

Presentation to:

TechPoint – Advancing Life Sciences and Healthcare IT Conference

HCIT Market – Investment and M&A Trends

November 1, 2011

Member: FINRA/SIPC

© 2013 Navidar Group LLC



Disclaimer

This Presentation (the “Presentation”) has been prepared solely for informational purposes and may not be used or relied upon for any purpose other than as specifically contemplated by a written agreement with us.

This Presentation is not intended to provide the sole basis for evaluating, and should not be considered a recommendation with respect to, any transaction or other matter. This Presentation does not constitute an offer, or the solicitation of an offer, to buy or sell any securities or other financial product, to participate in any transaction or to provide any investment banking or other services, and should not be deemed to be a commitment or undertaking of any kind on the part of Navidar Group LLC (“Navidar”) or any of its affiliates to underwrite, place or purchase any securities or to provide any debt or equity financing or to participate in any transaction, or a recommendation to buy or sell any securities, to make any investment or to participate in any transaction or trading strategy. This Presentation remains subject to our review and assessment from a legal, compliance, accounting policy and risk perspective, as appropriate, following our discussion with the Company.

Although the information contained in this Presentation has been obtained or compiled from sources deemed reliable, neither Navidar nor any of its affiliates make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein is, or shall be relied upon as, a promise or representation whether as to the past, present or future performance. The information set forth herein may include estimates and/or involve significant elements of subjective judgment and analysis. No representations are made as to the accuracy of such estimates or that all assumptions relating to such estimates have been considered or stated or that such estimates will be realized. The information contained herein does not purport to contain all of the information that may be required to evaluate a participation in any transaction and any recipient hereof should conduct its own independent analysis of the data referred to herein. We assume no obligation to update or otherwise revise these materials.

Navidar and its affiliates do not provide legal, tax or accounting advice. Prior to making any investment or participating in any transaction, you should consult, to the extent necessary, your own independent legal, tax, accounting and other professional advisors to ensure that any transaction or investment is suitable for you in the light of your financial capacity and objectives.

This Presentation has not been prepared with a view toward public disclosure under applicable securities laws or otherwise, is intended solely for the benefit and use of the Company, is strictly confidential and may not be reproduced, disseminated, quoted or referred to, in whole or in part, without our prior written consent other than to your advisors and professionals who will be assisting you in evaluating these materials.

HCIT Deal Activity Summary

- **HCIT IPO Market Has Been Weak; Only One HCIT IPO Going to Market in 2011 (Epocrates)**
- **M&A Volume, Deal Sizes and Valuation Have All Rebounded**
- **PE Buyers Have Returned to the M&A Market**
- **Venture Capital Firms Are Actively Seeking Investments in Attractive Growth Segments of HCIT**
- **Public HCIT Companies Share Prices Have Outperformed the Overall Market**
- **Revenue Growth is Being Rewarded in the Public Market**

Hot Themes for Acquisition & Investment

■ Analytics

- *Explorys*: \$11.5M funding from Austin Ventures and Cleveland Clinic Innovations; early stage cloud analytics company addressing a large market opportunity

■ Technologies That Are Used to Monitor Health in the Home

- GE and Intel have formed partnership to jointly create home health monitoring technologies

■ Supply Chain Management

- *Sentient Health*: Acquired by AeroScout, provides software solution that tackle real hospital pain-points

■ Revenue Cycle Management Technology

- *Emdeon*: Acquired by Blackstone and Hellman & Friedman's for \$3.4B acquisition; will serve as a platform for consolidation and growth

■ Tools to Measure Clinical Performance

- *DocSite*: Acquired by Compuware, clinical decision support and quality performance management solution

