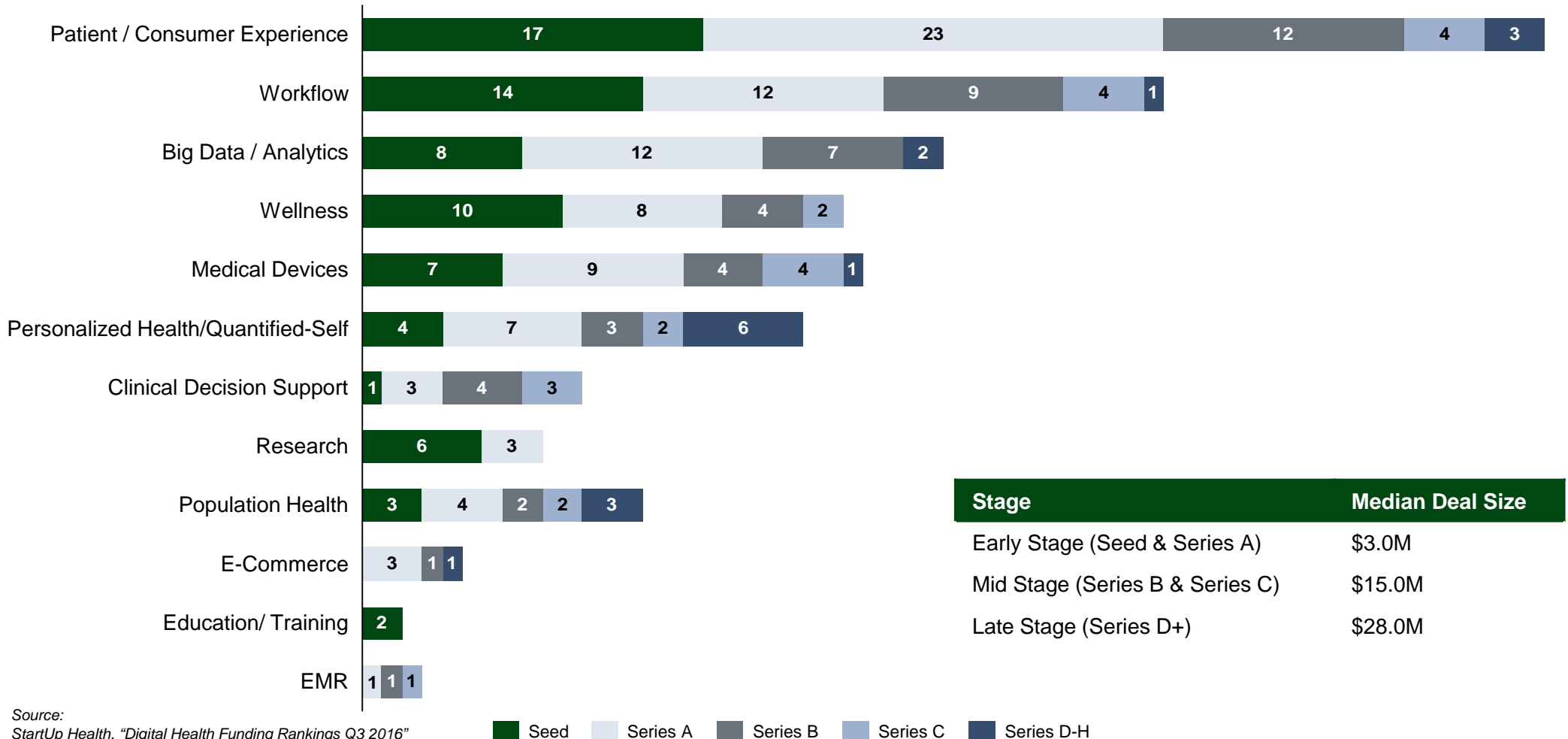
Proteus Health (\$50M)





# Digital Health Deal Count by Stage YTD

- 65% of all deals this year are at the seed and Series A stage
- Deal volume has been increasing in Series A rounds
- Series B rounds remain consistent YoY at 20% of total deals
- Patient engagement & consumer experience are the highest in deal count among early stage rounds



Source: StartUp Health, "Digital Health Funding Rankings Q3 2016"




# Top 10 Most Active Digital Health Subsectors of 2016

	<u>Subsector</u>	<u>\$ Invested</u>	<u>Deal Count</u>	<u>Avg. Deal Size</u>
1	Patient / Consumer Experience	\$2.53B	101	\$25.1M
2	Wellness	\$918M	33	\$27.8M
3	Personalized Health / Quantified-Self	\$634M	26	\$24.4M
4	Big Data / Analytics	\$564M	40	\$14.1M
5	Medical Device	\$478M	40	\$12.0M
6	Workflow	\$419M	59	\$7.1M
7	Clinical Decision Support	\$309M	20	\$15.4M
8	Population Health	\$248M	31	\$8.0M
9	E-commerce	\$242M	13	\$18.6M
10	Research	\$107M	15	\$7.1M

Source: StartUp Health, "Digital Health Funding Rankings Q3 2016"













# Top 10 Largest Digital Health Deals of 2016 YTD

	Company	\$ Invested	Market/Subsector	Notable Investor
1	 Ping An Good Doctor	\$500M	Patient / Consumer Experience	Undisclosed
2	 onduo Onward together	\$500M	Patient / Consumer Experience	Google
3	 babytree www.babytree.com	\$448M	Patient / Consumer Experience	Matrix Partners
4	 oscar	\$400M	Wellness/Insurance	Khosla Ventures
5	 HUMAN LONGEVITY, INC.	\$220M	Personalized Health	Startup Health
6	 FLATIRON	\$175M	Personalized Health	Roche Ventures
7	 Meet you	\$160M	Wellness	GreenOaks Capital
8	 Clover	\$151M	Patient / Consumer Experience	Matrix Partners
9	 THALMICLABS™	\$120M	Patient / Consumer Experience	Intel Capital Amazon Alexa Fund
10	 GUARDANT HEALTH	\$100M	Medical Device	Lightspeed Venture Partners

Source: StartUp Health, "Digital Health Funding Rankings Q3 2016"



# Top 10 Digital Health Deals under \$10M of 2016 YTD

	<u>Company</u>	<u>\$ Invested</u>	<u>Market/Subsector</u>	<u>Notable Investor</u>	
1	 PierianDx <small>enabling personalized medicine</small>	\$9.3M	Personalized Health / Genomics	Health Catalyst Capital Management	
2	 NIMA	\$9.2M	Medical Device / Nutrition	Foundry Group	
3	 Respp <small>HEALTH</small>	\$9.1M	Medical Device / Mobile App	Empire Capital Partners	
4	 halo <small>neuroscience</small>	\$9.0M	Medical Device / Wellness	Andreessen Horowitz	
5	 somnoware	\$9.0M	Wellness / Big Data	TransLink Capital	
<b>6</b>	 Perthera <small>Personalized Cancer Therapy</small>	<b>\$8.7M</b>	Personalized Health / Oncology	Pilot Growth Equity	<b>EAC Transaction</b>
7	 farewell	\$8.5M	Wellness / Nutrition	Undisclosed	
8	 ePatientFinder	\$8.2M	Research / Patient Engagement	Undisclosed	
9	 Push Doctor Dr.	\$8.2M	Patient Experience / Telemedicine	Partech Ventures	
10	 kiweno	\$8.0M	Wellness / Nutrition	SevenVentures Austria	

