

# Market Insights | Q3'20



***Market Insights*** is a quarterly perspective on mergers and acquisitions, private placement activity, and public market performance in the healthcare industry.





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TripleTree is a healthcare merchant bank focused on mergers and acquisitions, growth capital, strategic advisory and principal investing services. Since 1997, the firm has advised and invested in some of the most innovative, high-growth businesses in healthcare.

We are continuously engaged with decision makers including best-in-class companies balancing competitive realities with shareholder objectives, global companies seeking growth platforms, and financial sponsors assessing innovative investments and first-mover opportunities.

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# QUARTER IN REVIEW

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# KEY TRENDS DRIVING MARKET ACTIVITY

M&A activity in the United States has continued its rapid rebound since being affected by the COVID-19 pandemic. The healthcare industry saw investing and deal making activity slide in the second quarter, but the third quarter proved to be the opposite story. Healthcare M&A activity rose over 50% to the second quarter and was 3% higher than the same quarter in 2019. Despite the uncertainty stemming from COVID-19 and a looming presidential election, there are several key trends forming within the industry that have created a bright outlook for the future. In this installment of Market Insights, we will discuss these developments and review related transactions from the third quarter.



## Next-Generation Payment Integrity

All stakeholders involved in the delivery of healthcare services want accurate billings and payments. There has been a heightened level of payer interest in reducing administrative expense without increasing member and provider abrasion. Evolving payment models require new approaches to traditional workflows. Payment integrity vendors with advanced data management capabilities are needed to handle the complexity of value-based arrangements that span a multitude of care settings.

Timeliness of information and the dynamic nature of eligibility, across all care settings, make it challenging to determine whether a claim should be held or pended. Outsourced vendors bring an additive level of technology, analytics, and workflow capabilities that payers are challenged to replicate on their own. The ability of payment integrity vendors to manage large amounts of data in a systematic way to identify large savings opportunities is heightening their importance as strategic partners to health plans. In particular, the market is expanding programs that transition to a prospective approach to claims integrity, offering an acute focus on prevention and cost avoidance. Vendor consolidation is likely to move towards integrated solutions that connect to all information exchange partners, thereby ingesting, correlating, and optimizing digital health data into insights that will revolutionize the industry. Amidst the ongoing product innovation and complex regulatory landscape, TripleTree expects that payers will continue to evaluate strategies that can bend the cost curve and maximize margins.



### Addressing Mental Health and Wellbeing

Throughout the COVID-19 pandemic, mental health has been at the forefront of the healthcare industry. As everyone navigates uncertain and stressful times, there has been an uptick in the number of people seeking behavioral health care. COVID-19 has expedited the need to bring new and contemporary treatment methods to behavioral health patients.

As an industry that is largely reliant on traditional treatment methods, a key area of focus in this market has been the implementation of technology-enabled platforms, such as virtual technology, to augment traditional inpatient and outpatient treatment programs. Through a virtual care platform, providers can reach more patients, conduct more efficient appointments, and provide a heightened sense of security for the patient. As demand continues to rise and social stigmas around mental health fade, it will be imperative for continued investment to promote behavioral healthcare and the development of new technologies.

There have already been examples of financial sponsors expressing a great deal of interest in this space. With a continued push toward technology-enabled care, there will be a significant amount of M&A activity as parties look to acquire the most promising assets.



### Optimizing Consumer Navigation

As a whole, Americans struggle with health literacy, causing many to not fully understand their health benefits coverage. Closing gaps in care requires individuals to utilize the breadth of resources that are available to them. Technology-based decision support and navigation services can help solve this problem with a value proposition tailored to making sure individuals are more informed and can find the care that best fits their needs.

For many, understanding the full breadth of what their benefit plan can provide is too tall a task. The movement towards technology-enabled platforms is allowing consumers to gain a better understanding of all the stakeholders involved in a highly complex healthcare system. According to a CMS study, 53% of consumers are unhappy with their medical decisions because they lack the appropriate information and guidance. Consumer-friendly, personalized forms of engagement drive individuals towards resources and programs that positively impact the medical cost trend across the entire industry. An example of this would be on-demand, clinically validated content that the consumer can review on their own schedule and aid them in making the best decision possible to fit their needs.

# NOTABLE M&A ACTIVITY IN Q3'20



**HealthEdge**, a **Blackstone Group** portfolio company, announced the acquisition of **The Burgess Group**. The acquisition represents an opportunity to drive meaningful growth in Burgess by leveraging HealthEdge's existing technology and operational infrastructure. The Burgess Group offers a cloud-based solution, which eliminates other pricing/claims editing hosting charges and maintenance efforts.

Payment integrity presented a logical adjacency to expand HealthEdge's solution suite across the payment lifecycle and provided an immediate opportunity to address a larger share of the **\$900B+** of wasteful spend that exists in the industry.



**Discovery Health Partners**, a **Carrick Capital Partners** portfolio company, announced the acquisition of **Consova's** payment integrity business. The acquisition greatly expands Discovery's data mining expertise and capabilities. Consova's payment integrity business is comprised of a robust set of unique, proprietary algorithms and process automation tools that identify medical claims most likely to be billed, coded, or submitted in error.

Healthcare claims processing is as complex as ever. Combined, Discovery and Consova plan to rapidly grow their footprint in the health plan marketplace through the release of new solutions. Delivering unique, actionable analytic insights will increase client financial performance in a meaningful way.



**LifeSpeak** announced a **\$43M** growth equity investment from **Round13 Growth Fund**, **Kensington Capital Partners**, and **Roynat Capital**. This represents the first institutional funding round for LifeSpeak, which is looking to accelerate its global growth trajectory. Market demand for remote, technology-based mental health and wellness solutions has taken off over the past few years. Core to LifeSpeak's offering is a technology-led approach to engagement, training and communication, which helps achieve industry-leading utilization metrics.

The COVID-19 crisis has illustrated the market need for technology-based mental health and wellness solutions. Staying at the forefront of employee well-being can build a strong corporate culture and improve productivity.

## NOTABLE M&A ACTIVITY IN Q3'20 CONTINUED



**Accolade** raised **\$220M** at a **\$1.2B** valuation in its initial public offering. Accolade provides a health benefits platform for self-insured employers. The Seattle-based company allows customers to “fully carve out” carriers, thereby filling the void by providing member services, disease management programs, and utilization management review. Aimed at improving health outcomes and controlling costs, Accolade ultimately helps its members make better, data-driven decisions around navigating their health benefits and accessing care.

As of early November 2020, Accolade is trading at a market cap of **\$1.8B+**. The public markets are highly receptive to companies that are demonstrating a high-growth trajectory.



**Grand Rounds** secured a **\$175M** investment from funds affiliated with **The Carlyle Group**. The proceeds will be used to scale its operations across clinical navigation and virtual primary care. Urgent Response, a 24/7 crisis response offering, was unveiled in April to support employees impacted by COVID-19. Employers navigating the challenges of workplace re-openings can lean on Grand Rounds to support members as it relates to clinical, financial, and administrative tasks.

Grand Rounds also recently enhanced its Premier Navigation solution to include telemedicine, allowing physicians to devise effective and affordable care plans for members. Integrating telemedicine offers the promise of increasing access to high-quality care while reducing costs.



