

# HEALTHCARE IT MARKET UPDATE

Q1 2025



# Opening remarks

- CIBC US Middle Market Investment Banking is pleased to share its healthcare IT market update for Q1 2025
- The healthcare IT market continues to evolve rapidly, driven by provider and payer needs, government regulation, AI adoption, and consumer preferences
- CIBC has substantial experience in healthcare IT and maintains a continuous pulse on the market through completed transactions, relationships with key stakeholders, and attendance at major industry conferences
- M&A activity within the healthcare IT market showed signs of improvement in 2024, finishing the year just above 2023's completed transaction count
- We look forward to maintaining a dialogue on the market and potential transaction opportunities



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## Focus areas

- AI / ML solutions
- Clinical decision support
- Data exchange / management
- Data analysis
- EHR enablement solutions
- Genetic data analysis
- Interoperability
- Patient intake
- Pharmacy software
- Prior authorization
- Revenue cycle management

## Select CIBC US Middle Market healthcare IT transactions

<b>Project Incendium</b>	 has been acquired by  a portfolio company of 	 has been acquired by 	 has been acquired by  a portfolio company of 
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# About CIBC

CIBC is a diversified financial institution committed to creating enduring value for all our stakeholders—our clients, team, communities and shareholders.

Leading North American bank...



**14 million**  
clients



**45,000**  
employees



**\$45 billion**  
market cap

...serving our clients across multiple business units...

- Commercial banking
- Capital markets and corporate banking
- Retail banking
- Private wealth

...throughout the globe

- United States
- Canada
- UK / Europe
- Asia
- Australia
- South America



# Key healthcare IT market themes from VIVE and HIMSS

Recent conferences provide current pulse on the market

**VIVE**



## Government regulations are resulting in real interoperability progress

After years of talking about interoperability without much incentive to make it a reality, upcoming deadlines to comply with the CMS Final Rule and potential fines for non-compliance are pushing more rapid action on the part of providers and payers.



## AI in healthcare is only useful with high-quality data

Healthcare stakeholders continue to be plagued by low-quality or incomplete data that may be difficult to share between technology systems. AI tools for clinical decision making and other critical applications simply will not succeed if not trained with better data.



## Greater focus on “blocking and tackling” solution providers

While high-growth AI companies continue to receive substantial attention and investment in healthcare, there remains a massive need for more basic solutions to streamline day-to-day hospital operations, including data cleansing, regulatory compliance, cybersecurity, and reducing manual administrative tasks.



## Prior authorizations remain a key pain point for providers and payers

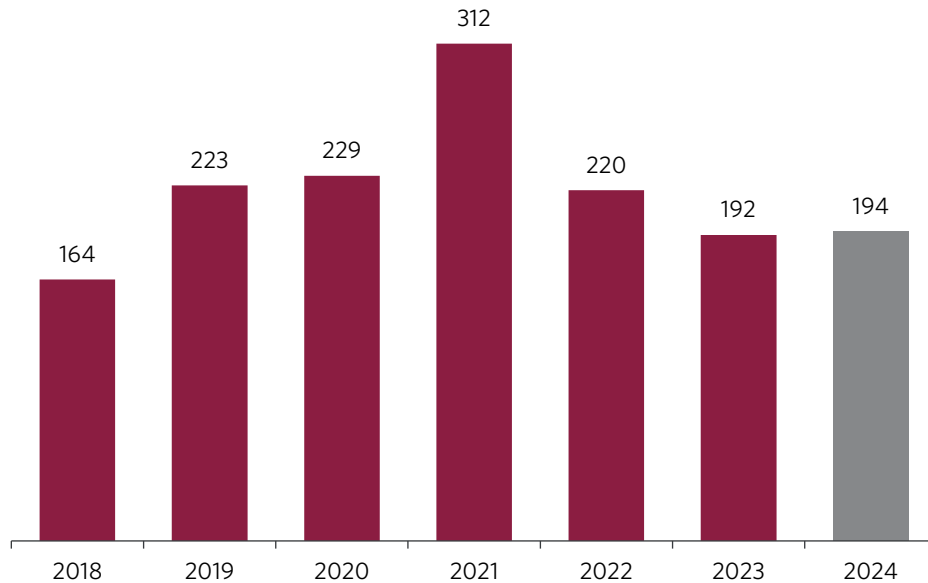
While several companies focused on enhancing the prior authorization process have received funding or been acquired, it remains one of the most inefficient and time-intensive processes in healthcare, which presents an opportunity for healthcare IT providers to streamline using modern software and Fast Healthcare Interoperability Resources (FHIR) standards.