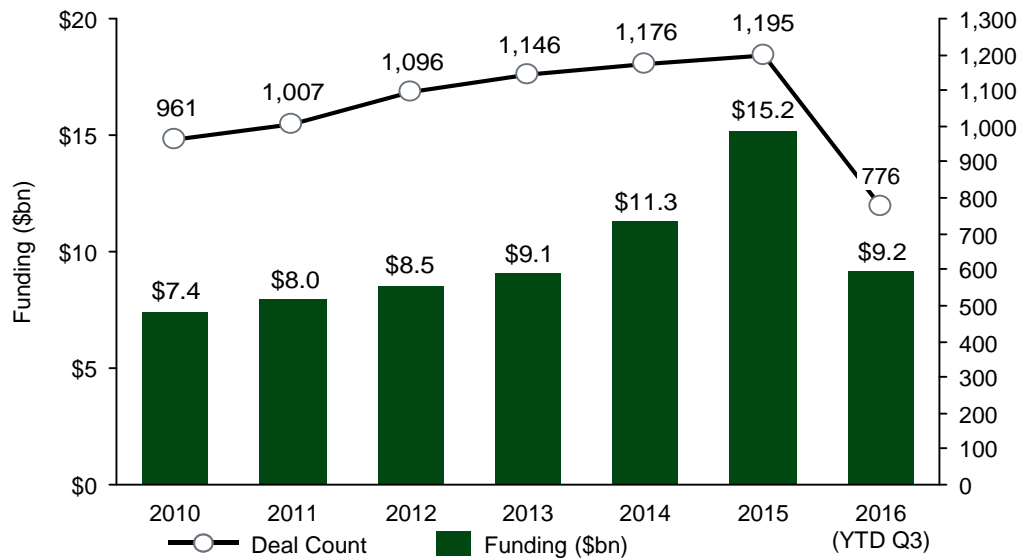
Source: StartUp Health, "Digital Health Funding Rankings 2016 Midyear Report"



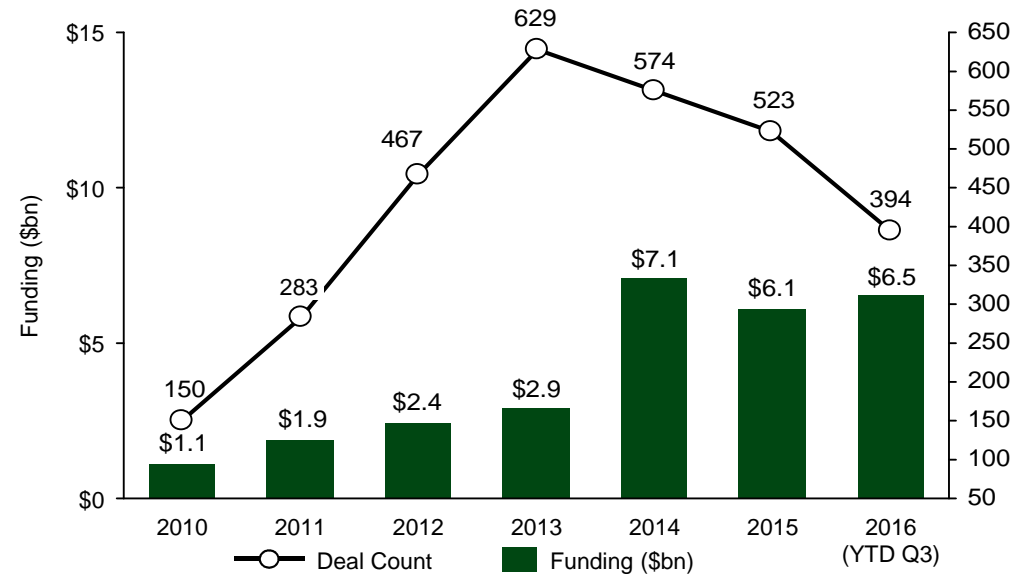
# Venture Capital in Healthcare & Digital Health

- The broader healthcare market is expected to experience the **second highest funding year** in the last ten years behind the 2015 funding year
- The digital health vertical is continuing to see robust funding opportunities. Q3 2016 saw nearly **\$2.4bn in deals**, with much of the activity being in early stage companies
- **Over 500 unique investors** have funded digital health companies in 2016 with over 140 investors funding multiple deals
- Innovation continues to thrive as **7,600 startups** around the world are developing solutions in digital health thereby increasing the quantity of U.S. dollars flowing into early stage companies
- **87 M&A digital health deals** were closed by the 2016 midpoint, slightly above the 2015 midyear point

VC Activity in Healthcare<sup>1</sup>



VC Activity in Digital Health<sup>2</sup>



Source:

