

# M&A Update

1H 2017

Accounts Receivable Management  
Healthcare IT  
Revenue Cycle Management

**Proven. Focused. Trusted.**



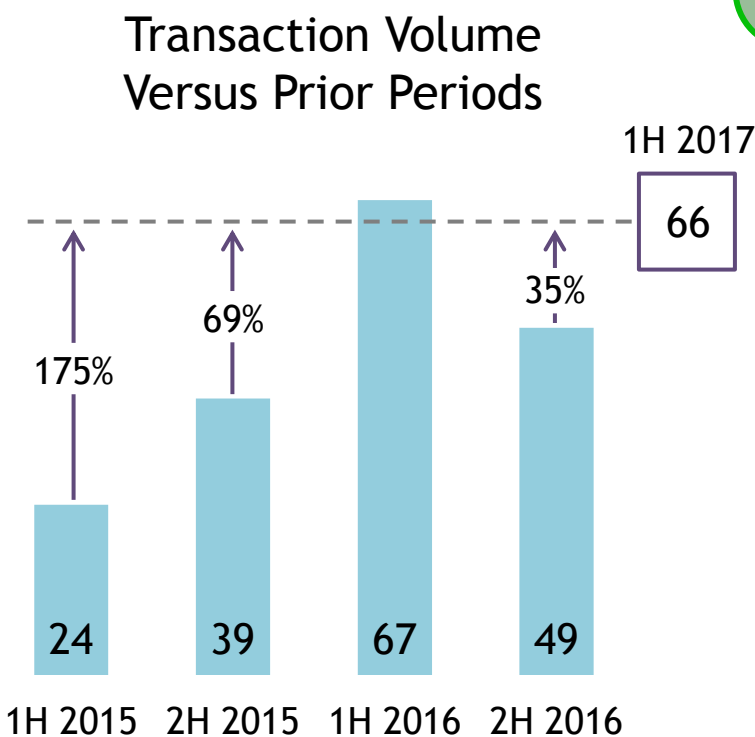
# Revenue Cycle Management & Healthcare IT

## Introduction.

The first half of 2017 brought over \$14.7 billion in deal value across 66 deals. Transactions were completed in every corner of the market, large and small, and among technology and service companies alike. The activity mirrored the blistering pace set in the first half of 2016.

“Blockbuster” deals grabbing headlines included Blackstone’s acquisition of TeamHealth, the sale of CoverMyMeds to McKesson, and the high-profile mergers of McKesson/Change and SourceHov/Novitex.

## Key Takeaways.



1

### All About the Patients

Patient engagement and analytics were the two most prevalent IT offerings among sellers, as providers focus on enhancing the patient experience and leveraging data assets to improve quality of care and financial metrics. As for services, consulting firms were most active among sellers, as providers seek help to manage the transition to value-based care, among other things.

## Key Takeaways (cont).

### 2 \$50 Million, Please

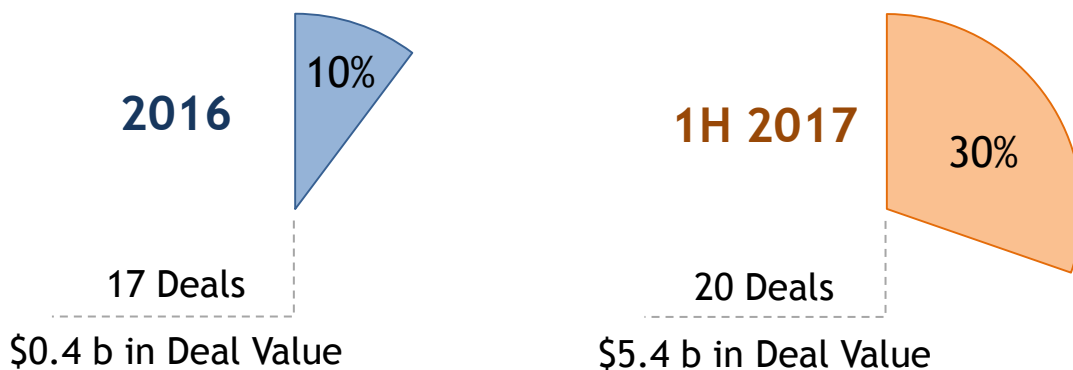
While the majority of transactions were below \$25 million in enterprise value, 30% of all transactions exceeded \$50 million, representing a notable increase from 2H 2016 (18%).