**ConsumerMedical**, a **TT Capital Partners** portfolio company, announced the acquisition of **InfiniteMD**. InfiniteMD is a virtual expert opinion leader that provides consumers with a high-tech, high-touch offering. Patients can ask doctors to evaluate their diagnosis, review alternative treatment plans, and compare medications available to them. Moving forward as one company, ConsumerMedical and InfiniteMD will accelerate their technology roadmap and expand their geographic footprint.

The second opinion space has continued to gain attention in healthcare industry circles. There is an increasing focus on creating connected care platforms that can address complex patient conditions and illnesses.





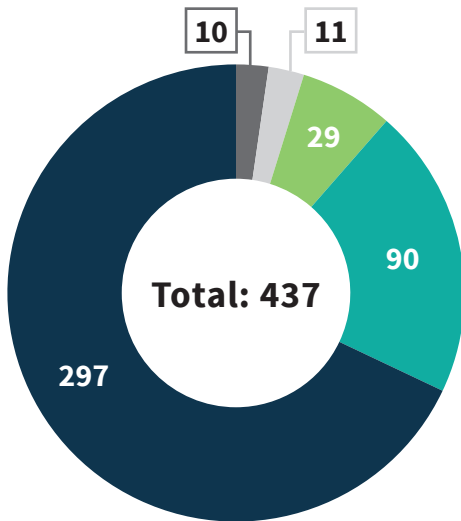
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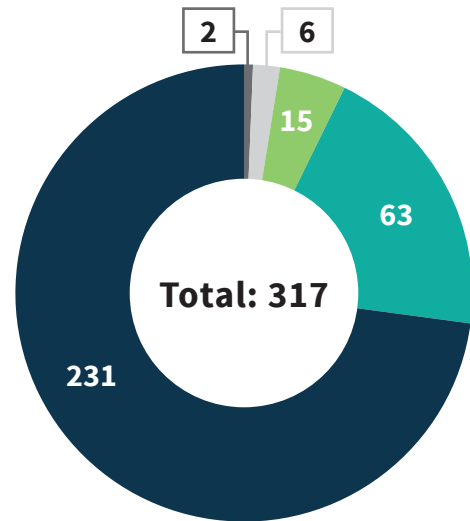
# M&A Deal Stratification

# Q3'20 HEALTHCARE M&A DEAL STRATIFICATION

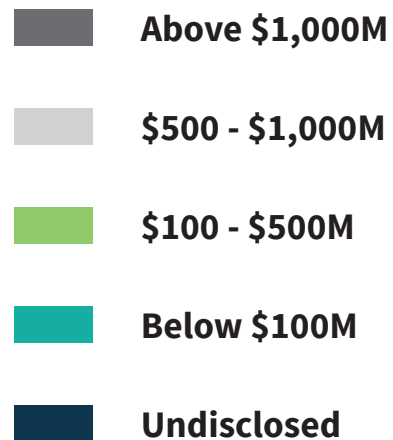
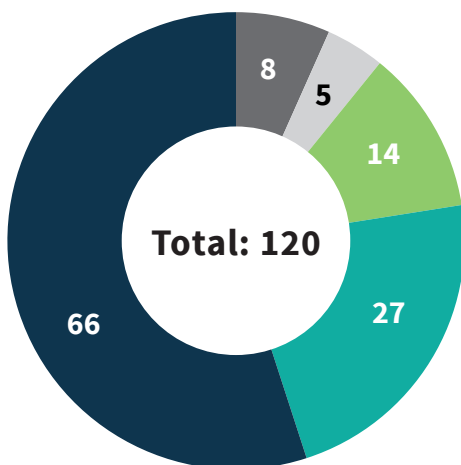
**Total Deals by Transaction Ranges**



**Closed Deals by Transaction Ranges**



**Announced & Pending Deals by Transaction Ranges**

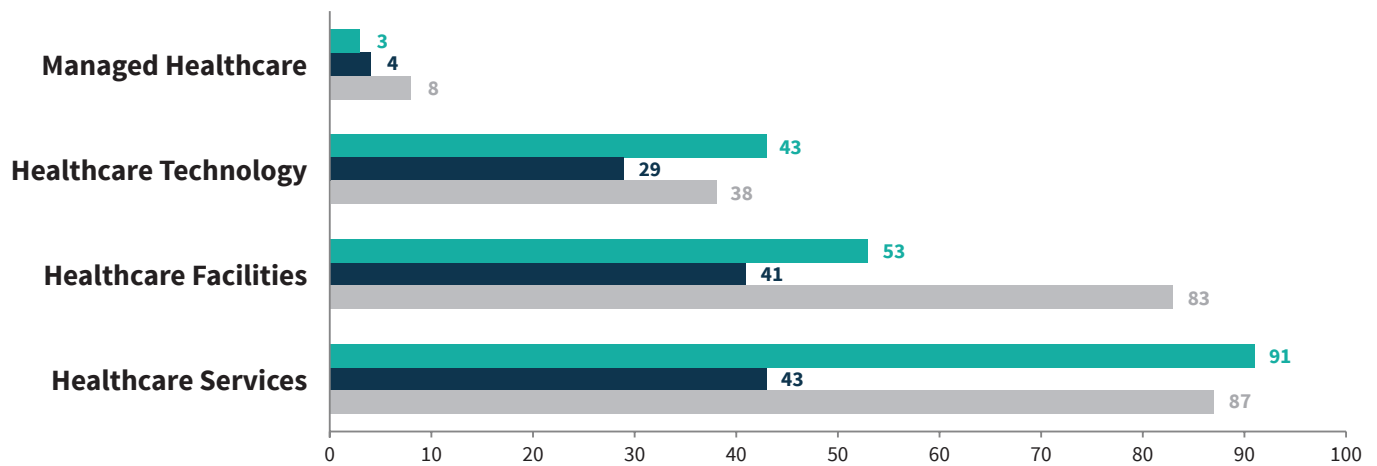


Source: S&P Capital IQ

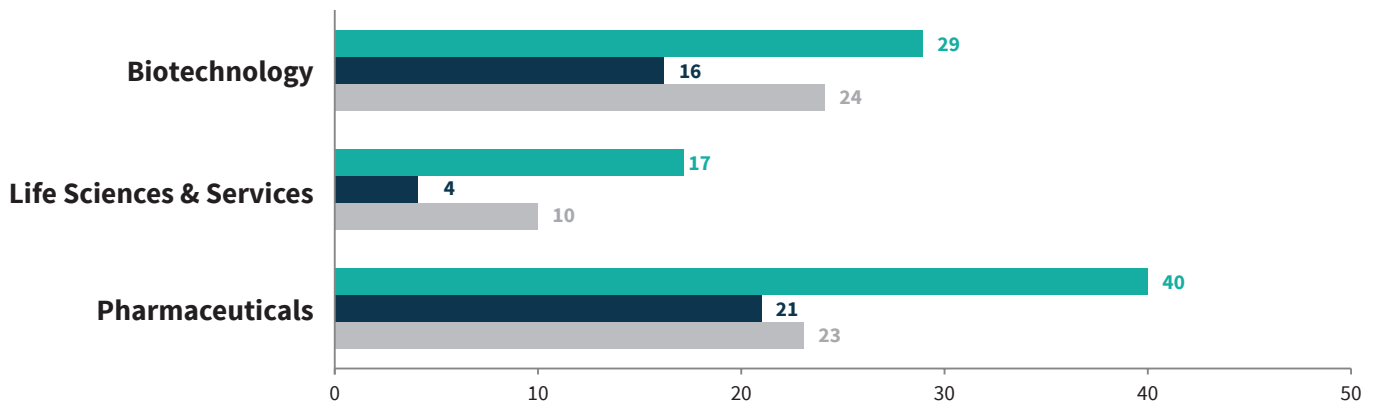
## Q3'20 M&A DEAL STRATIFICATION CONTINUED

