

**OBJECTIVE**

Investment Banking & Valuation

# Industry Report

## Business Services

Healthcare SaaS

211-4619  
720-7217  
720-7062  
800-888-8888  
3149-204-2170  
202-320-2100  
336-3672  
1-800-532-2142  
1-800-699-9227  
1-800-526-7000  
214-712-7000  
1-800-250-7000  
182-2228  
1-800-398-8122  
444-661-7332

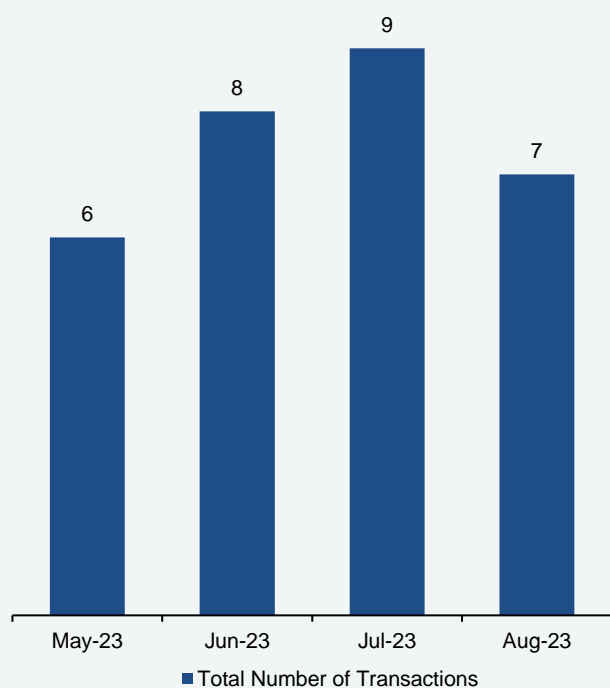
MIN 62  
MAX 162

## Key Takeaways

### Healthcare SaaS Valuations Fall Creating Ideal Market Conditions for Investors To Enter the Market At A Discount

- EBITDA multiples for the Healthcare SaaS (“SaaS”) sector traded down from an average of 12.1x in July 2023 to an average of 11.4x in August 2023, with the current average EBITDA multiple standing at approximately 10.9x (see Chart II)
- If SaaS valuations continue to trade down and de-couple from the broader healthcare market, we would expect to see both retail and institutional investors enter the market who will see this as a value investment opportunity at discount prices
- M&A deal volume in August finished with seven transactions closed in the SaaS sector, one less deal than the previous three-month average (see Chart I)
- As we continue to see M&A activity remain sufficient throughout H2 2023 as it has through the summer months, we see these transactions as a consolidation of the market by both strategic and financial buyers who are eager to obtain market share before valuations rebound

Chart I | Total M&A Volume<sup>(1)</sup>

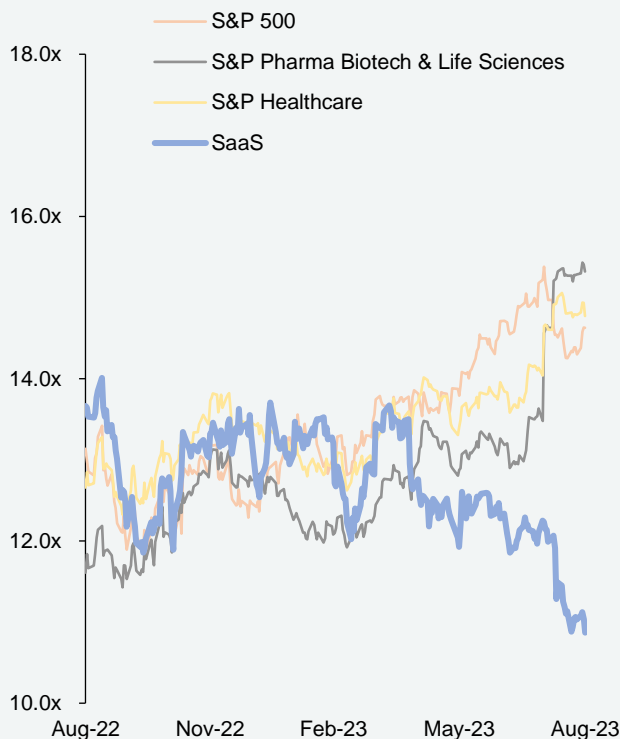


Source: S&P Capital IQ

(1) Total USA and Canadian corporate and asset majority control transactions in the SaaS sector