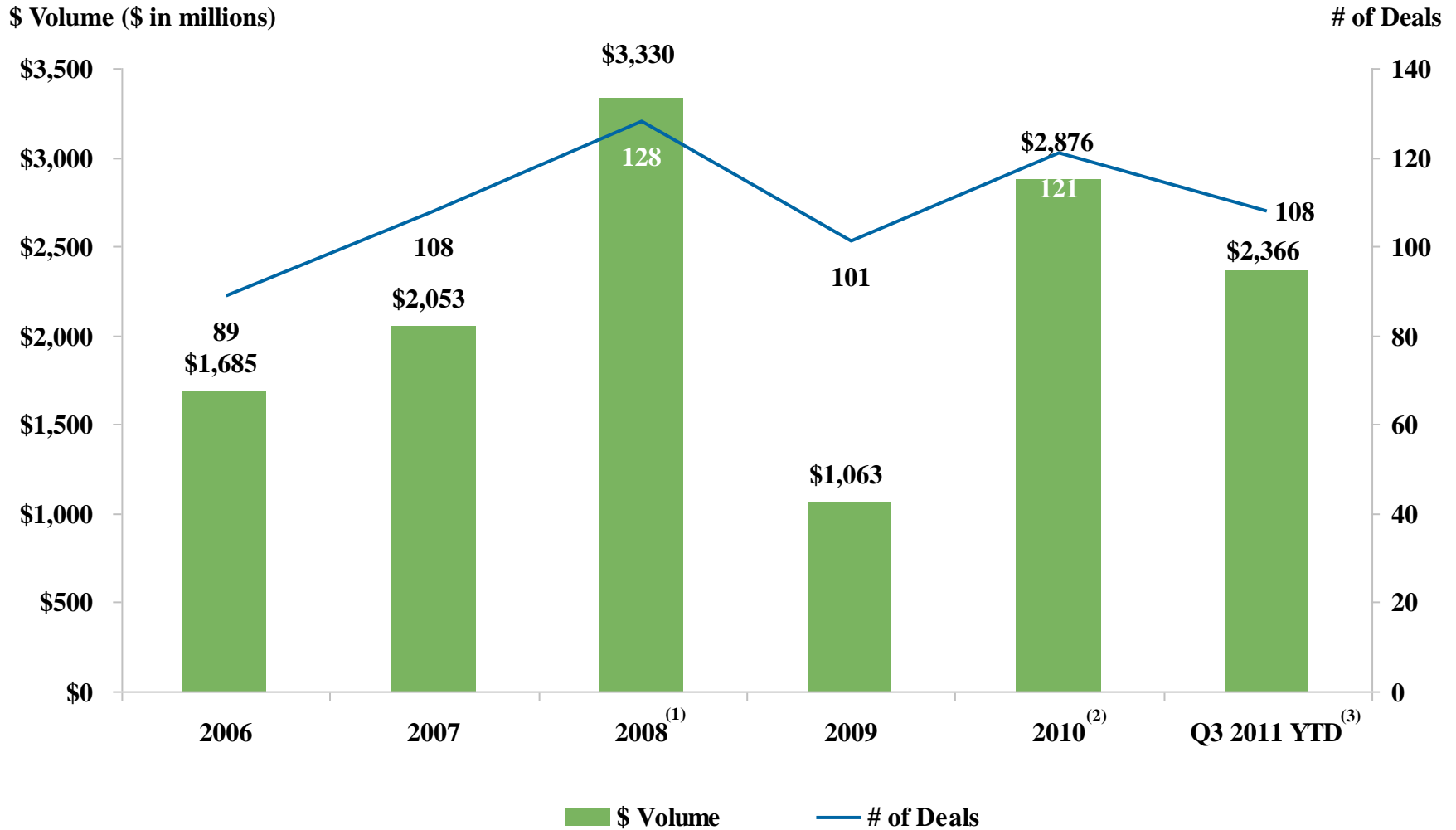
■ Technologies That Aid Physician Entry of Data

- *DrChrono*: Funding by DST, provides mobile-based EHR solutions

■ eRx and Other Pharmacy-based Technologies

- *Wellfount* : \$7M funding from Arboretum Ventures; remote, real-time pharmaceutical dispensing systems

HCIT M&A Has Recovered



Source: CapitalIQ screen of Healthcare Technology transactions for US & Canada.

(1) Excludes Apax's \$1.4B acquisition of TriZetto.

(2) Excludes Allscripts' \$1.3B acquisition of Eclipsys.