■ Q3 2020   
 ■ Q2 2020   
 ■ Q1 2020

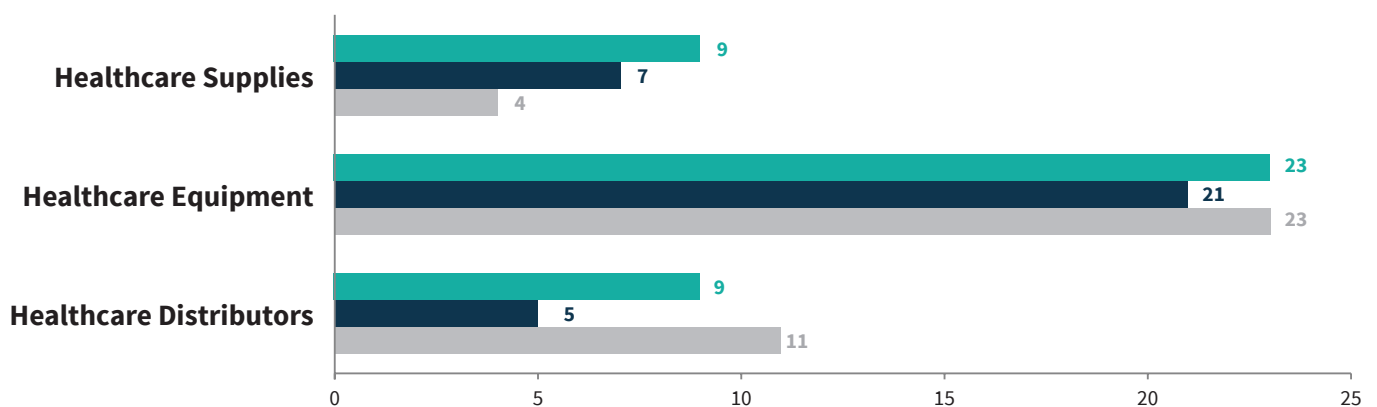
### Healthcare Services, Facilities & Technology – 190 Closed Transactions



### Life Sciences Technology & Services – 86 Closed Transactions



### Healthcare Equipment and Distribution – 41 Closed Transactions



Source: S&P Capital IQ

## Q3'20 M&A DEAL STRATIFICATION CONTINUED

(\$ in Millions)

### Total Q3 Deal Activity

|                                       |                  |
|---------------------------------------|------------------|
| <b>Total Deals Reported in Q3</b>     | 437              |
| # of Deals Disclosing Metrics         | 135              |
| # Reported TEV                        | 107              |
| # Reported TEV & Rev                  | 20               |
| # Reported TEV, Rev & EBITDA          | 8                |
| Average TEV                           | \$573            |
| Average TEV/Rev                       | 5.8x             |
| Average TEV/EBITDA                    | 13.1x            |
| Median TEV                            | \$36             |
| Median TEV/Rev                        | 2.2x             |
| Median TEV/EBITDA                     | 10.8x            |
| <b>Total Deal Value</b>               | <b>\$136,798</b> |
| <b>Prior Quarter Total Deal Value</b> | <b>\$97,432</b>  |
| <b>% Change</b>                       | <b>40.4%</b>     |

### Q3 Deal Activity — Closed<sup>1</sup>

|                                       |                 |
|---------------------------------------|-----------------|
| <b>Total Deals Reported in Q3</b>     | 317             |
| # of Deals Disclosing Metrics         | 84              |
| # Reported TEV                        | 70              |
| # Reported TEV & Rev                  | 10              |
| # Reported TEV, Rev & EBITDA          | 4               |
| Average TEV                           | \$174           |
| Average TEV/Rev                       | 3.9x            |
| Average TEV/EBITDA                    | 13.8x           |
| Median TEV                            | \$31            |
| Median TEV/Rev                        | 1.9x            |
| Median TEV/EBITDA                     | 11.6x           |
| <b>Total Deal Value</b>               | <b>\$15,152</b> |
| <b>Prior Quarter Total Deal Value</b> | <b>\$89,663</b> |
| <b>% Change</b>                       | <b>(83.1%)</b>  |

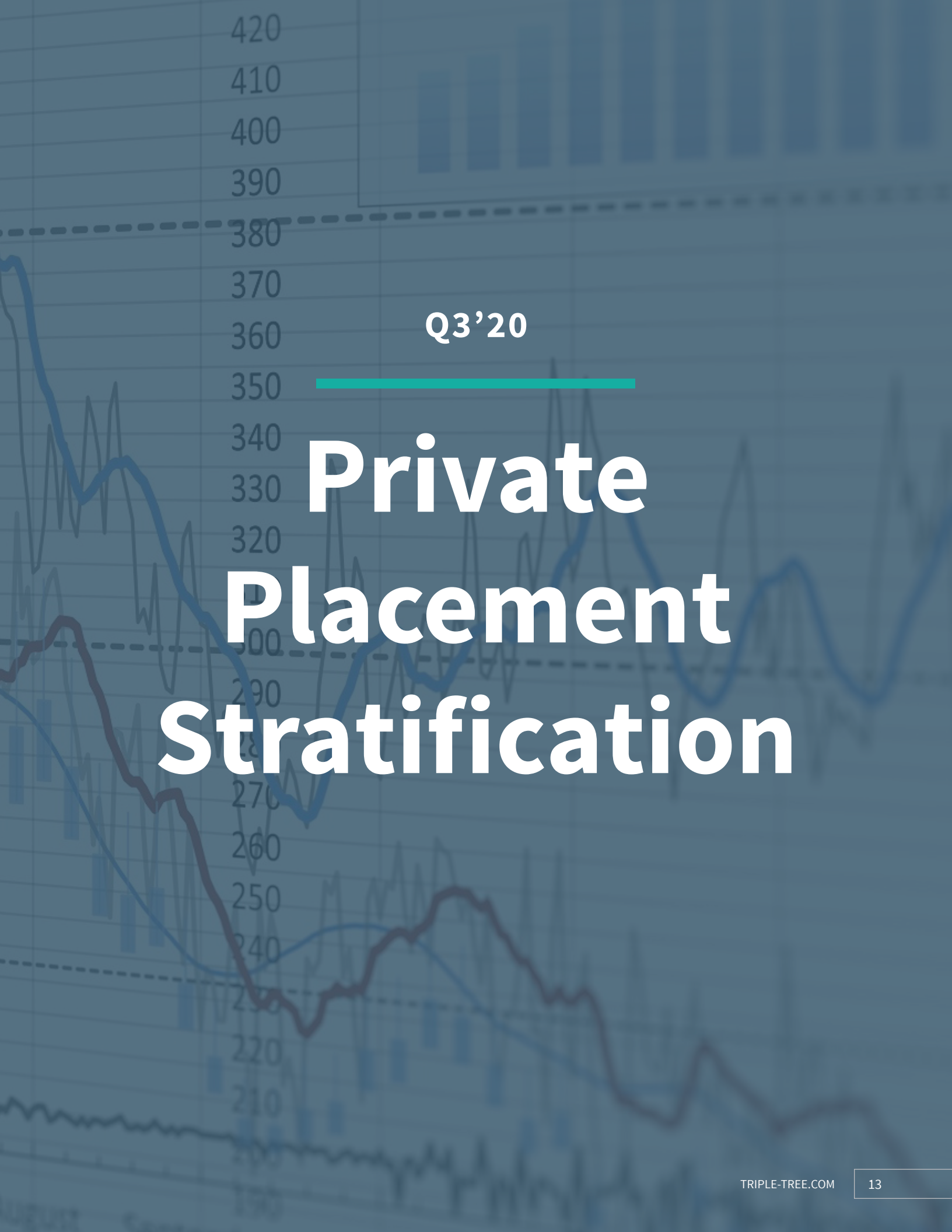
### Q3 Deal Activity — Announced & Pending<sup>2</sup>