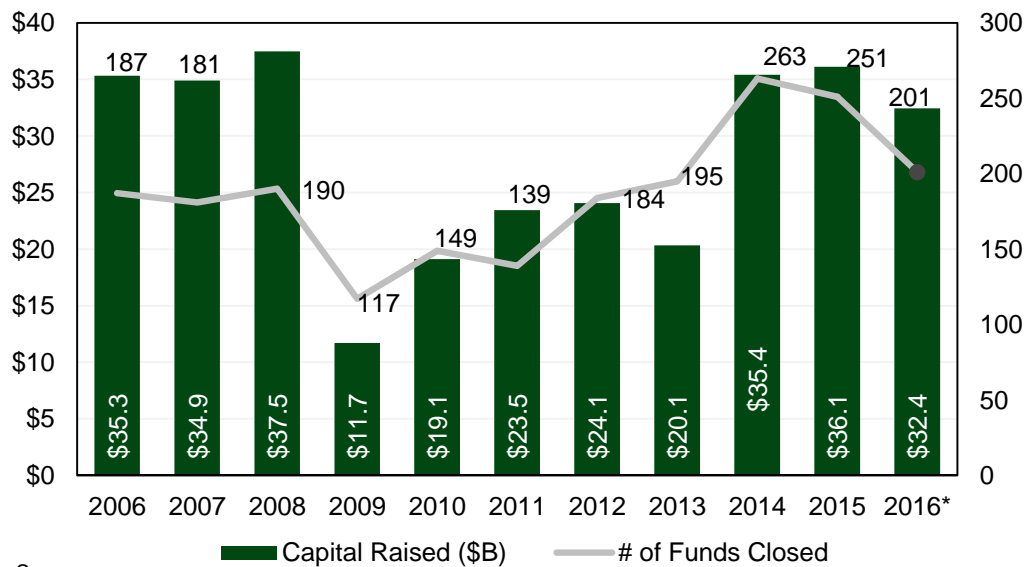
1. PitchBook
2. Rock Health



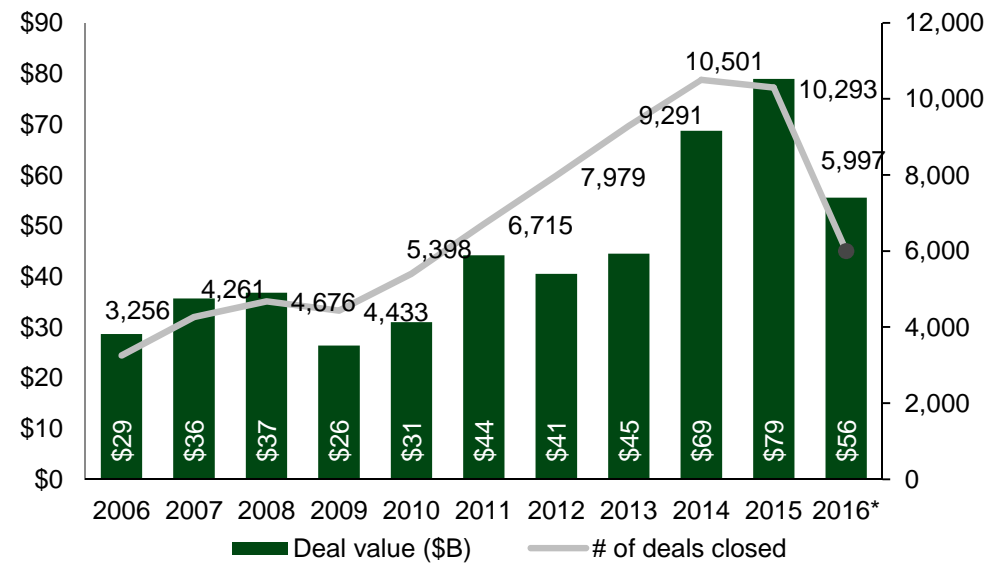
# Venture Capital in the United States

- **\$32B of venture capital** raised in the first three quarters of 2016, which puts it on track to be the highest year since the dot com era
- In the third quarter of 2016, almost 2,000 investors deployed just short of **\$15B in capital to over 1,600 companies** in the entrepreneurial ecosystem
- M&A remains the most likely exit for venture backed companies with the **median buyout price of \$100M**, which is an 11 yr. high
- Corporate VC participation remains high as **804 deals accounting for \$26B** of capital raised in 2016 YTD involved one or more strategic investors
- Annual deal flow is expected to decline in 2016 as financings are become **more concentrated** in fewer rounds

U.S. VC Fundraising, 2006-2016 Q3



U.S. VC Investing, 2006-2016 Q3



Source  
3Q 2016 Pitchbook-NVCA Venture Monitor



# Precedent M&A Transactions

- Transactions represent buy-out and M&A deals consummated in the digital health space with an emphasis on patient engagement, telemedicine, remote monitoring, care coordination, and other adjacent verticals
- Transaction multiples are typically reported only for large and/or public company targets and do not necessarily reflect valuation of mid/small sized deals.
- The following table summarizes the reported multiples:

<i>(\$ in millions)</i> M&A Transactions	Enterprise Value	EV / Revenue	EV / EBITDA
<b>Median</b>	\$ 130.0	4.6x	20.0x
<b>High</b>	13,548.5	15.6x	44.8x
<b>75th Quartile</b>	508.1	7.2x	30.2x
<b>Mean</b>	817.2	5.8x	24.9x
<b>25th Quartile</b>	36.5	3.3x	18.3x
<b>Low</b>	1.5	1.4x	12.7x

Source: S&P Capital IQ, dated 11/8/16





# Precedent M&A Transactions (cont.)

(\$ in millions)			Enterprise	EV /	EV /
Date	Buyer	Target	Value	Revenue	EBITDA
10/27/2016	Zimmer Biomet Signature Solutions	RespondWell, LLC	\$ -	-	-
10/27/2016	Netsmart Technologies Inc.	HealthMEDX, Inc.	-	-	-
10/20/2016	Allscripts Healthcare Solutions, Inc.	Careport Health, Inc.	-	-	-
10/19/2016	TrendShift, LLC	Health Data Intelligence, LLC	-	-	-
10/18/2016	Casamba, Inc.	HealthWyse, LLC	-	-	-
10/4/2016	Wolters Kluwer Health, Inc.	Emmi Solutions, LLC	170.0	-	-
9/30/2016	GCI	vCareConnect LLC	-	-	-
9/29/2016	Sharecare, Inc.	Sharecare Reality Lab	-	-	-
9/26/2016	Salus Telehealth, Inc.	Video Medicine, Inc.	-	-	-
9/14/2016	Parallax Health Sciences, Inc.	QOLPOM, INC.	2.3	-	-
9/12/2016	Atos SE	Anthelio Healthcare Solutions Inc.	275.0	1.4x	-
9/7/2016	HMS Holdings Corp.	Essette, Inc.	20.0	-	-
8/29/2016	athenahealth, Inc.	Filament Labs, Inc.	-	-	-
8/17/2016	InTouch Technologies, Inc.	AcuteCare Telemedicine, LLC	-	-	-
8/15/2016	MediSolution Ltd.	Artemis, Inc.	-	-	-
8/9/2016	EQT Partners AB, EQT VII	Press Ganey Holdings, Inc.	2,428.6	6.9x	22.7x
8/8/2016	Echo Inc.	Morrisey Associates Inc.	48.0	3.8x	-
7/20/2016	Koninklijke Philips N.V.	Wellcentive, Inc.	-	-	-
7/13/2016	Evolent Health, Inc.	Valence Health, Inc.	247.3	-	-
7/13/2016	Stella Technology, Inc.	Zigron Healthcare LLC	-	-	-
7/12/2016	Geneva Glen Capital, LLC	Southeastern Home Health Services of PA, LLC	-	-	-
7/7/2016	Develus Systems Inc.	Suncoast Solutions, Inc.	-	-	-
7/7/2016	Connect America LLC	Home Buddy, LLC	-	-	-
6/30/2016	Teladoc, Inc.	Healthiest You Corporation	155.8	15.6x	-
6/28/2016	Medsphere Systems Corporation	ChartLogic, Inc.	-	-	-
6/13/2016	Hearst Health	MedHOK, Inc.	-	-	-
6/7/2016	DocPlanner.com	Doctoralia Internet S.L.	-	-	-
6/6/2016	NuVasive, Inc.	BNN Holdings Corp.	98.0	2.0x	-
5/19/2016	Canary Health Inc.	bLife, Inc.	-	-	-
5/3/2016	Quintiles IMS Holdings, Inc.	IMS Health Holdings, Inc.	13,548.5	4.3x	17.7x
5/2/2016	MedData, Inc.	Duet Health LLC	-	-	-
4/28/2016	GE Healthcare Limited	Caradigm USA LLC	-	-	-