**80%**  
... of the buyers in deals that were \$50 million+ were PE or PE-backed.

### 3 PE/VC-Backed Strategic Buyers Driving the Activity

Given that PE and VC firms made 53 platform investments in 2016, it's no surprise that there was a substantial increase in add-on acquisitions in 1H 2017 to bolster the value of their investments. In 20 of the 66 deals, buyers were backed by PE or VC firms, surpassing the amount they completed in all of 2016 (when there were 17).

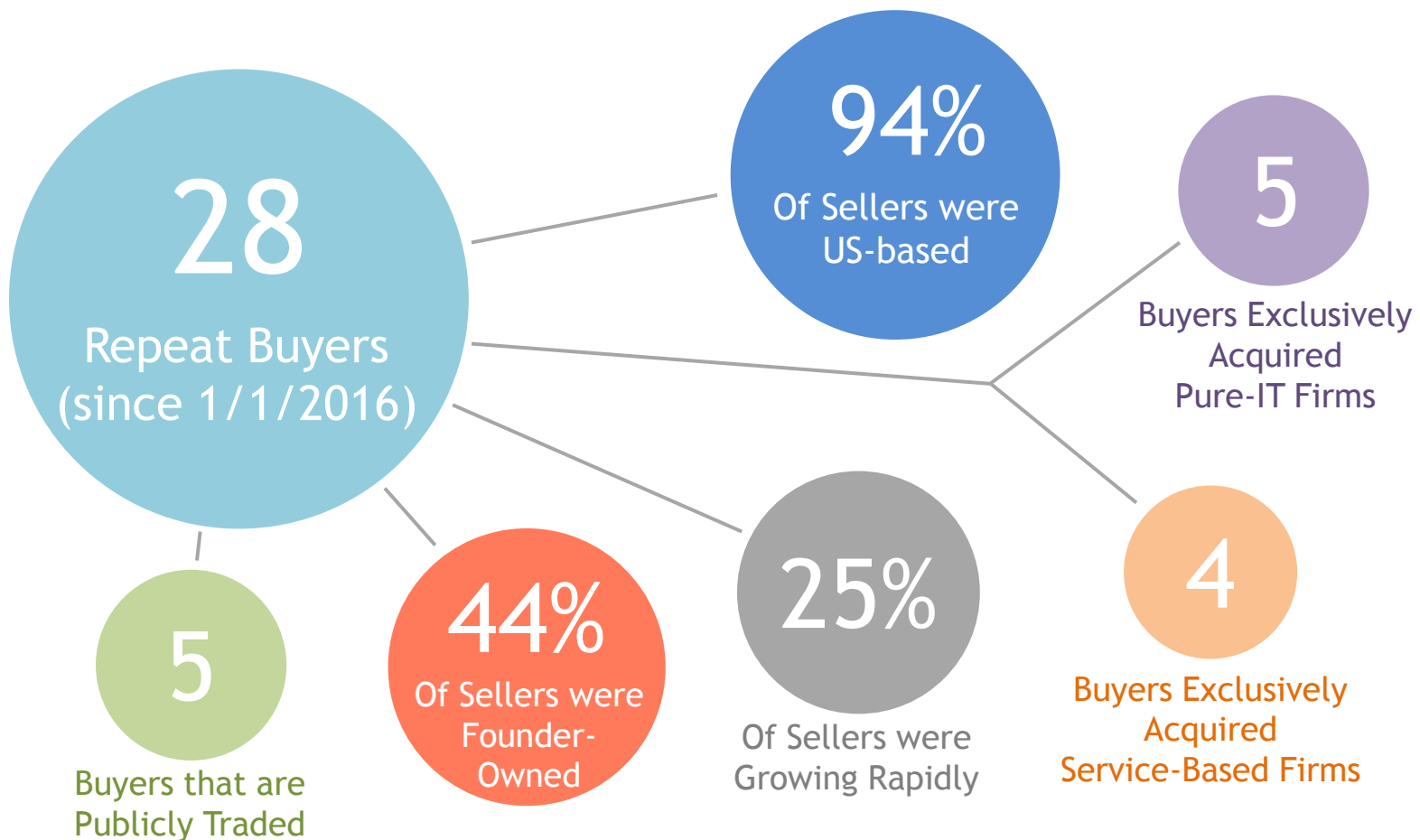
Percentage of Deals with a PE- or VC-Backed Buyer