# 2024 healthcare IT M&A activity

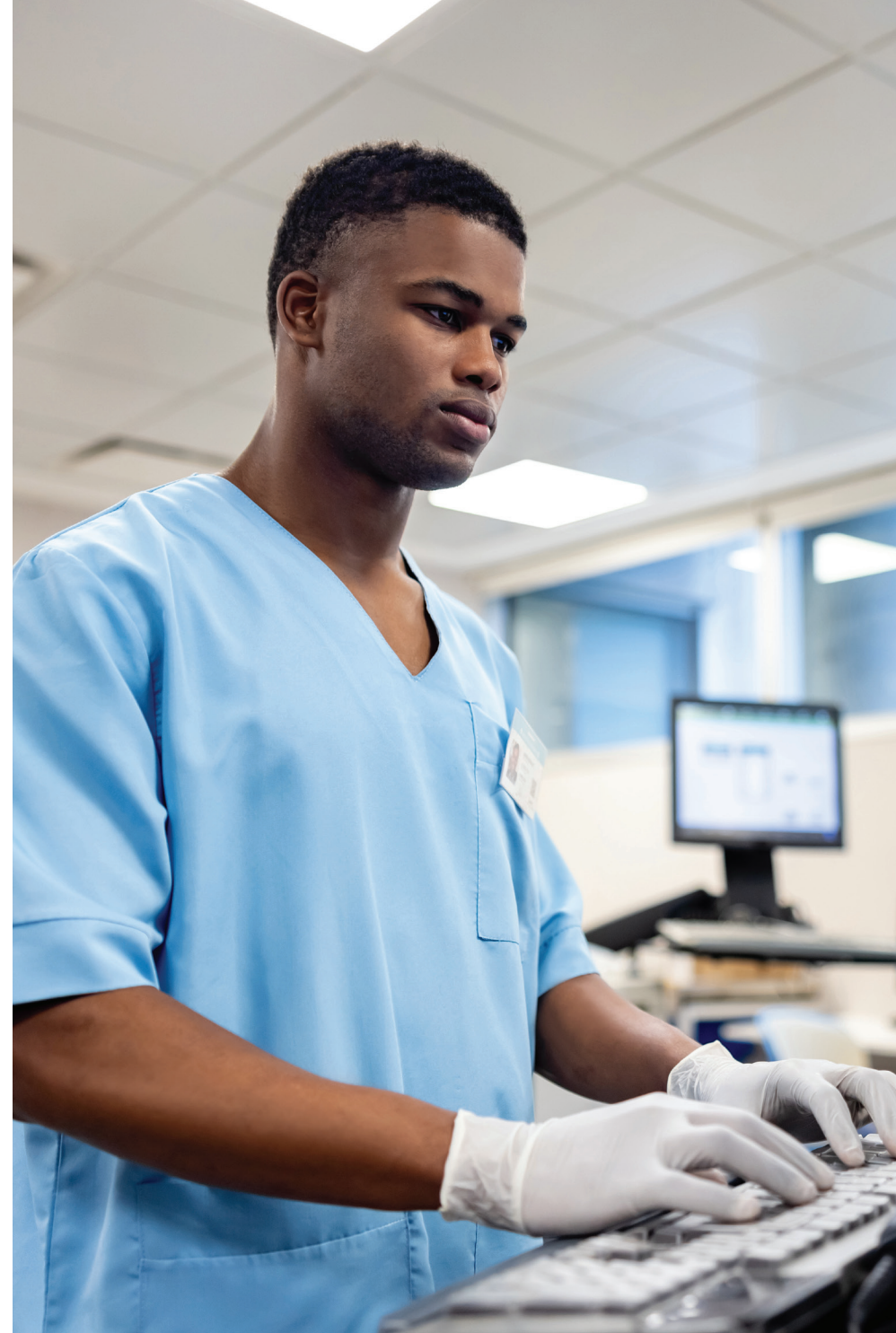
Healthcare IT M&A remains active but below peak levels