Source: S&P Capital IQ, dated 11/8/16



# Precedent M&A Transactions (cont.)

(\$ in millions)			Enterprise	EV /	EV /
Date	Buyer	Target	Value	Revenue	EBITDA
4/9/2016	TDG Holding Co., Ltd.	Dictum Health, Inc.	1.5	-	-
3/23/2016	GI Partners, LLC, Allscripts Healthcare Solutions, Inc.	Netsmart Technologies Inc.	950.0	-	-
3/14/2016	HealthTap Inc.	Docphin, Inc.	-	-	-
3/9/2016	Envision Healthcare Holdings, Inc.	Emergency Physicians Medical Group, PC	120.0	-	-
3/3/2016	Undisclosed	Data Driven Delivery Systems, LLC	-	-	-
3/1/2016	Scrypt, Inc.	J&H MEDSOFT, LLC	-	-	-
3/1/2016	Citra Health Solutions, Inc.	SironaHealth Inc.	-	-	-
2/29/2016	Decision Resources, Inc.	Adaptive Software LLC	24.5	7.7x	-
2/23/2016	Harbin Gloria Pharmaceuticals Co., Ltd	Proteus Digital Health, Inc.	25.0	-	-
2/22/2016	Resmed Corp.	Brightree LLC	800.0	7.1x	18.9x
2/18/2016	IBM Watson Health	Truven Holding Corp.	3,593.0	5.9x	35.0x
2/2/2016	Huron Consulting Group Inc.	MyRounding Solutions LLC	-	-	-
2/1/2016	Grey Healthcare Group, Inc.	The Lathe, LLC	-	-	-
1/28/2016	ALPHAEON Corporation	Eveo Communication Group, Inc.	-	-	-
1/18/2016	Agfa HealthCare NV	MphRx, Inc.	-	-	-
1/12/2016	Apollo Care Connect	Healarium, Inc.	1.5	-	-
12/21/2015	Anytime Fitness, LLC	Pumpone, LLC	-	-	-
12/10/2015	MDI Achieve, Inc.	Advanced Answers On Demand, Inc.	-	-	-
12/3/2015	GreatCall, Inc.	Lively, Inc.	-	-	-
12/3/2015	Welltok, Inc.	Silverlink Communications, LLC	-	-	-
11/25/2015	Computer Programs & Systems Inc.	Healthland, Inc.	243.7	2.1x	-
11/17/2015	PSKW, LLC	PDR Network, LLC	-	-	-
11/4/2015	Genoa, a QoL Healthcare Company, LLC	1DocWay, Inc.	-	-	-
11/2/2015	Pamplona Capital Management LLP	MedAssets, Inc.	2,775.2	3.6x	12.7x
10/30/2015	Quality Systems Inc.	HealthFusion Holdings, Inc.	201.1	8.0x	44.8x
10/29/2015	Undisclosed	Navis & Company, LLC	-	-	-
10/26/2015	Roper Technologies, Inc.	Atlas Medical Software	48.0	-	-
10/21/2015	PatientSafe Solutions, Inc.	Vree Health, LLC	-	-	-
9/25/2015	Teva Pharmaceutical Industries Limited	Gecko Health Innovations, Inc.	-	-	-
9/10/2015	Riceland HealthCare, L.P.	Physician's Link Home Care, PLLC	-	-	-
9/9/2015	GetWellNetwork, Inc.	Skylight Healthcare Systems, Inc.	-	-	-
9/2/2015	Yardi Systems, Inc.	Optimus EMR, Inc.	-	-	-

Source: S&P Capital IQ, dated 11/8/16



# Precedent M&A Transactions (cont.)

(\$ in millions)			Enterprise	EV /	EV /
Date	Buyer	Target	Value	Revenue	EBITDA
9/2/2015	EDG Partners, LLC	PWNHealth, LLC	-	-	-
8/26/2015	Medical Specialties Distributors, LLC	Verbal Applications Inc.	-	-	-
8/25/2015	Authentidate Holding Corp.	Authentidate Holding Corp.	-	-	-
8/24/2015	Cornerstone Healthcare, Inc.	Apismellis Homecare, LLC	-	-	-
8/24/2015	Xerox Corporation	RSA Medical, LLC	141.0	-	-
8/24/2015	Inovalon Holdings, Inc.	Avalere Health LLC	139.9	2.8x	-
8/17/2015	Medical Advantage Group	Health Care Management, LLC	-	-	-
8/11/2015	Everyday Health, Inc.	Tea Leaves Health, LLC	50.0	10.2x	-
8/6/2015	International Business Machines Corporation	Merge Healthcare Incorporated	1,022.7	4.5x	25.4x
7/31/2015	Securus Technologies, Inc.	Cara Clinicals, Inc.	-	-	-
7/23/2015	Aptus Health, Inc.	Quantia, Inc.	-	-	-
7/20/2015	MedVision, Inc.	Health Access Solutions, Inc.	-	-	-
7/6/2015	MediFAX-EDI Holding Company, Inc.	Altegra Health, Inc.	910.0	4.7x	-
6/30/2015	Nortek Security & Control, LLC	Numera, Inc., Certain Business Assets	40.0	13.3x	-
6/8/2015	Teladoc, Inc.	Stat Health Services Inc.	48.1	-	-
5/19/2015	Welltok, Inc.	Predilytics, Inc.	-	-	-
5/12/2015	MEDNAX, Inc.	Virtual Radiologic Corporation	500.0	2.7x	-
5/4/2015	Kura MD, Inc.	The Telemedicine Group, LLC	-	-	-
4/13/2015	International Business Machines Corporation	Explorys, Inc.	-	-	-
4/13/2015	International Business Machines Corporation	Phytel, Inc.	-	-	-
3/23/2015	ZeOmega, Inc.	HealthUnity Corporation	-	-	-
3/18/2015	Clinical Ink, Inc.	Florida Healthcare Analytics, Inc.	-	-	-
3/10/2015	Kareo, Inc.	DoctorBase, Inc.	-	-	-
3/9/2015	eHealth Solutions, Inc.	HomecareCRM, LLC	-	-	-
3/6/2015	Constant Care, LLC	Constant Care Technology, LLC	-	-	-
3/2/2015	Decision Resources, Inc.	Activate Networks, Inc.	-	-	-
12/9/2014	Avizia, Inc.	Emerge.MD, Inc.	-	-	-
12/7/2014	Neos Technologies, Inc.	AFrame Digital, Inc.	-	-	-
11/6/2014	The Jackson Clinic	eRAD Image Medical, Inc.	-	-	-
10/22/2014	North Bridge Growth Equity	Ingenious Med, Inc.	-	-	-
10/15/2014	Seniorlink, Inc.	Vayu Technologies	-	-	-
9/20/2014	UnitedHealth Group Ventures, LLC	Healthiest You Corporation	-	-	-