(3) Excludes Express Scripts' \$33.5B acquisition of Medco Health Solutions and Blackstone and Hellman & Friedman's \$3.4B acquisition of Emdeon.

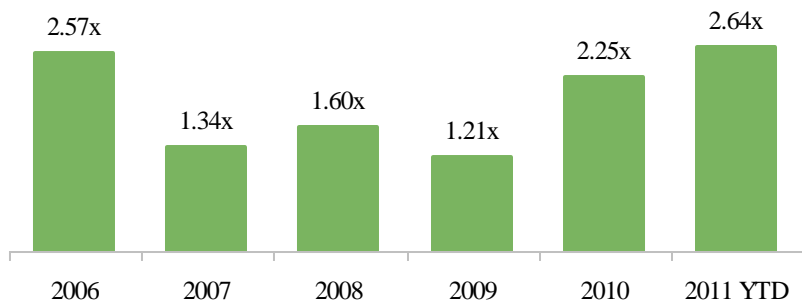
HCIT M&A Deal Metrics

Deal Size And Valuation On The Rise

Median Deal Size (\$ in millions)



Median EV/LTM Revenue



Median EV/LTM EBITDA



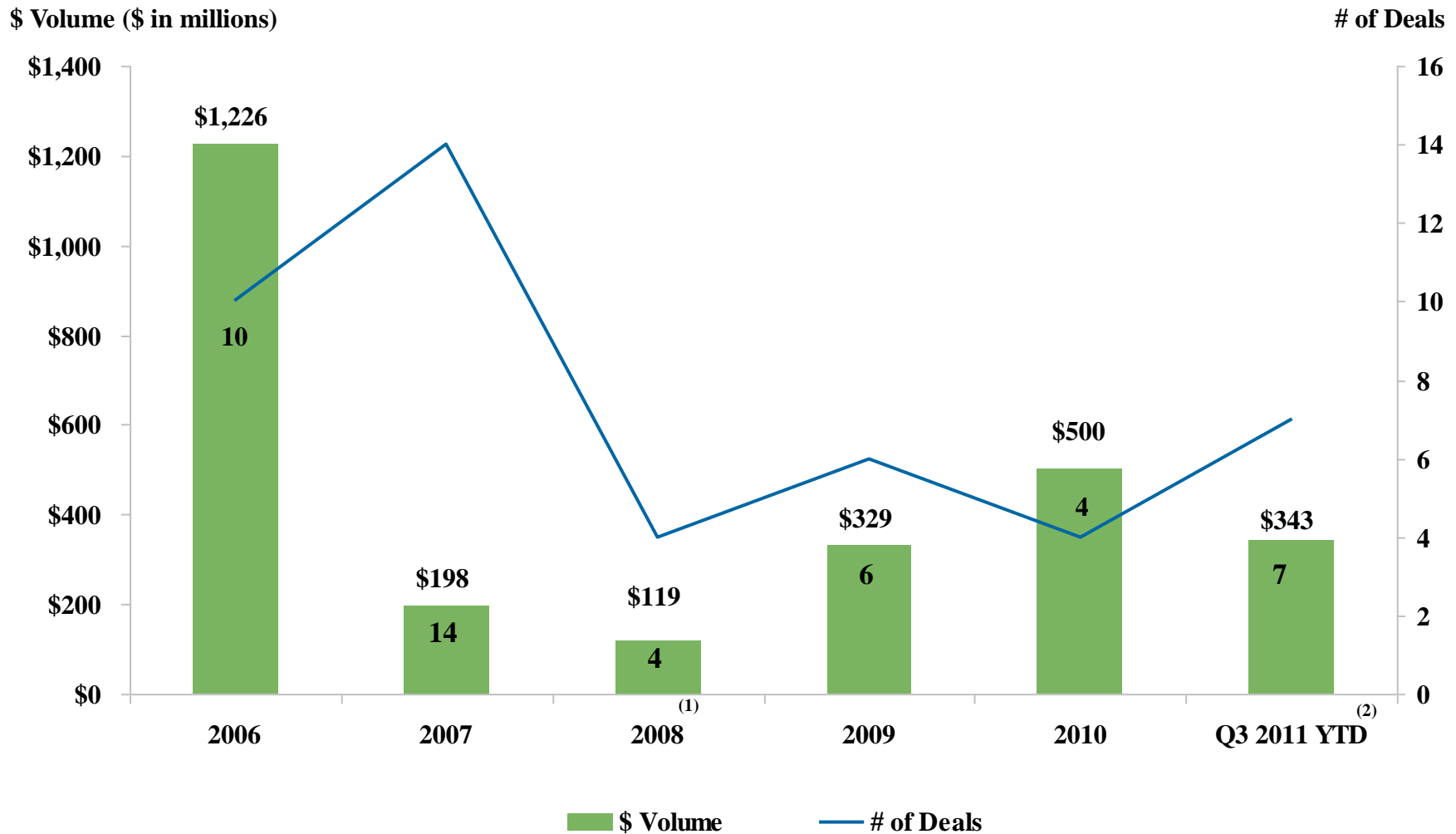
Source: CapitalIQ screen of Healthcare Technology transactions for US & Canada.