|                                       |                  |
|---------------------------------------|------------------|
| <b>Total Deals Reported in Q3</b>     | 120              |
| # of Deals Disclosing Metrics         | 51               |
| # Reported TEV                        | 37               |
| # Reported TEV & Rev                  | 10               |
| # Reported TEV, Rev & EBITDA          | 4                |
| Average TEV                           | \$913            |
| Average TEV/Rev                       | 7.2x             |
| Average TEV/EBITDA                    | 12.6x            |
| Median TEV                            | \$42             |
| Median TEV/Rev                        | 2.7x             |
| Median TEV/EBITDA                     | 10.8x            |
| <b>Total Deal Value</b>               | <b>\$121,646</b> |
| <b>Prior Quarter Total Deal Value</b> | <b>\$7,769</b>   |
| <b>% Change</b>                       | <b>1465.8%</b>   |

(1) Transactions that closed during the quarter, regardless of when the transaction was announced

(2) Deal was announced during the quarter but did not close during the quarter

Source: S&P Capital IQ

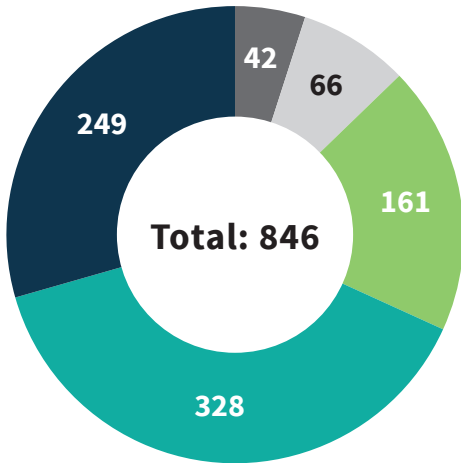


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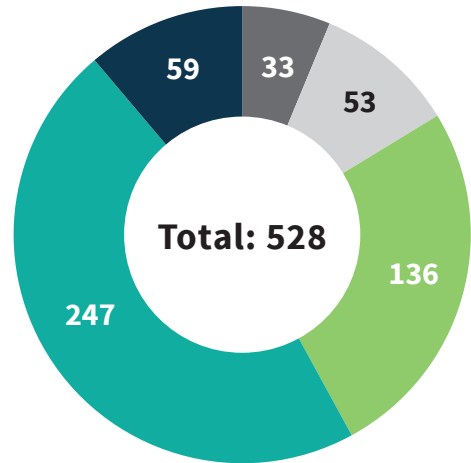
# Private Placement Stratification

# Q3'20 HEALTHCARE PRIVATE PLACEMENT STRATIFICATION

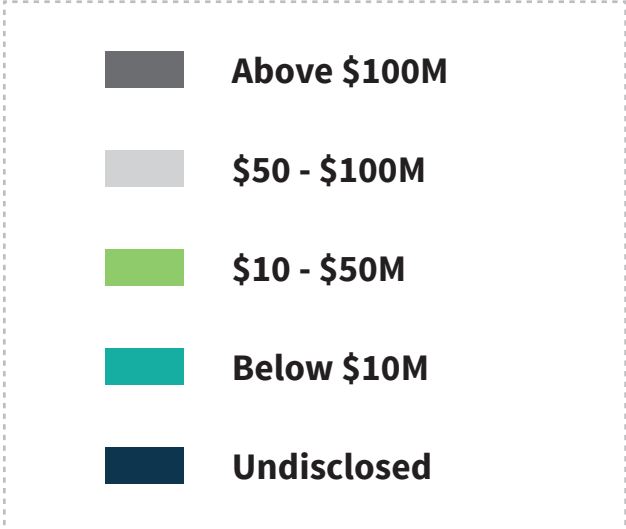
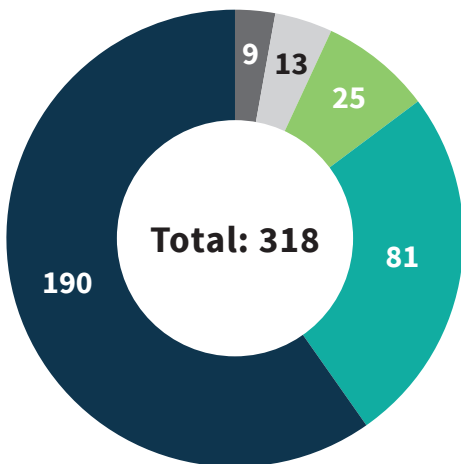
**Total Private Placements by Investment Value**