2018 – 2024 closed healthcare IT M&A transactions in North America



- M&A activity within healthcare IT ticked up slightly from 2023 to 2024, but remains below 2021's high water mark
- While healthcare IT M&A volume has normalized since 2021, it is consistent with or above pre-pandemic years
- 2025 is expected to be a positive year for healthcare IT M&A activity

Source: S&P Capital IQ.



# Healthcare IT M&A transaction spotlight

Continued buyer interest in data-focused companies and EHR providers



Target

**edifecs®**

Acquiror

**COTIVITI**

## Transaction Summary:

- Transaction was announced on February 10, 2025, and is subject to regulatory approvals prior to closing
- Cotiviti expects Edifecs' interoperable cloud solutions to support enhanced connectivity and collaboration across payers and providers, and remarked that "efficient data and information access and exchange is essential to improving transparency and reducing administrative waste"
- Edifecs was backed by TA Associates and Francisco Partners
- No transaction terms were disclosed

Target

 **AdvancedMD**

Acquiror























**FP**  
FRANCISCO  
PARTNERS

## Transaction Summary:

- Transaction closed on December 16, 2024
- Francisco Partners acquired AdvancedMD for the second time after previously owning the company from 2008 to 2011. The seller was Global Payments, who had owned the business since 2018 but pursued a divestiture to focus on its core payments business
- The transaction marks yet another high-profile EHR acquisition in a string of consolidation in the space
- The total enterprise value for the transaction was \$1.1 billion



























Source: S&P Capital IQ, transaction press releases.

# Select healthcare IT M&A transactions













Date effective	Target	Acquiror	Target's business description	EV (MM)	EV/Revenue	EV/EBITDA
11/5/2024	 <b>nexus/ag</b>	 <b>TA ASSOCIATES</b>	Clinical information systems and diagnostic modules	\$1,183	4.1x	22.4x
10/22/2024	 <b>sharecare</b>	<b>ALTARIS</b>	Digital healthcare and wellness platform	\$518	1.2x	N/A
10/2/2024	 <b>AUGMEDIX</b> Rehumanizing Healthcare	 <b>commure</b>	Automated medical documentation and data services	\$134	2.6x	N/A
8/1/2024	 <b>R1</b>	<b>TOWERBROOK</b>	Revenue cycle management for healthcare providers	\$8,643	3.6x	15.2x
2/29/2024	 <b>Procare</b> SOLUTIONS	 <b>Roper</b> TECHNOLOGIES	Childcare industry software and hardware solutions	\$1,860	N/A	17.5x
1/16/2024	 <b>acclara</b>	 <b>R1</b>	Technology-driven revenue cycle management solutions	\$675	2.3x	27.0x
11/9/2023	 <b>nextgen</b> healthcare	 <b>THOMABRAVO</b>	Integrated cloud-based healthcare technology solutions	\$1,764	2.6x	30.3x
11/3/2023	 <b>TabulaRasa</b> HealthCare®	 <b>exactcare</b> anewhealth pharmacy	Cloud-based healthcare management software	\$595	1.8x	N/A
9/27/2023	 <b>HealthComp</b>	 <b>pulse</b>	Healthcare administration and patient engagement services	\$3,000	N/A	N/A
5/1/2023	 <b>Oak St. Health</b>	 <b>CVS Health</b>	Technology-enabled network of primary care centers	\$10,467	4.8x	N/A
3/29/2023	 <b>signifyhealth</b>	 <b>CVS Health</b>	In-home, technology-enabled healthcare services	\$7,714	9.6x	54.7x
2/22/2023	 <b>one medical</b>	 <b>amazon</b>	Membership-based primary care telehealth services	\$3,717	4.5x	N/A

Source: S&P Capital IQ, publicly available information, and CIBC knowledge.