(1) Excludes Apax's \$1.4B acquisition of TriZetto Group.

(2) Excludes Allscripts' \$1.3B acquisition of Eclipsys.

(3) Excludes Express Scripts' \$33.5B acquisition of Medco Health Solutions and Blackstone and Hellman & Friedman's \$3.4B acquisition of Emdeon.

Private Equity Firms Have Been Active Acquirers in 2011



Source: CapitalIQ screen of Healthcare Technology transactions for US & Canada.

(1) Excludes Apax's \$1.4B acquisition of TriZetto Group and General Atlantic's \$500M acquisition of Emdeon.

(2) Excludes Blackstone and Hellman & Friedman's \$3.4B acquisition of Emdeon.

Notable M&A Themes in 2011

■ Return of the Mega Deal

- Express Scripts' \$33.5B acquisition of Medco Health Solutions

■ Healthcare Players Expanding Into New Vertical Segments

- WellPoint's acquisition of CareMore Health Group
- CIGNA responded with acquisition of HealthSpring

■ Large Private Equity Deals Have Returned

- Blackstone and Hellman & Friedman's \$3.4B acquisition of Emdeon

■ Non-Traditional Buyers Are Entering the Healthcare IT Space

- SAIC's \$190M acquisition of Vitalize Consulting
- Stanley Black & Decker's \$52M acquisition of InfoLogix