Source: S&P Capital IQ, dated 11/8/16



# Precedent M&A Transactions (cont.)

(\$ in millions)			Enterprise	EV /	EV /
Date	Buyer	Target	Value	Revenue	EBITDA
9/3/2014	Best Doctors, Inc.	Rise Health, Inc.	-	-	-
8/26/2014	Roper Technologies, Inc.	Strategic Healthcare Programs, LLC	-	-	-
8/5/2014	Premier Healthcare Solutions, Inc.	TheraDoc, Inc.	117.0	-	-
6/23/2014	Aldridge Minerals Inc.	Clyde Bennett & Associates	-	-	-
6/16/2014	WEX Inc.	Evolution1, Inc.	532.5	6.0x	20.0x
5/27/2014	Telerox Marketing Inc.	C3i Healthcare Connections	-	-	-
5/12/2014	The Advisory Board Company	HealthPost, Inc.	26.0	-	-
5/9/2014	Teladoc, Inc.	AmeriDoc, LLC	-	-	-
5/7/2014	Flatiron Health, Inc.	Altos Solutions, Inc.	-	-	-
4/22/2014	Undisclosed	Essence Group Holdings Corporation	-	-	-
4/14/2014	Citra Health Solutions, Inc.	MZI Healthcare, LLC	-	-	-
4/3/2014	ZirMed, Inc.	TransEngen, Inc.	-	-	-
3/17/2014	QuadMed, LLC	Stat Health Services Inc.	-	-	-
3/17/2014	Ebix Inc.	Curepet Corporation	6.4	-	-
3/14/2014	Cytta Corp.	Visual Telecommunications Network, Inc.	-	-	-
2/21/2014	3M Health Information Systems, Inc.	Treo Solutions, LLC	94.0	3.4x	-
2/19/2014	Optum, Inc.	Rally Health, Inc.	-	-	-
2/3/2014	CardioNet, Inc.	Mednet Healthcare Technologies, Inc.	15.9	-	-
1/14/2014	Surgical Information Systems, LLC	Amkai LLC	-	-	-
12/9/2013	Health Elements, LLC	WellnessFX, Inc.	-	-	-
9/4/2013	Teladoc, Inc.	Consult A Doctor, Inc.	-	-	-

Source: S&P Capital IQ, dated 11/8/16



# Precedent Private Placement Transactions

- Transactions represent private placements consummated in the digital health space with an emphasis on patient engagement, telemedicine, remote monitoring, care coordination, and other adjacent verticals
- Transactions are primarily early stage rounds with \$2M or greater in fund raising
- Approximately 87% of financing rounds were provided by institutional financial investors whereas the remainder was provided by corporate/strategic investors (Source: Pitchbook and Rock Health)
- The following table summarizes the reported metrics:

<i>(\$ in millions)</i>	Total	Pre Money	Post Money	%
Private Placement Transactions	Transaction Size	Valuation	Valuation	Acquired
<b>Median</b>	<b>\$ 8.20</b>	<b>\$ 26.15</b>	<b>\$ 39.74</b>	<b>25.5%</b>
High	175.00	955.00	1,130.00	83.3%
75th Quartile	18.08	77.02	110.99	35.5%
Mean	16.85	91.64	112.52	28.7%
25th Quartile	3.53	12.13	19.12	18.2%
Low	2.00	3.00	5.35	4.1%

Source: Pitchbook, dated 11/8/16



# Precedent Private Placement Transactions (cont.)

(\$ in millions)									
Date	Target	Lead Investor(s)	Round / Stage	Total Transaction Size	Pre Money Valuation	Post Money Valuation	% Acquired		
10/31/2016	Avizia	HealthQuest Capital	A	\$ 17.00	\$ 31.13	\$ 48.13	35.3%		
10/24/2016	Axial Healthcare	Oak HC/FT	B	17.04	38.32	55.36	30.8%		
10/19/2016	4G Clinical	Schooner Capital	A1	5.00	-	-	na		
10/14/2016	Ovia Health	Martin Ventures, Zaffre Investments	A	10.00	35.29	45.29	22.1%		
10/13/2016	Seamless Medical Systems	Undisclosed Investors	Early Stage	4.56	-	-	na		
10/11/2016	Maestro Health	Oak HC/FT, Oak Investment Partners, SV Life Sciences Advisers	A	59.04	11.80	70.84	83.3%		
10/10/2016	Evidation Health	B Capital Group	B	15.00	32.18	47.18	31.8%		
10/3/2016	Chiron Health	Undisclosed Investors	Early Stage	4.79	-	-	na		
10/3/2016	MD Revolution	Undisclosed Investors	Early Stage	9.74	-	-	na		
10/3/2016	Moxe Health	Safeguard Scientifics	A	5.50	11.29	16.79	32.8%		
10/3/2016	TreVia Digital Health	Undisclosed Investors	Early Stage	2.92	-	-	na		
10/1/2016	CareSync	Tullis Health Investors	Later Stage	4.20	-	-	na		
9/26/2016	Instamed	Carrick	B	50.00	225.00	275.00	18.2%		
9/15/2016	Welltok	Bessemer Venture Partners, Emergence Capital Partners, Hearst Health Ventures	E	46.70	450.06	486.76	9.6%		
9/9/2016	Lemonaid Health	Undisclosed Investors	A1	2.08	26.26	28.33	7.3%		
8/31/2016	Cordata Healthcare Innovations	First Health Capital Partners, CincyTech USA	A	3.00	-	-	na		
8/17/2016	ClearCare	Battery Ventures	Later Stage	60.00	-	-	na		
8/9/2016	Accolade	AH Capital Management, Madrona Venture Group	F	70.00	500.00	570.00	12.3%		
8/8/2016	Honor	Thrive Capital	B	42.00	118.00	160.00	26.3%		
8/4/2016	Woundtech	Aldrich Capital Partners	Early Stage	40.00	14.71	54.71	73.1%		
8/4/2016	Elation EMR	Draper Fisher Jurvetson	B	15.00	43.79	58.79	25.5%		
8/1/2016	Statrad	Undisclosed Investors	A	29.16	-	-	na		
7/20/2016	Docent Health	Bessemer Venture Partners, NEA, Maverick Ventures	A	17.10	-	-	na		
7/19/2016	InfoBionic	Safeguard Scientifics	B1	8.20	4.00	12.20	67.2%		
7/15/2016	Landmark Health	Francisco Partners	Early	60.75	-	-	na		

Source: Pitchbook, dated 11/8/16



# Precedent Private Placement Transactions (cont.)

(\$ in millions)								
Date	Target	Lead Investor(s)	Round / Stage	Total Transaction Size	Pre Money Valuation	Post Money Valuation	% Acquired	
7/15/2016	Azalea Health	Kayne Anderson Capital Advisors	B	10.81	24.54	31.15	34.7%	
7/15/2016	Medsphere Systems	Undisclosed Investors	Later Stage	15.30	-	-	na	
7/13/2016	Caremerge	Insight Venture Partners	C	14.75	25.00	36.75	40.1%	
6/30/2016	HealthPrize Technologies	Mansa Capital	B	4.43	20.00	24.43	18.1%	
6/17/2016	Solera Health	Sandbox Industries, SJF Ventures	A1	4.00	18.58	22.00	18.2%	
6/14/2016	Procured	HCA Holdings, Heritage Group	B	10.00	23.49	33.49	29.9%	
6/9/2016	ePatientFinder	Undisclosed Investors	Seed	8.20	-	-	na	
6/7/2016	Docplanner	Target Global	C	20.00	-	-	na	
6/7/2016	Jiff	Rosemark Capital	C	41.15	-	-	na	
6/2/2016	Vital Connect	Undisclosed Investors	B	22.10	150.00	172.10	12.8%	
6/1/2016	Fruit Street Health	Undisclosed Investors	Early Stage	5.40	-	-	na	
6/1/2016	RubiconMD	Waterline Ventures	A	4.00	-	-	na	
5/31/2016	RetraceHealth	Lemhi Ventures	A	6.53	-	-	na	
5/31/2016	Talkspace	Norwest Venture Partners	B	15.00	49.65	64.65	23.2%	
5/27/2016	Silvervue	Pritzker Group Venture Capital, GE Ventures	Early	17.85	-	-	na	
5/25/2016	Wellth	AXA Strategic Ventures	Early	2.00	-	-	na	
5/18/2016	Virtual Health	Edison Partners	Early Stage	2.55	-	-	na	
5/10/2016	eVariant	Goldman Sachs	C	42.34	127.00	169.34	25.0%	
5/3/2016	Envera Health	Harbert Growth Partners, Noro-Moseley Partners	B	14.00	17.75	26.75	52.3%	
5/2/2016	WeCounsel	CVH Holdings, Longmeadow Capital Partners, Point Judith Capital	Early Stage	3.50	-	-	na	
4/25/2016	Augmedix	Redmile Group, DCM Ventures, Emergence Capital Partners	A2	17.00	123.00	140.00	12.1%	
4/22/2016	Livongo	Merck, Cowen Pvt. Investments, Sapphire Ventures	C	43.50	149.96	199.43	21.8%	
4/21/2016	TripleCare	Apple Tree Partners	B	2.50	6.87	9.37	26.7%	
4/14/2016	Quartet Health	Google Ventures	B	40.00	111.48	151.48	26.4%	