(2) Table I for SaaS comparables (chart excludes VEEV, DOCS, and NXGN)

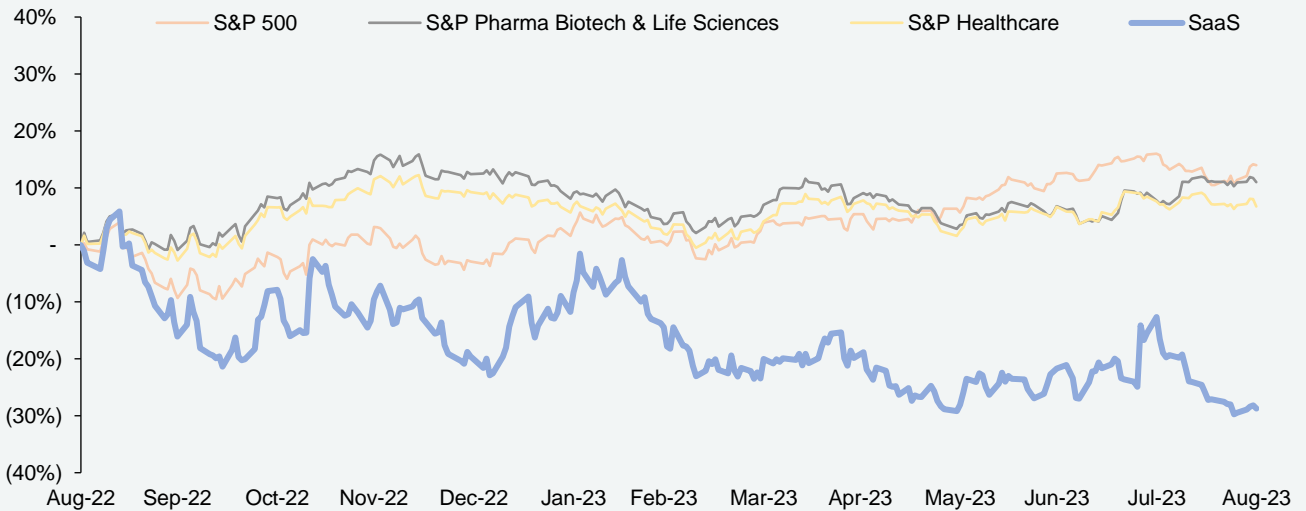
Chart II | TEV / EBITDA<sup>(2)</sup>



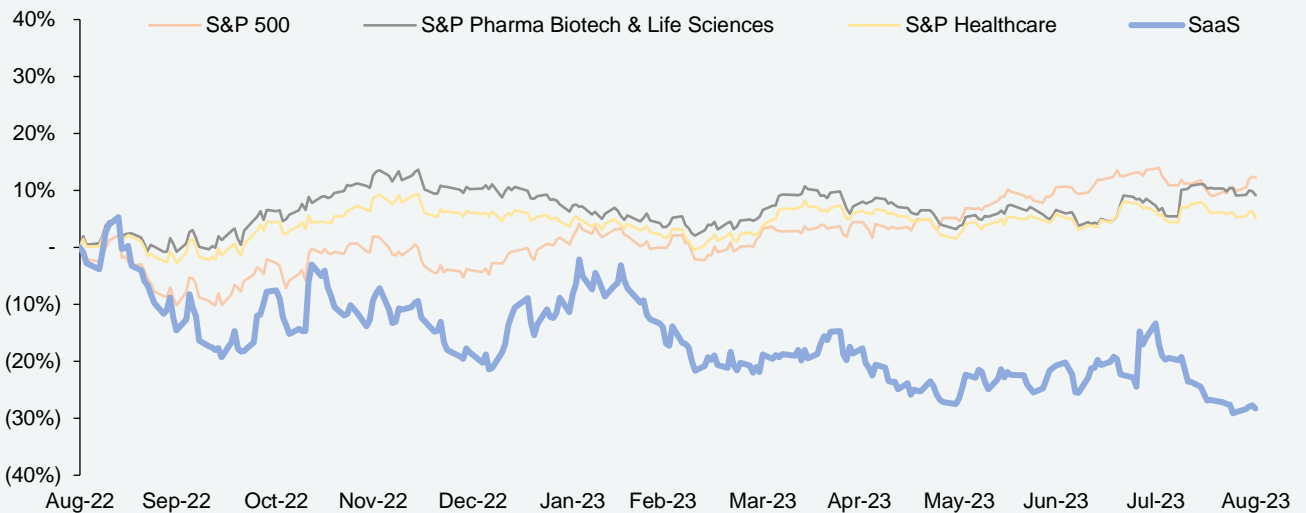
## USA & Canada Listed Companies (>\$20M Market Cap.)