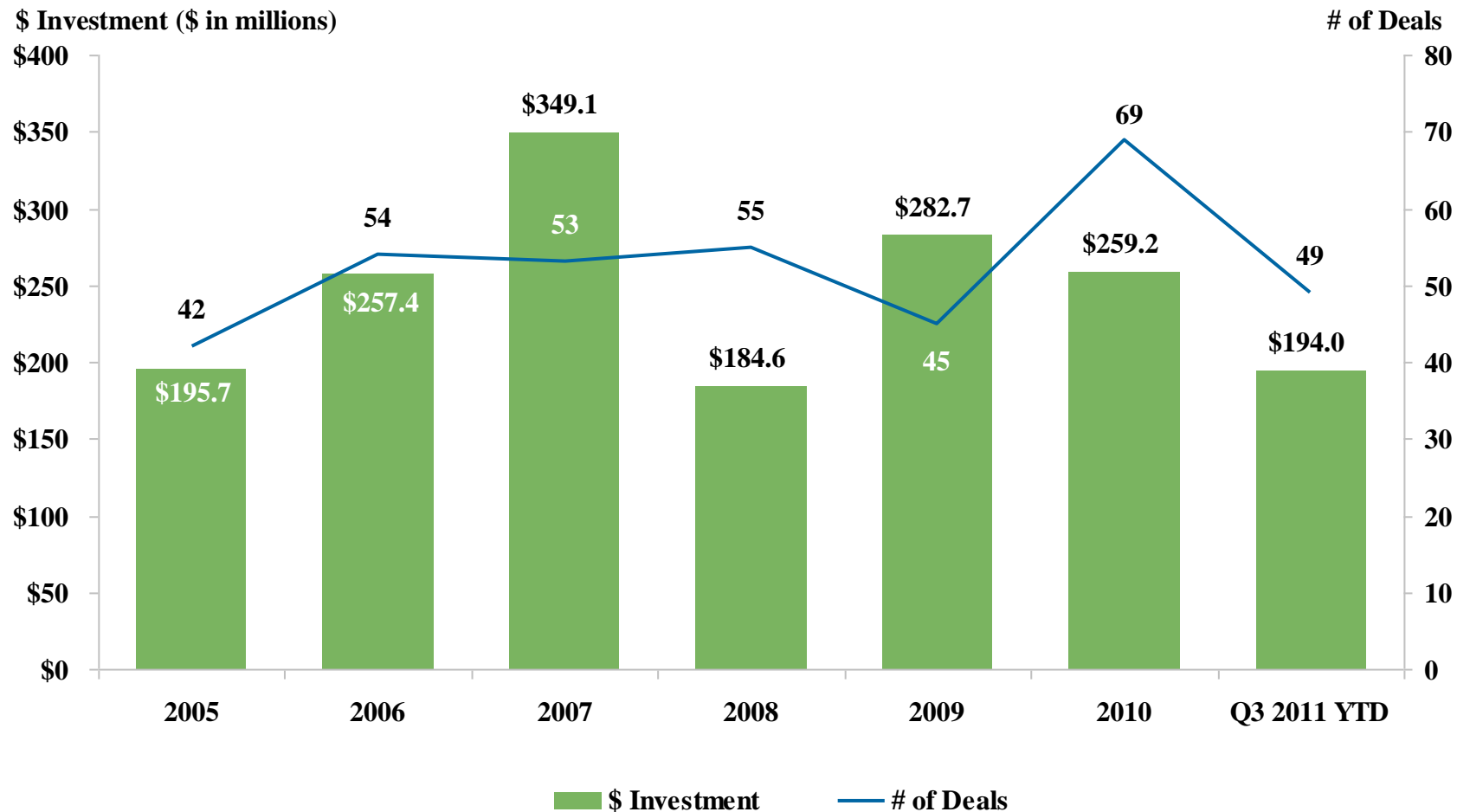
■ Foreign Companies Looking to Expand Presence in the U.S.

- Toshiba's \$150M acquisition of Vital Images

HCIT Consolidation Drivers

- **Organizations looking to quickly grow market share and capitalize on emerging technology trends**
- **Access to new markets and geographies**
- **Create one-stop-shop systems that can fulfill multiple needs in one solution**
- **Companies need to find ways to increase their “stickiness” with existing clients**
- **The number of private equity funds interested in Healthcare IT is on the rise – HCIT companies seen as attractive platforms for growth and consolidation**