Source: Pitchbook, dated 11/8/16





# Precedent Private Placement Transactions (cont.)

(\$ in millions)			Round /	Total	Pre Money	Post Money	%
Date	Target	Lead Investor(s)	Stage	Transaction Size	Valuation	Valuation	Acquired
4/7/2016	HealthVerity	Flare Capital Partners, Greycroft Partners	A	7.19	11.91	19.10	37.6%
4/6/2016	CrossChx	Drive Capital, Healthy Ventures, Khosla Ventures	C	15.45	67.21	82.66	18.7%
4/6/2016	Bright Health	Bessemer Venture Partners, NEA	A	80.00	35.00	115.00	69.6%
3/28/2016	OnShift	Health Velocity Capital	D	18.00	65.00	83.00	21.7%
3/25/2016	MedAware Solutions	BioGenerator	A	2.50	7.00	9.50	26.3%
3/13/2016	Welltok	NEA	C	22.26	96.64	118.90	18.7%
2/25/2016	Vivify Health	UPMC Health System	B	17.00	51.24	68.24	24.9%
2/16/2016	Protenus	Arthur Ventures, Cognosante, LionBird	A	4.00	7.10	11.10	36.0%
1/26/2016	SnapMD	Shea Ventures, TYLT Ventures, Whittier Trust	A	5.30	13.86	19.16	27.7%
1/19/2016	4G Clinical	Schooner Capital	A	2.50	-	-	na
1/19/2016	Capricity	White Mountains Insurance Group	C	35.00	95.83	130.83	26.8%
1/12/2016	Docent Health	Bessemer Venture Partners, NEA, Maverick Ventures	Seed	2.10	-	-	na
1/7/2016	Push Doctor	Oxford Capital Partners, Draper Esprit	A	8.50	-	-	na
1/6/2016	Flatiron Health	Roche Pharmaceuticals	C	175.00	955.00	1,130.00	15.5%
1/4/2016	Zipnosis	Safeguard Scientifics	A	17.00	-	-	na
12/31/2015	MD Revolution	Jump Capital	Early stage	22.46	-	-	na
12/29/2015	Envera Health	New Richmond Ventures	Seed	4.00	8.00	12.00	33.3%
12/29/2015	PokitDok	Lemhi Ventures	B	38.10	50.00	88.10	43.2%
12/22/2015	TreVia Digital Health	Alliance Healthcare Partners	Early Stage	2.00	-	-	na
12/16/2015	Clariture	Undisclosed Investors	A	3.50	-	-	na
12/15/2015	Chiron Health	Capital Factory	Seed	2.30	-	-	na
12/7/2015	Twine Health	Khosla Ventures	A	6.75	-	-	na
12/7/2015	Welltok	Undisclosed Investors	D3	38.05	412.01	450.06	8.5%
12/2/2015	Seamless Medical Systems	Sun Mountain Capital, New England Development Investments	B	2.50	-	-	na

Source: Pitchbook, dated 11/8/16



# Precedent Private Placement Transactions (cont.)

(\$ in millions)								
Date	Target	Lead Investor(s)	Round / Stage	Total Transaction Size	Pre Money Valuation	Post Money Valuation	% Acquired	
12/2/2015	Seamless Medical Systems	New England Development, Sun Mountain Capital	Early Stage	2.50	-	-	na	
11/10/2015	Patient IO	Mercury Fund	Early Stage	3.32	-	-	na	
11/6/2015	Solera Health	Blue Cross Blue Shield Ventures	A	7.00	6.72	10.72	65.3%	
11/5/2015	AlayaCare	Hedgewood, RecapHealth Ventures	Early Stage	3.60	-	-	na	
11/2/2015	Medsphere Systems	Azure Capital	B	9.60	50.78	60.38	15.9%	
10/30/2015	Welltok	EDB Investments, Flare Capital Partners, Georgian Partners	D2	45.00	366.23	411.23	10.9%	
10/21/2015	H2 Wellness	-	A	3.10	20.28	23.38	13.3%	
10/16/2015	RxWiki	LiveOak Venture Partners, Milestone Venture Partners	A	5.75	3.76	9.51	60.5%	
10/14/2015	Lyra Health	Greylock Partners, Venrock	A	35.00	63.96	98.96	35.4%	
10/7/2015	CareSync	Greycroft Partners, Harbert Growth Partners, Merck Global Health Innovation	B	18.00	28.28	46.28	38.9%	
10/7/2015	Redox	.406 Ventures	A	3.54	-	-	na	
9/30/2015	MedZed	Undisclosed Investors	Seed	3.20	-	-	na	
9/16/2015	Leaf Healthcare	Undisclosed Investors	D	3.30	26.04	29.34	11.2%	
9/10/2015	Well Bridge Health	Undisclosed Investors	Early Stage	2.75	-	-	na	
8/13/2015	Lemonaid Health	Undisclosed Investors	A	6.60	18.63	25.23	26.2%	
7/29/2015	Advanced ICU Care	Undisclosed Investors	E	7.32	-	-	na	
7/20/2015	Axial Healthcare	.406 Ventures	A2	8.00	6.77	14.77	54.2%	
7/16/2015	Accolade	Independence Blue Cross, McKesson Ventures	E	22.50	477.24	499.74	4.5%	
7/14/2015	TytoCare	Cambia Health Solutions	B	11.00	-	-	na	
7/1/2015	Chiron Health	Undisclosed Investors	Seed	2.00	-	-	na	
6/29/2015	Wildflower Health	Easton Capital Investment Group, Hatteras Venture Partners	B	5.00	9.79	14.79	33.8%	
6/29/2015	HealthLoop	Undisclosed Investor	B1	2.00	46.83	48.83	4.1%	
6/26/2015	Lyra Health	Castlight Health	Seed	3.10	7.13	10.23	30.3%	