## Key Takeaways (cont).

### 4 Repeat Buyers... and They Go Large!

28 companies have made multiple acquisitions in RCM and HCIT since the start of 2016, further signifying opportunities for buyers and sellers alike. Nearly half of these groups (46%) were PE or VC firms and another 32% were PE- or VC-backed firms. The majority of repeat buyers completed two acquisitions with some completing as many as six transactions. Perhaps most interesting, the median deal value for repeat buyers was 33% higher than the industry average. For many reasons, we expect this trend to continue over the next few years.





# Accounts Receivable Management

## Introduction.

A boatload of M&A activity in the first half of 2017 resulted in 25 completed transactions, the most in a six-month period since 2013! Many notable deals occurred in this period, including [Norwest Equity Partners' sale of DCM Services](#), a specialist in estate recoveries, in which Greenberg Advisors served as the exclusive sell-side advisor for NEP and DCM.

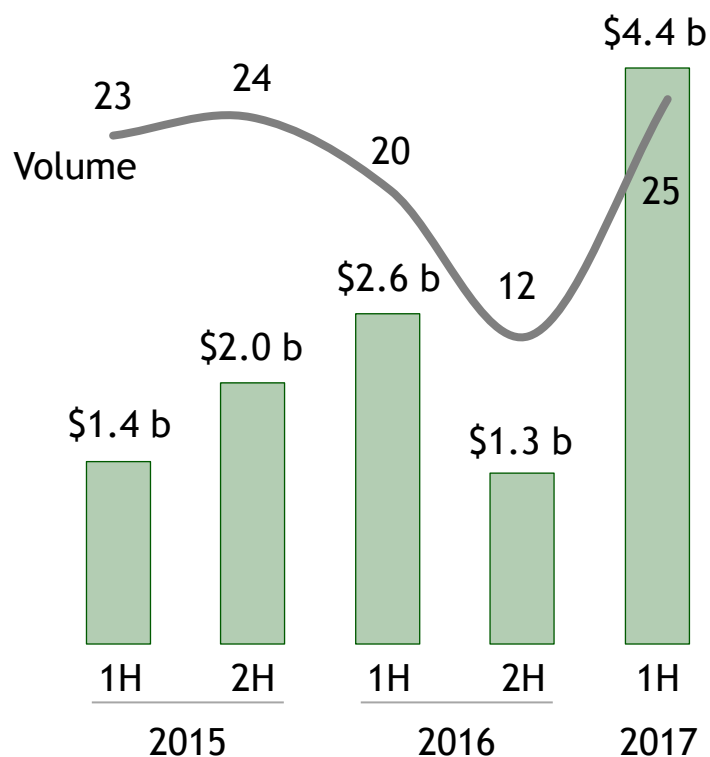
Also announced: A rarity that the ARM industry hasn't seen in years... a new publicly-held collection firm. JH Capital plans to combine with Easterly Acquisition Corp. (NASDAQ: EACQ), with the combined entity's implied market capitalization exceeding \$400 million.

