



Q1-2011 HEALTHCARE IT INDUSTRY UPDATE

Cost Containment Continues to be on the Forefront of HIT in 2011

While the new healthcare legislation seeks to provide coverage to millions of uninsured Americans, it also fails to consider a blueprint that would help to contain the new accompanying costs. With several healthcare industries facing the burden of slashed reimbursement, companies are struggling to maintain profitability and uncover new dollars. Companies understanding the market demand for cost containment technologies are well positioned to take advantage of the aggressive multiples being paid that continue to climb. Provident expects M&A activity within this niche sector of HIT to remain steadfast and most attractive in 2011.

SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
March 2011	Mediware Information Systems, Inc.	CareCentric, Inc.	Mediware Information Systems, Inc. (NASDAQ: MEDW) has signed a definitive purchase agreement to acquire assets of CareCentric, Inc.'s home medical equipment, home health and home infusion businesses. Mediware will acquire more than 300 new customers and the related products, services and contracts. Mediware and CareCentric expect to close the acquisition within 30 days. The details of the transaction were undisclosed.
March 2011	HealthStream, Inc.	Laerdal Medical Corporation	HealthStream, Inc., provider of internet education and training content for health professionals, purchased a 50% stake in Laerdal Medical's Advanced Video System for \$3.5 million in cash. Laerdal Medical's Advanced Video System is jointly owned through SimVentures, a collaborative arrangement formed by HealthStream and Laerdal Medical A/S, a Norwegian privately held company.
March 2011	Affiliated Computer Services, Inc.	CredenceHealth	Affiliated Computer Services, Inc. (ACS), a business processing outsourcing subsidiary of Xerox Corporation, has acquired CredenceHealth, a provider of patient data capture and analysis software. Financial terms were not disclosed. The integration of CredenceHealth and ACS software will create a new cloud-based platform called Midas+ Live where medical staff can obtain real time patient conditions.
March 2011	Automatic Data Processing, Inc.	AdvancedMD Software, Inc.	AdvancedMD, Inc. has been acquired by Automatic Data Processing, Inc., the human resource, payroll and benefits administration services firm. No financial terms were disclosed. AdvancedMD develops practice management and EHR software for small and mid-sized medical practices. Nationwide, more than 10,000 physicians in 4,100 practices and more than 300 regional billing partners use AdvancedMD's cloud-based solutions.
March 2011	McKesson Corporation	System C Healthcare	McKesson Corp. has agreed to acquire British firm System C Healthcare for \$139 million in order to help expand its product line. System C Healthcare specializes in the design and development of clinical patient management and business intelligence software.
February 2011	JMI Equity Fund	PointClickCare, Inc.	PointClickCare, Inc., the fastest growing electronic health record platform for the long-term care industry, has received a minority strategic investment from Baltimore and San Diego-based JMI Equity, a leading software and healthcare IT growth equity firm. As part of the transaction, JMI Equity Founder and Managing General Partner Harry Gruner will join PointClickCare's Board of Directors. Financial terms were not announced.
February 2011	Harris Corporation	Carefx Corporation	Harris Corporation has entered into a definitive agreement to acquire privately held Carefx Corporation, a leading provider of interoperability workflow solutions, for \$155 million. The acquisition of Carefx is subject to customary closing conditions and is expected to close in the fourth quarter of fiscal year 2011. Harris will finance the acquisition using a combination of cash on hand and commercial paper.
February 2011	Butler Schein Animal Health	McAllister Software Systems, LLC ImproMed, Inc.	Butler Schein Animal Health, the largest domestic companion animal health distributor and the veterinary business of Henry Schein, Inc. has acquired majority ownership of McAllister Software Systems, LLC and ImproMed Inc. The financial terms of the deal were not disclosed. McAllister Software Systems (MSS) and ImproMed Inc., with a combined revenue of \$25 million, will expand Butler Schein Animal Health's software portfolio which currently includes DVM Manager.
February 2011	Brightree, Inc.	Pacware Software Development Inc.	Brightree, Inc. has acquired Pacware Software Development Inc. Pacware is a key competitor of Brightree. The financial terms of the deal were not disclosed. Pacware provides software, hardware and industry consulting for the HME industry. Brightree was able to add 800 HME customers and now serves roughly 2,500 HME customers which is roughly 30% of all independent HME providers.
February 2011	Kronos Inc.	API Healthcare Corporation	Kronos, Inc. has entered into a definitive agreement to acquire API Healthcare Corporation from Francisco Partners. The specific financial terms of the deal were not disclosed. API is an innovative provider of human capital management solutions optimized exclusively for the healthcare market.
January 2011	Remedy Health Media	Intelecare	Remedy Health Media has acquired Intelecare for an undisclosed amount of capital. Intelecare develops and manages a proprietary personal notification and communication management system. With this acquisition, Remedy Health Media adds a robust communications platform, including market-adopted mobile solutions and interactive online communication services utilized by millions of consumers. This is the third strategic acquisition completed by Remedy Health Media in three years.
January 2011	PSS World Medical, Inc.	Dispensing Solutions, Inc.	PSS World Medical, Inc. has acquired Dispensing Solutions, Inc. (DSI). The financial terms of the transaction were not disclosed. This acquisition is in line with PSS World Medical's purpose of strengthening the clinical success and financial health of caregivers by solving their biggest problems. DSI employs a staff of over 90 professionals, and is currently projected to generate approximately \$30 million in annual revenue.
January 2011	Norwest Equity Partners	Surgical Information Systems, LLC	Surgical Information Systems, LLC (SIS) has been acquired by Norwest Equity Partners, a private equity firm. Norwest Equity Partners purchased Surgical Information Systems from Vista Equity Partners who has owned Surgical Information Systems for the past 4 years. The financial terms of the deal were not disclosed. Surgical Information Systems, LLC (SIS) provides software solutions that are uniquely designed to add value at every point of the perioperative process.