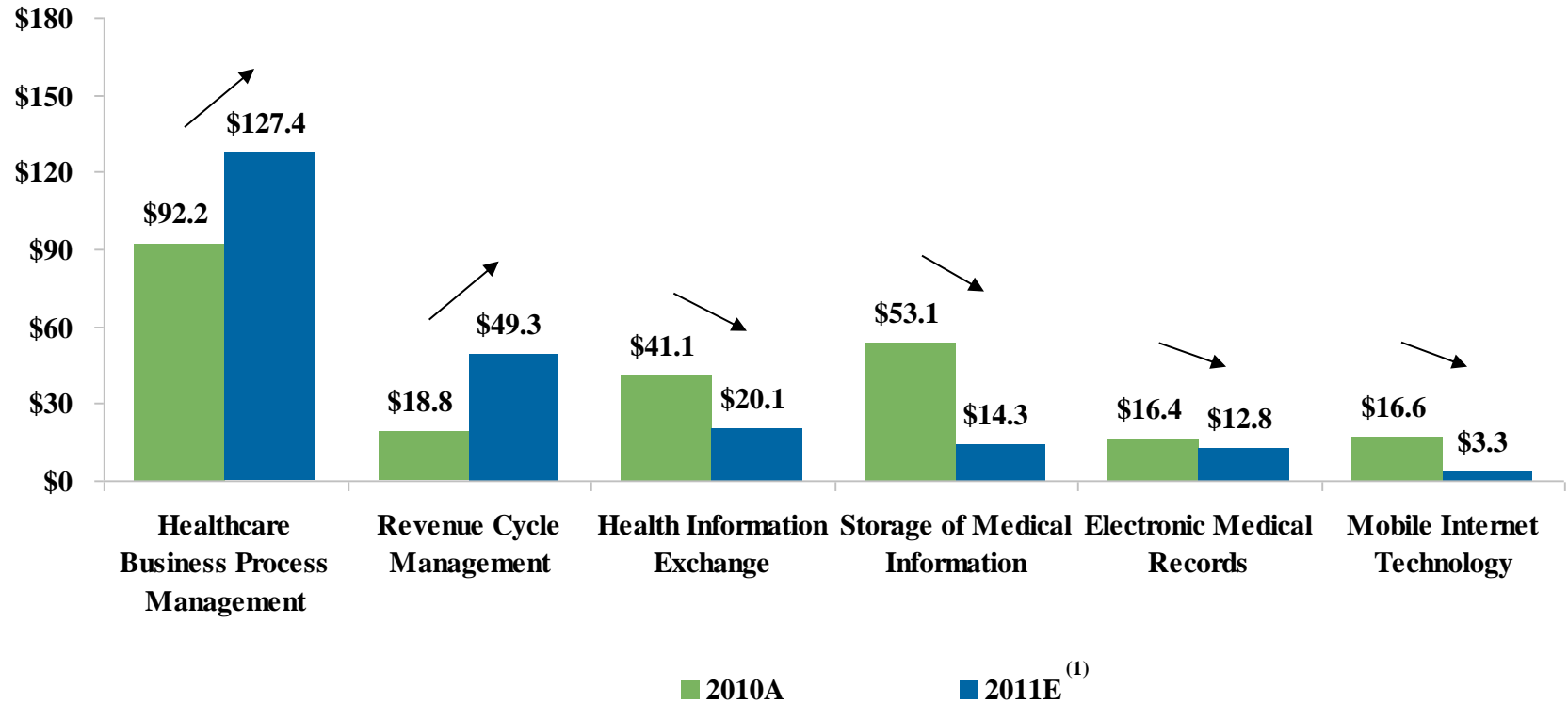
VC Investment Has Returned to “Pre-Bubble” Levels



Source: CapitalIQ screen of Healthcare Technology transactions for US & Canada.
Note: Only includes Venture Capital investments and excludes late-stage investments.