## Key Takeaways.

### 1 Deal Activity Takes Off

Over \$4.4 billion traded hands, exceeding the total for all of 2016 by over \$500 million. The majority of this was fueled by a handful of mega deals, including the merger between Intrum Justitia and Lindorff. Still, the tremendous range of individual deal sizes (from less than \$1 million to over \$2 billion) reflects the salability of companies of all types, sizes and performance profiles.

Deal Value and Volume  
1H 2015 - 1H 2017

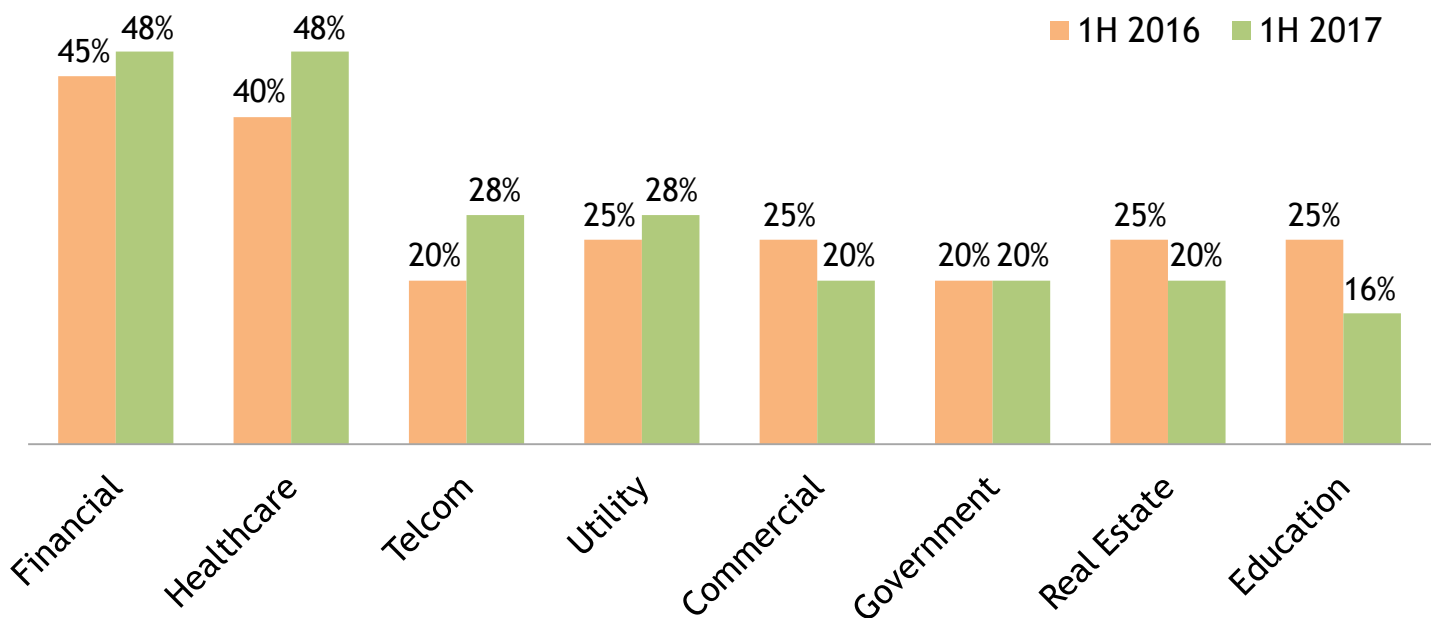


## Key Takeaways (cont).

### 2 Healthcare, Financial, and Education in Focus

ARM firms focused on healthcare receivables or financial institutions remain popular, with 48% of sellers operating in one of those markets. Firms with education clients represented 16% of the deal activity, a figure we expect will jump following what may be an impending decision from the Dept. of Education. Such decision will turn many education-focused ARM firms into acquisition prospects for investors. Selected and unselected firms, as well as past and new sub-contractors, will all be of interest.