## Select healthcare IT M&A transactions (continued)

Date effective	Target	Acquiror	Target's business description	EV (MM)	EV/Revenue	EV/EBITDA
10/3/2022			Healthcare enterprise software solutions	\$13,548	5.6x	N/A
6/8/2022			EHR software and other healthcare software	\$29,419	5.2x	19.6x
3/1/2022			Medical appraisal software	\$20	6.6x	N/A
2/22/2022			Communication and clinical workflow solutions	\$2,988	12.8x	N/A
2/16/2022			Patient-centric health benefit software solution	\$314	2.2x	N/A
11/24/2021			Cloud-based integrated healthcare software	\$7,315	10.2x	32.9x
11/18/2021			IoT healthcare enterprise solutions	\$47	6.9x	N/A
10/1/2021			Women's telehealth software and services platform	\$70	2.3x	N/A
4/27/2021			Perinatal and fetal monitoring software	\$58	2.9x	N/A
3/31/2021			Pharmaceutical supply chain management SaaS	\$150	8.8x	N/A
2/26/2021			Patient-centric cloud portal	\$1,139	7.2x	N/A
12/21/2020			EHR and practice management software solutions	\$240	2.7x	18.2x
10/30/2020			EMS solutions for healthcare providers	\$140	2.1x	10.8x

## Select healthcare IT M&A transactions (continued)

Date effective	Target	Acquiror	Target's business description	EV (MM)	EV/Revenue	EV/EBITDA
10/30/2020	 Livongo™	 Teladoc HEALTH	Technology-enabled platform for chronic health conditions	\$19,152	74.2x	N/A
8/12/2020	 eSolutions	 WAYSTAR	Revenue cycle management and workflow tools	\$1,400	10.0x	20.0x
1/17/2020	 OTech GROUP	 HEALTHMARK GROUP	SaaS patient intake management solutions	CIBC	CIBC	CIBC
11/1/2019	 Solarity®	 bv INVESTMENT PARTNERS SINCE 1983	Automated unstructured healthcare data indexing solutions	CIBC	CIBC	CIBC
3/11/2019	 voalte	 Hillrom™	Digital care communications platform	\$180	4.5x	N/A
2/11/2019	 athenahealth	 VERITAS CAPITAL	Online-based EHR and healthcare enterprise software	\$5,639	4.3x	21.3x
Average:				\$3,942	5.2x <sup>1</sup>	20.1x <sup>2</sup>
Median:				\$1,139	4.5x <sup>1</sup>	19.6x <sup>2</sup>

<sup>1</sup> Excludes outlier EV/Revenue multiples greater than 15.0x.

<sup>2</sup> Excludes outlier EV/EBITDA multiples greater than 35.0x.

Sources: S&P Capital IQ, publicly available information, and CIBC knowledge.

# Public healthcare IT company valuations

(\$'s in millions, except per share amounts)