Over the past month, the SaaS sector has traded down in price with an 18% decrease, with the broader healthcare market's 1% decrease (S&P 500 Healthcare index) and the specialty pharmaceutical and life sciences market's 3% increase (S&P Pharma Biotech & Life Sciences index) (see Chart III)

### Chart III | 1-Year Price Performance<sup>(1)</sup>



### Chart IV | 1-Year TEV Performance<sup>(1)</sup>



Source: S&P Capital IQ

(1) Table I for SaaS comparables (chart excludes VEEV, DOCS, and NXGN)

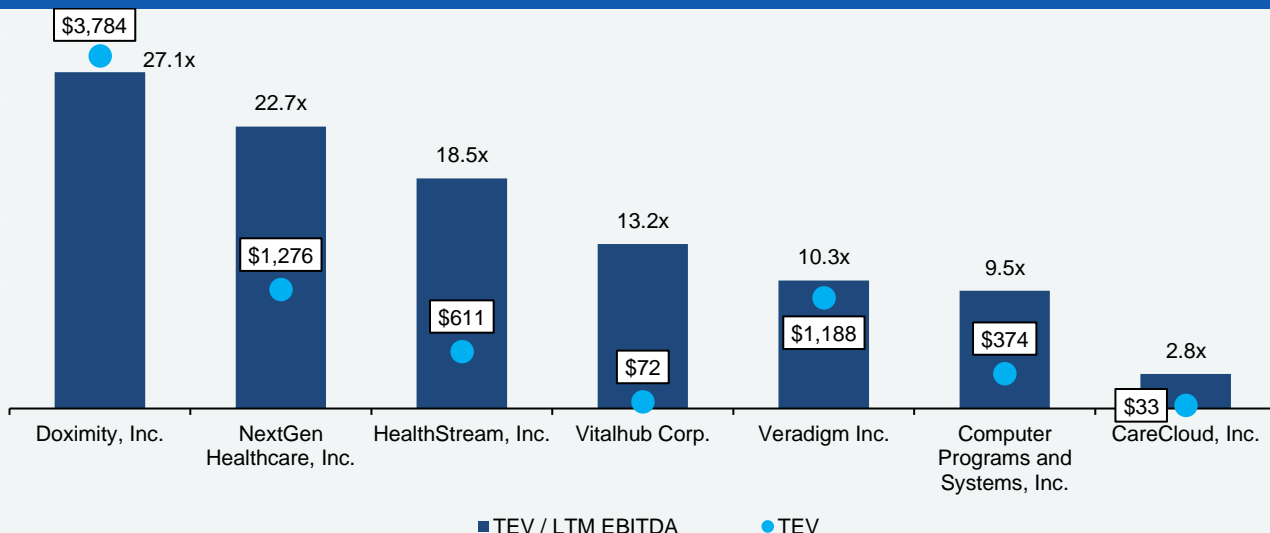
## USA & Canada Listed Companies (>\$20M Market Cap.)