**Closed Private Placements by Investment Value**



**Announced & Pending Private Placements by Investment Value**

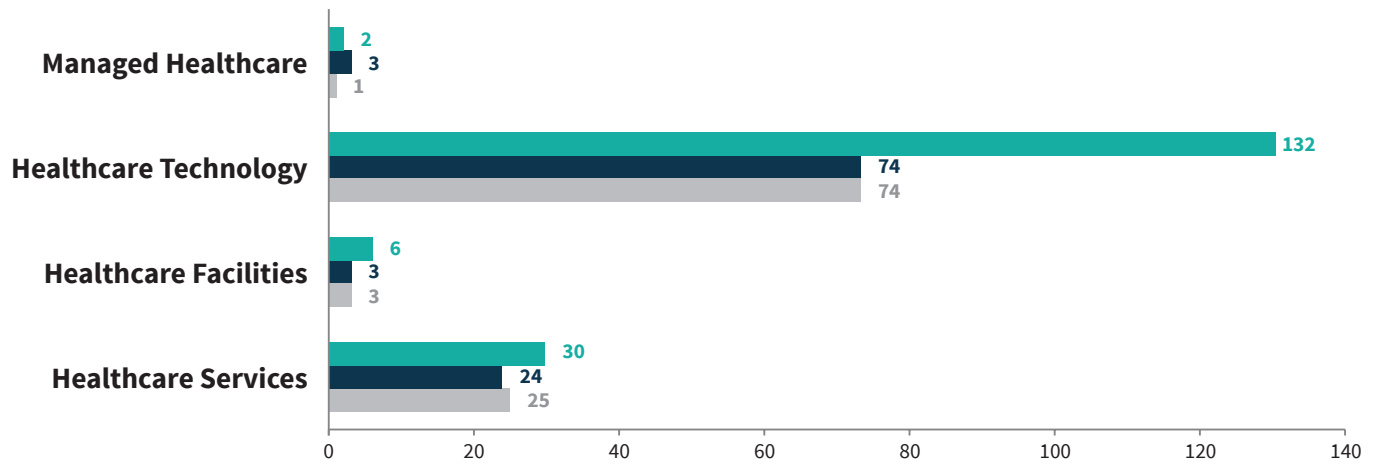


Source: S&P Capital IQ

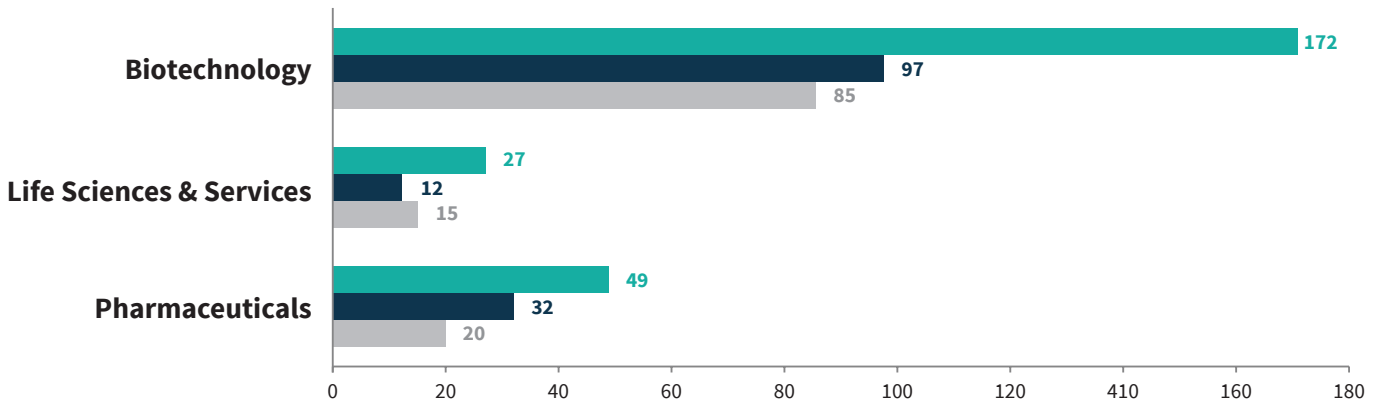
# Q3'20 PRIVATE PLACEMENT STRATIFICATION CONTINUED



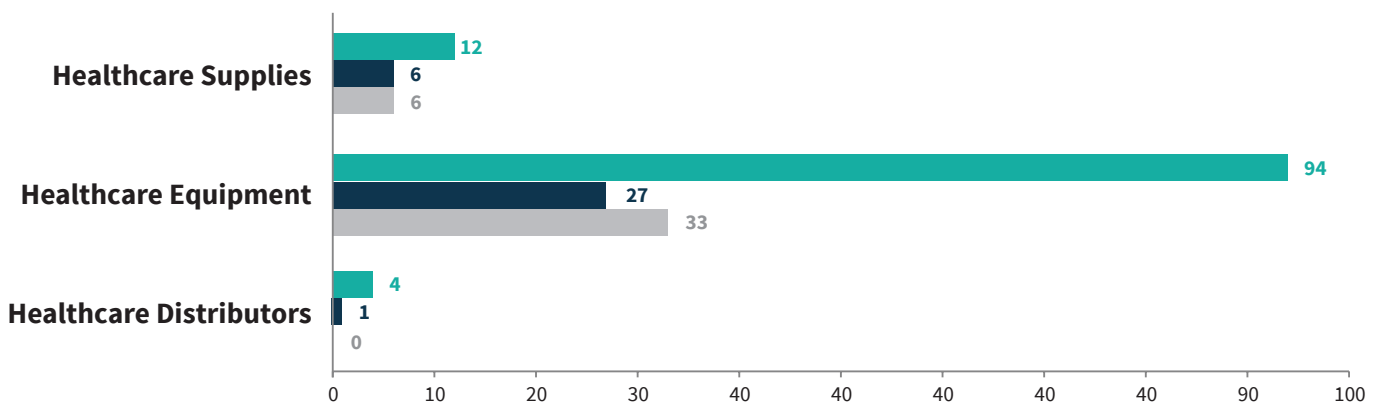
## Healthcare Services, Facilities & Technology – 170 Closed Transactions



## Life Sciences Technology & Services – 248 Closed Transactions



## Healthcare Equipment and Distribution – 110 Closed Transactions



Source: S&P Capital IQ

## Q3'20 PRIVATE PLACEMENT STRATIFICATION CONTINUED

(\$ in Millions)

| <b>Total Q3 Private Placement Activity</b>                    |                 |
|---|-----------------|
| Total Private Placements Reported in Q3                       | 846             |
| # of Private Placements Disclosing Investment Value           | 597             |
| Average Value   | \$31            |
| Median Value  | \$8             |
| <b>Total Value</b>  | <b>\$17,609</b> |
| <b>Prior Quarter Total Private Placement Investment Value</b> | <b>\$12,356</b> |
| <b>% Change</b>   | <b>42.5%</b>    |

| <b>Q3 Private Placement Activity — Closed<sup>1</sup></b>     |                 |
|---|-----------------|
| Total Private Placements Reported in Q3                       | 528             |
| # of Private Placements Disclosing Investment Value           | 469             |
| Average Value   | \$29            |
| Median Value  | \$8             |
| <b>Total Value</b>  | <b>\$13,830</b> |
| <b>Prior Quarter Total Private Placement Investment Value</b> | <b>\$9,802</b>  |
| <b>% Change</b>   | <b>41.1%</b>    |

| <b>Q3 Private Placement Activity — Announced &amp; Pending<sup>2</sup></b> |                |
|--|----------------|
| Total Private Placements Reported in Q3                                    | 318            |
| # of Private Placements Disclosing Investment Value                        | 128            |
| Average Value  | \$32           |
| Median Value   | \$8            |
| <b>Total Value</b>   | <b>\$3,779</b> |
| <b>Prior Quarter Total Private Placement Investment Value</b>              | <b>\$2,554</b> |
| <b>% Change</b>  | <b>48.0%</b>   |

(1) Transactions that closed during the quarter, regardless of when the transaction was announced

(2) Deal was announced during the quarter but did not close during the quarter

Source: S&P Capital IQ



Q3'20

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# Noteworthy M&A Transactions

## Key Themes

**Primary Care.** While last month's insights highlighted the stress on primary care providers due to low patient volumes, this month reminded markets of the significant disruption and investment taking place in the space. We continue to see significant capital deployed into innovative, tech-enabled primary care solutions that are rethinking an area of care whose delivery has remained largely unchanged for years. An estimated \$260 billion is spent annually on primary care in the US, yet access to and quality of care remains a hurdle. Considering the massive annual spend and demonstrated clinical benefits of primary care, new care delivery models being brought to the market by well-capitalized disruptors are here to stay. Despite the negative impact of COVID-19 on individual primary care practices, funding continues to flow into the space and at significant valuation levels.