Venture Capital Investment by HCIT Segment

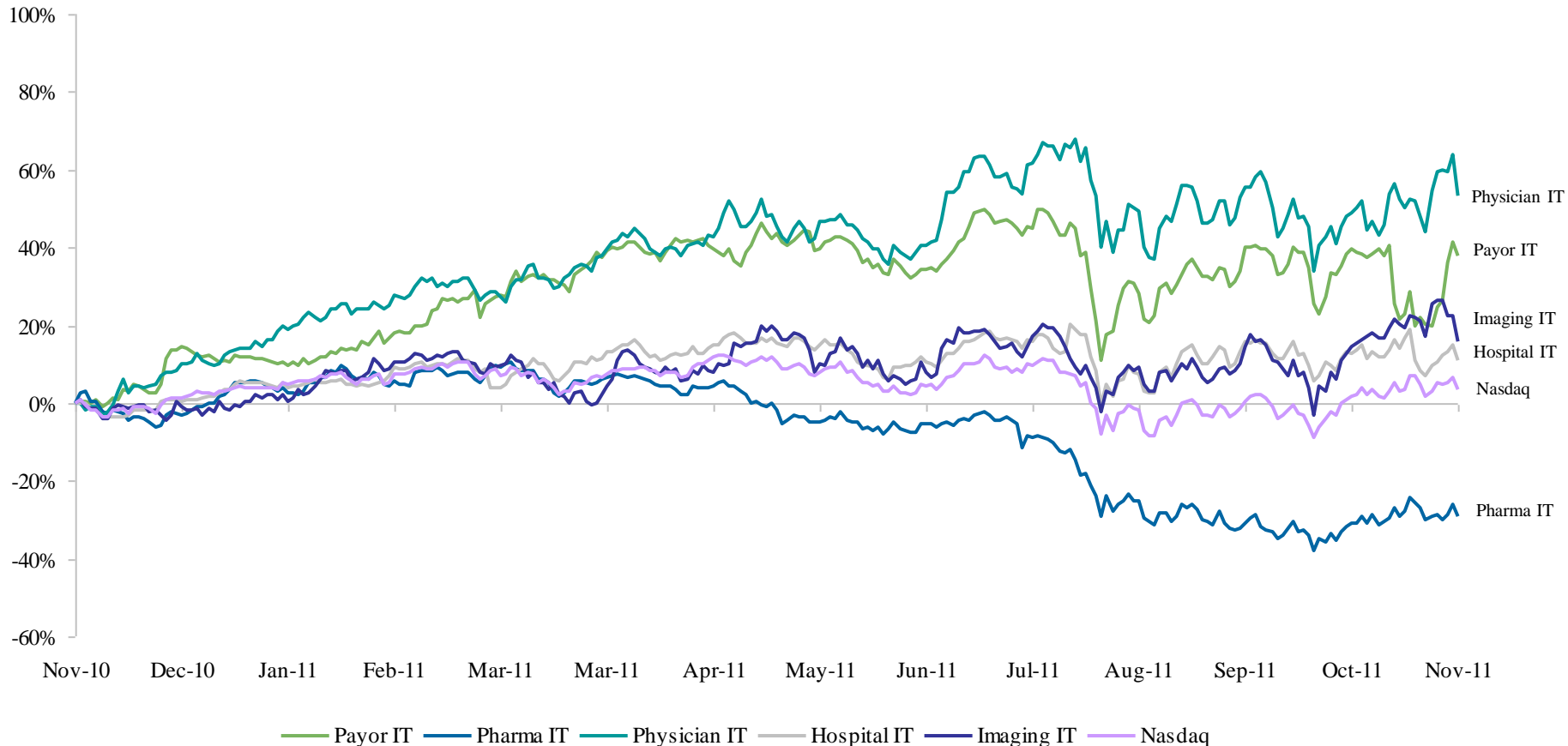
Revenue Cycle Management and Healthcare Business Process Management Have Been Active Areas for Investment.



Source: CapitalIQ screen of Healthcare Technology transactions for US & Canada.
Note: Only includes Venture Capital investments and excludes late-stage investments.
(1) Annualized based on actual volume through 9/30/11

HCIT Public Market Performance

HCIT Companies Have Outperformed the Broader Technology Market.



Source: CapitalIQ.

Note: Market data as of November 14, 2011.

Note: Payor IT comprised of SXC Health Solutions and HMS Holdings; Pharma IT comprised of WebMD, Medidata Solutions, eResearchTechnology, Accelrys and Epocrates;

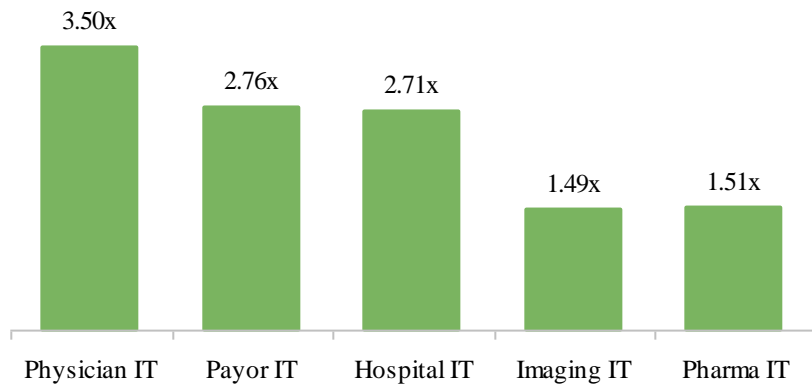
Physician IT comprised of Allscripts, Accretive Health, Quality Systems, athenahealth, Healthstream and Zixi; Hospital IT comprised of Cerner, MedAssets, CPSI, Omnicell and Mediware;

Imaging IT comprised of Merge Healthcare, OSI Systems, Sectra AB and iCad.