Doximity is the comparable group's EBITDA multiple leader with an 82% premium when compared to the groups average. This is attributed to its healthy margins. With Doximity achieving a >30% EBITDA margin compared to the groups average of 10% (see Chart IV)

Table I | Select SaaS

Company	Share Price 8/31/23	Equity Value	TEV	TEV/			
				Revenue		EBITDA	
				LTM	2023E	LTM	2023E
Veeva Systems Inc.	\$208.70	\$33,439	\$29,628	13.3x	12.5x	na	34.6x
Doximity, Inc.	\$23.84	\$4,642	\$3,784	8.7x	8.4x	27.1x	19.2x
Teladoc Health, Inc.	\$22.64	\$3,735	\$4,362	1.7x	1.7x	na	14.1x
Veradigm Inc.	\$13.38	\$1,462	\$1,188	0.8x	1.9x	10.3x	6.9x
NextGen Healthcare, Inc.	\$18.21	\$1,220	\$1,276	1.9x	1.8x	22.7x	10.2x
Definitive Healthcare Corp.	\$9.40	\$1,065	\$1,429	6.0x	5.7x	na	20.6x
HealthStream, Inc.	\$21.03	\$645	\$611	2.2x	2.2x	18.5x	10.3x
Computer Programs and Systems, Inc.	\$16.27	\$231	\$374	1.1x	1.1x	9.5x	7.0x
Vitalhub Corp.	\$2.02	\$88	\$72	2.0x	1.9x	13.2x	8.2x
CareCloud, Inc.	\$1.68	\$26	\$33	0.3x	0.3x	2.8x	2.1x
<b>Median</b>		<b>\$1,065</b>	<b>\$1,188</b>	<b>1.9x</b>	<b>1.9x</b>	<b>11.8x</b>	<b>10.2x</b>
<b>Mean</b>		<b>\$4,655</b>	<b>\$4,276</b>	<b>3.8x</b>	<b>3.7x</b>	<b>14.9x</b>	<b>13.3x</b>

Chart IV | TEV / EBITDA & TEV



Source: S&P Capital IQ

## Majority Control Corporate and Asset Deals in USA & Canada

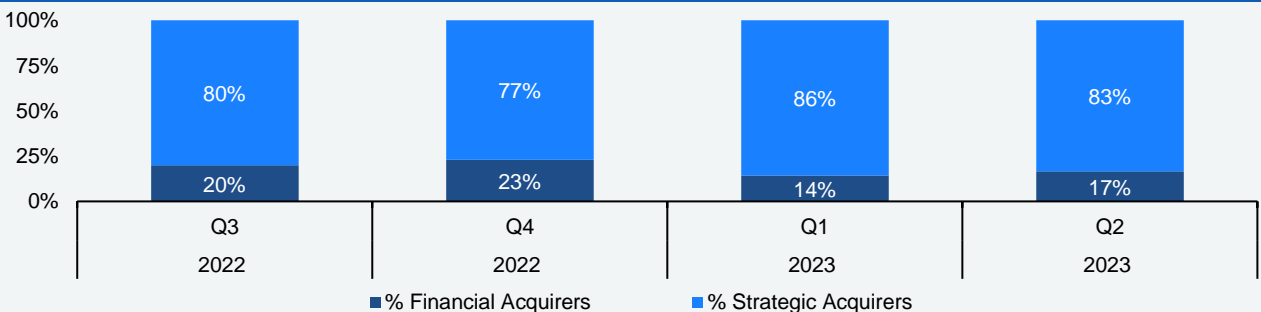
Over the past quarter, we have seen Financial Acquirors returning to the M&A market since pulling back in Q1 2023 returning deal volume to levels seen in Q3 and Q4 2022. If this trend continues through Q3 2023 it will potentially drive both volume and valuations up (see Chart VI)

### Table II | Select M&A Transactions

(\$ in millions)