### **Post-Acute Provider Technology.**

Shifting healthcare payment models, regulation, governance, and compliance have fueled much of the healthcare IT and SaaS spend in the acute setting. This long-established trend has and will continue to impact the post-acute setting as well, as providers seek to simultaneously improve quality, outcomes, and the patient experience, all while adequately supporting staff and cutting costs. We expect to see continued emphasis on tech-enabled services that leverage data in supporting the delivery of care, enabling care coordination, streamlining workflows, and facilitating greater interoperability across any number of platforms.

**Payer Technology.** Digital strategies are quickly accelerating across the healthcare ecosystem and payers who sit between the patient and provider are essential to driving change. While there is a continued need for transformative technologies that help exchange, process and review administrative, claims and clinical data quickly and accurately, consumer experience and engagement have become equally vital. Technology that is capable of containing cost while maximizing member growth and engagement are vital to succeeding in a value-based era and will be a key focus for payers. As such, we expect to see increased activity across assets focused on digital health and the consumer experience.

## Noteworthy M&A and Private Placement Transactions

- Oak Street Health**, a Chicago-based primary care provider for Medicare patients, announced the terms for its IPO. At the time of announcement, Oak Street planned to raise \$250M at a price range of between \$15 – \$17 per share. The Company has since closed its offering at **\$21 per share**, raising **~\$377 million**. Oak Street provides care to around 85,000 patients across 8 states in the Midwest with over 250 primary care providers and over 50 health centers.
- Humana (NYSE: HUM)** invested **\$100 million in Heal**, a provider of in-home and virtual primary care visits. Heal currently operates in 7 states and the investment will be used to expand that footprint into new markets such as Chicago, Charlotte, and Houston. As a result of the pandemic, Humana has seen increased demand for home-based care.
- VillageMD**, a Chicago-based provider of primary healthcare services, received a **\$1B** investment from **Walgreens Boots Alliance (NASDAQ:WBA)**, a retail and wholesale pharmacy company. The expanded partnership will open 500 to 700 “Village Medical at Walgreens” physician-led primary care clinics in more than 30 U.S. markets in the next five years, with the intent to build hundreds more thereafter.
- Doctor On Demand** announced a **\$75 million** in Series D financing led by **General Atlantic**. Doctor On Demand provides virtual urgent care, behavioral health, and primary care services and has more than doubled its covered lives in the past six months with demand driven by the pandemic.
- Wellsky**, a provider of technology solutions to post-acute and communicate care providers, and existing investor **TPG Capital**, announced an additional investment from **Leonard Green & Partners**. As part of the transaction, TPG will make a new investment in Wellsky and will remain a 50% shareholder.
- Forcura** secured a growth investment from **Accel-KKR**. Forcura’s technology and analytics solutions streamline workflows, referrals, and care coordination efforts for post-acute care providers.
- HealthEdge**, a provider of Core Administrative Processing Systems (CAPS) solutions to customers across the healthcare ecosystem, announced the acquisition of **The Burgess Group**. Burgess is a payment integrity software company focused on improving healthcare payment operations through technology. TripleTree served as financial advisor to Blackstone and HealthEdge on the acquisition of Burgess.

- **TA Associates** and **Francisco Partners** announced that they have signed a definitive agreement to make a significant growth investment in **Edifecs**. Edifecs is a U.S. based healthcare technology company with payer solutions focused on interoperability, workflows, value-based care payments and analytics. TripleTree served as financial advisor to Edifecs.
- **Seniorlink**, a tech-enabled company that empowers caregivers coordinating care for seniors, has been acquired by **Thomas H. Lee Partners**. Seniorlink provides caregivers with education, support and case management services to help care for loved ones with complex needs or chronic conditions in the home.

# AUGUST 2020

## Key Themes

### **Continued consolidation across Revenue Cycle Management (RCM).**

While US hospitals and healthcare organizations have adapted the way they serve patients during the pandemic, their performance and financial stability have taken a significant blow as patient volumes and elective procedures suffered under COVID-19. Top inpatient procedures, which account for 50 percent of total payments made to hospitals, saw significant declines in volume according to [Strata Decision Technology](#). As a result, hospitals are projected to lose over \$320 billion due to the coronavirus, and these losses could worsen if cases surge again. The need for hospitals and healthcare organizations to better manage their revenue cycles is increasingly important as providers additionally make investments to follow new social distancing standards, to fund PPE, and to provide telehealth alternatives. Recent transactions highlight the importance of revenue cycle management to healthcare organizations and the need for RCM providers to both broaden and optimize their product offerings.

**Impact to Behavioral Health.** An under-recognized effect of the pandemic is the devastating impact isolation, unemployment and general stress is having on individuals' mental and behavioral health. COVID-19 and the corresponding financial crisis has driven an increase in mental and substance use disorders, including depression, anxiety, and alcohol or drug use. Before COVID-19, the US was already

experiencing a shortage of mental health professionals, and the economic challenges imposed by the pandemic may exacerbate this shortage even further. Despite this, the behavioral health market is expected to reach \$240b+ by 2026 as national expenditures on mental health and substance abuse treatment increase at a significant rate. Along with the increased demand for behavioral health services, favorable legislative initiatives, attractive financial models, the ability to serve niche markets, and other tailwinds are expected to fuel M&A activity going forward.

### **Reinvigoration of the Medical Imaging Market.**

With the return of nonessential and elective imaging exams and procedures, imaging professionals are adapting their services and procedures for patient interactions to meet pent-up demand while complying with social distancing and other safety standards. One measure being taken by many hospitals and healthcare providers is to transfer some of the workload over to off-site imaging. Off-site imaging companies have helped keep imaging processes moving forward. Additionally, increasing the availability of mobile and portable imaging systems has helped expand options to image patients inside and outside of healthcare facilities. Recent transactions highlight these dynamics within the medical imaging market.

## Noteworthy M&A and Private Placement Transactions

- **R1 RCM Inc. [NASDAQ:RCM]**, a leading provider of technology-enabled revenue cycle management services to healthcare providers, announced it has completed the acquisition of the **Cerner RevWorks'** services business and commercial, non-federal client relationships. The financial terms of the transaction were not disclosed.
- **Centauri Health Solutions** announced that it has acquired **Applied Revenue Analytics**, a Texas-based healthcare business intelligence company, from **OSG Billing**. This transaction introduces a complementary line of hospital revenue cycle performance services to Centauri's comprehensive solutions that encompass Medicaid and Disability Eligibility and Enrollment, as well as Out-of-State Medicaid Billing services. AppRev delivers technology-enabled revenue cycle optimization services in a Software-as-a-Service (SaaS) model. Terms of the transactions were not disclosed.
- **Health Catalyst [NASDAQ:HCAT]**, a Salt Lake City, Utah-based provider of data and analytics technology and services to healthcare organizations, will acquire Yakima, Washington-based **Vitalware**. Vitalware is a provider of revenue workflow optimization and analytics SaaS technology solutions to healthcare organizations. According to the SEC filing, Health Catalyst will pay \$120M plus a potential earnout of up to \$30M, financed by a mix of stock and cash.
- **Waystar**, a leading provider of healthcare payments software, announced they have entered into a definitive agreement to acquire **eSolutions**. eSolutions is a revenue cycle technology company with unique Medicare-specific solutions. With the acquisition, Waystar will be the first technology to unite both commercial and government payers into a single platform. TripleTree served as an advisor to eSolutions as part of the transaction.
- **Blue Sprig Pediatrics, Inc.** announced that it has acquired the assets of the Carmel, CA based **Aptitude Habilitation Services**. Aptitude is a multi-state clinic and home-based provider of Applied Behavior Analysis (ABA) therapy services treating children with Autism Spectrum Disorder (ASD). The financial terms of the transaction were not disclosed.
- **Rethink First**, the New York-based provider of cloud-based software solutions and assessments for supporting individuals with autism and other developmental disabilities, has secured a strategic investment from **K1 Investment Management**. The financial terms of the transaction were not disclosed.
- **Change Healthcare (Nasdaq: CHNG)** acquired **Nucleus.io** for its state-of-the-art, cloud-native imaging technology, including a zero-footprint diagnostic viewer with patented streaming technology. The acquisition is intended to

accelerate Change Healthcare's timeline to implement a complete cloud-based, Enterprise Imaging solution with customers. Nucleus.io brings over 7,500 entities it currently serves to help expand Change's market share. The financial details were not disclosed. Nucleus Health was a portfolio company of TT Capital Partners