Transaction Volume by Select Client Segments

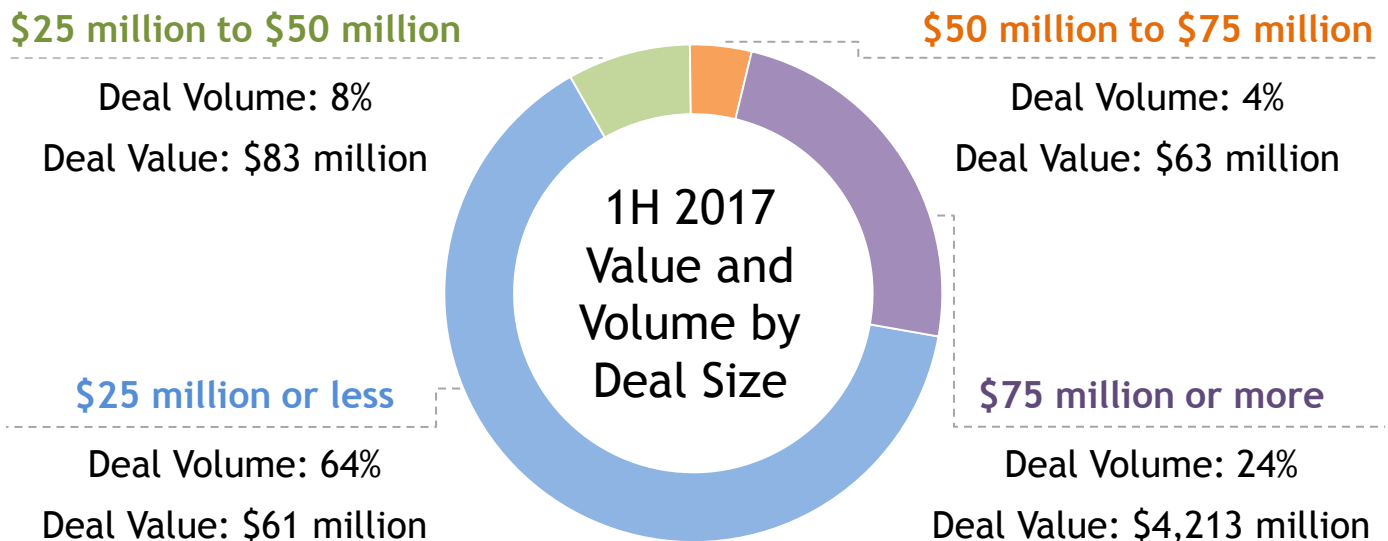




## Key Takeaways (cont).

### 3 Action Throughout the Market

The majority of transactions completed were below \$25 million in deal value (64%), while 24% were above \$75 million. Local, regional, and national firms all continue to generate buyer interest.



### 4 Platform Investments on Pace for a 5-Year High

More financial buyers made their entrée (i.e. platform investment) to the ARM market in 1H 2017 than in any six-month period since 2H 2011! We believe this signals a new perspective of many in the financial community that the regulatory environment has somewhat stabilized, offering a greater level of predictability than in recent years. This will likely feed increased M&A activity in coming years as firms look to grow their offerings and client roster through acquisition.

## About GA.

Greenberg Advisors, LLC provides trusted M&A and strategic advice within the financial services and business services sectors worldwide. The firm is best known for its expertise in Revenue Cycle Management (RCM), Healthcare IT (HCIT), Accounts Receivable Management (ARM), Business Process Outsourcing (BPO), and Specialty Finance. Focused on these sectors for nearly 20 years, the firm's professionals offer a comprehensive, yet highly specialized perspective from which to advise clients, which has resulted in the completion of approximately 125 merger & acquisition (M&A), capital raising, valuation, and strategic advisory engagements. These client successes reflect a distinct client-first approach, deep sector expertise, and roll-up-the-sleeves work ethic.

Contact us to discuss your plans or interests, or to learn more about the data contained in this M&A Update.



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