Announce Date	Target	Acquiror	TEV / LTM		
			TEV	Revenue	EBITDA
7/6/23	CorEvitas, LLC	Thermo Fisher Scientific Inc.	\$913	na	na
1/27/23	Deep Lens Inc.	Paradigm Health, Inc.	\$90	na	na
10/24/22	OpenEye Scientific Software, Inc.	Cadence Design Systems, Inc.	\$461	na	na
9/19/22	Rx Savings, LLC	McKesson Corporation	\$875	na	na
1/5/22	Castlight Health, Inc.	Vera Whole Health Inc.	\$314	2.2x	NM
12/20/21	Cerner Corporation	Oracle Corporation	\$29,419	5.2x	19.6x
12/3/21	Provation Software, Inc.	Fortive Corporation	\$1,425	na	na
10/12/21	BioDiscovery, Inc.	Investment Group	\$76	21.2x	na
8/19/21	Inovalon Holdings, Inc.	Insight Venture Management, LLC; Nordic	\$7,315	10.2x	32.9x
7/26/21	FDS Amplicare	Omniceil, Inc.	\$177	6.1x	na
7/15/21	Patientco Holdings, Inc.	Waystar, Inc.	\$450	na	na
6/7/21	Sentry Data Systems, Inc.	Craneware plc	\$400	4.3x	17.4x
5/12/21	TruCode LLC	Computer Programs and Systems, Inc.	\$71	5.7x	12.0x
4/27/21	PeriGen, Inc.	Halma plc	\$58	2.9x	na
3/8/21	Intrahealth Systems Limited	WELL Health Technologies Corp.	\$15	2.1x	10.6x
1/21/21	Preventice Solutions, Inc.	Boston Scientific Corporation	\$1,139	7.2x	na
<b>Mean</b>			<b>\$2,700</b>	<b>6.7x</b>	<b>18.5x</b>
<b>Median</b>			<b>\$425</b>	<b>5.4x</b>	<b>17.4x</b>

### Chart VI | Total Buyer Mix: Financial vs Strategic<sup>(1)</sup>



Source: S&P Capital IQ

(1) Total USA and Canadian corporate and asset majority control transactions in the SaaS sector



# About Objective

## Investment Banking Practice

### About Us

**Objective, Investment Banking & Valuation** is a leading investment banking and valuation firm serving middle-market companies across five industry practice groups in an effort to maximize our clients' M&A and valuation advisory results. Our team uses a highly engineered, structured process combined with our industry expertise designed to consistently achieve maximum results.

### Industries of Focus

- Business Services
- Consumer
- Healthcare & Life Sciences
- Manufacturing & Distribution
- Technology

## 500+ M&A Transactions Completed\*

  
Has been acquired by  
  
Sell-Side Advisor to StudyKIK



  
Has been acquired by  
  
a portfolio company of   
Sell-Side Advisor to Bell Canyon Consulting

  
Has sold assets to  
  
Financial Advisor to MabVax Therapeutics Holdings, Inc.

Undisclosed Healthcare Technology Company  
Has been acquired by  
Undisclosed San Francisco Based Private Equity Firm  
Sell-Side Advisor to the Undisclosed Healthcare Technology Company

Undisclosed Leading Drug Treatments and Diagnostics Company  
Strategic Alternatives Advisor to the Undisclosed Company

Undisclosed Leading Contract Research Organization  
Sell-Side Advisor to the Undisclosed Contract Research Organization

  
Has been acquired by  
  
Sell-side Advisor to Supreme Optimization

  
Has sold its clinical research site operations to  
  
Sell-Side Advisor to Rocky Mountain Movement Disorders Center

Award & Recognition	Forum	Year	Type
Best Investment Bank & Valuation Firm – USA	Acquisition International	2022	Winner
Technology Deal of The Year (Between \$10MM - \$50MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Industrials Deal of The Year (Between \$50MM - \$100MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Private Equity Deal of The Year (Between \$50MM - \$100MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Boutique Investment Banking Firm of the Year	M&A Advisor 20th Annual M&A Awards	2021	Finalist
Best Investment Banking & Valuation Firm - California	Acquisitional International	2021	Winner

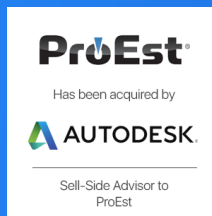
# About Objective

## Business Services Overview

Objective, Investment Banking & Valuation's Business Services practice is widely recognized for its exceptional capabilities in leveraging deep sector expertise and crafting compelling narratives that capture the essence of every company. Our team of highly dedicated and tenacious M&A professionals boasts extensive senior-level relationships with prominent strategic and financial buyers in the professional and technology-related services industries, as well as large public and private enterprises.

With a wealth of experience garnered over many years in both sell-side and buy-side engagements involving business services companies, we provide our clients with invaluable and transparent guidance that empowers them to realize their strategic and financial objectives.

Dedicated  
Industry  
Knowledge &  
Expertise



## Thank you!

We are available to assist with your M&A or Valuation advisory needs when you need us. Feel free to call with M&A questions for your specific engagement, or to receive general market insight.



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