- **Siemens Healthineers** agreed to buy **Varian Medical Systems** for about \$16.4B in cash in the biggest medical acquisition of the year. The German medical technology company offered \$177.5 per share for the Palo Alto, California-based business, 24% more than its recent closing price. The bid will be financed through both debt and equity, Siemens Healthineers said in a statement on Sunday. The deal would give Healthineers a sizable market share in the rapidly growing field of cancer treatment where it has little presence currently. The purchase will bring together two partners that have collaborated for more than a decade in areas such as radiotherapy diagnostics for cancer treatments.
- **Intelrad Medical Systems**, a leader in enterprise workflow solutions, announced the acquisition of **Radius**, a Nashville-based private cloud platform provider. This acquisition will help Intelrad in their goal of becoming the imaging cloud platform of choice. The two companies have more than 15 US-based clients in common. The financial terms of the deal were not disclosed.
- **Sunstone Partners**, a growth-oriented investment firm focused on tech-enabled services and software companies, has invested in **RSource Healthcare**, a leading provider of RCM services to hospitals and health systems. RSource provides specialty RCM services that help hospitals and health systems to efficiently manage complex areas of the revenue cycle, including clinical denials, patient-involved denials and accident claims. Terms of the transactions were not disclosed.
- **CloudMed (fka Revint Solutions)** announced the acquisition of **Triage Consulting Group** and **Praxis Healthcare Solutions**. Triage is one of the nation's premier healthcare revenue integrity companies, offering payment review, recovery, consulting, and legal support services. Praxis strengthens CloudMed's revenue recovery and denials management capabilities. CloudMed is an active portfolio company of **New Mountain Capital**. Financial terms of the acquisition were not disclosed.

# SEPTEMBER 2020

## Key Themes

### Shift Towards a Digital Pharmacy Experience.

The patient, pharmacy, and provider experience has historically been disjointed and convoluted. Numerous platforms have scaled up to acknowledge the shift in consumer behavior towards digital services. Seamlessly embedding into a pharmacy's workflow system, these platforms automate processes, enable data collection, power communications, and improve medication adherence.

**Digital Pharmacist** has successfully simplified marketing and patient engagement tools while **ScriptDrop** offers intelligent prescription delivery through a fully integrated supply chain network. Increased revenue and profit margins can be achieved through properly investing in technology solutions.

### Emphasizing Risk & Compliance Measures.

Effective risk management and compliance efforts help health care organizations identify potential problems, develop protocols for investigating the failure of various controls and policies, and cross-walk the feedback loop between clinical and non-clinical workflow functions. The healthcare industry has an ever-evolving regulatory environment, posing additional compliance burdens on management efforts. Data points can be gleaned from admission records, government surveys, employee exit interviews, and individual accidents. Demonstrating consistent risk management efforts can result in operational process improvement.

**Return of the SPAC.** Accompanying the rebound in the U.S. equity markets has been the outburst in capital raising efforts by blank check companies, or special purpose acquisition companies ("SPAC"s). **82** SPACs raised **\$30.2B** in the third quarter, more than all regular IPOs combined. SPACs raise money by going public and then hunting for a company in which to invest the funds they raised. Financial sponsors look to bring their extensive operating and M&A experience to companies seeking a liquidity event. Potential hurdles include securing approval for a business combination and a potential dilutive overhang to public investors. **MultiPlan** and **Clover Health** highlight a crop of healthcare companies looking to go public via a SPAC. All in all, venture-backed companies with long runways for growth are showing an increased appetite for exits to a SPAC.



## Noteworthy M&A and Private Placement Transactions

- UnitedHealth Group** agreed to acquire startup **DivvyDose**, a home-delivery pharmacy that helps patients keep track of the medicines they are taking to manage chronic conditions. DivvyDose, founded in 2015, delivers medication with clearly labeled dosage information and time and dates for consumption. This acquisition will likely be very complimentary to OptumRx, one of the nation's leading pharmacy benefit managers.
- TruePill** secured **\$75M** in Series C funding, led by **Oak HC/FT**. The company's API infrastructure sits at the intersection of digital health brands, pharmaceutical manufacturers, and health plans. The funding round will expand the company's offerings beyond telehealth connectivity and prescription fulfillment, kicking off the company's at-home lab testing efforts.
- symplr**, a portfolio company of **Clearlake Capital** and **SkyKnight Capital**, acquired **ComplyTrack** from **Wolters Kluwer**. symplr's governance, risk management, and compliance software-as-a-service (SaaS) platform proved to be a logical home for ComplyTrack's modular solutions. ComplyTrack will continue to help healthcare organizations address the full spectrum of healthcare labor regulatory requirements.
- TrustHCS, Visionary RCM, T-System** and **RevCycle+** joined forces and combined under one brand – **CorroHealth**. The combined entity will provide a greater breath of coverage across risk adjustment, reimbursement cycles, and quality solutions, allowing clients to better navigate healthcare regulatory and compliance complexities. **The Carlyle Group** owns a majority stake in **CorroHealth**, while **Cannae Holdings, Sanaka Group**, and affiliates of **TripleTree Holdings** also participated as investors.
- Hims & Hers**, a proprietary telehealth platform that connects consumers to licensed healthcare professionals across numerous specialties, announced plans to sign a merger agreement with the SPAC, **Oaktree Acquisition Corp**. The deal is expected to raise as much as **\$280M** for the combined company.