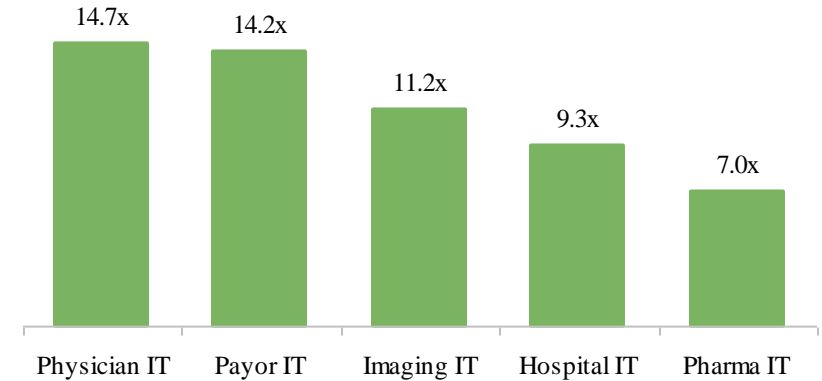
HCIT Public Market Valuation

Public Markets Value Revenue Growth.

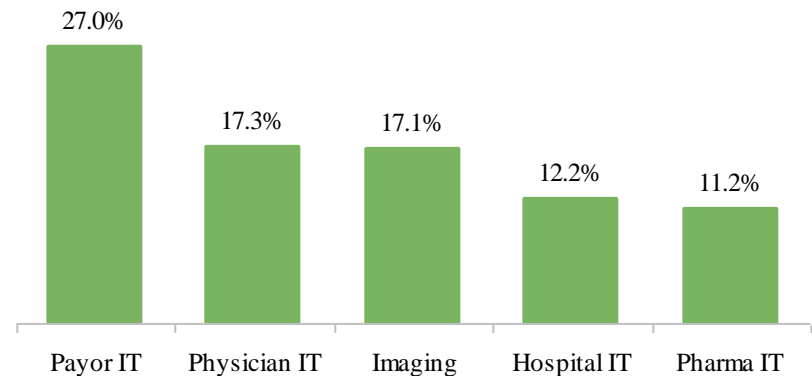
EV/2012E Revenue



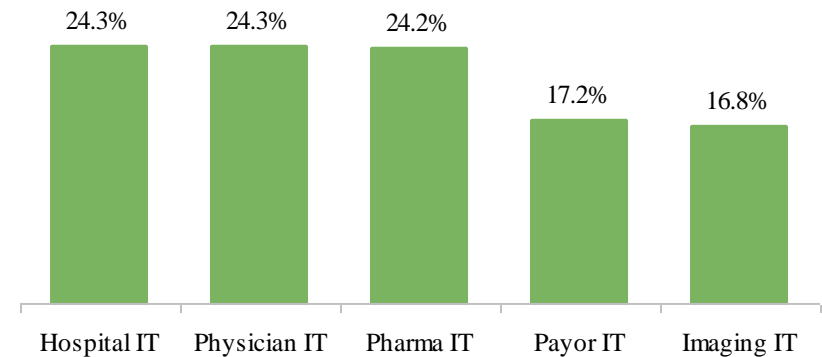
EV/2012E EBITDA



2012E Revenue Growth %



2012E EBITDA Margin %



Source: CapitalIQ.

Note: Market data as of November 09, 2011.

Note: Payor IT comprised of SXC Health Solutions and HMS Holdings; Pharma IT comprised of WebMD, Medidata Solutions, eResearchTechnology, Accelrys and Epocrates;

Physician IT comprised of Allscripts, Accretive Health, Quality Systems, athenahealth, Healthstream and Zixi; Hospital IT comprised of Cerner, MedAssets, CPSI, Omnicell and Medware;

Imaging IT comprised of Merge Healthcare, OSI Systems, Sectra AB and iCad.