Source: Pitchbook, dated 11/8/16



# Precedent Private Placement Transactions (cont.)

(\$ in millions)			Round /	Total	Pre Money	Post Money	%
Date	Target	Lead Investor(s)	Stage	Transaction Size	Valuation	Valuation	Acquired
6/25/2015	Cureatr	Cerner Capital, Deerfield Management	B	13.00	14.46	27.46	47.3%
6/24/2015	MDLIVE	Bedford Funding, Las Olas Venture Capital	D	50.00	200.00	250.00	20.0%
6/5/2015	Sense.ly	Alchemist Accelerator, Launchpad Digital Health, Orange Ventures	A	2.36	7.90	10.26	23.0%
5/29/2015	Careport Health	Baseline Ventures	Early Stage	3.79	-	-	na
5/22/2015	Ovia Health	Zaffre Investments	Seed	3.22	22.32	25.54	12.6%
5/15/2015	Talkspace	Spark Capital, SoftBank	A	9.56	15.92	25.47	37.5%
5/13/2015	Docplanner	EBRD Venture Capital	B	10.00	-	-	na
5/5/2015	DrFirst	Savano Capital Partners	A	3.50	21.25	24.75	14.1%
4/27/2015	WebCareHealth	Next Level Ventures	A	2.50	-	-	na
4/13/2015	CrossChx	Drive Capital, Khosla Ventures	B	15.00	49.33	64.33	23.3%
4/10/2015	Fruit Street Health	Undisclosed Investors	Seed	2.00	-	-	na
4/7/2015	Ayogo Health	7wire Ventures, Excel Venture Management, Merck Global Health Innovation	A	2.50	-	-	na
4/7/2015	Livongo	Draper Fisher Jurvetson, General Catalyst Partners, Kleiner Perkins Caufield & Byers	B	20.00	67.15	87.15	22.9%
4/2/2015	Quartet Health	Oak HC/FT	A	7.00	12.64	19.64	35.6%
4/2/2015	Honor	Andreeseen Horowitz	A	20.00	46.00	66.00	30.3%
3/31/2015	Spruce Health	Baseline Ventures, Cowboy Ventures, Kleiner Perkins Caufield & Byers, Google Ventures	A	15.00	-	-	na
3/12/2015	Eko Devices	SGH Capital, Stanford StartX	Early stage	2.00	-	-	na
3/11/2015	HealthLoop	Canvas Venture Fund, Subtraction Capital	Early Stage	3.00	20.42	23.42	12.8%
3/1/2015	CirrusMD	New York Angels, Sand Hill Angels, The Broe Group	Seed	2.35	3.00	5.35	43.9%
2/6/2015	DocuTap	Bessemer Venture Partners	D	6.00	63.24	69.25	8.7%

Source: Pitchbook, dated 11/8/16



# Precedent Private Placement Transactions (cont.)

(\$ in millions)				Round /	Total	Pre Money	Post Money	%
Date	Target	Lead Investor(s)	Stage	Transaction Size	Valuation	Valuation	Acquired	
1/28/2015	HealthSpot	BlueTree Allied Angels, Xerox Ventures	Later Stage	11.56	-	-	na	
1/15/2015	INRange Systems	BlueTree Allied Angels, Hopewell Ventures, Life Sciences Greenhouse of Central PA	B	7.12	23.59	30.71	23.2%	
1/15/2015	Evidation Health	GE Ventures	A	6.17	12.75	18.91	32.6%	
1/12/2015	Augmedix	DCM Ventures, Emergence Capital Partners	A	16.00	56.76	72.76	22.0%	
1/8/2015	Welltok	Bessemer Venture Partners	D	37.00	179.13	216.13	17.1%	
1/8/2015	Welltok	Bessemer Venture Partners	D1	37.00	179.13	216.13	17.1%	
1/6/2015	Caremerge	Arsenal Venture Partners, Cambia Health Solutions, GE Ventures, Generator Ventures, Link-age Ventures	B	4.00	14.69	18.69	21.4%	
12/15/2014	American Well	Anthem, InVenture Partners	C	81.19	603.00	684.19	11.9%	
12/3/2014	Instamed	Undisclosed Investors	A	16.80	171.20	188.00	8.9%	
12/1/2014	AlayaCare	Klass Capital	Early stage	2.40	-	-	na	
12/1/2014	Predilytics	Qualcomm Ventures	C	10.00	32.73	42.73	23.4%	
11/21/2014	InfoBionic	Safeguard Scientifics	B	16.95	12.52	29.47	57.5%	
10/24/2014	CivcHealth	Link-age Ventures, Ziegler Healthcare Capital	B	3.50	5.50	9.00	38.9%	
10/21/2014	CareSync	CDH Solutions, Clearwell Group, Travis Bond, Tullis Health Investors	A	4.25	8.52	12.77	33.3%	
9/25/2014	Spruce	Baseline Ventures, Cowboy Ventures, Joe Greenstein, Kleiner Perkins Caufield & Byers, Lee Linden	Seed	2.00	8.00	10.00	20.0%	
9/23/2014	Jiff	Venrock	B	18.50	8.87	27.37	67.6%	
9/18/2014	Teladoc	Jafo Ventures	F	57.14	185.84	242.98	23.5%	
8/20/2014	HealthPrize Technologies	Mansa Capital	A	3.00	-	-	na	
7/31/2014	Epion Health	Deerfield Management	A	6.81	9.23	16.04	42.5%	
7/15/2014	Capricity	Accomplice VC, Atlas Venture	B	11.25	21.79	33.04	34.0%	
6/18/2014	Maxwell Health	McKesson Ventures, Bessemer Venture Partners	B	11.00	54.55	65.55	16.8%	

Source: Pitchbook, dated 11/8/16



# Precedent Private Placement Transactions (cont.)

(\$ in millions)				Round /	Total	Pre Money	Post Money	%
Date	Target	Lead Investor(s)	Stage	Transaction Size	Valuation	Valuation	Acquired	
5/31/2014	Augmedix	DCM Ventures, Emergence Capital Partners	Seed	7.30	24.00	31.30	23.3%	
5/16/2014	QPID	New Leaf Venture Partners	B	12.31	17.00	29.31	42.0%	
5/16/2014	VoCare	Elevate Ventures, SAW Capital	A	5.00	-	-	na	
5/14/2014	Oscar	Formation 8	Early Stage	80.00	720.00	800.00	10.0%	
5/12/2014	Vivify Health	Ascension Health Ventures, Heritage Group	A	3.62	11.19	14.81	24.4%	
5/8/2014	Flatiron Health	Google Ventures	B	130.00	195.00	325.00	40.0%	
5/5/2014	eVariant	Lightspeed Venture Partners	B	18.30	79.48	97.77	18.7%	
5/5/2014	Accolade	Escalate Capital Partners	Later Stage	2.80	-	-	na	
5/2/2014	HealthSpot	Early Stage Partners	Later Stage	18.32	-	-	na	
4/3/2014	TripleCare	Apple Tree Partners	A	2.25	4.69	6.94	32.4%	
3/21/2014	Procured	Clayton Associates	A	4.00	8.65	12.65	31.6%	
3/17/2014	TytoCare	OrbiMed	A	6.00	-	-	na	
2/4/2014	RxLabelReader	IncWell	Early Stage	2.00	-	-	na	
1/29/2014	OnShift	HLM Venture Partners	C	7.10	28.41	35.51	20.0%	
1/22/2014	MDLIVE	Heritage Group, Sutter Health Master Trust	C	23.60	69.62	93.23	25.3%	
1/21/2014	Issio Solutions	-	B	3.00	6.73	9.73	30.8%	
1/9/2014	Oscar	Founders Fund	Early Stage	30.00	310.00	340.00	8.8%	
12/27/2013	Leaf Healthcare	Undisclosed Investors	C	6.80	15.52	22.32	30.5%	
12/19/2013	Medicinia	Redpoint Ventures	Early Stage	9.82	-	-	na	
12/12/2013	Accolade	Carrick Capital Partners	D	30.00	312.49	342.49	8.8%	
12/9/2013	HealthLoop	Undisclosed Investors	Early Stage	10.15	7.36	17.51	58.0%	
12/4/2013	Shareable Ink	Lemhi Ventures	C	10.81	14.30	25.11	43.1%	
11/14/2013	Acupera	Liebkind, The Whittemore Collection	A	6.00	12.00	16.00	37.5%	