## Diversified healthcare IT

Company	Ticker	03/07/2025 Stock Price	% of 52-Week High	Enterprise Value <sup>3</sup>	Enterprise value as a multiple of			Equity value as a multiple of		
					LTM* Sales	LTM* EBITDA	LTM* EBIT	LTM* P/E	2024 P/E	2025 P/E
IQVIA Holdings Inc.	IQV	\$185.47	70.90%	\$44,951.20	2.92x	15.4x	19.7x	25.1x	15.6x	14.0x
Waystar Holding Corp.	WAY	\$40.67	84.50%	\$8,056.90	8.54x	26.8x	56.9x	NEG	30.9x	27.9x
Claritev Corporation	CTEV	\$19.50	47.80%	\$4,830.00	5.19x	9.0x	48.8x	NEG	NEG	NEG
GeneDx Holdings Corp.	WGS	\$97.27	84.10%	\$2,708.00	8.87x	NEG	NEG	NEG	NM	51.6x
Evolent Health, Inc.	EVH	\$9.31	26.70%	\$1,845.80	0.72x	19.4x	NM	NEG	19.6x	13.5x
Omnicell, Inc.	OMCL	\$37.24	66.80%	\$1,723.50	1.55x	24.5x	NM	NM	20.9x	18.8x
Premier, Inc.	PINC	\$17.55	74.50%	\$1,679.60	1.31x	4.8x	7.5x	7.9x	13.4x	11.3x
HealthStream, Inc.	HSTM	\$32.91	96.10%	\$907.20	3.11x	23.6x	42.6x	50.2x	47.2x	42.7x
Veradigm Inc.	MDRX	\$5.35	45.30%	\$621.10	0.41x	5.4x	8.6x	7.6x	7.3x	9.3x
TruBridge, Inc.	TBRG	\$29.08	91.80%	\$585.30	1.73x	52.4x	NEG	NEG	NM	18.6x
U.S. Physical Therapy, Inc.	UPH	\$83.59	74.00%	\$420.40	0.63x	4.7x	6.0x	25.3x	NM	NM
National Research Corporation	NRC	\$14.37	35.20%	\$391.10	2.73x	11.1x	11.1x	13.8x	NM	NM
Health Catalyst, Inc.	HCAT	\$4.43	47.90%	\$305.00	0.99x	NEG	NEG	NEG	15.8x	10.4x
Mean:					2.98x	17.9x	25.2x	21.6x	21.4x	21.8x
Median:					1.73x	15.4x	15.4x	19.4x	17.7x	16.3x

Source: S&P CapitalIQ

<sup>3</sup> Enterprise Value equals net debt plus market value of equity plus book value of preferred stock and minority interests.

\* "LTM" or "Latest Twelve Months" represents last four quarters reported.

\*\* Financial data have been adjusted to exclude one-time, non-recurring items.

# Public healthcare IT company valuation (continued)

(\$'s in millions, except per share amounts)

## Telehealth / consumer-focused solutions

Company	Ticker	03/07/2025 Stock Price	% of 52-Week High	Enterprise Value <sup>4</sup>	Enterprise value as a multiple of			Equity value as a multiple of		
					LTM* Sales	LTM* EBITDA	LTM* EBIT	LTM* P/E	2024 P/E	2025 P/E
Doximity, Inc.	DOCS	\$65.96	77.40%	\$11,533.90	20.96x	37.9x	38.6x	52.9x	48.8x	42.0x
Hims & Hers Health, Inc.	HIMS	\$34.39	47.10%	\$7,341.90	4.97x	NM	NM	NM	55.3x	38.4x
Teladoc Health, Inc.	TDOC	\$9.39	58.90%	\$1,884.90	0.73x	5.3x	18.3x	NEG	NEG	NEG
LifeMD, Inc.	LFMD	\$4.83	37.50%	\$192.00	0.99x	NEG	NEG	NEG	NM	NM
Ontrak, Inc.	OTRK	\$1.43	8.90%	\$6.30	0.56x	6.8x	NEG	NEG	NM	NM
American Well Corporation	AMWL	\$8.55	39.60%	(\$69.70)	NEG	1.2x	0.8x	NEG	NEG	NEG
<b>Mean:</b>					5.64x	12.8x	19.2x	52.9x	52.0x	40.2x
<b>Median:</b>					0.99x	6.1x	18.3x	52.9x	52.0x	40.2x

<sup>4</sup> Enterprise Value equals net debt plus market value of equity plus book value of preferred stock and minority interests.

Source: S&P Capital IQ

\*\* "LTM" or "Latest Twelve Months" represents last four quarters reported.

\*\* Financial data have been adjusted to exclude one-time, non-recurring items.

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