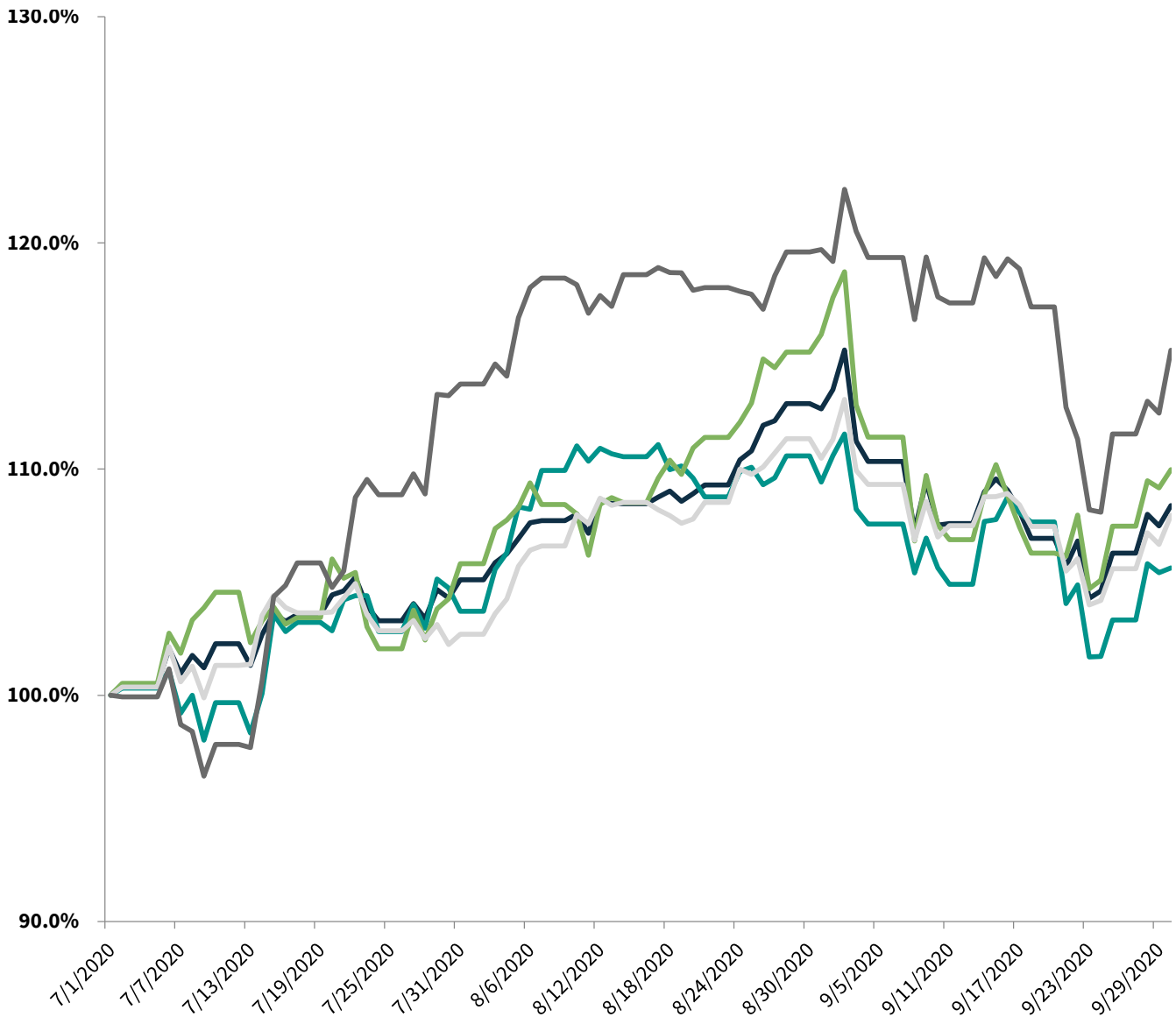
Q3'20

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# Public Market Performance

# Q3'20 MARKET INDICES

Broader Market and Healthcare Indices | July 2020 – September 2020

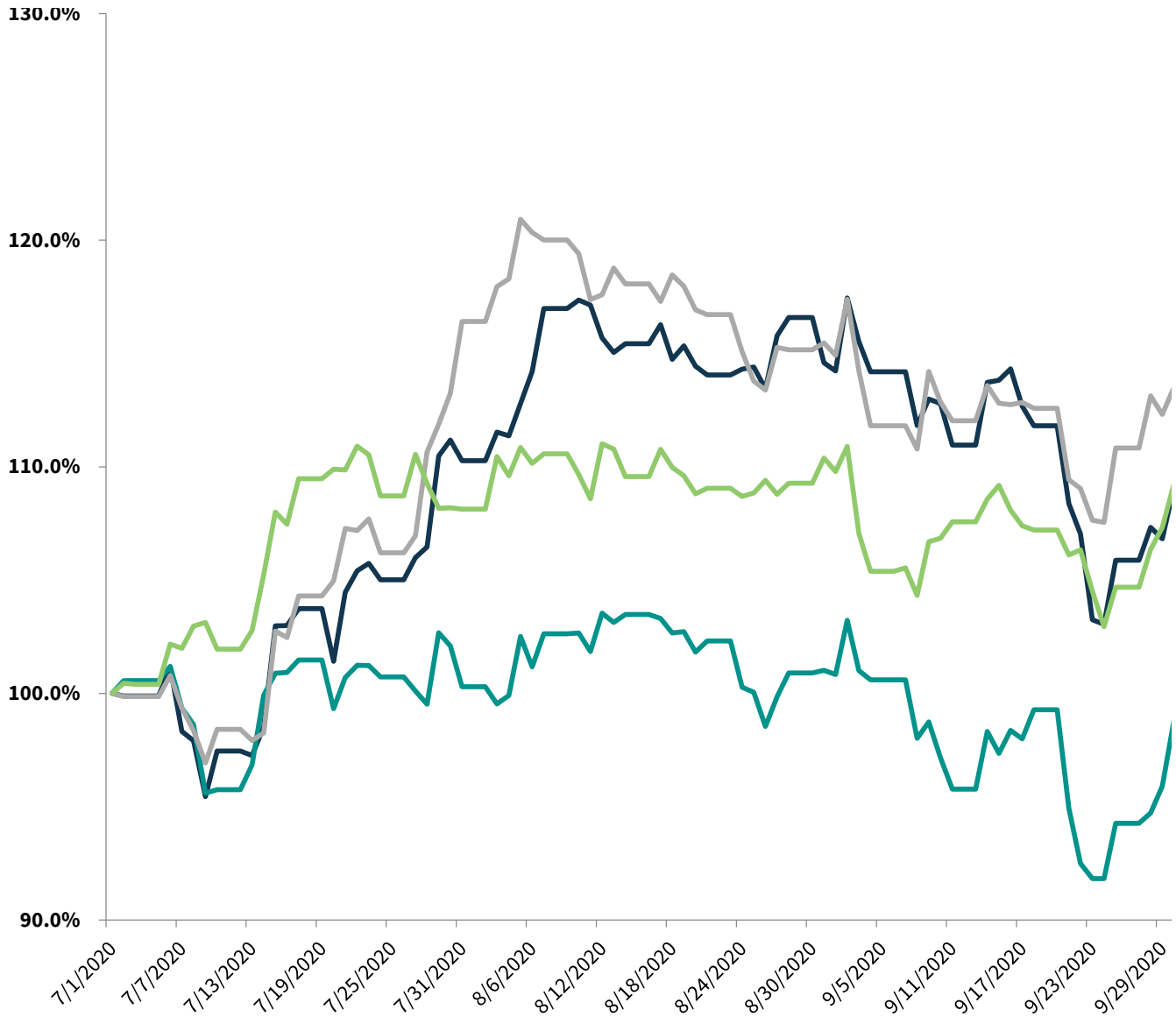


- S&P 500 Index
- Russell 2000 Index
- NASDAQ Composite Index
- Dow Jones Industrial Average
- TripleTree Healthcare Technology & Services Index

Source: S&P Capital IQ

# Q3'20 HEALTHCARE INDICES

Healthcare Indices | July 2020 – September 2020



- Healthcare Delivery
- Healthcare Information Technology & Services
- Health Insurance & Managed Care
- Healthcare Pharma-Life Sciences Services



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