Source: Pitchbook, dated 11/8/16

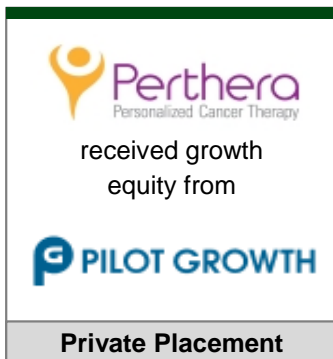


# Morgan Lewis



## 2. CASE STUDIES

# Perthera Equity Investment



Perthera	Investors
<ul style="list-style-type: none"> <li>• Market and technology leader in developing Precision Cancer Analysis used to provide detailed full molecular information about cancer tumors.</li> <li>• Precision Cancer Analysis is a first step in the use of personalized medical treatments for cancer patients.</li> </ul>	<p><b><u>Pilot Growth</u></b></p> <ul style="list-style-type: none"> <li>• Invests in growth-stage technology companies that require capital and strategic resources to accelerate their growth.</li> <li>• The firm funds minority investments including early stage venture and growth equity investments.</li> </ul>
Use of Proceeds	The Transaction
<ul style="list-style-type: none"> <li>• Capital to support company growth:             <ul style="list-style-type: none"> <li>▪ Building its sales and marketing initiatives to obtain global coverage</li> <li>▪ Hiring of additional employees</li> <li>▪ Funding of technology investments</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• \$7.5 million of growth equity raised from Pilot Growth</li> <li>• The competitive environment that Evergreen created resulted in Perthera being able to negotiate favorable terms for the investment – non-participating preferred stock.</li> </ul>





# Sale of Happtique to SocialWellth



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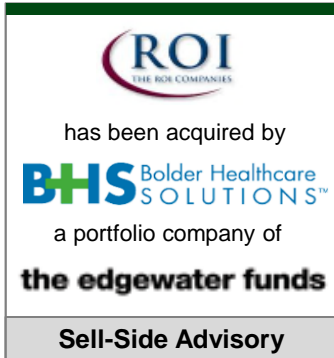


**Sell-Side Advisory**

Happtique	SocialWellth
<ul style="list-style-type: none"> <li>Happtique was founded and owned by the Greater NY Hospital Association (GNYHA), and pioneered the indexing and prescribing of health apps</li> <li>Happtique needed an outside capital infusion or strategic partner to continue the development and progress of the company</li> <li>GNYHA desired to de-consolidate Happtique for financial reporting purposes and relieve itself of the financial commitment required for the company's continued development</li> </ul>	<ul style="list-style-type: none"> <li>Provider of web based consumer care management systems to individuals, third party administrators and employers.</li> <li>The company integrates an individual's health risk assessment with medical and pharmacy claims, laboratory test results and biometric data to provide personalized and actionable healthcare programs.</li> <li>It provides health related concepts through interactive health education information, photos and videos.</li> </ul>
Strategic Rationale	The Transaction
<ul style="list-style-type: none"> <li>Happtique provides SocialWellth significant health system customers and growing sales pipeline</li> <li>Happtique and SocialWellth were two of the early market pioneers in launching digital health curation services within two distinct markets.</li> <li>By combining both entities, the resulting company would offer a new perspective on digital health curation and provide product synergies</li> </ul>	<ul style="list-style-type: none"> <li>SocialWellth acquired Happtique in a tax efficient stock for stock transaction</li> <li>GNYHA was able to deconsolidate Happtique and still have upside based on their continued equity participation in SocialWellth</li> </ul>



# Sale of ROI Companies to Bolder Healthcare/Edgewater



The ROI Companies	Bolder Healthcare/Edgewater
<ul style="list-style-type: none"> <li>• The ROI Companies is a full service revenue cycle management firm specializing in the healthcare industry</li> <li>• ROI provides services to hospitals and physician groups including insurance billing and follow-up, coding, consulting, cash acceleration and collections</li> <li>• The management team wanted to evaluate different liquidity options for shareholders, as well as potential avenues for inorganic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Bolder Healthcare Solutions was acquired by The Edgewater Funds in August 2012</li> <li>• Bolder is a provider of revenue cycle management services to hospitals and physicians and offers tools for providers in order to improve their financial performance</li> <li>• Edgewater acquired Bolder Healthcare with a veteran management team focused on growing the business to gain market presence</li> <li>• Edgewater currently has approximately \$2.1 billion in assets under management across several funds</li> </ul>
Strategic Rationale	The Transaction
<ul style="list-style-type: none"> <li>• Provides immediate scale to Bolder platform</li> <li>• Cost synergies</li> <li>• Industry expertise of ROI management with strategic vision for growth</li> </ul>	<ul style="list-style-type: none"> <li>• ROI was successfully recapitalized by selling a majority stake to Bolder Healthcare Solutions while allowing the ROI management team to retain a minority stake in the new company</li> <li>• Evergreen structured the most efficient and optimal terms of the transaction for ROI's shareholders and management</li> <li>• The favorable transaction structure enabled ROI's president to continue leading the company's growth efforts under its new partnership</li> </ul>





# Office Locations



## **Metropolitan Baltimore, MD Office**

9256 Bendix Road | Suite 300  
Columbia, MD 21045 | 410.997.6000



## **Metropolitan Washington, D.C. Office**

8000 Towers Crescent Drive | Suite 850  
Tysons Corner, VA 22182 | 571.406.5230



## Our Global Reach

Africa  
Asia Pacific  
Europe  
Latin America  
Middle East  
North America

## Our Locations

Almaty	Dallas	Los Angeles	Philadelphia	Silicon Valley
Astana	Dubai	Miami	Pittsburgh	Singapore
Beijing	Frankfurt	Moscow	Princeton	Tokyo
Boston	Hartford	New York	San Francisco	Washington, DC
Brussels	Houston	Orange County	Santa Monica	Wilmington
Chicago	London	Paris	Shanghai	

